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TRANSPORT AND COMMUNICATION

- As part of its overall development agenda, Oman has currently embarked on various projects to develop its transport and communication facilities. While the existing ports at Muscat, Salalah and Sohar essentially continue to be the strategic hub of all shipping activities of the country, a new port complex at Duqm will be the focus of attention in 2008. Oman has also promoted multi million dollar investments to develop road and air transport facilities.
- A two phase expansion plan for the Khasab port was initiated in February 2007. The proposed first stage would see the expansion of the existing breakwater, construction of a new breakwater, deepening the dock, and building a commercial dock and zone. The second stage shall involve construction of buildings for departure, administration, coast guard, immigration and customs facilities and the construction of 4 storages.
- Belgian Jan De Nul, Turkish STFA and Oman's CCC were awarded a contract for \$ 486 million to develop the marine infrastructure for the Duqm port complex.

- Oman Dry Dock Company is developing a \$ 650 million ship repair yard within the Duqm port complex. It is expected to commence operations in 2010. A consortium of Galfar, the largest construction company in Oman and South Korea's Daewoo Engineering and Construction will build the facility.
- The Government has signed an agreement to triple the size of Port Sohar and to establish a Special Economic Zone.
- Oman International Container Terminal has inaugurated its second phase at the Port of Sohar.
- The Port of Salalah's Berth 6, expected to be commissioned in early 2008, will increase its capacity to 4.5 TEU.
- Port Sultan Qaboos at Muscat is planning an expansion to increase its container terminal capacity to 1 million.
- Oman will invest more than US\$3bn for development of airports infrastructure in the country. The Oman ministry of transport announced that the project will include the construction of three new airports. One of the three new airports to be constructed will be located in Sohar.
- Muscat International Airport (renamed from Seeb international Airport) has plans to increase its handling capacity from the present 3 million passengers per year to 12 million in 2010.
- One of the biggest road projects in Oman's modern history, a \$ 342 million Southern Expressway project is under execution by Galfar, the largest construction company in Oman.
- The Government has announced plans to sell a part of government holdings in Omantel to a strategic investor.

OIL AND GAS

- Petroleum Development Oman (PDO) announced the discovery of three new oil fields in 2007: extensions of the Ufuq and Dafiq fields and a third field in the Birba area. The company has also reported a decrease in its crude oil production from 589,000b/d in 2006 to an average production of 560,000- 570,000b/d in 2007.
- Occidental Petroleum has announced that it will invest approximately US\$ 3 billion in the Mukhaizna field over the next few years. The field is expected to have an increase in oil production by 150,000 barrel per day and is expected to yield approximately 1 billion barrels of oil over its life time
- Dolphin Energy Limited, a joint venture between the UAE, Occidental and Total, is set to link the gas networks of Qatar, UAE and Oman. Oman is part of the venture, which shall eventually enhance the requirements of the south-Asian subcontinent.
- British Petroleum signed a major production sharing agreement with Oman in January 2007.
- Petroleum Development Oman has awarded a major engineering, procurement and construction contract to Dodsal for enhancing oil production at Qarn Alam. The steam injection project is the largest of its kind in the world and is expected to cost US\$ 1 billion.
- The contract to construct Saih Rawl field, gas compression project, was awarded to Tecnicas Reunidas Oman (TR Oman). The contract estimated at US\$480-mn would involve the construction of a 120- MW power station and the installation of a power distribution grid connecting the Saih Rawl area with Qarn Alam and Saih Nihayda. The project is set to be completed by the end of the year 2008.

POWER AND WATER

- Oman Power and Water Procurement Company (Oman-PWP), as a part of developing a 400MW and 15mn gallons per day desalination plant in Salalah, has short listed eight local and international companies in September. The selected company will build, own and operate the proposed plant.
- One of the largest independent power and water desalination projects in Oman has been announced. A power generation of 700 MW and a desalination plant of 130,000 cu m/day capacity has been planned on a Build-Own-Operate basis in the Batinah coast.
- SMN Power Holding Company, (representing a consortium of Suez Tractabel SA, Mubadala Development Company of Abu Dhabi and Oman's National Trading Company) acquired the ownership of the 668 MW power plant at Rusayl as a part of the privatization. As part of the project, a co-generation plant (capacity 678MW and 26.4mn gallons a day) would be constructed at Barka.
- The \$ 520 million Sohar IWPP was inaugurated in December 2007.
- France's Veolia Water and Oman's Suhail Bahwan Group has won a Build, Own, Operate contract for a reverse osmosis desalination plant near Sur, south of Muscat. The plant will supply 80,200 m3 potable water per day to the eastern Sharqiyah region.
- Oman's Waste Water Service Company has announced that it will construct a sewage treatment plant at Seeb near Muscat. The estimated capacity of the plant is 82,000 m3 per day. The project cost is estimated to be more than \$ 260 million.

INDUSTRIAL

- Sohar Aluminium, owner of the largest single potline in the world with a capacity of 350,000 MT per year, is expected to commence production in 2008. The \$ 1.4 billion project is under construction.
- A joint venture between Austrian Salzburger Aluminium and Takamol Investments (Oman Oil Company) will produce aluminium busbars. The new company will form part of a significant downstream aluminium industry in Sohar.
- South Korean Pohang Iron and Steel Company (POSCO) has reportedly tied up with Gulf Investment Corp (GIC) to construct a spiral welded tubular products plant in Oman.
- Gulf International Pipe Industry is establishing a project in Sohar to produce 250,000 tonnes of steel pipes and casing.
- The Brazilian mining giant, Companhia Vale do Rio Doce (CVRD) plans to establish an iron ore pellatisation plant at the port of Sohar at an estimated cost of \$1 billion.
- The UAE based Al Gaith Group has announced plans to set up a major seamless tubes plant at Sohar at an estimated cost of \$ 4 billion in a joint venture with India's Jindal Saw.
- Oman Cement Company has awarded a contract for \$ 162 million to build a third production line to China National Building Material Equipment Corporation.
- An agreement was reached between the government and Larsen&Turbo (L&T) India, to build a unit to manufacture oil drilling equipment, including rigs and platforms at Sohar Port. The company is also engaged in building a fabrication facility.
- Plans to establish a major sugar refinery at the port of Sohar were announced in November 2007.

PETROCHEMICALS

- Aromatics Oman Ltd project, a joint venture of Oman Oil Company (60%), Oman Refinery Company(20%) and LG International (20%) is set to commence its operations by 2009.

- Sohar International Urea & Chemical Industries, promoted by Sheikh Suhail Bahwan, is expected to commence production in 2008. The plant has a production capacity of 3500 MT of urea and is the largest private sector Greenfield fertilizer project in the world.
- A \$ 300 million project to manufacture APET sheet and PET resin is under construction at the Salalah Free Zone. Octal Holding Company SAOC is the developer.
- Salalah Methanol Company is establishing a methanol production facility in Salalah Free Zone. The company has awarded the engineering, procurement and construction contract to GS Engineering and Construction Company. The total cost of the project is \$ 910 million. The company concluded its project financing in December 2007.
- Oman Petrochemical Industries Company, a joint venture of Oman Oil Company, Government of Oman and US Dow Chemicals has reportedly put on hold the multibillion dollar olefins project.
- Sohar Refinery Company (SRC) has started operating at full capacity. The refinery manufactures propylene and naphtha that is used as feedstock by Oman Polypropylene (OPP) and Aromatics Oman (AOL), respectively.

TOURISM AND REAL ESTATE

- The Government of Oman and the Muriya Tourism Development Company signed agreements to develop two projects at Al Seifa and Salalah. Egypt's Orascom is the major shareholder in the ventures.
- The ground breaking ceremony of the first phase of Blue City, an integrated tourism development project, was held in December, 2007.
- Omagine Inc and its subsidiary Journey of Light Inc are developing a beachfront project west of Muscat. The project will be located on 1.2M square metres land.
- The UAE based SAMA Dubai is developing a \$ 1.4 billion Salam Resort & Spa at Yiti, a picturesque beach in Oman.
- A joint venture of Radiance International and Malaysia's Transmit Nanyang Engineering Construction plans to build \$ 500 million mixed use development.
- Yenkit Tourism Development LLC, a joint venture of several Omani private investors and Majid Al Futtaim Group, has undertaken to develop a US \$2 billion Integrated Tourist Resort Complex at Yenkit in Muscat governorate.
- The Oman Tourism Development Company (Omran) is in the process of developing a project to construct a convention centre with capacity of 7000, a sports centre and exhibition galleries. The master planned development is likely to include hotels, serviced apartments, shopping malls and business parks.
- UK-based hotel group InterContinental plans to build a Crowne Plaza hotel in Oman's Sohar port district.
- A Ministerial Decision has been issued governing the Integrated Tourism Complexes (ITC). Foreigners are allowed to own properties only in an ITC.

Commercial developments

- The banking sector has done extremely well in 2007. The combined net profit of all commercial banks increased by 27.1% with asset growth up by 34% in the first 9 months of 2007 compared to the previous year.

- The Central Bank of Oman now requires all new commercial banks to have a minimum capital of RO 100 million (\$ 260 million). Branches of foreign banks should have a minimum capital of RO 20 million (\$ 52 million).
- Bank Sohar, with a capital of RO 50 million (\$ 130 million) commenced operations in April 2007.
- The Central Bank of Oman has issued a licence to establish the Oman Merchant Bank with a capital of RO 50 million (\$ 130 million). The new bank is expected to make an initial public offering.
- Bahrain based Ahli United Bank has acquired a 35% stake in Oman's Alliance Housing Bank. The name of the bank has since been changed to Ahli Bank.
- The Capital Market Authority (CMA) issued several guidelines during the year including security issues and insider trading. The CMA has also announced license requirements for insurance business in the country.
- The Capital Market Authority has decided to impose fines on companies that fail to disclose financial and other information within the stipulated periods.
- Sohar Refinery Company has been merged with Oman Refinery Company to form Oman Oil Refinery Company.
- The government of Oman and the Salalah Free Zone Company have signed a land lease agreement with a view to progress the development of the Free Zone.
- The Government of Oman has increased its stake in Oman Air to 81%, effectively nationalizing the airline.
- Galfar, the largest construction company in Oman, created a record when its initial public offering was oversubscribed 14 times raising more than \$ 2.2 billion. This has been the most popular IPO in Oman.
- The Government has reduced royalties paid by telecommunication service providers, Omantel and Nawras.
- The Council of Ministers, in September 2007, placed a ceiling of 15% over the next two years on increases in property rentals.
- A 49% ceiling on foreign holding in mutual funds has been lifted.
- The Gulf Cooperation Council States has launched the Gulf Common Market from 1 January 2008. Under the Common Market, citizens of the member states will receive equal treatment without discrimination regarding economic, investment and labour rights.

Information are provided by Ernest & Young and the Al-iktissad Wal-Aamal Research Department

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