



TIMES OF OMAN 'ENVOY SPEAK'
PUBLISHED 8 DECEMBER 2013
PART TWO: ECONOMIC RELATIONS

Japan and Oman have long enjoyed a strong relationship, and business and trade have played a starring role. Oman is a strategically important country for Japan, with golden opportunities for both economies to develop bilaterally.

The volume of exports to Japan from Oman in 2012 was around \$5.6 billion. Japan is one of Oman's largest importers of oil and natural gas, but we also import aluminum and fishery products, like cuttlefish or white fish fillet, from Oman. One Japanese trading company is involved in the export of Omani green beans to Japan. In winter, 90% of fresh green beans on our supermarket shelves are labeled "From Oman", which makes me feel very proud.

The volume of imports from Japan to Oman in 2012 was around \$2.9 billion dollars, the second highest after the UAE. More than 90% of imports from Japan are automobile and auto parts. Japanese auto companies offer the safest, highest quality, most unique and beautiful cars in the world. I am thrilled to see that so many drivers on Oman's roads agree!

Oman is developing infrastructure in an effort to depart from its oil dependent economy. It is diversifying industry by capitalizing on its geographical advantage. Oman is a strategically important link to Africa, Europe and Asia, with several good ports outside the Persian Gulf, which would enable countries to ship exports even in a regional crisis. Meanwhile, Japan is seeking to export infrastructure against the backdrop of various factors. These include waning manufacturing advantages in the low tech sector resulting from the emergence of China and South Korea, and electricity shortage following the 2011 earthquake. In short, Oman wants to develop infrastructure and Japan wants to export infrastructure, a product of Japan's high technologies. I see a golden opportunity here. Japan has already cooperated in the development of some of Oman's main industrialized areas, including Japan Bank for International Cooperation (JBIC) funding for Duqm and the construction of plants in Sohar.

Japanese companies are involved in both the downstream and upstream oil and gas business in Oman, however among other fields which attract Japanese investors are the water and power sectors and the environmental sector, to which Japan can contribute its world class technology. Japanese companies are involved in Oman's large Independent Power Projects (IPP) Sohar 2 IPP, Barka 3 IPP and Sur IPP as well as al Ghubrah Independent Water Project (IWP). As Oman is interested in wind and solar energy, the renewable energy sector would also be attractive for Japanese investors. Japan can contribute to Oman's environmental sector too, especially energy conservation. The Japan International Cooperation Agency (JICA) supported the Public Authority for Electricity and Water (PAEW) in developing a master plan for energy efficiency and conservation, which I will discuss in greater depth in a future column about JICA's cooperation with Oman.

Other areas where I would love to see increased cooperation between the two countries are the Small and Medium Enterprise (SME) sector, which is thriving in Japan, and the medical sector. Japan has cutting edge medical technology which could greatly contribute to Oman's Health Vision 2050.

My personal dream for Oman is a comprehensive public transport system, comprising buses, light rail transit (LRT) or Mass Rapid Transit (MRT), modeled on Japan's state-of-the-art technology. This would ease Oman's increasing congestion, keep its air clean, and boost the vital tourism sector. It would also be wonderful to see Japan contribute its world class expertise to Oman's rail network project.

I am highly optimistic about increased future economic cooperation between our two countries. The Sultanate's geostrategic location, healthy business environment, political stability and favorable corporate tax system make it an attractive destination for Japanese investment. As Oman flourishes, many more infrastructure and utility projects, heavy vehicle demands, and all the other sectors mentioned in this article, are very appealing for Japan to add to its Oman portfolio. Trade and enterprise will continue to play a pivotal role in the deepening of mutual understanding and friendship between Japan and Oman.