

Embassy of India

Muscat

MUS/201/1/12

November 10, 2012

Monthly Economic and Commercial report for October 2012

Major Economic Indicators

Oman's GDP at market price during the first quarter of 2012 rose to US\$ 19 billion as compared to US\$ 16 billion during the corresponding period in 2011.

Structure of GDP

Sl 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 during January to July 2012 rose to 193 million barrels from 186 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 July 2012 gas production rose to 21,571 MNSCM from 19,770 MNSCM during the same period in 2011.

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

Export of Crude oil	Year 2011	Year 2012 (000) BBL	Total (End- June)
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by major countries	(000) BBL	August	July	June	2011	2012
Japan	27546.2	3842.7	3231	4901	14762.3	25971.8
South Korea	19540.8	1371.8	382.9	1421.9	11606.1	4690
Thailand	21719.2	1528.7	1904.3	1433.2	11075.3	11753
China	122757.5	12084.3	9395.7	11196	67176.3 776895.3	
Taiwan	9628.1	3957.8	4007.8	1998.0	5005.1	17571.4
India	32134.0	N.A	-	1372.6	25121.3	3168.8
Singapore	9608.2	2194.6	999.8	1001.9	3352.3	9556.5
Others	23494.3	N.A	2498	-	13843.4	7137
Total Exports	266428.2	24980	22419.7	23324.5	153621.7	156066.1

Latest Trade Figures

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

	Jan-Apr	Total (Jan-April)		
	Change (12/11)	2012	2011	2011
	in % age			
A) Non-Oil Omani Exports	8.8	2651.12	2435.89	7855.99
India	79.1	420.36	234.65	1069.67
UAE	-11.1	335.40	377.1	1165.76
China	-7.6	292.41	316.49	859.36
United States	60.7	216	134.4	288.79

Saudi Arabia	3.1	187.52	181.82	620.56
Others	0.7	1199.69	1191.14	3851.33
B) Re-Exports from Oman	0.0	2094.27	2093.76	5821.28
UAE	-16.6	714.06	856.25	2301.21
China	43.9	348.36	242.17	606.58
Saudi Arabia	100	218	109	385.9
Iraq	1212.2	139.3	10.62	18.65
Kenya	412	110.07	21.49	167.3
Others	-33.9	564.36	854.18	2341.62
(C) Imports	15.8	8878.5	7667.95	23521.86
UAE	4.4	2255.63	2160.32	6449.87
Japan	30.1	1341	1030	2973.3
United States	22.6	557.37	454.8	1387.46
China	14	409.47	359.33	1089.87
Saudi Arabia	-5.9	404.04	429.16	1176.89
Others	20.9	3911.16	3233.87	10444.69

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	1070	NA	3165	4235	1133

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

Foreign Trade (Figures in US\$ million)

Year	Imports	India's Share	%age	Export	India's Share	%age	Total Trade
2011	23522	1133	4.8	46897	4375	9.3	5508
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

- Source: Omani Ministry of National Economy

Economic & Commercial Developments

Oman oil to build \$800 mn PTA-PET plant in Sohar

Nasser bin Khamis al Jashmi, Chairman of Oman Oil Company announced on October 1, that the Company will invest around US\$ 800 mn to build a petrochemicals plant in Sohar that will produce purified terephthalic acid (PTA) and polyethylene terephthalate (PET) with the capacity of about 1 mn tonnes per year.

MG-Group rewarded with World Business Leader Award

On October 8, the World Confederation of Businesses, a leading international organisation that encourages worldwide business development, chose Oman's MG-Group (biggest IT distributor in Oman) for a prestigious World Business Leader Award during its recent ceremonies in Qatar.

Takamul to roll out 10 projects

On October 10, Takamul Investment Company unveiled its plan to roll out ten major projects worth around \$50 million to \$100 million investments in the next 12-16 months in petrochemicals, minerals, metals, and industrial services sectors.

Sohar, Duqm, Ras al Had and Adam airports designs ready

As per the local media on October 10, the Ministry of Transport & Communications completed the engineering designs for the passenger terminals at the domestic airports in Sohar, Al-Duqm, Ras al-Had and Adam. The implementation came as per the strategy which meets the actual technical and economic need for such airports. The new designs resulted in reducing the cost of construction, operation and maintenance, compared to the previous designs after reducing the size of the construction area for the passenger terminal without affecting the previous capacity, which was at 1.5 million passengers a year for each airport.

Oman appoints advisor for crude oil storage

On October, 10, Nasser Al Jashmi, Undersecretary, Ministry of Oil & Gas announced that the government appointed an advisor for the construction plan of a storage facility to hold 200 million barrels of crude oil at Duqm. The Government didn't disclose the name of the company or a project time schedule until they received a report from their advisor.

PDO signed \$290m pacts with local contractors

As per the local media on 11 October, Petroleum Development Oman (PDO) signed a series of oil well servicing contracts with three of its super local community contractors (SLCCs). The agreements were signed for well intervention services contract, covering southern part of PDO concession to Al-Sahari Oil Services for ten years (valued at \$110 mn) and a hoist service contract covering northern part of PDO concession to Al-Shawamikh Oil Services Company for ten years (valued at \$90 mn) as well as also covering the southern part of PDO concession with Al-Baraka Oilfield Services for ten years (valued at \$90 mn).

Search process begins for new airport projects' consultant

As per the local media on 14 October, 2012, Tender Board invited international consultants to bid for a fresh contract to oversee the smooth implementation of the airport developments to replace the Cowi-Larsen Joint Venture as the Main Consultant for the Muscat and Salalah expansion projects. Ministry of Transport & Communications announced that it had decided against renewing the JV's consultancy contract beyond December 31, 2012, citing misgivings in the partnership's ability to oversee the mega-projects, particularly at a time when multiple contractors prepare to ramp up construction work at the airport sites.

Freezone Sohar emerging hub for ferrochrome smelters

Sohar Free zone is emerging as a hub for ferrochrome production having attracted a total of four smelters so far, according to high-ranking representative of the operating company.

OCCI Chairman met top FAO officials

On October 23, Khalil bin Abdullah Al Khonji, Chairman of Oman Chamber of Commerce and Industry (OCCI) & Head of Food Security Committee (FSC) held discussion with Al Zain Mostafa Al Muzzammil, representative of the Food & Agriculture Organisation (FAO) of the United Nations in the presence of experts from FAO and a number of FSC members. The talk basically based on the food security in the Sultanate of Oman.

Oman Cement to expand its milling capacity

As per local media on October 25, Dr Abdullah Abbas Ahmed, Chairman of the Board of Directors, Oman Cement Company announced the expansion of its cement grinding capacity with the planned installation of a new cement mill with a capacity of 150 tons per hour (tph). The capacity expansion is the latest in a series of measures undertaken by the company in line with soaring cement demand in the Sultanate. Meanwhile, profit after tax jumped 32.5 per cent to RO 12.859 million for the period under review, against net earnings of RO 9.703 million during the same period last year. Total cement sales climbed 20.8 per cent to 1.689 million metric tons this year, from 1.398 million MT last year. In value terms, the turnover rose 15.16 per cent to RO 41.762 million this year, from RO 36.265 million last year.

Petrogas keen to boost Block 5 output to 50,000 bpd

As per local media on October 31, Petrogas E & P, which is the holding company for MB Holding's exploration and production activities in Oman and overseas, has plans to ramp up crude oil production from its onshore Block 5 concession to 50,000 barrels per day (bpd), up from the current output of 40,000 bpd.

Oman's Economy to grow by 5% in 2012

The International Monetary Fund (IMF) published report titled 'Economic prospects and policy challenges for the GCC countries has predicted that Oman's gross domestic product (GDP) growth will slow to five per cent in 2012 from 5.4 per cent last year. The report also anticipates that Oman's economic growth will slow further to 3.9 per cent in 2013. The report also mentioned that Oman's fiscal surplus will be 7.1 per cent of GDP this year, down from 8.1 per cent in 2011. In line with other GCC countries, Oman's fiscal surplus is estimated to decline to 5.8 per cent of GDP in 2013. The Fund estimates that the combined GDP growth of all the GCC states will be 5.6 per cent in 2012, down from 7.5 per cent in 2011, while the combined fiscal surplus of GCC countries is projected to be 14.6 per cent of the GDP this year

Oman's inflation falls to 2.4% in August

According to the data issued by National Center for Statistics and Information (NCSI) on October 17, the Sultanate's annual inflation declined to 2.4 per cent in August from 2.9 per cent in the previous month due to stabilising prices of some food items and a decline in the prices of personal care items and other services. However, due to a sharp rise in vegetable, fruits and fish product prices, the annual inflation in food, beverages and tobacco category, rose to 3.7 per cent in August from 2.6 per cent in July this year.

Major Aviation School City planned in Adam

As per the local media on October 15, The Public Authority for Civil Aviation (PACA) discussed a plan for the establishment of a major Aviation School City in Adam in Dakhiliyah Governorate. According to Mr. Salim al Auqi, Chief Executive Officer of the Public Authority, the project will be implemented by a consortium of international and local Omani firms. National carrier Oman Air will have a 20 per cent stake in the venture, with Oman Airports Management Company (OAMC) expected to acquire a 10 per cent shareholding. The remaining 70 per cent will be held by a major French aviation training institute.

Trade & Investment-related news

UAE: On October 6, Bahrain-based Securities & Investment Company (SICO) published research report titled 'result snapshot 2Q12' showed aggregate profits of \$11.6 billion announced by GCC-listed companies for the second quarter of 2012 disappointed investors, as the numbers fell marginally short of analysts' aggregate median profits estimate of \$12 billion. The results shortfall was led mainly by the results of Kuwaiti companies. Companies in the UAE and Oman outperformed those in other GCC countries, with 19 out of 25 UAE companies and 9 out of 14 Omani companies surprising investors with higher-than-expected profits. In absolute terms, only UAE and Omani companies surpassed analysts

Japan: According to Japan External Trade Organization (JETRO), the Japanese Government agency on October 6, the bilateral trade between two countries jumped by 54 per cent to US\$7.4bn in the first eight months of 2012 from US\$4.8bn in the same period last year. Oman's total exports to Japan jumped by 62 per cent to US\$4.97bn in the first eight months from US\$3.07bn in the corresponding period of the previous year, while imports from Japan rose 40 per cent to US\$2.44bn from US\$1.73bn in the same period last year. Saudi Arabia emerged as the largest Gulf exporter to Japan followed by UAE.

Tanzania: Tanzanian President Mr. Jakaya Mrisho Kikwete accompanying by high level business and Ministerial delegation paid an official visit to Oman from October 15-19, 2012. During his visit, a number of agreements and memoranda of understanding were signed on co-operation in the field of Investment Promotion and Protection, Higher Education, Exchange of Documents & Archives and establishment of the Omani-Tanzanian Business Council. This came on the sidelines of the Omani Business Forum attended by President of Tanzania, Ali bin Masoud al Sunaidy, Minister of Commerce & Industry and Tanzanian Ambassador to the Sultanate.

Comoros: Mohamed Ali Soilihi, Vice-President of Comoros & in charge of the Ministry of Finance & Foreign Trade paid an official visit to Oman from 20-22 October, 2012 and held a discussion with Minister of Commerce & Industry, Ali bin Masoud al Sunaidi on the means of enhancing trade exchange between the two countries. Mr. Ali Soilihi reviewed investment opportunities available in Comoros and called on Omani companies and establishments to benefit from the investment laws in Comoros particularly in the fields of fishing, fisheries industry and light industries. Khalil bin Abdullah al Khonji, Chairman of Oman Chamber of Commerce and Industry (OCCI), also attended a meeting.

Italy: Six leading Omani companies in marble and stone field participated at Italy's famous Marmomacc Exhibition which is the Europe's leading trade fair in the stone and design sector held in Verona (Italy).

Uzbekistan: Sayyid Badr bin Hamoud Al Busaidi, Secretary General of the Foreign Ministry had a meeting with Elyar Ganiyev Minister of Foreign Economic Affairs, Trade & Investments and discussed the various issues of political and economic importance. It was the second consultations between the Sultanate and Uzbekistan in light of the memorandum of understanding signed between the foreign ministries in 2010.

USA: According to the US embassy in the Sultanate, the bilateral trade between Oman and the US since 2009 was flat, around \$1 billion each way. Oman's exports to the United States shot up by 186 per cent to \$2.2 billion in 2011, from \$773 million in the previous year due to high oil prices in the international market. On the other hand, the US exports to Oman grew by 30 % from \$1.1 billion to \$1.4 billion during the review period, while the overall bilateral trade between the US and Oman soared by 94 per cent to \$3.6 billion in 2011 from \$1.8 billion in the previous year.

UK: On October 10, the Ministry of Oil & Gas signed an oil concession agreement on production sharing basis with UK's Frontier Resources Oman. Under the agreement, the British company will explore oil and natural gas in block 38, spread in an area of 17.425 square kilometres in Dhofar region.

Bilateral: On October 7, the New India Assurance Co Ltd organised 'Clients Meet 2012' on completion of its 30th years in Sultanate of Oman. It is notable that the company has achieved a 39 per cent market share in premium income among foreign firms and 12 per cent share among all insurance companies in the Sultanate. Ambassador of India also attended the ceremony.

The Times of India along with Omani partner organized the "Realty India Pavilion 2012" on 12 & 13 October, 2012 .More than 50 real state companies from India showcased their exhibits in India Pavilion in the Exhibition. The Ansal API (Delhi) Bhommi Realty(Mumbai) Chartered Housing (Bangalore) , Hiranandani construction (Mumbai, Chennai & Bangalore) Mantri Developers (Bangalore) MCB(Chennai,Bangalore), Nest Infra(Cochin), Property Junction(Delhi and NCR),SNN Builders (Bangalore), Super Tech(Noida), VS(Gurgaon) and Wave Infra-tech(Delhi) were among the participants.

Indian Ministry of Tourism in association with Embassy of India, Muscat organized “Incredible India” road show and B2B meeting at Al-Bustan Palace hotel in Muscat on October 14, 2012. A high-level delegation comprising Girish Shankar, Additional Secretary to Ministry of Tourism, Government of India, V Vasanth Kumar, Minister of Tourism, Culture, Archeology & Museums (Government of Andhra Pradesh), and Vikas Rustagi, Regional Director, India Tourism (Dubai) were in Oman to give a glimpse of the attractive tourism destinations in India as well as the countless cultural, spiritual and travel experiences that India offers to tourist. Ambassador of India, also attended the event.

India’s Associated Group interested in downstream metals processing, aluminium fabrication, mining, logistics and renewable, is planning to establish a calcined lime project in Salalah Free Zone. The proposed venture, estimated to involve an investment of \$10 million, is the latest in a series of industrial projects that are due to come up in the Salalah free zone.

Steel & Power which owns the 1.5 million tonne per annum (Mtpa) capacity direct reduction iron (DRI) plant in Sohar, is approaching an iron ore mine acquisition in West Africa for at least \$2 billion as it plans to build a pelletising project in Oman to meet its iron ore requirements in India according to Mr. N A Ansari, Director & Head of the Jindal Shaded Iron and Steel Co. in the Sultanate.

As per the local media on October 14, Sheikh Saif bin Hashil al Maskery, Chairman of Composite Pipes Industry LLC (CPI) announced that the CPI will set up a manufacturing facility in India with an annual capacity of 5,000MT pipes by 2013, targeting South Asian markets. CPI Oman is involved in manufacturing and installation of composite pipes and fittings of all types of glass reinforced plastic (GRP) and glass reinforced vinylester (GRV) pipes. CPI Oman will become the first GRE and GRV pipe manufacturer in India for supplying low and high pressure pipelines to the oil and gas industry. The company plans to set up its Indian operations with an initial investment of Rs500mn (RO3.65mn) and expect a modest turnover of Rs2bn (RO14.6mn) by 2015.

On October 23, Godrej Locking Solutions and Systems appointed Mohsin Haider Darwish (MHD), Oman's leading business group for its sole distributor of innovative and high performance locking solutions and architectural hardware products.

This issues with the approval of the Ambassador.

(Amararam Gurjar)

SS (E&C)