

MARKET ANALYSIS OMAN



- By 2023, Oman is set to be the fastest growing economy within the Gulf Cooperation Council (GCC), with growth projected to reach 4.3 percent, according to a report by the World Bank.
- After taking office in January 2020, Sultan Haitham bin Tariq created the **Oman Investment Authority** (OIA) in June 2020, which took the boards of directors of Oman's 15 largest state-owned enterprises under its auspices and filled them with technocrats or experts instead of ministers. This is intended to free the Omani economy from encrusted structures and make it more competitive.
- The new government also brings Oman into line with **Vision 2040**, which aims to diversify and reform Oman's economy for greater competitiveness. The medium-term financial plan («Tawazon») 2020-2024, aims to achieve a balanced budget in the medium term. Its implementation includes improving the business environment, boosting investment in Oman, and creating a social safety net that reduces the impact of fiscal measures (VAT, income tax) on fragile groups in society.

- The **National Programme for Financial Sustainability and Development** of the Financial Sector, a three-year fiscal stability program, started in January 2023. In May 2023, the country announced the creation of a 2 billion Omani rial (\$5.2 billion) investment fund, called the **Oman Future Fund**, to boost its economy. The purpose of this fund is to encourage the private sector to enter partnerships or finance profitable investment projects to diversify the economy.

Sectors to focus on:

Renewable energies

The oil and gas sector remain dominant in the Omani economy. The Sultanate is striving to promote renewable energies. The state-owned energy company Energy Development Oman (EDO), newly established for this purpose, was founded in December 2020. In 2022, Oman launched **Hydrom**, owned by EDO and regulated by the Ministry of Energy and Minerals, which is in charge of the **development of green hydrogen projects**. The ambition of the Sultanate is to produce 1 MTA green H2 by 2030 and 8 MTW by 2050 in order to achieve net carbon neutrality. Oman is expected to host some of the world's largest green hydrogen projects, making the oil producing nation a pioneer in renewable energy technology.

Digital Economy

Vision 2040 includes building national technical capacity, constructing vital ICT infrastructure and improving e-government services. The government has prioritized ICT development and the sector is well placed for growth in the coming years. Oman's sovereign wealth fund established the **Oman ICT Group (OICT)** in early 2019 to focus on cloud and data services, cybersecurity and smart applications, as well as next-generation technologies.

The authorities are building ICT infrastructure to bridge the digital divide through the National Broadband Strategy, which plans to provide broadband service to more than 90% of urban areas by 2030, with overall penetration reaching 75%.

Oman is also one of the world's leading nations in cybersecurity.

Transport/Logistics

Oman has several projects to develop its public transport network. Firstly, within the city of Muscat, with the construction of a **metro** supplemented by a bus network. The Muscat metro route plan has been finalised and published by the Ministry of Housing and Urban Planning in June 2023. There are also **joint rail network** projects with the UAE and with Saudi Arabia.

There is an interest of Oman to expand and develop its **port infrastructures** and services especially around Salalah and dry ports along the border with Saudi Arabia and the UAE. Omanis wish to become a prime gateway to Gulf markets. In 2022, the three major ports of Oman (Salalah, Sohar and Duqm) achieved an 8% growth.

Space

The Omani government has established **Space Communications Technology LLC** (SCT) as a wholly government-owned entity, with a mandate to develop and implement Oman's first satellite communications project.