

## Embassy of India

### Muscat

MUS/201/1/12

September 12, 2012

### Monthly Economic and Commercial report for August 2012

#### Major Economic Indicators

Oman's GDP at market price rose from US\$ 16 billion in 2011 (Jan-March) to US\$ 19 billion during the corresponding period in 2012.

#### 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 rose from 159 million barrels in January-June 2011 to 164 million barrels during the corresponding period in 2012. China, Thailand, Japan, South Korea, Taiwan and Singapore, India were the main destinations for Omani oil exports. Gas production rose from 16,875 MNSCM in January-June in 2011 to 18,366 MNSCM during the same period in 2012.

#### Export of Crude Oil to Major Countries (April-June, 2012)

Export of Crude oil by major countries	Year 2011 (000) BBL	Year 2012 (000) BBL			Total (End- June)	
		April	May	June	2011	2012

Japan	27546.2	3295.5	3437.7	4009.9	12835.2	22740.6
South Korea	19540.8	920.9	401.2	1421.9	11150.4	4301.1
Thailand	21719.2	2099.9	951.8	1432.2	10226.8	9171.0
China	122757.5	13501	10944.6	11196	54913.9	67499.6
Taiwan	9628.1	2002.9	2951.2	1998.0	3001.0	13563.5
<b>India</b>	<b>32134.0</b>	-	-	<b>1372.6</b>	<b>25121.3</b>	<b>3168.8</b>
Singapore	9608.2	802.3	1977.3	1001.9	1950.4	8556.7
Others	23494.3	501.0	1401.4	-	11972.1	4639.0
Total Exports	266428.2	23123.5	22065.1	23324.5	131171.1	133646.4

### **Latest Trade Figures**

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

	Jan-Dec	Total (Jan-Dec)	
	Change (11/10)	2011	2010
	in % age		
<b>A) Non-Oil Omani Exports</b>	23.9	7855.98	6340.8
UAE	-21.5	1165.75	1485.6
<b>India</b>	27.7	1069.92	837.6
China	79.2	859.36	479.7
Saudi Arabia	31.2	620.56	472.9
Taiwan	60.8	401.45	249.7
Others	32.8	3738.92	2875.3

<b>B) Re-Exports from Oman</b>	17	5821.3	4977
UAE	-15.6	2301	2726.8
Iran	-16.7	393.7	472.4
Saudi Arabia	79.7	385.9	214.7
China	156	606.57	237
Hong Kong	29.8	211	162.4
Others	65.3	1923	1163.7
<b>(C) Imports</b>			
	19.4	23522	19693
UAE	15.5	6450	5584
Japan	-9.7	2973	3293
United States	43	1388	970
<b>India</b>	<b>27.2</b>	<b>1133</b>	<b>891</b>
Saudi Arabia	88.7	1177	623.7
Others	24.9	10401	8330.7

**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	
<b>2011</b>	1070	NA	3165	4235	1133
<b>2010</b>	837.65	122.66	1678	2638.31	890.96
<b>2009</b>	685	57	1524	2266	1048

<b>2008</b>	641	26	283	950	1038
<b>2007</b>	456	25	280	761	1036
<b>2006</b>	323	26	9	358	575

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

<b>Year</b>	<b>Imports</b>	<b>India's Share</b>	<b>%age</b>	<b>Export</b>	<b>India's Share</b>	<b>%age</b>	<b>Total Trade</b>
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 receives bids for Barik gas pipeline**

Oman's Galfar Engineering Company won the contract bid on August 1 to develop a gas pipeline at the Barik field in Al-Wusta governorate in the centre of the Sultanate. Contractors submitted engineering, procurement and construction (EPC) bids to build a 157 kilometre, 20-inch carbon steel pipeline for operator Petroleum Development Oman (PDO). The pipeline will run in a loop from Barik to several block valve stations (BVS).

**Duqm Refinery appointed Shaw Energy as consultant**

On August 5, the board of Duqm Refinery and Petrochemical Industries Company (DRPIC), which met in Abu Dhabi, selected Shaw Energy and Chemicals as the project management consultant. The board also appointed Ahmed bin Salim Al Wahaibi, Chief Executive Officer (CEO) of Oman Oil Company (OOC), as Chairman while Khadem bin Abdullah Al Qubaisi, Managing Director of IPIC, as Vice-Chairman of the new refinery. The new refinery will have a capacity of 230,000 barrels per day and is to be commissioned in 2017.

**Oman's cement sector expecting double-digit growth**

As per the local media reports on August 13, Oman's cement industry is expected to grow by more than 10 % during 2012, due to increased activity in the Sultanate's construction industry. Raysut Cement's showed a 54 % rise in pre-tax profits to US\$36m, compared with the corresponding period of 2011. Imports met about 25 per cent of Oman's demand in 2011, but despite this, there are no major cement plants being planned in the Sultanate.

### **Muscat tenders fishing harbours**

On August 14, the Omani Agriculture and Fisheries Ministry has invited companies to bid for contracts to build three fishing harbours along the sultanate's coast. Contractors have been invited to bid by 8 October for a contract to build a fishing harbour each at Mussanah, Sohar and at Duqm.

### **Credit growth expected to gather momentum**

As per the local media reports on August 15, growth in bank credit is expected to gain momentum in the second half of the year, mainly due to better demand for funds from new projects and personal loans. The expansionary fiscal stance and progress in investment programme should keep demand for credit strong in 2012. Total government expenditure has been strong, expanding by 24.4 per cent year-on-year in the five months of 2012. Investment activity grew fast in the second half the current financial year. Loan growth in the private sector remained strong at 19.4 % in June, over the same period of 2011.

### **Oman to invite advisory bids for desalination project**

On August 15, Oman Power & Water Procurement Company (OPWP) plans to invite advisers to bid for a contract to work on its next independent water project (IWP) in October. The Quriyat IWP will have a capacity of 40 million gallons per day. OPWP expects water demand in the main interconnected system (MIS) to grow from around 163 million cubic metres in 2010 to 278 million cubic metres by 2017. In the Salalah system, OPWP expects water demand to increase from around 29.9 million cubic metres in 2010 to 50.9 million cubic metres in 2017, representing an average annual growth rate of 10.3%

### **Revenues up at RO 7.4bn**

According to statistics released by the Central Bank of Oman (CBO) on August 18, Oman's gross domestic product (GDP) at current prices increased by 18.9 per cent to RO 7,371 million during the first quarter of 2012 from RO 6,198.6 million during the same period last year. While nominal GDP emanating from the petroleum sector posted a growth of 25.7 %, non-petroleum sector rose by 12.4 % during the first quarter. The average rate of inflation for the Sultanate stood lower at 3.1 % during the first half of 2012 compared to 4 % a year ago. Regarding the fiscal situation, government revenues

for the first half of 2012 increased by 35.4 % to RO 7,369.8 million compared to RO 5,443.3 million a year ago while total expenditure rose by 14 % to RO 5,763.4 million from RO 5,056.7 million during the same period in the previous year.

### **Oman to invest over \$100bn in oil and gas sector**

On August 25, According to Shaikh Ali bin Thabit al Battashi, Advisor to the Ministry of Oil and Gas, Investments in Oman's mainstay oil and gas industry are projected to exceed \$100 billion over the next ten years. Investments in the oil sector over the 2013-2022 timeframe will be in excess of \$60 — 70 billion, \$40 billion in gas exploration and production activities and reserves potential at 60 billion barrels of oil in place.

### **Salalah Methanol eyes urea, ammonia production**

On August 25, Abdullah Humaid Al Habsi, Deputy CEO of Salalah Methanol Company (SMC) said the company is poised to expand in the areas of urea and ammonia production in near future to cater to the local needs and give more employment opportunities to the nationals. He said Keeping in mind the availability of essential raw material (natural gas) necessary for the production of ammonia and urea, the company is looking for an expansion in near future. The final decision over the plan has not yet been taken but it will be decided very soon.

### **Oman tenders airport construction contracts**

On August 25, Oman's Transport and Communications Ministry invited contractors to submit bids to build cargo and new maintenance, repair and overhaul (MRO) facilities at Muscat and Salalah airports in light of the modernization of the airports and expansion the facilities of passengers.

### **Sultan issued two Royal Decrees**

Sultan Qaboos issued two Royal Decrees on August 27, regarding the avoidance of double taxation between the Sultanate's Government and the France and Belarus. In addition, the decree with Belarus ratifies the additional provision on mutual waiving of visas for holders of diplomatic passports, private and service passports signed in Muscat on April 16, 2012.

### **RO 2.6 bn in investments**

On August 29, Mohammed bin Abdullah al Mahrooqi, Chairman of the Public Authority for Electricity and Water, said that the promulgation of the law on regulation and privatisation of the electricity and water sector in 2005 enabled this sector to contribute strongly to investments in the electricity sector, in particular in power production activities. He added that the private sector's total investments in the electricity sector

stood at RO 2.6 billion, with its contribution constituting 80 per cent of the total of composite capacity of power production in the Sultanate.

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

**Qatar:** On First week of August, Qatari Diar Real Estate Investment Company signed a memorandum of understanding (MoU) with Oman's Ministry of Tourism (MoT) for the development of three world-class leisure destinations for tourist in the Sultanate. The MoU also establish a 70:30 partnership between Qatari Diar and the Ministry of Tourism on the three projects.

Oman Investment Fund (OIF), the sovereign wealth fund of the Sultanate, signed a memorandum of understanding (MoU) with Qatar's national transport company Mowasalat to set up a bus manufacturing and assembly unit in Oman

**Malaysia:** On August 20, a joint venture of Malaysia's WCT Berhad and the local Oman Roads Engineering Company has been awarded the estimated RO123.2m (\$320m) contract to build the second phase of the Batinah Expressway in Oman. The joint venture will build 45 kilometres of the planned 265km-long Batinah Expressway project.

**USA:** On August 22, the USA construction company was awarded an estimated \$1.1m contract by the Oman Tourism Development Company (Omran) to provide cost management services for the construction of a 300-bed hotel at the Oman Convention and Exhibition Centre in Muscat.

**Sri Lanka:** As per the local media report on August 23, External Affairs Minister of Sri Lanka G.L.Peris signed a Memorandum of Understanding(MoU) on bilateral Consultations and trade promotion between Oman and Sri Lanka during his bilateral visit to Oman.

**Australia:** On August 26, Australia's Alara Resources has made a substantial copper discovery at the Washihi copper and gold exploration project it is developing in Oman. The exploration at Washihi is in the early stages, but Alara believes the deposits would support a 500,000 ton-a-year mining and beneficiation facility to be built at the site.

**UK:** On August 31, Sheikh Ali bin Thabit al Battashi, advisor to The Ministry of Oil and Gas (MOG) announced that MOG is expected to sign a heads of agreement with British Petroleum (BP) for the development of Khazzan-Makarem gas field by the end of this year,

**Pakistan:** On August 25, The Pakistan government imposed a provisional anti-dumping duty on biaxially oriented polypropylene (BOPP) film imported from Oman, Saudi Arabia, UAE and China. The anti-dumping duty would be 29.7 per cent on BOPP film from the Sultanate of Oman.

**Bilateral:** Sheikh Abdulla bin Issa Al Rawahy, Nawras Chief Strategy Officer, announced on August 1 that the company will connect its domestic network to Tata Communications' global network to offer a full range of global services in Oman. The services include the Global Virtual Private Network (GVPN), International Private Leased Circuit (IPLC), Ethernet, MPLS, CDN, video conferencing, cloud based computing, IP transit and data centre connectivity.

Jet Airways has announced on August 17, a new flight from Muscat to Bhuj will be launched in end of the October.

As per the local media report on August 27, Larsen & Toubro (Oman) LLC received an engineering, procurement and construction (EPC) contract valued around US\$235mn (RO90.4mn) from Petroleum Development Oman (PDO). The new PDO contract involves EPC work on the second phase of the Saih Rawl depletion compression project, which was launched in April 2012.

On August 27, The Oman India Joint Investment Fund invested around \$10 million (Rs 55 crore) in the Chennai-based electronics company, Indus Teqsite Pvt Ltd. The investment will be used by Indus to strengthen its production and technology infrastructure.

On August 30, Mangal Keshav Holdings Limited, an associate company of BankMuscat based in India, merged with one of its group subsidiaries, the official of bank said in a filing to the Muscat Securities Market (MSM) . Bnak Muscat has 42.96% stake in Mangal Keshav Holdings, which merged with its group subsidiary Mangal Keshav Securities Ltd.

This issues with the approval of the CdA.

(Amararam Gurjar)

SS (E&C)

## **For September**

### **Oman osmosis goes forward as \$650k plant completed Modern Water first tested the technology in Oman at a site in Al Khaluf.**

**Modern Water has completed the installation and commissioning of the world's first commercial forward osmosis desalination plant in Oman on a contract worth \$668,000.**

Modern Water signed the build and operate contract for the 200m<sup>3</sup> a day facility with the Public Authority for Electricity and Water in June 2011, to supply Al Najdah in the Al Wusta region.

Neil McDougall, executive chairman of Modern Water, said: "This is a key achievement for Modern Water and an important sign of things to come. We are the world's first company to apply forward osmosis technology in a commercial setting, using our patented process. The results are in line with the high expectations we set ourselves."

The plant commenced production at full capacity in July and testing was carried out throughout August, finding the water quality to even exceed contractual standards. The plant is now

operating commercially at full capacity and the group has now entered into the 12 month operation and maintenance phase. The total value of the project, the group's second in Oman, is undisclosed.

## **Oman awards \$350m in oil contracts to local groups**

9 September 2012,

(PDO) has awarded seven contracts to Omani businesses worth more than \$350m in the last three months. The state-backed oil producer said the deals were part of its In-Country Value investment (ICV) programme to create employment by using local goods and services.

The agreements included pipeline maintenance contracts in central and north Oman to Al-Shawamikh Oil Services and Al-Ghalbi International Engineering and Contracting, and in south Oman to Al-Baraka Oilfield Services.

A five-year deal was signed with Shaleem Petroleum Company to cover hoist service provision in PDO's southern operations and additional hoist contracts were agreed with local groups CPDS and BOOFs. PDO is 60 per cent owned by the government of Oman, with UK-Dutch Shell holding 34 per cent, France's Total owning 4 per cent and Portuguese group Partex the remaining 2 per cent. Last month, the company awarded a \$235m engineering, procurement and construction (EPC) contract to Indian group Larsen & Toubro.