



THE BUSINESS

over
BREAKFAST EVENT



OMAN TOURISM FUTURE PROSPECTS

Summary Report

For the Business over Breakfast Event that took place on 27 October 2022 at the Grand Hyatt in Muscat, Oman.



وزارة التراث والسياحة
Ministry of Heritage and Tourism

EU-GCC Dialogue on Economic Diversification
A project funded by the European Union



EU-GCC Political Dialogue, Cooperation and Outreach
A project funded by the European Union

Opening Remarks by Mr. Said Harib Al Obidani, Director General of Tourism Development, Ministry of Heritage and Tourism

- With its scenic wadis, natural caves, beaches, and mountain ranges, and known for its ancient culture and hospitality, Oman has a lot to offer tourists.
- Its expanding economy and reputation for stability also draws visitors for meetings, incentives, conferences and exhibitions from the region and beyond.
- The sector is central to government efforts to diversify the economy, and authorities have worked in recent years to streamline regulations and fast track infrastructure developments to facilitate visitors, such as building a new international airport and convention centre in Muscat.



- A steady stream of private investment in the hospitality sector is also contributing to improved services.
- All of these activities are reflected in the rising number of tourists visiting Oman. The National Centre for Statistics and Information states that 652,000 people visited Oman last year; 874,000 visited in 2020. Pre-pandemic 3,506,441 people visited Oman in 2019 and 3,241,757 in 2018.
- One of the economic pillars of Oman's 2040 Economic Vision is to increase revenue from tourism. The contribution of the tourism sector to the gross domestic product was 2.4 % in 2021; the country aims to increase it to 5% by 2030, and 10% by 2040.
- The goal is to increase the number of visitors to 11.7 million by 2040 by investing \$51 billion. It is calculated that such an investment will generate more than 9 billion Omani rials (\$22.5 billion) a year from tourism by 2040.

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- Support to further develop the Omani tourism sector and to assist in the achievement of these targets was identified among the priority themes of mutual interest for the EU & Oman during the 2019 EU-Oman Sectoral Dialogue on Trade, Investment & Economic Policies, hosted under the framework of the EU-Oman Cooperation Arrangement.
- European Union's Relations with the Sultanate of Oman**

“The EU stands ready to support further regional integration within the Gulf Cooperation Council and to strengthen its long-standing partnership with the GCC.”
HRVP Josep Borrell, 2021

Mission of the Delegation

The Delegation of the European Union in Riyadh, which is accredited to the Kingdom of Saudi Arabia, the Sultanate of Oman and the Kingdom of Bahrain, was officially opened in 2004. With the Lisbon Treaty and the setup of a unified diplomatic service (European External Action Service), it is representing the EU as a whole and speaking on behalf of the Member States where there is unanimous agreement in foreign policy areas. The Delegation deals with a wide variety of areas, including political relations, economic and trade cooperation, energy, climate change, cultural cooperation, security, education, and acts as a consular focal point.

Bilateral Relations

Cooperation Arrangement

 - Signed by the European External Action Service and the Ministry of Foreign Affairs of the Sultanate of Oman in September 2018.
 - Provides framework for cooperation on both the political and technical levels.

Joint Communication on a Strategic Partnership with the Gulf
18 May 2022

High Representative/Vice-President Josep Borrell: The European Union and Gulf countries stand to gain from a stronger and more strategic partnership... We need to work more closely together on:

 - Stability in the Gulf and the Middle East, global security threats
 - Energy security
 - Climate change and the green transition
 - Digitalisation
 - Trade and investment
 - Strengthening contacts between students, researchers, businesses and citizens

Trade and Investment Relations

 - The EU is Oman's 6th trading partner
 - 42% of Oman's global trade stems from the EU
 - Oman is the EU's 65th trading partner in goods
 - Total trade of € 3.3 billion

Highlights

 - Discussing common challenges
 - Exchanging experience
 - Increasing mutual understanding
 - Annual senior official meetings
 - Regular consultations
- EU Cooperation with Oman in the domain of tourism offers a number of opportunities, given the vast EU experience and policies aiming at maintaining Europe's standing as a leading market while maximizing the sector's contribution to growth and employment and promoting cooperation through the exchange of good practices.
 - The European Commission works on a number of initiatives to diversify and improve the range of tourism products and services available in areas such as sustainable tourism, alternative tourism, adventure tourism, etc. Oman will largely benefit from the EU experience in this domain.
 - In this context, the Enhanced EU-GCC Political Dialogue project with the support of the EU-GCC Dialogue on Economic Diversification was approved to provide support to the Omani Ministry of Heritage & Tourism in developing the tourism sector through mobilising a senior expert in the tourism sector to support and analyse the Oman policies and strategies, identify gaps where the EU could provide added value and propose a list of activities to be implemented by the projects.

Presentation by Prof. Dr. Angelo Battaglia, Tourism Planning and Strategy, Westminster International University in Tashkent (WIUT) on 'Oman Tourism – Future Prospects'

The summary points highlighted from Dr. Angelo's presentation below represent his analysis and recommendations based on his latest discussions and workshops held with the Omani Ministry of Heritage and Tourism to support and analyse Oman's policies and strategies, identify gaps where the EU could provide added value and propose a list of activities to be implemented by the projects.

During the period of 2010 to 2020, the Sultanate of Oman successfully narrowed down the strategic points through a Strategic Policy Framework, that includes 14 Strategic Clusters in the Sultanate.



- We need to understand how to apply these strategies to the territory to be operational. Which are the elements? The segments? We need to implement the operational process in the field to apply this strategic tourism framework today.
- Which are the markets that we need to focus on in order to transform Oman one year from now? According to the Strategic Policy Framework, one important element that can be a guideline is to understand the importance of these 14 clusters and how they can be interconnected and integrated, and at the same time fit with all the green diversification strategies that not only the Sultanate, but in the GCC and globally, according to UN sustainable goals we can achieve. Oman can be a tourism destination, sustainable green, and be a model in the MENA region, considering this green transformation.
- Oman has all the criteria, features, and characteristics to be a sustainable tourism destination.

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- The objectives of these strategic clusters should be to:

1. Increase global performance
2. Diversify and strengthen product offerings
3. Offer destination distinction
4. Facilitate engagement between visitors and destination
5. Create a more diversified tourism product



- Adventure tourism, for example, could be a very interesting segment in this new operational scenario. How can Oman according to its different landscapes, geographies, and ecosystems be considered an experiential destination?
- We are observing probably a shift from a tourism economy in the Sultanate to a creative and experiential economy.
- Some examples of itineraries, adventure pathways, about experiences of tourism, are potentially the new components of the Sultanate's strategic framework.
- In 2019 the Sultanate had the potential to reach 3.5 million tourists as inbound international tourism. These inbounds were supported by cruise ships and also by land and flight connectivity.
- Unfortunately, we see a decrease in numbers in 2020, and 2021 before and during the global pandemic. More positively, after the pandemic, we have the opportunity to establish a new strategic scenario for the future of Oman.

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- We can take advantage of Oman's over 3000 km of coast and seashore, to organise internal Gulf of Oman cruises rather than Oman being merely one of a number of stops on GCC cruises.
- We can seek to implement, support, and develop wider segments of the tourism market including cultural tourism, adventure tourism, and agricultural tourism and empower communities to play a role in developing tourism products and services in their wilayats.
- We want to engage the tourists with the people. We want to engage the tourists with the local community. Through harnessing tourist purchasing power, we have the opportunity to support local communities in order to create SMEs and generate local economic development in rural and decentralized areas.
- We need to establish ways to engage local communities more deeply with tourism and the Ministry of Heritage and Tourism in supporting and enhancing local economic development, particularly in rural areas.
- February 2020 and the onset of the pandemic caused the MENA region and Oman in particular to experience an up to 80% drop in tourism numbers from 2019 to 2021. However, the Sultanate is recovering in terms of visitor numbers with almost 400,000 tourists in 2022. By 2023 and 2024 Oman should be able to reach the numbers achieved in 2019 with some 3.5million inbound tourists.
- Oman is part of the wider global, GCC, and Indian Ocean rim tourism markets and this provides an opportunity for market growth. Achieving this depends upon good physical and digital connectivity.
- Although the negative impacts in terms of tourism that the Sultanate is facing in terms of the global crisis, the inflation of market prices in Europe, the high cost of travel from European markets, and the geopolitical conflict and threats that Europe is experiencing, there are opportunities that Oman can take advantage of.

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- At a domestic level, other challenges that are being faced are the coordination between different private stakeholders, local stakeholders, public authorities, and public and private actors in the tourist sector that work in tourism hospitality. There is fragmentation in terms of tourism responsibilities in the Oman government and it is vital to have clear governance in order to understand the tourism direction that the Sultanate wishes to take. Governance is the balance between stakeholders and a discussion consultation between partners and stakeholders in the sector.
- Oman can also focus on new strategic markets through the Promotion Department at the Ministry of Heritage and Tourism. For example, the US, China, Iran, Indonesia, South Korea Japan, Spain, and Latin America and the role those high spenders can play in visiting Oman.
- The Sultanate of Oman can hugely benefit from EU best practices with its variety of countries and tourism experiences. However, these need to be adapted to local culture or the local traditions of the local community to ensure acceptance of these practices.
- There is also the need to facilitate the tourism investment process in the Sultanate process not only for international investors but also for Omani's through a clear digital portal and the elimination of barriers to entry.
- It is also important to think about quality criteria, and the quality standards that should be reviewed because some of the quality standards are old dating back to 2012 and 2014. Over the next two years, we need to review these standards and see which kind of European experience can be replicated for this new quality process.
- Lastly, incentives are needed for the young Omani generation, to create start-ups and SMEs in the sector. The process needs to be facilitated, and incentives are given to be able to create a sustainable tourism sector that is not connected only to high-level infrastructure plans but also can be used as a means of engagement with the community.

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- This is the key because in this way if we are able to incentivize the local tourism industry and start-up as a means for the young generation, we are able to create jobs and sustainable jobs for the future and for the people living in Oman.



[Click here to download the presentation presented by Dr. Angelo](#)





Points addressed by the audience after the presentation

- The need for Oman to develop low-cost accommodation in terms of hostels or youth facilities to widen the market for Omani tourism. These might include hotels in the city catering only to youth (Jazz or art hotels);
- To pay more attention to generation Z being the modern tourism drivers;
- Hold and freeze tourism taxes and vat on hotels for at least 5 years;
- Exempt alcoholic drinks from tax;
- Concentrate more on creating more vocational training in the tourism sector and limit the academic BA degrees and diplomas;
- Invest in developing facilities at Sultan Qaboos seaport since it is the first experience of Oman for cruise ship guests;
- Find ways to encourage cruise ship passengers to spend more in Oman;
- Turn Oman into all year long attractive destination;
- Create more carnivals and festivals all year long all over Oman;
- Enhance the MHT's promotional budget since it is relatively low and does not meet the future expectations of the Sector;
- The sector needs more governance & compliance, and risk management;
- Oman Air is in the process to join the one world alliance with 900 cities and 170 countries, this will promote Oman as a very attractive destination, need to build on it more;
- We must encourage more middle-class tourists along with premium-class tourists;
- To focus on medical tourism and attract medical tourists through research areas and treatment packages;
- To introduce archaeological tourism as a potential sector;
- To focus on MICE events and utilise the large convention centre facility to its full potential by hosting large events across different industry sectors that will attract thousands of visitors;
- To re-evaluate the pricing structure for tours in Oman and cater to all levels of tourists;
- To diversify hospitality offers to cater to all price ranges and capitalize on different markets and needs.

This business over-breakfast event was attended by 35 delegates represented by EU Member States and the Omani government organisations concerned with developing and promoting the Sultanate as a world-class tourism destination.

About the EU-GCC Dialogue on Economic Diversification Project

The EU-GCC Dialogue on Economic Diversification is a project funded by the European Commission Service for Foreign Policy Instruments under the Partnership Instrument.

The project contributes to stronger EU-GCC relations by supporting the GCC countries in the ongoing process of economic diversification away from hydrocarbon-dependent sectors, including by funding regular EU-GCC Business Fora.

The purpose of this project is to promote climate-friendly trade, investment, and economic affairs-related policy analysis, dialogue, and cooperation between stakeholders from the EU and GCC at both regional and country levels in the context of the GCC economic diversification process.

For more information on the EU-GCC Dialogue Project, and to download research reports and other publications, please visit:

<https://www.eeas.europa.eu/eeas/EUintheGCC>

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