

## FOCUS ON INTERNATIONAL TRADE

OMAN

### THE SULTANATE OF OMAN TODAY

Location	The Sultanate of Oman occupies the extreme east and south-east of the Arabian peninsula. It is bordered to the west by the United Arab Emirates (UAE), Saudi Arabia and Yemen. A detached portion of Oman, separated from the rest of the country by UAE territory, lies at the tip of the Musandam peninsula, on the southern shore of the Strait of Hormuz. Oman has a coastline of more than 1,600 km (1000 miles) on the Indian Ocean, and is separated from Iran by the Gulf of Oman.
Size	309,500 Sq. K.M. (119,500 Sq Miles)
Geographic coordinates	21 <sup>o</sup> norths of the Equator and 57 <sup>o</sup> east of the Prime Meridian.
Geographic note	Strategic location on Musandam Peninsula adjacent to Strait of Hormuz, a vital transit point for world crude oil.
Land boundaries	Total: 1,374 km. Border countries: Saudi Arabia 676 km, UAE 410 km, and Yemen: 288 km.
Coast line	2,092 km.
Land use	Arable land – 0.12%, Permanent crops – 0.14% & others – 99.74%*.
Irrigated Land	520 Sq. Km. (2008.).
Elevation extreme	Lowest point: Arabian Sea 0 m and highest point: Jabal Shams 2,980 m.
Population	3,764,348 * in 2022.
Population Growth	1.84% (2022)*.
Life Expectancy	Total population: 76.9 years; male: 74.96 years and female: 78.93 years in 2022*.
Birth rate	22.11 births/1,000 population in 2022*.
Death rate	3.23 deaths/1,000 population in 2022*.
Net migration rate	-0.45 migrant(s)/1,000 population in 2022*.
Literacy	Total population: 95.7% in 2018.(Male 97% and Female 92.7%).
Capital City	Muscat
Other Large Cities	Salalah, Ibri, Suhar, Ar-Rustaq, Nizwa, Sur and Al-Buraymi etc.
Religion	Islam is the official religion. The majority of the population are Ibadi Muslims, while about one-quarter are Hindus.
Language	The official language is Arabic.
Climate	Oman has a desert climate, with exceptionally hot and humid months from April to October, when temperatures may reach 47°C. Light monsoon rains fall in the south from June to September with highest amounts in the western highland region. In Muscat average annual rainfall is 100 mm and the average temperature varies between 21°C (70°F) and 35°C (95°F).
International Relations	A 1982 Memorandum of Understanding with the UK provided for regular consultations on international and bilateral issues. Oman is a member of the UN, WTO, the League of Arab States, the Organization of the Islamic Conference and the Gulf Co-operation Council.
Internet domain	.om
International dialing code	+968
Currency	The unit of currency is Rial Omani (OMR) of 1000 biazas.

\*estimated figure

## **NATIONAL ECONOMY**

Strong vaccination efforts have allowed for the relaxation of all social distancing restrictions, and the economic recovery is gaining traction. Overall GDP growth rebounded from -3.2 percent in 2020 to 3.0 percent in 2021, and is projected at 4.3 percent in 2022, supported by increased hydrocarbon production and continued recovery of non-hydrocarbon economic activity. Rebounding economic activity and elevated global inflationary pressures are expected to push up average inflation to 3 percent in 2022. Direct spillovers on the Omani economy from the war in Ukraine have been limited.

High oil prices and fiscal consolidation under the authorities' Medium-Term Fiscal Plan (MTFP), have improved fiscal and external balances considerably. The overall central government balance improved by 12.8 percentage points of GDP to a deficit of 3.2 percent in 2021, largely due to higher hydrocarbon revenue, expenditure restraint, and the introduction of VAT. Fiscal and external surpluses are expected in 2022 and over the medium term. Central government debt declined to 62.9 percent of GDP in 2021 and it is expected to decline to about 44 percent of GDP in 2022.

The banking system has weathered the recent shocks relatively well. Financial soundness indicators appear healthy, benefiting from prudent oversight of the Central Bank of Oman and the strong buffers before entering the crisis. However, private sector credit growth has remained subdued.

Uncertainties continue to cloud the outlook, with downside risks dominating in the short run. On the upside, the outlook could be bolstered by higher-than-expected hydrocarbon windfalls, accelerated implementation of structural reforms under Vision 2040, and the realization of investment projects from regional partners. On the downside, risks stem particularly from uncertainty about the war in Ukraine and its impact on the global economy and oil prices, a renewed flare-up of COVID-19 infections, tighter-than-expected global financial conditions, increased inflationary pressures from higher global food and energy prices, more persistent disruption in global supply chains, pressures to spend the hydrocarbon windfalls, and climate-related events.

### **Executive Board Assessment**

In concluding the 2022 Article IV consultation with Oman, Executive Directors endorsed the staff's appraisal, as follows:

The economic recovery is gaining traction. Strong measures helped mitigate the health and socioeconomic impacts of the pandemic. Non-hydrocarbon growth is expected to strengthen over the medium term, supported by the oil price outlook, planned investments, and structural reforms. Fiscal and external buffers have increased, supported by increased hydrocarbon revenues and substantial fiscal consolidation. Nevertheless, downside risks, notably from global sources, dominate in the short run.

The authorities remain committed to fiscal consolidation notwithstanding oil revenue windfalls and social pressures. Significant fiscal adjustment is being implemented in 2022, which has allowed for increased social spending while still generating a substantial surplus due to the oil windfall. However, reinforcing fiscal sustainability over the medium term, as envisaged under the MTFP, and creating space for social safety net reforms and higher capital expenditure require additional measures. Thus, efforts to strengthen tax administration and implement a PIT are welcome. The phased withdrawal of untargeted energy and water subsidies should be a priority. Intensive public outreach is essential to sustain support for fiscal consolidation amid rising oil windfalls.

Establishing strong fiscal frameworks with clear objectives and a long-term anchor would help achieve fiscal sustainability. Fiscal frameworks would lay the foundation for adopting a fiscal rule. A rule based on the non-hydrocarbon structural primary balance, which is robust to hydrocarbon price volatility and economic fluctuations, could be appropriate. Ongoing reforms to improve public financial management and transparency are welcome and developing a sovereign asset and liability management framework should be a priority.

The exchange rate peg remains appropriate. The peg has provided a credible monetary anchor, helping to deliver low and stable inflation. Official foreign reserves, fiscal prudence, and structural

reforms would continue to reinforce the peg. Better coordination between fiscal and monetary authorities, improved liquidity management, and deeper financial markets would improve the capacity for a more independent monetary policy.

Financial system risks are low, but the CBO should continue its close monitoring of bank asset quality and its efforts to strengthen regulatory frameworks. Restoring prudential rules to pre-pandemic levels should be a priority. Enacting the new Banking Law would align the legislation with international best practices. Careful coordination is needed to ensure that banking system liquidity remains adequate as plans to enhance the liquidity management framework and establish the TSA are implemented. Progress in developing capital markets is welcome.

Steadfast implementation of structural reforms under Vision 2040 is paramount to secure more inclusive, diversified, and sustainable growth. Strengthening the social safety net would help facilitate reforms to improve labor market flexibility. Advancing SOE reforms should also be prioritized to promote competition, strengthen governance, and stimulate private sector participation in the economy. To facilitate the digital economy transformation, worker skills will need to be upgraded. Pressing ahead with addressing climate challenges should be a priority.

**Table 1. Oman: Selected Economic Indicators, 2019–27**

			Prel.	Proj.						
	2019	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Oil and Gas Sector</b>										
Total production of oil and gas (US\$ billions)	27.1	18.0	24.3	42.1	37.0	35.1	33.6	32.5	31.6	
Average crude oil export price (US\$/barrel)	63.6	46.0	64.3	95.0	85.5	80.2	76.2	73.3	71.0	
Crude oil production (in millions of barrels/day)	0.97	0.95	0.97	1.06	1.13	1.13	1.13	1.14	1.14	
<b>National Accounts</b>										
Nominal GDP (US\$ billions)	88.1	74.0	85.9	108.9	111.0	110.7	111.4	113.4	116.2	
Nominal GDP (in billions of Omani rials)	33.9	28.4	33.0	41.9	42.7	42.6	42.8	43.6	44.7	
Real GDP	-1.1	-3.2	3.0	4.3	4.1	1.9	2.3	2.5	2.7	
Real hydrocarbon GDP 1/	-1.5	-0.9	3.7	8.5	6.4	0.5	0.5	0.4	0.4	
Real nonhydrocarbon GDP	-0.9	-4.5	1.8	2.6	2.6	2.9	3.4	3.9	4.0	
Consumer prices (average)	0.1	-0.9	1.5	3.0	2.5	2.2	2.0	2.0	2.0	
GDP Deflator	-2.7	-13.2	12.7	21.6	-2.1	-2.1	-1.6	-0.8	-0.2	
<b>Investment and Saving</b>										
Gross capital formation	26.9	28.3	23.0	23.2	23.5	23.8	24.0	24.1	24.2	
Public	11.9	12.5	7.5	10.7	10.6	10.6	10.6	10.6	10.5	



<b>Items:</b>										
Non-hydrocarbon structural primary balance 3/	-24.6	-22.4	-20.2	-17.7	-18.8	-18.0	-17.8	-17.2	-16.7	
Non-hydrocarbon structural primary balance (percent of non-hydrocarbon GDP) 3/	-36.3	-35.9	-32.6	-32.6	-34.1	-31.2	-29.6	-27.5	-25.8	
Nominal effective exchange rate (2010=100)	115.9	116.6	119.5	...	...	...	...	...	...	
Real effective exchange rate (2010 = 100)	106.7	105.1	107.8	...	...	...	...	...	...	
Exchange rate (rial per dollar; period average)	0.38	0.38	0.38	...	...	...	...	...	...	

Sources: Omani authorities; and IMF staff estimates and projections.

1/ Includes crude oil, refining, natural gas, and LNG production.

2/ Data prior to 2022 were adjusted by taking out expenditures on gas and oil that were hived off to Energy Development Oman in 2021.

3/ Adjusted by the economic cycle.

"NATIONAL ECONOMY" is based on IMF Executive Board Concludes 2022 Article IV Consultation with Oman November 15, 2022.

## **FOREIGN TRADE**

**Oman's** total exports in 2017 were of the order of US\$ 32,904 million. It increased to US\$ 44,591 million in 2021. Exports during the period from 2017 to 2021, in terms of percentage, grew highest (33.19%) in 2021 and fell maximum (-13.54%) in 2020 in comparison with 2020 and 2019 respectively. The annual average compound growth rate worked out at 7.89%.

Imports, on the other hand, were of the order of US\$ 30,995 million in 2021 while in 2017 it was US\$ 26,435 million. Imports during the period from 2017 to 2021, in terms of percentage, grew highest (21.27%) in 2020 and fell maximum (-2.52%) in 2018 as compared to 2019 and 2017 respectively. The annual average compound growth rate worked out at 4.06%.

Volume of trade registered an annual average (compound) rate of growth of 6.24% from US\$ 59,339 million in 2017 to US\$ 75,586 million in 2021.

Oman enjoyed a surplus balance of trade during the said period.

Oman's export and import, volume and balance of trade between 2017 and 2021 along with their growth rates are given in **Table-I**.

## **BILATERAL TRADE WITH INDIA**

Indo-Oman bilateral trade in 2017-18 was of the order of Rs.43,163.47 crores. It increased to Rs.74,701.53 crores in 2021-22. The annual compound growth rate of volume of trade during the period from 2017-18 to 2021-22 was 14.70%. India faced a deficit balance of trade during the said period (**see table II**). The compound annual growth rate of exports and imports were 10.76% and 16.77% respectively.

India's exports to, and imports from Oman of Merchandised Goods between 2017-18 and 2021-22 along with their growth rates are presented in **Table II**.

India's top ten merchandise goods exported to and imported from Oman, during 2017-18 to 2021-22, along with their growth rates are depicted in **Table III & IV** respectively.

### **Some Important Links**

#### **Embassy of the Sultanate of Oman**

EP 10 & 11, Chandragupta Marg  
Chanakyapuri  
New Delhi-110021

**Telephone:** +91-11-26885622,26885623

**Fax:** +91-11-26885621

**Email:** omandelhi[at]vsnl.com

**Web:** <http://www.omanembassy.in/> )External website that opens in a new window)

#### **Embassy of India**

Diplomatic Area,  
Jamiat Al-Dowal Al-Arabia Street,  
Diplomatic Quarters,  
Al Khuwair,  
P.O. Box No. 1727,  
Postal Code : 112, Ruwi,  
Muscat, Sultanate of Oman

**Telephone:** +968-24-24684500

**Fax:** +968-24-24698291

**Email:** indiamct[at]omantel.net.om,hom[at]indemb-oman.org

**Web:** <http://www.indemb-oman.org> )External website that opens in a new window)

**Names and addresses of the organizations engaged in Foreign Trade in the Sultanate of Oman are:-**

#### **Omani Centre for Investment Promotion and Export Development (OCIPED)**

Al Wadi Al Kabir

P. O. Box 25

MUSCAT 117

Tel : (00968) 7712344

Fax : (00968) 7710890

Email : [info@ociped.com](mailto:info@ociped.com)

URL : <http://www.ociped.com>

**Public Authority for Marketing Agricultural Produce**  
**P. O. Box 909**  
**MUSCAT**  
**Tel : (00968) 591540**  
**Fax : (00968) 591551**

**Oman Chamber of Commerce and Industry**  
**Mutrah Business District**  
**P. O. Box 1400**  
**RUWI 112**  
**Tel : (00968) 707684**  
**Fax : (00968) 708497**  
**Email : [info@chamberoman.com](mailto:info@chamberoman.com)**  
**URL : <http://www.chamberoman.com>**

***Source:***

**The Statesman Year Book, the Europa World Year Book,  
Monthly Bulletin on Statistics UN Publication, IMF, World Bank.org,  
BBC News, the World Fact Book, World Development Indicator, MEA,  
and D.G.C.I & S etc.**

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## **TABLE I**

### **OMAN'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE BETWEEN 2017 TO 2021.**

(Figures in US MILLION DOLLARS)

<i>Year</i>	<i>Exports</i>	<i>Percentage Growth in Exports</i>	<i>Import</i>	<i>Percentage Growth in Imports</i>	<i>Volume of Trade</i>	<i>Percentage Growth in Vol. of Trade</i>	<i>Balance of Trade</i>
2017	32904		26435		59,339		6469
2018	41762	26.92	25770	-2.52	67,532	13.81	15992
2019	38724	-7.27	23507	-8.78	62,231	-7.85	15217
2020	33479	-13.54	28507	21.27	61,986	-0.39	4972
2021	44591	33.19	30995	8.73	75,586	21.94	13596

**Annual  
Compound  
Growth  
Rate**

**7.89**

**4.06**

**6.24**

**NOTE :** Figures relate to calendar year, January to December.

**SOURCE :** *UN COMTRADE PUBLICATION*





**TABLE -III****INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO OMAN****2017-2018 TO 2021-2022 AND THEIR GROWTH RATES****( Value in Rs. CRORES)**

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
<b>1</b>	<b>Petroleum Products</b>	<b>6525.33</b>	<b>3639.48</b>	<b>3207.60</b>	<b>3539.45</b>	<b>7204.84</b>	<b>-44.23</b>	<b>-11.87</b>	<b>10.35</b>	<b>103.56</b>
	Share in total export	41.66	23.23	19.96	20.30	30.56				
<b>2</b>	<b>Ship, Boat And Floating Structures</b>	<b>15.90</b>	<b>1867.01</b>	<b>1703.98</b>	<b>512.63</b>	<b>2022.66</b>	<b>11642.20</b>	<b>-8.73</b>	<b>-69.92</b>	<b>294.57</b>
	Share in total export	0.10	11.92	10.60	2.94	8.58				
<b>3</b>	<b>Iron &amp; Steel</b>	<b>439.08</b>	<b>593.36</b>	<b>806.99</b>	<b>828.61</b>	<b>1643.51</b>	<b>35.14</b>	<b>36.00</b>	<b>2.68</b>	<b>98.35</b>
	Share in total export	2.80	3.79	5.02	4.75	6.97				
<b>4</b>	<b>Processed Minerals</b>	<b>63.23</b>	<b>102.80</b>	<b>88.31</b>	<b>463.32</b>	<b>925.21</b>	<b>62.58</b>	<b>-14.10</b>	<b>424.65</b>	<b>99.69</b>
	Share in total export	0.40	0.66	0.55	2.66	3.92				
<b>5</b>	<b>Products Of Iron And Steel</b>	<b>1202.19</b>	<b>541.57</b>	<b>853.23</b>	<b>1595.27</b>	<b>902.65</b>	<b>-54.95</b>	<b>57.55</b>	<b>86.97</b>	<b>-43.42</b>
	Share in total export	7.68	3.46	5.31	9.15	3.83				
<b>6</b>	<b>Iron Ore</b>	<b>227.77</b>	<b>174.58</b>	<b>392.78</b>	<b>628.30</b>	<b>702.93</b>	<b>-23.35</b>	<b>124.99</b>	<b>59.96</b>	<b>11.88</b>
	Share in total export	1.45	1.11	2.44	3.60	2.98				
<b>7</b>	<b>Organic Chemicals</b>	<b>347.24</b>	<b>359.30</b>	<b>423.15</b>	<b>837.80</b>	<b>554.75</b>	<b>3.47</b>	<b>17.77</b>	<b>97.99</b>	<b>-33.78</b>
	Share in total export	2.22	2.29	2.63	4.80	2.35				
<b>8</b>	<b>Rice - Basmati</b>	<b>577.67</b>	<b>673.19</b>	<b>538.74</b>	<b>658.79</b>	<b>546.80</b>	<b>16.54</b>	<b>-19.97</b>	<b>22.28</b>	<b>-17.00</b>
	Share in total export	3.69	4.30	3.35	3.78	2.32				
<b>9</b>	<b>Ceramics And Allied Products</b>	<b>354.79</b>	<b>413.34</b>	<b>427.76</b>	<b>585.31</b>	<b>461.09</b>	<b>16.50</b>	<b>3.49</b>	<b>36.83</b>	<b>-21.22</b>
	Share in total export	2.27	2.64	2.66	3.36	1.96				
<b>10</b>	<b>Electronic Components</b>	<b>278.68</b>	<b>259.58</b>	<b>276.31</b>	<b>214.44</b>	<b>327.00</b>	<b>-6.85</b>	<b>6.45</b>	<b>-22.39</b>	<b>52.49</b>
	Share in total export	1.78	1.66	1.72	1.23	1.39				
	<b>Total export to OMAN</b>	<b>15663.43</b>	<b>15669.34</b>	<b>16072.86</b>	<b>17436.15</b>	<b>23572.50</b>	<b>0.04</b>	<b>2.58</b>	<b>8.48</b>	<b>35.19</b>

**NOTE** : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

**TABLE -IV****INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM OMAN****2017-2018 TO 2021-2022 AND THEIR GROWTH RATES****( Value in Rs. CRORES)**

Sl. No	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2017-18	2018-19	2019-20	2020-21	2021-22	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21
<b>1</b>	<b>Petroleum Crude</b>	<b>15562.69</b>	<b>5534.45</b>	<b>7155.83</b>	<b>8502.37</b>	<b>26919.49</b>	<b>-64.44</b>	<b>29.30</b>	<b>18.82</b>	<b>216.61</b>
	Share in total imports	56.59	28.83	27.43	37.32	52.65				
<b>2</b>	<b>Petroleum Products</b>	<b>2891.71</b>	<b>6129.40</b>	<b>5821.37</b>	<b>5349.47</b>	<b>8122.98</b>	<b>111.96</b>	<b>-5.03</b>	<b>-8.11</b>	<b>51.85</b>
	Share in total imports	10.52	31.93	22.32	23.48	15.89				
<b>3</b>	<b>Fertilizers Manufactured</b>	<b>3023.50</b>	<b>2733.03</b>	<b>4910.96</b>	<b>3932.92</b>	<b>7775.93</b>	<b>-9.61</b>	<b>79.69</b>	<b>-19.92</b>	<b>97.71</b>
	Share in total imports.	10.99	14.24	18.83	17.26	15.21				
<b>4</b>	<b>Dye Intermediates</b>	<b>120.33</b>	<b>43.16</b>	<b>2075.10</b>	<b>616.06</b>	<b>1126.16</b>	<b>-64.13</b>	<b>4707.92</b>	<b>-70.31</b>	<b>82.80</b>
	Share in total import	0.44	0.22	7.95	2.70	2.20				
<b>5</b>	<b>Plastic Raw Materials</b>	<b>336.95</b>	<b>253.71</b>	<b>252.73</b>	<b>293.20</b>	<b>984.15</b>	<b>-24.70</b>	<b>-0.39</b>	<b>16.01</b>	<b>235.66</b>
	Share in total import	1.23	1.32	0.97	1.29	1.92				
<b>6</b>	<b>Aircraft, Spacecraft And Parts</b>	<b>2230.75</b>	<b>1357.95</b>	<b>0.24</b>	<b>0.04</b>	<b>729.51</b>	<b>-39.13</b>	<b>-99.98</b>	<b>-83.33</b>	<b>1823675.00</b>
	Share in total import	8.11	7.07	0.00	0.00	1.43				
<b>7</b>	<b>Inorganic Chemicals</b>	<b>35.65</b>	<b>0.45</b>	<b>108.15</b>	<b>232.54</b>	<b>661.46</b>	<b>-98.74</b>	<b>23933.33</b>	<b>115.02</b>	<b>184.45</b>
	Share in total import	0.13	0.00	0.41	1.02	1.29				
<b>8</b>	<b>Processed Minerals</b>	<b>331.81</b>	<b>404.84</b>	<b>232.83</b>	<b>203.57</b>	<b>650.46</b>	<b>22.01</b>	<b>-42.49</b>	<b>-12.57</b>	<b>219.53</b>
	Share in total import	1.21	2.11	0.89	0.89	1.27				
<b>9</b>	<b>Organic Chemicals</b>	<b>763.78</b>	<b>36.22</b>	<b>661.79</b>	<b>207.01</b>	<b>533.90</b>	<b>-95.26</b>	<b>1727.14</b>	<b>-68.72</b>	<b>157.91</b>
	Share in total import	2.78	0.19	2.54	0.91	1.04				
<b>10</b>	<b>Sulpher Unroasted Iron Pyrite</b>	<b>0.36</b>	<b>5.88</b>	<b>50.75</b>	<b>141.71</b>	<b>528.28</b>	<b>1533.33</b>	<b>763.10</b>	<b>179.23</b>	<b>272.79</b>
	Share in total import	0.00	0.03	0.19	0.62	1.03				
	<b>Total import from OMAN</b>	<b>27500.04</b>	<b>19198.51</b>	<b>26085.68</b>	<b>22785.18</b>	<b>51128.73</b>	<b>-30.19</b>	<b>35.87</b>	<b>-12.65</b>	<b>124.39</b>

**NOTE** : Figures relate to Financial Year, April to March.**SOURCE** : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.