Briefings from Oman

Tourism
Briefings from Oman

Published by Ithraa, the Sultanate of Oman’s inward investment and export development agency, Briefings from Oman is a series of ten sector-specific documents that explore waste management, logistics, tourism, health, manufacturing, agriculture and fisheries, and more.

Designed to connect the world with contemporary Oman and its dynamic business community, each Briefing provides a snapshot of one sector in the sultanate and the ambitious projects and innovative business ideas currently driving that space.

Informative, realistic and easily digestible, the Briefings are intended to inspire business, investors and our partners at large to consider the significant opportunities these sectors present.

Distribution

Briefings from Oman are offered free-of-charge and distributed to Omani embassies, ministries, foreign trade missions, at international trade shows, B2B meetings, as well as to schools, colleges and companies across Oman.

If you would like to share Briefings from Oman in a hotel or at a business event, please send an email to info@ithraa.om for further information.

Disclaimer

Although every effort has been made to ensure the accuracy of the material contained in this document, complete accuracy cannot be guaranteed. Ithraa will not accept any responsibility whatsoever for loss or damage occasional or claimed to have been occasioned, in part or in full, as a consequence of any person acting, or refraining from acting, as a result of a matter contained within this document. All or part of this document may be reproduced without further permission, provided the source is fully acknowledged.

Published December 2016

Editorial: Taleb Al Makhmari
Dave Pender
Sajda Al Ghaithy
Nadia Al Lamki
Lubna Al Harthy
Walyam Al Said
Design: Lamahat

Editor-in-Chief
Advisor
Senior Editor
Editor
Production Manager
Production Associate
www.studiolamahat.com

Photography courtesy of Ithraa & Ministry of Tourism
In 1950, there were only 25 million international tourist arrivals worldwide. In 2012, the tourism sector achieved the milestone of one billion international arrivals. Today, the travel and tourism industry outperforms manufacturing, retail, financial services and communications.

International tourist arrivals grew by 4.4% in 2015 to reach a total of 1.184bn, according to the latest UNWTO World Tourism Barometer. Some 50 million more tourists (overnight visitors) travelled to international destinations around the world in 2015 as compared to 2014.

2015 marks the 6th consecutive year of above-average growth, with international arrivals increasing by 4% or more every year since the post-crisis year of 2010.

Worldwide, the tourism sector generates US$ 1.5tr in exports and contributes nearly 9% of world GDP, making it the world’s largest industry. On the job front, it employs 266 million. This means 1 in 11 jobs on the planet are supported by travel and tourism. It’s big business.
Despite lower oil prices and rising global economic uncertainty, tourism numbers for the sector in 2015 were healthy, growing on the back of a strong 2014. A total of 2,470,760 tourists (not including onboard cruise ship tourists) visited Oman 2015, an increase of 372,535 in comparison to 2014.
Oman’s Outstanding Tourism Offer

Muscat offers forts and museums, as well as five-star business and entertainment venues, while further north presents opportunities for adventure holidays, mountain climbing in Jabal Shams and diving and sailing in Musandam. Oman’s ancient capital, Nizwa, 2015’s Capital of Islamic Culture is rich in history and culture and home to Falaj Daris, a UNESCO World Heritage site – one of four such recognized sites in the sultanate. Further south, the Wahiba Sands present desert landscapes while the island of Masirah offers outstanding marine wildlife and world-class windsurfing.

Deep in the south, Salalah is a vibrant city with white pristine beaches, whose mountains come to life during the Khareef season. Further inland begins the largest continuous sand desert in the world, the Rub’ Al Khali.

Each of these areas offers significant potential for the clustering of tourist sites and activities, an approach that’s becoming increasingly popular with travel and tourism experts.

Safe, Secure & Seamless Travel

2015 results for the travel and tourism sector were influenced by exchange rates, oil prices and natural and manmade crises in many parts of the world. Issues of safety and security are key to tourism development and the sector greatly depends upon the collective capacity to promote safe, secure and seamless travel.

By region, Europe, the Americas and Asia and the Pacific all recorded around 5% growth in 2015. Arrivals to the Middle East increased by 3% while in Africa, data points to an estimated 3% decrease, mostly due to weak results in North Africa, which accounts for over one third of arrivals in the region.

Looking Good

Results from the UN World Tourism Organization (UNWTO) Confidence Index remain largely positive for 2016. Projecting international tourist arrivals to grow by 4% worldwide in 2016.

Growth is expected to be stronger in Asia and the Pacific (+4% to +5%) and the Americas (+4% to +5%), followed by Europe (+3.5% to +4.5%). The projections for Africa (+2% to 5%) and the Middle East (+2% to +5%) are positive, though with a larger degree of uncertainty and volatility. In 2015, international tourist arrivals in the Middle East grew by an estimated 3% to a total of 54 million, consolidating the recovery initiated in 2014.
Cool Salalah

Salalah also saw an increase in visitor numbers. Between the old Salalah Airport (SA) and the newly opened facility, the total international passenger throughput was 1,027,578 passengers in 2015, up 22% in the same period the year before.

A major season for visitors to Salalah is the Khareef, end of July to the beginning of September, when the Indian Ocean monsoon visits the shores of Dhofar, turning the coastal plain of the governorate green and providing a welcome respite from soaring temperatures elsewhere in the GCC. While also attracting visitors from other GCC and Arab countries, Khareef is particularly popular with Omani visitors.

Between June 21 and August 31, 2015, 514,777 people visited Dhofar for Khareef, an increase on 431,105 at the same point in 2014. Of these, 378,068 were from Oman, 73% of total visitors, an increase of 19.4% on the same period of the previous year.

Increasing Capacity

Ministry of Tourism (MoT) figures show that the number of licensed hotels rose from 297 in 2014 to 318 hotels in 2015, an increase of 7.1%. The number of rooms and hotel apartments increased from 15,424 in 2014 to 16,691 rooms/apartments, a jump of 8.2%. The number increased from 23,997 in 2014 to 25,966 in 2015.

The largest number of hotel facilities opening in 2015 was in the 2-star category, an increase of 27% from 2014

The number of 5-star hotels reached 11 in 2015, an increase of one, in comparison to 2014. The number of hotel rooms for the same category reached 2,450, an increase of 6.7% in comparison to 2014.

The number of 4-star hotels increased by two to reach 23 in 2015. The number of hotel rooms and apartments for the same category totaled 3,300, an increase of 9.7%. The number of 3-star hotels reached 20, while hotel rooms and apartments for the same category was 1,689 in 2015.

The 2-star licensed hotels were 47, with an increase of 27% in comparison to 2014. The number of hotel rooms and apartments for the same category rose 35.9%. The total number of rooms and apartments totaled 2,881 in 2015.

The number of hotel apartments, licensed by MoT, rose from 103 in 2014 to 113 in 2015, an increase of 9.7%. While the number of rooms and apartments was 3,661, an increase of 11.3%.
Between 21 June and 31 August 2015, 514,777 people visited Dhofar for Khareef - 378,068 were from Oman, 73% of total visitors, an increase of 19.4% for the same period in 2014.

**Who Visits Us?**

In terms of percentage, GCC visitors form the largest group with 45.8% of total visitors, followed by Asians (22.6%) and Europeans (19.2%).

The GCC is the largest source market for tourist arrivals in Oman. However, the rate at which tourists have been arriving from Asia and Europe outpaces that from the GCC. Overall, the number of tourists visiting Oman increased 17.8% to a record 2,471 million in 2015, compared to 2,098 million in 2014.

Tourist arrivals from the GCC grew by 10.5% in 2014 over 2013 with 961,000 visitors, while the rate of increase for those arriving from Asia was 9.2% and Europe 8.3%, with visitor numbers amounting to 475,000 and 403,000 from those respective regions.

**Ports of Entry & Cruise Liners**

In addition to Muscat International Airport (MIA) and Salalah Airport (SA) entry points to Oman for international visitors include the land border with the UAE and the sultanate’s seaports. Oman’s ports are all undergoing a major reorganization with Mina Sultan Qaboos Waterfront – previously Muscat’s main commercial port – now dedicated to cruise passenger traffic.

Salalah also features on a number of international cruise ship itineraries, as does the Port of Khasab in Musandam. The total number of cruise passengers for 2015 was 147,000 versus 125,000 in 2014, a growth rate of 17.6%.

The planned US$1.29bn, 451,000m² Development of Mina Sultan Qaboos Waterfront will boost Oman’s attractiveness to cruise liners. The project consists of four zones, the first of which is expected to be complete in 2020. The project will be 51% state-owned through the Oman Tourism Development Company (Omran) and the remaining 49% held by private investors.

The first zone of this tourism-based mixed-use project will consist of a retail park, a fisherman’s wharf, fish souq, five-star marina hotel, four-star family hotel, residential apartments and starter flats for first time buyers. Destination shopping, waterside restaurants and cafes, boutiques, offices, entertainment and cultural facilities, as well as super yacht and leisure boat marina will also be featured in the first zone.

With barely 1% of the global cruise market operating in the Gulf, the potential for Oman is significant. Cruise tourists in Oman, Dubai, Khor Fakkan and Abu Dhabi are rising year-on-year, with Costa and MSC Cruises, AIDA and TUI Cruises operating in the region. It is estimated that by 2020, the Gulf will attract more than 1.6 million cruise line passengers in comparison with 850,00 in 2012, a CAGR of 8%.
Tourism: What’s It Worth?

In 2015, and according to data from the National Centre for Statistics & Information, the direct contribution to GDP by Oman’s tourism sector was US$1.9bn, versus 1.8bn the previous year.

Oman Tourism Strategy: Room for Growth Over Next 25 years

Oman can increase its tourism economic activity 8 to 12 times according to different scenarios

More employment and career prospects - over 500,000 jobs by 2040

US$49bn investment - 88% privately funded, 12% public sector funded

Increased contribution of tourism income to Oman’s GDP. Between 6% and 10% according to different scenarios

Development of local economies and SMEs from the current 99 registered with Riyada to 1,200 by 2040.

Omran: Driving Oman’s Offer

Investing in tourism has become a common feature of Oman’s economic plans. For example, the 8th Five Year Plan (2011-15) allocated US$1.47bn to projects undertaken by Omran, a company set up by the government to manage assets and investments in Oman’s tourism sector.

Omran is involved in major developments such as Mina Sultan Qaboos Waterfront Development and Madinat Al Irfan Urban that will be home to the iconic Oman Convention and Exhibition Centre (OCEC), while also listing 11 hotels and resorts amongst its assets. These include the Intercontinental Hotel Muscat, the Crowne Plaza, Duqm and the Alila Jabal Akhdar resort in the Hajar Mountains, winner of major international construction and hoteliers awards.
Ready for Takeoff

The national carrier, Oman Air, established in 1993, carried 6.3 million passengers in 2015, up from 5.1 million in 2014. More than 28,000 round trips were recorded and capacity in 2015 rose to 20.5bn available seat kilometres, with an average seat factor of 71.4% being achieved.

Oman Air saw the arrival of nine new aircraft in 2015, including its first two Boeing 787-8 Dreamliners and new Boeing 737s. In 2015, the airline launched three new destinations, Singapore, Goa and Dhaka, as well as adding frequencies to established routes. Fifty six per cent of Oman Air’s flights have connections in under two hours and aims to increase this to 90% by the end of 2016.

Expensive Business


Fleet Expansion

A major reason for the losses has been a steady expansion of the airline’s fleet, which stands at around 40, but is planned to reach 70 by 2020 as outstanding orders for Boeing 737s and 787s are delivered.

The 2020 target is for a fleet of 25 wide-body and 45 narrow-body planes. Oman Air has nine codeshare partnerships, giving it access to a total of 56 global destinations – 26% of flights from Oman are connecting flights. Oman Air has increased its share of departure capacity from Oman’s airports from 24.7% in 2006 to 55% today.

Low Cost Carrier

Air traffic demand in Oman is expected to grow 40% by 2019. Oman Air’s MIA staff handled 47,823 flights and 10.3 million passengers over the course of 2015.

As per Official Airline Guide (OAG), the LCC sector in the GCC has expanded at an annual rate of more than 50% in the last 10 years, compared to the 7% growth of full service carriers. Today, GCC-based LCCs have more than 27% of market share (based on seats) on all major regional routes in the region. This is still relatively small compared to the LCC market share in Europe, the US and parts of Asia, but they’ve grown at a significant rate, averaging 35% per annum over the past five years. LCCs predominantly have short-to-medium haul route structures and use second-tier airports.

On a global scale, LCCs have grown from 7% of the world market in 2003 to 16% in 2014 and are projected to reach 21% by 2033.

Rise in Asian LCCs

Rapid economic growth, urbanization and a swelling middle class in emerging economies in China, India and Southeast Asia are increasing demand for air travel. Indeed, LCC capacity in Southeast Asia has increased eight-fold over the last 10 years, from about 25 million seats in 2004 to nearly 200 million in 2014. Southeast Asia’s LCC fleet passed the 600 aircraft mark as the region’s 23 LCCs added about 70 aircraft in 2015, resulting in 13% growth. The region’s LCC’s fleet has expanded by 50% in only three years, from 400 to just over 600 aircraft.

Research suggests that over the next 20 years, nearly half of the world’s air traffic growth will be driven by travels to, from, or within Asia.

Salam Air

In January 2016, the government-backed Muscat National Development and Investment Company (ASAAS) received an air services operator license from the Public Authority for Civil Aviation to launch Salam Air. The new low-cost carrier is expected to commence operations Q4 2016 and could launch routes to the GCC, Middle East, Indian Sub-Continent and Africa.
Once in the sultanate, visitors have a range of destinations to choose from. While domestic air routes are one way to travel, another popular means of transport is the fast ferry.

**Airports**

The development of transport links to and within the sultanate will be vital to the future expansion of Oman’s tourism sector. In this regard, Oman Airports Management Company (OAMC) is involved in the development of MIA and SAIA as well as regional airports in Duqm, Sohar and Ras Al Hadd.

**Muscat**

At an estimated US$5.2bn in project costs, the new MIA development is billed as the single biggest civil construction undertaking in Oman’s modern history. The expansion and modernization will increase the airport’s capacity to handle 12 million passengers per annum with further potential to accommodate up to four times that number.

The expansion project includes an extension of the existing runway to 4 kilometre, plus a 4 kilometre runway at the new terminal. This will mean a future airport with two runways each capable of handling 40 flights per hour including the Airbus A380s, the largest passenger jet currently in operation. The new terminal will also have approximately 18,000 m2 of commercial space.

**Salalah**

The new US$776.7m SAIA opened in June 2015 and has the capacity to handle 1 million passengers per annum, with future expansion plans to extend capacity to 6 million passengers annually. The airport also has a runway capable of handling Airbus A380s, and a gross floor area in the terminal of 65,638m2.

**Duqm**

Duqm, where an entirely new port city is being constructed in central-eastern Oman, has had its new airport up and running since 2014. Four weekly flights from Muscat began in July 2014. A new passenger terminal is still to come and will have a capacity of 500,000 passengers a year, as well as two boarding bridges, gate lounges and duty free areas. The 4 kilometre runway is capable of handling wide-bodied jets, a feature which allows for the possibility of Duqm Airport receiving international flights at some point in the future.

**Sohar**

Sohar, located 220 km northwest of Muscat, is the centre of another fast-expanding port and free zone project. A new airport at Sohar landed its first commercial flight in November 2014, preceding the construction of its terminal building. Scheduled for completion in 2016, the terminal will have a capacity of 500,000 passengers per annum and facilities for cargo. The airport will give business passengers easy access to Sohar Port and Free Zone.

**Ras Al Hadd**

An additional regional airport is being built at Ras Al Hadd, near Sur. Ras Al Hadd already has an established tourism sector, based around marine life. Ras Al Hadd beaches are home to seven different species of turtle. As of summer 2015, the new runway had been completed. Additional work on the airport and its opening is tied to further tourism development in the area.
The National Ferries Company

The National Ferries Company (NFC) services seven Omani ports and performs 76 weekly trips between Port Sultan Qaboos; Shinas Commercial Port; Dibba Port; Khasab Port; Lima Harbour; Shannah Harbour; and Masirah Port. NFC ferry services currently cover approximately 631N/M in territorial waters or an equivalent of 1,168km.

NFC’s first international trip was officially launched 28 July 2016 from Khasab Port to Bahonar Port in Bandar Abbas city and Qeshm in the Islamic Republic of Iran. The scheduled service will involve two weekly trips for a six-month pilot operations plan.

Oman Rail

For many, travel within Oman is likely to be by road, at least until the arrival of the Oman Rail project. The planned rail network will eventually link all GCC countries. A first stretch of rail is due to be laid between Sohar and the UAE border at Al Buraimi.

The railway is the future for the region and will bring significant change to how tourism develops in the GCC - increasing the number of people travelling around the region.

Road

In terms of road transport, new roads are being laid, while major improvements to a number of existing highways are also under way. The Al Batinah Expressway saw its first section open in June 2015, with the road set to eventually link Muscat to the UAE border at Khatmat Malaha. Roads through the UAE should then provide a speedier land route north to the Musandam exclave.

Other road projects of significance to tourists include improvements around Sur, Ibi and Mirbat. Additionally, a road linking Oman and Saudi Arabia opened in October 2015 - this will reduce the travel distance between the two countries by 800km, as previously, the only route was via the UAE.

The Last Mile

Gaps have been identified in destination management. When the tourist arrives, the taxi has to be there and the whole package of facilities and opportunities presented can be accessed. Facilitating the experiences of tourists is something that cuts across the whole of Omani society.

Ensuring that this level of continuity exists in visitor experience and tourist infrastructure throughout Oman is still a work in progress.

Going Forward

Encouraging more private sector involvement is likely to be a target in MoT’s new strategic plan. The sector might also look to fill in its destination management gaps through public and private investment, in order to improve that “last mile” of travel experience.

Achieving a balance between preserving what makes Oman special and generating a bigger contribution to GDP through diversification will require further careful planning and a thoughtful rollout process.

In the shorter term, much will depend on the fortunes of the oil price in the year ahead, in terms of regional investor sentiment, along with the fate of the global economy at a time of renewed concerns over growth. For Oman, the overall fundamentals remain strong, with today’s major investments in infrastructure likely to pay off in the medium to longer term, with many benefits already visible.
Authenticity: Experiential Tourism

Travellers are looking for real experiences in non-traditional destinations. They want meaningful, life-enhancing experiences and are keen to interact with local people. In brief, they want to be inspired. This offers exciting opportunities for Oman given its wealth of unique cultural and natural resources.
The Rise of Asia

We live in what experts call the ‘Asian Century’. If the current growth track continues, by 2050, Asia’s per capita income could rise 600% in purchasing power parity matching Europe and other Western markets. Over the next two decades, around three billion Asians will enter the ranks of the global middle-class, joining the ‘consuming class’ with enormous implications for the global economy and Oman’s tourism sector.

Asia has been one of the powerhouses of the world outbound travel market in recent years. From 2009 to 2013, the number of Asian outbound trips grew by 53%, twice the overall global growth of 22%, World Travel Monitor figures show.

During this period, China has emerged as one of the global leaders in the outbound travel sector, together with Japan, South Korea, India and Taiwan. China and Japan now account for about 50% of all Asian outbound travel. Asians mostly travel within the region and 75% of trips were made to countries in Asia in 2013.

The Economist Intelligence Unit predicts that by 2020, China will be the GCC’s most important economic partner. This growing relationship will help foster increasing business and leisure travel from the emerging economies of China and India to the GCC.

Tailor-made

Today’s tourists are more travel-savvy, they increasingly want to control the process of selecting and designing a holiday and demand greater flexibility. As a result, standardized and package holidays are being replaced by customized, individualized trips that include:

Rising Seniors

New traveller groups are emerging – this is due to an ageing population and changes in the composition of households. For example, the senior market (65+) is a promising segment for Oman – particularly from Europe, North America and China.

China has the largest senior citizen population in the world. At the end of 2014, there were 200 million people over 60 year living in China.

According to Chinese tradition, children are expected to care and financially support their parents. Many increasingly affluent, middle class Chinese are willing to spend money on their parents. It is seen as loyal, respectful and loving to send parents on trips abroad. These tourists are not sensitive to price but to quality.
The Sharing Economy

US-based accommodation provider Airbnb and the ride-sharing app Uber are just two of the newcomers who are making an ever bigger impact on the global travel industry. Airbnb now offers 1.5 million listings - homes, apartments, guest rooms, even houseboats and tree houses - in more than 34,000 cities in 190 countries and is estimated to be worth US$30bn – or about the same as Starwood and Intercontinental Hotels group combined – yet it doesn’t own a single hotel room. Uber is valued at around US$66bn even before it moves into deliveries – yet it doesn’t own a single car. Both of these businesses are disrupting the travel and tourism status quo, driven by great product, technology, consumer need and convenience.

The dramatic and controversial growth of so-called ‘sharing’ firms like Airbnb and competitors such as Homeaway, Wimdu and others has seen them grab a significant share of the accommodation market. According to the World Travel Monitor, over the last five years, the so-called ‘para-hotellerie’ segment, covering different forms of private accommodation ranging from holiday homes, bed and breakfast and hostels to staying with friends and relatives, has soared by 35% to reach a 40% share of the overall world outbound accommodation market.

Up Market

Tourism’s high-end segment is the least affected by fluctuations in the global economy. For consumers with high disposable incomes, long-haul travel remains attractive. Focusing on this segment is therefore promising. However, customers in the high-end segment tend to be more demanding than those in the medium and lower income segments.

Handheld Devices

Savvy travellers already make extensive use of mobile devices, such as smartphones and tablets to obtain travel information. However, booking through mobile devices is also gaining ground. According to the TripBarometer Connected Traveler Report, 42% of travellers are connected travellers, having used a smartphone to plan or book a trip. Forty nine percent of Asians fall into the connected traveler group.

360 Degree Tourism

Travel and tourism depends heavily on the use of word-of-mouth to spread opinions and recommendations, and social platforms such as Twitter, Instagram and Facebook allow travellers to easily share tips and suggestions, which can be enormously valuable when positive. Some 92% of consumers said they trusted earned media, which includes recommendations from friends and family members, more than any other form of advertising. A recent World Travel & Tourism Council study showed that 52% of respondents changed their travel plans after researching their trip using social media.
Millennials

Millennials - those born between 1980 and 2000 - continue to lead the resurgence in travel, they’re the ones who would rather spend their money on experiences than stuff.

Fifty percent of the world’s population is under the age of 30 and have a worldwide purchasing power of US$2.45tr. In fact, in 2012, US$217bn of the US$1.088tr global tourism spend came from young travellers.

Because of the financial traumas they’ve grown up with, Millennials are thrifty, they don’t want to pay full price for anything, including travel. Research indicates that young travellers want more than ever, to enrich themselves with cultural experiences, to meet local people and improve their employability when they return home. In fact, they are shunning the traditional sun, sea and sand holidays to improve their resumes.

Social Media

Constantly connected to social media and their smartphones, 49% of millennials search for travel on their smartphones, 87% use Facebook for travel inspiration and 75% post to social networks at least once a day while traveling.

Millennials are also influencing their peers. They discover new travel opportunities through peer posts on social media and read company review sites like TripAdvisor, Yelp and Airbnb. Eighty four percent of millennials claim that user-generated content - a product review, tweet, or status update written by a consumer rather than a company - influences their decisions more so than any advertisement while 71% typically share their opinion of a product because they think other consumers will value the input.

49% of millennials search for travel on their smartphones, 87% use Facebook for travel inspiration and 75% post to social networks at least once a day while traveling.
MICE

With one in three of all tourists in the GCC a business traveller, the region’s meetings, incentives, conferences, exhibitions and events (MICE) industry is showing continuous growth and is set to expand even further while attracting high-profile global events and state-of-the-art infrastructural investments.

As an important generator of income, employment, international prestige and foreign investment, the MICE industry in general, and the development of the Oman Convention and Exhibition Centre (OCEC) in particular, represents a key driver of Oman’s economic development strategy. The MICE industry has the added benefit of a high per capita budget potential.

The peripheral spends of business travellers are significantly higher than that of the average leisure traveller and so this industry remains highly desirable to all destination and tourism stakeholders.

The MICE market has grown rapidly in the GCC, particularly in Dubai, which in 2015 held nearly 27% market share of the US$1.3bn MICE GCC market.
**GCC Travellers**

Outbound travel from the Middle East, according to the United Nations World Tourism Organization (UNWTO’s) 2015 tourism highlights, numbered approximately 37 million people for 2014 and accounted for 3.3% of the global outbound market.

The value of outbound travellers from the GCC has been estimated at US$64bn, according to a study conducted by Frost & Sullivan and Insights Middle East. The study further estimated the average spend in GCC countries for inter-regional travel at US$4,980 and for international business travel at US$9,920.

Thanks to the growing availability of LCCs, GCC tourists are traveling more than ever. Trips within the region are likely to increase with the introduction of a Schengen-style, unified visa for tourists and business people from 35 foreign and Arab countries.

**China: A Market to Watch**

The Chinese have become the single greatest source of global tourism income after spending US$172bn in 2014. According to a Bank of America Merrill Lynch report, 174 million Chinese tourists are expected to shell out US$277bn a year by 2019 with purchases on clothing, footwear, cosmetics and electronics at the top of the list. With an increasingly affluent and sizeable middle class consumption is set to further increase. Higher disposable incomes and a desire for international products and brands all lead to this significant consumer spending abroad.

**Group travel**

70% of Chinese people travel through agency organized groups. There are a number of reasons for this:

- **Language barrier:** many Chinese citizens don’t speak English so they need a guide.

- **Visa difficulties:** agencies take care of everything and make it easier to obtain a visa, this can often be a hassle for Chinese travelers because of the complicated process.

- **Fear of adventure:** most Chinese people have never travelled abroad until recently, so they are less eager to explore alone. They turn to experienced travel agencies and feel more comfortable traveling with other Chinese citizens.

- **The Chinese live in a more collective society where people are used to doing things in groups.**
Investing in Tourism:
A Step-by-Step Guide

**Step 1**

**Ithraa**

**Obtain Commercial Registration**

*Documents required:*
- Copy of partner’s passport
- Copy of Omani partner’s ID card
- New commercial registration (CR) form signed by all partners
- Sample authorized signatories

* In some cases, security approval is required (1-5 weeks)

Criminal record clearance is to be attached by Omani Embassy in applicant’s home country.

**Collect Membership Card**

Timeframe: 1 hour

Collect OCCI membership card

**Documents required:**
- CR payment receipt

**Obtain Company Stamp**

Timeframe: 10 minutes

**Documents required:**
- CR

**Tourism License***

**Obtain Industrial License**

Timeframe: 6 months

*Documents required:*
- Application form
- Copy of investor’s passport or ID
- CR copy
- Land ownership certificate
- Rental agreement
- OCCI certificate
- Local municipality permit
- Ministry of Tourism approval

Initial approvals from different entities depend on business activity

*This step doesn’t affect other steps. Preliminary approvals from relevant government agencies depend on the requested type of commercial activity.

**Step 2**

**Bank**

**Open Bank Account**

Timeframe: Depends on the Bank

*Documents required:*
- CR
- Passport copies
- Articles of Association
- Sample authorized signatories

*Some banks may require additional documents.

—

All organizations mentioned can be contacted via the One-Stop-Shop

- Ithraa
- Oman Chamber of Commerce & Industry (OCCI)
- Local Municipality
- Ministry of Manpower (MOM)
- Royal Oman Police (ROP)
Step 3

Rental Agreement

Complete Ministry of Commerce & Industry
Investor Application Form

*Documents required:
• CR
• List of machinery
• Identity card

*To apply to rent land, submit all documents to MoCI

Step 4

Ministry of Manpower

Obtain Investor Visa

Timeframe:
2 - 7 days

Register company on [www.manpower.gov.om](http://www.manpower.gov.om) and print application form

Required documents:
• Application form
• CR + company stamp
• OCCI membership card
• Passport copies
• Rental agreement
• Municipality permit
• Commitment letter

ROP

Obtain Investor Visa

Timeframe:
1-2 weeks

Print application form from [www.rop.gov.om](http://www.rop.gov.om)

Required documents:
• Application form
• Medical report
• Two passport-style photographs
• CR + company stamp
• OCCI membership card
• Copy of passport
• Rental agreement
• Municipality approval
• MOM approval

ROP Civil Status

Obtain Investor Visa

Timeframe:
1 day

Required documents:
• Investor visa
• Passport copy
• Present for fingerprinting
Formed in 1996, Ithraa is Oman’s award-winning inward investment and export development agency.

We are an ambitious organization committed to promoting the business benefits of Oman to a global audience. Our experience, expertise and global reach helps companies of all sizes realize their potential.

Vision
Promoting the Sultanate as the best destination for investment and trade in the world.

Mission
To attract sustainable investment and promote the export of Omani non-oil goods and services that support the Sultanate’s ambitions for growth and prosperity.

Talk to Us
Tel: +968 24 62 33 00
Fax: +968 24 62 33 36
www.ithraa.om
Ithraa, PO Box 25, Wadi Kabir 117, Sultanate of Oman.