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Centralized marketing agency needed for exports of minerals

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Muscat: In order to check undercutting by marginal suppliers of minerals, there is a need for a centralised marketing agency for bulk mineral products for regulating the exports. The Sultanate's major mineral products like gypsum and limestone should be channelized through this agency, said a senior official of a leading mining firm.

“At some stage, this (undercutting) has to stop,” Dean Cunningham, chief executive officer of Kunooz Oman Holding, said, while addressing the second annual conference on Mining Investment Middle East & Central Asia.

As several mining projects are in different stages of planning and implementation, there is also a need for a market study and a long-term strategy for exports. The Public Authority for Mining should regulate the export price of minerals.

An increase in fuel cost, royalty charges, and a change in truck loading volume to 40 tonnes from 50 tonnes, coupled with undercutting by small suppliers are inhibiting Omani firms to become world-class suppliers of minerals.

An increase in diesel price, after removing subsidy early last year, has caused a growth in transportation cost of mining companies, added Cunningham.

The price of diesel increased to 211 baisas per litre now, from 139 baisas a litre before deregulation, a growth of 52 per cent.

“The Royal Oman Police has announced that the volume in trucks on the roads has been reduced from 50 tonnes to 40 tonnes. But there is no fixed date announced for implementing the decision.”

The royalty paid by mining companies have been raised, while corporate income tax has been increased to 15 per cent from 12 per cent earlier. Mining companies are operating in Oman under the changed environment, which is inhibiting Omani firms to become world-class suppliers of minerals, including limestone, gypsum and dolomite.

Cunningham said that Oman has high quality infrastructure, which include roads, ports and airports. Other advantages for mining firms in the Sultanate include availability of natural gas, free zones, tax exemptions and low corporate tax rates (compared to several other countries in the world). The strategic location of Oman and well developed port facilities in Salalah, Sohar and Duqm are aiding mineral exporters.

Cunningham also said that the Sultanate is located at the centre of growing regions, which is an advantage for local firms. Proximity to India, which is a major market for minerals, is also helpful. Future demand for cement and steel in India will be strong. There is also immense scope in the development of infrastructure and urban areas in India.

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