

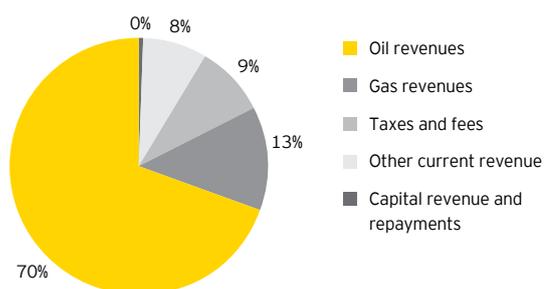
Budget Alert

Snapshot of Oman's Budget 2014

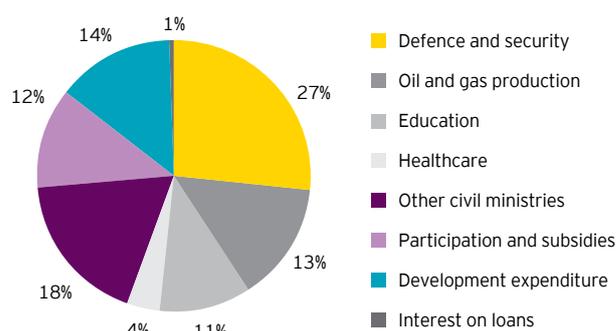
- ▶ **Biggest budget in the history of Oman**
- ▶ **Spending of RO13.5b envisaged, an increase of 5% over 2013**
- ▶ **Oil price budgeted at US\$85 per barrel**
- ▶ **Economy expected to grow at 5%**

Budget at a glance

Revenue 2014



Expenditure 2014



	2014		2013	
Revenues	RO (million)	Percentage	RO (million)	Percentage
Oil revenues	8,150	70	8,055	72
Gas revenues	1,500	13	1,300	12
Taxes and fees	1,038	9	867	8
Other current revenue	962	8	913	7
Capital revenue and repayments	50	-	20	1
	11,700	100	11,155	100

	2014		2013	
Expenditure	RO (million)	Percentage	RO (million)	Percentage
Defence and security	3,700	27	3,555	28
Oil and gas production	1,822	13	1,755	14
Education	1,422	11	1,340	10
Healthcare	587	4	505	4
Other civil ministries	2,478	18	2,255	17
Participation and subsidies	1,608	12	1,585	12
Development expenditure	1,838	14	1,800	14
Interest on loans	45	1	60	1
	13,500	100	12,855	100
Deficit	1,800		1,700	
Deficit as a percentage of GDP		6		5

2014	Deficit financed by:	RO (million)
	Borrowings	
▶ Local	200	
▶ Foreign	200	
Reserves	400	
Use of previous years surplus	1,000	
Total	1,800	

2013	Deficit financed by:	RO (million)
	Borrowings	
▶ Local	200	
▶ Foreign	150	
Reserves	350	
Use of previous years surplus	1,000	
Total	1,700	

Highlights of the 2014 budget

- ▶ Economy is expected to grow by 5% during 2014, which is the same rate of growth as in 2013
- ▶ Budget is based on an oil price of US\$85 per barrel (US\$85 per barrel also in the previous budget). Budgeted oil production is 945,000 barrels per day (2013 budget: 930,000 barrels per day)
- ▶ Budget is expected to result in a deficit of RO1,800m (US\$4,680m) in 2014 as against a deficit of RO1,700m (US\$ 4,420m) estimated in the previous budget
- ▶ Estimated deficit of RO1,800m is 15% of the revenues and 6% of the Gross Domestic Product (GDP)
- ▶ The estimated deficit is likely to increase once the effect of standardization of grades of salaries in various ministries comes into effect. It is estimated that an additional cost in the range of RO800m to RO900m will be incurred
- ▶ Inflation rate is set to stabilize at 1.4%
- ▶ Total revenues are estimated at RO11,700m (US\$30.42b), reflecting an increase of approximately 4.9% over the 2013 budget
- ▶ Total expenditure is estimated at RO13,500m (US\$35.1b), reflecting an increase of 5% over the 2013 budget
- ▶ RO1,838m (US\$4.78b) is allocated for development projects to be implemented in 2014
- ▶ Social sectors of education and healthcare continue to receive priority with an increase of RO164m or 9% over the 2013 budget
- ▶ Revenue from corporate tax is budgeted at RO400m, reflecting an increase of 14% over the 2013 budget
- ▶ Revenue from customs duty is budgeted at RO270m, reflecting an increase of 12% over the 2013 budget
- ▶ Subsidies to touch RO1,400m, an increase of 10% over the previous budget

2013 Performance

- ▶ A surplus of RO350m has been recorded until 30 November 2013 against a budgeted deficit of RO1,700m. The surplus has been achieved due to actual oil price of US\$106 per barrel being realized against the budgeted oil price of US\$85 per barrel
- ▶ The economy registered a growth of 5% at constant prices
- ▶ Inflation during 2013 fell to 1.5%
- ▶ Economy expected to record surplus in the external balances of 31% in trade balance to GDP
- ▶ Non-oil sector recorded a growth of 5.6% during 2013
- ▶ At the Muscat Securities Market, the index achieved a 17.5% growth which is highest rise since 2009. The market value of listings as of November 2013 rose to RO13.8b, an increase of 18% compared to the same date in 2012





General

- ▶ The Government of Oman has recently signed an agreement with BP for the development of Khazzan tight gas field. The Khazzan tight gas project is expected to require new investments of US\$16b over the term of the project
- ▶ Major investment projects are currently being undertaken by the Government of Oman. These include the Oman Railway Project, Duqm Economic Zone and Sohar refinery improvement and expansion project
- ▶ The first phase of the national railway project which is expected to start this year is estimated to cost RO1b
- ▶ Various road projects are also currently underway at the cost of RO807m
- ▶ Health sector projects are also being given priority with an amount of RO384m being allocated
- ▶ 65 state owned companies identified by the government for privatization initiative
- ▶ Total allocation for the 8th Five Year Plan (2011-2015) has increased to RO59m by the end of 2013. There are 6,500 projects for implementation during the 8th Five Year Plan
- ▶ The Government of Oman to continue focus on developing tourism sector
- ▶ Increased focus on agriculture and fisheries
- ▶ The Government of Oman to encourage domestic and foreign private investment and introduce the Public Private Participation model

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