

Chemicals Manufacturing Sector

Demand

- Middle East market size is expected to grow at 4.1% till 2020 to reach 220 Billion USD.
- Increased industrialization and human consumption of derivative products such as rubber and plastic is driving global imports to rapidly increase especially for organic chemicals (6.1%), plastics (6.3%), fertilizers (8.8%), and rubber (6.8%).
- Between 2010 and 2011, Oman's petrochemical sales were witnessing y-o-y growth faster than the GCC average (36% vs. 32%) to reach almost 4 BN USD in 2011.

Supply

- Growth in chemical production in the GCC, across the different products such as plastics, organic chemicals, agricultural chemicals and others surpasses that of the world average.
- Oman's petrochemical production capacity is expected to reach 1.4 million tons in 2020, up from 0.2 million tons in 2013, recording a CAGR of 32%.
- Oman is gaining increased share in capacity of chemical production in the GCC for methanol (could be used for paints, plastics, and others) and fertilizers.

Comparative Advantages

- Large projects under implementation such as Liwa Plastics and several others that might require investments in various parts of the value chain.
- Access to raw materials and petrochemicals (compared to other non-GCC countries)
- ICV programs from Oman Rail and PDO to fuel increasing demand.

Potential Investment Opportunities

- Manufacturing of Rubber & Plastics
- Manufacturing of non-petrochemical Products (e.g. paints and coatings)
- Manufacturing of Polypropylene Items(e.g. geotextiles)

Education Sector

Demand

- Omani youth represent around 22% of the total Omani population in 2013 approx. 800,000. 51% of these are students.
- The private education market has been growing at a CAGR of 9.09% to reach 444 Million USD in 2013.
- Number of vocational students is increasing at a double digit growth of 12.3% to reach 4,004 in 2011. Number of technical college students is increasing at 4.6% to reach almost 25,000 students in 2011.
- Almost 18% of current students focus on auto mechanics.

Supply

- Pre-primary education is gradually gaining pace, with enrollment rates rising up to 54.6% in 2012 from 6.5% in 2000 with the private sector largely dominating it
- In the primary segment, the enrolments at private schools dropped at a CAGR of 4.2% with a slight rise in enrollments witnessed in the public sector of 0.6%.
- Comparatively, the enrollments in the private secondary schools rose at a CAGR of 3.6%, simultaneously a drop of 2.8% was seen in enrollment in the public secondary school

Comparative Advantages

- More than 50% of students, and their parents, have preference for institutions with European, especially UK and American university affiliations.
- Investors in education activities benefit from the withholding tax regime
- The Government offers various incentives to encourage private sector participation such as: land grants, customs exemptions, maximum grant of USD 7.8mn to private universities

Potential Investment Opportunities

- Technical colleges
- Vocational centers and training institutes

Food & Beverage Manufacturing Sector

Demand

- Global consumption breakdown is gradually changing to include more meat than cereals, this makes meat the fastest growing consumption market in the GCC at 3.9%.
- Oman is expected to constitute 8% of total GCC food consumption, which makes it the third largest consumer market in the GCC after Saudi Arabia and the UAE growing at a CAGR of 3.7%.
- Oman is considered the second self-sufficient economy in the GCC across major food groups yet main demand gaps occur in meat, dairy, and poultry and egg food groups.

Supply

- Heavy reliance on food imports to satisfy local demand especially in food groups such meat (40% of imports from Brazil) and dairy (45% of imports from the UAE).
- Oman is the third largest food producer in the GCC at 0.91 MN tons and is the second fastest producer after Kuwait at 4.5%
- Major Omani food products includes fish, vegetables, bananas, dates, cattle, alfalfa, and limes.

Comparative Advantages

- Oman is the second highest producer of fish in the Middle East which could potentially attract investors in fish meal production that could in turn act as input for poultry production.
- Unique access to food products in the GCC such as limes, fish, alfalfa, and others.
- Unique geographic position enabling export of produce to several countries in the GCC, Middle East and Africa.

Potential Investment Opportunities

- Poultry and eggs production
- Meat farming and processing facilities
- Dairy product manufacturing
- Beverage & refreshment manufacturing

Fishing & Aquaculture Sector

Demand

- Human consumption of seafood reach almost 144 million tons in 2014 and is growing at a CAGR of 2.19%
- Consumption of fish products such as fish oil and fish meal is also expected to continue growing at rates of almost 0.2% and 0.7%
- Japanese and USA are fish imports account for almost 30% of total world imports, while European Union constitutes around 40%.
- Major demand locally and internationally for shrimps, sea bream and yellow fin tuna.

Supply

- Decreasing reliance on commercial fishing globally and in Oman due to depletion of fish stocks (90% of fish stocks are fully fished or over fished)
- Aquaculture production in Oman is still considered relatively low at almost 353 tons, yet are growing at a CAGR of 31.5% compared to commercial fishing (206 thousand tons growing at 6.8%).
- Almost all of Oman's fish exports are pelagic and demersal fish, which are not necessarily high value species (compared to Indian prawns and others)

Comparative Advantages

- Dedicated area for investment in the Duqm Special Economic Zone with incentives regarding taxation and foreign ownership which are not widely available in MENA.
- Oman has the 5th longest coastlines in the MENA region at 1700 KM providing access to more than 1179 fish species.
- Oman is the only country in the GCC with access to multiple seas (Indian Ocean and Arabian Gulf)

Potential Investment Opportunities

- Mariculture Production
- Freshwater Production
- Fresh Fish Cold Chain Storage & Distribution
- Fish Meal Production Facility

Healthcare Sector

Demand

- Oman's healthcare market is expected to reach 3.8 BN USD in 2018, growing at a CAGR of 12.3% from 2013.
- Hospital bed demand is expected to grow at a CAGR of 4.13% to reach 9359 beds in 2018.
- Increased government focus to increase contribution of private hospitals to almost 50% up from current 15%.
- Omani's tend to travel to outside of Oman for treatment especially when related to terminal illnesses such as cancer.

Supply

- The Ministry of Health has already signed pacts for the development of 5 new hospitals and 17 health centers.
- Currently, Oman does not offer positron emission tomography (PET), an imaging process critical in the early detection of cancer.
- Oman has limited capabilities in tertiary care, a shortage of which is driving Omanis to other countries in the GCC to receive high quality standard medical treatment

Comparative Advantages

- Development of healthcare infrastructure mainly supported by the healthcare medical cities
- Exemptions on import of medical and diagnostic equipment for 5 years from start of production, with opportunity for one-time renewal
- 5 year tax holiday (renewable) tax losses incurred during tax holiday may be claimed against future profits (no time bar)No personal income tax

Potential Investment Opportunities

- Private Hospitals
- Specialist Healthcare Providers
- Polyclinics
- Diagnostic Centers

Logistics Sector

Demand

- Oman's major imports and exports with potential include metals, chemicals, and food and beverage, as well as automotive and machinery.
- The Oman logistics market is estimated to reach USD 12 billion in 2017, from USD 7.87 billion in 2013.
- Increased tonnage throughput through Salalah and Sur at CAGRs of 10.4% and 21.7% due to increased trade activity.
- Almost 70% of logistics services in Oman are outsourced.
- Growth in Middle East market for freight forwarders by 7.8% to reach 10.7 BN USD.

Comparative Advantages

- Geostrategic location with access to the Indian ocean and the strait of Hormuz which carriers by pass to deliver goods to the GCC market.
- Positioning of ports (Salalah, Sohar, Duqm) and their offerings (manufacturing, re-exports, etc.)
- Oman continues to develop new infrastructure and routes (e.g. roads to Saudi and sea routes to Iran).
- Ability to leverage US –FTA could spur local manufacturing & exports

Supply

- Oman has around 8 major ports with three critical ones (Sohar, Duqm, and Salalah) focused on logistics, petrochemicals, and metals.
- Almost 54% of the logistics sector is based on freight forwarding, followed by transportation at 23%, warehousing at 18% and value added services at 5% only.
- Presence of major logistics companies such as Aramex, Bahwan Logistics, and DHL.

Potential Investment Opportunities

- Warehousing and storage facilities
- Freight forwarding companies
- Value-added logistics service provider
- Warehouse management logistics support services

Machinery & Equipment Manufacturing Sector

Demand

- GCC total planned construction project to amount to 2 TN\$ in the next five years. Oman's planned projects include airport, refinery, and smelter expansions totaling to 150 BN\$
- Diminishing demand for telecommunication equipment as most of GCC countries have already started rolling out new infrastructure.
- Healthcare sector in the GCC to reach almost 70 BN USD in 2018, growing at 12%.
- Rapid growth of the mining, manufacturing, and utilities sector in the GCC to reach 940 BN USD in 2013 at 19.6%.

Supply

- There are limited manufacturers of construction, manufacturing, mining, and healthcare machinery and equipment due to heavy reliance of the sectors on R&D activities and large scale global suppliers.
- The ICV programs for the railway and oil & gas industries are demanding suppliers to be based in the sultanate to contribute to in country value.
- Healthcare regulators in Oman are demanding healthcare providers to contract suppliers that produce supplies locally.

Comparative Advantages

- Oman's ability to leverage the US FTA to attract investors in developing manufacturing plants in Oman to cater to both the local and export markets.
- Strong support from ICV programs which could help tailor attractive offers for investors.
- Cheaper access to utilities than in other countries such as the USA and Europe which could drive foreign investors wishing to increase their profit margin.

Potential Investment Opportunities

- Construction machinery and equipment manufacturing
- Industrial machinery and equipment manufacturing
- Railway machinery and equipment manufacturing
- Healthcare supplies manufacturing

Metals & Minerals Manufacturing Sector

Demand

- Middle East demand for steel is expected to reach 70 million tons by 2020 whilst growing at a CAGR of almost 10%.
- Global consumption of aluminum is expected to reach 66.7 million tons in 2020 which is more than double the amount recorded in 2005. China, India are the MENA region are the fastest growing consumers of aluminum globally.
- Consumption of construction minerals such as cement and marble are increasing at CAGRs of 7.8% and 7.9%. Oman and the Middle East are considered major markets due to the fact that they are emerging economies with planned capital projects.

Supply

- Most of Oman's production in the sector is mainly for iron and steel (almost 11 million metric tons) which is also the fastest growing segment at a CAGR of 125% followed by aluminum at 65%.
- Oman is a major producer of sand and gravel at almost 70,000 metric tons growing at 0.7%. Marble and Gypsum are amongst the fastest growing segments at CAGRs of 22% and 53% respectively.
- Limestone and cement are also growing at a relatively slower CAGR of 13% and 6.8%.

Comparative Advantages

- Large metal and mineral reserves of copper, and limestone and gypsum, -two minerals that can be used to produce cement
- ICV programs from Oman Rail and PDO to fuel increasing demand.

Potential Investment Opportunities

- Manufacturing of gypsum
- Manufacturing of cement
- Manufacturing copper products
- Manufacturing of iron and steel products

Tourism Sector

Demand

- Oman's tourist arrivals to reach 2.9 million in 2018 and growing at a CAGR of 5.7%.
- Around 3,000 rooms (mostly one to 3 stars) are planned to open in the coming years in Muscat, Dhofar, Dakhiliya, and Buraimi, among others.
- Increased tourist receipts, particularly in the leisure segment to reach 5.6 BN USD in 2017 and growing at a CAGR of 8.7%.
- Around 1 million annual visitors to natural and historical sites, with double digit growth for Salalah Khareef and Wadi Bani Khalid.

Supply

- 60% of hotels in Oman are luxury hotels and only 25% are of the mid scale segment (3 star hotels)..
- Oman has an Average Daily Rate of 226\$ which is higher than regional tourism hubs such as the UAE (at 195\$) indicating room for supply (limited competition)
- Oman has the third lowest RevPAR in the GCC, yet it has the highest CAGR of 6.4% indicating prospects of increased occupancy.
- Increasing number of entertainment attractions as well as integrated tourism complexes.

Comparative Advantages

- Oman has access to a number of natural sites that are considered exclusive in the GCC region (wadis, beaches, mountains, etc.)
- Oman has 4 world heritage sites while the other GCC countries have 2 or less.
- Duqm has allocated a specific area of the free zone to attract tourism investments allowing 100% foreign ownership, which is considered a unique incentive in the region.

Potential Investment Opportunities

- Eco-friendly hotels
- Mountain Extreme Sports Events and Attractions
- Access and cable cars
- Mid-tier and budget hotels

Waste Management Sector

Demand

- More than 50% of all wastes in the GCC are construction wastes while the rest are industrial and municipal wastes. There are expectations for growth of all types of wastes due to growth of industrialization, population, and construction.
- Oman's waste market is expected to grow at 3.24% to reach 1.25 million tons, and at 8.06% to reach 4.3 million USD in 2017. More than 55% of waste is considered recyclable (plastics, glass, metals, etc.)
- Oman has one of the highest waste generation ratios in the world at almost 1.5 kg per capita.

Supply

- Oman has around 350 landfills/dumpsites which are currently managed by municipalities and transitioning to Be'ah.
- The government has plans to develop the overall infrastructure and waste facilities in Oman including landfills, waste transfer stations and waste treatment plants by 2015.
- Oman has started to setup waste management developments such as Al Amerat landfill which is the first engineered sanitary landfill.

Comparative Advantages

- The government plans on transferring waste management activities to the private sector in an effort to promote commercialization of the sector.
- New government policy and authority dedicated towards waste management (Be'ah).

Potential Investment Opportunities

- Waste to energy facilities
- Waste collection and disposal facilities
- Waste water treatment facilities
- Waste transport operations