

Embassy of India

Muscat

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Monthly Economic and Commercial report for January 2013

Overview: The month of January saw a series of new infrastructural & development projects supported by Government and private sectors for maintaining economic growth, including announcement of tender awards worth of \$130m for the new terminal at Sohar port to Hong Kong-based Hutchison Whampoa; announcement of Oman Cement Mill's expansion plan in Rusayl Industrial Estate; inviting contractors for prequalification round for Sohar port jetty; and inviting expressions of interest for Musandam Power 120 MW project, etc. Apart from the above, engineering, procurement and construction (EPC) contract tenders for expansion of Sohar refinery and tenders for construction of a water distribution network for Duqm were also announced during the month.

Inflation was constrained by the government's extensive subsidy system, which holds in check the prices of a range of core goods and services. Inflation, which averaged 3.1% in 2012, was registered around 3% during the month of January. According to statistics released by the Omani Ministry of National Economy during the month, the Sultanate's total production of crude oil and condensates in December 2012 amounted to 29,451,500 barrels or a daily rate of 950,048 barrels, increased by 3.8% as compared to the previous month of November 2012. As per data available during the month, the total bilateral trade touched around US\$ 2.3 billion during first eight months of 2012. On the policy front, many developments were seen during the month such as approval of the strategic plan for fisheries sector by the Supreme Council for Planning; reviewing of "National Health policy" by Majlis Al-Shura; and discussion on strategies for promoting wheat cultivation project by National panel. Gulf Cooperation Council (GCC) reiterated its support to Oman for implementation of National Railway System. Sohar free zone touched \$240 million investment figure in the first phase and free zone authority has now started work on developing the second phase. Public Authority of Civil Aviation started study work on its "Open Sky" policy for air transportation system, a tender for the selection of a qualified consultant for studying the open sky policy was already floated by the Ministry of Transport & Communications in this regard.

Major Economic Indicators

As per reports during the month, Oman's GDP at market price during January to September 2012 rose to RO 22.023 billion as compared to RO 19.469 billion during the corresponding period in 2011.

Structure of GDP

Sl 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

Oil production during January to December 2012 rose to 336 million barrels from 323 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. During January to December 2012 gas production rose to 37,919 MNSCM from 34,721 MNSCM during the same period in 2011.

Export of Crude Oil to Major Countries (Jan-Dec, 2012)

Export of Crude oil by major countries	Year 2011 (000) BBL	Year 2012 (000) BBL			Total (End- Dec)	
		Dec	Nov	Oct	2011	2012
Japan	27546.2	2424.1	2915.3	1521.6	27546.2	38212.6
South Korea	19540.8	399.2	383.2	2941.5	19540.8	10730.6

Thailand	21719.2	1436.8	1431.7	2025	21719.2	19027.0
China	122757.5	13829.2	10630	13343	122757.5	140109.3
Taiwan	9628.1	1001.9	4899.7	2955.8	9628.1	33366.5
India	32134.0	00	571.2	629.1	32134	4369
Singapore	9608.2	2354.1	1450.5	2574	9608.2	19680.7
Others	23494.3	3646	1291.6	-	23494.3	12695.8
Total Exports	266428.2	25091.3	23573	25989.6	266428.2	278191.3

Latest Trade Figures

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

	Jan-August	Total (Jan-August)		
	Change (12/11) in % age	2012	2011	
A) Non-Oil Omani Exports	14.6	5644.9	4926.6	7856
UAE	24.2	940	757	1165.76
India	46.8	903	615	1069.67
China	-8.7	541	593	859.36
United States	98.2	369	186	288.79
Saudi Arabia	21.3	416	343	620.56
Others	1.7	2475	2433	3851.33

B) Re-Exports from				
Oman	11.3	4434	3982	5821.28
UAE	-0.3	1647	1652	2301.21
China	119.2	752	343	606.58
Saudi Arabia	8.7	280	258	385.9
Iran	-17.8	205	250	394
Iraq	1423.5	201	13.2	18.65
Kenya	412	110.07	21.49	167.3
Others	-8.1	1348	1466	2115
(C) Imports	26.1	18977	15047	23521.86
UAE	11.0	4691	4225	6449.87
Japan	409	2639	1873	2973.3
United States	25.6	1149	915	1387.46
China	37.6	998	725	1089.87
India	42.3	942	662	1176.89
Others	28.7	8558	6647	10444.69

Bilateral Trade (Figures in US\$ million; Source: Omani Ministry of National Economy; figures available for 2012 are from Jan-Aug, 2012)

Year	Total Export to India				Total Import from India	Total trade
	Non oil Export	Re-Export	Oil & Gas Export	Total Export		
2012	903	NA	479.2	1382.2	942	2324.2
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

Foreign Trade (Figures in US\$ million; figures available for 2012 are from Jan-Aug, 2012)

Year	Imports	India's Share	%age	Export	India's Share	%age
2012	18977	942	4.96	33757	1382.2	4.1
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: Omani Ministry of National Economy

Economic & Commercial Developments

Planning Council's focus on agriculture and fishing

On January 1, the Supreme Council for Planning held its third meeting for 2012 under the chairmanship of Ali bin Masoud bin Ali Al Sunaidi, Minister of Commerce & Industry and Deputy Chairman of the Supreme Council for Planning. The Council approved the strategic plan for fisheries sector development (2013 - 2020) submitted by the Ministry of Agriculture & Fisheries, giving priority to production projects, marketing-support projects and the artisanal fishing sector in implementation during the remaining years of the current plan so as to complete studying the funds for these projects.

Omantel bags ABLF Award for best business practices

On January 1, Omantel, the leading telecom service provider in the Sultanate of Oman, received ABLF excellence award for the best business practices and developing human resources. It may be mentioned that the ABLF honors business achievers and exemplary leaders who plays a significant role in the Asia's growth story. It was the second edition of the Asian Business Leadership Forum (ABLF) award which was celebrated across the three key regions of Asia - the Gulf, India and South-East Asia.

GCC funding for Oman's RO 6bn rail project

On January 2, Darwish bin Ismaeel al Balushi, Minister Responsible for Financial Affairs said that Oman's ambitious National Railway System will be implemented very soon with funding support pledged by members of the Gulf Co-operation Council (GCC). GCC bloc has pledged a total of \$10 billion financial aid for the project, payable in a yearly tranche of \$1 billion over the period of 10 years.

Cement demand set to see further rise

As per the local media on January 8, the increased government spending on infrastructure and mega construction projects, demand for cement is expected to grow at higher pace this year. It is worth mentioning that RO 600 million has been earmarked for roads and other infrastructure projects in current budget of 2013. This is in addition to the ongoing projects like Muscat and Salalah airports, Batinah Expressway, Muscat and Salalah expansion.

Majlis Al-Shura meeting reviews National Health policy

On January 7, Majlis Al-Shura had detailed discussions on “Review of National Health policy” with Minister of Health, Dr Ahmed bin Mohammed al Saeedi. The 9th session of the second annual sitting for 2012-13 discussed the remaking questions and inputs by members of the Majlis Al-Shura on the different points at the statement delivered by the Minister of Health, especially those related to treatment services in Government’s hospitals, quality and efficiency of such services and the capacity of the health institutions in the Sultanate. The session also discussed the national policy of the health system 2020.

28.9m barrels oil output

The Sultanate's total production of crude oil and condensates amounted to 28,928,476 barrels, a daily rate of 933,177 barrels, declined by 0.04 per cent in December 2012 compared to November 2012. The monthly report released by the Ministry of Oil & Gas showed the total quantities of crude oil exported abroad in December 2012 stood at 25,091,284 barrels, a daily rate of 809,396 barrels.

Mussandam Governorate looks forward to new Power plant

As per the local media on January 10, the establishment of the first gas-based power plant in Musandam Governorate entered in a key phase with the project company inviting expressions of interest (EOI) from qualified contractors for the execution of the project. The project company was set up by a consortium of Oman Oil Company and LG International Corp of South Korea. Musandam Power Company SAOC is looking to set up a 120MW capacity power plant that will use natural gas as the principal fuel, with fuel oil as a back-up fuel for its domestic supply.

Investments in Sohar free zone reach \$240m

As per the local media of January 13, Sohar free zone touched \$240 million investment figure in the first phase. A top-level official of the free zone said that the first phase of the free zone is ready for its operation and authorities are now focusing on preparing a master plan for developing basic infrastructure for the second phase. He further added that Port authority has already signed land lease agreement with approximately 15 to 16 companies. These companies range from logistics, light metal manufacturing and in the metal and mineral cluster.

Major crude oil facility planned

As per the local media on January 14, Oman Oil Company (OOC) in partnership with Takamul Investment Company (Takamul), has established a new company named Oman Tank Terminal Company (OTTCO) to build, own and operate a 200 million barrel oil terminal in Ras Markaz in Al Wusta Governorate. Newly formed OTTCO Company is owned by Oman Oil Co. (OOC) (90 % stakeholder) and Takamul Investment Company (10% stakeholder). It may be noted that RasMarkaz's strategic location on the Indian Ocean (outside Strait of Hormuz) gives it an advantage to handle largest size crude carriers and the largest crude oil storage in the Middle East region. The terminal will provide and operate different tank sizes, with a storage capacity of 755kbbbl, 1mbbl and 1,75 mbbl each. The terminal will be built in phases, and Phase-1 is expected to be operational by 2017.

Ministry of Transport inks MoU with PSC

On January 14, Ministry of Transport & Communications signed an initial memorandum of understanding (MoU) with Port Services Corporation (PSC) related to the management and operation of the port of Khasab in Musandam Governorate. The signing of the MoU stipulates expansion of the service and development projects at Khasab port in the Governorate of Musandam in order to promote economic, commercial and tourist activities. Under this MoU, PSC will prepare a study containing an action plan on the possibility of port management and operation for the long term, identifying developmental requirements of the port's infrastructure and conducting a comprehensive assessment of commercial traffic in the port.

CMA issues new norms for MSM firms

On January 20, Market watchdog Capital Market Authority (CMA) asked listed companies to take only unrelated parties as independent directors to the company's board. This is aimed at enhancing transparency, professionalism and good corporate governance among the Sultanate's 136 listed companies. According to Executive President of CMA, the definition of independent directors has been changed. The independent directors have to be completely independent from the shareholders and executive directors of the company, its subsidiaries or associates,"

Meethaq operations to begin in Oman

Meethaq, the pioneer of Islamic banking in Oman from Bank Muscat, received the final approval from the Central Bank of Oman (CBO) to begin full-fledged operational. Meethaq operations began on January 21 at the dedicated Al Ghubra branch, Bank Muscat said in a press statement. It is noteworthy that Bank Muscat is the first commercial bank in Oman to receive Central Bank of

Oman's (CBO) approval and began operations through independent Islamic banking window as per the requirements of Islamic banking regulatory framework of CBO.

Zubair group acts as catalyst to motivate small entrepreneurs

On January 26, In line with its core values of corporate social responsibility, the Zubair Group announced a series of initiatives to support the accelerated growth of small enterprises in Oman. These initiatives are being launched under a specialised organisation 'the Zubair Small Enterprises Centre,' which will nurture and support promising Omani enterprises in their growth and prosperity by providing administrative, financial and marketing support, as well as assisting in their collaboration with established business networks in Oman and in other GCC countries.

\$1bn Medical City set for 2016 launch

On January 27, it was reported that the promoters of the \$1 billion International Medical City project in Salalah plan to bring the prestigious healthcare infrastructure and medical tourism venture into operation in 2016, according to a high-level executive of the flagship development. Dr Naeema Aziz, Project Director, said the integrated development, which will be the region's first purpose-built transplantation and rehabilitation centre, as well as Oman's first advanced tertiary care hospital and diagnostics centre, promises to transform the country's healthcare landscape.

Portal for SMEs launched

On January 27, Nasser bin Khamis al Jashmi, Undersecretary of Ministry of Oil & Gas, launched the Al Batinah Business Portal on the sidelines of the Business forum for young entrepreneurs organised by Oman Chamber of Commerce and Industry (OCCI) in Al Batinah North. The new portal enables local contractors and suppliers both SME and large enterprises in Al Batinah North Governorate for exploring business opportunities.

Oman to weigh "Open Sky" policy for air transportation

According to CEO, Public Authority of Civil Aviation, Oman Government will be benefited from the study on introduction of 'Open Sky' policy for the air transportation system. This move could potentially "change the face of aviation" sector in the Sultanate. He further added that the Open Sky policy for Oman will be an important part in formulation of a new air transportation policy for the Sultanate. A tender for the selection of a qualified consultant to undertake the study was already floated by the Ministry of Transport & Communications. The study will also evaluate opportunities for private investment in a number of air transportation and aviation related areas, low-cost carriers, helicopter

aviation services, executive aviation, charter aircraft services, air cargo services, and Maintenance-Repair-Overhaul (MRO) services.

Under the Open Sky policy, operators will not be subject to restrictions in terms of the number of flights, seat allocations, and so on, which is usually the case under existing bilateral air transport agreements.

Govt plans OMR 567m 2nd medical city near Muscat

Dr. Ahmed Al Qasmi, Director-General of Planning in Ministry of Health stated during Oman construction summit 2013 that Oman government is building a major medical city near Muscat with a huge capital expenditure of OMR 567 million, which is going to be the second such facility after the proposed International Medical City in Salalah promoted by Saudi-based Apex Medical Group. "The proposal for the medical city has already been approved by the Cabinet and now we are working on identifying land. It will be between Muscat and North Batinah region.

National panel discusses strategies for studying wheat cultivation project

On January 29, the Food and Water Security Committee at Majlis Al-Shura held a meeting under the chairmanship of Sultan bin Majid al Abri, Chairman of the committee and Dr Ali bin Saud al Bimani, Vice-Chancellor of Sultan Qaboos University, Chairman of the National Committee for the study of wheat plantation, as well as members of the wheat committee. The aim of the meeting was focused on increasing/promoting wheat production in the Sultanate for fulfilling the growing domestic demand, and introducing new technologies in wheat cultivation projects.

Trade & Investment-related news

Japan: On January 7, Khimji Training Institute associates with Association for Overseas Technical scholarship (AOTS) signed the charter of Understanding with Human Resources & Industry development Association (HIDA) , a Japan based organization for human resources development, for extending overseas training and mentoring programme to Sultanate of Oman. HIDA is extending its services in developing countries to promote technical co-operation through overseas training programs and experts visiting developing countries to deliver their expertise.

Jordan: On January 7, Secretary-General of the Jordanian House of Senates, Khalid al Lozy visited Oman and held meetings with Shaikh Khalid bin Hilal al Maawali, Chairman of the Majlis Al-Shura. The meeting dealt the issues of

common concern between the two sides particularly in the educational and academic fields. Dr Ali bin Saud al Bimani, Vice-Chancellor of the Sultan Qaboos University (SQU), also met with Al Lozi and his accompanying delegation. They identified the area of scope in scientific & research cooperation service centres and university & higher studies.

UK: On January 13, His Highness Sayyid Fahd bin Mahmood al Said, Deputy Prime Minister for the Council of Ministers, received Roger Gifford, Lord Mayor of the City of London and reviewed means of enhancing cooperation in the economic and investment fields, as well as activating the private sector in the two countries. Ali bin Masoud al Sunaidy, Minister of Commerce & Industry also received Gifford and his accompanying delegation to discuss the investment opportunities in the Sultanate and exchanged views on a number of economic topics.

On January 14, the promoters of an integrated steel mill plant at Sur Industrial Estate announced the appointment of an international engineering consultant to oversee the implementation of the project. Steelworks Engineering Systems, a UK based firm specialising in the design and supply of steelmaking systems, has been named as 'Project Integrator' on behalf of the plant's owners M/s Sun Metals LLC. Sun Metals LLC has been set up by a group of Indian-based investors to invest in a 1.2 million tonnes per annum (tpa) capacity steel mill, the first non-hydrocarbon based industry venture in the Sultanate.

As per the local media on January 14, Gatehouse Bank, a UK-based Islamic bank with an asset size of \$2 billion, is seeking to attract Oman's Shariacompliant institutions to invest their funds in the UK and vice-versa.

Bangladesh: On January 21, Mr. Mohammad Khorshed Khastagir, Counsellor and Charge d' Affaires, Bangladesh Embassy informed that Oman Oil Company is keen to invest in Bangladesh's fast growing oil and gas sector. In this regard, Oman Oil Company submitted a proposal to its counterpart "Petrobangla" in Bangladesh for joint venture deals in the oil and gas sector. Many multinational companies have already invested in gas exploration in Bangladesh. US based Chevron Energy is currently producing around 1150mmcf/d gas, which is roughly half of Bangladesh's daily production. Energy prices in Bangladesh are most competitive in the region.

Brunei Darussalam: A high-level delegation from the Omani Ministry of Health paid an official visit to Brunei Darussalam and met with a number of health officials in the country. A session of talks held between the two sides to discuss the mechanism of implementing the MoU signed between the two countries in the health sector.

The USA: On January 20, a memorandum of understanding (MoU) was signed between the Omani Information Technology Authority (ITA) and Intel Corporation. It may be mentioned that Intel Corporation and ITA are collaboratively working on a national Open Source business plan competition in Oman that aims to encourage emerging entrepreneurs, university students and graduates to familiarise with the commercial domain and to become young entrepreneurs.

Thailand: On January 27, Dr Salem bin Nasser al Ismaily, Chairman of the Public Authority for Investment Promotion and Export Development (PAIPED), hosted the Thai Ambassador to the Sultanate and discussed mutually beneficial partnership agreements, new areas of growth and build on existing ties between the two countries.

The UAE: On January 28, Oman-UAE Businessmen Council held its 4th joint meeting in Sohar. The council discussed the means of cooperation to develop the economic and trade relations between businessmen and companies in the two countries and setting up joint ventures.

Bilateral:

On January 14, internationally known educational institution Bharatiya Vidya Bhavan launched its first school in Oman titled Bhavan's Modern International School. It is expected that it will reduce some burden from the existing Indian community schools in Oman.

Annual Indian Education Exhibition show was held at Haffa House Hotel in Ruwi from 14-15 January. It was organised by "Indus", local event Management Company. Around ten universities & institutions from India participated in the exhibition.

India-based Strategy Academy, in association with Jadavpur University, is planning to offer a Post-Graduate Diploma in Management and Entrepreneurship (PGDME) course for working business people in the Sultanate.

Shri T.M.R. Rao, Chairman South Asia Gas Enterprises Pvt Ltd accompanied by Shri Subodh Kumar Jain, Director visited Oman and held a discussion meeting with Minister of Oil & Gas, H.E. Mohammed bin Hamad al Rumhi on the Deep water Natural Gas Pipeline project from Middle East countries to India.

HDFC Ltd, a key player in financing and real estate sector in India, organised the Indian Property Show 2013 in association with Oman

International Trade & Exhibition (OITE), a leading event management company, in the Sultanate of Oman from 31st January-1st February, 2013. More than 30 prominent participants from across India including some renowned names from the world of real estate and property in India participated in the annual exhibition.

This issues with the approval of the Ambassador

(Amararam Gujar)

SS (E&C)