Oman has been ruled by the Sultan Qaboos bin Said al-Said since 1970. His extensive modernisation programme has opened the country to the outside world while preserving the longstanding close ties with the UK. Oman’s moderate, independent foreign policy has sought to maintain good relations with all Middle Eastern countries.

Oman is a middle-income economy in the Middle East with large oil and gas resources, a substantial trade surplus, and low inflation (1.4 per cent in 2005). It produces just short of 1Mbpd of oil that it largely refines and exports together with large quantities of natural gas. A new liquefied natural gas (LNG) facility is due to come on-line in 2006 and this will help to raise the overall oil and gas exports.

The country continues to work at liberalising its markets and has joined World Trade Organization (WTO) in 2000 to help in this regard. It still relies on 600,000 foreign nationals to swell the labour force, accounting for some 40 per cent of the numbers. However, to reduce unemployment of the national population and limit dependence on foreign labour, the government is encouraging the replacement of foreign expatriate workers with local workers through better training in information technology, business management, and English. Despite this unemployment is still 15 per cent of the national work force.

Industrial development plans focus on the added-value use of oil and gas resources. This allocation of resources has created capital for investment in the new industries intended to replace oil as the sultanate’s economic foundation. A number of industrial projects are presently in progress, for example, a fertiliser plant, a refinery and a polypropylene facility. A methanol plant and an aluminium smelter are at the planning stage. The reduction of the dependence upon on oil and gas exports will of course benefit the entire economy, but is especially good news for domestic cement consumption that has increased by 50 per cent over the last five years. New ports, industrial zones, free trade zones, roads, residential and retail developments, educational and training facilities, power, water and tourism projects are all on the drawing board or under construction.

Production
There are only two cement producers in the sultanate, Raysut Cement Company and Oman Cement Company, which each operate one plant.

Oman Cement Company is in the process of being privatised and is now only 51 per cent government-owned. Both companies have been announcing regular bullish statements and both are talking about expanding their capacities. The final level of their expansion plans is uncertain as each announcement raises their planned capacities ever higher. It is further complicated by the fact that both company’s plants exceed their design capacity by typically 10 per cent, giving a 110 per cent utilisation factor.

Raysut Cement commissioned its new integrated 1.25Mta capacity third line in Salalah, a southern port near