

Thinking beyond oil: *Challenges for Growth*

Presented by Khalid Ansari

2 October 2017

Paradigm Shift: thinking beyond oil

Sectors identified by Government:

1. **Agriculture and Fisheries**
2. **Logistics**
3. **Manufacturing**
4. **Mining and Minerals**
5. **Tourism**

.... each sector has huge potential

Oman's assets

Oman Talent Pool

520,000 + registered school students

34,000 + students enrolled in higher education

Infrastructure

Special economic zones: Sohar, Salalah, Duqm

Industrial Estates: Rusail, Salalah, Sohar, Nizwa

Ports: Sohar, Duqm, Salalah, Mina Qaboos

World class International Airport in Salalah (and nearing completion in Muscat)

First class road network

Good telecommunications

Market

Over 1 billion consumers on Oman's doorsteps

Opportunities

- Oman Logistics Industry employs 30,000 people
- Benchmark voyage for ultra large containers vessels, from Singapore to Suez – a weekly call at Salalah, the annual cost is US\$ 4.4 million [Jabel Ali: US\$ 24.6 million]
- Oman's food import will be US\$ 4.8 billion by 2020
- More than 1 billion people worldwide depend on fish as a source of animal protein, global fish consumption increased from 9.9 kgs per person in 1960 to 18.1 kgs per person now
- 250 kgs of food per person is discarded in MENA region at a cost of US\$ 60 billion
- Between 2015 and 2030 – population of emerging and developing countries is set to expand by 17%. By 2030 additional 1.1 billion customers – ½ below 33 years

Tourism: Opportunities

International tourist is 1 billion, generate US\$ 1.5 trillion in exports and is 9% of world GDP. Employs 240 million people, i.e. 1 in 11 jobs on the planet are supported by travel and tourism.

Global vacation segments

Sun and beach	28%
Countryside	11%
Touring and historical areas	23%
City stay	20%
Others	18%

Tourism in South Africa: Multiplier effect

For every night a tourist stays at a high end lodge, 14 people in the surrounding community benefits from income generated by the services offered to the Industry.

Multiplier effect refers to increase in the final income arising from any new injection of spending.

If a consumer spends 0.8 and saves 0.2 then for every RO 1 of extra income, the multiplier is 5, which means for every RO 1 of new income generated RO 5 of extra income in the economy.

Tourism sector – Comparisons

Oman Tourism 3.2% of GDP

Maldives Tourism 30% of GDP

Maldives foreign exchange receipt 60% of total foreign exchange

Number of resorts in Maldives 180

Some room rates are as high as US\$ 2,500 per day

Maldives offers: Sandy beaches, sea, sun and tranquillity

Differentiation: Extremely efficient and friendly process : Tourist experience is very good : Tourists keep going back

Oman offers same plus more – desert, mountains, culture and history

Tourism: Lost Opportunity

Oman Air flew 7.7 million passengers in 2016 with 71.4% load factor

Muscat – London – Muscat RO 241 per person

London – Muscat – Bangkok – Muscat – London RO 251 per person

1½ hours lay over travellers do not spend any money in Oman – not even buy coffee at the airport!!!

Oman economy not getting any benefit from such deal for the travellers

Tourism: Potential income

Muscat International Airport – 12 million passengers handled in 2016.

If 2 million people transiting through Muscat International Airport spend 2 – 3 days in Oman and spend US\$ 1,000 per head, the total spent will be US\$ 2 billion, the multiplier effect on the economy could be 5 times i.e. US\$ 10 billion.

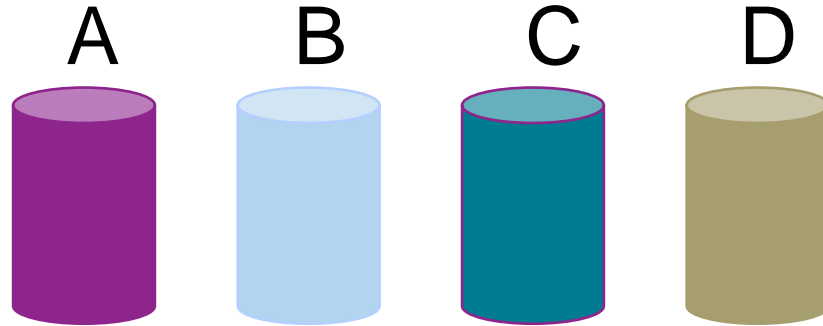
Tourisms: Improvement opportunities

– some more examples

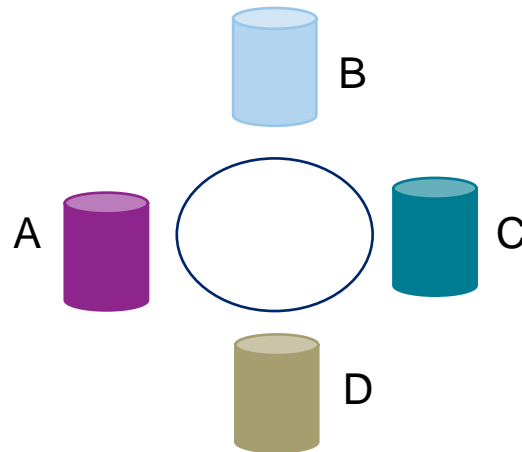
1. Tourism – a tourist from a cruise liner was charged RO 75 for taxi fare from Mina Qaboos to Shatti Al Qurum
2. Recently a tourist arrived at 12.30pm, was out of airport at 3.40pm (3 hours!!), only 2 counters working; persons standing in wrong queue; no guidance at the arrival area
3. Regular business visitors from UAE – by Emirates say sometimes it takes 20 minutes and sometimes 1½ hour for “visa on arrival”
4. Visa process cumbersome for tourist

..... all these can be fixed very easily

Root cause for the challenges



“Silo Syndrome” each unit works within its own silo and processes – there are no processes to connect and synchronise all activities within the system.



“Cooperative Syndrome” – everyone is a winner!!