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COUNTRY PROFILE

COUNTRY NAME:
Sultanate of Oman

CAPITAL:
Muscat

GOVERNMENT TYPE:
Monarchy

AREA:
82,031 square miles

POPULATION
3,102,229 (July 2006 est.)

LANGUAGES:
Arabic (official), English,
Baluchi, Urdu, Indian dialects

CURRENCY:
Omani rial (OMR)

GDP - purchasing power parity:
\$39.65 billion (2005 est.)

GDP - real growth rate:
4.3% (2005 est.)

GDP - per capita:
\$13,200 (2005 est.)

INDUSTRIES:
Crude oil production and refining,
natural and liquefied natural gas
(LNG) production, construction,
cement, copper, steel, chemicals,
optic fiber

Source: CIA World Factbook



▶▶▶ THE SULTANATE IS PURSUING DEVELOPMENT AWAY FROM JUST OIL AND GAS BY FOCUSING ON THE DIVERSIFICATION OF THE ECONOMY, OMANISATION OF THE WORKFORCE AND INTERNATIONALIZATION OF BUSINESS

Pearl of the Persian Gulf opens up to tourism and industry

For the Sultanate of Oman, success is in the air. In the 1970s, Sultan Qaboos bin Said Al-Said opened up the country, instigated significant economic reforms, and boosted spending on health, education and welfare. His respected 36 years of reign have been called "The Renaissance". Located at the southeast corner of the Arabian Peninsula, Oman has a strategically important position at the mouth of the Gulf. The government has developed a plan, Vision 2020, to build on its rich history and create a diversified national economy with increased Omani employment. Using its oil revenues, modest by Middle Eastern standards, to finance its economic transformation and increase private and international enterprise, the Sultanate's strategy focuses on three areas: agriculture, industry and tourism. Oman's varied landscape supports a wide array of agricultural products, and

it also gains revenue from its fishing sector. Industry is mainly centered on the mineral sector, as Oman has rich deposits of gold, copper, chromite, asbestos, manganese, gypsum, limestone, marble, and coal. Increased manufacturing, which would be export-oriented due to a small domestic market, would also reduce Oman's reliance on oil and gas for revenue. The tourism sector is booming, with hotels fully occupied and dedicated efforts to attract more international interest in developing the sector. Prices remain high since there is still more demand than supply, and Oman wants to target mainly high-class tourism to preserve its culture and reputation as a quality destination. Likewise, real estate is on the verge of exploding as carefully planned new developments make the Sultanate ever more desirable to foreign visitors and investors alike. Sohar Industrial Estate has been named the fastest growing industrial complex in the world. With a synergy of industries complementing each other, supplying raw materials such as oil, gas, and minerals in a strategic loca-



Oman combines Middle East tradition with international business, boosted by the recent FTA.

tion next to the Port of Sohar facilitating large-scale import and export, this dynamic new complex located halfway between Muscat and Dubai is seen as the engine of the new Omani economy. A long-standing U.S. ally, Oman's international relations received a boost this year with the successful completion of the free trade agreement (FTA) between the two nations. This makes Oman the fifth Middle Eastern country to have negotiated an FTA with the U.S. Political stability free of upheavals over the past thirty-six years of steady rule by H.M. Sultan Qaboos bin Said Al-Said has helped economic stability and progress, manifested in low interest rates, stable exchange rates and consistent monetary policy.



MAQBOOL ALI SULTAN
Minister of Commerce and Industry

Downstream upturns in new industrial capital

ONE OF THE biggest challenges facing Oman today is the diversification of the economy. At the moment, oil and gas revenues account for around 70 percent of the nation's GDP and the transformation of the economy remains priority number one. A revitalized Omani economy is set to emerge, one that is less reliant on oil and more focused on developing the nation's human, financial and technical resources. Oman's Vision 2020 seeks to add value to the economy through the privatization of industry, diversification of the economy and Omanisation of the workforce. New industrial zones, such as Sohar Industrial Park, and the creation of Sohar Industrial Port reflect the government's determination to boost foreign direct investment. Ambitious new infrastructure projects aimed at boosting tourism and industry are signs that a larger success story is unfolding in Oman, with the government keen on having all members of society benefit from its booming economy, bringing more widespread wealth and development to different regions of the country. Minister of Commerce and Industry Maqbool Ali Sultan says, "In 2020, industry's contribution will go up to 15 percent while the contribution from oil and gas will come down to 19 percent. Instead of exporting oil, it will go to refineries here to produce derivatives such as polypropylene, which will in turn create further downstream industries."

TOURISM OFFERS NATURAL ATTRACTIONS WITH SELECT RESORTS

One of the main pillars in the drive for economic diversification and Omanisation

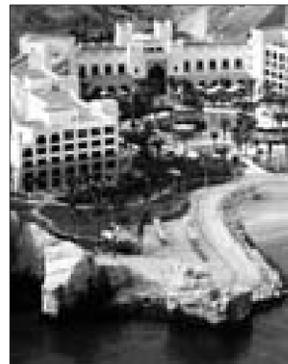
A world-class destination with upscale tourism, a real estate boom, and a series of new mega-resorts adding a luxurious modern aspect to the nation's cultural interest

BOASTING ONE of the most diverse environments in the Middle East, Oman has pursued a well-balanced environmental strategy to preserve its ecology, culture and past while fostering multi-faceted economic development. Oman's natural beauty, rich history and vast array of archaeological sites and wildlife are drawing tourists from around the globe, which in turn is spurring the emergence of impressive large-scale developments and elegant, high quality, integrated resorts.

Tourism in the Sultanate has been increasing at a steady rate as visitor numbers and international interest continue to grow. The tourism industry in Oman achieved an average annual growth rate of around 6 percent during the period 2001 to 2004, with the government's current five-year plan for 2006 to 2010 envisaging a rise to 7 percent per year. This optimism is supported by the World Tourism Organization, which has forecasted that the share of international tourism enjoyed by countries in the Middle East will double from 2.2 percent to 4.4 percent by 2020, resulting in 70 million arrivals in the region.

Oman's government knows that shrewd investment in tourism and real estate will leave a lasting legacy, and tourism in particular forms a major pillar of its Vision 2020 program. Significant steps have been taken to attract investment and foreign companies to the sector, with real estate projects bringing in \$19 billion over the past two years. The government's policy is to attract upscale and high-spending visitors. "Our vision in making Oman a premier tourist destination encompasses many dimensions," says Minister of Tourism Rajiha Bint Abdul-Ameer Bin Ali. "The establishment of world-class superstructure comes as a top priority, and is now underway with a number of mega-resorts and spas either already commissioned or due to start in the near future. Another dimension is the diversification of the products on offer, represented by opportunities opening in developing ecotourism, adventure and sports tourism."

Faced with competition from world-renowned projects in neighboring countries, Oman is keen to raise its profile at international events. At the 2006 Arabian Travel Market held in Dubai in May,



International interest in Oman is on the rise with untouched stretches of coastline, rugged mountains, deserts and thriving capital Muscat, with its forts, palaces and old walled city.

Omani tourism and real estate companies had the opportunity to showcase their mega-projects and also to highlight Oman's favorable position on foreign ownership, freehold, and unrestricted repatriation of capital. Developments included the \$20 billion Blue City – the



RAJIHA BINT ABDUL-AMEER BIN ALI
Minister of Tourism

Middle East's largest such project. Other additions to the scene attracting interest are the newly opened \$207 million Shangri-La Barr Al Jissah Resort and Spa, The Wave fully integrated residential development complete with Greg Norman-designed golf course, and the Muscat Golf and Country Club. A new international airport is planned in Al Seeb, some 25 miles from the historical center of Muscat and where the city is developing most rapidly. Although Omanis are considered to be among the most open-minded people of the Persian Gulf, the government is concerned about Western culture and tourists overwhelming Oman and its traditional heritage. To prevent any loss of culture, the government is stressing respectful quality rather than quantity in the tourist sector. Omanis also ask that visitors respect the local customs and traditions in an effort to not only highlight Oman's impressive heritage, but also to preserve its culture. By pursuing this policy, the government is hoping to protect its own heritage while promoting its natural wonders.



*Unmask the Gulf's last enigma,
Oman, an oasis of flawless natural beauty.*



Oman

OMAN POLYPROPYLENE: A PRIME EXAMPLE OF INDUSTRIAL POTENTIAL

International joint venture set to fuel projected long-term industrial expansion

OPP partnership demonstrates how the synergy of industries can bolster the economy and open opportunities to create a domino effect on growth

A NEW CYLINDER in Oman's Sohar industrial engine is the emergence of Oman Polypropylene LLC (OPP). Its expansive new plant is a direct result of the government's drive for diversification of the national economy and Omanisation of the workforce through its Vision 2020 action plan. Majority-owned by the government with involvement from GIC of Kuwait, IPIC of Abu Dhabi, and LG of Korea, the \$313 million investment also reflects the movement towards forging international partnerships in the Sultanate.

Strategically located on the Sohar Industrial Estate, Oman Polypropylene is in close proximity to the Sohar oil refinery and will open new horizons for the petrochemical industry in Oman, serving as a catalyst to spur a multitude of downstream investment, employment and business opportunities.

The Sohar Industrial Estate has the advantage of being close to polymer-producing plants and other service providers, thereby lowering logistics and overhead costs. Continuity and availability of raw materials and services such as natural gas, nitrogen, ammonia, methanol, compressed air, electricity, and steam provide added advantages and a competitive edge for downstream industries. This plastics park will also have access to the newly developed Sohar Port.



MOHAMMED BENAYOUNE
CEO of OPP

The port offers benefits to both the production and transportation of end products as well as in minimizing costs, and in doing so empowering investors to make the most of their resources.

Furthermore, the government is actively supporting the downstream industries by offering tax breaks, access to low-cost land and utilities, and providing loans on favorable terms.

"We want to have as much value addition as possible from the crude oil and gas. The idea was to establish a center which can provide for and build on the downstream industries until we export final parts, rather than just crude oil and natural gas," says OPP Chief Executive Officer Mohammed Benayoune. "That is where we feel the real juice is going to be. It is going to cre-



A strategic location on the Sohar Industrial Estate and close to the newly developed Sohar Port, OPP's new plant will act as a catalyst spurring a multitude of downstream industries.

ate much more employment than just the projects themselves."

Polypropylene (PP) itself is the fastest growing thermoplastic polymer. Used in a wide variety of applications, from food packaging and laboratory equipment to automotive components and polymer banknotes, it opens a vast

'We want to have as much value addition as possible from the crude oil and gas; it is going to create much more employment'

diversity of business opportunities. "The petrochemical business is a cyclical business," Mr. Benayoune comments. "Today, I am glad to say, it is a sales market and is very much in our favor, so it is good for us. Because the demand is higher than the supply, it is not difficult to sell this versatile product." From an environmental point of view, OPP takes its corporate social responsibility seriously, and utilizes every single grain of polypropylene for maximum benefit.

After the new plant's imminent inauguration, it will produce 340,000 metric tons of polypropylene per year, of which around 40,000 tons will be for the local market, and will have two production lines allowing for greater flexibility. China is currently the company's biggest consumer, taking 50 percent of its production.

Through LG, Oman Polypropylene also sells in the Indian subcontinent, the Middle East, Eastern Africa, Europe and a slight presence in South America. OPP's plant will receive its feedstock from the Sohar oil refinery, and together they will market their products towards Southeast Asia, China and Europe. The following phase will be to see further expansion in the Indian market.

"Once we complete the major projects, we will concentrate more on the downstream sector, which will buy our polypropylene granules, melt them down and make all sorts of things," says Mr. Benayoune. "If you look at Saudi Ara-



PHOTOS: OPP

bia, they have much more experience in this field and have had a longer time to develop it than Oman. The polypropylene industry created a large number of small companies with 15 to 200 or 250 people. Once we have more people here making everything from car parts to diapers and polyester bags, then we may see these emerge as the real creators. In Saudi Arabia, over a period of 25 years, over 70,000 jobs were created in the downstream polypropylene business alone. In Oman, we are looking to do the same thing. If we could repeat that experience, then it will be a big contribution to the Omani economy."

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Supporting your Growth

Polypropylene is the most widely used plastic material in the world today. If you spent the whole day trying to avoid contact with polypropylene, you wouldn't be able to do a lot of things in your day-to-day life, like get dressed in the morning, drive to work, carry files in your briefcase, walk on the carpet, swim in the pool, microwave your food or go to bed. Incredible, isn't it?

Oman Polypropylene LLC is a company dedicated to the manufacture and supply of high quality multi-grade polypropylene for use in the plastics industry. We are committed to integrity and excellence in all our endeavors, because what begins at our production plant touches the lives of millions.

