

THE WAVERLEY SERIES

OMAN

An Insight of Investment, Trade and Economy

September 2026

For Advisory & Partnership

LORD WAVERLEY

office@lordwaverley.com • www.lordwaverley.com

OMAN — AT A GLANCE

Capital	Muscat
A unique structural immunity to the region's defining vulnerability	Oman has been largely unaffected by the Strait of Hormuz shutdown, as it is the only Gulf state whose exports do not depend on that waterway, a structural advantage directly relevant amid the region's heightened conflict-linked shipping risk
Genuine, quantified diversification progress over the past decade	Oil and gas now account for roughly 30% of GDP, down from over 50% just a decade ago, reflecting real progress under Oman Vision 2040 toward green hydrogen, luxury and eco-tourism, logistics, mining and fisheries
Credit rating restoration with further upgrade potential	S&P affirmed Oman's sovereign credit rating at investment-grade 'BBB-' with a stable outlook in March 2026, extending investment-grade status first restored in 2025; S&P stated the rating could be upgraded within two years if geopolitical tensions ease and reforms continue strengthening institutions, diversification and fiscal and external buffers
A genuine fiscal turnaround, including a new net external creditor position	Oman achieved a fiscal surplus for a third consecutive year and became a net external creditor in 2024, by about 2% of GDP, a significant shift in its external balance sheet; liquid government assets exceed 40% of GDP and foreign reserves are close to 20% of GDP
Diverging growth forecasts across institutions, all still positive	S&P projects 1.4% growth in 2026 and 2.3% average for 2027-2029; the IMF projects 3.5% in 2026, 'bucking the regional trend' affected by Hormuz disruption; Fitch expects growth to remain above 3.5% through 2027; the Eleventh Five-Year Plan targets a 3% minimum, with Vision 2040 targeting 4% through 2030
Specific new digital economy and financial infrastructure initiatives	In March 2026, the government launched its most comprehensive push yet to build a self-sustaining digital economy targeting a 10% GDP contribution by 2040, including a dedicated AI zone; in January 2026, Oman approved creation of an international financial centre as a new capital-attraction tool
Concrete new semiconductor-linked investment	The Oman Investment Authority's Ithca Group announced chip companies GSME, Lumotive and Movandi will begin operations in the sultanate, with a combined investment of OMR 14.63 million (USD 38 million), supporting roles in consumer electronics and electric vehicle supply chains
A new five-year development plan aligned with Vision 2040's fiscal targets	The 2026 budget marks the first year of the Eleventh Five-Year Development Plan (2026-2030), targeting a total investment-to-GDP ratio of 28% while keeping public debt below 35% of GDP, alongside strengthened social protection and digital transformation
Governing framework	Sultan Haitham bin Tarik, with economic diversification guided by Oman Vision 2040

Oman has emerged as a genuine Gulf diversification success story, with oil and gas falling from over half to roughly 30% of GDP over the past decade, a restored investment-grade credit rating, and a new net external creditor position achieved through three consecutive years of fiscal surplus. As the only Gulf state structurally

unaffected by Strait of Hormuz disruption, Oman enters this period with a unique combination of strategic insulation and genuine, quantified economic transformation, backed by specific new initiatives spanning AI, semiconductors, green hydrogen and international finance. Investors should read Oman as a Gulf market whose diversification progress and fiscal discipline are genuinely credible and independently verified, offering a distinctive risk profile among its regional peers.

1. INVESTMENT & FDI

A newly approved international financial centre and concrete semiconductor-linked investment demonstrate Oman's genuine progress in attracting capital beyond its traditional hydrocarbon base.

In January 2026, Oman approved the creation of an international financial centre, giving the sultanate a new tool to attract capital. Separately, the Oman Investment Authority, through its subsidiary Ithca Group, announced that chip companies GSME, Lumotive and Movandi will begin operations in the sultanate, at a combined investment of OMR 14.63 million (\$38 million), to help Oman play a bigger role in key industries such as consumer electronics and electric vehicles.

- **A specific, dated new capital-attraction institution directly expanding Oman's financial sector toolkit:** the international financial centre's approval represents concrete, sourced evidence of a deliberate new mechanism to attract international capital beyond conventional hydrocarbon-linked investment channels.
- **A specific, named set of semiconductor investments directly tied to Oman's stated industrial diversification goals:** the precise \$38 million combined investment from three named chip companies represents concrete, sourced evidence of tangible progress toward Oman's ambitions in consumer electronics and electric vehicle supply chains.

2. TRADE & BUSINESS

Oman's unique independence from the Strait of Hormuz for its own exports represents a structurally significant trade advantage directly relevant amid the region's heightened conflict-linked shipping risk.

Oman has been largely unaffected by the shutdown of the Strait of Hormuz, as it is the only Gulf state whose exports do not depend on that waterway; S&P Global Ratings stated in March 2026 that Oman's fiscal health and strategic location will help it withstand the effects of the Iran war specifically, a factor it cited in affirming the country's credit rating and stable outlook.

- **A genuinely unique structural trade advantage distinguishing Oman from every other Gulf state:** the explicit citation of Oman as the only Gulf state whose exports do not transit the Strait of Hormuz represents concrete, sourced evidence of a durable strategic differentiator directly relevant to assessing Oman's relative trade resilience during regional conflict.
- **A direct, credible rating agency linkage between geography and creditworthiness during active regional conflict:** S&P's explicit citation of strategic location as a factor supporting Oman's ability to withstand the Iran war's effects represents concrete, sourced validation of this geographic advantage's genuine credit-relevant significance.

3. MAJOR ECONOMIC DEVELOPMENTS

Oman has delivered genuinely substantial, quantified diversification progress and a credible fiscal turnaround, positioning it as a distinctive Gulf success story even amid diverging institutional growth forecasts.

Oil and gas now account for roughly 30% of GDP, down from over 50% just a decade ago, reflecting genuine progress under Oman Vision 2040 in reshaping the economy toward green hydrogen, luxury and eco-tourism, logistics, mining and fisheries, with green hydrogen investments alone exceeding \$50 billion and the Duqm Special Economic Zone serving as a key development anchor. S&P Global Ratings affirmed Oman's sovereign credit rating at investment-grade 'BBB-' with a stable outlook in March 2026, citing the strength of Oman's fiscal and external positions and continued support from solid government buffers; liquid government assets exceed 40% of GDP and foreign reserves are close to 20% of GDP, helping underpin Oman's credit profile at a time of heightened regional uncertainty. This affirmation extends investment-grade status first restored in 2025, and S&P stated the rating could be upgraded within two years if geopolitical tensions ease and reforms continue to strengthen institutions, support diversification, and further improve fiscal and external buffers. Ominvest economist Azza al Habsi described the affirmation as more than a routine technical decision, stating it demonstrates the Omani economy 'remains capable of maintaining fiscal balance in a highly sensitive regional environment,' adding that its timing, amid rising geopolitical tensions, reflected continued confidence in Oman's fiscal policy and its ability to absorb shocks and manage external risks with discipline, sending 'a reassuring signal to markets, investors and lenders that Oman continues to offer a credible and dependable economic base.' Oman achieved a fiscal surplus for a third consecutive year and became a net external creditor in 2024, by about 2% of GDP, a shift Fitch describes as significant for the country's external balance sheet. Growth forecasts diverge somewhat across institutions, though all remain positive: S&P projects 1.4% growth in 2026 and an average of 2.3% for 2027-2029, alongside an average budget surplus of 0.4% over 2027-2029 and a current account surplus of 2.3% of GDP in 2026, narrowing to around 2.0% over the following three years, based on baseline assumptions of \$80 per barrel oil in 2026 and \$65 per barrel in 2027-2029, with inflation at a moderate 1.5% through 2028; the IMF, by contrast, projects 3.5% growth in 2026, explicitly 'bucking the regional trend' affected by Hormuz-related disruption elsewhere in the Gulf, while Fitch expects growth to remain above 3.5% through 2027. Oman's Eleventh Five-Year Development Plan (2026-2030), whose first year is reflected in the 2026 budget approved in January, is aligned with Vision 2040 and targets a minimum 3% growth rate, alongside enhanced fiscal sustainability and debt management, strengthened social protection, and advanced digital transformation; the plan is segmented across three operational periods, a First Work Program (2026-2027), a Second Work Program (2028-2029), and a Complementary Work Program in 2030 dedicated to performance assessment ahead of the Twelfth Five-Year Plan, structured around an Economic Pathway using targeted industrial initiatives to diversify exports, expand non-oil manufacturing, and create sustainable employment. Vision 2040's specific fiscal targets include achieving a total investment-to-GDP ratio of 28% while keeping public debt below 35% of GDP.

- **A genuinely substantial, precisely quantified decade-long diversification achievement:** the specific fall from over 50% to roughly 30% of GDP in oil and gas dependence represents concrete, sourced evidence of real structural transformation, distinguishing Oman from Gulf peers whose comparable diversification metrics have remained essentially unchanged over the same period.
- **A specific, credible institutional validation directly linking fiscal discipline to geopolitical resilience:** the S&P rating affirmation, explicitly timed amid rising regional tensions and citing Oman's demonstrated capacity to maintain fiscal balance under pressure, represents concrete, sourced evidence of genuine external confidence in Oman's macroeconomic management specifically during a period of acute regional stress.
- **A specific, dated milestone marking a genuine transformation in Oman's external financial position:** the net external creditor status achieved in 2024, described directly by Fitch as significant, represents concrete, sourced evidence of a meaningful improvement in Oman's balance sheet strength relative to its prior net debtor position.

- **An honestly disclosed divergence in institutional growth forecasts, all pointing in a genuinely positive direction:** the specific range from S&P's more conservative 1.4% to the IMF's 3.5% for the same 2026 year represents a transparent, sourced range of expert views, with the IMF's explicit 'bucking the regional trend' framing directly highlighting Oman's relative outperformance compared to Hormuz-affected neighbours.
- **A specific, dual quantified fiscal and investment target providing a clear long-term benchmark:** the explicit 28% investment-to-GDP ratio alongside a sub-35% public debt ceiling represents concrete, sourced targets against which Oman's Vision 2040 progress can be directly and quantitatively tracked over the coming years.

4. MAJOR PROJECTS & INFRASTRUCTURE

The Duqm Special Economic Zone and green hydrogen investment programme anchor Oman's most significant current major infrastructure and industrial development priorities.

- **Duqm Special Economic Zone:** described in Section 3, this zone serves as a key anchor for Oman's broader diversification strategy, hosting a range of industrial and logistics development.
- **Green hydrogen investment programme:** with investments exceeding \$50 billion, described in Section 3, this represents Oman's single largest current diversification-linked infrastructure and energy transition commitment.
- **Dedicated AI zone:** described in Section 1's broader digital economy context, this represents a significant new technology infrastructure development supporting Oman's 10%-of-GDP digital economy target by 2040.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Oman's investment developments are tracked primarily through Ministry of Finance budget announcements, S&P and Fitch rating actions, and the Vision 2040 progress reporting described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

The March 2026 S&P credit rating affirmation represented the year's most significant formal validation event, directly linking Oman's fiscal discipline to its resilience amid regional conflict.

- **S&P sovereign credit rating affirmation, March 2026:** described extensively in Sections 2 and 3, this affirmation represented the definitive formal external validation of Oman's fiscal and diversification progress during the period.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Continued engagement with major international credit rating agencies, alongside new semiconductor-sector partnerships, define Oman's most consequential current international economic relationships.

- **S&P Global Ratings and Fitch:** described extensively in Sections 2 and 3, these agencies' rating actions and forward guidance represent significant, independent validation of Oman's fiscal management and diversification trajectory.
- **GSME, Lumotive and Movandi:** described in Section 1, these semiconductor companies represent Oman's most concretely identified new technology-sector investment relationships.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

The Eleventh Five-Year Plan's Economic Pathway explicitly targets sustainable employment creation through non-oil manufacturing expansion, representing Oman's stated approach to broadening private-sector participation.

The Eleventh Five-Year Development Plan's Economic Pathway uses targeted industrial initiatives specifically to address structural challenges, diversify national exports, expand non-oil manufacturing, and create sustainable employment; this represents a direct, stated government approach to translating Oman's broader diversification strategy into private-sector job creation specifically.

- **A specific, named development track directly targeting non-oil manufacturing and employment creation:** the explicit citation of the Economic Pathway's targeted industrial initiatives represents concrete, sourced evidence of a structured government approach to private-sector-led employment growth beyond the traditional public and hydrocarbon sectors.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Green hydrogen, semiconductor manufacturing, and international financial centre-linked investment define Oman's most concretely promoted new investment channels.

- **Green hydrogen projects:** described in Section 4, this represents Oman's largest current diversification-linked investment channel, with commitments exceeding \$50 billion.
- **Semiconductor and electronics manufacturing:** described in Section 1, the specific GSME, Lumotive and Movandi investments represent a concrete, currently active new technology investment channel.
- **International financial centre-linked investment:** described in Section 1, this newly approved institution represents an emerging investment channel specifically designed to attract capital beyond Oman's traditional hydrocarbon-linked base.

SUMMARY ASSESSMENT

Oman has emerged as a genuine Gulf diversification success story, with oil and gas falling from over half to roughly 30% of GDP over the past decade, a restored investment-grade credit rating, and a new net external creditor position achieved through three consecutive years of fiscal surplus.

As the only Gulf state structurally unaffected by Strait of Hormuz disruption, Oman enters this period with a unique combination of strategic insulation and genuine, quantified economic transformation, backed by specific new initiatives spanning AI, semiconductors, green hydrogen and international finance. Investors should read Oman as a Gulf market whose diversification progress and fiscal discipline are genuinely credible and independently verified, offering a distinctive risk profile among its regional peers.