

# Observer Features

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### Enlightened leadership secures Oman's future prosperity

**Oman has risen in the world's esteem as a country that, in many respects, is a model for others to emulate. The Sultanate today is well-regarded as an influential and responsible member of the international community that has prudently utilised its limited oil wealth for the good of its people, and continues to build cooperative ties with its neighbours and countries across the world. Today's progressive, modernising and forward-looking Oman takes its inspiration from the wise policies of His Majesty Sultan Qaboos**



**His Majesty Sultan Qaboos, Architect of the country's modern Renaissance.**



**Cooperative and harmonious ties with all countries of the world, most notably with fellow members of the Gulf Cooperation Council. His Majesty Sultan Qaboos at the GCC Summit held in Doha on December 3 and 4, 2007.**

**T**HIRTY-EIGHT years of enlightened leadership, underpinned by far-sighted domestic and foreign policies, continue to yield significant dividends to Oman and its people. These gains are manifest not only in the country's continued economic progress and modernisation, but also in the overall well-being of its people. The latest indicators attest to a robust upward trend in per capita income levels, macroeconomic growth, health, employment generation, and socio-economic development.

The International Monetary Fund, the World Bank and Unicef are among a host of international organisations that have provided laudable assessments of the robust improvements being witnessed in Oman across a wide socio-economic spectrum. Crowning all of these accolades is the recent announcement by the renowned think-tank, the Economist Intelligence Unit, maintaining Oman's position as the most peaceful country in the Middle East for the second successive year.

## **A model**

Indeed, Oman has risen in the world's esteem as a country that, in many respects, is a model for others to emulate. The Sultanate today is well-regarded as an influential and responsible member of the international community that has prudently utilised its limited oil wealth for the good of its people, and continues to build cooperative ties with its neighbours and countries across the world.

Today's progressive, modernising and forward-looking Oman takes its inspiration from the wise policies of His Majesty Sultan Qaboos, Architect of the country's modern Renaissance. These policies, forged at the dawn of the Renaissance in 1970 when Oman was an impoverished and isolated Arabian backwater, continue to form the bedrock upon which the country's future prosperity will be secured.

There are numerous examples to show that His Majesty's enlightened policies have paid great dividends. The most significant, by far, is the publication in May this year of the annual Global Peace Index (GPI), which rated Oman as the most tranquil in the Middle East. The Sultanate was also ranked 25th in the Global Peace Index — a catalogue of 140 countries, from Afghanistan to Zimbabwe, listed according to their peacefulness and covering of a broad range of 24 indicators measuring both internal and external peacefulness of nations.

This enviable ranking was a robust endorsement of the wise policies and benevolent leadership of His Majesty, under whose stewardship over the past nearly four decades, the country has risen to such lofty heights of relative tranquillity. Indeed, peace, reconciliation, mutual understanding, non-interference and cooperation are the cornerstones of His Majesty the Sultan's foreign policy — guiding principles that have secured for the Sultanate lasting peace on its borders and an enduring image beyond as a friendly, tolerant and peaceable country.

Not surprisingly, His Majesty was conferred in March 2007 the prestigious Jawaharlal Nehru Award for International Understanding, the top prize presented by the Government of India to prominent international figures in appreciation of their domestic and international efforts for achieving peace, security, justice and equality. Past winners have included such iconic figures as Aung San Suu Kyi, Yasser Arafat, Nelson Mandela and Mother Teresa.

His Majesty was cited for promoting "goodwill and friendship among peoples of the world". "The Sultan has emerged as a leader who is much loved and admired not only by his own people but also by the entire region," an official Indian spokesman had declared in announcing the award. His Majesty the Sultan "has completely transformed Oman into a modern and prosperous state," the statement said.

Indeed, the award underlines the worldwide esteem that His Majesty the Sultan enjoys. This universal regard for His Majesty stems from the political, economic and social values set by His Majesty who is a model for those desirous of achieving comprehensive and sustainable development for their nation and their people. The Nehru Award was the latest in the long list of singular honours bestowed on His Majesty in recent years.

Oman has pursued cooperative and harmonious ties with all countries of the world, most notably with fellow members of the Gulf Cooperation Council (GCC) and the Arab world in general. With the Gulf states, Oman has taken vigorous steps to promote a greater integration with the Gulf bloc, at the political, economic, security and social levels.

## **GCC ties**

At the 28th GCC Summit in Doha last December, His Majesty the Sultan joined fellow leaders in discussing avenues for further cementing their brotherly ties. Joining the leaders as a special invitee was Iranian President Mahmoud Ahmedinejad, underlining the common desire of the GCC bloc for better ties with Tehran.

The Doha summit concluded with a landmark declaration with regard to the creation of a Gulf common market with effect from January 1, 2008. The leaders also agreed on steps to support initiatives towards establishing a GCC railway, and power and water grid, and even explore the potential for civilian nuclear energy to meet the region's escalating energy demands. Muscat will host the 29th GCC Summit this year.

His Majesty continues to extend considerable attention to a host of Arab causes that have long eluded resolution, notably the long-standing Palestinian question. Oman backs the Arab peace initiative in ending Israel's occupation of the Palestinian territories leading to the creation of a sovereign and independent Palestine.

The Sultanate has also welcomed initiatives to bring political stability to war-torn Iraq, and has voiced hope that Iraqis of all affiliations and backgrounds rally around a common desire to pursue peace and prosperity for the entire population. In line with this objective, a high-level Omani delegation made a landmark visit to Baghdad in June in an expression of solidarity and support for the Iraqi people. The delegation, led by the Secretary-General of the National Economy Ministry, pledged support for Iraq's reconstruction effort.

Oman also warmly applauded the successful outcome of talks in Doha to end the political stalemate in Lebanon. The Sultanate has been part of a ministerial committee set up under the auspices of the Arab League, which has been interacting with all parties involved in the Lebanese crisis in the hope of nudging them towards a solution.

Keen to foster closer ties with countries far and near, His Majesty travelled to a number of countries for talks with world leaders, while also playing host to several visiting heads of state and high level dignitaries. In February this year, His Majesty received Shaikh Hamdan bin

Zayed al Nahyan, Deputy Prime Minister of the UAE, who had led his country's side at the Oman-UAE Joint Supreme Committee meeting.

Underscoring the deep-rooted ties between Oman and the United States, three top-level US personalities visited Muscat during the course of this year, notably Vice-President Dick Cheney, Secretary of Defence Robert Gates, and Admiral William J Fallon, Commander of the US Central Command.

His Majesty has maintained a tradition of consulting closely with Arab leaders on a wide spectrum of regional and international issues, offering enlightened counsel and receiving new perspectives and insights. Thus, in March, His Majesty received King Abdallah II of Jordan for talks on issues of common interest. More recently, His Majesty met with the leaders of the UAE and Egypt during a private visit to these brotherly countries.

#### **Bilateral links**

His Majesty's government has also keenly pursued efforts to build bridges of friendship and cooperation with all the countries of the world. During the course of the year, Oman established diplomatic links with Andorra and celebrated the opening of its consulate in Belarus. Blossoming relations with Kazakhstan also received a major boost during the year with the visit of Kazakh President Nursultan Nazarbayev in March. Both sides signed MoUs for cooperation in the fields of science and education, as well as facilitate travel by holders of diplomatic passports.

On the domestic front, His Majesty continued to provide leadership and guidance to his government in the pursuit of the country's continued modernisation and welfare of the Omani people. A major preoccupation for His Majesty's government this year has been the effects of the global phenomenon of rising inflation on the local population. Surging food, commodity, building material, steel and property rental prices prompted His Majesty to order measures to mitigate the effects of these increases on the cost of living of ordinary people.

At the same time, His Majesty issued Royal orders for increases in the monthly wages of thousands of government employees, as well as hikes in payouts to low-income families entitled to social welfare. His Majesty also directed the government ministries and departments concerned to take necessary steps to ensure availability of food staples, and monitor any unwarranted increase in the prices of essentials. Subsidies were announced on flour imports, while the Property Law was amended to curb the spiral in property rents. These initiatives have contributed significantly in stabilising inflationary trends and calming consumer concerns.

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## **Majlises shoulder major role in nation-building**

**The Majlis Oman includes the Majlis Addawla and the Majlis Ash'shura in an integrated system that provides a platform for effective exchange of views aimed at supporting the government efforts**



**His Majesty Sultan Qaboos presided over a joint meeting of the Council of Ministers and Majlis Ash'shura at Hisn Ash'shumookh in Manah on February 26. His Majesty the Sultan praised the efforts of the government and the Majlis in shouldering their responsibilities towards the country and its citizens. His Majesty the Sultan gave his Royal directives to members of both the councils to join hands, maintain continuous co-ordination to implement the country's development plans efficiently and utilise all resources to achieve more progress, prosperity and welfare.**

**T**HE Majlis Addawla and the Majlis Ash'shura are shouldering a major responsibility in the comprehensive development of the country, serving as the voice of the people. These responsibilities have increased with the social and economic expansion witnessed by the Sultanate, including the population growth and the implementation of a number of major economic projects across the country.

The Majlis Oman (Council of Oman) includes the Majlis Addawla and the Majlis Ash'shura in an integrated system that provides a platform for effective exchange of views aimed at supporting the government efforts. During a joint meeting of the Council of Ministers and the Majlis Ash'shura, His Majesty Sultan Qaboos praised the efforts of the government and the Majlis in shouldering responsibilities towards the country and citizens.

His Majesty the Sultan gave directives to members of both the councils to join hands and maintain continuous co-ordination to implement the country's development plans efficiently and utilise all resources to achieve more progress, prosperity and welfare. Members of the Council of Ministers and Majlis Ash'shura expressed deep thanks and appreciation to His Majesty for his wise directives. They also pledged to take these directives into consideration while shouldering national commitments to achieve welfare for Omani citizens and safeguard the renaissance achievements under the wise leadership of His Majesty the Sultan.

The Majlis members expressed delight with the speech of His Majesty the Sultan before the Majlis Oman and the Council of Ministers. They appreciated the Royal call to intensify joint efforts and enhance co-operation with the state's institutions, especially the Majlis Ash'shura in order to reach common visions that take into consideration the priorities of development and requirements of each stage.

A meeting between the Council of Ministers and the Majlis Ash'shura was attended by His Highness Sayyid Fahd bin Mahmood al Said, Deputy Prime Minister for the Council of Ministers, Shaikh Ahmed bin Mohammed al Isa'ee, Chairman of the Majlis Ash'shura, and members of both councils.

The meeting reviewed a number of issues related to co-operation between the two councils. It looked into mechanisms of activating joint co-operation between the two councils to ensure further progress in serving the future goals of the Sultanate's comprehensive development march.

During the year, the Majlis Addawla set up five panels comprising members with scientific and professional background. An official session of talks between the Majlis Ash'shura and the European Parliamentary delegation was held in Oman. The talks touched on co-operation between the GCC and the EU countries and ways of strengthening them, particularly activation of a free trade agreement between the two bodies. The session touched on a framework of dialogue between the two sides.

The Majlis Ash'shura recently approved the income tax draft law referred to it by the Council of Ministers. Tax reduction on profits of corporates is one of the incentives to encourage local investment and lure direct foreign investments to the Sultanate. The Majlis hailed the initiatives taken by the government, as per the directives of His Majesty the Sultan, to alleviate the impact of inflation.



**Dr Yahya bin Mahfoudh al Mantheri, Chairman of the Majlis Addawla, presides over a session of the Majlis in February.**

### **Priorities**

The importance of providing appropriate environment and encouraging investments in the Sultanate in non-oil sectors to diversify the sources of income and creating more job opportunities was highlighted by the Majlis members. The Majlis hosted Mohammed bin Nasser al Khusaibi, Secretary-General of the Ministry of National Economy and Chairman of Telecommunication Regulatory Authority (TRA), who spoke on the development of telecommunications services in the Sultanate.

The establishment of TRA in May 2001 was part of a government initiative to liberalise and develop the telecom sector, he said. Since its establishment, the TRA has been implementing a strategic plan to liberalise the sector and introduce competition in a fair and transparent manner, he added.

As part of the attention accorded by His Majesty Sultan Qaboos in the importance of continuing meeting between the Council of Ministers and the Council of Oman to maintain co-operation among the state institutions, a joint meeting between the Council of Ministers and the Majlis Ash'shura Office Panel was held at the Council of Ministers in the presence of HH Sayyid Fahd.

He pointed out the government's interest in activating the role of the Majlis and enabling it to shoulder its national commitments in the service of the Royal objectives outlined by His Majesty the Sultan. The council members reviewed a number of issues which enhance co-operation between the two councils to achieve further progress in the development process.

The chairman and members of the Majlis Office Panel expressed appreciation for the interest shown by His Majesty the Sultan to their role in national work. Dr Yahya bin Mahfoudh al Mantheri, Chairman of the Majlis Addawla, hosted Keith Vaz, member of the British House of

Commons and Chairman of the Supportive Committee for Internal Affairs at the House, and his delegation.

Dr Al Mantheri commended the good bilateral relations and stressed the importance of such meetings in enhancing relations and exchanging views on issues of common concern, especially in parliamentary fields. The guests expressed appreciation for the visit and the good opportunity it provided them to meet officials to exchange expertise in parliamentary fields and issues of interest for both countries.

They also commended Oman's progress in various spheres under the wise leadership of His Majesty Sultan Qaboos. Al Isa'ee also received Vaz. The British officials underlined the importance of increasing co-ordination between the two councils. The Majlis Ash'shura approved a report of the health and social committee on its study of a food safety draft law referred by the government.

The draft law will ensure citizens' health and safety are not endangered by expired foodstuff or foodstuff exposed to improper storage. The Majlis Addawla in a meeting expressed deep thanks and gratitude to His Majesty Sultan Qaboos for issuing Royal orders to provide basic food commodities all over the Sultanate, reduce the price of flour and increase the salaries of employees of the state administrative apparatus and social security families.

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## In defence of the homeland

**His Majesty the Sultan took great care in making the Armed Forces a defence body that enjoys high levels of combat abilities. Among the top priorities of the strategy is the diversification of weaponry and the grooming of military personnel to international standards. The SAF never deviates from the pledge proclaimed in its sacred oath of "Faith in All, Loyalty to the Sultan and Defence of the Homeland"**



**The SAF has been supplied with the latest military equipment, including tanks, armoured personnel carriers, missile launching systems, artillery, fighter and transport aircraft, warships, vessels serving in a variety of services, a full range of telecommunication facilities designed for supporting military action and a network of air force and naval bases.**

**T**HE Sultan's Armed Forces (SAF) is one of the major landmarks of the Sultanate's blessed renaissance led by His Majesty Sultan Qaboos, the Supreme Commander of the Armed Forces.

The strategy adopted in developing the SAF depends on accurate and comprehensive planning. In this respect, the SAF seeks the assistance of highly qualified personnel who are capable of handling advanced technology that emerges worldwide in the military field.

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The SAF never deviates from the pledge proclaimed in its sacred oath of "Faith in All, Loyalty to the Sultan and Defence of the Homeland". The departments of the Ministry of Defence and the Royal Guard of Oman (RGO) have witnessed continuous modernisation during the years of the blessed renaissance. The development covered all areas of organisation, training and armaments.

### **The Sultan's Armed Forces (SAF)**

The development of the SAF stems from the rationale that loyal soldiers are the foundation for safeguarding the achievements of the renaissance. The SAF has been supplied with the latest military equipment, including tanks, armoured personnel carriers, missile launching systems, artillery, fighter and transport aircraft, warships, vessels serving in a variety of services, a full range of telecommunication facilities designed for supporting military action and a network of air force and naval bases. A project is in place to link the bases together in one uniform command and control system. The aim is to enable the SAF to shoulder its responsibility in the country's defence.

### **The Royal Army of Oman (RAO)**

Thanks to the attention of His Majesty Sultan Qaboos, the RAO has become a military force to be proud of. Its infantry brigades and support formations have been supplied with hi-tech weapons. In the meantime, a comprehensive training programme is pursued to ensure proper management of battlefield operations.

While every care is taken to develop formation to perform the role assigned to it, the units have been made to complement each other with a set of fire management, defence tactics and air defence weapons added. As part of the RAO's ongoing development process, a variety of military facilities were added recently in fire management, defence tactics, combat tanks, automatic artillery, reconnaissance vehicles, various types of transport vehicles and personal arms. Modern supply systems and Internet systems were also added.

The Firqah Forces serve as an integrated system. The formation enjoys all sorts of training, service and telecommunication facilities. The SAF also boasts a high-level medical services department serving military personnel within the RAO. Its units are supplied with a variety of diagnostic, laboratory and surgical facilities. Besides offering medical support to the troops, this department helps in evacuation and development operations. The SAF Medical Services School grooms medical staff and distributes them to serve in the different divisions of the SAF.

### **The Royal Air Force of Oman (RAFO)**

The capabilities of the RAFO have witnessed great development after the introduction of modern aircraft suitable for combat, transport and interception. The RAFO also boasts a large number of Hawk and Jaguar aircraft. Another qualitative shift in the RAFO's modernisation is the recent purchase of Super Lynx-300 helicopter which operates in support of the Royal Navy of Oman's missions to protect the Omani coast. This comes as part of coordination between the two armed wings, air force and navy.

NH-90 is yet another valuable addition to the RAFO for combat and landing missions, as well as search and rescue operations. This type of aircraft offers support services to citizens in harsh or inaccessible terrain. One of the RAFO's leading projects is Musanaa Airbase which is being designed to receive modern fighter aircraft.

The RAFO gives aerial support to other SAF wings during refresher exercises as well as exercises carried out jointly with the armed forces of other GCC or friendly countries for improving the skills of the SAF personnel. In January 2007, a contract was signed to purchase two Airbus A320-300 aircraft to replace transport aircraft BAC1-11.



**The capabilities of the RAFO have witnessed great development after the introduction of modern aircraft suitable for combat, transport and interception. Right: The RNO has become a full-fledged fleet that boasts advanced armament and it merits the respect of all. Its flotilla includes well-known artillery ships, rapid missile launching vessels and ships for support activities, training and hydrographic survey.**

### **The Royal Navy of Oman (RNO)**

Due to the Sultanate's strategic position at the gateway to the Arab Gulf — particularly the Strait of Hormuz, which is considered one of the most important water passages in the world, the Sultanate found it necessary to build a modern naval force to guarantee a permanent strong presence around this vital regional location for the sake of safeguarding the country's national, strategic, security and economic interests.

The RNO has become a full-fledged fleet that boasts advanced armament and it merits the respect of all. Its flotilla includes well-known artillery ships, rapid missile launching vessels, and ships for support activities, training and hydrographic survey. The RNO vessels safeguard the secure passage of oil tankers through the Strait of Hormuz, besides providing naval transport for the SAF units along the Sultanate's coast.

Another important role played by the RNO vessels is the protection of the Sultanate's marine wealth, including fisheries stocks. The RNO signed Khareef project's contract which provides for the building of three naval vessels. The contract, signed with Vosper Thornycroft company of Britain, comes as an advanced step in the modernisation of the RNO to raise its combat potency.

The Said bin Sultan Naval Base is, by international standards, an important naval installation in the region. Its establishment took into account the need to meet the operational, training and logistic requirements of the RNO. The base comprises a set of engineering and maintenance centres.

The naval training centre of the Said bin Sultan Naval Base has been approved as the centre of GCC countries' IT operations due to its ideal performance. The purpose is to reach a basic criterion for the development of the use of computer as a means of all institutions merging into the digital society project.

To reinforce information technology's knowledge among personnel of the RNO and within the context of the overall development of the navy, the International Licence Organisation (GCC region) approved the Naval Training Centre at the Said bin Sultan Naval Base as a professional training institution to help RNO join other state bodies in the digital society transformation process.

### **The Royal Guard of Oman (RGO)**

The RGO has also received the full attention of His Majesty Sultan Qaboos since its inception in 1970. Today the RGO boasts an excellent level of competence and combat ability. The RGO is an independent military formation with many infantry, artillery and armoured units that are provided with the latest equipment to cater to the needs of such a high-level service.

The RGO also comprises modern educational, technical and administrative units. It lays special emphasis on the training of its personnel to provide them with world standard skills. The RGO technical college is now offering certificates similar to those obtained in the United Kingdom.

The RGO's Royal Oman Symphony Orchestra and the RGO red helmets team have made Oman well-known in international events due to their outstanding performance in musical and sports show events. The SAF Engineering Services This unit provides vital engineering support during military exercises, besides other necessary services like the supply of water and electric power to military installations.

It also drafts designs for the construction of buildings and carries out maintenance tasks in roads and camps. The department built the Ramlat Shaaith road across the Rub el Khali (Empty Quarters) sector in Oman, which was a dream that turned true. This unit is also keen on landscaping. It uses an average 175 million gallons of treated water to grow and support trees in the Governorate of Muscat, in addition to water from the Bait al Falaj stream for the same purpose.

### **The National Survey Authority**

Since its establishment (in 1984), the National Survey Authority has shouldered the responsibility of producing military and civil maps and aerial imaging operations all over the Sultanate. It plays an important role in border demarcation and providing geographical support and training to other map-making departments.

The Survey Sciences and Map-Making Institute was established at the authority's premises. The institute offers National Survey Diploma and trains military as well as civil personnel operating in the field. It organises short specialised courses for the participants. The authority has a wide network of modern graphic and programming facilities to help it in its technical tasks.

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## **Diversification plans making headway**

**Oman is targeting non-oil exports to touch RO 2,750 million by 2010. This indicates an almost five-fold growth during 2005-2010, with a compounded annual growth rate of 38 per cent. To attract investors, the government steps in as a strategic investor**

**T**HE Sultanate's economic diversification programme is making headway with the recent commissioning of mega gas-based industries. The Oman Polypropylene, Oman Methanol and Sohar Aluminium have already started production, while several other industries are expected to go on stream in the next couple of years.

These industries and its downstream ventures, which are in line with the priority attached to economic diversification, will not only enable the country to earn valuable foreign exchange but also generate employment opportunities for national cadres.

With the commissioning of few export-oriented industries, the country's non-oil exports soared by 60 per cent to RO 1.3 billion in 2007 from RO 813 million in the previous year. The jump in non-oil exports was primarily due to the export of fertilisers by the Oman India Fertiliser Company (Omifco), which began operations in 2005.

The growth achieved in 2007 cannot be seen as a blip, since in the last three years, annual non-oil export growth had consistently been above 30 per cent. And going by the prospects of a large number of export-oriented industrial projects starting actual operations within a couple of years, the momentum on the non-oil export front could be expected to be sustained over time.

As per projections made by the Omani Centre for Investment Promotion and Export Development (Ociped), Oman is targeting non-oil exports to touch RO 2,750 million by 2010. This indicates an almost five-fold growth during 2005-2010, with a compounded annual growth rate (CAGR) of 38 per cent.

Among the gas-based industries, majority of projects are coming up in Sohar. It is estimated that a combined investment running over \$13 billion are planned in Sohar, which are mostly private-public initiatives. These ventures have already attracted substantial foreign direct investment and are using state-of-the-art foreign technology.



**Among the major industrial ventures in Sohar, Oman Polypropylene has started commercial production.**

To attract investors, the government steps in as a strategic investor besides investing heavily in building an infrastructure conducive to the growth of industrial ventures. Among the major industrial ventures, Oman India Fertiliser, Sohar Refinery, Oman Polypropylene, Oman Methanol and Sohar Aluminium have started commercial production.

Other major industrial ventures coming up in the country include Shadeed Iron and Steel, a palletising plant, Sohar International Urea and Chemicals Industries, Oman Petrochemical Industries Company and Aromatics Oman. The \$969 million Oman India Fertiliser project has already made hefty gains by exporting fertiliser products to India — a co-promoter of the multimillion dollar venture. This has also given the much-needed impetus to non-oil exports.

Also, the \$1.2 billion Sohar Refinery meets the country's growing demand for refined petroleum products and provide feedstock for a couple of petrochemical ventures coming up in Sohar. Jointly owned by the government and Oman Oil Company, the SRC plant has a crude unit with a capacity of 116,400 barrels per day (bpd) and a residue fluid catalytic cracking unit with a capacity of 75,260 bpd. The major products of the new refinery include propylene, LPG, straight run naphtha, regular unleaded gasoline, premium unleaded gasoline, aviation fuel, diesel, fuel oil and sulphur.

The refinery, which heralds a new era in downstream oil activities in Oman, operates in the maximum olefin mode to produce 327,000 tonnes per year, which serves as feedstock for the polypropylene project of Oman Polypropylene. Sohar Aluminium Company (SAC), which started commercial operation in June this year, is considered as one of the largest industrial ventures that could change the face of Sohar.

With an investment of roughly \$2.3 billion, it is the single biggest industrial undertaking in the Sultanate. SAC is backed by Oman Oil Company (OOC) and the Abu Dhabi Water and Electricity Authority (ADWEA), which have a 40 per cent stake each, with Canada-based Alcan Inc holding the remaining 20 per cent ownership.

The 325,000 tonne per annum aluminium smelter is located adjacent to Sohar Industrial Port Area. The company is the first smelter in the world to pioneer use of "best-in-class" Pechiney AP35 technology. Alcan provides the smelting technology and technical assistance, besides serving as the metal off-taker.

The project, which is expected to contribute two per cent to the gross domestic product (GDP), offers significant socio-economic benefits for the Sultanate. The first petrochemical project that went on stream in Sohar was a polypropylene project — a significant industry that enhances non-oil exports.

The Oman Polypropylene, jointly promoted by Oman Oil Company, Bahrain-based Gulf Investment Corporation and LG International, was set up with a capital expenditure of \$313 million. The project has an installed capacity of 340,000 tonnes per annum of polypropylene in pellets form, covering various grades for a variety of applications.

OPP has an off-take agreement with LG International for selling its products. Most of the output of OPP is for overseas market, with the remaining quantity used locally by ancillary industries. Another petrochemical venture that started shipment is Oman Methanol Company (OMC), which has a capacity to produce 3,000 tonnes per day. OMC is jointly owned by Methanol Holdings (Trinidad) Limited, Omar Zawawi Establishment and MAN Ferrostaal AG.

The company has an off-take agreement with HELM AG. Apart from becoming increasingly important as a very flexible energy source and as a co-component for bio-diesel, methanol is a key chemical intermediate for several industrial chemicals, including polyesters, acrylics and formaldehyde resins.

Sohar International Urea and Chemical Industries (SIUCI), another gas-based venture promoted by private entrepreneurs, is also set to commission its plant within few months. With an estimated capital expenditure of \$638 million, the project will use natural gas as feedstock to produce 2,000 tonnes of ammonia and 3,500 tonnes of granular urea per day. Granular urea will be exported globally under a long-term off-take agreement already entered into with the US-based Transammonia Inc.

Promoted by a prominent Omani business house Suhail Bahwan Group, the company will enhance Oman's fertilizer production and non-oil exports, especially to Asian markets. Oman Petrochemical Industries Company's (OPIC) world-class plant will produce 1 million tonnes of high quality polyethylene per annum to generate an annual turnover of \$1 billion.

The OPIC project, a 50:50 joint venture of Oman government and Dow Chemicals, will use a proven technology. Located in the Sohar Industrial Port Area, the petrochemical complex will comprise feedstock production facilities, a gas cracker, as well as three world-scale polyethylene production units based on state-of-the-art catalyst and process technology.

The joint venture will facilitate development of downstream industries in Oman that will convert polyethylene to end-products, thus enhancing the level of job creation. Another exciting industrial venture of Sohar's petrochemical hub is a world-class petrochemical complex, which is taking shape at the Sohar industrial area.

The \$1.6 billion-Aromatics Oman unit will have a paraxylene plant to produce 814,000 tonnes of paraxylene and 210,000 tonnes of benzene per year. Aromatics Oman's entire output is initially slated for export, but there could be significant potential for investment in downstream industries within the country in the near future.

Paraxylene is a key raw material in the production of polyester fibres and PET plastic bottles. Another significant venture is Shadeed Iron and Steel, which is building an integrated steel complex at the Sohar Industrial Port — a project that has the potential to catapult the Sultanate into the select ranks of steel-producing nations.

Backed by UAE-based business house Al Ghaith Holding, the company will initially invest around \$350 million in the construction and management of a world-class steel plant. Investments could total as much as \$750 million when subsequent phases are implemented, leading to the creation of a giant facility rivalling in size plants already in operation in Saudi Arabia and Qatar.

In the first phase, Shadeed Iron and Steel is building a plant designed to produce around 720,000 tonnes of hot briquetted iron (HBI) including 500,000 tonnes of steel billets. Like the smelter project, the steel plant will contribute significantly to the country's gross domestic project, as well as attract investment in downstream industries based on the use of steel.

Although few more international firms have evinced interest in setting up ventures in Sohar, the authorities are not in a position to commit natural gas for these industries. The present gas production has been committed for the liquefaction plant and for various industries. Further, the global mining giant Vale is considering building an iron ore palletising plant at the port at an estimated initial investment of \$900 million. The company signed a memorandum of understanding with Sohar Industrial Port Company to conduct a feasibility study for setting up a plant at the industrial port.

According to the proposal, Vale will bring in iron ore to manufacture 7.5 million tonnes of iron ore pellets per annum. The idea is to use Sohar as a base from which Vale can competitively transport iron ore pellets to its growing portfolio of customers in the Middle East, the Indian sub-continent and South East Asia.

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## Multinational oil giants gain prominence

**The country is targeting to produce 790,000 bpd of crude oil this year, which is against an output of 710,000 bpd last year. The majority state-owned company, Petroleum Development Oman, is expected to contribute around 550,000 bpd this year. However, the country's oil production is expected to touch 900,000 bpd by 2011**



**T**HE Sultanate is encouraging multinational oil giants to develop the country's difficult oil fields on production sharing basis. More than 10 offshore and onshore blocks have been awarded to international oil giants in the past three years. The companies that signed these pacts include Tethys Oil, Reliance Industries, Circle Oil, PTTEP, Rak Petroleum, Indago Petroleum, British Petroleum and British Gas.

Among these, a landmark concession agreement for boosting gas production was signed with British Petroleum (BP). The concession for Block 61 covers some 2,800 sq km, including the Khazzan and Makarem gas fields in central Oman. BP is expected to invest around \$750 million over the next six years to develop the block, which has huge gas potential estimated at around 30 trillion cubic feet (tcf).

Few years ago, an important deal was struck with Occidental and few other partners for jointly developing the potentially prolific Mukhaizna oil field in central Oman. The project, estimated to cost \$3 billion over a 30-year life span, is expected to contribute significantly to the oil production in the coming years.

The partners of the venture are local subsidiaries of a number of oil majors and investment firms, notably Occidental Mukhaizna, Shell Oman Trading Company, Liwa Energy, Total E&P Oman, Partex (Oman) Corporation, and Oman Oil Company (OOC). Occidental is deploying thermal enhanced oil recovery (EOR) techniques to extract some 1 billion barrels of heavy crude from the Mukhaizna field.

Production is expected to peak at around 150,000 barrels per day by 2010 from merely 10,000-12,000 bpd now. In a move to boost hydrocarbon production, the majority state-owned Petroleum Development Oman (PDO) is investing heavily on EOR programmes. Of the anticipated production of 790,000 barrels per day (bpd) in 2008, PDO is expected to contribute 550,000 bpd or 70 per cent of total output. This is against 80 per cent contribution from the national oil company.

PDO has been investing billions of dollars, especially for implementing EOR schemes in Qarn Alam, Marmul and Harweel, to enhance output from ageing oil fields. The plan is aimed at raising the national oil company's production to 700,000-750,000 bpd by 2011 from 561,000 bpd last year. The country is targeting to produce 790,000 bpd of crude oil this year, which is against an output of 710,000 bpd last year. The majority state-owned company is expected to contribute around 550,000 bpd this year. However, the country's oil production is expected to touch 900,000 bpd by 2011.

The engineering, procurement and construction (EPC) contract was awarded for the Qarn Alam steam injection project which is expected to start production by 2010. Similarly, Marmul polymer flooding project in southern Oman has already been awarded. These two large projects are in addition to the Harweel miscible gas injection project, which is well under way.

In fact, PDO is one of the few oil companies in the world that is executing world-scale projects in each of the three EOR types — thermal, chemical and miscible gas. Last year, PDO discovered large volumes of oil and natural gas in a new field and an extension to an existing field.

The company has discovered oil at the Budour Northeast oil field and rock formation at Rahab-Southeast field. Both fields are located in south of Oman.

The newly discovered gas field — Simr — is close to the existing Saih Nihayda gas field in central Oman, where PDO operates one of its four gas processing plants. PDO is concurrently executing eight new field development projects, each of which is valued at over \$100 million, and a further 50 new field development projects worth between \$20 million and \$100 million each.

The national oil company is now concentrating on large fields, leaving the cluster of small fields to foreign companies for development. This will help the national oil company to dedicate its resources to larger fields. Around 80 per cent of PDO's oil production is coming from 20 per cent of its wells. The company has awarded a service contract to Indonesian energy firm MedcoEnergi to develop a cluster of 18 small fields in the Nimr Karim area of southern Oman, which produce 18,000 bpd.

Subsequently, PDO has awarded a contract to Petrogas to develop a cluster of 18 small oil fields in Rima area of southern Oman. The 15-year service contract is aimed at raising a quick and cost-effective way of production levels in these fields, which contain more than 500 million barrels of oil and are currently producing about 2,000 barrels of oil per day.

Natural gas is gaining prominence as an important source of export revenue and partly compensates a fall in oil output. The government has been taking several initiatives to enhance natural gas production to meet emerging demand from both industries and liquefied natural gas plants in Sur.

Demand for natural gas as a feedstock is expected to soar as several petrochemical and other manufacturing industries are lined up to be supplied with gas in the next two to three years, making Sohar Industrial Port Area a major natural gas consumption hub in the country. Consumers who have signed long-term pacts with government for supplying gas include Oman Polypropylene, Oman Methanol, Sohar International Urea and Chemical Industries, Shadeed Steel, and Sohar Aluminium, among others.

Also, Oman LNG and Qalhat LNG are consuming a major chunk of natural gas to produce more than 10 million tonnes per annum of liquefied natural gas (LNG) for exports. PDO, which is the single largest natural gas producer in the country, has been investing heavily for gas exploration, treatment plants and pipeline networks.

The share of natural gas and condensates in PDO's total production has been growing in recent years. The government is anticipating an output of more than 72 million cubic metres per day of natural gas this year. Dolphin Energy is expected to supply natural gas soon, which will marginally enhance availability of gas in the country. Dolphin Energy will supply Qatari gas to the tune of 200 million cubic feet per day using an existing pipeline, which currently delivers Omani gas to a power station in the UAE.

Since early 2004, Oman has been supplying 135 million cubic feet of gas per day to the UAE. This was for Dolphin's first energy initiative — to deliver gas to the Qidfa power and desalination plant of Union Water and Electricity Company (UWEC) in the UAE. There has been a special focus on gas pipeline network as well. In line with the move, Oman Gas Company (OGC) is embarking on a major expansion of its gas transportation infrastructure aimed at keeping pace with the rapidly growing demand for natural gas around the country.

New gas pipelines and compression stations are on the anvil, designed to serve customers in Sohar, Barka, Salalah and elsewhere around the Sultanate. It is entering a new phase in growth, which will result in a significant expansion of the gas pipeline network from approximately 2,000 km at present to around 2,500 km by 2009.

OGC will undertake a number of gas compression projects aimed at augmenting the company's gas supply capacity. Envisaged is a new 24-inch, 45 km pipeline from Murayrat to Barka, designed to supply gas for a second independent water and power project (IWPP) planned at Barka. Another 32-inch, 250 km pipeline is planned from Saih Rawl to Salalah aimed at enhancing gas supply to consumers along the pipeline.

Also, OGC will provide a 32 km pipeline link to the giant Mukhaizna field in south Oman where a major EOR project is being executed by

Occidental Mukhaizna. These and other projects will add around 500 km of new pipelines to OGC's gas transportation network. OGC is also set to make its first foray into gas compression activities. The company is building new compression stations at Al Buraimi and Fahud. These investments will help OGC meet the strong growth in natural gas demand, thereby helping fulfil the aspirations of the government.

## Charting a course towards alternative fuels

**Energy-hungry Oman is exploring alternative energy sources, including renewable like solar and wind energy, to meet burgeoning demand for electricity fuelled by the country's robust industrial and economic growth**

OMAN'S power and related water sector is on the threshold of a new era as it charts a new course for its ongoing development — a future characterised by the increased use of greener alternative fuel sources and renewables. It's a measure of an industry coming of age amid a global shift towards clean energy and sustainable development.

Having put in place a new market structure and a regulatory framework underpinned for the Law for the Regulation and Privatisation of the Electricity and Related Water Sector (the Sector Law) promulgated by Royal Decree 78/2004, the sector is looking to make inroads into non-gas-based energy sources to fuel the country's rapidly escalating energy demand. The Oman Power and Water Procurement Co SAOC (OPWP), a wholly owned subsidiary of the government-owned Electricity Holding Company (EHC), has projected significant growth in demand for power and water.



**THE Al Kamil power plant.**

In its seven-year outlook (2008-2014) issued in April this year OPWP forecast a demand for additional power capacity at between 1,800 MW and 2,500 MW for the Main Interconnected System (covering north Oman) by 2014. The MIS covers the Governorates of Muscat and Buraimi, and most of the South Batinah, Dakhiliya, Sharqiyah, North Batinah and Dhahirah regions, serving around 500,000 electricity customers.

To cater to this demand growth, OPWP plans to launch competitive procurement processes during this year, covering new green-field power generation capacity of 750-1,000 MW to be available from 2011-2012 and located at Barka and/or Sohar. Also envisioned in its procurement strategy for the 2008-2014 period is the expansion or redevelopment of the Al Ghubrah Power and Desalination Plant, which will include a new Independent Water and Power Project (IWPP) providing additional power capacity of up to 500 MW. This new capacity is proposed to be available from 2011-2012 and will be established alongside Al Ghubrah's existing plant.

In addition, OPWP's procurement strategy also provides for a new independent power project with a potential capacity of up to 1000 MW that may be required during the 2013-2014 time frame, according to its 7-year statement. OPWP's 7-year statement projects strong growth in power and water demand. The maximum power demand in the Main Interconnected System (MIS) is projected to grow from 2,682 MW in 2007 to 5,111 MW by 2014, reflecting an average annual demand increase of around 10 per cent or 350 MW per year. Under 'high case' assumptions, power demand is expected to top 5,806 MW by 2014, says the power and water procurer.

Demand for desalinated water in the MIS area is expected to increase from 88 million cubic metres in 2007 to 236 million cubic metres by 2014. This tripling of demand, according to OPWP, reflects a policy of reduced reliance on groundwater resources, as well as the effects of demand of population growth and economic development.

In the Salalah system, which serves Dhofar Governorate, the maximum demand for power is expected to grow from 251 MW in 2007 to 580 by 2014, corresponding to an average annual increase of around 13 per cent or 50 MW per year. Desalinated water demand in the Salalah area is not expected to increase beyond 24 million cubic metres per year, which will be catered for by the new Salalah IWPP.

The company is already overseeing the ongoing procurement process linked to the development of a new IWPP in Salalah of a capacity of 370-430 MW and 68,000 cubic metres per day (15 million gallons per day — MIGD) of desalination capacity. This process is due to be completed during the course of this year to a view to securing full availability of the plant by early 2011. Some 'early power' from the Salalah IWPP is expected to be available from 2010.

Three consortiums — Mitsui/Saudi Oger/W J Towell; International Power/Mubadala/National Trading Company; and Sembcorp Utilities — are in the race for a long-term concession covering the design, development, financing, construction and operation of the IWPP. A suitable site located between Taqah and Mirbat in Dhofar Governorate has been identified for the establishment of the IWPP.

The project will help cater to the burgeoning energy and potable water requirements of Dhofar Governorate. Salalah, already a promising tourist destination, is attracting sizeable investments in tourism projects, including a major integrated tourism development. A number of

large-scale industrial projects under development or planned in the Salalah Free Zone, as well as population growth in the governorate, has also boosted demand for electricity and water.

### **Duqm IWPP**

In Duqm, OPWP is exploring the potential for a new IWPP to support the development of a major port and industrial hub centring around a world-class ship repair yard. A huge refinery and petrochemicals complex is envisioned as well in this area. OPWP has commissioned a study to determine whether alternative fuels, such as coal, can be used to power a 1,000MW power and water generation plant at Duqm. Development of the IWPP is envisioned during the 2014-2015 time frame.

Significantly, OPWP is carrying out a review of potential fuels, other than natural gas, that can be used for domestic power generation and water desalination. Natural gas supplied by the Ministry of Oil and Gas presently constitutes the primary resource for power generation and water desalination in the Sultanate.

But rising demand for this finite resource — coupled with the realisation that natural gas if suitably used in value-added processing could yield greater economic dividends — is prompting a look at other potential fuels. In light of the substantial requirements and increasing opportunity costs of gas consumption, the government has asked OPWP to consider options for diversification away from an 'all-gas' strategy, and identify the potential use of other fuels for power generation and water desalination. Accordingly, OPWP intends to carry out a strategy review during 2008 to examine the options for fuel diversification.

Total gas requirements for power generation and water desalination in the Main Interconnected System (covering the Governorates of Muscat and Buraimi, and most of the South Batinah, Dakhiliya, Sharqiyah, North Batinah and Dhahirah regions) are expected to increase from 12.5 million standard cubic metres per day in 2007 to around 19.1 million sm<sup>3</sup> per day by 2014, based on forecast demand growth.

Fuel consumption for power generation in the Salalah System (serving Dhofar Governorate) was around 1.24 million sm<sup>3</sup> in 2007. Some 4.4 million litres of diesel were also consumed by the diesel-fired power plants of Raysut A&B stations during this period. By 2011, all generation in the Salalah System is expected to be gas-fuelled, with total fuel demand projected to rise to 2.4 million sm<sup>3</sup> by 2014. The cumulative combined gas requirements for the MIS and Salalah System, according to OPWP, are estimated at 1.7-1.9 trillion cubic feet (TCF) during the seven-year (2008-2014) period under review, based on an all-gas strategy.

### **Green fuel**

But spearheading Oman's foray into renewables is the Authority for Electricity Regulation, Oman, which was set up by the Sector Law to regulate the power and related water sector. Recently, the authority issued a landmark study that effectively charts a road map for the development of renewable energy resources in the Sultanate.

The study underlines the strong potential for developing the country's limitless access to solar energy through the establishment of large-scale solar thermal plants. It also identifies the long-term potential for a wind farm of up to 750 MW in the south of the country following interconnection of the northern grid and the Salalah power system.

The government is looking at all possible energy options, including renewable, to meet the country's economic growth and environmental objectives. Renewable energy, the authority says, offers several advantages. Renewables like solar and wind offer potentially significant economic and environmental benefits to the Sultanate, which currently depends almost entirely on fossil fuel (natural gas) for its electricity requirements.

Besides the obvious environmental benefits, renewable energy can also contribute to a more diversified fuel base. Also, because they are indigenous, they can contribute to security of supply, and reduce the need to import raw fuel or electricity from other countries. In particular, the study identified the need for a Designated National Authority (DNA) in Oman to administer clean development mechanisms (CDMs) to assist renewable energy investment (as spelt out by the United Nations Framework Convention on Climate Change).

According to John Cunneen, Executive Director of the Authority for Electricity Regulation, Oman, establishment of a DNA will provide investors additional financial benefit to support renewable energy investment in Oman, to the ultimate benefit of the Sultanate. As a first step towards the embrace of renewable energy, the authority is preparing the groundwork for the development of small-scale solar and wind energy projects in the rural areas of the Sultanate. Some of these projects will take the form of diesel hybrid systems.

The pilot projects represent the first step in a process that could potentially lead to investment in major solar thermal plants and wind farm projects, according to the electricity regulator. The study sets out a timeline for the staged implementation of renewable projects, starting immediately with small-scale pilots and followed by major projects, including Concentrated Solar Power Systems and wind farms in the long term.

The pilot projects are planned for potential implementation by the Rural Areas Electricity Company (RAEC) because they currently rely on expensive diesel-based power generation. Envisaged in the first stage is a 10kV solar photovoltaic/diesel hybrid project, a 20kV solar photovoltaic plant, and a 10MW grid connected wind farm.

Among other initiatives proposed during this phase is a feasibility study for a Concentrated Sohar Plant (CSP), a solar thermal technology that enables storage of heat recovered during the day for use at night thereby enabling continuous electricity production. The second stage will focus on the design and implementation of policies to support implementation of large scale renewable projects in Oman. The authority's study identified the need for policy instruments, such as tax credits, investment subsidies, feed-in-tariffs, renewable energy quotas, and so on.

## Robust growth a boon for the financial sector



**THE Central Bank of Oman.**

**T**HE Sultanate's robust economic growth has proved to be a boon for several sectors, especially the financial institutions. In recent years, the strong growth rate, fuelled by galloping oil revenue, has aided a phenomenal growth in demand for funds. With the entry of more and more players into the market, these financial institutions have been witnessing increasing competition. However, a robust growth in credit offtake and fee-based activities are helping banks to enhance their bottomline.

The Central Bank of Oman estimates say the total credit of banks soared by 49.7 per cent to RO 7.50 billion by end-April 2008. Also, total deposits held with commercial banks grew by 42 per cent to RO 7.49 billion. As a result, the combined net profit rose to RO 88.2 million for the four-month period of 2008 from RO 57.3 million posted for the same period last year.

A dynamic macroeconomic environment has contributed to a significant growth in the assets, deposits and loans of the banking sector in 2007. The combined net profit of all commercial banks in the country soared to RO 213.8 million in 2007 from RO 162.9 million recorded in the previous year, while total assets rose to RO 10.8 billion from RO 7.2 billion. Banks have posted a robust growth in both interest and non-interest incomes, partly driven by letters of credit, letters of guarantee and other service-oriented activities.

For another three years, the demand for funds is expected to continue at a steady pace which could offer ample opportunities for banks to grow. These include infrastructure projects, oil development programmes, gas-based industrial projects, integrated tourism ventures and hotels.

Investment in Al Duqm alone will run into billions of dollars for developing a modern port, a dry dock, an oil refinery-cum-petrochemical complex and a mega township. However, there could be a shift in sectors that require more funds this year. In the last couple of years, industrial ventures coming up in Sohar were driving demand for bank funds. However, a major chunk of demand for funds in the coming years is expected from oil development programmes, hotel projects and integrated tourism ventures, which are coming up in different parts of the country.

To boost revenue, banks are also focusing on non-traditional avenues like non-funded activities. In addition to this, stringent lending norms and recovery programmes have also been paying rich dividends in recent years. With sufficient liquidity in the financial system, financial institutions are in a better position to tap low cost funds.

Apart from special focus on low cost funds, banks are strengthening fee-based services like brokerage business. The buoyancy on the Muscat Securities Market helped the institutions to gain from better brokerage income and portfolio investment. The growth prospects in Omani banking sector have attracted few more new players, including foreign banks.

As a result, financial institutions are likely to witness competition from new players. For instance, Bank Sohar — a locally incorporated bank — is strengthening its operation with more products as well as branch network. Ahli Bank — a mortgage institution converted into a full-fledged commercial bank — is strengthening its position with new products.

Also, Bank of Beirut and Qatar National Bank have opened one branch each in Muscat to grab a share of the market. Another business house is also planning to set up a new bank — Oman Merchant Bank (OMB). The promoters have announced its plan for an initial public offering and listing of its shares in one of the international bourses.

As more and more banks evinced interest in Omani market, the central bank has placed entry barriers for new players planning to enter the banking sector in the country, which already has seven local banks. The banking regulator last year decided to double the minimum capital requirement of new commercial banks to RO 100 million from RO 50 million.

In the case of foreign banks planning to open branches in Oman, the minimum capital requirement has been raised to RO 20 million from RO 10 million. However, the new stipulation on capital is not applicable to existing local banks and branches of foreign banks. They will, however, be encouraged to enhance their capital base in the coming years.

The higher capital requirement is aimed at strengthening the health of local banks. With the additional capital, depositors will also be more comfortable. Bank Sohar recently raised its capital base to RO 100 million by way of the first call money of partly paid share to strengthen its asset base. National Bank of Oman is planning to raise RO 100 million by way of a bond.

Although capital adequacy ratio is stipulated at 10 per cent, majority of banks have achieved a higher capital adequacy ratio. But all are not that rosy for banks this year due to several stringent measures undertaken by the central bank recently. The CBO took monetary policies for checking inflationary pressure in the country and easing interest burden of common man.

These include raising the cash reserve requirement of commercial banks from 5 per cent to 8 per cent of total deposits and cutting lending ratio from 87.5 per cent to 82.5 per cent in a phased manner between August and November this year. Both these prudent measures are aimed at mopping up excess liquidity with banks and thereby indirectly controlling the inflationary pressure within the economy.

The cut in lending ratio is expected to have an impact on the bank's capacity to lend money, which in turn will help to check spiralling inflation. The deposit requirement of banks will go up, resulting in a higher demand for deposits in the short run, which will jack up deposit rates. Also, the high cash reserve ratio kept with central bank does not fetch any yield to commercial banks. Further, the interest margin of banks is expected to shrink with a half percentage point reduction in personal loan.

The interest rate ceiling on fresh personal loans of commercial banks has been reduced to 8 per cent from 8.5 per cent with effect from mid-June. The reduction is in line with the declining trend in interest rate in the international market, especially for dollar-dominated loans. This is the second time that the apex bank is reducing interest ceiling on personal loan this year, after a half percentage point cut in March.

The new rate is applicable to fresh personal loans, sanctioned after June 14 and existing borrowers will not gain from the reduction. Existing customers can negotiate with banks for bringing down their interest or close the loan and go for fresh loan with lower interest. There was no change in the interest ceiling of personal loan for more than three years, after fixing the maximum ceiling at 9 per cent on January 1, 2005.

In fact, the interest rate ceiling was reduced by one percentage point each in different phases from 13 per cent per annum in 1999. Commercial banks generally consider personal or consumer loan as a lucrative portfolio. CBO has stipulated a ceiling of 40 per cent of total loan portfolio as personal loan.

According to the CBO, the aggregate personal loan portfolio of all commercial banks put together touched RO 2,599.92 million by end-December 2007, constituting 39.9 per cent of total loan portfolio. Further, the maximum ceiling of mortgage finance has been raised to 10 per cent from 5 per cent.

While foreign banks are trying to enter Omani market, leading local institutions are looking at overseas markets for growth. BankMuscat is acquiring a strategic 35 per cent stake in Saudi Pakistani Commercial Bank. The bank is investing around \$80 million for acquiring a strategic stake.

Barring the Gulf region, BankMuscat is focusing on Asian countries for growth. This is mainly due to foreign trade and manpower flow between Gulf states and Asian countries. In India, BankMuscat has stake in two companies — HDFC Bank and Mangal Keshav. Also, BankMuscat, which opened a branch in Riyadh, is planning to strengthen its presence with a new financial services company. BankDhofar is also looking at opportunities to open branches in Qatar.

The non-banking finance companies are also getting better business with higher demand for lease funds and factoring services. The growth in the corporate sector, especially construction, is also driving the demand for lease funds. Leading players like the United Finance, Al Omaniya Financial Services and Muscat Finance have performed well in the first quarter. The banking regulator has decided to raise the minimum capital of non-banking finance companies to RO 20 million from RO 10 million by 2010.

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## **A 'must-see' destination for sophisticated travellers**

**Few other countries in the world have made the transition from a tourist unknown to holiday hotspot in less than a decade. Indeed, Oman has gone even further, having recently won a place among the world's top 10 destinations**



**THE Al Hoota Cave in the Dakhiliya Region. The Sultanate offers an increasingly diverse tourist product that appeals to tourist markets from Europe to the Far East.**

**A** BRIEF announcement earlier this year by concierge.com, a travel website of Condé Nast Traveler — one of the world’s most prestigious and influential travel publications — honoured the Sultanate with the highest accolade that every aspiring holiday destination yearns for — a place on its coveted Top 10 listing of the world’s best tourist destinations for 2008.

Oman, along with China’s Hainan Island, made the cut in concierge.com’s 2008 ranking of top 10 destinations, joining the likes of must-see destinations such as Paris, St Lucia, Puerto Escondido and the Oxacacan Coast in Mexico, Montenegro, Ecuador, Sicily, Mozambique and San Diego.

In including the Sultanate in its latest Top 10 destinations, concierge.com noted that Oman was becoming the destination of choice for the more eco-minded, adventurous, and sophisticated traveller. The mix of beautiful beaches with sublime year-round weather, traditional cities that retain a genuine desert culture and one-of-a-kind hotels was unbeatable, the website said, while explaining that its annual list of the top 10 is based on factors such as new crop of hotels, protected natural appeal, and with enough substance to make a journey worthwhile.

On the heels of concierge.com’s accolade came similar approval from the Today Show, America’s popular morning-show on TV and the Internet. Travel editor Peter Greenberg named Oman as an exciting and affordable destination for 2008 in spotlighted Oman in a review of hot travel trends covering upcoming destinations around the world.

Greenberg, considered America’s pre-eminent expert on travel, referred to Oman as “one of my favourites”. “You can fly directly in, but my favourite route is to go to Dubai first, then drive through the Emirates into Oman and the beautiful Musandam peninsula. And go swimming in the Arabian Sea with dolphins,” he said.

### **Salient blend**

Indeed, Oman is gaining rapid global recognition as a much-sought-after destination for discerning travellers. Not very long ago, its tourist appeal was largely limited to sun-and-sand seeking Western holidaymakers. Today, the country offers an increasingly diverse tourist product that appeals to tourist markets from Europe to the Far East.

The Sultanate is the only country in the region to provide such a salient blend of cultural, natural and ecological attractions with countless activities such as diving, desert safaris, mountain hiking and so on, all within a natural and well conserved environment, which is rarely found in neighbouring countries. The country is also increasingly capitalising on adventure tourism as its key competitive advantage and the offer that sets it apart from its neighbours.

Not surprisingly, the World Travel and Tourism Council (WTTC) has ranked Oman’s tourism economy among the fastest growing in the world. The Council’s 2008 Travel & Tourism Economic report on Oman expects the travel and tourism industry to grow from RO 2.496.5 billion in 2008 to RO 3.363 billion by 2018.

The sector is expected to contribute directly 2.1 per cent to the Gross Domestic Product (GDP) in 2008 (RO 362.8 million), rising in nominal terms to RO 617.2 million (3 per cent of total) by 2018. Further, the sector is set to grow from 9.8 per cent (RO 1.678.6 billion to 11.1 per cent (RO 2.265 billion) in this same period, according to the report.

In real terms, the Travel & Tourism (T&T) economy is expected to grow by 5 per cent per annum between 2009 and 2018. Employment generated by the sector is estimated at 104,000 jobs in 2008, 10.2 per cent of total employment, or 1 in every 9.8 jobs. By 2018, this should total 141,000 jobs, 12.1 per cent of total employment or 1 in every 8.2 jobs. The 30,000 T&T direct industry jobs account for 3 per cent of total employment in 2007 and are forecast to total 49,000 jobs or 4.2 per cent of the total by 2018.

Exports make up a very important share of T&T’s contribution to GDP. Of Oman’s total exports, T&T is expected to generate 13.8 per cent (RO 1.487 billion) in 2008, increasing to RO 1.837 billion (16 per cent of total) in 2018. T&T capital investment is estimated at RO 241.3

million or 6.5 per cent of total investment in year 2008. By 2018, this should reach RO 438.1 million or 9.1 per cent of total. Government T&T operating expenditures in Oman in 2008 are expected to total RO 37.7 million, or 1.2 per cent of total government spending. In 2018, this spending is forecast to total RO 54.2 million, or a 1.3 per cent share.

The industry's potential to fuel the Sultanate's socio-economic growth was highlighted by Tourism Minister Dr Rajha bint Abdulameer bin Ali at a conference in April. The sector grew by a phenomenal 19 per cent in 2006, and jumped a further 9 per cent last year. An impressive 1.4 million tourists visited the country in 2007, with a far higher influx expected this year, she noted.

Driving growth in the coming years are investments in excess of \$10 billion into some 40-odd tourism projects that are currently in various stages of development in the various regions of the Sultanate. They range from ambitious integrated tourism complexes, which combine mixed-used residential, tourism and commercial developments, to upscale resorts.

Among the mega-sized ventures are Al Madina A'Zarqa, The Wave — Muscat, Muriya, **Omagine**, Salam Yiti, and projects in Ras al Hamra and Yenkit in Muscat Governorate and Duqm in the Wusta region. As a result of these investments, hotel room capacity in Oman is expected to double by 2012, ending a current crunch in rooms.

Omran, the government's tourism development and investment arm tasked with expanding the Sultanate's tourism infrastructure, is playing a frontline role in fuelling this massive growth in the tourism sector. The company is currently developing, either independently and through joint ventures, more than 10 resort-style projects with a project value in excess of \$5 billion. Projects in hand include resort villas, conference facilities, leisure resorts, golf courses and hotels, and the refurbishment of some of the major existing hotels.

In parallel with these multibillion dollar investments in large scale projects, the travel and tourism industry, led by the Tourism Ministry, is also pursuing growth in all areas and different categories of tourism. This approach is leading to the emergence of adventure and eco-tourism, spelunking (cave exploration), desert safaris, mountain hiking, biking tours, spa holidays, cruise tourism, and so on. This varied offering promises to offer tourists a unique and diverse travel experience.

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## Muscat Municipality key player in facilitating country's development

**T**HE Muscat Municipality has left no stone unturned in Oman's development as the government's road-building programme continues to forge ahead without pause.

Road communications, being a vital lifeline for the movement of goods, services and people, which in turn spreads development and economic prosperity all around, has grown beyond expectations, crisscrossing the breadth of the country, straddling mountains and wadis, as well as the expanse of Oman's vast desert heartland.

Muscat Municipality has been a key player in the Sultanate's development by playing a vital role in the past years with significant achievements that stand out, depicting proper planning of the country.

Its performance and achievements become even more extraordinary considering the fact that the long list of tasks and responsibilities it has to carry in construction and pavement of roads, proper supervision of building construction as well as ensuring preservation of Omani structural design.

In addition, Muscat Municipality has set up public parks, cleaning and lighting of roads, proper control of commercial stores and foodstuff outlets to ensure public health among others. Its contributions distinctly appear on every line, page and letter of the history of Oman's rebirth as it has efficiently performed its duties and missions. Muscat Municipality remains a shining example for the wonderful work that has transformed Muscat to a green oasis and a fascinating modern city that attracts and amazes both residents and visitors.

With the completion of flyovers at different roundabouts on the main road of Muscat, the municipality has achieved a lot in the field. To meet the increasing traffic demand, the airport roundabout is now converted into a free junction which helps cater to an expansion of the airport and an expected rise in the number of tourist activities and projects.

The new junction, designed in accordance with the latest engineering standards, is an ideal solution to traffic jams. The project includes the construction of a flyover across the Sultan Qaboos Road to ease traffic between Muscat and Seeb and link one of the junctions of the Southern Expressway, also nearing completion.



Following last June's adverse weather conditions that destroyed the Wadi Adai-Al Amerat carriageway, the project is currently under way to rebuild it on a completely new alignment, deviating away from its current route along the Wadi Adai's flood-prone course. Although a mere 7 kilometre, the project promises to be one of the most technically challenging to be undertaken in the Sultanate in recent years. The carriageway will feature around seven bridges of a total length of around 900 metres with Major I-girder bridges with a height of 20 to 25 metres planned at two points where the new road will span the wadi.

Work is also continuing on the Southern Expressway running parallel to Sultan Qaboos Street from Al Qurum roundabout to Al Naseem roundabout for 55 km. The construction work has also concluded for the central road project that links areas of South Al Ghubra, Al Khuwair, Madinat al Sultan Qaboos and Al Qurum.

The Al Amerat-Bausher road project link the two and will be ready in the near future. The road, covering 6 km through rough mountain chain, will connect Amerat to Boushar. The project will be an alternative to Amerat-Wadi Adai road and will also shorten the distance between Amerat to Bausher.

This is in addition to the 70 km dual Al Amerat-Quriyat road project linking the Quriyat-Sur road. The road travel between Muscat and Sur will take less than 90 minutes when the coastal dual carriageway is operational. It will serve as a convenient and rapid alternative to the congestion-prone Bid Bid-Sur carriageway.

From the tourism standpoint, the new road link will also provide access to a number of little-visited, but potentially important, archaeological, ecological and environmental sites along the Quriyat-Sur coastal belt. Other notable projects by Muscat Municipality include construction work of 7 km Bandar Jissah-Yiti road that will open up new areas of the Muscat Governorate for tourism development. The project will enable convenient and speedy access to, among other areas, an integrated tourism resort at Yiti.

The Bandar Jissah-Yiti single carriageway will start from the Oman Dive Centre roundabout on the recently-laid blacktop to Shangri La's Barr al Jissah Resort & Spa. From the roundabout the new road runs eastward through a mix of bare limestone and rocky hills and traverse a major wadi as well.

Significantly, the Bandar Jissah-Yiti road project will serve as a convenient and shorter alternative to the existing Hamriya-Yiti road, which sharply twists and turns through mountainous terrain. In contrast, the new road's streamlined design will make motoring an enjoyable experience along this stretch. As part of its beautification and landscaping drive, construction work on phase two of improvement of Muttrah coastal road, which shows the municipality's keenness to stay in tune with the latest trends in landscaping projects and modernisation of utilities and services, is much under way.

The Muttrah road has been developed by ornamenting the coastal road starting from Muttrah roundabout to Muscat Gate while connecting to Kalbu area. Hotels and resort are also planned by the coast. To make the scene more attractive, the upper part of the coastal wall has been substituted with pieces of granite, which resist air and sea agents and similarly facilitating walking on the footpaths.

The project also includes picnic facilities, shades and extended car parking at fountains. Work has already begun for the Bandar al Rawdha Park project which lies opposite Marina Bandar al Rawdha, near Al Bustan Palace Hotel, and overlooks a whole landscape of mountain slopes reaching out to the sea.

The different levels of the mountainous terrain will be linked with overpasses and avenues to be flanked with palm trees and lawns. There will also be shaded resting areas and tiled passages to help exploring the area. The strip along the sea road in Muttrah to Al Bustan roundabout is considered a tourist attraction. Muscat Municipality is developing the area and the whole project is expected to be completed in November during the National Day celebrations. Another park that opened last year is the Al Sahwa Gardens adjacent to Burj al Sahwa roundabout. It is said to be the biggest park project in the Sultanate featuring Islamic designs.

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## Heritage boasts great values

**One of the most important projects currently under way is the Oman Encyclopaedia, which was launched in 2004. This reference work on Oman seeks to cover all aspects of its people, history, society, arts, literature, geology, climate, flora, fauna and other features. This project is due for completion in 2010**



**E**XCAVATIONS of ancient sites in Oman and studies of the places and artefacts found there have contributed significantly to the documentation of Oman's heritage. A number of events and projects of the Ministry of Heritage and Culture help in advancing a better understanding of the country's heritage and culture.

In June this year, Oman's cultural inheritance went on display for the first time in a European city known the world over for the attention it gives to history. The Omani Cultural Week in Berlin from June 25 included 12 exhibitions featuring traditional crafts, an Omani 'Sabla' tent, fine arts, calligraphy, traditional industries, fashion, publications, silverware, manuscripts, documents and archaeological discoveries. One of the most important projects currently under way is the Oman Encyclopaedia, which was launched in 2004.

This reference work on Oman seeks to cover all aspects of its people, history, society, arts, literature, geology, climate, flora, fauna and other features. This project is due for completion in 2010. Oman's heritage has evolved from more than its majestic forts, castles and watchtowers, which project their bold architectural outlines across the land in solid reminiscences of the times past. The oldest, Bahla Fort (pictured), may have predated Islam by several centuries. The most recent Hisn Ash'Shumookh was opened in 2000. While their main purpose was military, Oman's fortresses served also as focal points for political and social interaction and for community events.

Intricately worked silver jewellery, expertly woven carpets and rugs found in excavations tell the story of Oman's heritage. The Al Wadi al Ameri site in the Wilayat of Bahla, about 4 km from Bahla Fort, consists of tombs dating from the third millennium BC. It has been divided into two areas. A number of earthenware pots were found in two tombs as well as beads and fragments of soapstoneware.

Excavations on Bahla Fort revealed the fallen rubble from the unrestored walls of the fort surrounding the site of the excavation. Finds inside the chambers included fragments of gypsum moulds, a cannon ball, an earthenware jar, two coins and two statues of horses. The ministry carried out an exploratory dig on the site of Bait al Maqham Fort in the Wilayat of Baushar which revealed the remains of the walls of a rectangular room with an oven in its centre which is thought to have been used for cooking. A large number of earthenware fragments were also found in the room.

The ministry carried out recovery digs on a site in the village of Al Faiqain in the Wilayat of Manah, in 2006, which was found to date from the late Copper Age/early Bronze Age (3200-2700 BC). The main finds from the site included bronze arrow-heads, soapstone containers, earthenware cup, and a large number of pottery fragments.

In ancient times Oman helped promote cultural contacts between civilisations through the frankincense trade and the sites connected with that trade are of exceptional international value. The government attaches special importance to the country's archaeological and natural heritage and several of the sites connected with the frankincense trade have been added to Unesco's World Cultural and Natural Heritage List, ie Shisr (Wubar), Khor Rori (Sumhuram), Al Baleed Archaeological Park and Wadi Dawkah (frankincense trees).

Recent excavations in the historic city of Al Baleed have shown that it originally dates back from as far as the pre-Islamic period and was a major population centre in the late Iron Age. Al Baleed is a port on the south-eastern shore of the Arabian Peninsula, and its layout, architecture and commercial activity show influences from the other cities of the period.

Similarly, the ancient city of Sumhuram in Khor Rori area dates from between the fourth century BC and the fifth century AD and is the most significant settlement from the Governorate of Dhofar's pre-Islamic period. Situated in the middle of the frankincense-producing area, Sumhuram lies 40 km east of Salalah. Excavations show that Sumhuram was a prosperous, well-defended town. Finds include earthenware cooking pots, and preservation jars, some in the Roman style as well as female cosmetic items.

The ancient city of Wubar in Shisr at the southern edge of the Empty Quarter desert has settlements dating back to the Iron Age and the Islamic eras. The layout of Wubar's citadel is similar to that of the ancient fort of Ain Hamran near the Salalah Plain which dates from the same periods. The Office of the Adviser to His Majesty the Sultan for Cultural Affairs is currently preparing a plan to develop the site and turn it into a major tourist attraction.

### **Living heritage**

The heritage, culture and identity of Omanis is rooted in Islam. The national dress of Omani men and women is fully aligned behind the values and principles of Islam. The men wear a simple, ankle-length, collarless white gown with long sleeves called the dishdasha. Its main adornment is a tassel (furakha) sewn into the neckline, which can be impregnated with perfume.

Underneath the dishdasha, a plain piece of cloth covering the body is worn from the waist down. Men wear a variety of head dresses. The mussar is a square of finely woven woollen or cotton fabric, wrapped and folded into a turban. Underneath this, the kummah, an intricately embroidered cap, is worn. The shal, a long strip of cloth acting as a holder for the khanjar (a silver, hand-crafted knife or dagger) may be made from the same material as the mussar.

Similarly, Omani women also wear a gown with long sleeves over trousers (haaf) and the headscarf, called the lihaf or hijab. Oman's 500-plus forts, castles and towers are a priority of the government's building and restoration plans. Restoration work has already been successfully completed on the forts of Qazah, Liwa, Bukha, Al Ma'mur, Yanqul, Hafeet and Al Khabourah as well as on Bait al Nadd in Madha.

Oman boasts several impressive museums showcasing culture and heritage. Some of them are Bait al Baranda, Museum of Omani Heritage, Natural History Museum, Omani-French Museum, Children's Museum, Sultan's Armed Forces Museum, Currency Museum, Bait al Zubair, Bait Adam Museum, Land of Frankincense Museum, Sohar Fort Museum and Nakhl Fort Museum.

## Educational sector moves on with reforms and milestones

**This year a total of 553,056 students enrolled in Oman's 1,052 public schools. Of this, 51.31 per cent (283,812) are female students and 48.68 per cent (269,244) males. Girl students generally outnumber boys. Of the 1,052 public schools, 250 schools are for girls, 445 for co-education and 357 for boys**



**The Sultanate is focusing on education as a means to rapidly change the country from a traditional agrarian society to an active participant in contemporary global economy.**

Oman's MAN'S educational sector continues to move forward with reforms and new milestones. Omanisation of the teaching staff — from basic education to higher secondary — in the Sultanate's 1,052 public schools has reached as much as 86.6 per cent, which exceeds the target set for 7th five-year plan.

Similarly, the percentage of female enrolment in grades 1-6, 7-9 and 10-12 has reached as high as 99.3 per cent, 97.2 per cent and 84.2 per cent respectively. Yahya bin Saud al Sulaimi, Minister of Education, says the Sultanate has achieved great progress in female education process by providing equal education opportunities.

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Of the 1,052 public schools, 250 schools are for girls, 445 for co-education and 357 for boys.

The Sultanate is focusing on education as a means to rapidly change the country from a traditional agrarian society to an active participant in contemporary global economy. The country recognises the importance of women's education in the nation-building process.

Al Sulaimi says the total number of male and female teachers by the end of 2007 in Oman's public schools stood at 41,988. There are expatriate teachers in some specialisations such as English language, biology, arts and music with not enough Omani teachers to meet the needs. The number of administrators in schools stands at 5,709, with 99.3 per cent Omanisation.

### MoE projects

Al Sulaimi says the Ministry of Education (MoE) continues to move forward with several projects with new milestones.

One of most important projects is the "Cognitive development programme" for raising the standards of Omani students in scientific and cognitive aspects. This project seeks to spread awareness about the importance of science, maths and geography and its connection to economics and sustainable society development.

"National tests programme", launched in 150 schools, aims at measuring students' performance progress in acquired performance skills in accordance with defined performance variables. It also aims at improving teachers and supervisors skills in preparing tests.

"Question bank," started in 2005, has now reached all schools. It has prepared many sets of questions based on scientific methods for

learning and competitions.

The project “development of administration and supervision skills” in school administration aims at training new batches of school administrators. “Self school administration system” project began in 2006 in 242 schools. About 22 schools in each region are targeted to motivate administrators and workers in planning, executing and following up proposed performance development programmes, achieving high quality in education.

The “Educational Portal” of the ministry, which was launched last year, is considered a remarkable achievement.

Similarly, the “Developed Physics Lab” aims to ensure continued development in designing and equipping physics labs to a high standard in order to reach the required educational level by providing all necessary educational resources to teachers and students.

For expanding teachers’ abilities, MoE established “Learning Activities Bank” project in 2005, which is considered an innovative multi-source of teaching — learning activities for teachers, learners and family to get access to means that fit their needs.

For honing the students’ Arabic language skills, the ministry launched “Discover the Fun of Reading”. This innovative programme aims to overcome reading difficulties of grade one learners.

The “Young Reader” programme aims at providing information resources for schools with no libraries.

“Treatment Pronunciation and Speech Disorders” programme, started in 2004, is expected to be completed by 2011 to be implemented in 16 schools in Muscat. The programme aims to provide early intervention to treat speech and language disorders.

## Achievements

One of the ministry’s most important achievements is that Post Basic Education in grades 11 & 12 was implemented in 2007/2008. With the introduction of a new curriculum, students are now awarded General Diploma at the end of grade 12.

Grade 11 students study new subjects in addition to Islamic culture, Arabic language, English language, science (physics-chemistry-biology), maths, social studies (This is my country) life skills. The new curriculum includes: Curriculum Research, Vocational Guidance, Science, Computer Technology and Business Communications.

In grade 12, the new curriculum includes: Geography and Modern Techniques, The World Around Me, Computer Science and Environmental Science. They also study The Project, a graduation project which students apply in scientific research basics. These skills will benefit them in their future academic and professional life.

By the end of 2007, the ministry completed 10 years of implementing Basic Education aimed at reforming the educational system. On the whole, basic education aims at the development of the different sides of the learner’s personality, a thorough and complementary development within the principles of Islam and Omani cultural values.

The Basic Education Reform, which began in 1998, now in full swing, has shown good results. It has introduced a curriculum for the first cycle schools (classes 1-4) following the Basic Education system focusing on teaching of subjects like science and mathematics with information technologies.

The curriculum in second cycle schools (classes 5-10) has introduced information technology as a subject. The ministry is determined to revolutionise the secondary education (classes 11-12) with even more emphasis on IT.

The Ministry of Education is gradually introducing the system of Basic Education. Children between six and eight years of age are enrolled in Basic Education schools to study for four years in Cycle 1 followed by six years in Cycle 2. After the completion of the whole 10-year Basic Education, students will move to a two-year Secondary Education stage. This year saw the establishment of 21 Basic Education schools.

### IT in schools

The ministry is going digital quite expeditiously, seeking to harness the far-reaching benefits of the modern digital technology. To help achieve this goal, the ministry has created a complete Educational Portal System (EPS) to serve as the educational gateway in Oman. This portal works as a container for all other systems and includes all related information and services concerned with education in the country. The ministry has committed itself to the government’s e-vision for Oman and it has taken a number of important steps towards achieving this goal. It has created a one-stop Educational Portal System, which will improve data management and will provide students and teachers with an opportunity to enjoy the exciting possibilities associated with e-learning.

Last year the ministry launched its Online Forum and is currently busy creating an e-system and hopes to launch many e-services in conjunction with the e-government plans of the Sultanate.

The e-system will bring together all the stakeholders in Oman’s educational system — the Ministry of Education, other ministries, parents, students, teachers and the public.

Designed to address the needs of every group, the system will also be introducing new concepts such as Virtual Classrooms and e-curriculum to leverage the modern digital technology.

Experts say for IT to become an essential part of educational technology, there is no better way than opting for absorbing the cyberspace as a medium of communication.

The new computer technologies such as multimedia, e-mail, information search, e-learning and websites available in the infinite Internet space, called Cyberspace, perform and provide versatile educational interaction.

The International Computer Driving Licence (ICDL) is being adopted in Oman for upgrading the computer skills of, initially, the 11th grade students in all government schools. As a first phase in this ambitious programme, 360 schools will be accredited as training centres and 12 schools as testing centres.

ICDL is the regional arm of the European Computer Driving Licence (ECDL), a non-profit global governing body of the ICDL member countries dedicated to helping raise basic computer competency in societies. The ICDL programme exists in 32 languages, including Arabic.

The all round reform and development of the educational sector also includes a lot of extracurricular activities in schools such as sports, art,

scouting, music, drama and cultural, health and social activities to help reinforce ties between the school, the home and the local community from kindergarten level to teenagers.

## Media reflect modern progress, development

**Through a continuing policy of licensing private radio and television enterprises, the government is keen to draw new private investment into the broadcasting industry which, along with the print and online segments, is emerging as a platform for intellectual, educational and cultural enrichment**



**The electronic and print media in the Sultanate have played a pivotal role in reflecting the development and progress of the Sultanate.**

**T**HE electronic and print media in the Sultanate have played a pivotal role in reflecting the development and progress of the Sultanate. During the year, the first privately owned FM station in the Sultanate heralded a new era in broadcasting, bringing to an end more than three decades of dominance by the state-owned electronic media.

The landmark development marked the start of an enhanced role for the private sector in the broadcasting segment, in line with the government's policy to encourage a diversity of programming content that gives further expression to the creative aspirations and potentials of Omanis.

This policy is enshrined in Royal Decree No 95/2004 on the Law on Private Radio and Television Stations, which sets guidelines for the issuance of licences to private radio stations and TV channels in the Sultanate. Through a continuing policy of licensing private radio and television enterprises, the government is keen to draw new private investment into the broadcasting industry which, along with the print and online segments, is emerging as a platform for intellectual, educational and cultural enrichment.

Hala 102.7 FM, the first privately owned FM station in the Sultanate, was pioneered by the OHI Group, a leading Omani business house. Hala FM endeavours to provide a unique blend of entertainment and business coverage through locally produced programming that ensures a strong Omani flavour to the channel.

Sabco Media launched its Al Wisal Arabic FM radio channel, with the motto 'talk less, play more (music)'. Al Wisal, the first of its kind in the Sultanate, promises to be a lifeline that binds listeners to the expanding world of Arabic music and will also serve as a source of information for them. The new channel is aired on 96.5 FM.

The government media made impressive strides over the past year. Radio Sultanate of Oman made significant investments in new technical resources as well as in the quality of programme content. It now broadcasts 24 hours a day with reception available throughout the Sultanate, as well as around the world via satellite transmission or the Internet.

Radio Sultanate of Oman has four main services — the general Arabic service, the Youth service, the Holy Quran programme and the English service. Programme content is predominantly produced locally. The Youth service is a fairly recent addition. Transmitted on FM 100 MHz in Muscat and Salalah, and on other frequencies elsewhere, this service is presented by Omanis. The diverse mix of programme content is designed to reflect the tastes of the youth.

The service has already had a huge impact with young audiences which are given opportunities to participate in the programmes and air their opinions on various issues of interest. The widely watched Sultanate of Oman TV expanded its offerings to television viewers with the launch of its second channel on November 1, 2006. Broadcasting for nine hours a day (4pm-1am), this channel primarily caters to younger audiences with a mix of educational and science programmes, sports, light entertainment and general knowledge quizzes.

The new channel is in line with the Information Ministry's vision to create a more diverse spread of mass media channels alongside radio, television, print media and news services. The programme content offered by the new channel complements the public programming currently aired by the Sultanate of Oman TV, but presented in a special format. The channel strengthens efforts by the Sultanate of Oman TV to provide a richer menu of programmes focusing on diverse issues and objectives.

Over the past year, Sultanate of Oman TV undertook a major overhaul of its technical infrastructure. Work began last year on the development of a state-of-the-art digital studio complex which promises to revolutionise the transmission of TV programmes. Incorporating a new digital system, the studio will be equipped with the very latest radio and TV transmission technology.

It will have four large studios to be used for producing plays, as well as four digital studios, a main newsroom, three-link studios for the news department and a 1,500 sqm theatre for recording public participation programmes, such as debates, plays and concerts. The complex will also have control, digital montage, graphics and dubbing rooms, a technical library, archives and other facilities and services.

The print media demonstrated the biggest appetite for growth over the past year. A number of lively new weeklies and magazines have been launched in both English and Arabic, catering to the diverse needs of the market. The Telecommunications Regulatory Authority (TRA) signed an agreement with a German company for construction, installation and operation of radio stations and frequency range monitoring phase two in the governorates and regions.

The agreement is aimed at ensuring that frequency range monitoring stations cover the whole of Oman, protecting users against any illegal frequencies. The agreement covers expansion of the current network, upgrading the main monitoring station by connecting new stations to be set up in the Governorate of Al Buraimi, the wilayats of Sohar and Sur.

It will also include upgrading mobile stations to cover monitoring of the high-range frequencies to reach 57 giga hertz. The second phase would be completed by the end of this year. The Muscat International Book Fair 2008 attracted 60 publishers with 35,000 new titles. A number of cultural events, including lectures, traditional and classical poetry nights and novel readings were held during the fair.

Shaikh Abdullah bin Shuwain al Hosni, Under-Secretary at the Ministry of Information, presided over a seminar on 'Information and Consumer Protection' at the Oman Tourism College. The seminar, organised by the Oman Association for Consumer Protection in co-ordination with the Muscat Municipality and Ministry of Commerce and Industry, was aimed at highlighting the role of the media in consumer protection.

Said bin Nasser al Khusaibi, Chairman of the association, said the role of media in protecting consumers was vital and required to be considered in all its economic, social and human aspects. Catherine Lonie's *The Cat from the Souq* was launched during the year. Set in Oman, the children's book is centred on a small cat that was born in a busy souq, loses his family, and enjoys a number of exciting adventures. It is targeted at children in the 8 to 10 age group.

The first Omani novel to be translated into Russian was launched during the year. *Boah Salma or the Confessions of Salma* is authored by Mohammed bin Saif al Rahbi. The book advocates the concept of dialogue, not conflict, as an underlying theme of relations between civilised nations. Another book titled *Tolerance*, compiled by Omani scholars and politicians was launched in Russia. The book was very well received by the media and lovers of tolerance and rapprochement among nations.

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