



NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

غرفة التجارة الأمريكية العربية الوطنية

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NUSACC EXPERT ROUNDTABLE SERIES: U.S. AMBASSADOR MARC SIEVERS OUTLINES BUSINESS OPPORTUNITIES IN OMAN

*“U.S.-Oman Ties Remain as Strong as Ever”
– Ambassador Sievers*

*‘Tanfeedh’ Program Targets Manufacturing, Tourism,
Logistics, Mining & Minerals, and Fisheries*

Washington, DC – This week, the National U.S.-Arab Chamber of Commerce (NUSACC) hosted the [Honorable Marc Sievers](#), U.S. Ambassador to Oman, as part of NUSACC’s Expert Roundtable Series. He was joined by [Her Excellency Hunaina Al-Mughairy](#), Oman’s Ambassador to the United States, who just returned to Washington from a visit to the Sultanate. In the course of his remarks, Sievers highlighted the Omani government’s diversification strategy, Tanfeedh, which is identifying opportunities for U.S. investment and trade in several sectors: manufacturing, tourism, logistics, mining & minerals, and fisheries, as well as two cross-sectoral enablers, finance and human capital development.

NUSACC President & CEO [David Hamod](#) welcomed Sievers, a long-standing friend of the Chamber, and thanked Ambassadors Sievers and Al-Mughairy for their outstanding service to the business community. Hamod noted that in recent decades, NUSACC has led more trade missions to Oman than has any other chamber of commerce in America. Commenting on the U.S.-Oman relationship, Hamod said, “Oman has been an important political and strategic ally of the United States for decades, and



From left to right: U.S. Ambassador to Oman, Marc Sievers; Oman’s Ambassador to the United States, Hunaina Al-Mughairy; NUSACC President & CEO, David Hamod.

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much of the focus is now shifting to the private sector. Business is picking up in the Sultanate, and increasing numbers of American companies are taking notice.”

Hamod went on to express his appreciation to two of NUSACC’s Platinum members – [Motorola Solutions](#) and ARA Petroleum LLC, part of the [Al Zubair Corporation](#) – for serving as sponsors of the Oman Roundtable.



Marleine Davis, Director of International Government Affairs at Motorola Solutions, which served as a sponsor.

Overview of a Close Relationship

Sievers praised H.M. Sultan Qaboos bin Said al Said for transforming, over the past four decades, a nation of subsistence farmers and fishermen with a total of six kilometers of paved road into a modern state with a solid infrastructure. Oman today boasts over 1,000 miles of coastline, Sievers suggested, with an unmatched ecological and topographical diversity. The country attracts tourists to its mountains, deserts, beaches, and luxury hotels in increasing numbers each year.

Sievers acknowledged that, at times, the business climate in Oman has been challenging. The drop in oil prices worldwide prompted leaner economic times throughout the Gulf Cooperation Council (GCC) nations, including Oman. The Sultanate was especially vulnerable, Sievers said, due to its heavy dependence on the oil and gas sector and its limited diversification strategy at that time. When oil prices were over \$100 per barrel, those conditions bolstered Oman’s budget, trade surpluses, and foreign reserves. Today, with oil prices hovering around \$50 per barrel, Oman is facing a number of challenges, including: slowing GDP growth in the non-hydrocarbon sector; growing unemployment, especially among the youth, because plentiful public sector jobs are no longer in abundance.



The Honorable Marc Sievers,
U.S. Ambassador to Oman.

Despite these challenges, Sievers said, “U.S.-Oman ties remain as strong as ever.” The two countries share a strong relationship based on a joint commitment to the security and stability of the region, he noted. Oman is a “discreet but well-regarded” regional actor on a very wide range of issues, Sievers suggested, and he expressed his appreciation for the role that Oman has played in the release of American citizens held in Iran and Yemen, as well as the evacuation of the U.S. Embassy in Sana’a.

Diversification of the Omani Economy

Sievers said that to offset pressures on the economy from low oil prices, the Omani government has put in a place a diversification strategy called Tanfeedh, Arabic for “implementation.” Tanfeedh is a national initiative in which the public and private sectors work together to develop a comprehensive, actionable plan for economic diversification. The Supreme Council for Planning, the Omani government’s implementing arm, identified several sectors with the highest potential to spur economic diversification: manufacturing, tourism, logistics, mining and minerals, and fisheries, as well as two cross-sectoral enablers; finance and human capital development.



H.E. Hunaina Al-Mughairy, Oman’s Ambassador to the United States.

Throughout a six-week intensive study of each sector, Tanfeedh participants dissected opportunities and potential stumbling blocks, and they developed key performance indicators to measure success. In the near future, the Tanfeedh team will release details of 121 sector-specific projects stemming from this research. Once completed, Sievers said, the U.S. Embassy stands ready to help navigate the details.

“Training workers with appropriate skills is a high priority for the Omani government,” Sievers said, and U.S. companies are keen to find well-qualified Omani technicians.

Oman’s Ambassador to the United States, [H.E. Hunaina Al-Mughairy](#), noted that her country’s population is growing at a rate of approximately three percent annually, which means that increasing numbers will be entering the work force. More than 45,000 students graduate from secondary school each year, she said, and there are 4,000 Omani students at universities in the United States alone. Thus, she said, Oman does not anticipate any shortage in skilled workers.

Promising Sectors for U.S. Trade and Investment

Sievers described several sectors of the Omani economy that are particularly promising for U.S. business.

Manufacturing: For over two decades, Oman’s industrial sector has been a key plank in the government’s economic diversification strategy. Coming years will see a renewed focus on industrial policy from the government. Among



the top priorities will be innovation, helping local industry move up the value chain, and the creation of highly-skilled and sustainable jobs for Omanis. For instance, Oman's plastics exports to the USA have increased by 26.3 percent over the past year.



Tourism: Oman has one of the world's most diverse environments and is particularly well-known for cultural tourism. In 2015, Oman welcomed more than 2.6 million tourists from abroad. About 50,000 of them were Americans, and that number continues to rise. The preservation of the country's natural surroundings and cultural traditions has allowed Oman to retain much of the spirit of "Old Arabia," and tourism has focused on the high end, with several new five-star hotels under construction throughout the country.



Logistics: A sizeable market exists in Oman for meeting the region's transportation and logistics needs. Oman has deep-water ports with free and industrial zones in Sohar and Salalah, as well as a growing industrial and transshipment port in Duqm. (The latter two feature shipping lanes outside of the Straits of Hormuz.) There are also plans to build a national railway, with an initial line stretching from mineral deposits in the middle of the country to the Port of Duqm. Road construction is another major focus of domestic and regional development.

Mining & Minerals: Oman's vast mineral resources are still relatively untapped, Sievers noted, with large deposits of metals and industrial minerals, such as gypsum and limestone, waiting to be unearthed. Oman's mountains host intact and exposed ophiolites, which are likely to contain metal deposits such as chromite, cobalt, copper, gold, silver, lead, and nickel.

Fisheries: Oman is uniquely positioned for commercial fisheries due to its coastline of over 1,000 miles (offering 380 fishery landing sites), almost 250,000 square miles of exclusive economic zones, ideal temperature conditions allowing for two shrimp cycles per year, and rich biodiversity, with more than 1,000 species of fish and marine invertebrates.



Health Care: Over the last 40 years, Oman has invested heavily in the health sector, succeeding in creating a modern health care system. The health care market in Oman was worth about \$2 billion by the end of 2015 as a result of population growth, rising levels of lifestyle-related diseases, such as diabetes, and the increased availability of health insurance.

Oil & Gas: Oil has been the driving force of the Omani economy since the Sultanate began commercial production in 1967, and oil will remain an important economic driver for years to come, Sievers said. In addition to modest oil reserves, Oman has substantial natural gas reserves, which are expected to play a leading role in fueling the Sultanate's surging industrial growth. However, easily accessible gas is virtually exhausted, Sievers suggested, and about 44 percent of Oman's existing liquefied natural gas is tied up in long term export contracts. Most of the remaining gas is deep, tight, and costly to extract, opening opportunities for U.S. companies with innovative solutions.



National Defense and Security: While Oman is a safe and secure country, Sievers noted, the Sultanate is located in a turbulent neighborhood. As a result, national defense and security (including cyber security) are promising sectors. They are a high priority for the Government of Oman, which has traditionally purchased most of its defense equipment from the United States and the United Kingdom. While the United States is phasing out Foreign Military Financing, Sievers said, he expects the Foreign Military Sales (FMS) program to remain robust.

Sievers expects that Oman will be interested in purchasing new technologies in the near future to monitor transit through sea lanes, especially the Straits of Hormuz, through which much of the world's oil supply passes. Al-Mughairy said that Oman has achieved considerable success in thwarting piracy and smuggling over the years, and she stated that protecting free transit through the Straits of Hormuz will continue to be a key priority for Oman.

U.S.-Oman Free Trade Agreement

The U.S.-Oman Free Trade Agreement (FTA), which was signed in 2006 and entered into force in January 2009, marks another bilateral strength, Sievers said. It is one of only four FTAs between the United States and Arab countries; the other three are with Bahrain, Jordan,

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and Morocco. Thanks to the FTA and the diversity of Oman's economy, the Sultanate is the eighth largest U.S. export market in the Arab world, with U.S. goods exports reaching \$1.78 billion in 2016.

Since 2009, trade between the United States and Oman has increased significantly, with Oman's trade with the United States increasing by 56 percent, even during tough economic times. (In 2016, for example, shipments of Omani goods to the USA grew by 22.22 percent to \$1.11 billion.) The FTA has benefitted business communities in both nations through the elimination of most import duties and protections for the environment and worker rights. American companies in Oman, unlike other Gulf countries, can register under the FTA's "national treatment" provision, wherein they do not need a local shareholder.

In line with the Trump Administration's objectives to increase foreign investment in the United States and to increase U.S. exports abroad, Sievers said, the U.S. Embassy in Muscat is working closely with Omani government representatives and private sector investors to seek viable investment and business development opportunities. This is especially true now, Sievers said, since the Sultanate has taken serious steps to enhance specific sectors to diversify and develop its economy beyond oil and petrochemicals.

In the same spirit, Sievers, noted, the U.S. Embassy is working hard to ensure that more Americans know about Oman so that U.S. businesses have a better sense of the opportunities there. "That's one of the main reasons why I am here today," Sievers said.



H.E. Hunaina Al-Mughairy (right) discusses the U.S.-Oman FTA as Ambassador Marc Sievers (left) and NUSACC's David Hamod (center) look on.

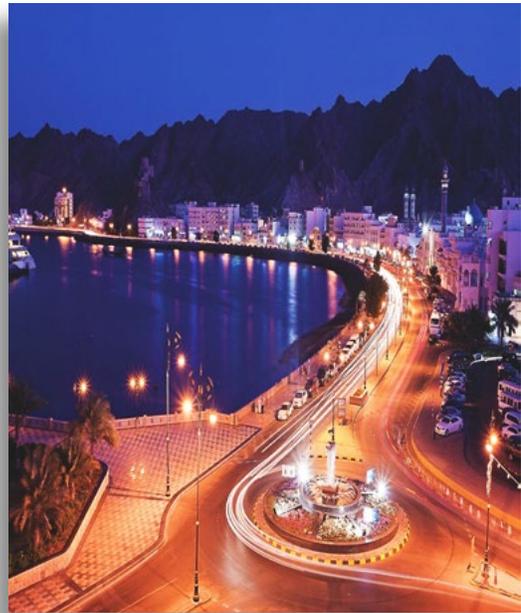
H.E. Al-Mughairy played an instrumental role in negotiating the FTA. "It has been doing well, but there is still room for improvement," she said. Al-Mughairy expressed her hope that the Roundtable participants would work with NUSACC, the U.S. Embassy in Muscat, and the Omani Embassy in Washington to expand bilateral trade and investment even more.

NUSACC's analysis of the most recent figures for U.S.-Oman trade may be found [HERE](#).

Ports, Trains, and Automobiles

In response to a question about logistics opportunities, Sievers called the new deep-water port in Duqm "an area of tremendous potential." A free trade zone is being established there, and a large oil refinery will be co-located there with an industrial park. Duqm is well-

located for access to markets in India, Pakistan, and Iran. While the Gulf Cooperation Council's railway project (GCC Rail) has been put on hold in the short term, Sievers said, "the development of the rail network is inevitable." Ambassador Al-Mughairy also highlighted the success of the port in Salalah, which is using feeder boats to serve the rest of the Gulf, thereby reducing insurance costs.



Opportunities for Small and Medium-Sized Enterprises (SMEs)

Asked how a small company could succeed in Oman, Sievers highlighted the fact that the overall business environment in Oman is improving for companies large and small. Stronger Omani government enforcement of intellectual property rights (IPR) was cited as one example of growing protections that serve SMEs.

Al-Mughairy invited companies to contact the commercial attaché at the Omani Embassy, who can connect U.S. companies with [Ithraa](#) in Muscat. The Chamber's David Hamod observed that NUSACC can help as well, working with the U.S. Government, the Omani Embassy, and the Omani Chamber of Commerce and Industry. He pointed out that SMEs typically make up two-thirds of the companies that NUSACC takes on trade and investment missions.



Ambassador Sievers highlighted the Omani government's diversification strategy, Tanfeedh, which is identifying opportunities for U.S. investment and trade in several sectors.

NUSACC Expert Roundtable Series

Distinguished Arab diplomats who attended the Oman Roundtable included: Her Excellency Hunaina Al-Mughairy, the Ambassador of the Sultanate of Oman to the United States; Dr. Ahmed AlSaidi, the Deputy Chief of Mission at the Oman Embassy; and Mr. Juma Aljahawari, Counselor at the Oman Embassy. Other participants in the capacity crowd included representatives of Fortune 500 companies, owners of SMEs, and U.S. Government officials.

The NUSACC Expert Roundtable Series, held at the Chamber's offices, provides NUSACC members and stakeholders with in-depth insights on commercial opportunities in the Middle East and North Africa.

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To learn more about the benefits of membership in NUSACC, please click [HERE](#).



The National U.S.-Arab Chamber of Commerce, widely regarded as the voice of American business in the Arab world, is in touch with business communities across the United States and serves as the U.S. point of contact for the national chambers of commerce in the 22 Arab nations. On a daily basis, NUSACC works closely with leaders throughout the Arab world, as well as high-level decision makers in the U.S. business community, public policy research centers, multilateral institutions, nongovernmental organizations, media, and the U.S. Government.

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