

**Supply and Logistics**

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## **Selected supply and Logistics company: Muscat International shipping and Logistics**

### **Comprehensive History of systems**

Muscat international shipping and Logistics has a great track record for the logistics services in the company. The company has over fifteen years of experience in logistics services. The system which is applied in Muscat international is related to the smooth and pre-post shipment of the freight (Ho, Zheng, Yildiz, & Talluri, 2015). The system which Muscat international shipping and logistics apply for controlling the mode of transportation uses the Cargo wise system for most of the entries. This system is adopted conventionally from three to four years and it has benefit to provide a solution to the company.

The Muscat logistics have adopted the system of customer satisfaction towards the logistics services. This company has been active for more last fifteen years in transporting the goods and services for delivering the value of the company. The custom-built solutions actually provide the hint of system history which were developed to track the connection of logistics to the end requirement of the clients in Oman and also in the Asian countries. The company has observed changes in the system (Li, Lee, & Cheng, 2015). When the port was present in Muscat, the company has an advantage to higher shipment and logistics. This evolved the system for tracking all the records of shipment. The history suggests that step up step improvement was recorded in the Muscat shipping system.

### **Procedures**

The procedure which is used by Muscat international shipping and Co incorporates the multi-module services to meet the demands of the customers. This is different from the vast agent network because when a company incorporates these produce employees become the main asset for applying the procedure for integrated logistics. The main method is defined by the mode of

transportation. The company basically collects the required deal from clients and puts the specification under the management software. This software specializes in the freight as the specific needs are addressed and final dispatch is made either with the help of shipment for close customer interactions.

### Market

The market for Muscat international and shipping company is the local vendors of Oman as well as the Gulf and Asian sectors. The main transport is carried out for Oil services as the Oman major reserves are dependent on the Oil supplies. This market was ideal in the later eighteenth to the nineteenth century when the Gulf started Oil exploration. The present conditions are also an effect for the oil transport and trade to the remaining world.

### Suppliers

The key supplier for Muscat Logistics is the Shipco and Oman logistics company. These suppliers have a major corporation for providing the logistics services to Muscat where the supplies include the raw materials and Oil supplies. This forms the main element for Muscat logistics company.

### Support Industries and Operation of Muscat International shipping and Logistics

The support industries for Muscat shipping and logistics include the transportation sector where most of the dependencies of the company remain. The Aircraft industries also provide benefit for transporting loads of goods and services to the clients, this company has managed its operation in an effective way. The wide range defined as specialization cargo services are initial markets for the efficiency of the company. The global network helps Muscat Shipping and Logistics provide a seamless movement of cargo from Oman to its final destination. There are standardized

connections present for fixing schedules. The air cargo specialist in this company understand the needs of the clients and provide a larger projection for people.

### Movement of Shipping to Sohar Port

The Muscat shipping and logistics system was improved when the trading port was relocated to Sohar. Sohar stands as the industrial area where the goods and services have higher consumption as compared to the Muscat Port. Company management system has taken this side as a plus point and it helps to improve the procedure for logistics transfer and client satisfaction. More market suppliers have been connected with Muscat Shipping and Logistics and there is a bloom for support industries. The services have been increased including the Export and import of airfreights from Sohar Port. This also helped the company to expand the range of Project cargoes and exhibition for Logistics operations.

The operation of the company has been increased as more areas are present from Sohar port as compared to the Muscat trade location. The introduction of free zone policy in Sohar has also added an advantage for the company as more renowned logistics suppliers have approached the services of Muscat shipping. This includes Maersk as the leading partner for logistics services. The increase in container capacity has also affected the operations.

### SWOT Analyses

SWOT analysis was carried out in the context of the relocation of Trade Port in Oman and its effects on the Muscat Shipping and Logistics.

### Strengths

The strength of the Muscat Logistics lies in the ample space of container present on the Port as compared to the Muscat centre. Soar port has been under consideration for increasing the area for

containers which means that company can have more business as compared to the Muscat were a limited amount of storage space was present to logistics services.

### Weakness

The weakness for Muscat shipping and logistics comes in terms of competition because higher standards will be required to meet the Sohar free zone. International leaders like Maersk will pose a tough consideration for Logistics and supply business.

### Opportunities

The trade will get more supplies. The company operation and system more suppliers for business. The Sohar port will provide an economic boost to Oman and logistics company will have a key entry towards the trade with Asia as well as other parts of the Globe.

### Threats

The investment will increase for the shipping and logistics services. This will be a major to the company. The logistics services will also be open to securities risk form the sea trade as he loses to oil leakage and raw materials can be related to the reputation of the Muscat shipping and logistics company.

### Challenges and causes

The first challenge for the Muscat shipping and Logistics company is to meet the demands of cross-border trade. This can be done with the help of effective strategy and employ the need for tools which can solve the issues for the company. The causes are related to the Oman present economic condition and how the historic improvements in Muscat shipping and logistics will be affected by the movement of Oman main trade port to Sohar.

The solution to the demand and supply will be resolved using the partnership programs, for example, Muscat company can form a trade group with local as well as the international

suppliers. This will add towards the trade power of the company and divided the critical issues for each member of Trade Union.

### Duqm as Special Economic Zone

Special economy zone of Duqm has completely shake Oman. Economic zone is the authority responsible by the government for developing, managing and organizing. It monitors all the activities related to Duqm. The main work areas in Duqm is a commercial Business centre. Tourism area, educational town, port, and airport. Duqm provides facilities to its investors both the local and foreign by using their multi-usage port. Duqm gives relief to foreign investors by the exemption of customs duties, acceptable price, exemption of income tax. This gives benefit to Oman by exporting their oil. Oman's economy was moribund from the mid of 19<sup>th</sup> century (Walsh & Darke, 2016).

### Interview with the Representatives

The information about Duqm and economic activities were analyzed with the help of interview session with the Duqm Muscat office. The main requirement for the interview with this bodywasto address the required information in relevance to the effect on Oman economy. In Duqm Muscat office, the head manager was asked about the opportunities and challenges for changing the port towards the Duqm economic zone.

Duqm is a town port of Oman. Port plays an important role in taking the economy of Oman in the prosperity period. Duqm is almost changed with the help of development. Duqm special economic zone is considered as the biggest economic zone in the world. It is rich because of the developed transport network of Air transportation, land and sea. In 2011 economy of Oman decreases because of the low prices of oil. At that time the Duqm plays a significant role in the

development of Oman. In 2011 the economy goes very low. Duqm makes its economy u by working on some projects like industrial sector and commercial sector.

The economy of Oman increases with the investment in the country. That results in more industries which ultimately effects the employment (Dhar, 2015). Employment results in prosperity. More people gain knowledge about a different sector which results in low illiteracy rate. Foreign investors invest more without any need of a local partner in the project. Duqm takes the investment to Oman as well and made the economy strong. Oman has a great deal of potential, it is possible that Oman has more potential to diversify more than its neighbours in term of tourism. Oman has more natural resources than its neighbours. Duqm makes the investment after 2011 and Oman becomes again prosperous with the tourism factor. Every country boasts the tourism in the country.

The economy of Oman established with help of Duqm. The development comes in Duqm itself. Schools, transportation, Airport and most important from all is the seaport which is a key role of exporting its oil to other countries. To make the economy strong the country must increase its exports and decrease its imports. This will increase the economy of Oman. Huge investments impact the economy of one country (Ries, 2018). Duqm special economic zone presents some features that attract the investors to Oman. These features represent the utilization of land with reasonable price and exemption in tax.

### Impact on Economy

They provide services to investors like business registration, business licensing and environment approval which force the investors to come and invest in their country more which results in an increase in employment in Oman. Duqm started work on three projects development in the fisheries sector, exploration of trade in minerals. Gas was available in the Khazzan field, but no



one was sure about this. After the announcement of Khazzan field, things have started changing. Though the development in the fisheries sector, trade in mineral and establishing the petrochemical industry, in order with them there is an addition in development of the logistics sector

There is an extension in the fisheries sector with the development of logistics sector. Transportation system becomes good which results in the exports outside the country and within the country that enhance the economy Oman and Duqm itself. Transportation allows an individual to export (Streicher, 2015). The objective of making development in the fisheries sector or in other sectors of the country is to make the economy stable. Oman is linked with Duqm port. Oil of Oman exports from the Duqm port which results in an increase in national income. It reduces the inflation level in the country when employment increases.

#### Challenges and Opportunities

Duqm faces some challenges in the fisheries sector because it is sure that there is enough fish stock available throughout the year. In the start of the year, the condition of the sea is not good. Moreover, we make it sure that enough feed to flourish throughout the year. This is the challenge that Duqm face. Another big challenge is to convince people to move to Duqm area because they need more people to cater for their projects. There is not only the need for housing but also school, restaurants, malls, hospital and other social infrastructure. Moving people to Duqm is the big challenge for Oman.

#### Trade Statistics for Oman

Trade statistics for Oman include import, export and Foreign Direct Investments (FDI). The statistics will probably indicate the situation of trade and other investments for Oman typically

from 2013-2017. Oman has worldwide trade and the following table indicates the situation of import and export of Oman in some years.

<b>Oman, Trade with World</b>								
<b>Total Goods: Trade flows and balance</b>								
Period	Imports		Exports		Balance		Total trade	
	Value Mio €	% Growth	Value Mio €	% Growth	Value Mio €	% Growth	Value Mio €	% Growth
2007	11,653		17,983		6,329		29,636	
2008	15,585	33.7	25,614	42.4	10,028	58.4	41,199	39.0
2009	12,793	-17.9	19,799	-22.7	7,005	-30.1	32,592	-20.9
2010	14,916	16.6	27,554	39.2	12,639	80.4	42,470	30.3
2011	16,967	13.8	33,799	22.7	16,831	33.2	50,766	19.5
2012	21,884	29.0	40,573	20.1	18,694	11.1	62,463	23.0
2013	25,851	18.1	42,483	4.7	16,637	-11.0	68,340	9.4
2014	22,058	-14.7	40,051	-5.7	17,993	8.2	62,105	-9.1
2015	26,144	18.5	31,304	-21.8	5,150	-71.3	57,449	-7.5
2016	20,879	-20.1	24,190	-22.7	3,311	-35.8	45,069	-21.6
2017	27,937	33.8	26,498	9.5	-1,439	-143.5	54,435	20.8

Oman is struggling well to increase its sustainability level in terms of its import and export. Cargo shipping services can help a lot to achieve a mark. It is already indicated in above case study. It is observed that the company has moved its shipping services from Muscat to Sohar in order to expand its logistics services. This is done in order to achieve a mark in the history of the company and also to being more sustainable economic approaches for the working of the company. It is recently observed that the import and export sector or the overall trade sector of Oman is doing well to achieve the targets. The growth rate represents the overall situation of import and export sector of Oman. The growth rate is also declined in recent years and still, it is competing at many levels.

The above mention strategy for the company can help a lot to bring improvements in this sector. The trading port is improved and this will help to change the overall scenario for the country. The relocation of the port will help to bring diversity to operations. The trade of a country simply related to the goods and services and consumption of those goods and services over a period of

time. The new port of Sohar stands as an industrial area and this can help a lot to bring new revolutionary ideas in the sector of import and export.



Above chart indicates relative foreign direct investment for Oman from different countries. The progression is gradually shown between the years 2003 to 2016 and still, the situation continues. It is also indicated that the FDI for Oman is still having the capability to bring gradual change in the economy of the country. It is simply compared with the above-mentioned case where a logistic sector of Oman is doing its best to make a change in this sector as well. Foreign investors almost ploughed 7.4b into the country last year (Gani & Clemes, 2016). It is almost a more billion than in 2015. It appears to be the health indicator for Oman for diversification as well as for growth.

It is already indicated in the case that Duqm is playing an important role in helping local as well as foreign investors bringing a fair chance for them in business. Through this port, Oman can increase its investment with other countries. It becomes easy for foreign investors to make an

investment because they do not have any need of a local partner in this. The economy of Oman is now getting stronger and there is the great role of Duqm in it.

### Logistic Sector of UAE

The logistics sector of UAE is much stronger than Oman. It is indicated that Oman that logistic sector of Oman is lagging behind UAE because of its low GDP growth. On the other hand, UAE has observed strong growth in GDP rate over a period of time. It can be simply associated with trade sector of countries. This simply includes the export, import and foreign direct investments for the country (Kumar Sharma, Al-Shihi, & Madhumohan Govindaluri, 2013). Both countries are doing great efforts over improving this situation. For this purpose, logistics sector can do a lot. New ports have been made in order to make situation better of shipping services in Oman. These are already doing well with the cooperation of Duqm.

### Strategies of Oman for Logistics

In the first place, there is the great role of national policies of the country. In developing countries, these national policies are enough strong to attract R and D and other foreign investments. In this place, logistics sector is foremost for making a change. There is great need to make this industry enough strong for bragging all other investments for the country. It may be a challenge for the country to bring all those revolutionary changes in the country. However, these are enough strong to present alternative methods for getting international funds and investments in the country.

Industrial growth always receives prosperity in this way when other countries invest in their projects. There is always a limited production of oil and gas in the country and this will not always be sufficient. International manufacturers can play an important role in this manner and this can take the country one step ahead in its GDP growth (Sharma, Jain, & Gupta, 2014). It is

also asserted that GDP growth of country must be enough strong to make all other important changes for the countries.

The factors which play an important role in this growth usually involve innovation, growth, dynamics, expansion, and global and local investment. The above-mentioned case study is a simple and direct example if it. It is asserted that a company is making enough strategies for attracting the international manufacturers. This is also getting enough supported by local investments as well as a great deal. Including to these, there is also the great role of the bureaucratic climate of the country. The stable political situation in the country must be there so that it can attract well the local as well as global investors at a great deal. The case study illuminates this thing with example and this help enough to make exploration within a sector.

Oman also has a need to make changes at a great level and these simply include the GDP growth rate for countries. This again highlights the importance of trading sector of the country. This should be strong enough to make a change. The sector of research and development is also linked to the prosperity of logistics sector (Lee, Son, Park, & Jang, 2016). Oman has needed to build and develop its research centres through which it can greatly analyze the major weaknesses and strengths of their country. All above that, it is also asserted that innovation and dynamics can play an important role in all sectors such as it is in the logistics sector.

### Conclusion

It can be said that case study has helped a lot to understand the economic situation of the country. It is simply asserted that Duqm is doing its best to establish an economy of Oman and this is also proved by this case study. In addition to it, there are also many other great challenges to Oman such as in terms of establishment of its logistics sector. The logistics sector of Oman is

taking things to next level and also establishing the trading reforms through import, export and foreign trade investments and also including local investment as well.

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## **Appendix**

### Interview with CEO Lee Chee Khian

- What benefits does the construction of the massive oil storage facility offer for Sejad?
- What challenges does Duqm bear for migrating peoples?
- What are the objectives of Duqm port?
- How Duqm boost the economy of Oman?
- What are the details plan for making fishery port?