



Oman Manufacturing Sector: challenges and opportunities

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Importance of Manufacturing sector

Every RO 1 spent in manufacturing add RO1.4 to the economy.

Manufacturing is the highest multiplier of any economic sector. No sector does more to generate broad scale economic growth, and ultimately higher living standards.

Importance of Manufacturing sector

Between 2015 and 2030 the population of emerging and developing countries is expected to increase by 17%. This increase will add an additional 1.1 billion consumers.

Oman manufacturers can tap into this population and create opportunities in transport, food, apparel, health, travel, housing, education and telecommunications.

Target Contribution to Oman's GDP – 2021-25

	Current	Target
Manufacturing	10.8%	12.2%
Logistics	6.4%	7.5%
Tourism	2.5%	3%
Fisheries	0.9%	2%
Mining	0.5%	0.7%
Education	4.9%	6.2%

Economic objectives of Budget 2022



Priority to projects linked to productive sector



Support training linked to job schemes



Support SME

OIA to spend \$ 2.9 billion in 2022 for :



Expanding current projects



Complete on going projects



Develop and establish new projects

Profile of Oman's Manufacturing sector

- 1. Type of companies range from listed companies to proprietorship.**
- 2. Numerous locations: Industrial estates spread throughout the country and other less organized areas.**
- 3. Large companies are export oriented.**
- 4. Welfare of workforce varies from good to poor.**
- 5. Highly automated process to labor intensive process.**
- 6. Global brands: Amouge , Chips Oman.**

Financial performance of listed companies-2021

- **Total turnover of 34 companies is RO 1.057 billion.**
- **Profitable companies (17)- Revenue RO 744 million, net profits RO 47 million,Net equity RO 630 million.**
- **Loss making companies (17)- Revenue RO 313 million, net losses RO31 million, Net equity RO 237 million,**
- **ROE of profitable companies range from 0.7% to 21.4.% , the average is 7.4%.**
- **Net profit of profitable companies range from 1.1%to 25%, the average is 6.2%.**

Challenges faced by the CEO's

- **Raw material cost is increasing– availability of imported items due to global shortage.**
- **Production cost of unit is high, compared to foreign manufacturers.**
- **Dumping by multinational companies.**
- **Approval of sales price increase takes 2-3 months by PACP.**
- **Logistic cost is high as items are first sent to Jebel Ali and then reshipped.**
- **Utilities cost increase each year, if additional gas is needed then rates are higher**
- **Differential rates in GCC e.g. visa cost for road transport to UAE is more expensive than from UAE to Oman.**

Challenges faced by the CEO's

- **Roll out of new products takes 2-3 month and no priority given to Omani manufacturers.**
- **Quality certification was previously annual now quarterly.**
- **Bilaterals- Omani products have duty of 10% in SA. India, Pakistan, Iran and East Africa of 25% while imports from these countries have duty of only 5%.**
- **Expansion of existing factory approvals takes 2-3 months**
- **Omani manufacturers are not given priority for green projects.**

Manufacturing Companies are not successful due to:

**Governance
issues**

**Financial
mismanagement**

**Funding issue –
debt / equity**

Productivity

**Not enough
research and
development**

No Innovation

**Not using
technology
effectively**

**Lack of
investment in
workforce
training**

**Occupational
health care**

**Onerous
regulations**

Focus area for Manufacturing companies

**Cost
competitiveness**

**Export oriented
and import
substitution**

Use of technology

**Increase productivity, reduce
downtime and wastage**

**Large and medium
companies viable if export
driven**

**Increase productivity, improve
quality and volume**

Recommendation for MOCIP

Set up a high powered ‘Trouble-shooting Unit’ reporting to the Minister, dedicated only to find a timely solution to the challenges of the manufacturing companies.

Remember that time is money –



Thank you

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