

Report No. 2528-OM

# Oman Current Economic Position and Prospects

**FILE COPY**

October 16, 1979

Europe, Middle East and North Africa Region

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OMAN

CURRENCY EQUIVALENTS  
(Official Exchange Rate)

Prior to August 15, 1971

O.R. 1	=	U.S. \$2.40
U.S.\$1	=	O.R. 0.417

August 15, 1971 to January 1973

O.R. 1	=	U.S. \$2.60
U.S.\$1	=	O.R. 0.385

Since February 1973

O.R. 1	=	U.S. \$2.895
U.S.\$1	=	O.R. 0.346

OMAN: CURRENT ECONOMIC POSITION AND PROSPECTSTABLE OF CONTENTS

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This report is based on the findings of an economic mission which visited Oman in January 1979. The mission was composed of Messrs. Kadir Tanju Yurukoglu (chief and general economist), Damianos Odeh (manpower specialist) and Ms. Margaret O'Donnell (research assistant).

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## OMAN: COUNTRY DATA

<u>AREA</u>	<u>POPULATION</u>	<u>DENSITY</u>
300,000 km <sup>2</sup> <sup>1/</sup>	860,000 (1978) <sup>2/</sup>	2.9 per km.sq.
	Rate of growth: 2.9% (from 1972-78) <sup>3/</sup>	

POPULATION CHARACTERISTICS (1977)

Crude Birth Rate (per 1,000)	47
Crude Death Rate (per 1,000)	19
Life expectancy at birth	48

HEALTH (1977)

Population per physician	4,108
Population per hospital bed	589

EDUCATION (1977)

Adult literacy rate (%)	30
Primary school enrollment (%)	55
Secondary school enrollment (%)	5

INCOME DISTRIBUTION

% of national income, highest quintile	..
lowest quintile	..

<sup>4/</sup>  
GNP PER CAPITA IN 1978: \$2,510

NATIONAL ACCOUNTS

Annual average rate of growth (%)  
(At constant prices)

	<u>1978</u> <sup>5/</sup>		<u>1974-78</u>
	US \$ million	%	
GNP at Market Prices	2,129.0	100.0	11.1
Gross Domestic Investment	618.1	29.0	35.2
Gross Domestic Saving	903.6	42.4	-2.6
Current Account Balance	-31.4	-1.5	.
Exports of Goods	1,599.0	75.1	2.3
Imports of Goods	1,249.2	58.6	23.3

OUTPUT, EMPLOYMENT AND PRODUCTIVITY IN 1978

	<u>Value Added</u>		<u>Employment</u>		<u>V.A. per worker</u>	
	US \$ million	%	Thousands	%	US \$	%
Agriculture	75.2	3.0	82.0	34.0	917	8.8
Industry	1,729.0	68.9	100.1	41.5	17,272	166.1
- oil	1,443.0	57.5	4.9	2.0	294,490	2,831.6
- non-oil	286.0	11.4	95.2	39.5	3,004	28.8
Services	702.2	28.1	38.9	24.5	18,051	173.5
Total	2,506.4	100.0	241	100.0	10,400	100.0

GOVERNMENT FINANCE

## Central Government

	<u>Millions of RO</u>			<u>Percent of GDP</u>		
	1976	1977	1978	1973-76	1977	1978
Government Revenue	505.4	613.3	509.0	57.1	70.2	58.7
- oil	454.7	482.2	457.7	50.1	55.2	52.8
- non-oil	32.7	38.4	44.6	2.7	4.4	5.2
- grants	18.0	92.7	6.7	4.3	10.6	0.7
Government Expenditure	580.7	534.3	560.0	63.6	59.5	64.7
- Recurrent	385.6	388.4	437.4	40.6	42.8	50.4
(of which: civil)	(102.3)	(136.6)	(154.3)	(10.9)	(15.6)	(17.8)
- Development	195.1	145.9	122.6	22.9	16.7	14.2
Overall balance	-75.6	71.7	-51.0	-8.5	8.2	-5.9

1/ Government estimate (Statistical Yearbook, 1977)

2/ Bank mission's estimate; in the absence of a population census, population estimates vary from 480,000 to 1.5 million (Government estimate for planning purposes).

3/ Growth rate for Omani population only

4/ Based on World Bank Atlas methodology (using weighted average of 1976-78 prices and exchange rates) and 0.86 million population.

5/ Provisional

.. Not available  
.. Not applicable

EMENA CPIIB  
July 1979

<u>MONEY, CREDIT AND PRICES</u>	<u>1973</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
	(millions of RO)				
Money and Quasi Money	46.7	117.9	164.6	206.6	230.4
Bank Credit to Public Sector	6.6	69.2	107.9	64.4	69.8
Bank Credit to Private Sector	18.9	86.0	120.2	167.1	198.3

(Percentages or Index Numbers)

Money and Quasi Money as % of GDP	27.4	15.7	19.5	23.7	27.1
General Price Index	..	..	..	..	..
Annual percentage change in:					
General Price Index	..	..	..	..	..
Bank Credit to Public Sector	..	22.4	55.9	-40.3	8.3
Bank Credit to Private Sector	..	30.6	39.8	39.0	18.6

BALANCE OF PAYMENTS  
(millions of US \$)

	<u>1976</u>	<u>1977</u>	<u>1978</u>
Exports of goods	1,596	1,620	1,599
Imports of goods	<u>1,111</u>	<u>1,138</u>	<u>1,249</u>
Trade Gap	485	482	350
Workers' remittances	-267	-246	-233
Profit remittances	-251	-195	-150
Others	<u>-68</u>	<u>-70</u>	<u>-58</u>
Net services	-586	-511	-441
Balance on Current Acc.	-101	-29	-91
Grants	52	268	19
Net MLT Borrowing	168	105	-33
Disbursements	192	161	82
Amortization	-24	-56	-115
Oil Sector capital (net)	103	40	55
Other items, n.e.i.	<u>-235</u>	<u>-164</u>	<u>-48</u>
Change in reserves	-13	220	-98
Net Foreign Assets (end year)	91	311	213

RATE OF EXCHANGE

(Since February 1973)

US \$ 1 = RO 0.3454  
RO 1 = US \$ 2.895

MERCHANDISE EXPORTS (AVERAGE 1976-78)

	<u>US \$ Mln</u>	<u>%</u>
Crude oil	1,555	96.9
Others	<u>50</u>	<u>3.1</u>
Total	1,605	100.0

EXTERNAL DEBT (December 31, 1978)

	<u>US \$ Mln.</u>
Public Debt, incl. guaranteed	547.8
Non-guaranteed Private Debt	<u>..</u>
Total outstanding & Disbursed	547.8

DEBT SERVICE RATIO FOR 1978 <sup>1/</sup>

Public Debt, incl. guaranteed	8.4
Non-guaranteed private debt	<u>..</u>
Total outstanding & Disbursed	8.4

IBRD/IDA Lending (as of March 31, 1979) (Millions of US\$)

	<u>IBRD</u>	<u>IDA</u>
Outstanding and Disbursed	8.1	..
Undisbursed	<u>16.2</u>	<u>..</u>
Outstanding incl. Undisbursed	24.3	..

<sup>1/</sup> Ratio of debt service to exports of goods.

.. not available  
.. not applicable

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## SUMMARY AND CONCLUSIONS

i. Oman has been undergoing a major socio-economic transformation since 1967 when oil emerged as a major export. Since 1970 when Sultan Qaboos came into power, the pace of economic development has accelerated considerably. Although the statistical information is scant, a rough estimate of real GDP growth is at an average of 5-6 percent per annum between 1967 and 1978.

ii. No population census has so far been carried out in Oman; hence precise demographic data are not available. Estimates of the Omani population range from less than 0.5 to 1.5 million; the latter being used officially for planning purposes. Based on socio-demographic surveys that were carried out by the Directorate General of National Statistics in 1975 and 1978, the mission estimates the population of Oman at 860,000 in 1978, including 140,000 expatriates.

iii. A special feature of Oman is that it is a labor exporting country as well as being a labor importer. The sudden expansion in economic activity in recent years resulted in demand for labor in all occupation and skill levels greater than what could be met by the local labor force alone. Consequently, Oman has had to rely heavily on foreign labor (114,000 work permits were issued to expatriates in 1978). At the same time, however, large numbers of Omanis have been migrating to the neighboring Gulf states apparently because of wage differentials. In Oman, expatriates outnumber Omanis by 2 to 1 in the private sector and account for more than one third of the government employment excluding defense and police. Omani employment in the private sector is limited to a few non-critical skills.

iv. Oman has made impressive gains in education and health since 1970. Compared to 1970/71, the 1977/78 figures show an almost tenfold increase in student enrollment and about a twentyfold increase in the number of schools. The system, however, remains relatively small and suffers from inadequate physical facilities and is highly dependent on expatriate teachers. In the health sector, where services were virtually non-existent in 1970, there has been a rapid expansion of facilities and services. To meet the needs of Oman's population adequately, however, much remains to be done in the coming years.

v. With the launching of major infrastructure projects and increased defense spending beginning in 1970, the Government expenditure rose rapidly and surpluses swung into deficits both in the balance of payments and in the budgetary position in 1972. A significant liquidity crisis occurred in 1974 despite the sharp increases in oil prices. In response, the Government undertook measures to establish financial discipline and a major reorganization of the institutional framework for economic planning in order to provide for a long term approach to development. Consequently, the Five Year Development Plan for the 1976-80 period was approved in the second half of 1976.

vi. Briefly, the main objectives of the Plan are: (1) to shift the concentration of investments from infrastructure to income generating projects;

(2) to spread investments among regions in order to improve regional income distribution; (3) to develop the efficiency of the Government administration. The Plan projects, in real terms, an annual average GDP growth rate of 1.6 percent and a GNP growth rate of 3.1 percent during the 1976-80 period. Rapid growth in the non-oil sectors, i.e. agriculture and manufacturing, is expected to more than offset the decline in oil production. Defense expenditures are to be cut back sharply, in line with the declining oil revenue, and government investments are projected to decline by an annual average rate of 19 percent during the Plan period. The Plan also estimates that imports would decline at an annual average of 11 percent, and, therefore, the balance of payments would swing sharply into a current account surplus in 1980.

vii. During the first three years of the Plan's implementation, the performance of the Omani economy fell short of attaining most of the Plan targets. Public investment declined much faster than forecast in the Plan mainly because of constraints in project preparation and implementation in the productive non-oil sectors; the projected cutback in defense expenditure was not achieved although it has decreased slightly since 1976. Major projects highlighted in the Plan such as cement, copper and an industrial estate suffered delays of up to five years.

viii. Oil was the leading growth sector until 1977 which strongly influenced the overall growth of GDP. Oil production has been declining at an average of 7.4 percent since 1977. While agriculture is the major source of income for the majority of the population, its value-added accounts for only 3 percent of the GDP. The level of agricultural production has stagnated in the last few years partly because of lack of investment. After two years of strong expansion in 1975 and 1976, the construction sector has reflected the drastic decline in the development expenditure begun in 1977. Most of the large scale foreign contractors have now left Oman, improving the market share of small and medium size local contractors. Oman's manufacturing sector is still small; it accounted for only 1.5 percent of the GDP in 1978. The electricity and water sector increased its output considerably. The trade and the financial sectors suffered from the slowdown of the economy in 1978; profit margins are believed to have further decreased from their overinflated levels during the boom period. The value-added of Government services continued to increase in 1977 and in 1978 due to the expansion of Government employment and services. Overall, there may have been an annual average decline of 2-3 percent in the GDP in real terms during the 1976-78 period.

ix. Public investment has declined at an annual average rate of 21 percent since 1976. This was mostly due to completion of the large scale infrastructure projects and the constraints in preparation, design and implementation of new smaller scale projects. The share of capital outlays in the priority, income-generating projects remained relatively low during the 1976-78 period. Private investment is estimated to have increased at current prices from RO 60 million in 1976 to RO 91 million in 1978; most of this represents private residential construction and oil companies' investments.

x. Oil revenue still accounts for more than 90 percent of Government revenue although it declined by 5 percent in 1978. This was the result of



a drop in the export volume. This drop is also partly the result of new financial arrangements with PDO. Non-oil revenues, composed mainly of corporate income tax, customs duties and income from public utilities have shown modest increases since 1976. The inflow of grants, mainly from Saudi Arabia, has been erratic.

xi. Total current expenditure, after increasing sixfold between 1973 and 1976, remained almost unchanged in 1976 and 1977 and increased to RO 437 million in 1978. Defense expenditure accounted for 60 percent of current expenditure during this period; it declined slightly from the 1976 peak level to RO 264 million in 1978. Civil recurrent expenditure rose by an average of 23 percent since 1976.

xii. The recorded budget deficit was RO 76 million in 1976; it was financed mainly by suppliers' credits, although the Government also had to resort to domestic commercial bank borrowing. In 1977, in sharp contrast to the previous years, an overall surplus of RO 72 million was registered caused by a substantial rise in grant receipts and shortfall in development expenditures. In 1978, a deficit of only RO 45 million was incurred compared with the budget estimate of RO 223 million; this largely reflects the shortfall in expenditures from the budgeted levels. The 1978 budget deficit was financed by net borrowing from the Central Bank, the commercial banks and drawing down government deposits with the commercial banks.

xiii. As a result of the contraction in domestic budgetary spending and an overall slowdown of the economic activity, there has been a considerable deceleration in the growth of domestic liquidity since 1976. The broad money supply increased by 12 percent in 1978 compared with 40 percent in 1976. There are no reliable indicators of price changes in Oman. The cost of living is roughly estimated to have risen by an average of 8 percent per year between 1975 and 1978.

xiv. Oman's balance of payments reflects the performance of the oil sector and the public expenditure policy. Overall, the balance of payments showed deficits between 1972 and 1976 and they turned into a surplus in 1977 reflecting a record level of grant receipts and lower net service payments. Despite these lower net service payments, however, a deficit of RO 36 million was incurred in 1978 as grants receipts fell sharply and the capital account showed net repayments on external loans. Consequently, net foreign exchange reserves declined to RO 74 million at the end of 1978 (equivalent to two months of imports).

xv. In recent years, there has been an improvement in the terms of Oman's external debt as an increasing part of new borrowings were contracted with bilateral development agencies. Oman's outstanding and disbursed external debt is estimated at RO 189 million at the end of 1978, which is about RO 3 million below the 1977 level due to net repayments. Oman's debt service was 8.4 percent of exports of goods in 1978.

xvi. In 1979, despite an anticipated 4-5 percent decline in oil production, the downward trend of the economy is expected to be arrested as a result of a significant increase in public capital expenditure. The 1979 budget provides for a 12 percent increase in total revenues (including grants), about a 15 percent rise in civil recurrent expenditures and a slight increase in defense spending. The largest increase is foreseen in the development expenditure rising from RO 89 million in 1978 to RO 217 million in 1979. Although it may prove to be difficult to reach the budgeted level, capital expenditure is expected to be higher than in 1978 because of the southern oil development and Nizwa-Thumrait road projects. While the budget estimates a deficit of RO 120 million in 1979, with the recent sharp increases in oil prices, the Government oil revenue is expected to reach RO 620 million in 1979, therefore the budget may produce a surplus instead of a deficit. Oman will have to repay RO 83 million on external debt and the debt service ratio is estimated at 10-12 percent of exports of goods in 1979.

xvii. The long term prospects of the Omani economy depend on the country's ability to diversify its productive base as well as on its future levels of oil production. The well-defined objectives of the Five Year Development Plan are in line with the needs of the Omani economy and address the critical constraints to its development. So far, the performance of the Omani economy, however, indicates the need for a renewed effort to shift the concentration of investment from infrastructure projects to the productive sectors of agriculture, fisheries and manufacturing. Despite the limited availability of natural resources in Oman, the growth potential in these sectors needs to be exploited to the maximum extent.

xviii. Critical constraints on continued growth of the Omani economy are the scarcity of skilled Omani manpower, the delays in the formulation of sector policies, the inadequacy of efforts to mobilize domestic resources, and the high level of defense expenditure. Oman's development prospects largely depend on overcoming these constraints of which the country's planners are well aware.

xix. The projected pattern of oil production is better than previously forecast due to new oil field development in the south and the improvement of reservoir performance in the northern fields. Crude oil production is expected to reach 124.9 million barrels in 1981 and then decline by about 4.2 percent p.a. thereafter. Natural gas is expected to be used increasingly for power generation during the 1979-85 period.

xx. The mission's projections indicate that GDP could grow by 5.1 percent p.a. Substantial investment, however, will be necessary in the productive non-oil sectors in order to sustain the 10.8 percent growth projected for these sectors during the 1978-85 period. Growth of public investment is forecast to decelerate after 1982; and some reductions, at an average rate of decline of 5.5 percent p.a., were assumed in defense expenditure in order to maintain real and financial balances in the economy.

xxi. Crude oil will remain the major export although its share is projected to decline from 99 percent of total exports (excluding re-exports) in 1978 to 87 percent in 1985. Imports of goods, which are correlated to

various demand categories, are projected to rise by an average 6.3 percent p.a. The growth of imports takes into account the import substitution prospects. Similarly, the current account balance would turn into a surplus after 1981, a pivotal year for the Omani economy, and it is projected to produce a deficit in 1985. Although its borrowing needs would be minimal, Oman will remain creditworthy to borrow on conventional terms throughout the projection period.

xxii. These projections, however, should not be taken as forecasts of future developments; many of the parameters and variables are subject to a considerable margin of error because of a limited data base. Furthermore, prospects for crude oil production are conservatively estimated. Should new oil discoveries be made in the near future, the financial outlook would improve. Nevertheless, the long term prospects remain contingent upon a vigorous effort to redirect the economic development along the lines of the objectives of the Plan, which are expected to be emphasized in the next Development Plan for the 1981-85 period.



## I. INTRODUCTION

1. The Sultanate of Oman occupies the southeastern flank of the Arabian peninsula covering an area of 300,000 square km. Its population is estimated to be less than one million. The country is largely desert or mountainous terrain except the Batinah coast in the north, the Dhofar plains in the south and a few oases in the interior. Its major resources include oil, natural gas and, on a limited scale, copper, cultivable land and water.

2. Prior to 1970, Oman was a conservative and isolationist country under Sultan Said bin Taimur who resisted all foreign and modernizing influences and attempted to keep Oman a traditional state. Since July 1970 when Sultan Qaboos bin Said came to power, Oman has been undergoing major structural socio-economic changes. In the short span of eight years, Oman has made impressive gains in education, health and housing. Economic infrastructure has been built up virtually from scratch. In addition, a modern government comprising various technical ministries and executive agencies was created. No representative bodies, however, exist in the country.

3. Until late 1975, the Government was engaged in fighting a guerrilla war which started in 1963 in the southern province of Dhofar. Military operations against the guerrilla movement constituted a substantial drain on Oman's financial resources and resulted in a significantly high level of defense expenditures which has continued through 1978.

4. Prior to the commercial exploitation of oil in 1967, the Omani economy was at a subsistence level based entirely on agriculture and fishing. Although oil exports began in 1967, government expenditures remained at low levels until 1970 and foreign exchange reserves accumulated. With the launching of major investment projects and increased civil and military spending, the government expenditures rose by more than fivefold between 1969 and 1973. The balance of payments and budgetary position swung from a surplus to a deficit in 1972, culminating in a significant cash flow crisis in 1974 because of the rapid growth of expenditure despite the sharp increase in the oil prices at the end of 1973. Efforts to control rising budgetary deficits included introduction of various administrative measures such as establishment of a tender board. Introduction of economic planning to provide for a long term approach to development led to the preparation of the Five Year Development Plan.

5. The Five Year Development Plan, 1976-1980, was approved in the second half of 1976. The main objectives of the Plan are:

- (i) To shift the concentration of investment from infrastructure to income-generating projects, particularly in the sectors of manufacturing, mining, agriculture and fisheries, in order to supplement and eventually replace oil revenues;

- (ii) To effect a wider geographical distribution of investment in order to improve regional income distribution and reduce the rate of migration to major urban centers;
- (iii) To develop local human resources to increase Omani participation in the economic activity;
- (iv) To achieve the basic requirements of a free market economy with the private sector playing a leading role through the provision of an appropriate legal and incentives framework;
- (v) To pay more attention to the development of water resources;
- (vi) To improve the efficiency of the government administration.

6. The Plan projects an annual average GDP growth rate of 1.6 percent and a GNP growth rate of 3.1 percent in real terms over the 1976-1980 period. Higher GNP growth is due to the projected decline in factor service payments. Fast growth in non-oil sectors, i.e. mainly agriculture and manufacturing, is expected to more than offset the projected decline in oil production. In line with declining oil revenue, government investment is projected to decline by 19 percent annually along with a sharp cutback in defense expenditures. With a projected annual average decline in imports of 11 percent, the Plan estimates that the balance of payments will swing into a current account surplus in 1980.

7. During the first three years of the implementation of the Plan, the performance of the Omani economy fell short of reaching most of the Plan targets. Public investment declined much faster than forecast in the Plan while its composition continued to favor infrastructure projects mainly because of constraints in project preparation and implementation in the productive sectors. Major projects such as cement, copper and an industrial estate suffered delays of up to five years. The projected cutback in defense expenditures was not achieved although it has decreased slightly since 1976. The recent economic developments are analyzed in Chapters III and IV below.

8. The prospects of the Omani economy beyond 1979 are analysed in Chapter V based on currently available data. Although the prospects for oil production are much better than presented previously, long-term economic prospects for Oman depend on the country's ability to diversify its productive base in non-oil sectors.

## II. SOCIAL DEVELOPMENTS

### Population

9. Precise population data are not available because a comprehensive census has not yet been undertaken in Oman. Estimates of population range

from less than 500,000 to 1.5 million; in 1974 the UN estimated 750,000 whereas the Government has used the 1.5 million figure for planning purposes since 1976. In the absence of data, numerous methods of estimation have been employed. For example, a 1974 study which arrived at a figure of 480,000 used aerial photographs of cultivated areas and a ratio of inhabitants to cultivated area. In the previous Bank report, the 1974 UN estimate with a 3 percent p.a. growth rate was used to devise a time series from 1967 to 1977.

10. Using previous studies, the results of household surveys of five localities which were conducted in 1975 and 1978, and school enrollment data, the mission has estimated the 1978 population at 860,000. The figure was derived by assuming that 40 percent of the six-year-old boys attend school and that six-year-olds comprise 3.8 percent of the total population. Thus, the number of Omanis residing in the country would be approximately 720,000 with an expatriate population of about 140,000. The latter figure is based on the government labor statistics which show an expatriate labor force of roughly 100,000; total expatriate population was therefore estimated by analyzing the neighboring Gulf area census data where approximately 40 dependents accompany each 100 expatriate employees.

11. The Omani population, according to a 1975 household survey of five localities, is very young--43 percent are under 15 years of age. The demographic structure of rural and urban areas differ sharply: males less than 20 years old comprise 61 percent of the male population of rural Sur compared to 46 percent of urban Mutrah. Conversely, males in the 20-39 age group are only 20 percent of the male population of Sur but 37 percent in Mutrah. The Government estimates that the rural to urban migration involves over 5,000 persons annually. The 1975 household survey supports this estimate and indicates that the majority of migrants are working-age males. Also confirming this assumption, a recent Durham University study found that 74 percent of the male population between 14 and 40 years of age were absent from the rural area at the time of their enumeration. This outmigration of the most productive members of the labor force could be viewed as a factor contributing to the lower agricultural productivity observed in recent years.

#### Manpower and Employment

12. As a result of the rapid expansion in the economic activity since 1970, the demand for labor in all occupations and at all skill levels far exceeded the local supply of manpower. Consequently, Oman has had to rely on imported labor; the number of expatriate workers rose from 15,000 in 1972 to 100,000 in 1978. Based on two demographic surveys and the work permits data from the Ministry of Labor and Social Affairs, total employment in Oman is estimated at 241,000 in 1978 compared with 209,900 in 1975 (Table 1). Non-agricultural employment is concentrated in construction and government services.

Table 1: Employment Estimates  
(in thousands)

	1975			1978		
	Omani	Expatriates	Total	Omani	Expatriate	Total
Agriculture & Fisheries	85.0	1.0	86.0	80.0	2.0	82.0
Non-Agricultural	52.0	71.0	123.0	61.0	98.0	159.0
Private Sector	28.0	65.0	93.0	33.5	82.5	116.0
Government <u>/1</u>	24.0	6.0	30.0	27.5	15.5	43.0
Total	137.0	72.0	209.9	141.0	100.0 <u>/2</u>	241.0

/1 Includes defense and police.

/2 It is necessary to clarify what might appear to be differences between the work permits data on expatriate employees (114,000 in 1978) in the private sector employment and the mission's estimate of total expatriate employment (100,000). The work permit data shows the total number of expatriates who held employment at some point in time during 1978. They do not take into account those expatriates who left the country during the year or those who joined the labor force for less than 12 months. The mission's estimate of expatriate employment is the equivalent of 100,000 man-years, i.e. 100,000 expatriates employed full time for a full year.

Source: Mission's estimates based on employment and demographic surveys.

13. The Omani labor force is predominantly male, although women are not prohibited from employment. According to the results of the 1975 household survey, 27 percent of the population was employed. Seventy-two percent had no formal education and 81 percent had not gone beyond primary schooling. Therefore, there is currently a very limited pool of educated Omanis to fill professional and technical positions. But at the same time, non-traditional manual or lower level occupations seem to be unattractive to the local labor force.

14. Despite the perennial shortage of labor supply which necessitates the importation of labor, Oman is also a labor exporter. Given the short history of educational development, it is understandable that expatriates are relied upon for professional and technical expertise. However, large numbers of unskilled and semi-skilled laborers are being brought into the country, mostly from India and Pakistan, while about 50,000 similarly skilled Omanis are working in the neighboring Gulf states apparently due to wage differentials. This fact increases the complexity of manpower planning.



15. Government employment has increased rapidly from an estimated 1,750 in 1970 to 29,000 in 1978, excluding defense and police personnel. The number of expatriates in the government, however, rose dramatically from about 550 in 1972 to 10,500 in 1978. Despite this rapid increase in the number of expatriates, they account for 36 percent of total government employment. This is probably due to the government policy to assure employment for nationals.

16. In the private sector, employment also increased quite rapidly from about 35,000 in 1972 to 93,000 in 1975 and to 116,000 in 1978. Local participation in the private sector is estimated at 30 percent and is limited to occupations such as salesmen, contractors, distributors and proprietors. The number of expatriates in the private sector is estimated at 82,500 in 1978 compared with 65,000 in 1975. Overall, expatriates fill most of the technical and professional occupations (92 percent). The proportion of expatriates in the total labor force increased from 34 percent in 1975 to 41 percent in 1978.

### Education

17. The Omani education system is new and rapidly growing. In 1969, there were three secular schools with a total enrollment of 909 and fifty Koranic schools. A modern system of primary education was introduced in 1970 with intermediate schools added in 1972. The demand for education in those early years far exceeded the capacity of the nascent system; qualified teachers, planning and administrative personnel, and suitable physical facilities needed to be found or developed rapidly. In the short span of eight years, the expansion of the education system has been as follows: enrollment has increased almost elevenfold from 7,000 in 1970/71 to 76,000 in 1977/78 while the number of schools increased from 16 to 310 during the same period. Particularly significant is the increase in girls' education; compared to 5 percent of the first grade students in 1970/71, girls accounted for 34 percent in 1977/78. Secondary education, which began in 1973/74, accounted for only 7 percent of total enrollments by 1977/78. A teacher training institute for men was opened in 1976 followed by another one for women in 1977. There are currently about 350 trainees enrolled at the Vocational Training Institute in Muscat with an additional 500 receiving apprentice-type training on a part-time basis. This year a new agricultural training institute in Nizwa will begin accepting students.

18. Although impressive gains have been made, the education system is still relatively small. The majority of the students are in primary schools; the number of intermediate and secondary graduates in 1978 was inadequate for the openings in the training institutions and meeting the shortages at their level of qualification. Moreover, in the wake of such rapid expansion, many schools are housed in unsuitable physical facilities, much remains to be done in developing Omani-specific teaching materials, and reliance on expatriate teachers has continued. In 1977/78, expatriates accounted for 88 percent of the total number of teachers.

19. Similar to the education system, a modern health care system has been developed since 1970. The number of dispensaries has increased from

10 to 45; thirteen hospitals have been built; and the number of beds increased from 12 to 1,409 in 1977. The number of medical and paramedical personnel have also increased significantly. More remains to be done, however, in order to meet the requirements of Oman's population (Statistical Annex, Table 13.1).

### III. RECENT ECONOMIC DEVELOPMENTS

#### Output

20. The Omani economy has witnessed a strong growth and significant structural change since the emergence of oil as the major export in 1967. Given the absence of statistical information, it is difficult to estimate the rate of growth in real terms except for the oil sector. <sup>1/</sup> As a rough estimate, however, average growth of real domestic product may have been around 5-6 percent annually in the decade ending 1978.

21. Overall economic growth has been strongly influenced by variations in oil output, the leading growth sector until 1976. Propelled by the rising oil revenue, construction, trade, public administration and other service sectors experienced exceptionally strong growth while the traditional agriculture and fisheries sector stagnated. With the beginning of a decline in oil output in 1977, the pace of economic development has changed. In real terms, there may have been an annual average decline of 2-3 percent in overall GDP during the 1976-78 period; growth in the non-oil sectors is estimated to have decelerated from about 16 percent in 1976 to 7 percent in 1977 and 3 percent in 1978. The growth of GDP at current prices decelerated from 11.6 percent in 1976 to 3.9 percent in 1977 and declined by 0.9 percent in 1978 as the decline in oil output was not offset by an oil price increase.

22. The sectoral shares of value-added at current prices was altered considerably because of sharp changes in the relative prices (particularly that of oil) and different sectoral growth performance (Table 2). The share of the oil sector has gradually declined since 1974. The share of agriculture and fisheries, which accounted for more than one-third of the GDP in 1967, remained around 2 - 3 percent during the 1974-78 period. While the share of construction decreased slightly during the same period, other sectors (manufacturing and services) accounted for 30 percent of GDP in 1978 compared with 18.2 percent in 1974. In terms of structural change, service sectors, in particular government services, have become important in the non-oil economy.

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<sup>1/</sup> Prior to 1978, no official national accounts series existed in Oman and World Bank estimates were used officially. The Development Council has published national accounts at current prices for the 1975-77 period. Since these series do not go back before 1975, the mission continued the estimation of national accounts using the previous methodology. Both the Development Council and the World Bank series are given in the statistical appendix. This section is based on the estimates of the Bank mission. For the Development Council series refer to Statistical Annex Tables 2.3 and 2.4.

Table 2: Composition of Gross Domestic Product

(at current prices)

	Percentages				
	1967	1974	1976	1977	1978
Oil	30.9	68.9	63.1	61.2	57.5
Non-Oil GDP	69.1	31.1	36.9	38.8	42.5
Agriculture	(36.9)	(3.1)	(2.6)	(2.8)	(3.0)
Construction	(21.4)	(9.8)	(11.5)	(10.1)	(9.2)
Others	(10.8)	(18.2)	(22.8)	(25.9)	(30.3)
GDP	100.0	100.0	100.0	100.0	100.0

Source: Statistical Annex Table 2.1.

23. Oil production has been declining at an annual average rate of 7.4 percent since 1976 despite intensive use of secondary recovery methods. After reaching a peak of 134 million barrels in 1976, it declined to 122 million barrels in 1977 and to 115 million barrels in 1978 reflecting pressure fall in the wells. The production level of 1978, however, was slightly better than previously estimated, due to better reservoir performance in the northern fields. A significant development in the hydrocarbon sector was the completion of the Yibal-Ghubra natural gas pipeline in May 1978. Natural gas is currently used for power generation and desalination in the Ghubra station at a rate of 20 Mscfd (million standard cubic feet per day).

24. Construction has been one of the most dynamic sectors of the economy responding to the level of the government development expenditure. It accounts for about 62 percent of non-agricultural employment and is the single largest source of expatriate employment. After two years of strong expansion in 1975 and 1976, construction activity started to slowdown with the decline in development expenditure in 1977, although the construction component of private investment has remained relatively strong. Most of the large scale foreign contractors have left Oman; this has helped the small and medium size local contractors to increase their share of the market. As a result, the cost of construction materials and contractors' profits have declined considerably from their extremely high levels in 1974 and 1975.

25. Oman's manufacturing sector is still small and accounts for less than 1.5 percent of the GDP. During the first three years of the Plan period, a flour mill (with a capacity of 50 thousand tons per year) was completed. It caters to domestic as well as export markets in neighbouring countries. A number of small scale private sector plants have also come into production for substituting imports of construction materials and some non-durable consumer goods.

26. While agriculture is the major source of income for the majority of the population, its contribution to the GDP is almost negligible. The level of agricultural production has been stagnating for some time because of insufficient investment in the past, inadequate extension services and absence of government sector policies. The major problem in agriculture is not, however, only one of investment. Agriculture and fisheries have so far received far less attention than they deserve since the portfolio of the ministry in charge of these sectors included the petroleum and mining sectors, until May 1979. Absence of an agricultural credit system and high rates of out-migration by the young are among the important factors contributing to the overall weakness of this sector.

27. Of the estimated area of 36,000 ha. under cultivation, approximately half is planted with date palms which are intercropped with alfalfa on about one third of the area. Fruits such as limes, mangoes, melons and bananas are also grown as well as onions, vegetables, wheat and tobacco (Statistical Annex, Table 7.1). The total area under cultivation has not changed significantly in the last few years. Scarcity of water is a major constraint on expansion of agricultural land. Already, uncontrolled pumping from the wells in the Batinah coast has resulted in salination of the soil and underground water which threatens the fertility of the currently arable land.

28. Fishery resources off the country's 2,000 kilometers of coastline are rich. Although traditional fishing has long been a major occupation in the coastal areas in Oman, the number of fishermen has declined significantly over the last decade as a result of migration to urban areas and to the neighbouring countries. Thus, traditional fisheries output appears to have declined. Recently, the Government set up a Fishermen's Fund to improve the equipment (boats and engines) of the traditional fishermen. Regarding the development of commercial fishing, a Japanese company was granted a concession between Kuria Muria and Masirah islands in April 1976. Total catch by this company was 6,300 tons in 1976 and 6,868 tons in 1977. The contract, however, was not renewed for 1978 and the same concession was granted to a South Korean company. The Government is in the process of setting up a National Fishing Company which would undertake all the commercial fishing operations in Oman.

29. Electricity and water sector increased its output considerably during the past few years. Electricity production in the capital area for which natural gas has been used since May 1978 increased from 73 million kWh in 1974 to 329 million kWh in 1977. Trade and the finance sector suffered from the slowdown in the economic activity; profit margins are believed to have further gone down in 1978 from their overinflated levels during the boom period. Value-added of government services continued to increase in 1977 and in 1978 due to the expansion of government services and employment which nearly doubled since 1975.

#### Use of Resources

30. The most dynamic element of demand in terms of growth in the recent years has been nominal public consumption, more than half of which is the

defense expenditure (Table 3). Like most of the other macro-economic magnitudes, the growth of public consumption has decelerated during the 1974-77 period. Its level at current prices has remained almost unchanged around R0 385 million during the 1976-77 period and increased to R0 437 million in 1978. Little is known on the behavior of the private consumption which is calculated as a residual and includes stock changes as well as statistical discrepancies. Nevertheless, private consumption is believed to have increased considerably in recent years as a result of the increases in personal incomes. Although income distribution is highly skewed in Oman, employment creation both in the Government and the private sector, have helped the Omanis, particularly those living in the urban areas, to improve their living conditions.

Table 3: Uses of Resources  
(at current prices)

	Annual Change (%)			Percent of GDP		
	1976	1977	1978	1974	1976	1978
Gross Domestic Product	12	4	-1	100	100	100
Exports	13	2	-1	71	65	64
Imports <u>/1</u>	11	3	9	38	48	52
Resource balance	.	.	.	33	17	12
Total resources	10	5	4	67	83	88
Consumption	8	15	9	38	52	63
(Public consumption)	(20)	(1)	(13)	(32)	(44)	(51)
Fixed investment	15	-11	-6	29	31	25
(Public)	(13)	(-25)	(-16)	(24)	(23)	(14)
Gross Domestic Savings	16	-8	-15	62	48	36
National savings	3	26	-39	39	28	21

/1 Includes net imports of non-factor services.

Source: Statistical Annex, Table 2.2.

31. Public investment is estimated to have declined by 23 percent in real terms since 1976 compared with the Plan objective of a 15 percent decline during the same period. It comprises civil development and government's share in PDO's capital expenditure. The rate of decline in civil development expenditure has been more dramatic (estimated at 32 percent p.a.) mainly because of delays in the execution of projects, and reduction in construction costs (para. 24). Delays in projects have been largely due to constraints in preparation, design and implementation of new projects of smaller scale after most of the large scale infrastructure projects have been completed. Since the major projects such as cement and copper in the productive sectors suffered delays, social and economic infrastructure projects continued to account

for the major part of the government investment program. The share of capital outlays for projects in the priority income-generating projects, i.e. agriculture, fisheries and manufacturing, remained less than 10 percent of the civil development expenditure during the 1976-78 period. The other component of public investment, the government's share in P.D.O.'s capital expenditure, however, has increased sharply from RO 14 million in 1976 to RO 33.7 million in 1978 as P.D.O. stepped up its exploration and production drilling. Overall, only 66 percent of the Plan's public investment target was achieved during the 1976-78 period.

32. Private investment is estimated to have increased from RO 60.4 million in 1976 to RO 91 million in 1978 at current prices, most of which has been private residential construction and oil companies investments (including PDO's equity investment). With the decline in public investment, the share of private investment rose to 43 percent of total investment in 1978 compared with 24 percent in 1976.

33. The combined sharp increase of consumption as a share of GDP (from 38.1 percent in 1974 to 63 percent in 1978) and decline of investment expenditures have resulted in a marked deterioration of the domestic savings level since 1976. With the exception of 1977, national savings also deteriorated during the same period.

#### IV. FINANCIAL DEVELOPMENTS

##### Public Finance

34. Oil revenue still accounts for more than 90 percent of the government revenue. It declined for the first time by 5 percent in 1978 because oil prices did not increase and the export volume has dropped. It was also because of the new financial arrangements with P.D.O. which allow for accelerated depreciation. Non-oil revenue is comprised mainly of corporate income tax, customs duties and income from public utilities; it has shown modest increases since 1976 when it more than doubled to RO 33 million. This was due to improved administration of customs, tighter control of corporate income tax and increased income from public utilities (Statistical Annex, Table 5.2). Inflow of grants, the remainder of budgetary receipts, has been erratic. Overall, government revenue dropped to RO 509 million in 1978 following its record level of RO 613 million in 1977 (Table 4).

35. After increasing sixfold between 1973 and 1976, total current expenditure remained almost unchanged in 1976 and 1977. It, however, increased to RO 437 million in 1978. Defense expenditure which accounted for 60 percent of the current expenditure throughout this period declined only slightly from its peak level of RO 271 million in 1976, despite the Plan objective of a larger cutback. Civil recurrent expenditure rose by an average of 23 percent between 1976 and 1978 reflecting the expansion of government employment and the scope

of the government services. The government's contribution to the P.D.O.'s operating expenditures which is part of the civil recurrent expenditures increased to R0 18.6 million in 1978 because of the rising cost of oil production.

36. Total public investment (including capital transfers to P.D.O) declined by about 21 percent p.a. at current prices in 1978. This amount corresponded to about 46 percent of the initial budget appropriation. All ministries fell short of their budgeted investment levels for reasons explained in para 31.

Table 4: Government Finance  
(at current prices)

	<u>Annual Change (%)</u>			<u>Percent of GDP</u>			
	1976	1977	1978	1974	1976	1977	1978
Total revenue	10	21	-17	53	60	70	59
Oil receipts	22	6	-5	49	54	55	53
Other revenue	124	17	16	2	4	4	5
Grants	-75	415	-93	1	2	11	1
Total expenditure	17	-8	5	56	69	61	65
Current expenditure	20	1	13	31	46	44	51
(Defense expenditure)	(12)	(-13)	(12)	(20)	(32)	(27)	(30)
Capital expenditure	13	-25	-17	24	23	17	14
(non-oil investment)	(15)	(-28)	(-32)	(22)	(22)	(15)	(11)
Overall balance	.	.	.	-11	-9	8	-5
<u>Memo:</u>							
External borrowing (net)	.	.	.	6	6	3	-1

Source: Statistical Annex, Table 2.1 and 5.1.

37. The budget recorded a deficit of R0 75.6 million in 1976; it was mainly financed by suppliers' credits although the government also had recourse to domestic commercial bank borrowing. In 1977, in sharp contrast to the previous years, an overall surplus of R0 71.7 was registered because of a substantial increase in grant receipts and expenditure shortfalls. While the government drew an additional R0 30 million on external loans, it improved its position vis-a-vis the commercial banks. In 1978, the budget provided for a deficit of R0 223 million in anticipation of increased development spending and lower oil and grant receipts. According to preliminary data, a deficit of only R0 45 million was incurred because of a decline in development spending. Adding repayments on external debt financing, of R0 23 million from the Central Bank was required in 1978, in addition to borrowing R0 23 from the commercial banks.

Monetary Developments

38. As a result of the overall slowdown of economic activity and, in particular, the contraction in domestic budgetary spending, there has been a considerable deceleration in the growth of domestic liquidity during the 1976-78 period. The government's net deposits with the banking system decreased by some RO 33 million in 1978 in contrast to 1977 when the government improved its net position as a result of both the budgetary and the balance-of-payments surplus. Deceleration in the growth of credit to the private sector and the decline in net foreign assets contributed to the slowdown of the monetary expansion (Table 5).

Table 5: Changes in Monetary Variables  
(annual changes, in million RO)

	1976	1977	1978
Foreign assets (net)	-4.4	75.8	-33.5
Claims on government (net)	24.8	-83.1	33.1
Credit to private sector	34.2	46.9	31.2
Money supply	30.6	9.1	2.9

Source: Statistical Annex, Table 6.1.

39. The role of the Central Bank of Oman has been expanding since 1975 particularly with respect to supervision of the commercial banks. The number of commercial banks and their branches increased considerably in the recent years. There were 20 commercial banks operating in Oman at the end of 1978. More than half of the credit to the private sector goes to trade, particularly import trade. Personal loans (including home mortgages) and construction loans also have high shares in credit to the private sector (Table 6).



Table 6: Distribution of Bank Credit to Private Sector  
(in percentages)

	1975	1976	1977	1978 /1
Import trade	47.6	48.0	47.3	48.0
Personal loans	12.3	17.6	15.0	16.8
Construction	20.3	12.1	12.3	13.5
Trade	10.1	6.2	6.3	5.0
Others	9.7	16.1	19.1	16.7
Total	100.0	100.0	100.0	100.0

/1 End of third quarter.

Source: Table 6.4.

40. The Oman Housing Bank provides long-term mortgages with the government subsidizing low income mortgage holders by paying interest on their loans. By the end of 1978, the Oman Housing Bank had lent 564 mortgage loans amounting to RO 2.8 million (Statistical Annex, Table 6.5).

41. A significant development in the Omani financial system has been the commencement of the Oman Development Bank operations in early 1979. Its capital is RO 10 million, shareholders are the government (40 percent), Omani citizens (20 percent) and foreigners (40 percent, of which 7 percent is held by IFC). The Oman Development Bank is the only institution in Oman whose primary purpose is to mobilize capital resources and to allocate long term financing to the private sector in industry, petroleum, mining, agriculture and fisheries.

#### Prices and Wages

42. There are no reliable indicators reflecting price changes in Oman. According to individual indices for the prices of selected imported food commodities based on a limited sample, wholesale prices rose by 3 percent in 1977 and 14 percent in 1978. With limited domestic production, however, Oman is highly susceptible to international price movements. Excluding rents which have been declining since 1976, the cost of living is estimated to have risen by an annual average of 8 percent between 1975 and 1978; this estimate is based on an import price index calculated from trade data of Oman's trading partners. Although information is scant on wage rates, they do not appear to have changed significantly since 1976.

Balance of Payments

43. Oman's balance of payments mainly reflects the performance of the oil sector and the public expenditure policy. <sup>1/</sup> Total export revenue remained around RO 550 million during the 1976-78 period as re-exports and non-oil exports compensated for the reduction in oil export revenue. The emergence of flour and asbestos pipes as new export commodities increased the non-oil exports from RO 1.5 million in 1977 to RO 6.1 million in 1978. Although magnitudes are not precisely known, export of fresh fish to the United Arab Emirates has been growing considerably in the last few years.

44. The growth of recorded imports decelerated in 1978, reflecting again the slowdown in the economy and the decrease in public investment. Changes in the composition of recorded imports reflect the recent shift of expenditures from investment to consumption (Table 7). Unrecorded imports, comprised mostly of military hardware and services, reached RO 134 million in 1976, dropped to RO 91 million in 1977 and rose again to RO 108 million in 1978 according to the Central Bank estimates. As a result, the trade surplus decreased to RO 121 million in 1978 from its level of about RO 167 million in both 1976 and 1977 (Table 8).

Table 7: Composition of Recorded Imports  
(percentages, at current prices)

	1975	1976	1977	1978
Food and beverages	13.3	14.5	15.4	17.7
Petroleum products	4.7	6.9	7.1	8.5
Capital goods	41.4	40.8	40.9	38.8
Others <sup>/1</sup>	40.6	37.8	36.6	35.0
Total	100.0	100.0	100.0	100.0

<sup>/1</sup> Includes intermediate goods, other manufactures and unclassified.

Source: Statistical Annex, Table 3.3.

45. Net payments for services and private transfers continuously decreased from a record deficit in 1976 reflecting declining oil company and contractors' profits and workers' remittances. The current account deficit which had been decreasing since 1975 increased sharply to RO 31.4 million in 1978 because of the declining trade surplus.

<sup>1/</sup> Oman does not compile balance of payments estimates. The analyses in this section and related tables are based on IMF staff estimates.

46. The oil sector capital account balance has been positive since 1976 despite the new financial arrangements with PDO in May 1977 which allow for accelerated depreciation. For the non-oil capital account, large inflows of grant receipts and disbursements on the external loans which continued until 1977, turned into an outflow as a result of a drastic decline in grants and net repayments on external debt in 1978. The overall balance of payments which showed negligible deficits between 1974 and 1976, turned into a surplus of RO 76 million in 1977 because of the record level of grant receipts in that year, and, then swung back to a deficit of RO 33.5 million in 1978. At the end of 1978, Oman's net foreign exchange reserves were equivalent to two months of imports.

Table 8: Summary Balance of Payments  
(in millions of RO)

	1976	1977	1978
Export (Crude oil)	551.2 (543.2)	559.4 (545.9)	552.3 (521.8)
Imports	-383.8	-392.9	-431.5
Trade Balance	167.4	166.5	120.8
Profit remittances	-86.7	-67.3	-51.8
Workers' remittances	-92.2	-85.0	-80.6
Others	-23.4	-24.3	-19.8
Net services	-202.3	-176.6	-152.2
Current account balance	-34.9	-10.1	-31.4
Official loans and transfers	75.9	129.0	-4.8
Grants	18.0	92.7	6.7
Net disbursements on external borrowing	57.9	36.3	-11.5
Oil sector capital (net)	35.7	13.7	19.1
Errors and omissions (net)	-81.1	-56.8	-16.4
Overall balance	-4.4	75.8	-33.5
Net foreign assets (end period)	31.6	107.4	73.9

Source: Statistical Annex, Tables 3.1 and 3.2.

External Debt

47. In recent years, the maturity structure of Oman's external debt has been improving as an increasing part of new borrowings are contracted from bilateral development agencies at concessionary terms. The share of suppliers' credits fell from 33 percent in 1974 to 14 percent in 1977, while the share of bilateral and multilateral loans rose from 46.6 percent in 1974 to 64.2 percent in 1978. The average interest rate on new commitments declined from 6.1 percent in 1974 to 2.0 percent in 1978, while the average maturity increased from 6 years in 1972 to 19 years in 1978.

48. Oman's outstanding and disbursed external debt was estimated at RO 189 million at the end of 1978, which is about RO 3 million below its 1977 level due to net repayments. Oman's external debt service was 8.4 percent of exports of goods in 1978, compared with 5 percent in 1977.

Budget Outlook in 1979

49. The downward trend of the economy is expected to be arrested in 1979 despite the expected further 4-5 percent decline in oil production if a significant increase is achieved in public investment. According to the 1979 budget, oil revenue is estimated at RO 482 million, about 5 percent above the 1978 provisional figure. With the recent sharp increases in oil prices, the government oil revenue is expected to reach RO 620 million in 1979. Non-oil government revenue is expected to increase by 12 percent to RO 50 million. Because of prior commitments for the copper project and Nizwa-Thumrait road, grant receipts will be significantly high, around RO 50 million in 1979. The 1979 budget compares with the 1978 budget and provisional actuals as follows (in millions of RO):

	1978		1979	
	<u>Budget</u>	<u>Prov. Act</u>	<u>Budget</u>	<u>Estimate /1</u>
<u>Revenue</u>	<u>483.0</u>	<u>508.9</u>	<u>587.0</u>	<u>735.0</u>
Oil revenue	415.0	458.2	482.0	620.0
Other revenue	40.0	44.0	50.0	50.0
Grants	28.0	6.7	55.0	55.0
<u>Expenditure</u>	<u>706.0</u>	<u>559.9</u>	<u>707.0</u>	<u>712.0</u>
Current	443.0	437.2	424.0	466.0
Defense	265.0	264.3	238.0	280.0
Civil	162.0	154.4	162.0	162.0
PDO operations	16.0	18.5	24.0	24.0
Capital	263.0	122.7	283.0	246.0
Civil	222.0	89.0	217.0	180.0
PDO	41.0	33.7	66.0	66.0
<u>Deficit (-)</u>	<u>-223.0</u>	<u>-44.8</u>	<u>-120.0</u>	<u>+23.0</u>

/1 Mission's estimate.

50. The 1979 budget provides for a significant increase in the development spending from the provisional RO 89 million in 1978 to RO 217 million in 1979. An additional RO 66 million is earmarked for PDO capital expenditures. Although it may prove to be difficult to reach the budgeted level, capital expenditure is expected to be higher than in 1978 because of the Nizwa-Thumrait road construction and southern oil development projects. Civil recurrent expenditures are budgeted to increase by 15 percent over the 1978 provisional figures. A slight increase in defense spending is also projected in the 1979 budget. Overall, the budget estimates a deficit of RO 120 million. In view of the very high level of budgeted capital expenditures and the constraints on investment absorptive capacity and increased oil revenue, the budget may produce a surplus instead of a deficit. The balance of payments current account is expected to show a negligible deficit, if not a surplus. Oman will have to repay RO 83 million on external debt in 1979 mostly to retire past loans whose maturities are due in 1979. Disbursements on the loans committed prior to 1979 is estimated to be around RO 50 million. Thus, Oman will not need any additional borrowing in 1979. Its debt service ratio to exports is estimated to range between 10-12 percent in 1979, with net reserves increasing to a level of 3.4 months of imports.

#### V. DEVELOPMENT PROSPECTS AND ISSUES

51. Oman has been undergoing a swift social and economic transformation during the past decade. Unprecedented increases in personal incomes and the rapid expansion of public services have substantially improved the living conditions of the Omanis, particularly those in the urban centers. These improvements in the material welfare of the Omanis have been accompanied by a visible change in the social structure and values. The pace of social change is, however, much slower than that of the economic change. As is to be expected, changing the traits of a traditional society which have been inherent for centuries is a slow process. Private industry can be expected to develop relatively slowly in the early stages of industrialization. The prospects for the Omani economy should be viewed against this background. The economic aspects are discussed in the following paragraphs.

52. The long term prospects of the Omani economy depend on the country's ability to diversify its productive base in the non-oil sectors as well as the future levels of oil production. The well-defined objectives of the Five Year Plan are in line with the needs of the Omani economy and address the critical constraints to its development. These objectives clearly set forth the development strategy that Oman should adopt in the course of the next decade. Among these objectives, the most important ones are the following:

- (i) diversification of income in the non-oil economy by shifting the concentration of public investment from infrastructure projects to income-generating sectors;
- (ii) development of local human resources in order to "Omanize" the labor force; and
- (iii) improvement of regional and personal income distribution.

53. So far, the results of the implementation of the Plan point to the need for a renewed effort to shift the concentration of investment from infrastructure projects to the productive sectors, namely agriculture, fisheries and manufacturing. In view of the limited availability of natural resources in Oman, the growth potential in these sectors needs to be exploited to the maximum extent because of the projected decline in oil income.

Sectoral Prospects

54. The projected pattern of oil production is much better than forecast previously by the P.D.O. due to: (i) improved reservoir performance of the existing fields; (ii) the development of the southern fields (Amal, Marmul and others); and (iii) construction of a gas liquids plant in Yibal. Official estimates of Oman's proven oil reserves stood at 1.6 billion barrels in the beginning of 1979; this would last about 14 years at the 1978 rate of production. P.D.O. now forecasts that the decline in oil production will be arrested in 1980 with the new production of the southern fields; in 1981 production is estimated to rise to 124.9 million barrels (equivalent of the 1977 production level) and decline by about 4 percent per annum thereafter. Two alternative cases for oil output levels are presented in Table 9. The first one, referred as the "base case" does not include expected production from ongoing or planned exploration. The "higher production" case includes an additional 33,400 bbl/day in 1985 from future discoveries (Table 9). These forecasts, however, are conservative. They do not include other concession areas in Oman where various companies have been prospecting for oil. The results have, so far, been inconclusive for commercial exploitation.

Table 9: Projected Oil Production, 1978-1985  
(million bbl/year)

	1978	1979	1980	1981	1982	1985
<u>Base Case /1</u>						
Existing Fields	114.6	109.5	105.8	99.3	93.4	68.9
Southern Fields	-	-	5.9	25.6	28.1	36.1
Total	114.6	109.5	111.7	124.9	121.5	105.0
<u>Higher Production Case</u>						
Existing Fields	114.6	109.5	105.8	99.3	93.4	68.9
New Fields (incl. Southern)	-	-	5.9	25.6	34.4	53.3
Total	114.6	109.5	111.7	124.9	127.8	122.2

/1 Mission's estimate based on PDO data.

Source: Petroleum Development of Oman.

55. The natural gas reserves in Oman should last longer than the oil reserves. Estimates of non-associated gas reserves in 1978 was at about 4,000 billion standard cubic feet down to the abandonment pressure. At the unpressurized pipeline delivery capacity of 140 Mscfd, these reserves would last about 80 years. Use of the natural gas is expected to increase significantly from an estimated 60 Mscfd in 1979 to 125 Mscfd in 1985 mainly for power generation and desalination in Ghubra, for the cement plant and for the copper refinery in Sohar. For the latter, a pipeline between Seeb and Sohar (225km) will have to be constructed. Other uses of natural gas, for example fertilizer production, need to be carefully studied to ensure their economic justification.

56. Oman imports all refined products from neighboring countries. In the past, alternative refinery projects have been proposed ranging from a full fledged refinery (60,000 bbl/day) to a simple "topping" plant. No decision has yet been taken on any refinery project. Given the worldwide overcapacity in refining, only a medium size plant for domestic consumption could be economically justified. The high share of heavy distillates (bunker) in domestic sales enhances the economic viability of a refinery project. Economies of scale, however, would make domestic refining more expensive than importing these products from the large refineries elsewhere in the Gulf.

57. In the mining sector the government has decided to undertake the copper project near Sohar which would produce about 78,000 tons/year at 26 percent concentration. The proven reserves of copper ore are estimated at 11.4 million tons which would last about 11 years at the planned extraction rate. The estimated cost of this project is around \$150 million (at 1978 prices), of which \$100 million has been secured as a grant from Saudi Arabia. Production of copper is expected to start in 1982. Deposits of chromium and other minerals are also found in Oman, although further geological studies are necessary to determine the country's full mineral potential.

58. Development of manufacturing industries in Oman has, in the last few years, mainly been in food processing and construction materials (para. 25). Despite the critical constraints on industrial development such as the small size of the domestic market, the shortage of skilled manpower, and limited availability of local raw materials, selected import substitution industries would have a significant impact on the sectoral value-added and the balance of payments. Among those products which could be produced locally, non-durable consumer goods and down-stream copper products (wires, cables) may be counted. The Rusayl cement project, after suffering a long delay with respect to the Plan's schedule, is now expected to enter into production in 1983 with a capacity of 1 million tons per year. About 400,000 tpy of its output will be exported according to the agreement with the Kuwaiti partners. Another cement plant in Salalah with a much smaller capacity of 120 thousand tpy is under consideration. Its economic justification, however, needs to be reviewed carefully because of the large capacity of the Rusayl project.

59. The industrial estate project in Rusayl is also delayed compared to the Plan's schedule. A detailed feasibility study is currently being

carried out. The industrial estate is designed to provide adequate infrastructure to small and medium-scale industries and will be instrumental in fostering private investment in manufacturing. The Oman Development Bank is also expected to contribute significantly in mobilizing private investment as well as in assisting local entrepreneurs to select, design and implement projects.

60. As discussed in paras. 26-27, accelerated growth in agriculture is imperative to improve income levels in rural areas, reduce the rate of migration to urban areas and limit the dependence on imported agricultural products. Agricultural development could be attained by increasing yields in cultivated areas and reclaiming new land. Given the actual low crop yields in Oman, relatively large increases in yields appear technically feasible through timely application of fertilizers, improved plant spacing, weeding, pest and disease control. All of these require the strengthening of the extension services. Utmost attention should be given to the development and management of water resources, possibly by formulating a national water plan and embarking on a water development program. Such a program should attempt to uncover new resources as well as to reduce salination in the overpumped areas, including continued Falaj maintenance. Efforts should also be made to establish an agricultural credit mechanism for medium-term credit to farmers; with changes in its articles of agreement, the Oman Development Bank could undertake such a function, but would require technical assistance for institution building.

61. Exploiting the potential in the livestock sector would require improvement of feedstuff yields and strengthening of extension and veterinary services. With careful range management, year-round grazing possibilities in the mountain range of the Dhofar region may provide the basis for livestock development.

62. The prospects for fisheries development are good. Modern fishing methods, which are being employed in joint ventures, could substantially increase the total catch but would benefit only a small number of workers. Simultaneous development of modern fishing and traditional fishing is possible with careful planning. It would, however, require considerable assistance to the fishermen by opening up and expanding market outlets (both domestic and in neighbouring countries), creating facilities to handle, store and transport fish to the consumption centers, and providing necessary equipment. In addition to the development of modern fisheries, the recently established Oman National Fishing Company which will be responsible for the fisheries sector as a whole, should emphasize rigorous upgrading of the traditional fisheries sector. The scope of the Fishermen's Fund could also be expanded considerably to provide equipment, for example, boats, engines and nets, to the fishermen, 31 percent of whom do not even have boats.

#### Constraints and Policy Issues

63. Oman's development prospects will depend on overcoming the following constraints which have until now impeded the development of the Omani economy. The country's planners are well aware of these constraints and they have been vigorously working to address these issues.



64. Manpower is the most critical constraint for the diversification efforts in Oman. The scarcity of skilled Omani manpower at technical and professional levels is behind the difficulties in project preparation, evaluation and implementation which have been the principal cause of the drastic decline in public investment since 1976. Alleviation of this constraint would reduce the growing dependence on expatriate labor which through remittances and the consumption of public services, constitutes a drain on Oman's financial resources. Replacement of expatriate labor with the local labor force is a gradual process; it will undoubtedly take a considerable time. Meanwhile, greater efforts are needed (i) to evaluate the manpower requirements of the economy and incorporate manpower planning into the development planning process; (ii) to review the structural problems of the civil service including current salary levels; and (iii) to direct the education and training efforts toward future manpower requirements. Establishment of the "Council on Education and Vocational Training" has been a positive step in this direction.

65. The lack of clearly defined sector policies has severely hampered realization of the growth targets set forth in the Plan. This has been the case in agriculture and fisheries. These sectors have received far less attention than they require because at present there are no sector policies. Following the separation of the Ministry of Agriculture and Fisheries from the Ministry of Petroleum and Minerals, a careful review of the structure and possible reorganization would allow for greater attention to the needs of these sectors.

66. In view of the eventual decline in oil revenue in the medium term, there is an apparent need to significantly increase efforts to mobilize domestic resources. With a relatively limited tax base at present, there are many options to increase non-oil government revenue. A moderate increase in import duties would yield considerable revenue and at the same time be instrumental in curtailing undue growth of luxury consumption. Other indirect taxes, such as a tax on domestic sales of petroleum products, could be introduced. A reassessment of the present income tax structure, improvement of tax administration, and gradual reintroduction of property taxes are among the necessary measures to augment non-oil revenues. These measures would also enable the government to pursue a non-inflationary expenditure policy with adequate means for demand management.

67. On the expenditure side, curtailment of defense spending is highly desirable to avoid continuation of the undue burden on the country's domestic and external financial resources. During the last four years, defense expenditure accounted for more than 45 percent of the total government spending. In 1978, per capita defense spending amounted to \$890. Therefore, reductions in defense spending would ease the future financial constraints on the government's budget and release funds for development expenditures.

68. With the introduction of planning in Oman, there have been improvements in the economic analysis of projects and in reducing the unit investment costs. Increased efforts in this direction is highly desirable both in terms of increasing the number of projects screened by the Development Council and in introducing economic evaluation of various government programs. Such efforts should also include the analysis of the pricing policies for public goods and services.

Mission's Projections

69. Based on recent economic development and the background discussed above, a set of illustrative projections through 1985 has been prepared. These projections, however, should not be taken as forecasts of future developments since many of the parameters and variables are subject to a considerable margin of error because of the limited data base. The main factors behind the mission's projections are: (i) the oil output forecast; (ii) change in the composition of fixed investment in favor of productive sectors. The overall macro-economic framework of the projections are given in Table 10 and its details are discussed in Annex I. The projections show that GDP could grow by an average of 5.1 percent p.a. during the 1979-85 period. The rate of growth is projected to decelerate after 1981 in response to the projected decline in oil output. Substantial investment, however, will be necessary in

Table 10: Uses of Resources, 1978-85  
(in millions of Rials Omani, at 1976 constant prices)

	Est. 1978	Projected		Percentage Share			Annual Average Growth Rates (%) 1979-85
		1981	1985	1978	1981	1985	
Gross Domestic Product (GDP)	799.1	1,008.8	1,132.0	100.0	100.0	100.0	5.1
Terms of trade adjustment	-60.4	152.5	162.6	-7.6	15.1	14.3	.
Gross Domestic Income (GDY)	738.7	1,161.3	1,294.6	92.4	115.1	114.3	8.4
Plus: Imports (Exports)	356.9 (494.6)	502.3 (531.7)	547.8 (507.5)	44.6 (61.9)	49.8 (52.7)	48.3 (44.8)	6.3 (0.4)
Less: Exports (capacity to import)	( 434.2)	( 684.2)	( 670.1)	( 54.3)	( 67.8)	( 59.2)	6.4
Resource balance	-77.3	-181.9	-122.3	-9.7	-18.0	-10.8	.
Total resources	661.4	979.4	1,172.3	82.7	97.1	103.5	8.5
Consumption	458.5	584.9	751.3	57.4	58.0	66.4	7.3
Public	365.7	419.9	518.4	45.8	41.6	45.8	5.1
Private	92.8	165.0	232.9	11.6	16.4	20.6	14.1
Investment	202.9	394.5	421.0	25.3	39.1	37.2	11.0
<u>Memo items</u>							
Domestic savings	280.2	576.3	543.0	35.1	57.1	48.0	9.9
National savings	169.3	420.8	391.0	21.2	41.7	34.5	12.7
Gross National Product (GNP)	688.2	853.3	981.7	86.1	84.5	86.5	5.2

the productive sectors in order to sustain the projected 10.8 percent growth rate in the non-oil economy during the 1979-85 period. The growth of public investment is forecast to decelerate after 1982 and reductions, at a rate of 5.5 percent p.a. in the defense spending were assumed in order to maintain real and financial balances in the economy.

External Borrowing Requirements

70. As a result of the favorable impact of the recent oil price increases on the balance-of-payments, the balance-of-payments current account is expected to be in surplus from 1981 to 1984, to the tune of US\$37 million on average. With the disbursements on previously committed loans and grants, foreign exchange reserves is projected to increase to US\$1 billion by 1982 (5 months of 1982 imports) and decrease thereafter. The debt service ratio to exports of goods and non-factor services is projected to decline rapidly after the peak of 11-12 percent in 1979 and remain around 2-3 percent during the early 80's (Table 11).

Table 11: External Debt Projections  
(in millions of US\$)

	<u>Est.</u>	<u>Projected</u>			
	1978	1979	1981	1983	1985
Total debt (end year)					
Outstanding					
(incl. undisbursed)	821.8	734.1	526.1	412.2	268.4
Outstanding & disbursed	547.8	520.2	480.6	363.3	217.8
- as % of GDP	22.3	22.0	30.9	28.1	26.9
Debt service	135.0	241.4	69.7	109.2	95.7
- as % of exports	8.4	11.6	2.3	3.2	2.7
Net flow <u>/1</u>	-33.3	23.6	-41.4	-84.1	-72.6
<u>Memo items:</u>					
Average interest rate (%) <u>/2</u>	3.7	5.5	3.5	3.3	3.0

/1 Gross disbursements less amortization on all medium- and long-term external borrowing.

/2 Ratio of interest paid to disbursed debt outstanding at the beginning of the year.

71. As mentioned previously, these projections are based on a conservative evaluation of crude oil production prospects. Should new oil discoveries be made soon, the financial outlook discussed above would improve. The longer term prospects, however, remain contingent upon a rigorous effort to redirect the economic development along the lines of the Plan objectives. These same objectives are expected to be reemphasized in the next Five Year Development Plan (1981-85), preparation of which is a formidable task for the country's planners.

MISSION'S PROJECTIONS

1. This annex details the assumptions behind the macro-economic projections for the 1979-85 period and highlights main results of these projections. Except for balance of payments which are in current prices, the projected values are expressed at 1976 constant prices.

2. Oil output forecasts, the level and composition of public investment and an anticipated decline in defense spending are the most significant factors behind the projections. The projected levels of oil sector value-added and exports are based on the "base case" projections as given in Table 9 in the main report. As regards to price, the projections take into account the recent OPEC decision of June 1979 and assume that the price of crude oil will remain unchanged in real terms thereafter in line with the IBRD price projections.

3. Public investment is projected to increase to RO 222 million in 1981 allowing for substantial outlays for the development of the southern oil fields, and rise slowly thereafter to RO 250 million in 1985 in line with projected decline in the government revenue (Annex Table 1). In line with the investment priorities formulated in the Plan, agriculture, fisheries, manufacturing and mining sectors receive high shares public investment in order to sustain high levels of projected growth rates in these sectors.

Annex Table 1: Gross Fixed Investment, 1978-85  
(in millions of rials, at 1976 prices)

	Est. 1978	Projected				Annual Average Rates
		1979	1981	1983	1985	Growth (%) 1978-85
Public investment	115.1	152.7	222.0	240.0	250.0	11.7
Oil sector	30.6	67.8	44.1	27.5	22.8	-4.1
Non-oil sectors	84.5	84.9	177.9	212.5	227.2	15.2
Private investment	86.4	108.5	122.7	140.0	170.0	10.2
Oil sector /1	34.6	55.2	49.4	38.3	35.2	0.3
Non-oil sectors	51.8	52.8	73.3	101.7	134.8	14.6
Total investment	201.5	260.7	344.7	380.0	420.0	11.1
Oil sector	64.6	123.0	93.5	65.8	58.0	-1.5
Non-oil sectors	136.9	137.7	251.2	314.2	362.0	14.9

/1 Includes exploration activities of oil companies other than PDO.

4. Non-oil private investment, especially in manufacturing and agriculture, is projected to rise throughout the period from an estimated RO 51.8 million in 1978 to RO 135 million in 1985. Overall, fixed capital formation is projected to increase from an estimated RO 201.5 million in 1978 to RO 420 million in 1985.

5. The impact of current government expenditure on the overall economic picture of Oman will be quite significant over the next decade. Civil recurrent expenditure is projected to rise at an annual average of 14.4 percent between 1978 and 1985 because of the expected expansion in the scope of the government services and increased operational and maintenance expenditure related to past investment. Some reductions in defense expenditure had to be assumed in order to maintain financial and real balances of the economy; therefore, it is projected to decline at an annual average rate of 5.5 percent at constant prices between 1978 and 1985.

6. Growth rates for agriculture, mining, manufacturing, and electricity and water are exogenous; they are based on projected investment levels with relevant ICORs. A high rate of growth (13 percent p.a.) is projected for agriculture and fisheries, but this is subject to overcoming of the constraints discussed in the main report and achievement of the high levels of projected investment. Major projects such as copper and cement are taken into account in the estimation of mining and manufacturing value-added. Value-added in construction is linked to the level of fixed investment. Growth rates in government services and other services are related with appropriate elasticities to the current government expenditure and value-added of all other sectors, respectively as well as projected investment levels. Low levels of base year values should be taken into account in analyzing the projected sectoral growth rates.

7. The projected growth pattern of GDP appears to be peculiar because of the pattern of oil production; it is projected to grow by 5.1 percent p.a. through 1985. In order to offset, the decline in oil sector value-added beginning in 1981, the growth of non-oil sectors is projected at 11.6 percent p.a. during the 1978-85 period (Figure 1) (Annex Table 2).

Annex Table 2: GROSS DOMESTIC PRODUCT BY SECTORS, 1978-1985  
(in millions of RO, at 1976 prices)

	<u>Est.</u>	<u>Projected</u>		<u>Sectoral Shares (%)</u>			<u>Average</u>
	1978	1981	1985	1978	1981	1985	Growth Rates (%) 1979-85
Agriculture	21.1	28.7	51.3	2.6	2.8	4.5	13.5
Oil	458.9	512.4	433.1	57.4	50.8	38.3	-0.8
Mining	-	-	12.0	-	-	1.0	.
Manufacturing	8.8	13.4	36.0	1.1	1.3	3.2	22.2
Utilities	10.8	16.4	28.7	1.4	1.6	2.5	15.0
Construction	83.5	141.8	172.8	10.4	14.1	15.3	11.0
Services	105.9	157.0	242.0	13.4	15.6	21.4	12.5
Government							
Services	110.1	139.0	156.0	13.7	13.8	13.8	5.1
G.D.P.	799.1	1,008.8	1,131.9	100.0	100.0	100.0	5.1
(Non-oil G.D.P.)	340.2	496.4	698.8	42.6	49.2	61.7	10.8

8. Private consumption is projected to grow at an annual average rate of 14 percent. There are two basic reasons for such a high growth of private consumption. Firstly, the number of expatriates is estimated to increase at 10.2 percent p.a. during this period. Secondly, it is assumed that government policies would be designed to improve the distribution of personal incomes particularly in the rural areas.

9. Price indices for imports and exports are based on IBRD Commodities Division's price forecasts during the 1979-85 period. A considerable improvement in the terms of trade is projected throughout the period and its impact on the GDY is significant. The oil price assumptions behind these projections are as follows (\$/bbl):

<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
18.24	21.20	22.96	24.96	26.08	28.23	30.00

10. In the case of "high oil production" alternative, the growth rate for oil sector value-added differs considerably from the base case; exports and government oil revenues also change significantly. Annex Table 3 compares the "base" and "high production" cases for the major macroeconomic variables.

Annex Table 3: COMPARISON OF THE "BASE" AND THE  
"HIGH PRODUCTION" CASES, 1981-1985

	1981	1982	1983	1984	1985
Oil Sector Value-added <sup>/1</sup> (at 1976 prices)					
Base Case	495	482	471	455	416
High Production Case	507	507	499	492	485
Export (at current \$ billion)					
Base Case	2.9	3.0	3.1	3.2	3.2
High Production Case	2.9	3.2	3.3	3.5	3.7
Government Revenue (at current RO millions)					
Base Case	903.8	965.1	984.8	1,029.7	999.7
High Production Case	924.9	1,015.2	1,042.8	1,112.2	1,163.5

/1

11. Crude oil will continue to be the main export throughout the projection period, although cement, copper and fish are expected to supplement the decline in the volume of crude oil exports. The projected change in the composition of exports of goods are as follows (excluding re-exports):

Percentage Shares

	<u>1978</u>	<u>1981</u>	<u>1985</u>
Crude oil	99.0	96.9	86.8
Fish	-	1.9	4.0
Copper	-	-	2.9
Cement	-	-	2.0
Others	<u>1.0</u>	<u>1.2</u>	<u>4.3</u>
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

12. Import requirements are projected in relation to various demand categories with appropriate elasticities and allow for expected import substitution, particularly in construction materials. The average import elasticity during the 1978-85 period works out to 1.24 compared with 2.76 for the 1973-78 period. Projected growth rates of imports are as follows:

	Annual growth of	Percentage shares		
	import volumes (%)	at current prices		
	1978-85	1978	1981	1985
Foodstuff	11.9	10.6	12.7	15.1
Consumer goods	9.4	19.5	20.1	20.1
Intermediate goods	10.7	11.4	13.3	18.9
Capital goods	7.3	31.2	36.8	36.5
Other imports	-7.4	27.3	17.1	9.4
Imports of goods	6.3	100.0	100.0	100.0

13. The balance-of-payments based on the foregoing economic projection is summarized in Annex Table 4. The trade surplus would continue to increase until 1981; it would, then decline slightly in line with the projected pattern of oil exports. As the projected fixed investment begin to slow down in 1982, net factor services and, thus, current account deficit will decrease thereafter. In projecting transfers of contractors' profits, it has been assumed that the share of contractors' profits remitted abroad would gradually decrease as the Omani companies would require a larger market share. Workers remittances are calculated on the basis of projected manpower requirements by the mission.

Annex Table 4: SUMMARY BALANCE-OF-PAYMENTS  
(in millions of US dollars at current prices)

	Est.	Projected			
	1978 /1	1979	1981	1983	1985
Exports	1598.9	2088.7	2981.5	3390.2	3598.4
Imports	1313.5	1588.2	2188.9	2614.2	2941.9
Resource balance	285.4	500.5	792.6	776.0	656.5
Interest payments (net)	6.9	-17.9	10.1	36.5	40.4
Profit remittances	-149.9	-188.9	-272.9	-241.1	-163.0
Workers' remittances	-233.4	-299.5	-421.3	-557.2	-692.0
Other Factor Payments	-	-	-	-13.5	-20.0
Factor service (net)	-376.4	-507.3	-684.0	-775.3	-834.6
Current account balance	-91.0	-6.8	108.6	0.7	-178.1
Direct investment (net)	55.2	57.0	85.4	50.0	50.0
Capital grants	19.4	162.1	133.2	-	-
External borrowing (net)	-33.3	23.6	-41.3	-84.1	-72.6
Disbursements	81.5	235.1	9.8	10.5	14.3
Amortisation	-114.8	-211.5	-51.1	-94.6	-86.9
Other capital flows n.e.i.	-47.4	-	-	-	-
Changes in reserve	-97.1	235.9	285.9	-33.3	-200.7
Net external reserves	214.0	449.9	860.2	989.0	783.1

/1 1978 figures do not correspond to those in Table 8 in the main report due to definition of exports and non-factor services.



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Table 1.1: Population, 1972-1978 1/  
(In thousands)

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Year	Nationals	Expatriates	Total
1972	609	20	629
1973	626	32	658
1974	643	56	699
1975	661	91	752
1976	680	120	800
1977	700	130	830
1978	720	140	860

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Source: Mission estimates, based on 1978 national population of 720,000 and a 2.9% growth rate since 1972.

Table 1.2: Government Employment by Nationality, 1966-1978 1/

Year	Total	Nationals	Expatriates	Expatriates as Percentage of Total
1966	1,100	1,018	82	7.5
1967	1,200	1,115	85	7.1
1968	1,250	1,158	92	7.4
1969	1,350	1,253	97	7.2
1970	1,750	1,630	120	6.9
1971	3,112	2,857	255	8.2
1972	5,318	4,765	553	10.4
1973	9,073	7,403	1,670	18.4
1974	12,035	9,035	3,000	24.9
1975 <u>2/</u>	15,147	10,967	4,180	27.6
1976	22,311	15,668	6,643	29.8
1977	26,765	17,269	9,496	35.5
1978	29,000	18,548	10,452	36.0

Source: Civil Service Commission and Directorate General of National Statistics.

1/ Excludes police and defense personnel.

2/ Estimates

Table 1.3: Private Sector Employment by Nationality, 1972-1978.

Year	Total	Nationals	Expatriates	Expatriates as Percentage of Total
1972	35,000	20,500	14,000	40.0
1973	47,000	24,000	23,000	48.9
1974	65,000	25,000	40,000	61.5
1975	93,000	28,000	65,000	69.9
1978	116,000	33,500	82,500	71.1

Source: Mission Estimates

TABLE 2.1: OMAN GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN  
(MILLIONS OF R.O. AT CURRENT PRICES)

	D I S T R I B U T I O N							
	1967	1972	1973	1974	1975	1976	1977	1978
AGRICULTURE AND FISHERIES	14.3	17.9	17.6	18.4	19.1	21.9	24.1	26.0
OIL AND MINING	12.0	76.4	94.5	407.7	486.8	530.4	534.8	498.4
MANUFACTURING	0.1	0.3	0.6	2.0	2.1	4.0	8.3	11.2
CONSTRUCTION	8.3	22.6	24.0	58.2	88.1	96.6	88.4	79.6
TRANSPORTATION AND COMMUNICATIONS	0.4	3.2	4.4	12.3	23.5	25.0	28.2	33.2
ELECTRICITY AND WATER	0.0	0.7	0.9	1.2	1.8	5.0	6.3	8.0
INTERNAL TRADE	1.0	3.8	8.3	34.0	51.1	50.3	54.6	52.7
BANKING	0.1	0.8	0.9	3.5	9.8	11.2	13.3	13.7
OWNERSHIP OF DWELLINGS	1.2	2.5	2.9	4.0	9.3	13.8	18.3	21.8
PUBLIC ADMINISTRATION AND DEFENSE	0.6	11.0	13.1	43.6	53.0	71.0	83.4	105.9
OTHER SERVICES	0.8	2.5	3.1	6.7	8.4	11.4	13.8	15.2
GROSS DOMESTIC PRODUCT (AT M.P.)	38.8	141.7	170.3	591.6	753.0	840.6	873.5	865.7
LESS: INDIRECT TAXES	0.8	1.6	1.7	2.3	0.5	4.5	4.6	4.6
GROSS DOMESTIC PRODUCT (F.C.)	38.0	140.1	168.6	589.3	752.5	836.1	868.9	861.1
LESS: NET FACTOR INCOME FROM ABROAD	3.6	35.1	58.3	138.8	173.9	179.6	152.2	130.0
GROSS NATIONAL PRODUCT	34.4	105.0	110.3	450.5	578.6	656.5	716.7	731.1
MEMO ITEM: NON-OIL GPD	26.8	65.3	75.8	184.7	266.2	310.2	338.2	367.3

SOURCE: MISSION'S ESTIMATES

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TABLE 2.2 : OMAN EXPENDITURES ON GROSS DOMESTIC PRODUCT  
(AT CURRENT PRICES, MILLIONS OF RO.)

	1967	1972	1973	1974	1975	1976	1977	1978
GROSS DOMESTIC PRODUCT (AT M.P.)	38.8	141.7	170.3	591.6	753.0	840.6	873.5	865.7
RESOURCE GAP	8.8	23.5	26.0	192.8	122.1	144.7	142.4	98.6
EXPORTS OF GOODS	13.1	83.6	114.9	419.1	489.2	551.2	559.4	552.3
IMPORTS OF GOODS	4.2	57.6	85.8	211.7	348.4	383.8	392.9	431.5
NET IMPORTS OF NFS	0.1	2.5	3.1	14.6	18.7	22.7	24.1	22.2
TOTAL RESOURCES	30.0	118.2	144.3	399.6	630.9	695.9	731.1	767.1
FIXED INVESTMENT	12.1	42.0	44.0	174.2	223.0	255.5	226.8	213.5
PRIVATE	12.1	12.1	14.5	31.3	50.0	60.4	80.9	90.9
PUBLIC	0.0	29.9	29.5	142.9	173.0	195.1	145.9	122.6
CONSUMPTION	17.9	76.2	100.3	225.4	407.9	440.4	504.3	553.6
PRIVATE(1)	16.2	36.7	38.1	38.8	85.4	54.8	115.9	116.2
PUBLIC(2)	1.7	39.5	62.2	186.6	322.5	385.6	388.4	437.4
DOMESTIC SAVINGS	20.9	65.5	70.0	366.2	345.1	400.2	369.2	312.1
NET FACTOR INCOME	-3.6	-35.1	-58.3	-138.8	-173.9	-179.6	-152.2	-130.0
NET CURRENT TRANSFERS	0.0	0.0	0.0	0.0	56.8	14.7	80.3	0.0
NATIONAL SAVINGS	17.3	30.4	11.7	227.4	228.0	235.3	297.3	182.1

SOURCE: MISSIONS ESTIMATES

(1) RESIDUAL. INCLUDES CHANGES IN STOCKS AND STATISTICAL DISCREPANCIES.

(2) INCLUDES ALL DEFENSE EXPENDITURES

TABLE 2.3: OMAN INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT  
(IN MILLIONS OF RIALS OMANI AT CURRENT MARKET PRICES)

	D I S T R I B U T I O N			
	1975	1976	1977	1978
AGRICULTURE AND FISHERIES	20.2	21.4	24.0	27.1
PETROLEUM AND MINERALS	486.8	530.4	534.8	498.4
MANUFACTURING	2.1	4.0	8.3	11.2
CONSTRUCTION	70.8	83.0	84.2	85.3
TRANSPORT AND COMMUNICATIONS	23.5	25.5	28.2	33.2
ELECTRICITY AND WATER	1.8	5.0	6.3	8.0
INTERNAL TRADE	38.5	50.3	65.5	72.2
BANKING	9.8	11.2	13.3	14.5
OWNERSHIP OF DWELLINGS	9.3	13.8	18.3	21.8
PUBLIC ADMINISTRATION AND DEFENSE	53.0	71.0	83.4	105.9
OTHER SERVICES	8.4	11.4	13.8	15.2
GDP AT MARKET PRICES	724.2	827.0	880.1	892.8
OF WHICH: NON-OIL GDP	237.4	296.6	345.3	394.4
LESS NET INDIRECT TAXES	-2.5	-4.5	-4.6	-4.6
GDP AT FACTOR COST	721.7	822.5	875.5	888.2
OF WHICH: NON -OIL GDP	234.9	292.1	340.7	389.8

SOURCE: DEVELOPMENT COUNCIL

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TABLE 2.4: OMAN EXPENDITURES ON THE GROSS DOMESTIC PRODUCT  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N			
	1975	1976	1977	1978
TOTAL CONSUMPTION	344.1	361.1	426.9	517.2
PRIVATE	115.1	117.6	203.9	267.2
PUBLIC	229.0	243.5	223.0	250.0
GROSS DOMESTIC CAPITAL FORMATION	258.0	321.2	310.8	281.0
PRIVATE	50.0	60.4	80.9	90.9
PUBLIC	208.0	260.8	229.9	190.1
EXPORT SURPLUS OF GOODS AND SERVICES	122.1	144.7	142.4	94.6
GDP AT MARKET PRICES	724.2	827.0	880.1	892.8
LESS: NET INDIRECT TAXES	-2.5	-4.5	-4.6	-4.6
GROSS DOMESTIC PRODUCT AT FACTOR COST	721.7	822.5	875.5	882.2
LESS: NET FACTOR INCOME PAYMENTS	-173.9	179.6	-152.4	-130.0
GROSS NATIONAL PRODUCT AT FACTOR COST	547.8	642.9	723.1	758.2

SOURCE: DEVELOPMENT COUNCIL

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TABLE 3.1 : OMAN BALANCE OF PAYMENTS ESTIMATES (1)  
(IN MILLIONS OF RIALS OMANI) (2)

	D I S T R I B U T I O N				
	1974	1975	1976	1977	1978
TRADE BALANCE	207.4	140.8	167.4	166.5	120.8
EXPORTS (FOB)	419.1	489.2	551.2	559.4	552.3
CRUDE OIL EXPORTS	418.7	488.1	543.8	545.9	521.8
OTHER EXPORTS	0.4	1.1	1.4	1.5	6.1
RE-EXPORTS (3)	0.0	0.0	6.0	12.0	24.4
IMPORTS (CIF) (4)	-211.7	-348.4	-383.8	-392.9	-431.5
SERVICES AND PRIVATE TRANSFERS	-153.6	-192.6	-202.3	-176.6	-152.2
PROFIT REMITTANCES	-107.1	-101.8	-86.7	-67.3	-51.8
P.D.O FOREIGN PARTNERS (5)	-49.8	-33.3	-20.7	-15.7	-12.2
CONTRACTORS AND OTHERS	-57.3	-68.5	-66.0	-51.6	-39.6
OFFICIAL NET INTEREST INCOME	6.6	-0.2	-0.7	-0.2	2.4
WORKERS' REMITTANCES	-38.5	-71.9	-92.2	-85.0	-80.6
OTHER SERVICES (NET)	-14.6	-18.7	-22.7	-24.1	-22.2
CURRENT ACCOUNT BALANCE	53.8	-51.8	-34.9	-10.1	-31.4
OFFICIAL LOANS AND TRANSFERS (6)	50.7	111.0	75.9	129.0	-4.8
GRANT RECEIPTS	8.3	71.6	18.0	92.7	6.7
NET DISBURSEMENTS ON EXTERNAL BORROWINGS	42.4	39.4	57.9	36.3	-11.5
OIL SECTOR CAPITAL ACCOUNT (NET)	-84.9	-26.5	35.7	13.7	19.1
DIRECT INVESTMENT	5.7	10.1	12.0	7.2	13.7
P.D.O FOREIGN PARTNERS (5)	3.7	7.1	6.4	-1.8	-1.3
OTHER COMPANIES	2.0	3.0	5.6	9.0	15.0
PARTICIPATION PAYMENT	-35.9	0.0	0.0	0.0	0.0
OIL EXPORT CREDIT (NET)	-54.7	-36.6	23.7	6.5	5.4
ERRORS AND OMISSIONS (NET) (7)	-32.0	-34.2	-81.1	-56.8	-16.4
OVERALL BALANCE	-12.4	-1.5	-4.4	75.8	-33.5
MONETARY MOVEMENTS (NET) (8)	12.4	1.5	4.4	-75.8	33.5
MONETARY AUTHORITIES	-33.0	-13.8	-21.3	-35.4	35.2
CENTRAL BANK OF OMAN	-17.4	-21.4	-13.2	-28.0	36.5
GOVERNMENT	-15.6	7.6	-8.1	-7.4	-1.3
COMMERCIAL BANKS	45.4	15.3	25.7	-40.4	-1.7

SOURCE: CENTRAL BANK OF OMAN, I.M.F AND I.B.R.D STAFF ESTIMATES

(1) 1978 PROVISIONAL

(2) RO 1 = US \$ 2.89524

(3) AS RECORDED IN 1978; INCLUDES INDICATIVE ESTIMATES FOR 1976 AND 1977

(4) INCLUDES ESTIMATES OF UNRECORDED IMPORTS

(5) NET OF DEPRECIATION, WHICH WAS ACCELERATED UNDER MAY 1977 AGREEMENT.

(6) INFLOW OF LOANS ADJUSTED ACCORDING TO THE EXTERNAL DEBT DATA (TABLE 4.2)

(7) INCLUDES ALL PRIVATE NON-OIL CAPITAL MOVEMENTS

(8) INCREASE IN NET FOREIGN ASSETS DENOTED BY A MINUS SIGN; INCLUDES VALUATION CHANGES.

TABLE 3.2: OMAN GROSS RESERVES AND NET FOREIGN ASSETS  
(MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
GROSS OFFICIAL RESERVES	38.2	71.2	86.0	114.1	150.2	143.2
CENTRAL BANK FOREIGN ASSETS	17.0	34.4	56.8	76.8	105.5	97.2
GOLD	0.2	0.2	0.2	1.0	4.3	9.5
SPECIAL DRAWING RIGHTS	0.3	0.3	0.3	0.3	0.3	0.3
RESERVE POSITION IN IMF (1)	0.7	6.3	9.9	10.0	8.1	6.2
BALANCES ABROAD	14.5	24.6	40.8	57.8	82.7	66.8
INVESTMENTS	0.7	2.5	4.8	7.7	10.0	14.4
SILVER	0.5	0.5	0.8	0.0	0.0	0.0
GOVERNMENT FOREIGN ASSETS (2)	21.2	36.8	29.2	37.3	44.7	46.0
CENTRAL BANK FOREIGN LIABILITIES	0.0	0.0	-1.0	-7.8	-8.5	-36.7
COMMERCIAL BANKS FOREIGN ASSETS	14.9	22.6	23.0	15.3	33.3	36.8
COMMERCIAL BANKS FOREIGN LIABILITIES	-3.2	-56.3	-72.0	-90.0	-67.6	-69.4
NET FOREIGN ASSETS	49.9	37.5	36.0	31.6	107.4	73.9
MONETARY AUTHORITIES	38.2	71.2	85.0	106.3	141.7	106.5
CENTRAL BANK	17.0	34.4	55.8	69.0	97.0	60.5
GOVERNMENT	21.2	36.8	29.2	37.3	44.7	46.0
COMMERCIAL BANKS	11.7	-33.6	-49.0	-74.7	-34.3	-32.6

SOURCE: CENTRAL BANK OF OMAN AND IMF BUREAU OF STATISTICS  
(1) REFLECTS MAINLY OIL FACILITY LENDING TO THE FUND.  
(2) INCLUDES WORKING BALANCES MAINTAINED BY COMMERCIAL BANKS ABROAD.

TABLE 3.3 : OMAN COMPOSITION OF IMPORTS (1),(2)  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
FOOD AND LIVE ANIMALS	9.7	15.0	26.8	30.4	38.1	42.3
TOBACCO AND BEVERAGES	0.8	1.6	3.1	4.8	6.3	11.6
CRUDE MATERIALS	0.8	2.8	5.6	5.9	6.4	4.8
FUELS AND LUBRICANTS	1.8	5.1	10.8	17.2	21.5	27.6
OILS AND FATS	0.2	0.7	0.9	1.2	2.0	3.1
CHEMICALS	1.8	5.0	9.0	9.4	11.1	13.2
MANUFACTURED GOODS	8.0	29.6	48.5	47.7	53.8	54.8
MACHINERY AND EQUIPMENT	12.6	53.7	95.8	102.1	123.6	125.5
OTHER MANUFACTURES	2.9	11.1	18.3	22.5	29.4	31.9
UNCLASSIFIED	2.1	11.1	12.6	9.3	9.9	8.4
<b>TOTAL RECORDED IMPORTS</b>	<b>40.7</b>	<b>135.6</b>	<b>231.4</b>	<b>250.5</b>	<b>302.1</b>	<b>323.2</b>

SOURCE: CUSTOMS DEPARTMENT

(1) INCLUDES IMPORTS THROUGH SALALAH FROM 1976 AND SOME DEFENSE-RELATED IMPORTS FROM 1977, WHICH WERE NOT PREVIOUSLY COVERED BY CUSTOMS RETURNS.

(2) PROVISIONAL FOR 1978

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TABLE 3.4: OMAN COMPOSITION OF NON-OIL EXPORTS (1)  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
DRIED DATES	0.1	0.1	0.2	0.1	0.1	0.0
DRIED LIMES	0.3	0.3	0.6	1.3	1.0	1.3
FLOUR (2)	0.0	0.0	0.0	0.0	0.3	0.8
FISH	0.0	0.0	0.0	0.0	0.1	0.5
OTHER (3)	0.2	0.0	0.3	0.0	0.0	3.5
TOTAL NON-OIL EXPORTS	0.6	0.4	1.1	1.4	1.5	6.1

SOURCE: CUSTOMS DEPARTMENT

(1) PROVISIONAL FOR 1978

(2) FLOUR EXPORTS BEGAN IN MID-1977

(3) MAINLY ASBESTOS PIPES (APPROXIMATELY RO 2.8 MILLION) AND DOMESTIC TOBACCO FOR 1978

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TABLE 4.1

## EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC. 31, 1978

INCLUDES ONLY DEBT COMMITTED JAN. 1, 1900 - DEC. 31, 1978  
 DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS  
 (IN THOUSANDS OF U.S. DOLLARS)

TYPE OF CREDITOR CREDITOR COUNTRY	D E B T O U T S T A N D I N G			I N A R R E A R S	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
-----					
SUPPLIERS CREDITS					
FRANCE	68,523	-	68,523	-	-
GERMANY, FED.REP. OF	642	-	642	-	-
ITALY	3,970	-	3,970	-	-
UNITED KINGDOM	20,054	18,856	38,910	-	-
UNITED STATES	1,437	-	1,437	-	-
TOTAL SUPPLIERS CREDITS	94,626	18,856	113,482	-	-
FINANCIAL INSTITUTIONS					
GERMANY, FED.REP. OF	15,263	96,617	111,880	-	-
SWEDEN	9,524	2,132	11,656	-	-
UNITED KINGDOM	28,987	-	28,987	-	-
MULTIPLE LENDERS	28,595	-	28,595	-	-
TOTAL FINANCIAL INSTITUTIONS	82,369	98,749	181,118	-	-
MULTILATERAL LOANS					
ARAB FUND EC SOC DEV	28,951	20,718	49,669	-	-
IBRD	5,925	18,540	24,465	-	-
TOTAL MULTILATERAL LOANS	34,876	39,258	74,134	-	-
BILATERAL LOANS					
ABU DHABI	10,810	4,823	15,633	-	-
GERMANY, FED.REP. OF	50,781	-	50,781	-	-
KUWAIT	21,195	-	21,195	21,195	1,310
SAUDI ARABIA	150,000	102,292	252,292	30,000	-
UNITED KINGDOM	103,141	10,044	113,185	-	-
TOTAL BILATERAL LOANS	335,927	117,159	453,086	51,195	1,310
-----					
TOTAL EXTERNAL PUBLIC DEBT	547,798	274,022	821,820	51,195	1,310

NOTES: (1) ONLY DEBTS WITH AN ORIGINAL OR EXTENDED MATURITY OF OVER ONE YEAR ARE INCLUDED IN THIS TABLE.  
 (2) DEBT OUTSTANDING INCLUDES PRINCIPAL IN ARREARS BUT EXCLUDES INTEREST IN ARREARS.

TABLE 4.2

## SERVICE PAYMENTS, COMMITMENTS, DISBURSEMENTS AND OUTSTANDING AMOUNTS OF EXTERNAL PUBLIC DEBT

PROJECTIONS BASED ON DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC. 31, 1978

INCLUDES ONLY DEBT COMMITTED JAN. 1, 1900 - DEC. 31, 1978  
 DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS  
 (IN THOUSANDS OF U.S. DOLLARS)

YEAR	DEBT OUTSTANDING AT		TRANSACTIONS DURING PERIOD					OTHER CHANGES	
	BEGINNING OF PERIOD		COMMITMENTS	DISBURSEMENTS	SERVICE PAYMENTS			CANCELLATIONS	ADJUSTMENT *
DISBURSED ONLY	INCLUDING UNDISBURSED	PRINCIPAL			INTEREST	TOTAL			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1974	41,705	91,705	246,395	128,677	5,884	3,640	9,524	-	10,906
1975	165,749	343,122	278,346	142,242	28,091	6,498	34,589	-	-22,253
1976	270,046	571,124	305,568	191,838	24,287	10,051	34,338	-	-26,551
1977	423,539	825,854	51,410	161,265	56,165	25,157	81,322	-	43,059
1978	552,891	864,158	22,393	81,538	114,784	20,210	134,994	-	50,053
1979	547,798	821,820							
* * * * * THE FOLLOWING FIGURES ARE PROJECTED * * * * *									
1979	547,798	821,820	-	147,538	211,548	29,830	241,378	-	-51,193
1980	432,595	559,079	-	106,239	191,913	21,181	213,094	-	1
1981	346,923	367,167	-	9,012	51,182	11,568	62,750	-	1
1982	304,752	315,986	-	5,498	41,114	9,012	50,126	-	-1
1983	269,135	274,871	-	2,946	38,567	7,861	46,428	-	1
1984	233,516	236,305	-	1,005	27,282	6,007	33,289	-	-1
1985	207,238	209,022	-	621	23,261	4,909	28,170	-	-
1986	184,598	185,761	-	1,050	19,480	4,313	23,793	-	1
1987	166,169	166,282	-	113	19,615	3,904	23,519	-	-
1988	146,667	146,667	-	-	19,525	3,441	22,966	-	-1
1989	127,141	127,141	-	-	19,665	2,959	22,624	-	1
1990	107,477	107,477	-	-	19,815	2,462	22,277	-	1
1991	87,663	87,663	-	-	19,980	1,954	21,934	-	-1
1992	67,682	67,682	-	-	19,287	1,432	20,719	-	1
1993	48,396	48,396	-	-	16,609	1,014	17,623	-	-
1994	31,787	31,787	-	-	9,652	734	10,386	-	-1
1995	22,134	22,134	-	-	9,362	485	9,847	-	1
1996	12,773	12,773	-	-	9,362	247	9,609	-	-1
1997	3,410	3,410	-	-	3,410	34	3,444	-	-

\* THIS COLUMN SHOWS THE AMOUNT OF ARITHMETIC IMBALANCE IN THE AMOUNT OUTSTANDING INCLUDING UNDISBURSED FROM ONE YEAR TO THE NEXT. THE MOST COMMON CAUSES OF IMBALANCES ARE CHANGES IN EXCHANGE RATES AND TRANSFER OF DEBTS FROM ONE CATEGORY TO ANOTHER IN THE TABLE.

TABLE 5.1. OMAN GOVERNMENT FINANCE (1)  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
REVENUE	68.5	311.5	459.4	505.4	613.3	509.0
OIL RECEIPTS	61.3	291.5	373.1	454.7	482.2	457.7
OTHER REVENUE	3.7	11.7	14.6	32.7	38.4	44.6
GRANTS	3.5	8.3	71.6	18.0	92.7	6.7
EXPENDITURE	91.7	329.5	495.5	580.7	534.3	560.0
CURRENT	62.2	186.6	322.5	385.6	388.4	437.4
DEFENSE (2)	42.0	117.7	241.0	271.0	237.0	264.5
CIVIL	20.2	63.2	71.2	102.3	136.6	154.3
P.D.(O) OPERATIONS (3)	0.0	5.7	10.3	12.3	14.8	18.6
CAPITAL	29.5	142.9	173.0	195.1	145.9	122.6
CIVIL	29.5	127.9	156.8	181.1	130.4	88.9
P.D.(O) CAPITAL (3)	0.0	14.9	16.2	14.0	15.5	33.7
DOMESTIC NET LENDING AND EQUITY PARTICIPATION (4)	-0.3	-40.4	0.9	-1.9	-8.0	-14.7
OTHER	3.8	-6.1	-4.3	1.6	0.7	2.7
SURPLUS OR DEFICIT(-)	-19.7	-64.5	-39.5	-75.6	71.7	-51.0
FINANCING :	19.7	64.5	39.5	75.6	-71.7	51.0
CHANGE IN NET DEPOSITS (5)	9.1	29.1	-9.7	24.8	-83.1	31.6
GOVERNMENT FOREIGN EXCHANGE (6)	27.5	-15.6	7.5	-7.0	-7.1	-2.0
COMMERCIAL BANKS	-18.4	44.7	-8.6	24.3	-64.9	-17.1
CENTRAL BANK OF OMAN	0.0	0.0	-8.6	8.6	-10.8	50.7
DRAWINGS ON EXTERNAL BORROWING (NET)	10.6	35.5	52.4	47.8	30.1	19.4

SOURCE: DIRECTORATE GENERAL OF FINANCE AND THE CENTRAL BANK OF OMAN

(1) 1978 PROVISIONAL ACTUALS

(2) INCLUDES DEFENSE AND POLICE CAPITAL EXPENDITURES.

(3) SIXTY PERCENT OF P.D.(O) OPERATING AND CAPITAL EXPENDITURES ARE FINANCED BY THE GOVERNMENT SINCE 1974.

(4) NET OUTLAYS DENOTED BY A MINUS SIGN

(5) NET USE OF DEPOSITS (OR NET BORROWING) DENOTED BY A MINUS SIGN. DIFFERS FROM THE MONETARY DATA DUE TO TIMING AND COVERAGE FACTORS.

(6) GOVERNMENT FOREIGN EXCHANGE RESERVES INCLUDE WORKING BALANCES WITH COMMERCIAL BANKS ABROAD.



TABLE 5.2: OMAN GOVERNMENT REVENUE (1)  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
OIL REVENUE	61.3	291.5	373.1	454.7	482.2	457.7
ROYALTY AND INCOME TAX	60.6	159.3	126.5	178.8	158.9	142.1
SALE OF GOVERNMENT OIL TO PDO	0.0	116.4	196.0	199.4	197.5	132.7
THIRD PARTY SALES	0.0	15.3	50.3	76.1	125.4	165.0
OIL INSTALLATION PORT DUES	0.7	0.5	0.3	0.4	0.4	0.4
OTHER REVENUE	3.7	11.7	14.6	32.7	38.0	44.6
CUSTOMS DUTIES	1.7	2.3	0.5	4.5	4.6	4.6
CORPORATE INCOME TAX	0.7	0.5	2.1	4.6	5.9	7.0
INTEREST EARNINGS	0.4	4.3	1.7	2.4	4.5	5.7
MUNICIPAL TAXES	0.3	0.5	1.2	0.1	0.3	0.5
INCOME FROM PUBLIC SERVICES AND UTIL.	0.0	1.1	3.9	6.4	7.2	11.5
OTHER	0.5	3.0	5.2	14.6	15.5	12.7
TOTAL	65.0	303.2	387.7	487.4	520.2	502.3
GRANTS FROM OTHER COUNTRIES	3.5	8.3	71.6	18.0	92.7	6.7
TOTAL GOVERNMENT REVENUE	68.5	311.5	459.4	505.4	612.9	509.0

SOURCE: DIRECTORATE GENERAL OF FINANCE  
(1) 1978 PROVISIONAL ACTUALS

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TABLE 5.3: OMAN GOVERNMENT CURRENT EXPENDITURES, 1973-1978  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
DEFENSE AND NATIONAL SECURITY	42.0	117.7	241.0	271.0	237.0	264.5
RECURRENT	28.1	45.7	67.0	104.0	88.0	131.5
CAPITAL(1)	13.9	72.0	174.0	167.0	149.0	133.0
CIVIL	20.2	63.2	71.2	102.3	136.6	154.3
DIWAN AND H.M. PROTOCOL	4.1	9.1	9.9	23.9	30.8	34.0
HEALTH	2.7	5.0	6.8	9.0	10.9	11.8
AGRICULTURE, INDUSTRY AND MINING	0.0	0.0	4.4	5.7	6.1	6.1
EDUCATION	1.8	4.3	7.2	10.2	14.3	17.2
TRANSPORTATION AND COMMUNICATIONS	1.7	4.0	7.9	13.3	23.2	20.3
DIRECTORATE GENERAL OF FINANCE(2)	4.4	26.8	12.9	9.3	12.6	16.6
FOREIGN AFFAIRS	0.7	2.9	3.4	4.3	4.7	4.5
DHOFAR PROVINCE	1.6	2.8	4.9	7.5	10.5	9.2
INFORMATION AND TOURISM	1.4	1.5	6.2	4.8	9.2	6.6
OTHERS	1.8	6.8	7.6	15.3	14.3	15.6
P.D.(O) OPERATIONS	0.0	5.7	10.3	12.3	14.8	18.6
TOTAL	62.2	186.6	322.5	395.6	388.4	437.4

SOURCE: DIRECTORATE GENERAL OF FINANCE

(1) THE OMANI BUDGETARY PRESENTATION CLASSIFIES DEFENSE AND POLICE CAPITAL EXPENDITURES AS DEVELOPMENT EXPENDITURES.

(2) INCLUDES INTEREST ON BORROWINGS.

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TABLE 5.4: OMAN GOVERNMENT CAPITAL EXPENDITURES (1)  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N				
	1974	1975	1976	1977	1978
OIL AND MINERALS	0.0	18.0	0.5	8.9	5.2
AGRICULTURE AND FISHERIES	4.0	5.3	1.8	2.9	4.1
ROADS	20.3	35.8	42.8	36.0	16.7
PORTS AND HARBOURS	3.6	3.2	7.8	9.7	8.1
AIRPORTS	2.5	2.2	3.6	4.3	2.4
POST AND TELECOMMUNICATIONS	4.4	8.0	2.9	2.1	5.4
ELECTRICITY AND WATER	22.9	38.9	41.4	29.9	15.5
HOUSING (2)	7.9	6.3	6.4	4.4	0.0
CIVIL WORKS AND STRUCTURES (2)	10.2	9.2	8.9	5.9	0.0
EDUCATION	0.3	2.2	3.0	8.1	7.1
HEALTH	6.8	7.6	7.8	2.2	3.8
UNCLASSIFIED (2)	45.1	20.1	54.2	16.0	0.0
TOTAL DEVELOPMENT EXPENDITURES	128.0	156.8	181.1	130.4	88.9
GOVERNMENT'S SHARE IN PDO CAPITAL EXPENDITURES	14.9	16.2	14.0	15.5	33.7
TOTAL CAPITAL EXPENDITURES	142.9	173.0	195.1	145.9	122.6

SOURCE: DIRECTORATE GENERAL OF FINANCE  
(1) 1978 PROVISIONAL ACTUALS  
(2) BREAKDOWN FOR 1978 IS NOT AVAILABLE.

TABLE 6.1: OMAN MONETARY SURVEY (1)  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
FOREIGN ASSETS (NET)	49.9	37.5	36.0	31.6	107.4	73.9
CLAIMS ON GOVERNMENT (NET)	-17.7	4.1	6.5	31.3	-51.8	-18.7
CLAIMS ON GOVERNMENT	6.6	56.5	69.2	107.9	64.4	69.8
GOVERNMENT DEPOSITS (-) (2)	-24.3	-52.4	-62.7	-76.6	-116.2	-88.5
CLAIMS ON PRIVATE SECTOR	18.9	65.8	86.0	120.2	167.1	198.3
TOTAL	51.1	107.4	128.5	183.1	222.7	253.5
MONEY	25.0	48.4	71.6	102.2	111.3	114.2
CURRENCY OUTSIDE BANKS	15.2	28.9	38.5	47.8	55.1	64.3
DEMAND DEPOSITS	9.8	19.5	33.1	54.4	56.2	49.9
QUASI-MONEY	21.7	36.8	46.3	62.4	95.3	116.2
OTHER ITEMS (NET)	4.4	22.2	10.5	18.9	16.0	23.1
MONETARY AUTHORITIES	1.8	5.5	15.7	28.1	38.2	42.6
COMMERCIAL BANKS	2.6	16.7	-5.2	-9.8	-22.2	-19.5

SOURCE: TABLES 6.2 AND 6.3

(1) DATA PRIOR TO 1976 ARE NOT STRICTLY COMPARABLE BECAUSE OF REPORTING DIFFERENCES

(2) INCLUDES COUNTERPART OF GOVERNMENT FOREIGN ASSETS

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TABLE 6.2 : OMAN ACCOUNTS OF MONETARY AUTHORITIES  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
FOREIGN ASSETS (1)	38.2	71.2	86.0	114.1	150.2	143.2
CENTRAL BANK	17.0	34.4	56.8	76.8	105.5	97.2
GOVERNMENT	21.2	36.8	29.2	37.3	44.7	46.0
CLAIMS ON GOVERNMENT	0.0	0.0	7.1	18.4	8.4	49.2
OTHER ASSETS	0.6	0.1	2.5	3.3	8.5	15.6
TOTAL ASSETS	38.8	71.3	95.6	135.8	167.1	208.0
RESERVE MONEY	16.3	31.9	48.9	64.3	80.1	88.4
CURRENCY OUTSIDE BANKS	15.2	28.9	38.5	47.8	55.1	64.3
CURRENCY WITH COMMERCIAL BANKS	1.1	3.0	3.8	5.5	4.5	5.3
BANKERS' DEPOSITS	0.0	0.0	6.6	11.0	20.5	18.8
GOVERNMENT DEPOSITS	21.2	36.8	37.8	48.6	56.8	48.8
DEPOSITS WITH THE CENTRAL BANK	0.0	0.0	8.6	11.3	12.1	2.8
FOREIGN ASSETS (COUNTERPART)	21.2	36.8	29.2	37.3	44.7	46.0
FOREIGN LIABILITIES	0.0	0.0	1.0	7.8	8.5	36.7
CAPITAL ACCOUNTS (2)	1.3	1.2	7.6	7.9	14.8	19.5
OTHER LIABILITIES	0.0	1.4	0.2	7.0	6.9	14.6

SOURCE: CENTRAL BANK OF OMAN AND IMF BUREAU OF STATISTICS  
(1) FOR DETAILS SEE TABLE 3.2  
(2) CAPITAL, GENERAL RESERVE FUND AND COUNTERPART OF SDR ALLOCATIONS

TABLE 6.3: OMAN CONSOLIDATED ACCOUNTS OF COMMERCIAL BANKS (1)  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
RESERVES	1.1	3.0	10.6	16.7	25.6	24.2
CASH IN VAULTS (2)	1.1	3.0	3.8	5.5	4.5	5.3
BALANCES WITH THE CENTRAL BANK	0.0	0.0	6.7	11.2	21.2	18.9
FOREIGN ASSETS	14.9	22.6	23.0	15.3	33.3	36.8
CLAIMS ON GOVERNMENT	6.6	56.5	62.1	89.5	56.0	20.6
CLAIMS ON PRIVATE SECTOR	18.9	65.8	86.0	120.2	167.1	198.3
BALANCES WITH LOCAL BANKS	3.9	13.2	7.0	19.1	20.6	21.0
OTHER ASSETS (3)	5.2	43.4	8.6	14.1	18.6	24.4
ASSETS = LIABILITIES	50.6	204.5	197.3	274.9	321.2	325.3
DEMAND DEPOSITS (2)	9.8	19.5	33.1	54.4	56.2	49.9
OTHER DEPOSITS	21.7	36.8	46.3	62.4	95.3	116.3
TIME AND SAVINGS DEPOSITS (2)	21.7	36.8	32.2	49.7	72.5	90.0
FOREIGN CURRENCY DEPOSITS	0.0	0.0	8.6	8.8	17.9	21.4
IMPORT DEPOSITS (4)	0.0	0.0	5.5	3.9	4.9	4.9
FOREIGN LIABILITIES	3.2	56.3	72.0	90.0	67.6	69.4
GOVERNMENT DEPOSITS	3.1	15.6	24.9	28.0	59.4	39.7
BALANCES DUE LOCAL BANKS	2.6	12.0	5.6	19.7	18.8	19.4
CAPITAL AND RESERVES (4)	0.0	0.0	4.2	6.3	8.9	10.8
OTHER LIABILITIES (3)	10.2	64.3	11.2	14.1	14.9	19.9

SOURCE: CENTRAL BANK OF OMAN AND IMF BUREAU OF STATISTICS

(1) DATA PRIOR TO 1976 ARE NOT FULLY COMPARABLE.

(2) PRIOR TO 1975 INCLUDES FOREIGN CURRENCY DEPOSITS.

(3) FOR 1974 INCLUDES CONTRA-ITEMS OF SOME BANKS ESTABLISHED IN 1974.

(4) 1973 AND 1974 INCLUDED IN OTHER LIABILITIES.

TABLE 6.4: OMAN DISTRIBUTION OF BANK CREDIT TO PRIVATE SECTOR  
BY ECONOMIC SECTORS (1)

(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N			
	1975	1976	1977	1978
MINING AND QUARRYING	1.3	2.5	2.2	0.3
MANUFACTURING	0.7	1.5	5.3	5.8
CONSTRUCTION	17.1	14.8	21.6	26.0
ELECTRICITY, GAS AND WATER	1.0	0.0	0.6	0.7
TRANSPORT AND COMMUNICATIONS	0.8	4.1	4.7	6.6
WHOLESALE AND RETAIL TRADE	8.5	7.6	11.0	9.7
IMPORT TRADE	40.0	58.6	82.0	92.4
FOOD AND BEVERAGES	7.8	8.8	11.5	16.2
CONSTRUCTION MATERIALS	8.0	9.7	13.5	11.3
MANUFACTURES	9.7	17.7	23.3	27.5
MACHINERY AND TRANSPORT EQUIPMENT	9.6	15.5	26.7	26.1
OTHER IMPORTS	4.9	6.9	7.3	11.2
SERVICES (2)	1.8	2.8	5.6	6.2
PERSONAL	10.3	21.5	29.4	32.3
OTHERS (3)	2.6	8.5	10.9	12.5
<b>TOTAL (4)</b>	<b>84.0</b>	<b>122.0</b>	<b>173.3</b>	<b>192.5</b>

SOURCE: CENTRAL BANK OF OMAN

(1) FOR 1978, END OF THIRD QUARTER FIGURES.

(2) HOTELS, RESTAURANTS AND RECREATION SERVICES.

(3) INCLUDES EXPORT TRADE, FINANCIAL INSTITUTIONS AND AGRICULTURE

(4) DIFFERS SLIGHTLY FROM OTHER MONETARY DATA BECAUSE OF REPORTING ERROR

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Table 6.5: Operations of the Oman Housing Bank 1/ -

	Applications Received	House Completed	Loans Outstanding
	<u>(In numbers)</u>		<u>(In thousand of rials Omani)</u>
1975 December	459	48	446
1976 March	607	105	730
June	660	158	993
September	742	241	1,303
December	784	261	1,470
1977 March	854	330	1,732
June	948	361	1,819
September	1,044	387	1,860 <u>2/</u>
December	1,102	411	1,903
1978 March	1,154	432	2,148
June	1,272	479	2,381
September	1,360	511	2,546
December	1,459	564	2,807

Source: Oman Housing Bank

1/ Prior to July 1977 the Oman National Housing Development Association, its predecessor.

2/ From July 1977, authorized capital went up from RO 2.0 million to RO 10.0 million. The paid-up capital went up from RO 1.5 million to RO 5.0 million in August 1977 with the remainder of the authorized capital available on call.



Table 7.1: Production and Value Added of Agriculture and Fisheries  
(In millions of tons and millions of Rials Omani)

Commodity	1975		1976		1977	
	tons	RO'000	tons	RO'000	tons	RO'000
Fresh dates (Ruttab)	5.0	1,250	5.0	1,500	3.0	1,500
Preserved dates (Tamur)	45.0	3,600	40.0	3,600	35.0	3,500
Fresh limes	0.2	36	0.2	40	0.2	60
Dry limes	2.0	1,400	1.8	1,440	1.6	1,440
Bananas	9.0	1,350	9.0	1,800	10.0	2,000
Mangoes	1.5	450	1.5	600	1.5	600
Wheat	1.6	360	1.6	400	1.3	390
Onions	6.0	360	6.0	480	6.5	520
Meat	1.4	1,400	1.5	1,800	1.5	2,250
Milk, eggs	..	1,300	..	1,500	..	1,800
Tomatoes	2.0	700	2.0	800	2.5	1,250
Tabacco	0.9	720	0.9	720	1.0	800
Fish	23.0	5,750	26.0	6,500	28.0	7,000
Other fruits and vegetables	..	.500	..	800	..	1,000
Total		19,176		21,980		24,110

Source: Development Council

TABLE 7.2 : OMAN GOVERNMENT AGRICULTURAL SERVICES

	D I S T R I B U T I O N				
	1973	1974	1975	1976	1977
GOVERNMENT FARMS (1)	5	11	13	13	13
EXTENSION SERVICES (2)	19	22	27	30	34
FERTILIZERS DISTRIBUTED (TONS)					
NITROGEN	192.0	260.0	360.0	419.0	459.0
PHOSPHATE	55.0	85.0	95.0	134.0	157.0
POTASH	18.0	85.0	106.0	134.0	110.0
TRACTOR HOURS RENDERED TO FARMERS (3)	11.0	17.0	30.0	35.0	32.0

SOURCE: DIRECTORATE GENERAL OF NATIONAL STATISTICS

(1) NUMBERS. INCLUDES PRODUCTION AND EXPERIMENTAL FARMS

(2) NUMBERS. INCLUDES EXTENSION CENTERS AND SUBCENTERS

(3) IN THOUSAND HOURS.

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Table 7.3: Agricultural Land under Cultivation  
by Region in 1978 (Hectares)

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Regions	Hectares	Percentage
Batinah	14,556	39.4
Interior	567	1.5
Dhahira	6,096	16.5
Eastern coastal	1,653	4.5
Central plateau	5,902	16.0
Sharqiya & Jaalan	3,194	8.7
Western Hajar	3,842	10.4
Musandam	400	1.1
Dhofar	700	1.9
Total	36,910	100.0

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Source: Development Council

Table 7.4: Number of Fishermen by Region, 1978

Regions	Total number of fishermen	Region as a percent of total	Fishermen with other jobs		Fishermen not owing boats	
			number	percentage	number	percentage
Capital area	921	14.4	186	20.2	180	19.5
Batinah	2,209	34.6	276	12.5	343	15.5
Eastern coast	1,187	18.6	17	1.4	413	34.8
Musandam	775	12.1	37	4.8	174	22.5
Dhofar	1,114	17.4	482	43.3	833	74.8
Other	180	2.8	8	4.4	3	1.7
<b>Total</b>	<b>6,386</b>	<b>100.0</b>	<b>1,006</b>	<b>15.8</b>	<b>1,946</b>	<b>30.5</b>

Source: Development Council

TABLE 7.5 : OMAN LIVESTOCK POPULATION  
(IN THOUSANDS)

	D I S T R I B U T I O N				
	1974	1975	1976	1977	1978
GOATS	128.5	154.9	164.6	0.0	216.8
SHEEP	39.3	48.2	57.2	0.0	72.6
COWS	90.5	125.9	133.8	0.0	140.5
CAMELS	10.8	12.5	13.5	0.0	26.3

SOURCE: DIRECTORATE GENERAL OF NATIONAL STATISTICS

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TABLE 8.1 : OMAN PRODUCTION OF CRUDE OIL, EXPORTS AND  
EXPLORATION ACTIVITIES

	D I S T R I B U T I O N								
	1967	1969	1972	1973	1974	1975	1976	1977	1978
CUMULATIVE NUMBER OF WELLS									
NON-PRODUCING (1)	50.0	80.0	134.0	174.0	207.0	194.0	220.0	240.0	293.0
PRODUCING	21.0	58.0	109.0	143.0	150.0	213.0	226.0	245.0	253.0
PRODUCTION									
(THOUSAND BBL/DAY)	57.0	328.0	282.0	293.0	290.0	341.0	368.0	340.0	314.0
(MILLION BBL/YEAR)	20.9	119.7	102.8	107.0	105.8	124.6	133.7	124.1	114.7
EXPORTS( MILLION BBL/YEAR)	20.9	119.2	103.2	106.9	105.8	124.8	134.3	122.0	115.9

SOURCE: PETROLEUM DEVELOPMENT (OMAN)

(1) NON-PRODUCING WELLS INCLUDE DRY HOLES, WATER INJECTION AND WELLS  
PRODUCIBLE BUT NOT PRODUCING. (IN 1973, OUT OF 174 NON-PRODUCING  
WELLS, SIX WERE PRODUCIBLE)

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TABLE 8.2 : OMAN FIXED ASSETS OF PETROLEUM DEVELOPMENT (OMAN) (1)  
(IN MILLIONS OF RIALS OMANI)

	D I S T R I B U T I O N									
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
ORIGINAL COST	83.0	90.8	103.4	101.8	97.1	117.5	134.9	161.3	189.8	240.8
INTANGIBLE ASSETS	48.5	53.7	61.4	61.7	57.0	67.0	73.1	85.4	102.2	125.1
FIXED ASSETS	34.5	37.1	42.0	40.1	40.1	50.5	61.8	76.0	87.6	115.7
DEPRECIATION	13.9	19.6	26.0	30.0	33.9	36.6	45.3	55.8	88.8	143.2
INTANGIBLE ASSETS	5.2	7.7	10.6	12.5	13.9	14.4	17.7	21.8	39.8	69.9
FIXED ASSETS	8.7	11.8	15.4	17.5	20.0	22.2	27.5	34.0	49.0	73.3
NET BOOK VALUE	69.1	71.2	77.4	71.8	63.2	80.9	89.7	105.6	101.0	97.6
INTANGIBLE ASSETS	43.3	46.0	50.8	49.2	43.1	52.6	55.4	63.6	62.4	55.2
FIXED ASSETS	25.8	25.2	26.6	22.6	20.1	28.3	34.3	42.0	38.6	42.4

SOURCE: PETROLEUM DEVELOPMENT (OMAN)  
(1) THE ASSETS OF P.D.(O) ARE VALUED BY THE COMPANY IN POUNDS STERLING  
AND THE OMANI RIALS FIGURES REFLECT THE DEPRECIATION OF  
STERLING AGAINST THE OMANI RIAL, DURING 1972-1974

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04/10/79

TABLE 8.3 : OMAN COST OF CRUDE OIL PRODUCTION  
(US CENTS/BBL, AT CURRENT PRICES)

	D I S T R I B U T I O N					
	1970	1974	1975	1976	1977	1978
OPERATIONG COSTS	13.0	25.3	39.9	45.2	57.7	80.7
DEPRECIATION	16.0	18.8	18.4	25.2	78.6	139.3
DRY HOLES	4.0	5.1	4.5	7.3	7.8	6.6
TOTAL	33.0	49.2	62.3	77.7	143.9	226.6

SOURCE : P . D . O .

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TABLE 8.4: OMAN DIRECTION OF OIL EXPORTS  
(IN PERCENTAGES)

	D I S T R I B U T I O N				
	1974	1975	1976	1977	1978
JAPAN	35.4	37.5	43.3	51.4	57.0
UNITED STATES	2.9	5.8	15.8	15.4	15.8
CARIBBEAN ISLANDS	3.7	10.7	7.5	9.1	5.9
NETHERLANDS	1.8	20.5	14.6	9.1	6.3
FRANCE	12.0	6.9	6.4	3.8	1.8
NORWAY	3.0	1.2	0.4	3.1	6.5
SWEDEN	3.2	0.0	0.0	3.4	0.8
CANADA	11.7	3.8	6.0	0.0	0.0
UNITED KINGDOM	5.4	6.6	1.3	1.1	0.7
OTHER	20.9	7.0	4.7	3.6	5.2
TOTAL	100.0	100.0	100.0	100.0	100.0

SOURCE: PETROLEUM DEVELOPMENT (OMAN)

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TABLE 9.1: OMAN WHOLESAL PRICE INDEX FOR SELECTED IMPORTED FOOD  
COMMODITIES (1)

(SEPTEMBER DECEMBER 1972=100)

	D I S T R I B U T I O N					
	1973	1974	1975	1976	1977	1978
RICE	262.0	239.4	201.9	128.9	167.4	242.6
WHEAT FLOUR	172.0	333.0	195.6	205.8	146.0	162.8
POWDERED MILK	105.2	121.8	132.0	134.6	157.0	124.1
EVAPORTAED MILK	117.4	126.1	159.4	163.2	176.0	208.7
PURE GHEE	109.2	117.3	125.0	119.7	131.0	139.7
OTHER COOKING FATS	179.5	185.9	164.8	161.6	170.0	153.3
SUGAR	130.6	379.7	152.3	118.6	93.4	92.8
TEA	100.5	110.5	124.7	126.3	185.8	188.8
COFFEE	145.2	143.4	151.7	309.6	319.4	263.3
WHOLESALE PRICE INDEX	176.3	226.7	172.2	159.3	164.4	187.5

SOURCE: DIRECTOR TAE GENERAL OF NATIONAL STATISTICS  
(1) WEIGHTS ARE CALCULATED ON THE BASIS OF THE VALUE OF  
RECORDED IMPORTS DURING 1974 AND 1975.

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Table 9.2: Price Index of materials for  
a two-bedroom low cost house  
(1976 = 100.0)

Material	1974	1975	1976	1977	1978
Cement	112.8	104.6	100.0	83.4	89.3
Mild Steel	170.2	130.9	100.0	90.7	112.3
Hard Wood	123.5	109.1	100.0	114.4	102.1
Soft Wood	124.7	116.5	100.0	91.7	90.5
Plywood	126.3	98.9	100.0	98.2	94.3
Sand	82.6	95.1	100.0	109.2	102.6
Crusher	71.2	77.4	100.0	90.6	82.3
P.C. Blocks	80.3	95.5	100.0	100.2	93.9
Glass	96.3	106.6	100.0	96.7	82.0
P.V.C. Pipes	96.8	110.8	100.0	113.5	136.4
Cast Iron Pipes	115.1	115.1	100.0	106.3	101.6
Emulsion	84.5	90.2	100.0	97.9	98.1
Gloss	80.4	89.9	100.0	93.1	94.1
Wash	80.2	82.8	100.0	84.1	72.8
Total	112.9	106.7	100.0	94.4	95.4

Source: Directorate General of National Statistics.

TABLE 10.1 : OMAN LENGTH OF NATIONAL ROADS (1)  
(IN KILOMETERS)

	D I S T R I B U T I O N								
	1970	1971	1972	1973	1974	1975	1976	1977	1978
ASPHALT SURFACED	10.0	27.0	198.0	300.0	427.0	708.0	1219.0	1394.0	1587.0
GRADED	1817.0	2168.0	3060.0	3620.0	4105.0	5495.0	8500.0	10509.0	12151.0
TOTAL	1827.0	2195.0	3258.0	3920.0	4532.0	6203.0	9719.0	11903.0	13738.0

SOURCE: DIRECTORATE NATIONAL OF STATISTICS  
(1) EXCLUDES DEFENSE ROADS

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TABLE 10.2 : OMAN MOTOR VEHICLE FLEET

(NUMBER OF VEHICLES ON THE ROAD, AT THE END OF EACH YEAR)

	D I S T R I B U T I O N				
	1973	1974	1975	1976	1977
PRIVATE AUTOMOBILES	2756	5370	8994	13283	18984
COMMERCIAL	7247	9925	15108	20360	25657
GOVERNMENT	1376	2465	3489	4713	5935
TAXIS	443	495	732	1525	2308
SELF-DRIVE HIRE	5	5	7	20	20
PUBLIC SERVICE	979	941	928	928	928
DIPLOMATIC	54	73	101	120	146
MOTORCYCLES	747	1427	2109	3224	4063
TOTAL	13607	20651	31468	44173	58041

SOURCE: DIRECTORATE GENERAL OF NATIONAL STATISTICS

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**Table 10.3 Volume of Cargo Arrived at Ports**  
(In thousands of shipping tons of 35.3 cubic feet)

	1973	1974	1975	1976	1977	1978
<u>Mina Qaboos (Mutrah)</u>						
Food, beverages and animals						
Rice	8.2	24.8	13.8	18.5	21.5	27.6
Wheat and flour	7.0	7.9	16.2	17.8	55.7	39.1
Sugar	2.6	2.2	3.9	6.1	11.2	10.8
Provisions	16.9	36.4	34.0	43.2	54.5	67.1
Milk and confectionary	1.5	1.4	1.8	1.7	2.2	2.3
Coffee	1.5	1.4	2.4	5.7	15.4	20.7
Frozen foods	... 1/	0.6	0.9	1.0	1.7	0.6
Livestock	19.3	65.6	146.6	201.5	234.0	216.7
Vehicles	19.3	65.6	146.6	201.5	234.0	216.7
(memo number of vehicles)	(...)	(...)	(8,439)	(12,724)	(15,768)	(15,928)
Building materials						
Timber	4.0	18.4	40.9	66.5	93.9	70.3
Cement, bagged	116.0	152.5	261.5	382.7	276.9	382.0
Cement, bulk	-	-	50.1	50.0	41.4	28.8
Steel	... 1/	11.8 1/	92.6	45.9	41.1	33.9
Other	38.0	31.2 1/	109.9	83.6	43.8	12.3
General cargo	80.2 1/	203.3 1/	254.2	254.4	337.4	335.8
Total Mina Qaboos	394.1 2/	556.1	1,037.6	1,178.7	1,240.1	1,264.9
<u>Other ports</u>						
Mina al Fahal (PDO) 3/	33.0	87.0	47.7	35.0	29.5	72.6 4/
Mina Raysut (Salalah)	...	147.0	216.9	222.0	250.9	
Total three ports	...	790.1	1,302.2	1,435.7	1,520.5	

Source: Directorate General of National Statistics mainly from Port Services Corporation data.

- 1/ General cargo includes livestock in 1973, steel in 1973 and first half of 1974, and other building materials in first half of 1974.
- 2/ Port Qaboos total for 1973 includes 100,000 tons from dhows, not classified.
- 3/ Dry cargo only at Mina Al Fahal; petroleum products excluded.
- 4/ Projected from first three quarters (48.5 thousand tons, compared with 19.7 thousand tons in the same period of 1977).

TABLE 10.4 : OMAN AIRCRAFT MOVEMENTS, PASSENGERS AND CARGO  
HANDLED THROUGH SEEB INTERNATIONAL AIRPORT

	D I S T R I B U T I O N				
	1973	1974	1975	1976	1977
AIRCRAFT MOVEMENTS (NUMBER)	12305	20112	30084	35366	39097
PASSENGERS (THOUSANDS)	96.0	161.0	263.8	323.7	373.8
ARRIVALS	50.4	87.1	145.6	171.9	193.3
DEPARTURES	45.6	73.8	118.2	151.8	180.5
CARGO (TONS)	1888.0	3612.0	10782.0	12621.0	13283.0
UNLOADED	1404.0	3015.0	9834.0	10707.0	11973.0
LOADED	484.0	597.0	948.0	1914.0	1310.0

SOURCE: DIRECTORATE GENERAL OF NATIONAL STATISTICS

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Table 10.5: Telephone Lines Operational at the end of each year

	1969	1970	1971	1972	1973	1974	1975	1976	1977
<u>Capital Area</u>	416	557	852	1,058	1,879	2,411	3,162	4,637	6,663
Muscat	198	264	396	559	893	948	975	1,017	1,172
Mutrah	218	293	456	499	887	1,363	1,987	2,175	2,934
Other	-	-	-	-	99	100	200	1,445	2,557
<u>Other Northern Oman</u>	-	-	95	100	163	189	189	1,045	2,054
<u>Salalah Area</u>	n.a.	n.a.	42	50	184	337	350	967	1,195
Total	416	557	989	1,208	2,226	2,937	3,701	6,649	9,912

Source: Directorate General of National Statistics.



Table 10.6: Volume of Telegraph, Telephone, and Telex Traffic, 1970-1977  
(In thousands)

	1970	1971	1972	1973	1974	1975	1976	1977
Telegrams (outgoing)	27.0	35.0	48.0	54.0	73.9	100.0	123.8	156.6
Telephone calls (outgoing)	9.5	19.3	39.0	46.4	49.6	75.0	95.8	138.7
Telex calls (outgoing)	4.5	12.9	21.5	31.6	36.5	47.2	60.9	259.7

Source: Ministry of Posts, Telegraph and Telephones.

Table 11.1: Installed Capacity and Gross Production of Electricity, 1970-1977

	1970	1971	1972	1973	1974	1975	1976	1977
<u>Installed capacity in megawatts</u>								
Public utilities	3.1	3.9	14.0	19.4	44.0	52.7	83.7	138.2
Capital area	3.0	3.0	12.2	17.1	37.4	37.4	66.2	116.2
Salalah	0.1	0.9	1.8	2.3	6.6	15.3	17.5	22.0
Petroleum Development (Oman)	30.4	30.4	30.4	30.4	33.4	38.1	37.1	37.5
Total	33.5	34.3	44.4	49.8	77.4	90.8	120.8	175.7
<u>Gross production in million</u>								
<u>§ kilowatt hours</u>								
Public utilities	8.0	13.0	25.6	46.9	91.1	154.4	265.9	403.7
Capital area	8.0	12.0	22.2	38.9	72.6	121.9	214.2	329.2
Salalah	-	1.0	3.4	8.0	18.5	32.5	51.7	74.5
Petroleum Development (Oman)	96.9	97.9	104.4	125.6	138.8	151.9	147.0	145.6
Total	104.9	110.9	130.0	172.5	229.9	306.3	412.9	549.3

Source: Directorate General of National Statistics.

Table 11.2: Water Production and Consumption in the Capital Area, 1971-1977

	1971	1972	1973	1974	1975	1976	1977
Water produced (millions of gallons)	85.0	171.1	218.6	301.0	358.5	429.8	1002.0
Water consumed (millions of gallons)	63.0	143.3	184.4	246.3	286.8	356.8	892.6
Revenue generated (thousands of R.O.)	116.4	225.4	262.7	235.6	437.6	781.5	1263.1

Source: Ministry of Electricity Power and Water Supply

Table 12.1: Teachers by Sex and Nationality, 1972/73-1977/78

	1972/73	1973/74	1974/75	1975/76	1976/1977	1977/78
<u>Nationality</u>						
Total	735	1,195	2,115	2,230	2,878	3,552
Male	619	961	1,610	1,659	2,168	2,598
Female	116	234	505	571	710	954
Omani	421	411	354	320	403	417
Male	375	352	284	249	313	313
Female	46	59	70	71	90	104
Egyptian	215	477	1,168	1,302	1,692	2,028
Male	160	345	822	927	1,224	1,383
Female	55	132	346	375	468	645
Jordanian	63	244	468	444	465	547
Male	60	219	409	360	368	432
Female	3	25	63	84	97	115
Sudanese	-	1	41	47	107	309
Male	-	1	30	27	73	254
Female	-	-	11	20	34	55
Saudis	-	18	30	50	130	147
Male	-	18	30	50	130	147
Female	-	-	-	-	-	-
Palestinian	-	28	28	37	49	27
Male	-	17	19	25	40	19
Female	-	11	9	12	9	8
Others	36	16	26	30	32	77
Male	24	9	20	21	20	50
Female	12	7	6	9	12	27

Source: Directorate General of National Statistics

Table 12.2: Pupils in Government Schools by Educational Levels and Sex, 1972/73-1977/78

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78
<u>Educational level</u>						
Total	24,481	35,565	49,229	55,752	64,975	75,887
Male	20,409	27,691	36,851	40,708	46,510	53,510
Female	4,072	7,874	12,378	15,044	18,465	22,377
Primary	24,335	35,225	48,576	54,457	62,630	70,671
Male	20,303	27,430	36,351	39,640	44,668	49,294
Female	4,032	7,795	12,225	14,817	17,962	21,377
Intermediate	146	318	571	1,095	2,015	4,680
Male	106	239	437	925	1,609	3,819
Female	40	79	134	170	406	861
Secondary	-	22	82	200	330	536
Male	-	22	63	143	233	397
Female	-	-	19	57	97	139

Source: Directorate General of National Statistics.

Table 12.2 (A): Pupils in Primary Schools  
by Grade and Sex, 1972/73-1977/78

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78
Total	24,335	35,225	48,576	54,457	62,630	70,671
Male	20,303	27,430	36,351	39,640	44,668	49,294
Female	4,032	7,795	12,225	14,817	17,962	21,377
Grade I	11,006	12,917	17,932	12,618	14,995	18,166
Male	8,906	9,268	12,389	8,132	9,818	11,935
Female	2,100	3,649	5,543	4,486	5,177	6,231
Grade II	8,387	10,111	11,456	15,607	12,109	13,816
Male	7,399	8,170	8,084	10,973	8,158	9,225
Female	988	1,941	3,372	4,634	3,951	4,591
Grade III	3,234	7,754	9,725	10,873	13,998	11,713
Male	2,517	6,458	7,928	7,826	9,884	8,109
Female	717	1,296	1,797	3,047	4,114	3,604
Grade IV	1,171	2,947	6,473	8,420	10,785	13,684
Male	1,046	2,315	5,392	6,855	8,028	9,936
Female	125	632	1,081	1,565	2,757	3,748
Grade V	344	1,104	2,046	5,103	6,662	8,317
Male	286	916	1,707	4,342	5,356	6,132
Female	58	188	339	761	1,306	2,185
Grade VI	193	392	944	1,836	4,081	4,975
Male	149	303	851	1,512	3,424	3,957
Female	44	89	93	324	657	1,018

Source: Directorate General of National Statistics

Table 12.2 (B): Pupils in Intermediate and Secondary Schools  
by Grade and Sex, 1972/73-1977/78

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78
Intermediate, total	146	318	571	1,095	2,015	4,680
Male	106	239	437	925	1,609	3,819
Female	40	79	134	170	406	861
Grade I	107	161	322	679	1,202	3,153
Male	76	127	250	606	935	2,613
Female	31	34	72	73	267	540
Grade II	26	101	138	246	503	954
Male	17	74	113	184	442	720
Female	9	27	25	62	61	234
Grade III	13	56	111	170	310	573
Male	13	38	74	135	232	486
Female	-	18	37	35	78	87
Secondary, total	-	22	82	200	330	536
Male	-	22	63	143	233	397
Female	-	-	19	57	97	139
Grade I	-	22	60	106	146	230
Male	-	22	41	68	108	169
Female	-	-	19	38	38	61
Grade II Arts	-	-	13	41	43	74
Male	-	-	13	29	28	55
Female	-	-	-	12	15	19
Grade II Science	-	-	9	21	66	101
Male	-	-	9	14	46	83
Female	-	-	-	7	20	18
Grade III Arts	-	-	-	22	21	53
Male	-	-	-	22	14	36
Female	-	-	-	-	7	17
Grade III Science	-	-	-	10	54	78
Male	-	-	-	10	37	54
Female	-	-	-	-	17	24

Source: Directorate General of National Statistics

Table 12.3: Number of Schools and Teachers, 1972/73-1977/78

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78
<u>Schools</u>						
Total schools	68	111	176	207	261	310
Primary	64	105	163	181	213	237
Male	46	64	88	82	85	87
Female	8	24	44	51	51	55
Co-educational	10	17	31	48	77	95
Intermediate	4	5	11	23	45	67
Male	3	3	9	21	39	48
Female	1	2	2	2	6	14
Co-educational	-	-	-	-	-	5
Secondary	-	1	2	3	3	6
Male	-	1	1	2	2	4
Female	-	-	1	1	1	2
Total teachers	735	1,195	2,115	2,230	2,878	3,552
Male	619	961	1,610	1,659	2,168	2,598
Female	116	234	505	571	710	954

Source: Directorate General of National Statistics.



Table 12.4: Omanis Studying Abroad by Subject of Study, 1976/77-1977/78

Subjects of study	1976/77	1977/78
Engineering	143	151
Economics and Political Science	58	58
Medicine	51	61
Commerce and Business	87	119
Literature	48	23
Law and Islamic Law	27	15
Agriculture	13	8
General Science	11	21
Education	8	21
Pharmacology	4	2
Others	59	119
Total	509	598

Table 13.1: Government Medical and Public Health Establishments and Beds, 1970-1977.

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	1970	1971	1972	1973	1974	1975	1976	1977
<hr/> <u>Facilities</u>								
Hospitals	-	5	10	12	13	13	13	13
Health Centers	9	10	7 <u>1/</u>	5 <u>1/</u>	11	11	11	11
Dispensaries	10	13	27	30	32	40	42	45
Public Health Compounds	-	-	-	2	2	4	4	5
Beds	12	216	526	664	934	1,000	1,252	1,409

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Source: Directorate General of National Statistics.

1/ Three health centers were upgraded to hospitals in 1972 and an additional two in 1973.

Table 13.2: Government Medical and Public Health Personnel, 1970-1977

	1970	1971	1972	1973	1974	1975	1976	1977
<u>Personnel</u>								
Specialists	-	7	9	12	35	52	59	71
Doctors	13	39	52	72	115	95	101	131
Dentists	-	-	2	2	8	6	9	9
Nurses <u>1/</u>	2	77	115	208	335	411	522	624
Midwives	-	-	-	-	7	19	18	21
Health Assistant <u>2/</u>	35	46	68	84	100	68	182	190
Laboratory Technicians	-	7	13	20	29	56	62	79
X-Ray Technicians	-	5	7	15	33	59	42	43
Dental Technicians	-	1	2	3	6	4	5	8
General Technicians	-	-	-	-	-	32	38	53
Physiotherapists	-	-	-	-	2	2	2	1
Pharmacists	1	4	11	15	49 <u>3/</u>	65 <u>3/</u>	68 <u>3/</u>	73
Medical Orderlies	38	137	224	323	493	501	572	673

Source: Directorate General of National Statistics.

1/ Includes Assistant Nurses and Matrons

2/ Includes School Health Visitors and Sanitary Assistants

3/ Includes 41 Dispensers during 1974, 57 Dispensers during 1975 and 61 Assistant Pharmacists during 1976.