

**EXECUTIVE
BOARD
MEETING**

SM/16/152
Correction 1

June 24, 2016

To: Members of the Executive Board

From: The Secretary

Subject: **Oman—Selected Issues**

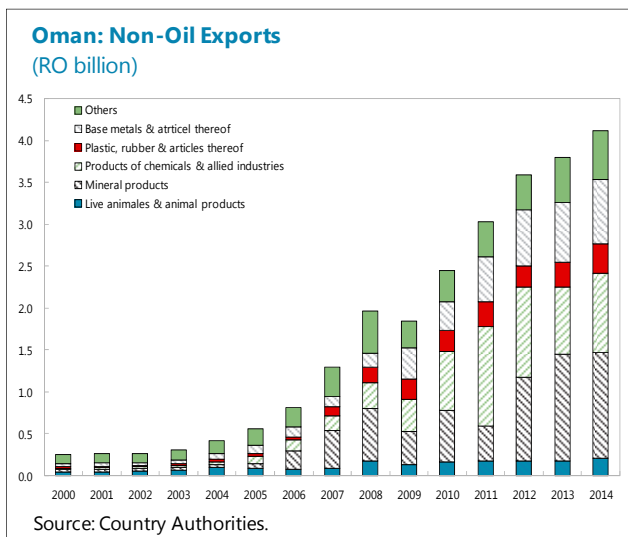
Board Action: The attached correction to SM/16/152 (6/13/16) has been provided by the staff:

Typographical Errors Page 22

Questions: Ms. Holland, MCD (ext. 36358)
Ms. Colacelli, MCD (ext. 36090)

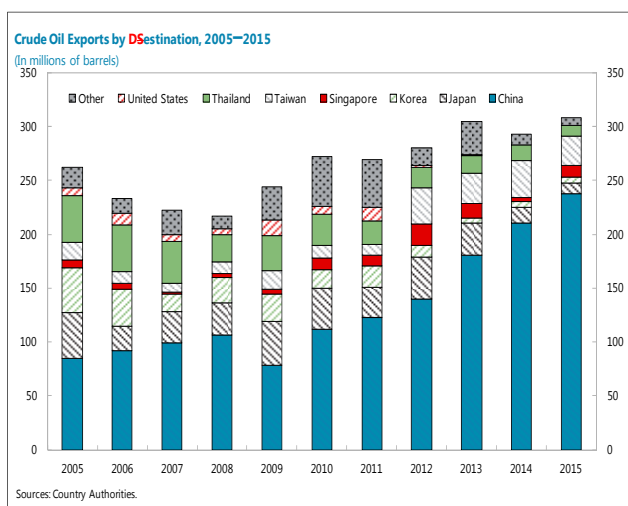
their contribution to overall growth to 1.9 percentage points each, while the contribution from exports declined to 1.6 percentage points.

3. Non-oil exports have been on a strong upward trajectory since 2000. They have increased almost 17-fold between 2000 and 2014, with their share to GDP increasing from 3.4 to 13 percent (from 6 percent to 20 percent of total exports). Mineral products, chemicals, and base metals are the main drivers of growth in non-oil exports and accounted for more than 80 percent of non-oil exports in 2014 (text figure). In parallel, re-exports have also grown strongly (on average by 14 percent a year). They now account for 14 percent of total exports. Vehicles, aircraft, vessels and associated transport equipment and mineral products dominate re-exports and account for 64 and 18 percent respectively. The destinations of the majority of re-exports are the UAE, Saudi Arabia and China.



4. Oman's exports are concentrated to a limited number of countries

(figure 1). While Oman exports to 151 countries, as of 2014, around 71 percent of its exports go to China, GCC, Korea and Japan. These trade linkages expose Oman to changes in economic activity in these main trading partners, especially China as it is the largest destination for Omani exports, with 72 percent of Omani oil exports going to China in 2014.



5. The spillovers from China could be substantial given China's large share in Oman's exports.

China has absorbed a gradually increasing share of Oman's exports. While this share was on average 26 percent a year over 2000–14, it reached 43 percent of in 2014, or about a third of Oman's GDP (table 1). China imports mainly oil from Oman, and the share of its oil imports has increased steadily from 32 percent of Oman's oil exports in 2005 to 77 percent in 2015 (text figure). While a slowdown in China's import demand could

Table 1. GCC Trade with China

Country	Exports to China as share of total exports		Exports to China as share of GDP	
	Average 2000–14	2014	Average 2000–14	2014
Bahrain	0.6	0.4	0.7	0.5
Kuwait	5.4	9.8	2.8	5.3
Oman	26.0	43.0	16.3	28.0
Qatar	2.8	7.7	1.8	4.8
Saudi Arabia	8.9	13.3	4.1	5.9
UAE	2.3	5.5	1.4	3.5

Source: IMF Direction of Trade Statistics (DOTS).