



**OMAN 4TH
INDUSTRIAL
REVOLUTION**
SPECIAL REPORT

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Image: Vinu Sebastian

Wooden boat production pictured in Sur

INDUSTRIAL PRODUCTION (ANNUAL VARIATION IN %)

SOURCE: FOCUS ECONOMICS



VALUE ADDED BY THE MANUFACTURING SECTOR (% OF GDP)

SOURCE: THEGLOBALECONOMY

2012	10.55
2013	10.45
2014	9.38
2015	9.91
2016	9.11
2017	9.98
2018	10.49
2019	10.47





4th Industrial Revolution

INDUSTRY FOR TOMORROW

The Fourth Industrial Revolution, as the infusion of high-tech solutions into manufacturing has come to be known, has arrived in Oman, helping to drive automation and efficiency via the introduction of cutting-edge technology and smart systems. Indeed, it forms a key part of Oman's Vision 2040, a wide-ranging blueprint for the diversification of the economy. And there are already signs that the local manufacturing sector is on the up—according to the National Centre for Statistics and Information (NCSI), industrial activity reached a value of OMR3,122,300,000 by the end of 2Q2021, compared to OMR2,785,100,000 the previous year, an increase of 12.1%.

As well as boosting local production, the government sees the development of a stronger manufacturing sector as key to its plans of increasing FDI, bolstering SMEs, and empowering the private sector.

Earlier this year, the Ministry of Commerce, Industry and Investment Promotion (MoCIIP) announced 50 investment opportunities in the industrial sector, as part of its Manufacturing Strategy 2040, the industrial element of Vision

2040.

And to realize and enhance the benefits of its strategic location, the government has promulgated a general legal framework for the development of free zones. The Public Authority for Special Economic Zones and Free Zones (OPAZ) was established by Royal Decree No 105/2020 to oversee the developments including the Special Economic Zone at Duqm, Al Mazunah Free Zone, Salalah Free Zone, and Sohar Free Zone.

According to official indicators, these special and economic zones have created more than 800 companies, more than 36,000 jobs, and around OMR7.3 billion in total investment. According to Salim Al Thuhli, the CEO of Khazaen Economic City, “public-private partnerships will improve production efficiency and give rise to an economic framework that promotes competitiveness and equality of opportunity, besides boosting the integration process among SMEs.”

Indeed, Duqm Special Economic Zone's development plans took shape this year, containing several economic, tourism, and service facilities, most prominent a multi-purpose port, a dry dock, a fishing port, and a regional airport. ✖



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preparing for the NEXT NORMAL

Oman's reputation as a trusted trading partner remains strong and the pillars of our competitive offer – location, talent, infrastructure, connectivity, pro-enterprise environment and ambitious leadership – are unchanged. We are committed to building a revived, rejuvenated, resilient, digitally driven economy.

Qais Al Yousef
MINISTER OF COMMERCE, INDUSTRY
& INVESTMENT PROMOTION



Over the course of 2021, the government put in place a number of measures to support local businesses navigate the crisis. Could you talk us through those?

I have had many, many conversations with businesses, business representative organizations and SMEs from across Oman since I took on my role. It is clear that this has not just been a tough year, but the toughest of years, not least for those in the retail, hospitality and leisure sectors. His Majesty's government remains focused not just on protecting people's health but also on rolling out policies and initiatives that safeguard livelihoods and help businesses pull through the pandemic. In particular, this includes Oman Vision 2040, the Economic Stimulus Plan (ESP) together with the Medium-Term Fiscal Plan (MTFP) 2020-24, and the 10th Five Year Development Plan (FYDP) 2021- 25. The ESP supports the economy by offering interest-free emergency loans, tax and fee reductions and waivers and the flexibility to pay taxes in instalments. The Central Bank eased financial conditions through lower interest rates and liquidity injections, deferred loan payments and relaxed requirements on capital buffers and liquidity ratios. In fact, the ESP is a direct result of crucial conversations held with local and international businesses. These are all historic steps taken to ensure the right support is in place to help firms get through the crisis, protect and create jobs, rebuild Oman's economy and secure the Sultanate's economic future.

What reaction have these measures had from the international community?

I am pleased to say that this has been positive. For example, the IMF's Article IV Report statement on Oman reads upbeat, welcoming the strong and decisive lead-

ership of His Majesty and the economic reform measures he set out in the MTFP. It notes Oman's considered and ambitious approach to driving greater economic efficiency across the economy, putting expenditures on a sustainable path, reducing bureaucracy, boosting public-private partnerships, increasing non-oil exports as well as attracting foreign investment. In fact, Oman climbed 10 places to 68th in The World Bank's 2020 Ease of Doing Business Index. The index ranked Oman 64th globally and first in the GCC in cross-border trade and 32nd globally and second in the GCC for starting a business activity. This is a notable achievement.

We have also seen an uptick in the number of new start-ups and industrial licenses. What do you put this down to?

The ESP along with other SME support packages have triggered an uptick in the number of new businesses. Set up by entrepreneurs, many of these businesses are responding to the changing needs of a socially distanced Oman, such as online retail, home delivery services, app development and many more. In 2020 alone, 12,176 industrial licenses were approved - inclusive of both new and renewal licenses - as compared to 9,161 in 2019, an increase of 32.9%. And at the end of June 2021, the number of SMEs registered with the SME Development Authority rose to 54,804, an increase of 23.2% YoY. While on the whole, the pandemic has proven devastating for small businesses worldwide, the positive trend in entrepreneurship could bode well for job growth and economic activity once recovery takes hold.

How do you see the next 'normal' unfolding?

Oman Vision 2040 has identified the low-carbon economy as an area of op-

portunity and we can all agree the next "normal" will be different. From a business perspective, the increasing number of catastrophic, climate-related events we are witnessing all pose a commercial and economic risk and a stark reality for companies in every industry and region of the world. The transition to a low-carbon economy is underway providing Omani companies with exciting opportunities to create climate risk-related products, services and supply chain innovations that will attract local as well as international customers, investors and employees. To stay competitive, businesses across the Sultanate are putting people, planet and profits at the heart of their post-pandemic strategies. ✖

BIO

Qais Al Yousef was appointed Minister of Commerce, Industry & Investment Promotion in August 2020. Additionally, he serves as Chairman of the SME Development Authority. Prior to assuming the role of Minister, Al Yousef was Chairman of Oman Chamber of Commerce & Industry and CEO of the Al Yousef Group. While heading the Chamber, he served as Deputy Chairman of the Public Authority of Manpower Register and sat on a number of Boards and Committees, notably The Research Council, Oman Vision 2040 Steering Committee, Consultancy Board for the GCC Supreme Council and the Public Authority for Charitable Organizations. Earlier in his career, Al Yousef spent over 20 years in a variety of senior executive roles in the private sector with interests in oil and gas services, industry, logistics, insurance and financial services. Al Yousef holds a Master's in Business Management from the Stanford Graduate School of Business, Stanford University and a BA in Economics from Williams College. He has also attended executive development programs at Harvard Business School, London Business School and the John F. Kennedy School of Government, Harvard University.



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