

RPT81

TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

89/90 TRADE AND ECONOMIC OVERVIEW

Mission: KUWAIT

Country: OMAN

THE COUNTRY HAS SLOWLY STARTED TO RECOVER FROM THE LEAN PERIOD IN 1985/86 WHEN BUDGETS WERE CUT TO MEET DECLINING OIL REVENUES WHICH LED TO A DROP OF GDP IN 1986 IN REAL TERMS OF 30%. BUT THE TURNAROUND IS EVIDENT WITH GNP GROWING BY SOME 3% IN 1987. IT IS FORECAST THAT GDP GROWTH WILL BE MAINTAINED AT THE 2.5% LEVEL UNTIL 1990. THE 1988 BUDGET FORESEES GOVERNMENT EXPENDITURE REMAINING APPROXIMATELY AT ITS 1987 LEVEL OF US \$4.17 BILLION. DEFENSE AND NATIONAL SECURITY ACCOUNT FOR ONE THIRD OF THE TOTAL BUDGET WITH OTHER MAJOR SECTORS BEING CAPITAL EXPENDITURES, EDUCATION, HOUSING AND THE ENERGY AND FUEL SECTORS. OMAN'S EXPORTS ARE DOMINATED BY OIL AND JUMPED 23% TO TOTAL US \$3.55 BN IN 1987. IMPORTS ON THE OTHER HAND CONTINUED TO DROP TO US \$2.14 BN. IMPORTS HAVE HISTORICALLY BEEN CONCENTRATED IN MACHINERY AND TRANSPORT EQUIPMENT, MANUFACTURED GOODS AND FOOD/ANIMAL IMPORTS WITH THE MAJOR SUPPLIERS BEING U.K. (27.1%), U.A.E. (25.1%) AND JAPAN (13.4%). MOST OF THE U.A.E. SUPPLIES WOULD BE RE-EXPORTS FROM THIRD COUNTRY SUPPLIERS. OMAN IS ALSO A PRIME CANDIDATE FOR SOFT LOANS, ESPECIALLY FOR COUNTRIES SUCH AS JAPAN, WHICH OFFERED OMAN A US \$200 MN LOAN FOR INFRASTRUCTURAL AND AGRICULTURAL DEVELOPMENT. OMAN IS STILL A YOUNG COUNTRY WITH A DEVELOPING OIL SECTOR, BUT THROUGH A SERIES OF FIVE YEAR DEVELOPMENT PLANS IT HAS ACHIEVED GOOD GROWTH AND DEVELOPMENT AND IS NOW EMERGING AS A STRONG REGIONAL ENTITY. THE PRIVATE SECTOR, WHICH IS NORMALLY STRONG AND AMBITIOUS, HAS BEEN MORE CAUTIOUS RECENTLY BUT WITH THE END OF THE GULF CONFLICT THE OUTLOOK IS MUCH MORE OPTIMISTIC, ESPECIALLY WITH INCREASED OIL PRODUCTION AND EXPORT REVENUES HIGHER THAN EXPECTED. THE COUNTRY HAS LARGE INFRASTRUCTURE REQUIREMENTS AND WANTS TO DIVERSIFY ITS ECONOMY TO DECREASE ITS DEPENDENCY ON OIL. OPPORTUNITIES FOR CANADIAN COMPANIES ARE EXTREMELY VARIED, INCLUDING DEFENSE AND SECURITY PRODUCTS, CONSULTANCY ENGINEERING, TELECOMMUNICATIONS, EDUCATION, HEALTH-CARE, ELECTRICITY, AGRICULTURE, PAPER AND FORESTRY PRODUCTS, OIL AND GAS EQUIPMENT, MINING EQUIPMENT AND SERVICES, COMPUTERS, AUTOMOTIVE AND FOOD PRODUCTS. UNFORTUNATELY, FEW CANADIAN EXPORTERS HAVE PAID ANY ATTENTION TO OMAN, BUT THOSE COMPANIES WHO HAVE SHOWN A COMMITMENT TO THE MARKET HAVE HAD GOOD RESULTS. THERE IS A GREAT DEAL OF RECOGNITION THAT CANADA HAS VERY FAVORABLE EXCHANGE RATES AND GOOD TRADITIONAL SUPPLIERS WHICH ENSURES A GREAT DEAL OF INTEREST IN CANADIAN PRODUCTS. OMAN IS A DEVELOPING MARKET WITH AN EYE TO QUALITY WHICH CANADIAN COMPANIES CAN SUPPLY AND ON WHICH THEY SHOULD CAPITALIZE.