



DUQM

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READY TO PASS IT ON

Duqm is looking to establish itself as a global force in transshipment needs.

SOMEWHERE in the middle of Oman's long southeastern coastline lies the port city of Duqm. The port directly faces the endless waters of the Arabian Sea and the Indian Ocean beyond that. Despite Oman's image as a Gulf state with its industrial enterprises clustered across its northern shores facing the Gulf and the Sea of Oman, the southern port of Duqm enjoys a maritime access to a completely different set of destinations. Duqm is ideally located for the berthing of ships coming from East Africa—including from Kenya, Tanzania, and Madagascar.

The port of Duqm is equally ideal for the berthing of westbound cargo ships sailing from India, the ASEAN region, and the rest of Asia. Conversely, ships setting sail for the East from Europe by the way of the Suez Canal and the Red Sea, too, can conveniently stop by Duqm before resuming course to their final port of call. Duqm is, in short, ideally located to be the maritime hub that connects Asia, Africa, and Europe better than any other connecting hub in the region if not in the world. Quite a few logistic hubs have claimed to be the bridge between the East and the West over the years, but a passing, unbiased look at the world map shows that Duqm truly is the best imaginable maritime connecting point in this regard. In fact, the port's location is so perfect that if Duqm did not already exist, it would have made economic sense to build it from scratch.

Given Duqm's strategic location, it surely can serve as a safe-haven for oceangoing vessels to drop anchor to refuel, make emergency stops, and carry out maintenance operations—to say nothing of the port's potential to create a hub-and-spoke maritime logistics system. Duqm Ahlia Development S.A.O.C is one of the Sultanate's largest companies offering ship repair and maintenance services. The company offers all sorts of services including but not limited to engineering, repainting, and steelwork, and it describes itself as “a team of experienced engineers & technicians from the marine and offshore sectors in Sultanate of Oman.”

Any comprehensive repair and maintenance of ships requires a dry dock and a shipyard. And, Duqm's newly-built and publicly-owned dry dock has been quite busy recently. “As many as 115 vessels from different countries of the world dropped anchor at the dry dock in Duqm, which serves as a key hub in the region visited by major shipping liners,” according to Oman News Agency in 2021. Duqm's twin dry docks are regarded as one of the best in the world, being equipped with 14 heavy-duty cranes, high-pressure water pumps, and a state-of-the-art ship repair workshop operated by highly skilled technicians and engineers from Oman and abroad. With the rising demand for maintenance services in Duqm, another workshop is already under construction to meet the demands. The facility has successfully overhauled or refurbished some 1,000 ships

of various classes between 2013 and 2022. The figure is expected to more than double over the next decade.

Before turning to Duqm's potential to practically reform the hub-and-spoke structure of international shipping routes, let us have a look at another set of businesses which are turning Duqm into an enroute port of call for ships sailing between Asia, Africa, and Europe. ASYAD Shipping and Drydock Services is yet another company involved in the development of maritime activities. Launched in 2006, ASYAD was inaugurated even before the special economic zone authority of Duqm (SEZAD).

Although ASYAD's operations initially began with the loading of liquified natural gas (LNG) into tankers, it has now become a more diverse business. Ibrahim Al Nadhairi, CEO of ASYAD, recently sat down with TBV, observing that since the company's inception, they have come a long way, while noting that the company has “experienced difficult times in the beginning, like any other project,” but on the plus side, “Duqm Drydock sits within the port basin, and it came before the port of Duqm. That is how dry dock is important and how it added value to the whole area.” Speaking of added value, the Duqm mega-project also has a sizable container storage yard which is strengthening Oman's role as a transcontinental shipping hub.

Since 2020, the Port of Duqm Company (PODC) has been looking for a world-class terminal operator to efficiently run its container storage yard, launching a tender in July 2021. With the port and shipyard being fully functional, the next step for Duqm to truly become a global transshipment hub is expanding the container terminal. The storage terminal can currently handle some 200,000 TEUs per annum. However, the objective is handling over 1.5 million TEUs—and preferably as many as 1.7 million each year.

Most of the infrastructure, including crane rails, container yard, and administrative buildings are already completed or nearing completion. The company winning the tender will receive a thirty-year license agreement to manage the terminal. Several global industry players have responded to the invitation to prequalify (ITP), and promising contractors have been shortlisted by the port of Duqm authorities. With the port of Duqm's ideal location as a transshipment hub, the speed of progress in construction work, and the Duqm's priority in Oman as a mega-project of national importance, it is fair to say that Duqm will likely make a difference in global maritime transportation in 2022-2023. If the port manages to launch its second dry dock and raise the capacity of its container yard to at least 1.5 million by the end of 2022, it will make economic sense for many Asian, African, and European maritime giants to rethink their current routes, employing a hub-and-spoke model in which Duqm will play the most central role. ✕



ZOOMING IN

Ali Masoud Al Sunaidy
CHAIRMAN,
PUBLIC AUTHORITY FOR SPECIAL
ECONOMIC ZONES AND FREE ZONES
(OPAZ)

OPAZ is a key player in the facilitation of FDI into Oman's free zones.

BIO

Ali Masoud Al Sunaidy holds a PhD in economics from the University of Hull in the UK, an MBA from the University of Bristol, and a bachelor of science in industrial engineering from the University of Miami. He was previously minister of commerce and industry, deputy chairman of the Supreme Council for Planning, and minister of sports affairs and president of the Olympic Committee. He was also previously chairman of the Public Establishment for Industrial Estate, the Information Technology Authority, the board of directors of OMRAN Group, the board of directors of the Authority of Small and Medium Enterprises Development, and the board of directors of Al Raffid Fund.

Which strategies is the authority applying to attract international companies to invest in Oman's special economic and free zones, and which sectors are playing a key role in this enhancement?

OPAZ was established with a mandate of four primary functions: planning, facilitating, regulating, and operating in the case of Duqm. OPAZ works closely with the management of each free zone and any future zones in terms of facilitating FDI to each respective area. We have carefully crafted incentives that work toward developing long-term partnerships with our strategic investors, while driving sustainable growth for the economy. The incentives vary in each zone but are overall aligned with 100% foreign ownership, no income tax for periods from 20-30 years depending on the zone, no custom duties, long-term lease tenancy agreements up to 99 years, grace periods for construction, consideration for allowing high percentage of international workers, and, we have seen, in the more matured free zones, an increase in companies attracting skilled local workforce. The Special Economic Zone at Duqm (SEZAD), the largest among all, has its own set of management that oversee the investor journey from initial investment studies to the one-stop shop where licenses, permits, visas, and other documentation are required. The government has so far invested over OMR2.5 billion (approximately USD6.49 billion) within SEZAD to ensure infrastructure readiness to accommodate a wide variety of investment activities within the economic zone. Such major infrastructure projects include Duqm Airport, Port of Duqm, a multipurpose fishery port, over 12 telecommunication towers with high-level networks, and roads. Meanwhile, PPPs include two power stations producing with a capacity in excess

of 400MW and 20,000 m3/day and a variety of sewage treatment plants.

How is OPAZ planning to support SMEs and maximize their role in the public-private projects at the free zone?

SEZAD has formally introduced Riyada representation through the office that has opened, indicating its importance and role within the development of the SEZ. Similarly, the Tawasul Fund, a fund that was developed to bridge the gap between the public, private, and charitable organizations within the Al Wusta Governorate to support the local community, has conducted courses to promote the entrepreneurial spirit in Duqm. The role OPAZ has within each and every zone across Oman is clear concerning the importance SMEs have in developing the economy. Riyada's presence in Duqm acts as a model that needs to be replicated across all the free zones in Salalah, Sohar, and Al Mazunah. OPAZ continuously checks that companies are adhering to the minimum purchase of 10% of goods and services set by the government and, in turn, SMEs are encouraged to innovate and conduct R&D tests in newly developed areas such as the AI Zone, where experiments can be conducted on technologies such as drone devices.

How are your main aspirations for the current and next year aligned with Oman's Vision 2040?

A major drive for the authority is to ensure that Duqm and the other zones are a host to renewable energy development projects, which is in line with the Vision's target of renewable energy consumption percentage of total consumption being 35-39%. In fact, we have already seen the first project in Sohar Free Zone, Sohar Solar Al Qabas, a 25-MW solar plant project. Meanwhile, at least 200sqkm of land has been dedicated to house two major green hydrogen and ammonia projects in the SEZ at Duqm from both local and international players. Currently negotiations are underway to introduce a third project aimed to produce energy from solar power and transmit to an area nearby the Port of Duqm for exporting purposes to the international market. SEZAD, Sohar Free Zone, Salalah Free Zone, and Al Mazunah Free Zone continuously aim to increase their contribution to the GDP of each area that they are located within in line with Oman Vision 2040. ✖



ATTRACTIVE ZONE

Yahya Bin Khamis Alzadjali
OPERATIONS MANAGER,
SPECIAL ECONOMIC ZONE AT DUQM
(SEZAD)

SEZAD is working on developing the free zone to its full potential, focusing on emerging industries such as green energy as well as focusing on improving the quality of life in the area.

BIO

Yahya Bin Khamis Alzadjali holds a master's degree in urban planning and land administration from the International Institute for Geo-Information Science and Earth Observation (ITC) in the Netherlands and a diploma in civil engineering from Oman Technical Industrial College. He was previously deputy CEO of planning and engineering at SEZAD and Urban/town planner with the Supreme Committee for Town Planning.

How did the establishment of SEZAD change the way business is done in the free zones?

We used to call ourselves the Duqm Special Zone Authority, though currently, due to the new structure of the government, we established what we call the Public Authority for Special Economic Zones and Free Zones (OPAZ); special economic zones and free zone are now under one umbrella. It is an excellent location for a project based on the ratio of land to utilities for heavy or light industrial, logistics, or minerals sectors. OPAZ is highlighting the unique potential of locating a project in green energy or logistics here because Duqm is a gateway to GCC countries. With the new system, the government has provided many incentives to attract investment. Duqm has 0% VAT and no customs taxes as well. This gives us an incentive. OPAZ has solid links to the market and international business practices. Through our experience, unrelated to Sohar, Al-Mazunah, and Salalah, we can help attract businesses where their conditions are no longer suitable.

You are currently working on the creation of a leisure center in Duqm. How important is it to have the right living environment in the zone?

Quality of life is extremely important for businesses. We are focusing heavily on developing a leisure center to attract and retain investors who have projects in Duqm. Maysan had the idea to create a leisure center with offices with many amenities, utilities, and infrastructure in Duqm, and the project is currently in its first phase. We are also encouraging another investment to benefit from this leisure idea. We are also considering creating a tourism leisure center. We want to create a zone within tourism where we

can have a business district center with offices and leisure facing the sea with unique architecture and water features. It will also include seafront and landscaping. It will be a facility where people can both work and enjoy the zone.

SEZAD has allocated 150sqkm for clean energy projects. What mechanisms do you have in place to attract new projects and investors?

Duqm has great potential for green energy due to its sunny climate, wind, and its seafront. These three parameters are fundamental when talking about producing green energy. We have reserved a large parcel of land for green energy and have signed an agreement with DEME Concessions, from Belgium, to install a plant for green energy and electricity. The project has kicked off, and the offtake of this energy will start by 2028. We are also linking this green energy to our national grid as well. One of our aims in Oman is to have fewer carbon emissions from electricity and have 20-30% of our electricity come from renewable energy such as solar and wind. We have another project with the ACME Group, to produce green ammonia from solar and wind. We also have an agreement with a company from South Korea that is interested in solar electricity. There are small projects where we will use their small power green energy. Currently, more than 250sqkm of land is already reserved for green energy, and there is great potential demand for such technology and energy source in Duqm.

How do the incentives and competitive advantages of Duqm compare to those offered in other economic zones?

There is a great deal of competition between all the free zones globally. Duqm is in a prime location, and it has a large amount of land available with all the necessary infrastructure. Certain industries can be isolated from more populated areas. It is an integrated zone with multi-transport systems with the airport, port, and land transportation. We also zero VAT. Oman's natural resources also set us apart. We are rich in fish and minerals. There is excellent weather, we have a lot of natural gas, and we are not too far from oil. We also have modern infrastructure and a dry dock. ✕



FROM A TO Z

Abdullah Al Hashimi
MANAGING DIRECTOR,
MARAFIQ

To satisfy all the needs of its residents and industrial clients in the Duqm Economic Zone, Marafiq counts on ongoing and effective engagement and communication.

BIO

Abdullah Al Hashimi is a civil engineer with an MSc in construction management. He has a wide breadth of experience in both public and private sectors managing major infrastructure projects and utilities in the public and oil and gas sectors. His experience covers the establishment, implementation, and management of new businesses including the selection of international partners. He served as chairman of the board of Majan Electricity Company and Oman Sustainable Water Solution Company and as board member of Majis Industrial Services Company.

Marafiq was established in 2013 and is Oman's first private integrated power and water utility company. Under which foundations does the company operate?

The name Marafiq means utilities and, as a centralized utility company, that suggests synergy and optimization. This in turn translates into a reduction in costs. Our current main focus is the Duqm Special Economic Zone, as the company signed a centralized utilities services agreement for 25 years with the Public Authority for Special Economic Zones and Free Zones (OPAZ). This agreement gives Marafiq the exclusive mandate to develop, own, operate, and provide a full spectrum of utilities in the zone, including but not limited to, all types of industrial water, industrial gases, industrial waste management, and electricity in line with applicable regulations. The company was also granted a 25-year exclusive license from the regulator for a drinking water business in Duqm, the first of its kind in Oman. Marafiq has emphasized the importance of the complementary work between the competent authorities to achieve the national strategic goals. The focus of the company is to not only serve the zone investors in Duqm, but to also provide utilities for the entire OQ Group, who own 51% of Marafiq.

Duqm SEZ is one of the biggest industrial zones in the MENA region with mixed-land use. How does Marafiq deal with the different requirements?

This is a large economic zone with almost 2,000sqkm. We have residents living inside the zone area, which is challenging as their utility requirements are completely different to our industrial customers. Furthermore, in terms of industrial customers we have heavy industry, with refineries and future petrochemicals, as well as medium and light industry requirements. To satisfy all these customers, ongoing and effective engagement is a standard re-

quirement. We are committed also to fulfilling their requirements and meeting their expectations. This is a challenge, as different stakeholders have different mindsets and expectations. We continuously strive to find that happy balance at the right cost.

How will the Duqm Integrated Power and Water Plant (DIPWP) support the sustainable future of Oman?

We have been able to do this in part with our Duqm Integrated Power and Water Project. This project consists of a 326-MW gas-fired power plant and a 36,000-cbm per day reverse osmosis plant for water desalination. There is also a huge facility of seawater intake to serve future zone customers with supply capacity of 1.5 million cubic meters per day. Moreover, Marafiq has built an 80-km 132kV transmission line from Duqm to Ras Markaz serving our affiliate Oman Tank Terminal Company (OTTTCO), a crude oil storage facility. This is all to support the zone, which is an isolated area. We do not have access to the national grid, so we operate in island-mode. Therefore, our plant is crucial to help OQ8 (Duqm Refinery) and other energy and industrial associated projects.

Marafiq has signed a Potable Water License with the Authority for Public Services Regulation. How will this benefit the community and investors in Duqm?

Marafiq is now responsible for production, transmission and distribution, customer service, billing, and collection for potable water. Since signing the agreement, Marafiq has almost tripled the water production capacity in the zone serving approximately 1,300 customers, expanded storage capacity and setting up a tanker filling station serving an additional 250 registered drivers. We have established a customer service office to facilitate new connection requirements and day-to-day customer relationship. In addition, the company is currently expanding the distribution network in the Rock Garden area, developing additional production capacity to serve the fisheries and cement zones, and introducing the latest technology solutions for customer care. Marafiq is also developing a master plan for the provision of wastewater services. A reputed international consultant to develop the master plan and identify priority areas for development has also been engaged. In collaboration with SEZAD, Marafiq continually monitors the demand requirement for all other utilities in the Duqm zone. ✖

LAYING THE GROUNDWORK



Hussain Al-Zadjali
ACTING CEO,
THE OMAN COMPANY FOR THE
DEVELOPMENT OF SPECIAL ECONOMIC
ZONE AT AL-DUQM SAOC (TATWEER)

Responsible for the infrastructural development of the specialized economic zone at Duqm, Tatweer has made dramatic progress in boosting the zone's competitiveness and growth in the last few years.

BIO

Hussain Al Zadjali is the Acting CEO of Tatweer. He is a civil engineer by background with over 20 years of experience in the field of infrastructure projects management, assets management, and investments in different sectors in the Sultanate of Oman. He started his career at the Ministry of Regional Municipalities and Water Resources before joining Tatweer in 2014 as a project manager. Al Zadjali was promoted to senior projects manager in 2018 and acting CEO in late 2021.

Which requirements are essential to carry out the construction, supervision, and execution of projects in Duqm?

Tatweer has an assigned role of project management for all the infrastructure projects that have been executed to date since 2014 at the Specialized Economic Zone at Duqm (SEZAD). Tatweer has completed major projects that have economically benefited the economy of Oman. The company has completed the largest strategic port projects in the SEZAD. The Port of Duqm is Oman's new commercial and industrial gateway, due to its prime location in the Arabian Sea. It is a point of pride for us to complete this Port, from which Sultanate of Oman connects to other global ports. Tatweer has also successfully completed the marine work on the Duqm Multipurpose Fishery Port, which will provide exciting opportunities for the fisheries, fruits and vegetables, livestock, and tourism sectors. We recognize the importance of experienced, committed, and self-motivated human capital as the major requirement for the success of our business. We have invested and will continue to invest in building our human capacity through trainings, empowerment, and role enhancement. Skills development has emerged as a key strategy to realize the potential of our Omani workforce. Through skills building initiatives, Tatweer has successfully acquired the suitable human resources capabilities to improve the zone's competitiveness and growth in the areas of project management and other areas that fall within the mission and vision of Tatweer.

To what extent are the infrastructures of Duqm sustainable and technology driven?

Tatweer is instrumental in ensuring that all Public Authority for Special Economic Zones and Free Zones (OPAZ) infrastructure projects in Duqm are constructed efficiently on time, quality, and cost aspects. Overall, we have always been keen to implement new technologies involving sustainable energy, ensuring safe and efficient operations of the facilities. One example is the automatic LED street lights at SEZAD roads. The SEZAD HQ building is also constructed following green building standards by considering credits of LEED green in account to save energy and mitigate environment issues and reduce the carbon footprint. It uses renewable solar energy for the parking area, solar LED lights, motion sensor office space lighting design to save energy and reduce the building thermal load, and reduces potable water consumption demand for the building. Finally, a new sewage treatment plant was designed based on sequencing batch reactor (SBR) technology to treat the wastewater generated from domestic wastewater, fishing industries, and industrial wastewater. The treatment plant basically consists of a three-step treatment process to treat the waste from fishing industries. Future plans include integrating the existing treatment process with advanced membrane technology to supply the water to chiller plant to reduce the demand for potable water consumption.

How relevant have become the green hydrogen and green ammonia projects in the zone?

SEZAD will be a magnet for renewable energy ventures. On top of the abundance of sustainable green energy sources such as wind and solar, the Public Authority for Special Economic Zones and Free Zones (OPAZ) has dedicated a vast land area for such projects. Additionally, location of Duqm is helping it to be considered as a supply point in the proposed global green power transmission network. So, the green ammonia projects are extremely relevant in SEZAD as this will put Duqm and Oman in the world map for renewable energy. ✖



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