

Oman 2023 | 2024



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Sultanate of Oman سلطنة عُمان
وزارة التجارة والصناعة وترويج الاستثمار
Ministry of Commerce, Industry & Investment Promotion



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Allurentis is delighted to have been involved in partnership with the Ministry of Commerce, Industry & Investment Promotion, the Arab British Chamber of Commerce, Oman Chamber of Commerce and Industry, Department for Business & Trade and the Omani British Business Council on this, the first edition of Oman - Discovering Business. We would like to thank all our sponsoring organisations for sharing their valued experience, highlighting the vast opportunities available to international business in the Sultanate of Oman.

VISION 2040 – MOVING FORWARD WITH CONFIDENCE

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www.abcc.org.uk

HE Qais bin Mohammed Al Yousef

Minister of Commerce, Industry & Investment Promotion



HE Qais bin Mohammed
Al Yousef

One of the most economically vibrant countries in the Gulf, the Sultanate of Oman has a dynamic pro-business environment. With exemplary strong leadership from His Majesty Sultan Haitham bin Tarik, the country's robust and diversifying economy is guided by Oman Vision 2040 - our blueprint for sustainable growth and success.

To harness the full benefit of the many possibilities opened up by Oman Vision 2040, we continue to improve the transparency and predictability of our investment framework, streamline procedures related to foreign investors and enhance co-ordination and co-operation between stakeholders, international investors and local businesses.

A key objective for the team at the Ministry of Commerce, Industry & Investment Promotion is to bring to the attention of the global business community the rich potential Oman offers in manufacturing, tourism, fisheries, mining and logistics. Indeed, we recognise that sustainable, productive foreign investment can

play a catalytic role in strengthening our development objectives from export growth, technology and skills transfer, to employment generation and higher pay.

As a deliberate move to diversify our economic activities, we have begun to focus foreign investment efforts on cultivating Oman's emerging strengths in renewable energy and green hydrogen. The goal here is to foster international visibility and competitiveness in sectors where green jobs will be created in the coming years.

The Ministry of Commerce, Industry & Investment Promotion is dedicated to helping businesses make the most of the wealth of opportunities Oman presents. From start-ups and SMEs to multinationals, we offer an extensive portfolio of business support services and expert assistance. Whether you are looking to set up in Oman, find a local partner, ramp-up your company's exports or develop your enterprise in any way – our experienced team can help ensure you get maximum value from being part of our growing and ambitious economy. ■

HE Bader Mohammed Bader Al Mantheri

The Sultanate of Oman's Ambassador to the UK



HE Bader Mohammed Bader Al Mantheri

In alignment with the current global efforts in dealing with the international post Covid-19 economic growth challenges and climate change issues, the Sultanate of Oman is paving its own unique pathway, guided by Oman Vision 2040, to have a prosperous and sustainable life for current and future generations. Oman Vision 2040 is the Sultanate's blueprint to foster economic competitiveness and social well-being, stimulate growth, and build confidence in all economic, social and developmental relations nationwide.

The Sultanate of Oman offers an attractive investment environment for foreign investors, including top-quality and sustainable infrastructure, highly skilled and educated multi-lingual human capital, an abundance of natural resources and a desirable strategic location with seamless regional connectivity. Investment opportunities in Oman covers a range of sectors, including tourism, mining, green energy, technology, and fisheries.

The business and investment relationship between the Sultanate of Oman and the United Kingdom has historically been strong and multifaceted. In fact, the total UK investment accounts for nearly 50% of the total foreign investment in Oman in recent years. Both countries have engaged in various trade and investment

activities and partnerships with the aim of increasing high value investment into both countries. The two countries share a mutual vision of a sustainable and prosperous future in aspects of business, trade and investment for private sectors and international investors.

The Sultanate of Oman is currently reforming the investment structure to smoothen the entrance of foreign businesses into the Omani market. Such series of efficient reformations has increased the total value of British investments in Oman by 9.3%, from £16.9 billion in 2021 to £18.5 billion in 2022. Moreover, the total trade in goods and services between the UK and Oman increased by 48% (£412 million) to £1.3 billion in 2022. The business relationship between both countries encompasses a wide range of sectors, including energy, trade, infrastructure, finance, education, defense, and tourism.

The collaboration between Omani and British businesses and investors contributes to bilateral economic growth taking the friendship of the two nations from strength to strength. I am confident to say that this is only the beginning of a new era of prosperous and sustainable collaboration, and there is much more to achieve by such a special relationship between the two nations. ■

Dr Liane Saunders, HM Ambassador Oman, and Michael Eyley, Director of Trade & Investment

British Embassy to the Sultanate of Oman



Dr Liane Saunders



Michael Eyley

We are delighted to provide a forward for the Oman: Discovering Business 2023/24 guide.

The UK and Oman enjoy a strong and deep relationship formed from our shared history and comprehensive partnership and brought to life under the Strategic Advisory Group (Government to Government economic talks) which works to maximise collaboration in the economy of the future. Our commercial ties are an important part of this relationship, and we have seen trade flourish especially since the signing of the UK/Oman Sovereign Investment Partnership in early 2022. Over half of all FDI into Oman is British (50.2% as of end-2022), and in 2022, UK exports (goods/services) to Oman grew by 45.8% to £983m.

British investments and businesses here – alongside a suite of supportive organisations like the British Business Forum (BBF), Oman British Friendship Association (OBFA) and the British Omani Society (BOS) – facilitate trade and collaboration in wide-ranging sectors, from education to renewables to defence – and everything in-between. And the ongoing negotiations for a UK-GCC (Gulf Cooperation Council) Free Trade Agreement promise much more to come. Oman's Vision 2040 and the UK's recently refreshed Integrated Review are driving us towards a new economic narrative – one of digital, renewables and start-ups.

Many British companies are looking at what individual members within the GCC can uniquely offer – particularly long-term geographical and infrastructure assets. For Oman these include:

1 | Renewable energy: industry data shows that Oman has top-3 geographical potential for green hydrogen production, and 2022/3 showed that Oman is seizing the initiative with the launch of Hydrom (Hydrogen Oman) and two huge international land concession bidding rounds.

2 | Shipping/logistics: Oman has multiple deep-sea ports that avoid the Straits of Hormuz, saving time and money (and often reduced insurance premiums). Many of Oman's green hydrogen facilities will be located near these ports, offering integrated industrial ecosystem hubs.

3 | Workforce skills: Oman's Vision 2040 is focusing on developing the skills that Oman needs now, and for the job market of the future. From expanding the techspertise, to developing vocational qualifications, local Omani talent (many trained with British qualifications) will be on hand to deliver prosperity.

Oman is diversifying in many more sectors but British companies believe these three core sectors will accelerate change in the wider economy and support Oman Vision 2040.

If you are looking for more support on the ground in Oman, please do say hello at the next British Business Forum Oman event or when you visit. And do check out the new Invest Oman lounge by the Airport in Muscat – a wonderful new initiative by the Omani Government to streamline business registration and investment, locating representatives from all relevant Omani agencies together in one building.

Good luck on your Oman journey! ■

Vision 2040: Welcoming private sector involvement

Oman's ambitions are guided by Vision 2040, the national development strategy that foresees a diverse and sustainable economy moving away from its former reliance on oil & gas.

One of the key drivers of economic diversification will be private sector investment. Vision 2040 makes it clear that external expertise and investment is welcome and creates significant opportunities for PPPs. Its latest report sets a target of FDI amounting to 7% of GDP by 2030¹.

Vision 2040 outlines 12 national priorities that span all aspects of Omani life². A major priority is to establish a robust administrative and regulatory framework which enables job creation, investment, and business growth. This is vital for the development of sustainable infrastructure.

Other important goals include promoting citizen well-being through accessible healthcare and education, and ensuring that development benefits are distributed equitably across all governorates (administrative regions). Additionally, the plan strives to balance the protection of Oman's natural resources and unique environment with economic growth.

Each part of Vision 2040 has its own goals to be achieved in five-year increments up to 2040. It is a holistic plan, in which the various elements support each other. For example, the education strategy

aims to provide a workforce which has the requisite training and skills to benefit from the planned upsurge in transport and logistics, rather than relying on expatriate labour.

Vision 2040 also has a strong core of Environmental, Social and Governance (ESG) commitment running through it. The Government aims to establish equitable and fair governance that leads to sustainable growth. The plan calls for economic diversification that adheres to global environmental standards, and for progress which is socially inclusive and cohesive.

This ambitious rhetoric is matched by action. To attract foreign investors and accelerate economic diversification, all free zones and special economic zones were brought under the Oman Public Authority for Free Zones and the Muscat Stock Exchange Company was established³.

In 2019, the Omani Government cleared the way for PPPs by establishing the Public Authority for Privatisation and Partnership (PAPP) and promulgating the Public Private Partnership Law (PPP Law). Before this there was no specific legal framework for PPPs in Oman, even though they have been used for nearly 30 years, particularly in the power and water sectors⁴. PAPP has since been absorbed into the Ministry of Finance in the process of streamlining the country's civil service⁵.

The PPP regulations allow the Government much greater flexibility with regard to the term of a project, allowing for a term of up to 50 years. There is now also a clear structure that allows investors to put forward ideas for partnership projects. In addition, there are provisions to protect the developer, including reimbursement of costs and a right to match price bids during a tender process. This is intended to overcome any concerns a developer might have about sharing an idea that may then be offered to the market, without necessarily benefitting them.

In further moves to encourage investors, the Government has introduced a new Foreign Capital Investment Law⁶, allowing 100% foreign ownership in a number of sectors and removing the need for a local partner. It also significantly relaxed the rules and restrictions on foreign investment, streamlined the registration and licensing procedures for foreign investors and gave foreign investors the same rights and incentives as those given to local investors. Incentives can include exemption from the land rental value (for up to five years), exclusion from Omanisation requirements (for two years), exemption from taxes, customs fees and non-customs duties.

The Commercial Companies Law, amended in 2019, also introduced several changes aimed at making it easier for foreign investors to set up businesses in Oman. The law allows for the establishment of a one-person company, which can be 100% foreign-owned, and has simplified the process for setting up a joint-stock company⁷.



These legal reforms show that Vision 2040 is a realistic, practical document and that Oman is serious about enlisting foreign investment and expertise in preparing its people and its economy for a future without oil.

Consequently, Vision 2040 presents a long-term development plan which is aligned with the country's economic and social goals, making it an attractive destination for UK investors looking to contribute to the country's development. ■

¹<https://www.oman2040.om/assets/books/report-general-en/index.html#p=34>

²<https://www.business.hsbc.co.om/en-gb/insights/optimising-sales/oman-vision-2040>

³<https://www.crowe.com/om/insights/oman-vision-2040>

⁴<https://www.trowers.com/insights/2020/june/oman-the-implementing-regulations-of-the-public-private-partnership-law>

⁵<https://www.state.gov/reports/2021-investment-climate-statements/oman/>

⁶<https://www.pwc.com/m1/en/services/tax/me-tax-legal-news/2020/oman-new-foreign-capital-investment-law-executive-regulations.html>

⁷https://www.addleshawgoddard.com/globalassets/international/gcc/oman/key-changes-in-the-new-oman-commercial-companies-law_002_spreads...pdf



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Mr Bandar Reda

Secretary General & CEO, Arab British Chamber of Commerce (ABCC)



Mr Bandar Reda

In recent years, the Sultanate of Oman's achievements in the economic field have been quite exceptional and it is now widely seen as offering rich opportunities for investment with very high returns.

In 2022 Oman recorded its strongest economic recovery in almost a decade as a result of pro-active government measures, higher oil prices, increased production and the lifting of lockdown restrictions. Oman now enjoys one of the highest rates of growth among the GCC countries, with the World Bank putting the sultanate at the second highest for growth in the Gulf.

As the national economy diversifies, Oman is becoming an increasingly attractive option for investors across a broad range of sectors.

Oman is rightly renowned for its relaxed atmosphere and for its extremely business friendly attitude among officials which is shared by the whole population. Oman's reputation as a welcoming country is long established and this makes it an exemplary place to do business, to live, work and to locate.

The ABCC is proud to work closely with the people of Oman to raise the profile of their country among investors, manufacturers and traders in the UK in the conviction that Oman has tremendous attractions.

From personal experience, I can confirm that Oman is a place of extraordinary beauty with a stunning natural landscape, unique heritage, rich culture and a very high quality of life. Anyone who has ever been fortunate to have visited Oman will be ready to confirm these impressions.

Oman is now a regional leader in many different ways. One of its prime assets remains the country's geographical location in the Gulf and the friendly relations that it has long enjoyed with the other Gulf countries.

Oman today boasts modern business and financial services and top grade infrastructure including world-class connectivity, available industrial sites, free zones, cutting edge research facilities and some excellent schools and universities. Omani citizens are well educated, talented, innovative and driven by the ambition to succeed and make a difference to enhance their country's prosperity and productivity.

Many leading global corporations and notable international brand names are active in the Oman economy in various industries such as manufacturing, tourism, logistics, fisheries, mining, energy, minerals and others.

I am delighted to commend to its readers this impressive comprehensive guide which contains all that the investor requires to do business successfully in Oman. The guide will be of use to anyone new to the market; equally it will be of great value to those contemplating investment and renewing their involvement with this wonderful country.

Finally, the ABCC remains ready to offer its assistance to any potential investors seeking to explore the opportunities for business and investment in Oman. Our doors are always open, and we look forward to welcoming you to our events and I invite you to avail yourself of our services. ■

Arwa Al Balushi, Commercial & Investment Attache

Embassy of the Sultanate of Oman in London



Arwa Al Balushi

Total trade in goods and services (exports plus imports) between the UK and Oman was £1.3 billion in the four quarters to the end of Q4 2022, an increase of 48.1% or £412 million from the four quarters to the end of Q4 2021.

On the part of Oman, this leap was achieved through three main channels: promoting The Sultanate as a competitive and futuristic global business hub, by attracting Foreign Direct Investments attached to socioeconomic principles; opening new channels of investment opportunities in the British market for Omani institutions through the Oman Investment Authority (OIA) alongside Oman's private business community; and enhancing Omani non-oil exports to UK markets.

Oman enjoys a world-class infrastructure, one of the most skilled and well-educated workforces and is equipped for the challenges of the Digital Economy, which is why it is globally recognised as a competitive, diversified, and resilient economy that empowers a thriving business community.

The Sultanate aims on its ambitious journey for diversifying its national economic pillars by concentrating on five main sectors which are tourism, logistics, manufacturing, fisheries and mining, alongside other enabling sectors such as education, healthcare, ITC and circular economy, where it aims to target foreign direct investment's contribution to 10% of the national

GDP. Its ambitious economy is guided by "The Oman Vision 2040" a 20-year nationwide multi-sector plan representing a guide and key reference for planning activities and a blueprint for sustainable growth and success. The setting goal is to build a productive and diversified economy, founded on innovation, integration of roles, and equal opportunities; leverage Oman's competitive advantages, driven by the private sector towards integration into the world economy and provide active contribution to international trade; and achieve inclusive and sustainable development.

In accordance with Vision 2040, the Oman Ministry of Commerce and Industry and Investment Promotion provides a wide range of support services and expert assistance. And in 2020 the Oman Investment Authority (OIA) was established as an independent legal and financial entity mandated to manage, develop, and invest funds and assets to generate maximum returns as well as enhance the national investment environment and attract direct foreign investment to the Sultanate.

With its Free Zones, Special Economic Zones, Industrial Zones and Scientific Innovation Zones, Oman provides various incentives to investors, including 0% personal income tax, 0% import or re-export duties, 100% foreign ownership and exemption from corporate income taxes that could reach up to 25 years and other incentives that could be provided for strategic projects. ■

Faisal bin Abdullah Al Rawas

Chairman, Oman Chamber of Commerce and Industry



Faisal bin Abdullah Al Rowas

The Sultanate of Oman has an attractive and motivating investment environment and climate, in addition to many strengths that encourage capital owners and investors to invest their money. The strategic location of the Sultanate of Oman, which is connected to the critical routes of trade between the East and West, opens room for 54 million consumers in GCC markets, in addition to its nearness to the emerging markets of Asia and Africa, which facilitates delivery of your products to these markets.

In addition, the Sultanate of Oman has deeply established diplomatic relations with most of the countries which imparts the economy of Oman with the advantage of the ability to facilitate access to the leading economies. For instance, the free trade agreement signed between the Sultanate of Oman and the United States of America helps decrease taxes on exports from the Sultanate of Oman to the United States, which can benefit our partners through cooperation mechanisms that can be agreed upon. Moreover, the direct land road between the Sultanate of Oman and the Kingdom of Saudi Arabia

has the advantage of providing accessibility to the Saudi market, which is a key promising market in the region.

The Sultanate of Oman, with a diversity of investment assets, has a promising project in the Special Economic Zone at Duqm (SEZAD), that is pinned on the global economic map with its strategic location that overlooks the Arab Sea, which is connected to the emerging markets forming a link between all continents (Asia, Africa, and Europe and, accordingly, the Americas). This important strategic location is enhanced by huge development projects that meet the economic diversity requirements in all sectors. Its location on the Arab Sea is the furthest from the Hormuz and Bab Al-Mandab Straits, which keeps navigation in it away from any risks that may arise out of geopolitical disorders. Its importance is maximised by the economic activities and the natural resources and their attraction of the main navigation lines.

Additionally, the Sultanate of Oman's economic zones and free zones focus mainly on attracting national and



The Sultanate of Oman's economic zones and free zones focus mainly on attracting national and foreign investments.



foreign investments to invest in those areas by providing a set of incentives to investors. Those zones have a package of investment incentives and facilities, including tax exemptions and simplification of the procedures related to licenses, permissions, and import of all goods which are authorised to be traded in the country, as well as exemption of minimum investment and freedom to use the currencies and exemption of profits of the income tax.

Other investment advantages are also added to those enablers, including:

- Package of incentives, including up to five years of tax exemption that can be extended in accordance with certain conditions to ten years.
- Full foreign ownership up to 100%.
- Free transfer of profits and capital.
- Integrated legislative systems that regulate the investment and commercial sectors.
- Developed infrastructure.
- Tax exemption on the equipment for establishment or expansion of industrial projects, and tax exemption on production inputs.

- The Sultanate launched many investment opportunities with feasibility studies and initial approvals of government authorities in the industrial fields.
- Programme of “Investor Residency” whereby foreign investors and retirees are granted the right to long residency in the Sultanate of Oman.

In order to access an economic and commercial environment with an empowered and strong private sector, the Sultanate of Oman issued many laws and legislations that aim at improving the work environment and attracting investments. Those laws include the law on foreign capital investment, which grants the investor facilities and advantages that guarantee and secure its investment and ensure attraction and encouragement of more investors to invest in the Sultanate of Oman, mainly those projects specialising in the fields of technology and knowledge transfer to be utilised in the development of gross domestic product and creation of job opportunities.

Furthermore, the Sultanate of Oman has a logistic system (including ports, airports, and free zones) of highly efficient international specifications whereby the Sultanate aims to be a regional import and export centre, mainly due to its location on the main regional and international navigation lines and its capabilities. ■



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Sir Sherard Cowper-Coles

Chairman, Omani British Business Council



Sir Sherard Cowper-Coles
KCMG LVO

The Omani British Business Council (OBBC), part of the charitable organisation, the Anglo-Omani Society, is the main platform in the UK for facilitating and fostering the commercial relationship between the UK and Oman. It was formed with the aim of developing bilateral trade and investment and to promote the close economic relationship between the two nations and is led by the Chairman, Sir Sherard Cowper-Coles. Alongside the Omani counterpart, the Omani British Friendship Association (OBFA), the OBBC works closely with a variety of organisations, cementing the unique friendship and business links between the UK and Oman.

The Anglo-Omani Society welcomes membership applications throughout the year and offers two distinct classes. Individual membership is designed for those who wish to explore the rich history of Oman alongside the various cultural and commercial aspects of the Sultanate. Corporate Membership includes all the features and benefits of Individual Membership plus

access to the OBBC offering, which delivers insight and competitive advantage to both Omani and UK companies. This is achieved by providing Corporate Members with high impact briefings, events and updates from senior visiting Omanis. Furthermore, there is access to, and engagement with, an exceptional Omani-British network, maintained over decades and constantly updated, at the highest levels of business, academia and government. Membership also includes the use of the Board Room and Lecture Room at a discounted rate which is situated in the heart of London.

Annually, Corporate Membership costs £150 for companies with fewer than 20 employees and £250 for those with 20 or more, alongside Individual Membership currently priced at £10. To become a member, please complete and submit the application form which can be found on the Anglo-Omani website.

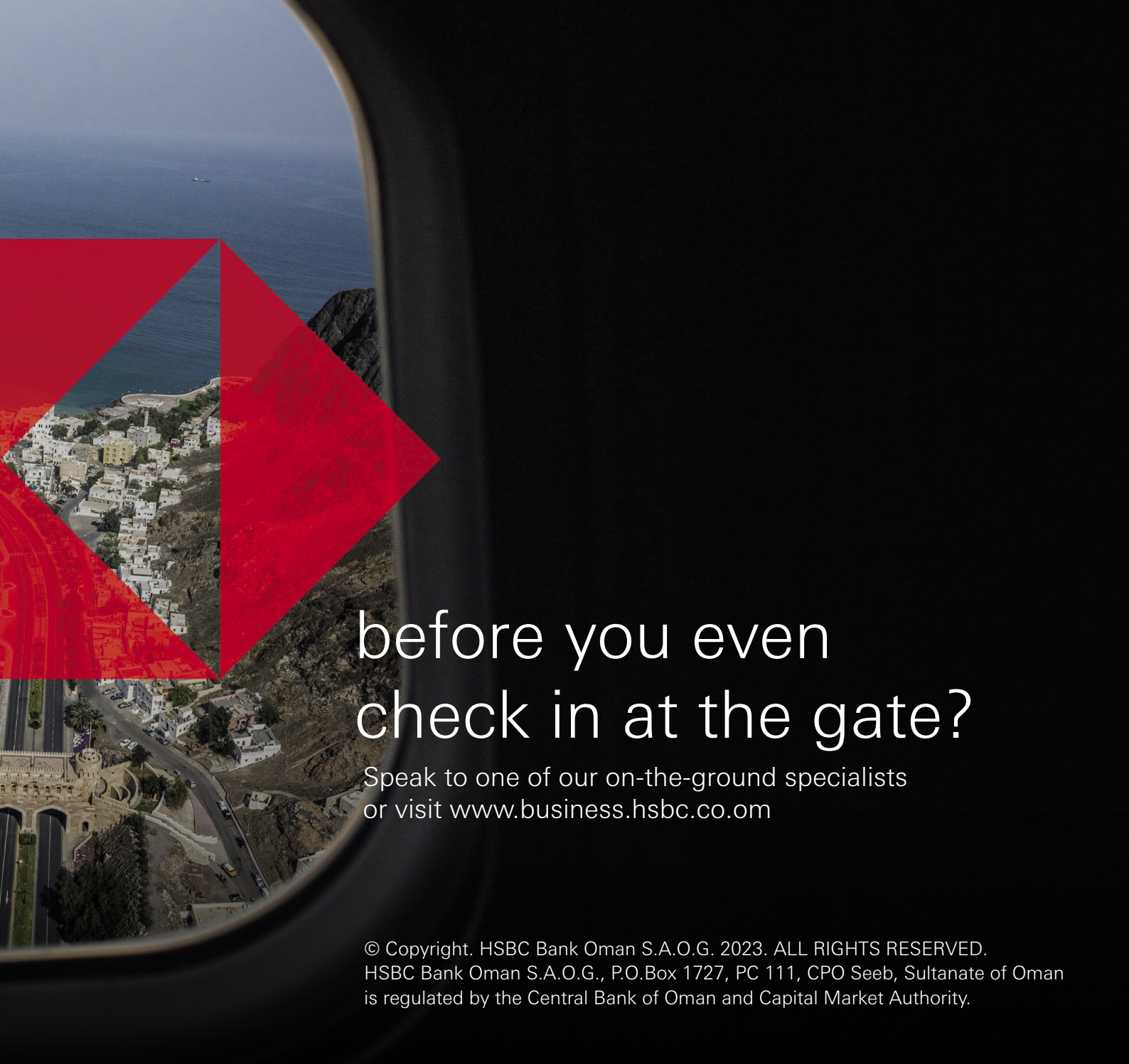
AOS website: <https://www.ao-soc.org/> ■

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Finance: Modernising with momentum

The financial sector in Oman is both prudent and innovative. The regulatory background, overseen by the Central Bank of Oman (CBO), ensures that “the stress is on prudence, moderation, protection of consumer and risk management with deregulation and delegation”¹.

The CBO has consistently followed international best practice by implementing the guidelines of the Basel Committee on Banking Supervision, the primary global standard setter for the prudential regulation of banks, on capital requirements, risks, asset clarifications and liquidity measures. It has also insisted on adopting international standards in other areas, such as making the accounting standard International Financial Reporting Standards (IFRS) mandatory for Omani corporations.

Furthermore, the Oman banking market is highly competitive, compelling financial institutions to strive to differentiate themselves in customer experience and digitalisation. The most recent addition to the market is Islamic banking, which was introduced in 2012 and has grown rapidly since, so that by 2019 the sector had total assets under management of US\$12.5 billion². Other Islamic financial services have followed: Takaful (Islamic insurance) in 2013 and Sukuk (Islamic bonds) in 2014.

Currently, there are seven local traditional banks – Ahli Bank, Bank Dhofar, Bank Muscat, HSBC Bank Oman, National Bank of Oman, Oman Arab Bank and Bank Sohar – though HSBC Bank Oman and Bank Sohar announced they were to merge in November 2022. Bank Muscat is the largest bank with US\$32 billion in assets, representing 36% of the sector’s total³. All are privately owned, though the Government holds stakes in some of them.

There are nine foreign banks – Bank of Baroda, Bank of Beirut, Bank Melli Iran, Bank Saderat Iran, First Abu Dhabi Bank, Habib Bank, State Bank of India, Standard Chartered Bank and Qatar National Bank – and two local Islamic banks, Bank Nizwa and Alizz Islamic Bank. There are another six Islamic platforms that are owned by conventional banks and two specialised banks: Oman Housing Bank, which is dedicated to mortgage loans, and Oman Development Bank.

Omani banks have restrictions on certain activities concerning exposure to the property market, overseas investments and individual borrowers. For instance, they can only have up to 15% of their loan book as mortgages. Total real estate loans and collateral cannot amount to more than 60% of time and savings deposits, excluding Government deposits, and retail assets cannot exceed 50%. Banks cannot invest more than 10% of their net equity overseas and even that is prescribed – the investment limit for foreign equity is 2.5% of capital, and the limit for foreign bonds is 7.5%. Also banks cannot lend more than 15% of their capital to a single borrower.

The CBO regularly introduces measures to ensure the Omani market remains competitive, but only if the measures have been proven elsewhere. Recent initiatives include the launch of the Fintech Regulatory Sandbox⁴ (FRS), the Oman Credit and Financial Information Centre (Mala’a) and the launch of a US\$100 million fintech investment programme.

The FRS aims to facilitate advanced and innovative products, services and business models in the domestic financial services industry. It is a closed testing environment in which the CBO grants certain regulatory exemptions, so participants can live test their banking, payments and

other financial services solutions on volunteer customers to prove their viability.

Mala'a is described by the CBO as an important step towards its ambition to establish "a cross-sectored National Databank that empowers Oman to transform into a knowledge-based nation"⁵. Mala'a enables access to credit through its primary products: Mala'a Credit Report and Mala'a Credit Score for individuals and corporates.

Mala'a membership is mandatory for all banks, licensed financial institutions, and companies or individuals engaged in financial activity. It is also connected to several government entities as data providers, to position Mala'a as a national databank.

Like the FRS, there are already similar bodies in other GCC countries, where the aim is to boost the financial sector and make it easy for smaller companies to borrow. Yet Mala'a also shows that the CBO is willing to bring in foreign expertise – its partner in the project is Icelandic firm, Creditinfo.

One area in which the CBO has innovated is the National Payments Systems Law (NPSL)⁶. This was enacted in 2019 as a legal and regulatory framework to encourage the development of fintech solutions to strengthen financial inclusion.

Since then, there have been a number of developments indicating progress⁷. In September 2020, Bank Muscat launched a US\$100 million fintech investment vehicle called BM Innovate. Through the fund, the bank said it aims to create a strong network in the fintech



ecosystem and invest in both local and international companies. In 2020, the CBO issued its first license to a non-banking financial entity, fintech company Thawani Technologies, a start-up allowing cashless mobile payment solutions.

The overall picture of the financial services sector is one where the fundamentals are sound, based on accepted best practice, with a cautious welcome for those who can offer the innovation and expertise needed to keep Oman up to date with the latest developments. ■

¹<https://cbo.gov.om/Pages/RegulatoryFramework.aspx>

²<https://oxfordbusinessgroup.com/reports/oman/2020-report/economy/remaining-resilient-a-strong-regulatory-framework-and-the-growth-of-islamic-banking-have-helped-the-sector-to-sustain-growth>

³<https://oxfordbusinessgroup.com/reports/oman/2020-report/economy/remaining-resilient-a-strong-regulatory-framework-and-the-growth-of-islamic-banking-have-helped-the-sector-to-sustain-growth>

⁴<https://cbo.gov.om/sites/assets/Documents/English/Fintech/FRSProposalFramework.pdf>

⁵<https://malaa.gov.om/en/about-us/>

⁶<https://cbo.gov.om/Pages/The-Legal-Framework-of-the-National-Payment-Systems.aspx>

⁷<https://assets.kpmg.com/content/dam/kpmg/om/pdf-2021/10/innovating-and-serving-customers.pdf>

ICT: Digital transformation key to growth

Oman has long utilised ICT in developing its modern economy and has addressed the sector both in its long-term development plan, Vision 2040, and in its national broadband strategy. But its ambitions far exceed achieving greater broadband penetration or installing 5G mobile phone masts throughout the country. From e-government and e-commerce to crypto-currency and space programmes, it wants to advance on every front – and is keen to support UK companies with relevant expertise, experience and resources to contribute.

Under Vision 2040, the Ministry of Transport, Communications, and Information Technology (MTCIT) is charged with delivering the government digital transformation programme. For the period 2021-2025, its target is “to build a sustainable knowledge society and raise the productivity and efficiency of the public sector”¹, as it oversees national IT infrastructure projects and e-government initiatives.

The national broadband strategy² aims to overcome the low levels of fixed broadband penetration within Oman and the challenges presented with the rapid expansion of mobile broadband networks in an often geographically challenging landscape. This includes the requirement to build new towers and the scarcity of available spectrum, in addition to the relatively high cost of broadband compared with the rest of the Middle East and other regions.

Investing in the future

The most immediate goals are to deliver fast, affordable broadband to everyone, enable businesses to use world-class broadband services so they are competitive, and bring broadband to rural communities. Its mid-term targets are to deliver broadband services to more than 90% of urban areas by 2030, with overall penetration reaching 75%.

This was re-financed in 2022³ when Oman Broadband signed a series of long-term agreements worth US\$444 million, to be invested in the network over 15 years.

The Telecommunications Regulatory Authority oversees the sector, particularly the deployment of the 5G networks. Omantel and Ooredoo are the two main providers, though a third operator, Vodafone, entered the market in 2022. The mobile phone device market is very price-sensitive, so cheaper options from Chinese vendors Huawei, Xiaomi and Oppo have proved popular though Samsung and Apple are dominant⁴.

The Government set up the Oman Technology Fund to endeavour to make Oman the preferred destination for emerging tech companies in the region and for developing the ICT sector in general⁵. It does this through three programmes: the investment programme Techween; Wadi Accelerator; and the growth phase Jasoor Ventures.

Against this background of rapid development, there are further opportunities to be found in the sector, such as training and workforce development. In 2021, the Oman Information Technology Society, in collaboration with Microsoft, launched the ‘MaharaTec’ initiative to upskill the nation’s future leaders and talent in enhancing their ICT capabilities⁶.

The MTCIT is encouraging cloud-based services for both e-government and business. In 2022, it signed an agreement with Amazon Web Services (AWS) to launch cloud data service centres⁷ in the country. Having AWS ‘local zones’ close to large population centres enables customers to achieve the low latency required for



Against this background of rapid development, there are further opportunities to be found in the sector, such as training and workforce development.



online gaming, live streaming, and augmented and virtual reality⁸. They also give customers in regulated sectors such as healthcare, financial services and the public sector the option to keep data within a specific geographic boundary.

The migration towards cloud computing is creating commercial opportunities to establish data centres. Founded in 2012, Oman Data Park (ODP) is a joint venture between the Government owned Omantel and 4Trust LLC and provides cloud-based services. In 2022, ODP agreed with Vodafone to provide cloud services, colocation services, managed security services and managed infrastructure services.

The country also has ambitions to establish a cybersecurity industry, focusing on managed security services, cybercrime analysis, security incident management and consultancy.

Another area of interest is cryptocurrency. In February 2023, Oman's Capital Markets Regulator announced plans to establish a regulatory regime to govern and develop the virtual assets market⁹. The regulator¹⁰ said the virtual assets regulatory framework would create

an "alternative financing and investment platform for issuers and investors, while mitigating the risks associated with this asset class." The proposed new regulatory framework will cover crypto assets, tokens, crypto exchanges and initial coin offerings.

There is also interest in developing satellite communications, having signed a deal in 2022 with Virgin Orbit to collaborate on Oman's first mission into deep space, as well as to deliver small satellites to low Earth orbit, a first for the country. Unfortunately, the first ever satellite failed to reach its orbit in January 2023, as it was travelling on the LauncherOne rocket which failed at the launch at Spaceport Cornwall¹¹ in the UK. Oman's Emerging Technology Company (ETCO), a key player in developing the country's space programme, issued a brief statement acknowledging the setback and saying it had activated a response plan to ensure the continuity of operations of the mission.

The wide-ranging scope of Oman's ambitions in ICT gives a similar breadth of opportunity to the entrepreneurs and investors who can assist it. ■

¹<https://www.mtcit.gov.om/ITAPortal/Pages/Page.aspx?NID=292734&PID=200797>

²<https://omanbroadband.om/national-strategy/>

³<https://www.muscatdaily.com/2022/12/07/pacts-worth-ro171mn-signed-to-boost-broadband-network-in-oman/>

⁴<https://gs.statcounter.com/vendor-market-share/mobile/oman>

⁵https://www.otf.om/#techween_incubator

⁶<https://news.microsoft.com/en-xm/2021/11/16/oman-information-technology-society-partners-with-microsoft-to-boost-skilling-and-career-opportunities/>

⁷<https://www.mtcit.gov.om/ITAPortal/MediaCenter/NewsDetail.aspx?NID=81262>

⁸<https://www.zawya.com/en/business/technology-and-telecom/aws-launches-aws-local-zones-location-in-muscat-oman-gxupgem4>

⁹<https://news.bitcoin.com/oman-capital-markets-regulator-plans-to-establish-a-virtual-assets-regulatory-framework/>

¹⁰<https://cma.gov.om/>

¹¹<https://www.forbes.com/sites/dominicdudley/2023/01/10/omans-space-ambitions-hit-by-failure-of-virgin-orbit-launch-from-uk/>

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Q5 is new to Oman, why Oman?

SW: I'm not new to Oman! I am Omani born & bred. Like so many Omanis I'm committed to making our 2040 vision a reality and by establishing Q5 Partners LLC as an Omani company, we want to make a concrete difference to Oman's national ambition.

PD: Our Muscat office is our first GCC home. We believe in Oman, we're inspired by the Sultanate's ambition and the progress that's underway with Vision 2040. As transformation and change specialists, we are investing here so we can help clients in this next phase of transition - especially when things get tough.

AN: So many Omani organisations have invested heavily in defining their strategies and roadmaps, they've set aggressive targets and now the pressure is on to deliver... But that can be tough: Vision 2040 calls for new ways of operating, new mindsets and new capabilities. We're here to help. Our team combines global, award-winning expertise with local insight.

So, what does Q5 do?

SW: Q5 have an international reputation for world class consulting - they are change catalysts - and that's just what our eco-system needs. Q5 focuses on organisational effectiveness and execution - because that's what drives sustainable results.

PD: Founded in the UK in 2009, we've been serving clients across the GCC since 2017. Our expertise spans all sectors: governments, energy, infrastructure,

telcos, health, financial services, consumer goods, manufacturing, media, the culture and tourism sector, as well as not-for-profits.

Your strapline is 'the Art & Science of Organisational Effectiveness' What does that mean?

AN: Driving lasting transformation needs technical skill (the 'Science') AND a true understanding of the people dimension (the 'Art'). That's what Q5 brings.

We're proud of our unique partnership approach - we work collaboratively as part of our clients' teams, so they get the best of external expertise with the best of their insight and input. For Omani organisations that means outcomes are both internally-owned and completely tailored to be fit-for-context. Our partnership approach gives local talent the opportunity to learn along the way.

PD: Clients often come with challenges like:

- 'We want to collaborate better - but we just don't seem to be getting traction'
- 'We have a programme office - but we're not hitting our KPIs'
- 'We need to restructure - our processes and ways of working are holding us back'
- 'Our people have never done this before - they need support to learn by doing'
- 'We know digital technology should help - but we've got initiative overload'

If any of these are familiar, we'd love to chat:

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Special Economic Zones & Free Zones:

Top incentives for expert investment

Since the 1990s, Oman has utilised Special Economic Zones (SEZ) and Free Trade Zones (FTZ) to encourage inward investment, diversification and job creation. Each of these is targeted at different sectors, so the incentive packages vary accordingly. The aim is to create clusters in zones which meet the distinctive infrastructure needs of particular industries, encouraging the growth of specialist supply chains specific to that zone. All are overseen by the Public Authority for Special Economic Zones and Free Zones (OPAZ).

There are three FTZs – Al Mazunah, Sohar and Salalah – and two SEZs, Duqm and Knowledge Oasis Muscat. Although these are not a 'one size fits all' measure, they do share certain basic characteristics which provide substantial rewards for investors¹. These include 100% foreign ownership, exemption from corporate taxes and unrestricted repatriation of capital. There are no minimum share capital requirements nor any duties on goods imported to or exported from a free zone. FTZ companies can also trade within Oman without requiring a local agent – though there is a 5% customs duty. There are also some basic requirements to be fulfilled, such as leasing a physical office within the free zone. Company licences must be renewed annually, which includes submitting audited financial statements to the authority. Employees must be between 10% and 30% Omani, but work permits for foreigners are granted within four weeks². Establishing a company is also swift, at between four and seven weeks³.

Duqm SEZ

Duqm SEZ is the largest in the Middle East and North Africa, with an area of 2,000km². It contains several economic, tourism and service

development zones, the most prominent of which are a multi-purpose port, a dry dock for ship repairs, a fishing port, a regional airport, and tourist, industrial and logistical areas. Incentives include tax exemption up to 30 years from commencement of operations and usufruct (sic) agreements of up to 50 years, renewable for up to similar periods⁴. Duqm is in development and not yet complete. The most recent project to near completion is the US\$6 billion Duqm Refinery project, occupying 9km², a 50-50 joint venture between state-owned OQ Group and Kuwait Petroleum International.

Knowledge Oasis Muscat

Catering to IT, science and knowledge-based industries, Knowledge Oasis Muscat is unusual in requiring a minimum share capital of US\$52,000. Current tenants include more than 200 start-ups and SMEs, as well as established names such as Microsoft, SAP, Ericsson Oman and Schneider Electric⁵. The zone was originally developed and run by the Public Establishment for Industrial Estates (Madayn), which now reports to OPAZ⁶.

Sohar Free Zone

Sited next to Oman's largest port and industrial complex, Sohar Free Zone is a 45km² development that, together with Sohar Port, has attracted over US\$27 billion in investment. The first phase has been developed, with almost 75% of the area leased. Phase 2 is now underway. The port will group buildings into the following sectors: steel manufacturing and processing; trade and logistics; oil & gas; petrochemicals; minerals and aggregates; ceramics; and food logistics and processing⁷.

This is intended to integrate with the free zone, which issues business licences for industrial light manufacturing and assembly, logistics, general trade and services. The authorities here claim that streamlined procedures have shortened business setup to less than three weeks. The incentive of 10 years of tax-free operation increases if the ratio of Omani staff goes above the 15% minimum⁸.

Salalah Free Zone

Like Sohar, the Salalah Free Zone is next to a port that is a superhub, in this case on the main equatorial trade routes. It is also still under active development and, once all four phases are complete, will cover an area of 19km². Key sectors are chemical and material processing, logistics and distribution, and manufacturing and assembly⁹. Companies in the zone benefit from the US-Oman free trade agreement, enabling duty free access for agricultural goods, together with most industrial and consumer goods. Incentives include zero income and corporation tax, no customs or excise duties on imports or exports and a reduced rate of Omanisation of only 10%.

Al Mazunah Free Zone

Al Mazunah Free Zone, set up on Oman's border with Yemen in 1999, is not only a gateway to Yemen but to East Africa¹⁰. The incentives to invest include 30 years of tax-free operation – extended if a large number of Omanis are employed – and also Yemeni citizens working there do not need a work permit. Suitable sectors include light manufacturing, trading and services.



All these zones offer access not merely to Oman's own market, but to the whole of the Middle East, North Africa and East Africa. They offer strong incentives that reward success and a streamlined service which will quickly help any new company overcome the hurdles to operate in the region. ■

¹<https://www.healyconsultants.com/oman-company-registration/free-zones/>

²<https://www.healyconsultants.com/oman-company-registration/free-zones/>

³<https://www.healyconsultants.com/oman-company-registration/free-zones/>

⁴<https://mepc.org/duqm-sez-welcome-future-growth>

⁵<https://madayn.om/sites/KOM/EN/Pages/Roster.aspx>

⁶<https://www.opaz.gov.om/en/media/news/2022/transferring-the-affiliation-of-the-public-establishment-for-industrial-estates-madayn-to-opaz>

⁷<https://www.healyconsultants.com/oman-company-registration/free-zones/>

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⁹<https://www.healyconsultants.com/oman-company-registration/free-zones/>

¹⁰<https://www.omanobserver.om/article/1125563/business/economy/second-phase-of-al-mazunah-free-zone-under-construction>

Northern Ireland, a valued partner in attaining Oman's Vision 2040

Sheethal Rishi, Regional Director, UAE, Oman & Bahrain,
Invest Northern Ireland



Sheethal Rishi

Sheethal Rishi, Regional Director, UAE, Oman and Bahrain at Invest Northern Ireland, speaks about opportunities for Oman and Northern Ireland to work collaboratively towards Oman Vision 2040.

If there are two ancient lands, steeped in rich culture and heritage, yet embracing innovation and modernity with equal vigour, it could be the story of Northern Ireland and Oman. Both countries share a common vision for the future, a relentless drive for innovation, and a deep understanding of the value of partnership in solving today's major challenges.

Historically there has been trade ties between Northern Ireland and Oman, and as the economic development agency for Northern Ireland, Invest Northern Ireland, has helped facilitate significant partnerships and business deals between the two regions.

A number of leading Northern Ireland companies within the materials handling sector are doing business in Oman and have worked on a number of high-profile infrastructure projects. Telestack, a key player in the bulk material handling equipment industry, installed an innovative and custom design ship-loading system at Port of Salalah. Edge Innovate, a leader in the design and

distribution of quarrying, port handling and recycling equipment, delivered a fleet of customised shredders to Oman in partnership with Be'ah, a government-owned waste management company. In addition, Powerscreen, Terex Finlay and McCloskey, leaders in mobile crushing and screening equipment for the construction, mining, and waste management industries, export their products to Oman through local distributors.

Northern Ireland's manufacturing sector has grown faster than in the rest of the UK and the region has been a world leader in mobile bulk materials processing equipment for over 60 years. 40% of the world's mobile stone crushing and gravel screening equipment is made in Northern Ireland. With a unique cluster of companies who excel at engineering, are innovative and are truly global, Northern Ireland's world-class products have been exported globally to support projects within construction, mining, quarrying, demolition, ports, agriculture, airports and recycling.

Northern Ireland companies take pride in continually adapting and investing in research and development to meet the needs of global customers and provide solutions. The potential and the ambition to scale

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40% of the world's mobile stone crushing and gravel screening equipment is made in Northern Ireland.



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Northern Ireland's low carbon sector has over 7,000 companies with an annual turnover exceeding GBP 1.6 billion.



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The Knowledge Economy is one of the fastest-growing sectors in the UK.



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Contact Sheethal Rishi, Regional Director for UAE, Oman and Bahrain at

Sheethal.Rishi@investni.com

our existing trade relationship is today more than ever, and we see significant partnership opportunities to continue playing an active role in Oman's pursuit of new business frontiers and Oman Vision 2040, particularly in their vision to diversify the economy and create smart and sustainable cities.

As a small region that punches above its weight across sectors ranging from advanced manufacturing to tech development, the green economy and renewable energy sector are another perhaps less known strength of Northern Ireland. Northern Ireland's low carbon sector has over 7,000 companies with an annual turnover exceeding GBP£1.6 billion. The region is home to renewable energy providers covering areas such as offshore wind, onshore wind, solar, carbon capture and storage, renewable heat, bioenergy, alternative fuels, energy efficient products, energy monitoring, saving or control systems, low emission vehicles and infrastructure.

Northern Ireland is becoming an internationally recognised hub for smart city innovation and has proven technology experience, capacity and capability. With its international reputation as a region of expertise and knowledge in tech development, it is one of the fastest-growing tech sectors in the UK providing solutions from data analytics, smart governance, smart mobility and infrastructure to smart buildings, energy and health. Companies are developing products and services that enable more efficient, low-carbon and smart city services, such as Kinsetu, which empowers individuals, departments, and organisations at scale via sensors and intelligent software to locate critical assets in real-time instantly and Artemis Technologies, a maritime engineering firm driving the decarbonisation of seas through their latest advancements in sustainable maritime transportation, and Sensotek, who provide remote machine health monitoring (IoT).

Across industries, Northern Ireland is a hotbed for innovation and cutting-edge research. This is supported by our two world-class universities,



Queens University Belfast and Ulster University, whose research capabilities are rated as internationally excellent and having considerable impact by the Research Excellence Framework (REF) assessment.

As Oman marches towards a new age of sustainable economic and social transformation, we look forward to supporting that journey and fostering a close partnership between Northern Ireland and Oman.

For more information on Northern Ireland as a trusted global business partner and how to collaborate with Northern Ireland businesses, visit our website at www.investni.com/international; or contact Mrs. Sheethal Rishi, Regional Director for UAE, Oman, and Bahrain at Sheethal.Rishi@investni.com ■

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Ajyal is your one-stop centre for all HR needs. Interested in starting up a business in the Sultanate? Are you hesitant to dive into a foreign market filled with challenging elements ranging from competition to culture to creating a product or service based on market needs? If so, Ajyal will present you with the best solution fit for your business ideas and produce an optimum strategy to enter the Omani market. Ajyal can act as your connection point in Oman.

Ajyal HR Solutions is a leading human resources consultancy firm, facilitating the connection between British businesses and Oman's burgeoning market. With the ambitious Oman Vision 2040 guiding the nation's economic transformation, Ajyal will play a crucial role in assisting companies and businesses to capitalise on the emerging opportunities in Oman.

A Blueprint for Economic Transformation: Oman Vision 2040 is a comprehensive development strategy initiated by the Sultanate of Oman to diversify its economy and reduce its dependence on oil revenue. Oman has high talent ranging from fresh graduates to senior-level positions. This ambitious vision aims to transform Oman into a thriving and sustainable economy across various sectors. The strategy encompasses key areas such as logistics, tourism, manufacturing, and energy, fostering innovation, and developing a knowledge-based society. As Oman opens its doors to foreign investment and business partnerships, businesses can play a pivotal role in contributing to the growth and success of Oman Vision 2040.

Bridging the Gap: Ajyal HR Solutions will specialise in bridging the gap between British businesses and the Omani market. With its deep understanding of the local business model, Ajyal provides comprehensive services that can play a major role in helping businesses establish a strong foothold in Oman. Ajyal HR Solutions

offers top-notch training programmes to enhance employee skills, knowledge, and performance. Their recruitment services ensure the selection of qualified candidates who align with organisational goals. Ajyal's assessments provide valuable insights into individual capabilities, enabling effective talent management and organisational development.

The firm assists with market research, regulatory compliance, local and international partnerships, recruitment, and talent acquisition, ensuring a seamless entry into the Omani market. By partnering with Ajyal, British businesses gain valuable insights, overcome cultural and administrative barriers, and position themselves for success in Oman.

Indulging British Businesses in the Omani Market: The Omani market presents a wealth of opportunities for British businesses across various sectors. Oman's strategic location, well-developed infrastructure, and stable political environment make it an attractive destination for investment and expansion. Businesses can contribute their expertise and innovative solutions in areas such as renewable energy, technology, healthcare, education, and infrastructure development. By collaborating with Ajyal HR Solutions, businesses can navigate the intricacies of the Omani market, identify potential partners, secure government contracts, and establish long-term relationships that align with Oman Vision 2040's objectives.

As Oman embarks on its transformative journey outlined in Oman Vision 2040, Ajyal HR Solutions acts as a trusted partner for British businesses looking to engage in the Omani market. With its specialised services and deep-rooted industry knowledge, Ajyal enables businesses to seize emerging opportunities, contribute to Oman's economic growth, and establish a strong presence in this dynamic and promising market. ■



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Babcock International Group

Babcock International Group, the UK based defence and security company, has a global presence supporting and enhancing its customers' defence capabilities and critical assets through a range of product and service solutions, providing increased availability, affordability, and capability.

Oman is an increasingly important location for Babcock, functioning as a strategic hub that allows it to build on existing joint venture relationships and grow its global service delivery model.

With more than 60 years in country, Babcock has a strong presence in Oman, operating across Marine, Land and Aviation sectors, with three key businesses:

- The National Training Institute (NTI) - a market leader in providing training for work placed competency, focused on technical trades allied to the Oil & Gas, Construction, Transport and Health & Safety sectors.
- Airwork Technical Services (ATS) - for six decades ATS has provided specialist manpower and engineering support personnel to the Royal Air Force of Oman to maintain the airworthiness of a diverse fleet of aircraft, along with the specialist provision of training and logistics services. Babcock acquired ATS in 2010.
- Duqm Naval Dockyard (DND) - DND is a UK-Omani Joint Venture providing specialist engineering and programme management support. Alongside our commercial partner Asyad, DND provides maintenance, repair and overhaul (MRO) services to national and international navies operating in the Middle East region.

Global strategic location

Babcock supports the Omani Government's 'Vision 2040' plan to broaden and diversify the economy. A key part of this aspiration is the development of the Special Economic Zone Authority at Duqm (SEZAD). Babcock's formation of a Joint Venture (DND) with Asyad at Duqm in 2016, was based in part on the area's centrality to the country's economic plan and its global strategic location. It was a logical step into the regional naval MRO market for Babcock, and Duqm is an increasingly important aspect of the UK-Omani bi-lateral relationship.

The signing of the UK-Omani Joint Defence Agreement in 2019 has led to a much higher profile UK presence at Duqm, including the development of the Ras Madrakah Joint Training Area, which Babcock's multi-sector defence presence is well-placed to support. Beyond DND's core role of naval MRO, the opportunity to provide a broad range of support to the burgeoning UK Army presence at Duqm is key to maximising the UK-Omani Joint Training exercise programme and would build on our existing UK based relationship. The potential for providing rotary wing aviation support to the Joint Training Area is also very real. Duqm's location, straddling the Middle East Energy highway, and sitting outside the constrained waters of the Arabian Gulf, makes it arguably the most important geo-strategic location in the region.

A credible foreign investor

Babcock's core business and multi-sector defence and security offering fits with Oman's Vision 2040 themes of technological innovation, government-industry cooperation, and manufacturing

growth. Babcock's core purpose of contributing to creating a safe and secure world is demonstrated by its presence in Oman, a country widely recognised as both a geo-strategic hub, and a key contributor to peace and stability in the region. Babcock employs more than 350 personnel in Oman, with more than 40% of those local, a figure it intends to grow in the coming years.

Equipping future generations

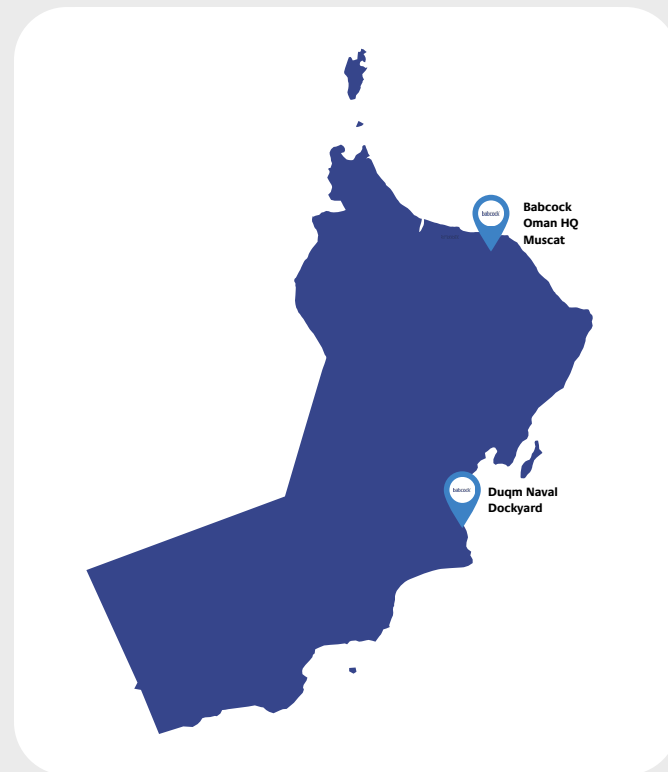
Vocational training for young Omani citizens is recognised as a significant enhancement to the development of the Omani youth and their contribution to economic growth. NTI is certified by the Ministry of Higher Education Research and Innovation to deliver Vocational Training Diplomas to school leavers. The three year vocational training programmes, which commenced in 2023, will equip Omani school leavers with the skills required to secure important technical roles.

Plans for growth

Babcock in Oman has its own strategy and growth pipeline, but as new opportunities emerge, the aim is to integrate, scale and grow capabilities to expand into the wider Middle East. The potential for growth within and beyond Oman is significant and goes beyond defence.

Global support across air, land and sea

The Omani Government's recognition of the benefits of a Helicopter Emergency Medical Service fits with Babcock's provision of this capability. Similarly, the intent to grow vocational training under Vision 2040 puts NTI in a strong position to support this initiative. The push to broaden and deepen Oman's manufacturing base offers several possibilities, including the development of a manufacturing base at Duqm centred on warship and commercial ship building. DND



is exploring this opportunity, which builds upon the foundations laid in the UK where Babcock is building five Type 31 frigates for the United Kingdom's Royal Navy.

Building on heritage, Babcock is here for the long-haul

"Babcock values its presence in Oman through both a historical and forward-looking lens. The country is on a journey under Vision 2040 and Babcock fully supports the key tenets of this mission, and is on the path, alongside the Omani population to build upon the strong foundations which were laid many years ago. Babcock is committed to the Middle East, and Oman in particular, seeing the strategic importance of this region only growing in the years to come." Gary Simpson, Managing Director, Babcock Support. ■

Renewable Energy: Investing to achieve net zero

Oman is at the forefront of renewable energy in the Gulf, with a highly developed schedule of projects which offer opportunities for UK products and services. Since 1994, when it launched its first renewable independent power project, the country has been a regional leader in this sector. It is aiming to derive at least 30% of its electricity from renewables by 2030¹.

In January 2023, the Government announced its target of achieving net zero emissions by 2050. This goal will be integrated into the national development plan, Vision 2040, and managed by a new body, the Oman Sustainability Centre, using data and guidance from the Carbon Management Lab².

At the same time, the Ministry of Energy and Minerals officially launched the Oman Hydrogen Company, together with investment opportunities and incentives in the green hydrogen sector, with the aim of producing one million metric tonnes of hydrogen by 2030³.

This new company, together with state-owned Petroleum Development Oman (PDO), are owned by Energy Development Oman (EDO), which was established in 2020 to help develop both the country's energy and alternative energy sector in line with Vision 2040⁴.

Hydrogen plays a big part in Oman's energy strategy; it intends to produce green and blue hydrogen of approximately 30GW a year by 2040. According to research agency MEED, it plans over US\$45 billion of green hydrogen and green ammonia projects. The Government has already announced several gigawatt-scale green hydrogen schemes, including a 14GW facility powered by 25GW of wind and solar energy.

PDO, which plans to cut its emissions to 50% of 2019 levels by 2030, pioneered large-scale solar power projects, but now the Oman Power and Water Procurement Company (OPWP) is the sole procurer of

new power generation capacity. Its most recent project, Ibri 2, is a utility-scale 500MW solar photovoltaic plant that was developed by a consortium of Saudi and Kuwaiti businesses and was backed by the Asian Infrastructure Investment Bank, based in Beijing. It began commercial operations in 2022.

The OPWP is ambitious. It says the solar and wind projects it has planned are expected to account for approximately 13% of the total electricity production by 2025, and that this will increase to 20% by 2027⁵.

Two solar projects⁶ – Manah I Solar and Manah II Solar IPPs – both of up to 500MW are being built in the north of Oman and are due to begin commercial operation in 2024. Another 500MW solar project, MIS Solar IPP 2025, is under consideration and a fifth solar photovoltaic (PV) project of some 600MW could be developed in the Al Wusta region and be commissioned by 2027. The OPWP is planning a feasibility study to develop a concentrated solar power project with thermal storage, possibly near Ad Duqm.

OPWP's strategy for wind power expansion includes several large-scale projects⁷. A 100MW wind project is to be developed at Jalan Bani Bu Ali in North Sharqiyah Governorate in the Duqm region, with commissioning planned for the third quarter of 2025. The Dhofar region is especially suitable for wind energy generation, as shown by Oman's first wind park to be connected to the grid, the 49.4MW Dhofar I Wind IPP. Now OPWP is planning an even larger wind power plant, the 100MW Dhofar II Wind IPP, which should be in commercial operation in 2026. Another two wind projects should add an expected 360MW of generation capacity to the Ad Duqm power system. The 200MW Duqm Wind IPP is expected to go online in 2025, while the 160MW Duqm II Wind IPP should begin operation in 2027.



Oman is at the forefront of renewable energy in the Gulf, with a highly developed schedule of projects.



In 2022, the plan to build Oman's first ever waste-to-energy project in Barka was resurrected⁸ after it was delayed in 2020. Being developed by Oman Environmental Service Holding Company, the facility will have a power generation capacity of 130-150MW and a daily capacity of 4,500 tonnes of municipal waste, with the aim of reducing the carbon footprint of landfills by 50 million tonnes over 35 years. This is equivalent to 30% of the total carbon dioxide currently emitted by landfill operations in Oman.

Other initiatives underway include 11 solar-diesel hybrid facilities and the 'Sahim' ('contribute') initiative to install small-scale solar panels on residential and commercial buildings⁹.

Oman's integrated oil & gas company, OQ, is seeking international partners to replace 40% of its 3GW power consumption with renewable

energy projects¹⁰. It also has ambitions to produce green ammonia. In 2022, the Saudi Arabian utility developer Acwa Power announced it was collaborating with OQ and New York listed industrial gas supplier, Air Products, to create a multibillion dollar green hydrogen-based ammonia production unit in Salalah Free Zone¹¹. The project will be equally owned by the three partners and will involve the integration of renewable power from solar, wind and storage, production of hydrogen by electrolysis, production of nitrogen by air separation and production of green ammonia.

Oman's commitment to renewable energy from various sources – solar, wind and green hydrogen – offers multiple openings for UK businesses. These range from the practical, such as equipment and services, technology transfer, research and development, to the financial, where government assets are to be privatised. ■

¹<https://www.trade.gov/country-commercial-guides/oman-renewable-energy>

²<https://www.omanobserver.om/article/1130769/opinion/business/omans-intensive-efforts-in-the-race-to-achieve-net-zero-emissions-by-2050>

³See footnote 2.

⁴<https://edomn.om/>

⁵<https://omanpwp.om/PDF/7%20Year%20Statement%20Issue%2015%202021%20-%202027.pdf>

⁶<https://renewablesnow.com/news/oman-plans-about-27-gw-of-solar-wind-projects-by-2027-783377/>

⁷See footnote 6.

⁸<https://energy-utilities.com/oman-relaunches-barka-wastetoenergy-project-news116801.html>

⁹<https://www.trade.gov/country-commercial-guides/oman-renewable-energy>

¹⁰<https://www.trade.gov/country-commercial-guides/oman-renewable-energy>

¹¹<https://www.acwapower.com/news/?h=1&t=news>

Exploration to a sustainable future

Walter Simpson, Managing Director, CC Energy Development



Walter Simpson

What is the history and corporate strategy of CCED?

CC (Consolidated Contractors) Energy Development (CCED) is an independent international oil and gas operator with a 'think globally but act locally' mindset. We explore for and produce oil and natural gas in Oman. CCED was established in 2007 and started oil and gas production in 2010. By 2019, production reached 45,000 barrels of oil per day (bopd), with the 100 millionth barrel of oil produced in July 2020.

While exploring for and producing oil and gas is the core business, CCED is committed to supporting local communities and developing national talent. To this end, we adopt a sustainable and technology-supported strategic approach to our operations. Through innovation, training programmes and investing in the communities in which we operate, CCED facilitates local capacity-building to deliver sustainable benefits for future generations. We are a diverse, ethical and responsible organisation and understand people are key to our success, whilst ensuring the communities in which we operate will benefit.

Where is CCED active in Oman?

CCED operates Blocks 3 and 4 in eastern central Oman. Block 3, located in Afar, comprises an area of 5,911km², while Block 4, located in Ghunaim, comprises an area of 23,212km². The main producing fields in Block 3 are Farha South, Ulfa and Samha, while the main producing fields in Block 4 are Saiwan and Shahd.

Who owns CCED and who are the partners you work with?

CCED is a privately owned independent exploration and production company. Our main partners in Oman are Tethys Oil and Mitsui E&P Middle East.

What is your current rate of production and your expectation of future production?

Current production is down on our peak rates as we undertake an extensive exploration programme to test the full potential of the blocks. We have a 3D seismic acquisition programme underway and by the end of 2024, we will have around 17,000km² of high quality 3D seismic data processed to state-of-the-art standards over the entire prospective portions of both blocks.

**We are committed to
creating long-term
value for Oman that
extends well
beyond its oil
field projects.**



cced.com.om

In addition, we have four drilling rigs working in the blocks on development, appraisal and exploration activities.

Could you describe any major corporate developments over the past year?

Throughout 2022, we maintained our uncompromising attitude towards health and safety. We launched our Safety Leadership Programme to enhance the skills our team members need to promote a positive workplace culture as well as driving safe delivery of our work programmes.

We supported the training and development of many of our team members so they can reach their full potential. Our hiring of national talent continues with 10 new graduates, four of whom were women, of which three are working in the field. Our positive impact on society has continued to grow, partly thanks to partnerships with several entities to make a sustainable and measurable difference in the lives of others.

Furthermore, our transformation to become a low-cost, low-environmental impact operator required us to pursue sustainable low-carbon processes. With the help of our Gas-to-Power project, we are ready to make significant reductions in our greenhouse gas emissions and reach zero routine gas flaring by 2027.

How is CCED taking action to reduce its carbon footprint?

Our success is dependent on being a low-cost producer, with a low environmental footprint valued by the communities in which we work, and this is completely aligned with Oman Vision 2040, of



which carbon neutrality and fighting climate change are important components. We have a three-pronged approach to our environmental stewardship: greenhouse gas emissions reduction, water management and waste management.

In 2023, a major step to greenhouse gas emissions and zero gas flaring is the execution of our gas-to-power project. This will use our associated gas efficiently by generating electricity to power our field production assets, such as wells and pumps. This will allow us to replace most of the diesel power generation which is currently used for those purposes, impacting positively not only on our carbon footprint but also our operating efficiency and costs.



In 2023, a major step to greenhouse gas emissions and zero gas flaring is the execution of our gas-to-power project.



On the water management side: we are stopping the routine use of ponds, and all produced water will be disposed of either through injection, for pressure maintenance, in our reservoirs, or by disposal in safe reservoirs where we no longer need to produce hydrocarbons.

Given the nature of our fields, we have high levels of water production and we are looking at technology to help us reduce these levels – 2023 will see a trial of a new polymer technology aimed to enable this.

What proportion of your workforce is Omani?

Our Omanisation rate is currently around 92%, with more than 60% of our team members working in the field. Nearly 70% of our senior leadership consists of Omanis – more than double compared to a few years ago.

However, we are not aiming for 100% Omanisation as we see tremendous benefits from the small number of highly skilled expatriates who bring experience in-house, aiding the development, coaching and mentoring of nationals. Put simply we see a diverse workforce as an essential part of good technical and business decisions.

How are you helping develop the skills and talents of your local workforce?

We continue to nurture the next generation of energy sector qualified experts through a number of on-the-job training programmes to significantly accelerate their skills development. For example, 95% of our maintenance technicians and production team have acquired the Advanced Diploma in Oil & Gas Operations from City & Guilds in

the UK. We also work directly with SMEs by providing guidance and assistance in bid preparation and strategic planning, helping them improve their competitive advantage.

Could you describe CCED's approach to Corporate Social Responsibility?

CCED considers Corporate Social Responsibility (CSR) a vital tool for harnessing the potential of local communities, while focusing on initiatives directly benefiting the concession areas where we operate. Our purpose-built CSR strategy covers a range of themes including education, social, health and the environment. Through them, we are committed to achieving sustainable socio-economic development for Oman and its people.

How would you sum up CCED's strategy for growth?

As the economy shows a strong recovery, we continue to operate full steam ahead. As well as adding resources to accelerate the maturation of our reserve base, we are continuing to advance our exploration programme, with additional 3D seismic being acquired as well as a substantial exploration and appraisal drilling programme. Our roadmap to zero flaring and GHG emissions reduction will take a major step forward with the Gas-to-Power project reaching Final Investment Decision (FID) and beginning execution. Moreover, maturing our reserve base while reducing our emissions will be key pillars of our future success. We will continue to harness opportunities to develop our business, to work to enrich our local communities and to contribute to the wider socio-economic development of the country. ■

Infrastructure: Expanding rapidly to improve connectivity

Oman has ambitious, far-reaching plans for the future after oil. But achieving its multi-faceted ambitions for a prosperous future depends on having the infrastructure in place to deliver its objectives. Mining, transport and logistics, tourism and hospitality are all major parts of the strategy. All of which require roads, rail, water and sewage works to function.

As it moves away from this reliance, the Government recognises the need for foreign capital and expertise. This is evident in a number of agreements, often with neighbouring countries, for investment and the announcement of multi-billion projects.

Oman's most notable infrastructure project is the planned US\$3 billion rail line linking it with the United Arab Emirates (UAE). Announced in 2022, the project achieved prominence in February 2023 when Abu Dhabi's state-owned holding company, Mubadala Investment Company, confirmed its support¹. Mubadala has signed a cooperation agreement with the Oman and Etihad Rail Company, a joint venture between Oman Rail and Etihad Rail, which operates the UAE's national network.

The agreement aims to establish working groups and committees to share expertise in the proposed 303km line between the Omani port of Sohar and the UAE network. It is expected to reduce passenger travel

time between Sohar and Abu Dhabi to just 1 hour and 40 minutes. Freight trains will also benefit from speeds of up to 120kmph.

This is not the only infrastructure opportunity for investors. In 2023, the Ministry of Finance² published 25 investment opportunities in the infrastructure sector, including the Mabela-Thamid road and the establishment of commercial ports in Sadah, Dhalkut, Shinas and Sinhas Sur. In announcing these it stated: "These projects will be implemented under a PPP model and are consistent with Oman Vision 2040 and its relevant strategic plans. The implementation of selected projects under PPP will help reduce the construction cost or operating expenses and it will not create any additional burden on the budget."

The largest of these projects is the Salalah-Thumrait Truck Road, a 67km toll road specifically for heavy vehicles, the first such road to be procured under the country's 2019 PPP law³. It aims to relieve pressure on the existing route, where freight traffic has increased sharply due to mining, quarrying, commercial activity at the Salalah Port and trade connections with Yemen.

Oman's investment drive increased in February 2023 when Saudi Arabia signed a preliminary agreement to finance a US\$320 million infrastructure development project to develop the Al Dhahirah Special Economic Zone⁴. Sited 20km from the Al Rub El Khali border

checkpoint with Saudi Arabia, the scheme includes the construction of roads, power installations, water and sewage networks, and the treatment of industrial waste.

They are also collaborating to create a railway line from Duqm, in western Oman, with the Saudi capital Riyadh⁵. The line would cross the border near Ibri. This new connection is also designed to serve the new special economic zone at Al Dhahirah and will be focused on freight rather than passenger traffic.

In another rail initiative, the Asyad Group – the state-owned holding company of government assets in ports, transport, shipping and logistics businesses – is exploring PPP options⁶ for a dedicated mineral line linking the mines in the south with the Port of Duqm⁷. This would require the 375km line to carry more than 30 million tons a year to processing plants and export-channels in Duqm. It would also make it possible to transport substantial amounts of oilfield equipment from Duqm port to oil & gas fields in the surrounding area.

Oman is now gaining exposure to international investment through companies such as the London based infrastructure specialist Equitix⁸, which set up the Rakiza Infrastructure Fund with Oman Infrastructure Management. In 2022 Rakiza secured a US\$300 million commitment from Saudi Arabia's Public Investment Fund, bringing the total raised to over US\$900 million. Earlier in the same year, Rakiza made its first



investment, acquiring a 31% stake in the Oman International Container Terminal in the Strait of Hormuz.

The development of infrastructure in Oman requires a collaborative effort between the public and private sectors. The Government has made it clear that it values the expertise, innovation, and efficiencies that the private sector can provide, with it playing a critical role in finance, design, construction, operation and management. ■

¹<https://www.railtech.com/infrastructure/2023/02/22/abu-dhabi-investment-fund-to-back-new-uae-oman-railway/?gdp=deny>

²<https://www.omanobserver.om/article/1134006/oman/transport/rfq-floated-for-salah-thumrail-truck-road>

³<https://www.zawya.com/en/projects/construction/oman-invites-eoi-for-first-ever-dedicated-truck-road-under-the-ppp-mode-ruw8vezr>

⁴<https://www.thenationalnews.com/business/economy/2023/02/01/saudi-fund-signs-agreement-with-oman-to-develop-320m-infrastructure-project/>

⁵<https://www.railfreight.com/business/2023/03/08/oman-and-saudi-arabia-start-study-for-rail-freight-connection/?gdp=deny>

⁶https://issuu.com/globalsupplychain/docs/global_supply_chain_april_2022/s/15314014

⁷<https://www.zawya.com/en/business/nod-for-gcc-railway-authority-spurs-hopes-for-revival-of-omani-rail-project-h5jocdtq>

⁸<https://www.infrastructureinvestor.com/equitix-backed-rakiza-fund-nears-1bn-target/#:~:text=Rakiza%20Infrastructure%20Fund%2C%20co%2Dmanaged,m%20from%20Saudi%20Arabia's%20PIF>

Mining: Planning significant exploration

Oman's economic diversification programme has identified mining as a key sector for development, its mountains are known to contain large deposits of metals and industrial minerals that have yet to be fully exploited. These include chromite, copper, gypsum, lead, manganese, nickel, palladium, platinum, silver, vanadium and zinc.

It is already the first GCC producer and exporter of ferrochrome, a chromium/iron alloy which is used in the production of stainless steel, special steel and castings¹. It now accounts for 10% of total world production. Estimates show that Oman holds around 30 million tonnes of chromite ore, or approximately 2% of world reserves, located mainly in the mountainous regions around Sohar, Sumail and Sur².

It is becoming an important participant in the chromium ore market. In 2020, it exported US\$33.1 million, making it the sixth largest exporter globally³. It is also the fourth largest exporter of gypsum, used in plaster, shipping approximately nine million tonnes in 2020, primarily to the ASEAN countries⁴.

Its copper mining industry is also reporting success. In January 2023, Al Hadeetha Resources, an Omani-Australian joint venture, began extracting high-grade copper sulphide ore at the Wash-hi Majaza

mine in the Wilayat of Mudhaibi. The partnership is between Alara Resources, a mining firm from Australia that own a 51% stake, and Omani investors Al Hadeetha and Tasnim, which owns the remaining 49%. The copper-gold deposit has been evaluated under JORC standards and contains over 16 million tonnes of copper resources and 10 million tonnes of reserves⁵.

This success – plus increasing attention from both foreign and local investors – has encouraged the Government into establishing regulatory bodies and introducing laws to create a transparent and competitive environment for both local and foreign operators.

To regulate the sector the Government created the Public Authority for Mining (PAM) in 2014. Two years later, it established Minerals Development Oman (MDO) as the executive arm of the sector. In 2020, a royal decree dissolved PAM and transferred its powers to the newly created Ministry of Energy and Minerals (MEM), potentially increasing transparency and competitiveness.

The Law of Mineral Wealth of 2019 introduced provisions for exploration activities and increased the minimum mining license period from one year to five years. Developed in collaboration with

a number of international advisors, such as legal firm Mayer Brown and consultancy firm Wood Mackenzie, the law has been drafted to encourage investment in multiple ways. It allows licenses for exploration and prospecting to be granted for up to a year, which can be extended for periods of up to three years. The license period for exploitation has been extended to a maximum of five years, and it can be renewed for longer periods.

In addition, concession agreements for large deposits can be granted for intervals ranging from 20 to 30 years. The fiscal regime has also been updated to provide more flexible royalty payments. Previously set at 10%, they have now been reduced to a minimum of 5%, dependent on market conditions. While non-metallic materials such as aggregate, gypsum and marble have a fixed royalty rate, that for metallic elements is likely to remain at 6%⁶.

The Mineral Wealth Law has also changed the social investment contribution rule, which now requires a minimum of 1% of production to be invested in social development programmes. This change will benefit nearby communities. Previously, companies invested 5% of net profit, which sometimes increased to 20%. The law also simplifies the licensing process by reducing the number of required approvals



from eight to four ministries. The Government must respond within 60 days, and MEM can force a decision if necessary. The law now requires license holders to meet their obligations – and MEM can terminate their license if there is a breach of the terms of the license or the law, or do not make the required investments within specified time frames⁷.

In February 2020, just six months before it was dissolved, PAM announced 110 new mining blocks for exploration and investment and issued new licenses to several companies. The pre-approved blocks for investment hold promising deposits of chromite, silica, gypsum, carbonate, attapulgitite, clay, basalt, laterite and feldspars.



Oman's mining industry is still relatively untapped, and there is enormous potential for growth and investment in the sector.



Since its creation, MEM has been very active. In August 2021, it announced it was setting up large concession mining sites and smaller ones for local and international investors to bid for. During the same month, MEM invited bids to develop an e-mining solution – a dedicated database on mineral blocks and mining licenses and other government services – which also demonstrates the Government's commitment to increasing transparency and competitiveness in the sector. In July 2021, MEM created a new unit, Industry Development of Energy and Minerals, to focus on the downstream processing and adding value in Oman, rather than exporting unprocessed raw materials.

One of the controls upon Oman's progress as an exporter of minerals had been its lack of developed ports, but this is being addressed

through its strategies for the economic free zones, all of which are sited close to ports.

In addition, The Asyad Group – the state-owned holding company of government assets in ports, transport, shipping and logistics businesses – is exploring PPP options⁸ for a dedicated mineral railway line linking the mines in the south with the Port of Duqm⁹. This would require a 375km line to carry more than 30 million tonnes per year to processing plants and export-channels.

Oman's mining industry is still relatively untapped, and there is enormous potential for growth and investment in the sector. The country's rich deposits of various metals and industrial minerals, coupled with the Government's focus on economic diversification, make it an increasingly attractive opportunity for investors. ■

¹<https://www.metals-hub.com/blog/ferrochrome-plants-worldwide-and-their-annual-production-capacity>

²<https://oxfordbusinessgroup.com/reports/oman/2020-report/economy/>

³<https://oec.world/en/profile/hs/gypsum>

⁴<https://www.zawya.com/en/markets/oman-retains-crown-as-worlds-top-gypsum-exporter-hzsqmr7b>

⁵<https://www.zawya.com/en/projects/mining/first-high-grade-copper-sulphide-ore-mined-at-wash-hi-majaza-mine-in-oman-i1deomx6>

⁶<https://oxfordbusinessgroup.com/reports/oman/2020-report/economy>

⁷<https://oxfordbusinessgroup.com/reports/oman/2020-report/economy>

⁸https://issuu.com/globalsupplychain/docs/global_supply_chain_april_2022/s/15314014

⁹<https://www.zawya.com/en/business/nod-for-gcc-railway-authority-spurs-hopes-for-revival-of-omani-rail-project-h5jocdtq>

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Unlocking the Sultanate's logistics potential

Malvika Pankaj Khimji, Director, Khimji Ramdas Group



Malvika Pankaj Khimji

Trends in Oman: Development of green hydrogen

Green Energy is the buzzword of today. With growing requirements for Green Energy across the world, there are multiple opportunities that Oman can benefit from. There are several reports which point to Oman being one of the most suitable locations for both wind and solar energy. The formation of Hydrom and the auction processes that are currently being undertaken point to the distinctive interest from the Government to promote the same. As Khimji Ramdas (KR), we are well-positioned to maximise the In-Country Value (ICV) generated by these projects, by investing in specialised transportation assets and expertise.

Opening up of smaller ports to private investment opportunities

Oman is blessed with a long coastline and a geographically important position. From a perspective of trade as well as tourism, there are multiple opportunities that can be harnessed to bring in investments and business to the Sultanate. Along the coastline of the Sultanate, there are several smaller ports that are ideal for specific purposes within the cargo logistics and tourism industry. Under the aegis of the Ministry of Transport, there have been ardent efforts to develop the same under a PPP model. KR,

being a strategic stakeholder in the industry is actively working with Government agencies to partner, and bring investments to further these objectives.

In what ways has KR Shipping contributed to the growth of the Sultanate's logistics sector since it has been identified as one of the key sectors in the Tanfeedh programme for the Sultanate's economic diversification?

We have been fortunate enough to be an active contributing member for SOLS, Tanfeedh, and Oman Vision 2040. All through these wonderfully productive and enlightening sessions, we and our Senior Management Team at KR have played active roles in contributing to the formation of the policy. Right from providing globally accepted supply chain logistics solutions to retail giants like Procter & Gamble, industrial project solutions for EPC clients, and heavy haulage solutions for oil & energy customers, our shipping business has evolved over the last three decades of its existence. Alongside the developments in services, we have actively engaged with the local community encouraging and hand-holding them as trusted vendors in several of our businesses. Today, we use Omani SMEs for 82% of our distribution services, up from 10% in 2010. We are working with several SMEs, including those in the technology sector,

helping them with their strategies and business plans to create profitable business units. We believe that Oman has great potential to be a global distribution centre in the coming decade, and a crucial element for the same is the availability of local expertise. It shall remain our earnest endeavor to bring the local workforce to international standards, by continuous engagement.

The Vision 2040 plan aims to strengthen the logistics sector with investments in newer logistics hubs. How do you evaluate the potential in such greenfield developments?

Our vision for Oman Khasab Port draws on Oman's Vision 2040 blueprint for development.

We believe that apart from the ports, there would also need to be inland dry ports in different Wilayats, which would help ease the logistics flow across the supply chain and provide the shippers and consignees with flexible solutions that suit their requirements. Apart from allowing the shippers and the consignee to concentrate on their core competencies, this also incentivises investment and jobs for the community into trucking, warehousing, and services such as customs clearance and cargo handling. We have the first such facility, Khazaen Dry Port in operation. It is clear that more such possibilities are waiting to be explored.

How has Khimji Ramdas Shipping managed to stay differentiated and hold its ground, in an industry which has seen a lot of turbulence in recent years?

Historically, we have owned and operated dhows, so shipping is in our DNA. KR entered into the shipping arena in the mid-20th Century, to facilitate in-house requirements. In the mid 80s, the unit was spun off.



From our modest beginning as a customs clearance service provider, we added vessel agency activities to our portfolio. Today, we are proud to have evolved into a one-stop-shop logistics solutions provider in the Sultanate. Investing in our Team, in Technology, and ensuring we gain the Trust of our internal and external stakeholders through Transparency, has helped us grow into arguably the largest shipping and logistics service provider in the Sultanate. We strongly believe that our 4T's would give us the power to overcome any turbulence. ■

Transport & Logistics: Ambitious targets vital for growth

Oman's location makes it a particularly attractive market for investment in transport and logistics. With its strategic geographical position and its deep-water ports, it has the potential to become one of the region's major logistical hubs. The country is at the head of the Indian Ocean and is a gateway to the GCC region – a re-distribution point and transit hub for shipments to and from Asia, the Indian subcontinent, and East and Central Africa. At the same time, the Government is keen to leverage private sector expertise to maximise state-owned assets.

The objectives of the Oman Logistics Strategy 2040 include increasing the contribution to GDP, expanding Oman's market share in the distribution of goods to the region, increasing job creation, improving Oman's ranking on global logistics and industrial indices, and promoting Oman's global reputation¹. The sector is also central to many of Oman's other ambitions, such as boosting tourism and exploiting its mineral wealth.

The state owns all seven of the country's commercial ports, which it controls through the Ministry of Transport, Communication and Information Technology². The Ministry plays an important role in marketing the ports and associated industrial zones, working with each port to prepare an annual marketing plan to attract foreign investment. For example, in October 2022, the Ministry invited local and foreign companies to tender for the project to develop, manage and operate Dhalkut Port³.

There are three deep-water ports: Sohar in the north, Duqm at the centre and Salalah in the south. All three operate under concessions through joint ventures between the Government and foreign private companies and connect to 86 ports in 40 countries. Salalah is sited at the crossroads of East-West shipping, with weekly connections to and from the US east coast. Its port has a container terminal with seven berths of up to 18m draft and a general cargo terminal of 12 berths

of up to 16m draft, with infrastructure to handle the world's largest container vessels, as well as bulk cargo, bunkering, and warehousing.

The country's flagship development is the port of Duqm, between Muscat and Salalah on the Indian Ocean. It has a new port; naval base, dry dock, fisheries hub, industrial free zone, hotels, power and desalination plants, an oil tank storage terminal, and an almost-complete refinery.

In terms of air traffic, Oman is opening new air facilities and encouraging code-share agreements between its own airlines and other carriers. In 2018, two new airport facilities opened – Muscat International Airport and Duqm Airport's passenger terminal – while Salalah and Sur airports also serve international destinations. Code-sharing is a partnership between two airlines which allows one airline to place its two-letter identification code on the flight schedules of another airline, so it can sell tickets to destinations that it does not fly to. Since 2021, Oman Air has signed code-share agreements with Malaysia Airlines, Qatar Airways, Royal Jordanian, and Sri Lankan Airlines⁴, plus EgyptAir⁵ and Turkish Airlines⁶.

There have also been important developments in the country's rail network. An agreement signed in 2022 between UAE's Etihad Rail, the



developer and operator of the UAE National Rail Network, and Oman Rail, created a joint company to set up and operate a railway linking Oman's Sohar port with the UAE's network⁷. In total, the partners are investing US\$3 billion in the 303km line. Passenger trains will travel at 200kmph, while cargo trains will travel at 120kmph⁸.

Oman's ultimate ambitions for rail are far greater. The Asyad Group – the state-owned holding company of government assets in ports, transport, shipping and logistics businesses – is exploring PPP options⁹ for a dedicated 375km rail link between the mines in the south and Duqm¹⁰, with the potential to carry more than 30 million tonnes of minerals a year.



The sector is also central to many of Oman's other ambitions, such as boosting tourism and exploiting its mineral wealth.



Oman's road network is also growing. In 2021, the Government opened a road through the Empty Quarter, connecting Riyadh with Muscat and other major Omani cities, including Duqm and other ports¹¹. Bus services are also expanding, and the Government has mooted the idea of privatising the national bus and ferry networks¹².

There is strong evidence that Oman wants to harness private sector expertise and investment, particularly to develop its projects pipeline through joint ventures or PPPs. For instance, the Government uses PPPs to run the four terminals for containers, general cargo, bulk goods, and liquids at Duqm, and to develop the ports at Khasab and

Shinas in the north¹³. There are also plans to transform Port Sultan Qaboos into a mixed-use waterfront cruise and leisure destination using a PPP model.

Oman's transport and logistics sector offers clear opportunities for UK investors and specialist suppliers of equipment and services. It has removed many of the barriers to foreign investment and is keen to reduce the state's involvement. The Government is also keen to reduce the country's dependency on oil revenues for its livelihood – and this sector is one of the most prominent parts of that strategy. ■

¹<https://andp.unescwa.org/node/1214>

²<https://www.omanobserver.om/article/1121351/oman/omans-seaports-offer-promising-supply-link-with-the-world>

³<https://www.hellenicshippingnews.com/oman-invites-bids-for-port-development/>

⁴<https://simpleflying.com/how-joining-oneworld-will-benefit-oman-air/>

⁵<https://www.timesaerospace.aero/news/air-transport/oman-air-and-egyptair-sign-codeshare-agreement>

⁶<https://majantravel.com/blog-post/Turkish-Airlines-and-Oman-Air-extend-code-share-deal>

⁷<https://www.reuters.com/article/oman-emirates-rail-idINS8N2ZS04T>

⁸<https://omannews.gov.om/topics/en/80/show/110203>

⁹https://issuu.com/globalsupplychain/docs/global_supply_chain_april_2022/s/15314014

¹⁰<https://www.zawya.com/en/business/nod-for-gcc-railway-authority-spurs-hopes-for-revival-of-omani-rail-project-h5jocdtq>

¹¹https://issuu.com/globalsupplychain/docs/global_supply_chain_april_2022/s/15314014

¹²<https://www.trade.gov/country-commercial-guides/oman-transportation-logistics>

¹³https://issuu.com/globalsupplychain/docs/global_supply_chain_april_2022/s/15314014

Retail: Attracting global brands and e-commerce

The retail sector is changing: it is continuing to grow strongly while e-commerce is taking an ever greater share of the market. The latest forecasts expect retail sales to grow by more than 6% annually up to 2026¹. There are exciting opportunities for those with a fresh retail proposition, with consumers who are technologically literate and happy to adopt new ways of buying products and services as demand grows.

Currently, most retail operations are stand-alone units, but other types of retailing are becoming more important as e-commerce grows, and the malls and shopping centres found in other Gulf countries are becoming more common. This reflects growth in the tourism sector, changing tastes among consumers and market pressures.

Consumers, especially the affluent class and millennials, are becoming more interested in lifestyle experiences, while global and regional brands want to expand their presence in the Gulf and gain market share.

Government policies are playing their part in encouraging change and growth in the sector. Under Vision 2040, Oman is inviting investment in the commercial real estate sector, especially in hospitality and retail. Government initiatives to streamline retail infrastructure and strengthen investments have helped the sector become more prominent in GCC markets².

Changes within the country are also driving the growth of the retail sector. The population is growing and is prosperous, with a high GDP per capita of over US\$29,000, while it is rapidly becoming more urbanised³.

Recent rises in oil prices are also important as the country had been adversely affected by the declining oil revenues, compounded by the effects of Covid 19. Total wholesale and retail trade stood at approximately US\$4.8 billion in 2020 (5.5% of GDP), down from US\$5.8 billion in 2015 (6.8% of GDP), a fall of 3.7% compound annual growth rate (CAGR). The pandemic added pressure, resulting in the sector declining 11.7% year on year in 2020.

But the pandemic also had its upside for the retail sector. Smartphone ownership among Omanis is among the highest in the GCC, so when movement was restricted, consumers turned to online shopping. The market is estimated to grow by an average of more than 20% annually up to 2026, helped by increased adoption of 4G and 5G technology, as well as by government initiatives, such as promoting digitisation and e-government services through the Information Technology Authority (ITA)⁴.

Other countries in the Gulf, particularly Dubai, have created retail experiences as part of their economic strategy of encouraging investment, creating jobs and developing tourism. Oman is also on this track and has attracted major retailers, including Majid Al Futtaim, Al Jarwani Group (Palm Mall) and Lulu Group. Although there are many retail developments springing up in cities such as Sohar and Nizwa, Muscat is the main focus. Here, the largest of these developments is the US\$467.5 million Mall of Oman.

Developed as part of Oman's Vision 2040, the mall was built by UAE-based real estate developer Majid Al Futtaim Properties and opened in 2021. The shopping and entertainment complex includes

the largest VOX Cinemas in the country, with 15 screens; the largest 'magic planet' family entertainment centre in the country, which features award-winning rides, games and attractions for the whole family; a 3D cinema and an IMAX experience. The mall also houses Oman's largest indoor snow park which spans over 14,000m² and includes a 12,200m² Carrefour Hypermarket and an Abercrombie & Fitch clothing store.

Though the largest, the Mall of Oman is not the only development in Majid Al Futtaim's Oman plans. Others include the 40,000m² City Centre Sohar, the 16,500m² City Centre Sur community mall and the planned \$13million, 3,150m² expansion of the company's City Centre Qurum in Muscat⁵.

The opportunities offered by these developments are not confined to the construction, as the retail sector has developed, operators have realised they need to refresh their facilities every three to five years to remain competitive. This cycle of refurbishment has included the expansion of Muscat City Centre, Nizwa Grand Mall and City Centre Qurum⁶.

As the face of retailing changes, some retailers are opting for an alternative approach to a strategy sometimes known as 'bricks and clicks', where consumers can see and buy the products in a shop but can also buy online.

Carzaty⁷, for example, which is head quartered in Muscat, blends online and physical car showrooms. The customer browses all the



cars available at the company's physical showrooms and then, once a specific car is selected via the online platform, it is delivered in 15 minutes for a test drive.

The retail sector in Oman has great potential for UK expertise and experience. The consumer market is growing, as evidenced by the expanding presence of major regional retail groups, and the country's e-commerce sector, though still in its early stages, does offer many opportunities. ■

¹<https://www.zawya.com/en/world/middle-east/retail-sales-in-oman-expected-to-grow-more-than-6-annually-19xmk1gp>

²<https://www.oerlive.com/economy/retail/omans-retail-sector-in-transition-mode/>

³<https://alpencapital.com/research/2022/Alpen-Capital-GCC-Retail-Industry-2022.pdf>

⁴<https://www.muscatdaily.com/2021/09/08/omans-e-commerce-market-seen-to-grow-by-20-annually/> and <https://www.mordorintelligence.com/industry-reports/e-commerce-market-in-oman>

⁵<https://oxfordbusinessgroup.com/reports/oman/2017-report/economy/promising-opportunities-a-rise-in-new-retail-space-has-put-the-sultanate-on-the-map-for-development-of-shopping-centres>

⁶See footnote 5.

⁷<https://www.entrepreneur.com/en-ae/growth-strategies/ride-on-oman-based-carzaty-makes-use-of-an-omnichannel/358074>

Driving innovation, sustainability and growth in the automotive industry

Mohsin Hani Al-Bahrani, CEO, Mohsin Haider Darwish ACERE



Mohsin Hani Al-Bahrani

The automotive sector is a dynamic and highly competitive industry that drives worldwide economic growth and technological advancements. As a foundational pillar of the global economy, the automotive industry constantly evolves to meet the changing needs of businesses and consumers. The four disruptive technology-driven trends in the automotive sector include diverse mobility, autonomous driving, electrification, and connectivity. In this fast-paced landscape, leaders must possess exceptional vision, strategic thinking and adaptability to steer their organisations toward success.

One such visionary leader is Mohsin Hani Al-Bahrani, the CEO of Mohsin Haider Darwish's ACERE (MHD) cluster. MHD is a prominent player in the global automotive sector, renowned for its commitment to excellence, innovation and customer satisfaction. Mohsin is a goal-oriented and driven head of business with a strong focus on strategic planning and sales direction. With a keen eye for identifying opportunities and implementing effective strategies, Mohsin plays a pivotal role in creating, developing and executing business strategies to meet the company's corporate objectives. His expertise lies in aligning sales initiatives with overall business goals, driving growth and ensuring maximum profitability.

With a track record of success, Mohsin brings a wealth of knowledge and skills to lead the company toward achieving its strategic objectives.

Under Mohsin's guidance, MHD is playing a significant role in Oman's economy, experiencing growth and development. As we embrace change in our communities and global landscape, MHD sees tremendous potential for progress in transportation, communication, infrastructure, healthcare, and more. With its legacy and ambition, MHD aims to create value, collaborate with local businesses and inspire future generations.

Career highlights and expertise

Mohsin's leadership and strategic vision have propelled MHD to the forefront of the automotive industry.

Mohsin's journey in the business world began with a strong academic foundation. He graduated with honours in business and management from Brunel University in London and further pursued a Master's degree in Middle Eastern studies from King's College London. During his time in the United Kingdom, Mohsin actively engaged with the Omani Students Society, fostering stronger relations between Oman and the UK.

After completing his studies, Mohsin joined MHD, driven by a desire to continue his grandfather's legacy and uphold the vision he had for the family business. This deep sense of responsibility has continued to inspire him every day. His initial experience within the industry came as a summer intern, where he had the privilege of working with esteemed automotive brands such as Jaguar and Land Rover, gaining invaluable insights and firsthand experience.

Within MHD, Mohsin steadily progressed through the ranks, serving as the Director of Automotive before being promoted to the role of CEO of MHD ACERE in 2020. This position has allowed him to steer the company towards new horizons and lead MHD's expansion into diverse sectors, including renewable energy.

Challenges and overcoming obstacles

While steering MHD towards success, Mohsin has faced various challenges inherent in the automotive industry. Fierce competition, securing investments for new business lines like the renewable energy division, market penetration of the MG brand against global automotive heavyweights, managing sustainable growth and striking a balance between sustainability and profitability are among the key challenges he has encountered.

To overcome these obstacles, Mohsin's approach has been characterised by adaptability, resilience and strategic thinking. He has navigated complexities by scaling operations, ensuring operational efficiency and adapting to changing market dynamics. Furthermore, Mohsin's ability to identify untapped markets, establish a strong distribution network and reach a broader customer base has been instrumental in driving the growth of MHD.

Demonstrating leadership

Mohsin believes that strong leadership and a strategic vision are fundamental to driving success in the automotive industry.

He shares, "This vision has allowed me to successfully attract world-class automotive brands such as McLaren, Jeep, Dodge, RAM, Alfa



Romeo, Jetour and Hongqi to our group, opening several prospects and accelerating our company's growth." His ability to attract brands, establish the renewable energy division and expand the MG brand's dealership network reflects his visionary mindset, exemplary leadership skills and growth-oriented approach.

His achievements in expanding the MG brand's dealership network reflect his growth mindset. Mohsin has achieved extraordinary growth and expanded the brand's presence in different regions of Oman, showcasing his ability to identify untapped markets, establish a strong distribution network and reach a broader customer base.

He says, "In the face of challenges, I exhibit adaptability and resilience. Managing growth and scalability can be complex, but I have successfully navigated these obstacles by scaling operations, ensuring operational efficiency and adapting to changing market dynamics."

Mohsin's commitment to transparency, open communication and teamwork fosters effective collaboration and coordination between different teams and departments within the organisation.

Collaborative success

Collaborative success lies at the heart of MHD's achievements. By fostering collaboration with clients, employees and stakeholders, MHD has been able to leverage collective expertise, innovative ideas and shared goals to drive growth, build value and meet the evolving needs of its customers. The collaborative approach of MHD has not only contributed to its own success. Still, it has also enabled the company to create meaningful and sustainable value for its partners, making it a trusted and preferred choice in the market.

Ensuring effective communication and coordination between different teams and departments is a top priority to ensure collaborative working and to provide a seamless experience for MHD's clients, partners and customers. As the CEO, Mohsin has always prioritised an open-door policy, actively listening to employee feedback and promoting transparency.

Mohsin has implemented robust communication processes with regular team meetings, departmental briefings and cross-functional collaboration sessions at MHD.

Differentiation and market positioning

MHD employs several strategies to differentiate itself from competitors and maintain a strong market position. Mohsin shares, "We have established strategic alliances and partnerships with renowned global brands, showcasing our credibility and access to cutting-edge resources. Our strong brand reputation and long-standing presence in the market further differentiate us, instilling confidence in customers and setting us apart from competitors."

MHD prioritises customer needs and aims to deliver personalised solutions that exceed expectations. It also stays at the forefront of industry advancements by continuously investing in innovation and adopting emerging technologies.

MHD ACERE also offers a comprehensive portfolio of services across various categories – this diverse range of offerings positions MHD as a preferred choice for clients seeking integrated solutions.

MHD has a remarkable legacy and unwavering commitment to creating ethical professional avenues and opportunities in reliable transportation, robust infrastructure for healthcare and communication, and promoting an environmentally-friendly nation. With successful deliveries across various sectors, MHD has earned a respectable brand reputation. Over the past few decades, its entrepreneurial spirit has made significant waves in the Oman automotive industry, establishing itself as a formidable organisation and valuable contributor to the economy.

Vision for growth and development

As the CEO of MHD ACERE, Mohsin envisions the company as a leading force in the automotive industry, known for its commitment to excellence, sustainability and customer satisfaction. He aims to further expand MHD's portfolio of world-class automotive brands, offering a diverse range of high-quality vehicles to cater to evolving customer needs and preferences.

Mohsin states, "My vision for the company's growth and development is centred on driving innovation, sustainability and market expansion. I envision MHD ACERE becoming a leading force in the automotive, construction equipment and sustainable energy industry, known for its commitment to excellence, environmental responsibility and customer satisfaction." ■

Life Sciences: Researching genetic resources

The life sciences sector in Oman is still in its early stages of development but has the potential to contribute meaningfully to the country's economy and healthcare system. The growth in the sector is seen as complementary to significant investment in healthcare infrastructure in recent years. The development of new hospitals and clinics, as well as the modernisation of existing facilities, not only improves access to healthcare services, but also creates opportunities for companies in the life sciences sector.

The country has established partnerships with several international organisations to promote the development of the life sciences sector. For example, it has signed agreements with the US, UK and others to collaborate on R&D in biotechnology and other fields. These partnerships provide opportunities for knowledge-sharing, capacity-building, and access to new markets. The EU has also provided funding to support research and innovation, including projects related to biotechnology and life sciences, as well as providing technical assistance in the areas of health systems and policy.

In recent years, there has been a growing interest in researching the efficacy and safety of traditional Omani medicine. The Oman Ministry of Health has established the Traditional Medicine Research Unit, which aims to develop evidence-based traditional medicine practices and products, as well as exercising 'herbovigilance', registering all products of herbal origin and their manufacturers, so that they can be monitored for product safety. By 2022, it had registered 14 herbal medicine manufacturers and 60 herbal products¹.

The country is also building the Oman Life Sciences Centre² to serve as a national showcase of Oman's rich and diverse plant and animal

genetic resources, partly with investors in mind. Covering an area of around 380,000m², the complex will feature 10 different facilities, each with a distinctive value proposition. Some of which will include an animal and plant genetics resources centre, an international school of science and technology, a life sciences exhibition and conference centre, a discovery centre for children with special needs, and a centre for neuro-recovery and rehabilitation.

The Oman Animal and Plant Genetics Resources Centre is heading the project, while Integrated Development Solutions (IDS), Muscat based development strategists and land economists, in partnership with Earc Sabla Architects and Engineers are responsible for its conception, design and delivery. The company's CEO, Michael Katz – a longstanding investor and resident of Oman – said that IDS had come up with a winning combination of income-generating elements to implement and operate a landmark project on a financially sustainable basis for the long-term.

The Oman Life Sciences project is unique in meeting the needs of the country's burgeoning life sciences sector, while also having the potential for strong financial rewards for investors. As such, it is a rare opportunity to find investment opportunities that not only meet ESG (environmental, social, and governance) standards, but also offer a combination of economic benefits as well as good corporate citizenship.

A number of state pension funds and other government investment bodies have confirmed their interest in participating as shareholders in the PPP based project, which is expected to have a positive impact on Oman's economy and attract further investment to the country. ■

¹<https://www.uppsalaareports.org/articles/oman-takes-steps-towards-safer-herbal-medicines/>

²<https://www.omanobserver.om/article/6703/Business/life-sciences-discovery-centre-planned-in-oman>

Healthcare: Boosting provision

Oman's healthcare sector presents many opportunities for UK expertise as the needs of the population are growing and the country is taking innovative action to address them.

Along with increased efforts to invite private participation in hospital and clinic construction through PPPs, a new mandatory health insurance law presents a significant opportunity for providers and insurers to expand their presence in the local market.

According to the National Centre for Statistics and Information (NCSI)¹, the country's population is 4,527,446, of whom 62% are Omani citizens and 38% are expatriates. While citizens enjoy free healthcare at state-run institutions, expatriate residents have traditionally used treatments at private hospitals or clinics.

The Government is taking action to change this, introducing Dhamani – compulsory health insurance for expatriates – and investing in healthcare under a five-year plan (2021-2025) that fits within the overall ambitions outlined in Health Vision 2050, the country's long-term health strategy.

Rising oil prices are also likely to lead to greater ambition in government spending as the plan was devised while oil revenues were in decline. In 2022, the country's budget was based on an assumption that the oil price would be US\$50 a barrel² when the average was well over US\$70, and the forecast is that it will average US\$89 a barrel in 2023³.

In 2019, Oman's Capital Market Authority (CMA) issued legislation introducing compulsory health insurance⁴ for all private sector employees and visitors. This legislation will be implemented in 2023. The CMA's aim is not simply to ensure that both Omanis in the private sector and expatriates benefit from basic medical insurance cover, but also to strengthen the delivery of high-quality healthcare, which will in turn create health insurance for citizens and residents⁵.

This will add to the growing importance of health insurance and private sector involvement in healthcare. Even before Dhamani was introduced, health was one of the fastest-growing segments of the insurance industry, growing by 30.5% from 2011 to 2018. According to data from the CMA, in 2018 total health insurance premiums increased by 8.6% to US\$394.7 million, making it the largest segment of the insurance market, at 33%⁶. Naturally, this will continue to grow significantly, as the country's needs are increasing.

Current forecasts see the annual demand for hospital beds in both private and public hospitals increasing at a rate of 3.1% per year to more than 7,600 by 2025. Under Health Vision 2050, the Ministry of Health is aiming to increase the total number of hospital beds to over 8,600 by 2030 and to more than 14,500 by 2050. The ratio of hospital beds to inhabitants is expected to increase from 25.6 beds per 100,000 residents as of 2018 to around 30.8 beds per 100,000 by 2050.

The Government is looking for greater private sector involvement, but in the meantime, is working on the tenth five-year plan for healthcare. In late 2022, it issued tenders for the construction of three 150-300 bed hospitals – Al Falah Hospital and Al Nama Hospital in Al Sharqiyah Governorate, and the Samail Hospital in Al Dakhiliyah Governorate⁷.

To go further than this and to meet its targets without putting a strain on public finances, the Government needs to boost the private sector's contribution, which is currently only 6% of hospitals beds across Oman. It laid the foundation in 2019 when it released PPP and privatisation laws to open key economic sectors – including healthcare – to private sector investment. In accordance with the first stages of the law, the private sector is only being invited to design, build and maintain state clinics, with management remaining under the remit of the Ministry of Health.

The UK already has a foothold in this market. Muscat Private Hospital – one of the largest facilities, with 76 beds – is managed by United Medical Enterprises, a UK head quartered company and one of the largest private healthcare management contractors in the Middle East. The hospital employs more than 200 doctors across 30 specialities and was the first facility in the country to be accredited by Joint Commission International, which certifies healthcare organisations. Other private sector players include Badr Al Samaa Group, which operates eight hospitals and polyclinics, the Starcare network of hospitals, medical centres and pharmacies, and the NMC Specialty Hospital.



All these developments are against a background common to all the GCC countries – rising healthcare costs and the growing incidence of lifestyle-related diseases, such as diabetes and hypertension. Non-communicable diseases (NCDs) such as cardiovascular disease, cancer and diabetes account for more than 75% of all deaths⁸. Combatting this rising threat of NCDs through public awareness and education programmes is also an important goal for Oman. ■

¹<https://www.cigna-me.com/en/blog/health-insurance-in-oman-paves-way-for-holistic-medical-cover>

²<https://www.economist.com/middle-east-and-africa/2022/04/02/omans-sultan-breaks-with-the-past-in-economics>

³<https://www.reuters.com/business/energy/oil-set-close-higher-2022-turbulent-year-marked-by-tight-supplies-2022-12-30/>

⁴<https://cma.gov.om/Home/News/7369>

⁵<https://www.cigna-me.com/en/blog/health-insurance-in-oman-paves-way-for-holistic-medical-cover>

⁶<https://oxfordbusinessgroup.com/reports/oman/2020-report/economy/expansion-opportunity-greater-private-sector-involvement-will-be-integral-to-meeting-growing-health-care-demand>

⁷<https://www.omanobserver.om/article/1125443/oman/health/oman-to-get-3-new-hospitals-under-10th-five-year-plan>

⁸<https://oxfordbusinessgroup.com/reports/oman/2020-report/economy/expansion-opportunity-greater-private-sector-involvement-will-be-integral-to-meeting-growing-health-care-demand>

Education: Framework for the future

Oman is actively working towards diversifying its economy away from hydrocarbon-based activities. In order to succeed, it must increase the competitiveness of Omani citizens in the global market through education and skills. Its plans for doing so are set out in the National Strategy for Education 2040¹ (NSE), which envisages the private sector taking a leading role in developing the skills and capabilities².

The priorities of the NSE include:

- Developing an appropriate mechanism for enhancing the role of the private sector in supporting and expanding education
- Encouraging investment in private school education and providing alternative funding resources
- Providing alternative sustainable financing resources for education to ensure ongoing funding.

The latest data on performance in the sector were released on Omani Teachers' Day in 2022³. According to the Ministry of Economy, education currently contributes 4.9% to GDP, which is expected to increase to 6.2% by the end of the five-year plan (2021-2025). The growth rate in education is expected to reach 9% over the same period.

Through the Ministry of Higher Education, Research and Innovation⁴, the Government is encouraging foreign investment⁵. It is offering land plots to private education establishments and providing private universities 50% of their paid-up capital via a matching grant, plus a maximum of US\$7.8 million, with an exemption in tax and customs. It is also providing private establishments with opportunities to

initiate investments and commercial activities in the land offered to them "in order to establish service projects supportive to the educational process⁶."

A Royal grant of US\$44 million has been awarded to Omani-owned private universities. By early 2023, this grant had been awarded to Sohar University, Dhofar University, Nizwa University, Buraimi University, and Sharqiyah University. In each case, it was granted to construct facilities and procure equipment directly related to improving the quality of education.

As would be expected, setting up a non-state institution of higher education is a relatively involved and lengthy process, with a comprehensive set of regulations to ensure it meets international standards and local needs.

The first step is an application to the Ministry of Higher Education, Research and Innovation⁷. This requires a feasibility study for each course to review the local labour market to demonstrate that there is a necessary demand for the programmes to be offered.

The Ministry requires institutions to employ qualified staff to maintain their academic and professional status. This includes a requirement that teaching applicants have a master's degree as a minimum requirement for the programmes they teach.

Non-state universities are required to have a board of trustees, which appoints the head of the university, deputies, members of the university board, deans, and the boards of colleges, as well as research and scientific centres. The Oman Accreditation Council

has provided a quality audit manual to assist with ongoing quality assurance and quality enhancement efforts.

The Oman Academic Accreditation Authority is responsible for ensuring that quality standards are in line with international standards and for accrediting higher education institutions and programmes. Non-state higher education institutions are responsible for student assessments. They are allowed to confer diplomas and degrees that are recognised by the state. They must meet all applicable standards for accreditation, and those which do not meet the standards are placed on probation prior to standards reassessment.

For some observers, the greatest investment opportunity is in the graduate training field⁸. Vocational training institutions such as Oman Tourism College, Maritime College of Oman and the International College for Engineering and Management are all partnerships between Government and private sector interests. All are developing professional training, both academic and vocational, to a high calibre alongside the ever improving and developing accreditation regimes. These types of labour preparedness institutions complement private sector job-creation initiatives and the in-country value programme.



Investing in Oman's education sector offers substantial rewards, especially in the area of private higher education establishments, with the Government offering a range of incentives from land and customs exemptions to grants. ■

¹<https://www.educouncil.gov.om/downloads/Ts775SPNmXDQ.pdf> page 6

²<https://www.educouncil.gov.om/downloads/Ts775SPNmXDQ.pdf> page 37

³<https://www.muscatdaily.com/2022/02/26/education-sectors-contribution-to-gdp-to-rise-to-6-2-by-2025/>

⁴<https://www.moheri.gov.om/InnerPage.aspx?id=9767b8ed-876e-4dfc-9707-c2c3e337c078&culture=en>

⁵<https://edutracomman.com/omans-education-sector>

⁶<https://edutracomman.com/omans-education-sector>

⁷<https://education-profiles.org/northern-africa-and-western-asia/oman/~non-state-actors-in-education>

⁸<https://www.tamimi.com/law-update-articles/education-investment-in-oman/>

Tourism: A destination on the rise

Oman is confident that it has the potential to be a global tourist destination and is quite prepared to ask for outside expertise and finance to realise this.

The sector is central to government efforts to diversify the economy, and authorities have worked in recent years to streamline regulations and fast-track infrastructure developments to facilitate visitors, such as building an international airport and convention centre in Muscat.

In early 2016, Oman launched its National Tourism Strategy (NTS) with the primary aim of increasing international arrivals to 11.7 million visitors per year by 2040, up from 2.6 million in 2015. It is calculated this will generate more than US\$22.5 billion a year from tourism by 2040. The initiative also seeks to boost tourism's contribution to GDP to more than 6%. To achieve these goals, the new plan has been designed in phases: Preparation (2016-20), Growth (2021-30) and Stability (2031-40).

While the Government wants to maintain and grow its already strong domestic tourism market, the new strategy places a heavy emphasis on promoting Oman as a destination for international visitors. In addition to increasing hotel stock and employment, it plans to develop and promote a series of destinations – or clusters – across the Sultanate, offering visitors a broader variety of experiences, with the goal of encouraging extended visits and greater engagement with its culture and natural sites.

These clusters will be key to the success of the NTS. The Ministry of Tourism has identified five types of natural sites for tourism:¹

wildlife, mountains, wadis, deserts and coasts – plus five elements of culture and heritage: cities and villages, world heritage sites, cultural heritage, symbols, and norms and traditions. Fourteen clusters of tourist infrastructure will be built around the country. These include coastal areas, bronze and iron age ruins, castles, mountains, villages and wadis, the Bedouin region and Rub al Khali.

Some of these sites are already well known, while others have not yet developed an international reputation. Examples include the coastal areas of the Musandam Governorate and the Frankincense Trail in Dhofar, which will become destinations in their own right or form part of a broader itinerary.

Beyond the headline visitor numbers and contribution to GDP figures, the new tourism strategy aims to add more than 500,000 direct jobs to the sector by 2040, with the target of filling 75% of those positions with Omani nationals. Training is currently provided by bodies such as the Oman Tourism College and the National Hospitality Institute, while some hotels have set up their own training courses².

As well as a capable workforce, securing the financing to upgrade Oman's transport and urban infrastructure will be vital. This will be a priority if the country is to welcome the higher visitor numbers that have been projected under its tourism strategy, particularly in and around the new clusters.

Estimates have placed the cost of implementing the NTS at approximately US\$35 billion³, with up to 88% of this expected to come from private sector sources.

The Ministry of Tourism does not work alone. The Oman Tourism Development Company (Omran) describes its role as creating “sustainable and authentic tourism assets, lifestyle communities and destinations that drive economic growth”⁴. While Omran can fund projects itself, it also acts as a broker, in bringing in various private sector partners to develop a project.

Omran itself owns, manages and invests in many tourist assets across the country, amounting to 26 hotels and resorts with over 3,800 hotel rooms, ranging from luxury hotels and large-scale beach resorts to conference and business hotels, joint tourism as well as heritage and environmental destinations.

Current development projects of note include Madinat Al Irfan – the largest urban development project in the country, Oman Convention and Exhibition Centre, the InterContinental Muscat Hotel renovation project and the Mina Al Sultan Qaboos Waterfront project.

In 2021, Omran became a subsidiary of the Oman Investment Authority and took over all its tourism properties⁵. Now it is overseeing a number of projects, including the integrated Yiti Sustainable Tourism City project and the 5-star Alila Hinu Bay Hotel in the Wilayat of Mirbat, Dhofar, with 112 rooms, integrated leisure facilities and free-



hold villas. It also owns Naseem Hotel in Al Jabal Al Akhdar with its chalets and adventure theme park, and the freehold Hay Al Sharq tourism complex.

All this activity shows that Oman is open to overseas investment in its tourism sector and is eager to benefit from the experience and expertise the UK can offer. ■

¹<https://oman.org.au/omans-2040-tourism-strategy-ro20bn-investments-more-than-500000-jobs>

²<https://oxfordbusinessgroup.com/reports/oman/2014-report/economy/going-to-plan-authorities-target-new-markets-and-train-a-domestic-workforce>

³<https://oxfordbusinessgroup.com/reports/oman/2017-report/economy/framing-the-narrative-the-government-has-launched-a-25-year-strategy-for-the-sector>

⁴<https://www.omran.om/omran/about-omran1/>

⁵<https://timesofoman.com/article/97774>

Hospitality: Expanding to meet visitor demand

Oman's hospitality industry is due to experience significant growth in the coming years, driven by government initiatives aimed at accelerating tourism. These seek to enhance the country's strategic location at the crossroads of Asia, Europe, and Africa, which make it an ideal destination for both business and leisure travellers.

According to a report by Alpen Capital¹, the hospitality industry is expected to increase at a compound annual growth rate (CAGR) of 6.3% between 2022 and 2026, to reach US\$0.9 billion. The report also indicates that the industry recorded year-on-year growth of 90.9% in 2022, which is the highest in the region, thanks to an estimated 49.5% rise in tourist arrivals, albeit from a pandemic-restricted lower base.

As part of Oman's 2040 Economic Vision, the Government aims to earn over US\$22.5 billion a year from tourism by 2040². To achieve this, Oman is setting up a cluster of tourism-related investments across the country, including theme parks, nature tourism, water parks, and entertainment centres³. These projects are expected to increase both international and domestic travel and increase tourist arrivals in the country, which are estimated to grow at a CAGR of 36.9% to reach 3.7 million by 2026⁴.

One of the major initiatives announced by the Oman Tourism Development Authority (OMRAN) is a US\$1 billion partnership with a Dubai based developer for the first phase of the Yiti Tourism Master Plan⁵. This aims to develop a sustainable mixed-use project in Oman to attract more international tourists. Scheduled for completion by 2025, the project will feature 1,657 eco-friendly and energy-efficient

residential units, including 300 villas⁶, and will be marketed as a premium destination for "wellness" with facilities for a wide range of activities. When the project was launched, Mohammed Salim al Busaidi, Chairman of Omran Group, made a point of emphasising that foreign investment was welcome.

He said, "It (Yiti) will open avenues for numerous lucrative investment opportunities for both local and international investors in line with the directions of the Oman Investment Authority."

The Ministry of Heritage and Tourism⁷ has also signed multiple agreements to construct tourism projects, including a four-star hotel, a restaurant, and five tourist resorts. All these initiatives will have a positive impact on the country's hospitality industry.

The growth of the hospitality industry is also expected to improve key performance indicators such as average daily rate (ADR) and revenue per available room (RevPAR)⁸. ADR witnessed 6.3% growth in 2022 and reached US\$146, while the RevPAR surged by 83.7% to US\$68. Meanwhile, occupancy rates grew from 47% in 2022 and are expected to reach 54% by 2026. While the ADR is expected to remain level and US\$147 by 2026, the RevPAR is forecasted to grow at a CAGR of 4.0% to US\$80 by 2026.

To support the growth of the hospitality industry, Oman is making efforts to expand its room capacity and is estimated to increase at an annualised growth rate of 2.2% to 2026. This will create new job opportunities in the hospitality sector and contribute to the overall growth of the economy.

Fully trained staff are vital if Oman's plans for the hospitality industry are to be successful, creating opportunities for foreign training providers. For instance, EHL Hospitality Business School, formerly known as École Hôtelière de Lausanne, is now in partnership with Muscat Hospitality Academy (MHA)⁹ in providing industry-specific training to local people.

The Academy will initially focus on various level programmes in four key specialisations – culinary, service, rooms and hotel administration. The programmes are designed to cover some 80% of the skills demand of the industry. All curriculum and course materials are developed in Switzerland by the EHL Group and delivered as vocational education and training by EHL-approved industry experts.

The demand for training is demonstrated by Omran's recently launched training-for-employment project, Najm. The project, which operates under the #IAmTourism programme, aims to provide a platform for developing highly skilled Omani nationals in the tourism and hospitality sector, who will develop and manage tourism related activities.



Oman's hospitality industry is expected to record significant growth in the coming years. As the country continues to implement its tourism development plan, the sector's growth potential is likely to attract considerable interest from local and international investors. ■

¹https://alpencapital.com/research/2022/Alpen-Capital_GCC-Hospitality-Report-2022_Aug3.pdf PAGE 28

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⁶<https://www.muscatdaily.com/2022/03/30/omran-launches-1bn-sustainable-city-in-yiti/>

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⁹<https://news.ehlgroup.com/new-hospitality-academy-opens-in-muscat>

Featured Contacts

The Anglo-Omani Society: www.ao-soc.org

Ajyal HR Solutions & Services LLC: www.ajyal-hr.com

Arab British Chamber of Commerce: www.abcc.org.uk

Babcock International Group: www.babcockinternational.com

Bondoni: www.bondoni-me.com

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Mohsin Haider Darwish LLC: www.mhdoman.com

Omani British Business Council: www.ao-soc.org/obbc

Oman Chamber of Commerce & Industry: omanchamber.om

Q5 Partners LLP: www.q5partners.com



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