

GROWTH AHEAD

In both the Budget 2011 and the 8th Five Year Plan, the government has continued its expansionary fiscal policy



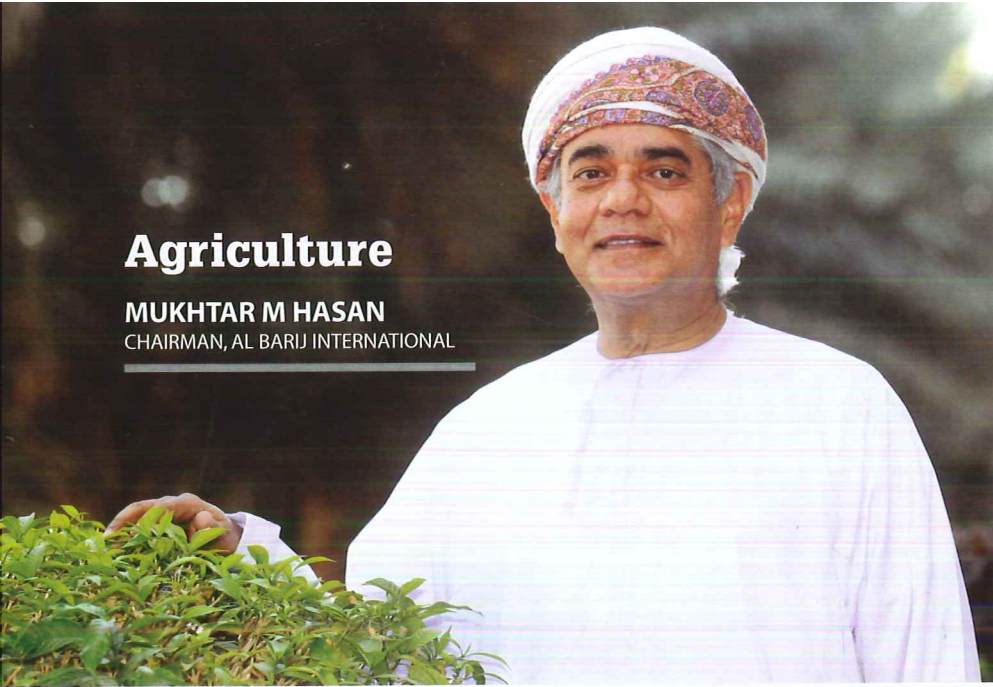
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Agriculture

MUKHTAR M HASAN
CHAIRMAN, AL BARIJ INTERNATIONAL



Oman recently announced the Eighth Five Year Plan for the period 2011 to 2015 as well as the budget for the year 2011. It is a growth oriented development plan aiming for long-term consistent growth that aims to achieve real

GDP growth of five per cent annually and ensure that inflation remains at low levels.

Priority is given to creating jobs for Omanis, developing agriculture, education, healthcare, other non-oil sectors and

development of small and medium enterprises. One of the stated objectives of the Eighth Five Year Plan is a special focus on the development of agriculture and fisheries sectors to promote food security and provide work opportunities for national workforce in rural areas. Some of the projects planned under agriculture sector are integrated management of date palm trees pests at the cost of RO8.4mn, a national project for immunisation of animal wealth at the cost of RO4.4mn, and the national strategy for date palm trees at the cost of RO3.2mn.

The plan will definitely strive to enhance the economic diversification process. The focus on development of sectors like tourism, industry, agriculture and fisheries will help generate more revenue. Non-oil activities are expected to grow by an annual rate of about ten per cent at current prices and six per cent at constant prices.

Hospitality

CHRISTOPH K FRANZEN
GENERAL MANAGER, GRAND HYATT MUSCAT

When we talk about the impact of the budget and the five year plan on the hospitality industry, it is very important to look at it not just from a tourism perspective. Any large scale investment in the country generates spin-off business for hotels, especially the business hotels such as Grand Hyatt Muscat. The continued focus on major infrastructure projects such as roads, sea ports and airports development will help give a major boost to the hospitality industry. The hospitality sector will also benefit from the focused tourism marketing strategies adopted by various agencies. In addition to several new direct routes by Oman Air, combined marketing initiatives by the Ministry of Tourism and all the players in the industry has ensured that Oman's tourism potential continues to grow in the years to come.

A major attraction for both foreign investors and tourists is the stability which Oman offers both economically and politically. When we showcase the nation to visitors, including those who come on purely business visits, they come back as tourists.

More travellers coming in and enjoying the natural and historical experience offered here definitely translates into additional business for all the affiliated industries, including the hospitality sector.

This is the commercial aspect. There is also a social aspect that has been taken care of by the government by virtue of a focus on jobs for the national workforce and stress on vocational training. It is still difficult to get Omanis to work in the hospitality sector

because of the long and erratic working hours and higher pay in other industries. But with more exposure and training I'm hopeful of seeing this trend reverse in the future.

Like last year, Budget 2011 also has increased the allocation for tourism. During the last five-year plan period (2005-2010) we have seen the government doing a fantastic job in turning things around in the tourism sector, which in turn has reflected on the performance of the hospitality sector.

