Chapter Six

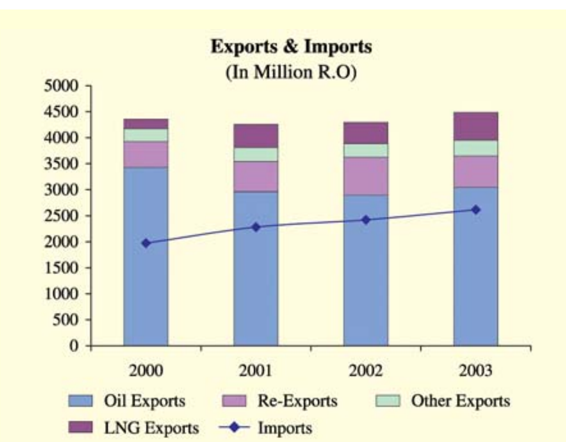
Foreign Trade and Balance of Payments

FOREIGN TRADE AND BALANCE OF PAYMENTS

Oman's balance of payments position remained comfortable in 2003, with a higher order of surplus in the overall balance leading to an increase in the foreign exchange reserves by RO 257 million. It was the fifth successive year in which the overall balance position remained in surplus, even though surpluses in the current account showed persistent decline over the four-year period 2000 to 2003. While export earnings more or less flattened in these four years, import demand maintained the up trend. Despite falling oil production and resultant decline in oil exports since 2000, high oil prices in 2003 and robust growth in natural gas and non-oil exports imparted considerable strength to Oman's balance of payments.

Foreign Trade

For an open economy, with the degree of openness as high as 85 per cent in terms of the share of exports and imports together as percentage of GDP, balance of payments developments condition largely the macroeconomic environment of the country. With limited degree of diversification within the economy and given the unrestrained access to international products from all over the world due to the absence of any major trade restrictions, imports occupy a prominent position in meeting domestic demand, both for consumption and investment. A convertible currency with a fixed and credible exchange rate also makes the trade frontier of Oman extremely porous. On the export front, the degree of concentration on oil continues to be high, with oil exports accounting for about 68 per cent of total exports in 2003, and oil and natural gas exports together accounting for as high as 80 per cent. Recent policy initiatives have been directed at promoting diversification and privatization, which aim at not only efficiently replacing imports by domestic products to meet domestic demand, but also diversifying the export basket so as to better insulate the export earnings from the oil price uncertainties in the medium-run and the excessive dependence on oil-exports in the longer-run.



Trade (in Goods) Balance

The merchandise trade balance of Oman registered a surplus of RO 1871.7 million in 2003, which is about 22.5 per cent of GDP. Since 2000, however, the surpluses in the trade balance have generally declined every year, and the decline looks sharper as percentage of GDP (Table-6.1).

Exports (of goods)

Exports registered a growth of 4.4 per cent in 2003, fetching export income of RO 4486.7 million. The export performance, however, varied across major categories, with export of LNG growing by about 30.5 per cent on the one hand and re-exports registering a negative growth of about 17.3 per cent on the other (Table-6.1). Moreover, dependence on oil and LNG exports increased somewhat in 2003 as evidenced by the fact that oil and gas taken together accounted for 79.8 per cent of total exports during 2003 as against 77.0 per cent in the corresponding period of 2002.

Oil Exports

Crude oil export earnings rose by 4.4 per cent during 2003, as against the modest decline experienced during 2002. Export of refinery products registered a sharper growth of 60.3 per cent, even though its contribution to total export earnings continued to be very modest (Table-6.1). The increase in oil exports in 2003 was made possible because of higher oil prices (which increased from US dollar 24.29 on an average during 2002 to US dollar 27.84 during 2003), since the quantity of oil exports declined from 306.2 million barrels during 2002 to 278.5 million barrels during 2003. Thus, the adverse impact of a decline in quantity of oil exports on export earnings was more than offset by the higher prices at which Omani crude was exported during 2003.

Natural Gas Exports

Close to 50 per cent of the natural gas produced in Oman is used by Oman LNG, which operates with a two-train liquefaction capacity of 6.6 million tones. Export realization in 2003 increased by 30.4 per cent to RO 536 million from RO 411 million in 2002 on account of primarily higher prices at which LNG was exported.

Non-Oil Exports of Omani Origin

Exports of Omani Origin (excluding oil and gas) increased by 16.2 per cent in 2003 to RO 304.1 million from RO 261.6 million in 2002. As percentage of total exports, the share of such exports rose from 6.1 per cent in 2002 to 6.8 percent in 2003, indicating some progress towards diversification of the export basket. In the basket, live animals and animal products as well as base metals and articles thereof accounted for majority shares. Commodity wise, sharper growth was recorded in categories such

Table 6.1
Trade Transactions
Millions of R.O.

	2000	2001	2002	2003	% Change 2003/02
Imports (c.i.f.)	**1972.8**	**2281.2**	**2420.8**	**2615.0**	**8.0**
Exports (f.o.b.)	**4351.4**	**4257.6**	**4295.6**	**4486.7**	**4.4**
Crude oil	3355.0	2934.5	2858.3	2984.5	4.4
Refined oil	70.7	28.5	38.3	61.4	60.3
LNG	179.3	451.2	410.7	535.9	30.5
Non-oil	247.8	265.8	261.6	304.1	16.3
Re-exports	498.6	577.6	726.7	600.8	-17.3
Trade Balance	**2378.6**	**1976.4**	**1874.8**	**1871.7**	**-0.2**
(Exports+Imports) % of GDP	82.8	85.3	86.0	85.5	
Trade balances as % of GDP	31.1	25.8	24.0	22.5	
Non-oil Exp. as % of GDP	9.8	11.0	12.7	10.9	

Note: *Import figures in this table are on c.i.f. basis and, therefore, may not tally with import and trade balance figures in other tables where imports could be on f.o.b. basis.*
Source *: Directorate General of Customs and Ministry of National Economy*

Table 6.2
Value of Non-oil Exports of Omani Origin *
Millions of RO

	1999	2000	2001	2002	2003	% 2003/02
0. Live Animals and animal products	39.8	41.6	40.5	54.0	61.6	14.1
1. Vegetable products	12.6	19.8	20.5	18.1	14.4	-20.0
2. Animal or Vegetable Fats & oil	8.4	9.6	7.5	8.3	12.4	49.4
3. Foodstuffs, beverages, tobacco & related products	9.7	10.2	13.9	16.2	20.5	26.5
4. Mineral products	24.4	30.3	32.5	29.3	34.7	18.4
5. Products of chemicals & allied industries	14.8	19.2	21.8	21.8	25.6	17.4
6. Plastic, Rubber & Articles thereof	9.5	11.5	12.7	13.2	18.8	42.4
7. Textiles & articles thereof	29.6	36.1	32.7	25.8	26.0	0.8
8. Base metals & articles thereof	25.4	36.7	44.7	32.8	40.0	21.9
9. Others	27.3	32.6	39.0	42.0	50.1	19.3
Total	**201.4**	**247.8**	**265.8**	**261.6**	**304.1**	**16.3**

** Excluding re-exports* *__Source:__ Directorate General of Customs and Ministry of National Economy*

as "animal or vegetable fats and oil" (49.4 per cent), "plastic, rubber and articles thereof" (42.4 per cent) and "foodstuffs, beverages, tobacco and related products" (26.5 per cent). Export of vegetable products recorded a negative growth of about 20 per cent (Table-6.2).

Re-exports

Re-exports exhibited a strong negative growth of 17.3 per cent during 2003. Within this broad category of exports, export of machinery and transport equipments (including road vehicles) that account for more than 50 per cent of the share, fell by 16.6 per cent (Table-6.3). The contribution of re-exports to net

Table 6.3
Composition of Re-Exports
Millions of R.O.

	2000	2001	2002	2003	2003/02%
0 Food and Live Animals	19.0	29.8	29.4	22.9	-22.0
1 Beverages and Tobacco	51.6	149.0	144.7	82.8	-42.8
2 Crude Materials Inedible Except Fuels	3.7	4.2	2.3	2.5	8.7
3 Minerals, Fuels, Lubricants and Related Materials	1.1	1.0	6.9	9.9	43.5
4 Animal and Vegetable Oil and Fats	1.1	0.5	0.2	0.2	-
5 Chemicals	9.1	8.7	13.1	11.3	-13.7
6 Manufactured Goods	30.7	43.1	73.1	61.8	-15.5
7 Machinery & transport equipment, of which Road vehicles and other transport equipments.	334.2	307.9	405.2	338.1	-16.6
8 Miscellaneous Manufactured Articles	27.7	18.6	24.5	33.3	35.9
9 Commodities and Transactions not Classified Elsewhere	20.5	15.0	27.4	38.0	38.7
Total	**498.6**	**577.6**	**726.4**	**600.8**	**-17.3**

***Source:** Directorate General of Customs and Ministry of National Economy*

Table 6.4
Destination of Non-oil Exports *
Millions of R.O.

Country	2002 Non-oil Exports (RO Million)*	2002 % of Total	2003 Non-oil Exports (RO Million)*	2003 % of Total
UAE	387.6	39.2	295.7	32.7
Iran	199.9	20.2	165.2	18.3
Saudi Arabia	69.6	7.1	76.0	8.4
USA	33.0	3.3	32.1	3.6
Tanzania	27.4	2.8	4.6	0.5
UK	25.1	2.5	30.1	3.3
Yemen	19.3	2.0	23.8	2.6
Zambia	12.2	1.2	0.4	-
Singapore	10.9	1.1	17.8	2.0
Kuwait	10.1	1.0	17.0	1.9
Others	193.2	19.6	242.2	26.8
Total	**988.3**	**100.0**	**904.9**	**100.0**

Source: *Directorate General of Customs and Ministry of National Economy* ** Include re-exports*

foreign exchange earnings could be very modest, and hence, the overall impact of a sharp decline in such exports on the economy may not be very important. Nevertheless, if the efficient road and port infrastructure of Oman could be better utilized, it can become a major conduit for shipment of goods imported by neighbouring countries, which in turn can raise the share of re-exports in total exports over time.

Direction of Non-Oil Exports

UAE, Iran and Saudi Arabia continued to be the prime destinations for non-oil exports of Oman (Table-6.4). Among the major export destinations, the shares of UAE, Iran and Tanzania in total exports declined in 2003 in relation to the respective shares in 2002, whereas shares of other countries such as Saudi Arabia, USA, UK, Yemen, Singapore, Kuwait, etc. improved.

Imports

Total imports of Oman on c.i.f. basis rose by 8.0 per cent during 2003. On f.o.b. basis also imports registered an increase by 8.0 per cent, because of the constant adjustment factors used for segregating insurance and freight costs from imports on c.i.f. basis to arrive at the f.o.b. basis import figure.

Within the category of imports, import of beverages

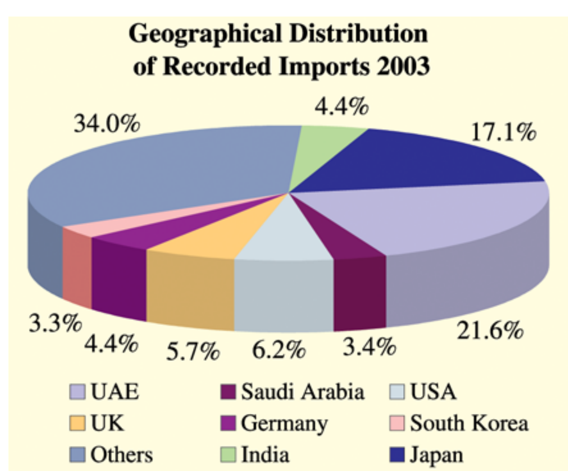


Table 6.5
Composition of Recorded Imports
(Millions of R.O.)

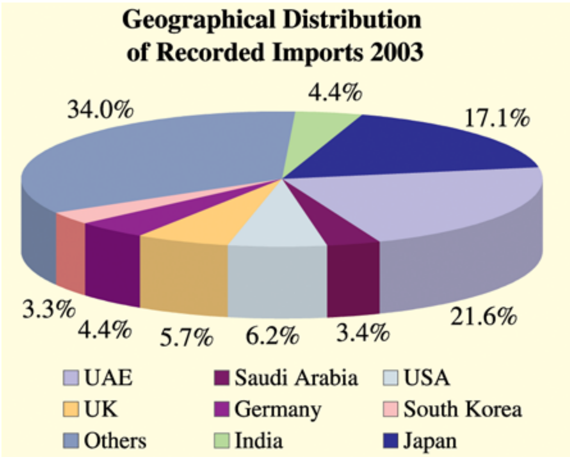
Classifications	2000	2001	2002	2003	2003/02%
0. Food and live animals	232.9	269.3	266.7	288.1	8.0
1. Beverages & Tobacco	167.5	198.1	185.2	117.8	-36.4
2.Crude materials inedible except fuels	56.1	53.2	60.3	112.3	86.2
3.Minerals, fuels, lubricants & related materials	31.7	61.8	51.1	83.2	62.8
4. Animal & Vegetable oil fats	12.8	9.2	13.0	20.3	56.1
5 . Chemicals	140.5	160.2	169.6	189.7	11.9
6. Manufactured goods	268.1	345.9	352.4	390.4	10.8
7. Machinery & transport equipment, of which Road vehicles	838.0	881.7	966.0	1087.0	12.5
8. Miscellaneous manufactured articles	118.4	157.8	135.3	157.6	16.5
9. Commodities & transactions not classified elsewhere	71.7	92.2	109.5	80.6	-26.4
TOTAL	**1937.7**	**2229.3**	**2309.1**	**2527.0**	**9.4**
	(100.0)	**(100.0)**	**(100.0)**	**(100.0)**	**(100.0)**

Note: *The total import figures in this Table are on c.i.f. basis and do not agree with those given in Table 6.10, which are on f.o.b. basis.*
Source: *Directorate General of Customs and Ministry of National Economy*

Table 6.6
Geographical Distribution of Total Recorded Imports in 2003
(Millions of R.O.)

Country	2002 Imports (RO Million)	2002 % of Total	2003 Imports (RO Million)	2003 % of Total
UAE	633.0	27.4	545.2	21.6
Japan	372.5	16.1	431.8	17.1
USA	151.3	6.6	157.5	6.2
UK	140.1	6.1	142.8	5.7
India	104.3	4.5	110.6	4.4
Germany	101.5	4.4	111.9	4.4
Saudi Arabia	84.8	3.7	86.3	3.4
Italy	70.7	3.1	61.3	2.4
France	54.9	2.4	60.7	2.4
South Korea	44.8	1.9	82.8	3.3
Australia	41.7	1.8	59.5	2.4
Netherlands	37.8	1.6	39.9	1.6
Others	471.7	20.4	636.7	25.2
Total	**2309.1**	**100.0**	**2527.0**	**100.0**

Note: *Imports are on c.i.f. basis and do not agree with those given in Table 6.10, which are on f.o.b. basis.*
Source: *Directorate General of Customs and Ministry of National Economy*



and tobacco products declined by 36.4 per cent. Import of most other commodity groups increased during 2003, with "crude materials, inedible except fuels" rising by 86.2 per cent, "minerals, fuels, lubricants and related materials" by 62.8 per cent, and "animal/vegetable oil/fats" by 56.1 per cent (Table-6.5).

UAE, Japan and the Euro-area continued to be the major sources of imports in 2003 as in 2002. The share of UAE, however, fell from 27.4 per cent in 2002 to 21.6 percent in 2003 whereas the share of Japan improved from 16.1 per cent in 2002 to 17.1 percent in 2003 (Table-6.6). The commodity composition of recorded imports is particularly relevant for Oman because large volatility in international key currencies like the Euro and Yen in the face of a fixed peg to the US dollar could affect the terms-of-trade expressed in Rial Omani as well as domestic inflation environment.

Trade with AGCC

AGCC member countries continued to be major trading partners of Oman, accounting for about 45 per cent of total non-oil exports and about 28 per cent of imports. During 2003, however, Oman's non-oil exports to AGCC countries fell by 16.5 per cent from RO 489.1 million in 2002 to RO 408.4 million in 2003. This was consistent with the 17.3 per cent overall decline witnessed in the total value of re-exports. Moreover, recorded imports from AGCC countries also fell by 8.4 per cent from RO 766.5 million in 2002 to RO 702.1 million in 2003. Among the AGCC members, UAE accounted for 72.4 per cent of total non-oil exports to AGCC group and 77.6 per cent of imports of Oman from the AGCC group (Table 6.7).

Table 6.7
Trade with GCC Countries in 2003
(RO Million)

GCC Countries	Non-oil Exports*		Recorded Imports	
	Value	% of Total	Value	% of Total
UAE	295.7	72.4	545.2	77.6
Saudi Arabia	76.0	18.6	86.3	12.3
Bahrain	8.2	2.0	51.0	7.3
Kuwait	17.0	4.2	13.4	1.9
Qatar	11.5	2.8	6.2	0.9
Total	**408.4**	**100.0**	**702.1**	**100.0**

Note: *Imports are on c.i.f. basis* ** Include re-exports*
Source: *Directorate General of Customs and Ministry of National Economy*

Terms-of-trade

In 2003, value of imports rose by 9.4 per cent whereas quantity of imports rose by 15 per cent, implying that even though more quantity was imported, less value was paid for it. In 2002 also, while value of imports rose by 3.6 per cent, quantity of imports rose by about 10.6 per cent, implying that larger quantity was imported at lower prices. Assuming no major change in the commodity composition and quality of imports, this is indicative of some improvement in Oman's terms-of-trade. On the export front, particularly in respect of oil export, the improvement in terms-of-trade was even sharper as less quantity was exported at higher prices fetching higher oil-export earnings.

Table 6.8
Value and Quantity of Exports / Imports

	Non-oil Exports, including re-exports		Recorded Imports		Oil Exports	
	Value (Million RO)	Weight (000) Ton	Value (Million RO)	Weight (000) Ton	Value (Million RO)	Weight (000) Ton
1999	176.2	351.9	1030.9	1837.4	229.40	21.30
1991	244.2	379.1	1228.1	2122.7	234.70	17.46
1992	350.2	446.1	1449.2	2440.9	252.60	18.00
1993	442.8	594.3	1581.8	3178.8	267.40	15.61
1994	503.9	708.0	1505.3	2746.8	270.50	15.17
1995	503.9	846.9	1633.6	2772.6	284.60	16.39
1996	560.3	949.6	1760.2	3416.5	296.20	19.42
1997	710.2	923.9	1932.5	3760.8	303.20	18.62
1998	692.6	1267.9	2184.6	3556.9	300.20	11.92
1999	656.7	1243.4	1797.1	3362.6	308.50	17.35
2000	746.4	1704.7	1937.7	3842.1	326.90	26.71
2001	843.4	1976.4	2229.3	4429.8	331.50	23.00
2002	988.3	2203.0	2309.1	4900.8	306.10	24.29
2003	904.9	2465.1	2527.0	5643.1	278.60	27.84

Source*: Directorate General of Customs, Ministry of National Economy and Ministry of Oil and Gas*

Table 6.9
Nominal Effective Exchange Rate (NEER)
(1999 = 100)

Period	Import Weighted	Non-weighted
End of Period		
2000	105.3	106.6
2001	111.0	112.6
2002	104.0	101.4
2003	97.1	91.3
Month-end 2003		
Jan	103.4	99.6
Feb	103.3	99.6
Mar	104.2	100.2
Apr	103.3	98.7
May	101.9	95.8
Jun	102.6	98.7
Jul	102.7	97.5
Aug	102.6	98.6
Sep	99.7	95.1
Oct	98.8	94.6
Nov	98.7	93.8
Dec	97.1	91.3

* *Weighted average of the exchange rates, expressed in terms of foreign currency units of Oman's largest 18 import partners per Rial Omani. Monthly indices for each year are based on weights derived from the import values of preceding year and are chain linked. A rise in the index indicates an appreciation of Rial Omani.*

Source : *Central Bank of Oman*

As regards non-oil exports, however, more quantity was exported for lesser value.

Nominal Effective Exchange Rate

The exchange rate of Rial Omani has been pegged to the US dollar since 1973. In 1986, as a result of the devaluation the parity was changed from US $ 2.895 per RO to US $ 2.6008 per RO, and since then the parity has remained unchanged. Due to movements in the exchange rates of the US dollar vis-à-vis currencies of major trading partners of Oman, the exchange rates of RO in relation to non-US dollar currencies fluctuates over time. The overall behaviour of the nominal exchange rate of RO vis-à-vis currencies of 18 major trading partners of Oman is explained through a common index, i.e. the index of Nominal Effective Exchange Rate (NEER). In Table-6.9, two indices of NEER have been presented. While one of them makes use of the import shares (in 2002) as weights, the other one is a simple average.

Analytically, import-weighted index is more relevant for Oman in order to assess the price pass-through effect of exchange rate changes operating through imports. A depreciation of the exchange rate as per the import weighted NEER index would suggest that import prices in RO would increase. During 2003, the NEER depreciated by 6.6 per cent as the index fell from 104.0 at the end of December 2002 to 97.1 by the end of December 2003. This order of depreciation essentially reflected the depreciation of the US dollar against the Euro and the yen, given the fact that Japan and the euro-area account for a notable share of Oman's imports. Despite the depreciation of the NEER, the price-pass through effect on domestic inflation was not strong, because of the favourable terms-of-trade effect as a result of which imports in 2003 were contracted at lower prices.

Balance of Payments

Presentation and Coverage

With a view to meeting the international norm, Oman's balance of payments data are presented as per the format recommended in the fifth edition of the IMF's Balance of Payments Manual for the period 1996 through 2003. In terms of coverage, major improvements have been introduced in the recent years in compiling statistics on trade in services, particularly travel, transportation, insurance and communication services through specifically designed surveys. In 2003, there was also a change in methodology to compile statistics on travel data keeping in view the findings of a new tourism survey. As a result, data on travel payments have been revised even for past years.

Current Account

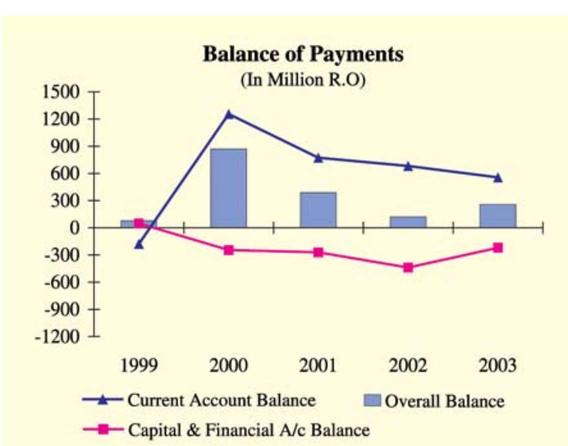
Preliminary estimates of balance of payments data for 2003 indicate that the current account recorded a surplus of RO 556 million, as against RO 682 million in 2002. Surplus in the merchandise trade account of about RO 2147 million was higher by just about 0.8 per cent over the surplus position of RO 2129 million recorded during 2002. Net outflows under worker's remittances at RO 643 million were moderately higher than that of RO 616 million recorded during 2002. Invisibles account (comprising services, income and transfers accounts) exhibited a higher deficit of RO 1591 million as against RO 1447 million in 2002. On account of reasonably high surplus in the trade balance, despite some increase in the invisibles deficit, the current account continued to be in surplus at about RO 556 million. In the last four-year period 2000 to 2003, however, the magnitude of the surplus in the current account has consistently declined (Table-6.10).

In the services account, travel receipts increased somewhat in 2003 as the number of inward tourists (as per the number of visit visas issued) increased. Travel is increasingly being viewed as a potential sector that could help in diversification of the Omani economy. In the income account, payments under direct investment income increased due to higher repatriation of profits and dividends by oil companies. Payments under other investment income category, however, declined significantly on account of much lower interest payments by the government and banks on their foreign debt liabilities. Despite the very low international interest rates, receipts under the head other investment income (comprising primarily of income earned on CBO's foreign exchange reserves and SGRF assets) more or less remained unchanged. In the transfers account, outgo under worker remittances increased from RO 616 million in 2002 to RO 643 million in 2003, primarily due to increase in the number of expatriates working in the private sector.

Capital and Financial Account

In the capital and financial account, there was a net outflow of RO 220 million, which was lower than the net outflow of RO 439 million recorded during 2002. Such outflows represent either creation of Omani foreign assets abroad or reduction in Omani foreign liabilities owed to rest of the world.

In the financial account, net inflows under foreign direct investment increased from RO 9 million in 2002 to RO 53 million, primarily due to additional investment by oil companies and due to the absence of large scale redemption. Under portfolio investment, as against a net outflow of RO 7 million in 2002 there was a net inflow of RO 22 million due to higher investment by non-residents in securities listed in MSM (in terms of increment in the share of non-residents in total market capitalization), even though there was some outflow due to net redemption of government development bonds held by the non-residents during 2003. While direct and portfolio investment taken together recorded an inflow of RO 75 million, there was a net outflow of RO 299 million



under "other investment" in 2003.

Net outflows under other investment was primarily driven by large net repayment of government debt of about RO 162 million in 2003 which, however, was lower compared to higher repayments of about RO 230 million effected during 2002. This nevertheless reflects a healthy debt restructuring process that can improve the external debt sustainability of the country. Besides the government, banks also reduced their external liabilities by about RO 87 million and others (which include LNG, specialised banks, non-banking financial companies, etc.) lowered their external liabilities by 20 million.

The overall balance position (adjusted for errors and omissions) showed a surplus of RO 257 million as against RO 121 million in 2002. The overall balance represents the net flows emerging out of current, capital and financial accounts taken together, and it is the most crucial variable from the standpoint of monetary management for a country like Oman that operates with a fixed exchange rate. The money supply process is directly conditioned by the magnitude of the surplus or deficit in the overall balance. The overall balance surplus or deficit, however, does not affect the reserve money aggregates on a one-to-one basis in Oman because the impact of the overall balance position is shared between the foreign exchange reserves of the CBO and the SGRF assets of the government. To the extent that the movements in SGRF balances absorb part of the impact of overall balance developments, the money supply process gets partially insulated. In essence, SGRF helps in sterilising partially the expansionary monetary impact of a surplus in the overall balance. Whatever part of the overall balance surplus is not absorbed by the SGRF, it leads to corresponding increase in the foreign exchange reserves of the CBO, which in turn leads to equivalent primary creation of monetary liabilities by the CBO.

Reserve assets

The overall balance surplus of RO 257 million in 2003 led to an increase in the foreign exchange reserves (excluding valuation changes) of the CBO by RO 112 million and the remaining RO 145 million represented increase in SGRF assets. Since reserve assets are held in both US dollar and non-US dollar currencies, if the US dollar depreciates vis-à-vis other currencies, then valuation gains could be booked (and vice versa). Since during 2003 the US dollar depreciated against other major international key currencies, valuation gains were booked under both SGRF and by the CBO. As a result, including valuation gains, the increase in foreign exchange reserves of both the CBO and SGRF was somewhat higher than what is obtained as per the overall balance surplus. Even though balances under SGRF do not strictly conform with the definition of foreign exchange reserves presented in the fifth edition of the Balance of Payments Manual of the IMF, as a matter of convention SGRF assets are being presented as a below the line entry in Oman's balance of payments, which is also viewed as analytically consistent.

Table 6.10
Balance of Payments
(RO Million)

Items	1999	2000	2001	2002	2003
A. Current Account (1+2+3+4)	**-177**	**1255**	**773**	**682**	**556**
1. Goods	1130	2586	2216	2129	2147
Exports (F.O.B)	2783	4352	4258	4296	4487
Oil	2127	3426	2963	2897	3046
Natural gas	0	179	451	411	536
Other exports	201	248	266	261	304
Re-export	455	499	578	727	601
Imports (F.O.B)	-1653	-1766	-2042	-2167	-2340
2. Services	-501	-506	-594	-544	-616
Services (Credit)	158	169	135	160	176
Travel	79	85	55	79	84
Transportation	65	70	71	72	84
Insurance	3	5	1	1	2
Communication	11	9	8	8	6
Other Services	0	0	0	0	0
Services (Debit)	-659	-675	-729	-704	-792
Travel	-169	-181	-198	-203	-222
Transportation	-230	-248	-288	-295	-315
Insurance	-40	-44	-37	-52	-44
Communication	-19	-15	-15	-12	-9
Others services	-201	-187	-191	-142	-202
Balance on goods & services (1+2)	629	2080	1622	1585	1531
3. Income	-253	-267	-260	-287	-332
Income (Credit)	72	112	124	96	95
Compensation of employees	15	15	15	15	15
Other Investment Income	57	97	109	81	80
Income (Debit)	-325	-379	-384	-383	-427
Direct Investment Income	-218	-259	-284	-317	-388
Other Investment Income	-107	-120	-100	-66	-39
Balance on goods, services & income(1+2+3)	376	1813	1362	1298	1199

Contd...

Table 6.10 (contd.)
Balance of Payments
(RO Million)

Items	1999	2000	2001	2002	2003
4. Current Transfers	-553	-558	-589	-616	-643
Current Transfers (Credit)	-	-	-	-	-
Current Transfers (Debit)	-553	-558	-589	-616	-643
Worker Remittances	-553	-558	-589	-616	-643
B. Capital and Financial Account (5+6)	**48**	**-246**	**-271**	**-439**	**-220**
5. Capital Account	-1	3	-4	2	4
Grants (Credit)	6	13	3	2	4
Grants (Debit)	-7	-10	-7	0	0
6. Financial Account (i+ii+iii)	49	-249	-267	-441	-224
(i) Direct Investment	15	6	32	9	53
In Oman	15	6	32	9	53
(ii) Portfolio Investment	10	-14	5	-7	22
Liabilities	10	-14	5	-7	22
(iii) Other Investments (a+b)	24	-241	-304	-443	-299
(a) Assets	-118	-191	15	-177	-30
Trade Credit	-163	6	53	-60	-20
Currency & Deposit (banks)	89	-86	84	-94	-18
Other Assets	-44	-111	-122	-23	8
(b) Liabilities	142	-50	-319	-266	-269
Loans	87	-42	-276	-215	-182
General Government (net)	39	-44	-172	-230	-162
Other Sectors	48	2	-104	15	-20
Currency & Deposit (banks)	55	-8	-43	-51	-87
C. Net Errors & Omissions	**207**	**-140**	**-113**	**-122**	**-79**
D. Overall Balance (A+B+C)	**78**	**869**	**389**	**121**	**257**
E. Reserve assets	**-78**	**-869**	**-389**	**-121**	**-257**
Foreign exchange	-78	-869	-389	-121	-257
Central Bank @	-338	133	-8	-250	-112
Government Reserves	260	-1002	-381	129	-145

@ Includes Reserve Position in the IMF and SDR holdings

Source: *Central Bank of Oman*