

# Oman attracts investors to its rapidly growing economy

A new focus on diversification and the private sector is opening up opportunities in many sectors, not least in the development of tourism infrastructure.

Oman, the second-largest country in the Gulf Cooperation Council (GCC), will be the region's fastest-growing economy in 2019, with its gross domestic product rising by over 5 percent, according to the International Monetary Fund. Foreign direct investment into Oman is also booming and inflows were up almost 29 percent in 2017 to \$2.9 billion. This is partly due to its strategic location — the politically stable sultanate has a long coastline and important ports that allow easy access to other GCC countries, Asia and Africa.

Another reason is that, “The government has done a great deal to make it easier for investors to do business here,” said Minister of Commerce and Industry H.E. Dr. Ali bin Masoud Al Sunaidy. Through new legislation,

systems and incentives, Oman has jumped up the World Bank's Ease of Doing Business rankings. Additional public-private partnership (PPP), company and investment laws are due imminently, and real estate investment trusts were established in 2018.

Japanese investors are among those coming into Oman, Al Sunaidy shared: “Japan is a great partner. By the end of 2017, we had about \$1.3 billion in FDI from Japan. As we become more attractive, this relationship will continue to grow.” Ambassador of Japan to Oman, Mitsugu Saito, agreed. “Oman has great potential for Japanese investors and its business environment is the best in the GCC region,” he said.

To build its economy, the government is focused on diversifying away from oil and gas,

which represent about 46 percent of GDP, and privatization. It is targeting five industries for growth — manufacturing, fisheries, minerals, logistics and tourism. It is also developing sectors that will enable that growth. “We will expand into renewable energy through the private sector. I foresee a PPP in water networks,” Al Sunaidy said. Additionally, it has set up a \$200 million fund to buy state-of-the-art technologies that are needed in other areas, including agribusiness.

In terms of the five growth industries, petrochemicals is one manufacturing sector that is likely to see significant expansion in the short term. Private sector port development means, “Fish farms will increasingly become a feature of the economy. Our coastlines have

plenty of space to accommodate everyone,” said Al Sunaidy. “Japan also wants minerals, which Oman has a lot of.” To become a competitive regional logistics and communications hub, the country is investing in building and extending all of its transport and communications infrastructure. And, with help from the Japan Bank for International Cooperation, Oman is developing Duqm, thought to be the Middle East's largest special economic zone.

## Opportunities in building tourism

Investment in the country's tourism infrastructure is thriving, and with good reason, as the number of visitors to Oman grew by 16 percent in 2017.

“According to the World Travel and Tourism Council, Oman had the highest percentage growth rate for tourism as a contributor to GDP in the Middle East. More than three million tourists visited Oman that year and we are committed to having over 5 million international arrivals by 2040,” said Peter Walichnowski, CEO of Oman Tourism Development Company (Omran), the government-owned company responsible for driving the sector by developing world class tourism and related real estate projects.

Explaining Oman's attractiveness to tourists, Walichnowski noted that many describe it as the Switzerland of the Middle East. “It is neutral, safe and has an authentic, unspoiled nature,” he said. “You get the beautiful contrast between the ocean, islands, beaches, deserts and mountains, and the tremendous variety of destinations give you plenty to do over a long period of time. It also has good weather and friendly people — we have everything.”

Oman's accessibility is another draw: “Salalah and Muscat International Airports are world-class, with Muscat's recently opened terminal building winning the World Travel Awards' Middle East Leading New Tourism Development Project 2018, and there are smaller regional airports, too. The government has put a lot of money into roads and airports, increased spending on water taxis and ferries, and there is a new low-cost airline, SalamAir, flying to more remote locations,” he said.

Projects created by Omran are also garnering worldwide attention. “For example, one of the hotels we developed — Alila Jabal Akhdar — was placed in the top five hotels in the Middle East by Conde Nast for two years running,” Walichnowski said. In this, as with many



**H.E. Dr. Ali bin Masoud Al Sunaidy**  
Minister of Commerce and Industry



**Peter Walichnowski**  
CEO, Oman Tourism Development Company (Omran)

of its projects, Omran worked in partnership with a renowned international hotel company.

“We have access to government land, so we invite foreign investors to bring their know-how and capital to develop hotels, mixed-use projects and attractions — it's a win-win situation,” he said. “In addition, we have an open door policy for local and international investors who want to talk about the opportunities and where they can fit in.”

Omran has plans in place for the number of four- and five-star hotel rooms to double in the next five years to about 8,000 and is building up investment opportunities in accommodation, tourist attractions and destinations.

Already, the sultanate is home to a host of international brands such as Starwood, Marriott International, InterContinental Hotels Group, DAMAC Properties and Majid Al Futtaim. “Some high-quality business entrepreneurs and companies saw the potential many years ago and are still here investing and riding the wave up — and many more are on the way,” said Walichnowski.

Recently announced joint-venture partners for the organization include DAMAC Properties, on a \$1-billion transformation of the historic Port Sultan Qaboos; Eagle Hills of Abu Dhabi on a Mandarin Oriental hotel; Majid Al Futtaim on a luxury mixed-use urban development; Qatari Diar on the eco-themed Ras Al-Hadd tourism project; and Egypt's Orascom on two hotel projects. To open up the country to investors not wanting to go directly into real estate, Omran is now looking

to put some of its portfolio into a hotel hospitality REIT.

One of the company's latest ventures is the recently inaugurated Oman Convention and Exhibition Centre (OCEC), which it developed and owns. It offers 48,632 square meters of state-of-the-art event spaces that are expected to host over 270 local and international events this year. The OCEC has been recognized for its cutting-edge design and facilities, but its receiving LEED Gold certification was also important to Walichnowski. “Oman is a unique environment. Everything we do takes into account economic, social and environmental sustainability.”

“The OCEC is a massive investment by the government, just down the road from the new airport. The Crowne Plaza was opened there last year, a JW Marriott is set to open this year and there are plans for the construction of a new 3-star hotel soon. The whole venue is a critical mass for meetings, incentives, conferences and exhibitions,” said Walichnowski.

“Looking at income and expenditure, most informed investors in the region and beyond will be looking at the tourism sector in Oman as a place to invest — we have numerous Japanese investors wanting to develop real estate here and it's clear why,” he said, concluding: “It is no exaggeration to say that Oman's tourism, and the considerable development opportunities associated with it, has made the sultanate one of the most attractive places to invest today.”

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## Welcome to the Sultanate of Oman, land of beauty and opportunity

To discover more about Oman and its investment opportunities in the fastest-growing tourism sector in the Middle East, please visit: [omran.om](http://omran.om)



Oman Tourism Development Company