

ANALYSIS: WILL SAUDI'S NEW LAND TAX MAKE HOMES CHEAPER?

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APRIL 11 - 17 2015 • ISSUE 559

CONSTRUCTION WEEK

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YEAR PRIZE FOR A SECOND TIME

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AWARDS SPECIAL

OMAN AWARDS

Sarooj Construction's founder Simon Karam honoured
with a Lifetime Achievement prize

CONSTRUCTION WEEK
OMAN AWARDS 2015

Lifetime Achievement of the Year
Simon Karam

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SIMON KARAM, SAROOJ CONSTRUCTION CO

A life less ordinary serving Oman's contracting industry



ANALYSIS

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Will the new levy succeed in creating affordable homes?



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MICHAEL FAHY



Dinner with winners

The first of *Construction Week's* 2015 awards shows off the breadth of skills that have been developed in the Omani market

This week's issue is dominated by our first awards event of the year, the *Construction Week Oman 2015 Awards*.

As I said on the evening, trips to Oman are a genuine pleasure and it's a favoured destination among *Construction Week's* journalists, due to the beauty of its surroundings and the friendliness of its people.

Indeed, perhaps the nicest thing that has been said about the recent corruption crisis in the Sultanate is that one of its main contributing factors is that people find it hard to say 'no' to requests for anything.

Once again, the awards event itself was an incredibly positive affair, with more than 220 of the great and good from the Sultanate's contracting and consulting firms in attendance, and another popular wave of appreciation met the recipient of our Lifetime Achievement Award, Simon Karam.

Karam features prominently in this issue (pp32-37). He has an inspirational story, turning up in the country with no plan but eventually starting a contracting business from scratch and growing it in to a diverse group of companies.

He has done more than most to promote best practice in the Sultanate – as a founder member of OPAL he sought to drive professionalism by adopting international standards in the oil & gas sector, before replicating this in construction via the Oman Society of Contractors.

He is also one of a number of top-ranking businesspeople working on an initiative to hone the next generation of Omani CEOs. And through his role at the Oman Society of Contractors, he is urging more Omani

companies to spread their wings beyond their home market. This is not an easy task, and there are currently only a handful of local contractors (including Karam's own Sarooj Construction Co and Al Hassan Group of Companies) that have broken out of Oman.

However, by working on massive projects in joint ventures with international partners, there is no reason why some of the Sultanate's bigger contracting firms can't use the skills they have picked up across other parts of the Middle East.

For instance, our Contractor of the Year, Towell Construction Co, has been working on a new headquarters for Oman's Public Authority of Civil Aviation at Muscat International Airport where it will have learned skills that could be transferred to similar regional projects.

Contractors currently bidding with international partners on the \$11bn Oman Rail project could also pick up unrivalled (and transferable) skills.

Thankfully, the hard work that goes into the nominations, the judging and the awards dinners themselves held by *Construction Week* provide a great way of highlighting contractors' talents to a wider audience.

I'd like to thank the sponsors, judges and all of those who were involved in making this year's event happen for their hard work. I'd also like to extend my congratulations to the companies and individuals who were victorious on the night.

I wish them well as they move forwards to the GCC finals in December, where they will compete with the winners of CW's Qatar and Saudi Arabia awards, as well as shortlisted entrants from Kuwait, Bahrain and the UAE. ☑



“Another popular wave of appreciation met the recipient of our Lifetime Achievement Award, Simon Karam”



“I started at a time where we still moved aggregates on donkeys. There was really nothing in Oman - except for opportunities,”

-Simon Karam

SURPRISE PACKAGE

Simon Karam has built one of Oman's best-known construction companies and been a leading figure in promoting its contracting industry. Not bad for someone who was only meant to be in the country for two weeks. *Michael Fahy reports.*

FACE TO FACE

Simon Karam, chairman of the Al Taher Group of companies, takes delight in his ability to surprise – particularly on the tennis court.

The 72 year-old is neither the tallest nor the most svelte of figures, but he says that opponents often underestimate him as a result.

“I surprise people because when I am on court, they look at my age and my weight so they tend to think ‘he is an easy guy’. But then they react too late.”

Karam, who was honoured with the Lifetime Achievement Award at the *Construction Week Oman 2015* awards, has been surprising people from the moment he arrived in the Sultanate of Oman over 45 years ago.

The Lebanese national, who graduated initially from St Joseph’s University in Beirut before going on to complete a postgraduate course at one of France’s Grands Ecoles, l’Ecole Nationale des Ponts-et-Chaussées in Paris, spent his first two years after graduating with Lebanese construction company CAT Group, working on road projects in Saudi Arabia.

Once these projects ended, he found himself back in the company’s headquarters in Beirut awaiting reassignment.

“I was in the canteen sitting with my boss at the time. I heard someone behind me and he was urging his boss, saying ‘Look, I need somebody to replace me, I am engaged to a British girl [and] I want to go to see her... I won’t be long, it’s two weeks’.

“He was so emotional about it,” Karam explains. “I turned back and said ‘I’ll take your place with the permission of my boss’.”

At that stage, Karam didn’t even know where this manager worked. He discovered that the project was at an airbase at Masirah in Oman – one of the first airstrips in the country, which was being installed for the Royal Air Force.

“So I came to Masirah theoretically to replace my guy for 14 days. He never came back. And I never left.”

After two years with CAT Group in the Sultanate, he started his own company, Travo LLC, in 1973 with just “a few dollars”.

“I started at a time where we still moved aggregates on donkeys. There was really nothing in Oman – except for opportunities.”

His first contract was a job for Shell to erect eight signposts for filling stations – four on the road to Dubai and four to Nizwa. It paid 800 Omani Rials (\$2,077),



Sarooj has a marine works package at The Wave, Muscat.

which Karam thought was a huge sum at the time.

Although the 1970s provided an infrastructure boom, Karam says he quickly learned that a market like Oman that is reliant on oil & gas can be very cyclical.

“So we had difficult times. And to survive in a market like this, you develop in other sectors. We developed in manufacturing, marine services, asphalt, specialist works, in oil extraction and in oil distribution.”

Indeed, the business is now a multi-faceted empire with divisions in fuel retail, pipelines, real estate, trading and a variety of different construction businesses. The Al Taher Group, as it is now known, is set to break the \$500m turnover barrier this year. It employs 3,500 people and construction remains its biggest division – responsible for 40% of revenues, or around \$200m. Its fuel retail business is the next-biggest, with sales of around \$150m.

Karam runs Al Taher alongside his brother-in-law Ghazi Kalou and his Omani

partner, Sheikh Saud bin Ali Al Khalili, who is the group’s chairman.

He remains in charge of its construction operations, which includes its main contracting arm, Sarooj Construction Company, civil engineering firm Rawasi Road Services, oil & gas EPC specialist Synergy Projects International, MEP firm Electro Mechanics, geotechnical engineer Geosol and marine contractor Masirah International, among others. His brother-in-law oversees the downstream, fuel stations, trading and real estate arms.

“About ten years ago, the second generation came out of university. My children and my sister’s children came back highly educated guys – several have PhDs from places like MIT and Harvard,” Karam explains.

“Now, the boys are taking the company into different dimensions – even geographically. One of them is in Abu Dhabi and one is in Dubai, so we are extending.”

The group’s construction pedigree





The Wave work is worth around \$100-\$110m.

includes projects such as Madinat Sultan Qaboos, bottling plants for Tanuf Mineral Water, RC Cola and 7Up in Muscat and Cairo, and infrastructure projects including the first water distribution networks in parts of Muscat, Nizwa, Sur and several other locations.

Its current workload includes the \$800m Musandam Gas Plant, which is being built under an EPC contract by Hyundai Engineering Co. Sarooj Construction Co is carrying out the biggest subcontract, worth around \$150m.

"Our part involves the marine works, the civil works, the building works and all ancillary works," he explains.

It is also working on a project for the Ministry of Defence to install a 189km border demarcation between Oman and Yemen, which follows on from earlier work it had carried out on the Oman/UAE border. It also recently picked up work at BP's massive Ghazzan onshore gas project

"We did all of the marine works on The Wave, Muscat - that's about \$100m-\$110m. We've built many fishing harbours," he says.

Other current projects include a contract worth around \$50m to improve ground conditions for the new runway at Muscat International Airport, an 11km stretch of road at Madha within Oman's enclave in Fujairah which has involved blasting through millions of cubic metres of rock and a special project at the Nimr oil field of which he is particularly proud.

This is a water treatment plant that has been built over 2.3m² of land using huge reed beds to purify thousands of cubic metres of water each day.

The treatment plant has been built alongside German firm Bauer under a

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FACE TO FACE

build, own, operate contract for Petroleum Development Oman. It takes around 110,000m³ of 'produced' water extracted alongside oil and treats it. Karam explains that this had previously been re-injected at great depths into underground wells.

"That has two problems. One, it is very costly and two, you do not know what damage you are doing underneath."

Now, the water is settled to allow for most of the oil to be skimmed from the surface and sent back to PDO. The remainder goes into the reed beds, where bacteria at the root of plants breaks up the hydrocarbons, leaving a pure source of water behind.

Karam says that it skims so much oil from the surface that it gives around 400 barrels per day back to PDO.

"So, all of a sudden, we became the 16th-largest oil producer in the country," he laughs. He adds that PDO eventually realised that it was paying less for the treatment than it was recouping in the value of recovered oil.

"And we were happy because we were making money, so it was a win-win thing."

The wetlands created became the biggest on earth and has provided a habitat for more than 50 species of rare birds, including flamingos.

"And that's just phase two - phase three will be even bigger," he says.

Saroj Construction Co now wants to work with Bauer to take it to other oil-producing states in the region - most notably Libya and Iraq.

Outside of Saroj, Karam has played a major role in the development of Oman's broader construction and oil & gas industries. He was a founder member of an organisation known as OPAL, Oman Society for Petroleum Services - essentially one of the country's first professional NGOs.

It was set up in 2001 to help improve standards across the oil & gas sector by adopting international best practices in everything from health & safety and environmental affairs to developing the Omani workforce.

Karam says that it was difficult to set OPAL up, because "there was no regulation in Oman at the time to cater for such initiatives".

"We did not know who to approach to register a professional NGO. But after OPAL we knew the system," he says.

This made it easier in 2006 when he became a founder member of the organisation set up to bring the same



Saroj Construction has a \$150m subcontract at Musandam Gas Plant.

improvements to the construction industry, the Oman Society of Contractors.

"It is the sole representative of the sector and it has taken on a new drive since last year," Karam explains. "A ministerial decree has been issued making it mandatory for all contracting companies to join the society. And this is not to add a layer of bureaucracy.

"We wanted to be also world class - to create a brand name for the Omani contractors. We have some very good construction companies in Oman. And if we manage to achieve success it's because of the values, the code of ethics and the code of practice we have developed."

On top of this, Karam is also involved with several technical colleges, the Oman Road Safety Association, Oman Society of Water and with a government initiative aimed at developing the skills of 100 Omani CEOs. In fact, so integrated is he into the country he arrived into for a two-week stint in 1970 that he was made a naturalised Omani in November 2013.

"I want to pay back this country more than to benefit from it. At my age, there is no need to benefit now. That's why I'm involved in so many activities," he says.

Among his biggest goals this year is



A solar-powered lighthouse built by Saroj.

attempting to secure work on the Oman Rail project, where Saroj Construction is in a bidding consortium alongside Austrian tunnelling specialist Porr Group, Daewoo E&C of South Korea and Yuksel Insaat of Turkey. He also envisages more work in the power sector, where demand in Oman is growing at 10-11% a year and upgrades are needed to match consumption.

However, he admits that he is concerned about the impact that low oil prices will have on Oman's capital spending plans.

"Not in 2015 or 2016, nor for the projects we have on hand. The government has

"I want to pay back this country more than to benefit from it. That's why I'm involved in so many activities,"

Simon Karam, Sarooj Construction Co.

been wise enough not to venture before allocating the funds for these projects.

"However, because of the good times, when you become richer you also become more generous and your expenses go up. We have high recurring expenses in Oman and with the price of oil at \$50 it's not good - we will be in deficit.

"We know that the price of oil will improve, but this time it will take a bit longer. So we are not surprised if several projects will be deferred. That's the sad part. But the good part is that if we are clever enough we will see an opportunity to clean the market."


He says that the boom before the 2008 financial crisis had seen a wave of companies from all over the world coming into the region.

"Some did well because they improved our competitiveness but others ruined the

market and they did not perform. So we hope that the market now will clean itself and the government will take better control of issuing tenders. It's an opportunity to get ready for the next phase."

Moreover, given his work on promoting Omanisation he believes the government is paying much more attention to concepts like In-Country Value (ICV) - favouring firms who can demonstrate a commitment to local supply chains.

"There is a genuine will to assist. In our case, with this factory we have for pipes had it not been for ICV maybe we would not have secured the contracts we have.

"When we build to the same quality [as importers], the government will support you and say 'why are we buying from abroad?'. And when you look at the upstream operators, they are also convinced of that strategy." 

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Lifetime Achievement Award

Winner: Simon Karam



SIMON Karam (above, right) was given a Lifetime Achievement Award at the *Construction Week Oman Awards* for his services to the Sultanate's construction industry, as well as his involvement in trying to develop the skills of Omani managers.

Karam is a founder of the Al Taher Group of companies that includes Sarooj Construction Co, the Synergy Petroleum EPC contracting business, the Electro Mechanics MEP business and marine contracting company Masirah International, among others.

He is also a founder member of the Oman Society of Contractors, the Oman Society for Petroleum Services and the Omani Society of Water.

Karam, who was born in Lebanon and who completed his studies in Beirut and Paris before moving to the Gulf to work in its construction industry after graduating in 1968, has been based in Oman for 45 years and became a naturalised Omani in 2013.

Speaking to *CW* after receiving his award, he said: "I'm really touched. It's a very

emotional moment. I was not expecting it at all – especially as all I had to do was wait until I was 72.

"Maybe for my next lifetime achievement award, phase two, I will do much more," he joked. "But passionate people are always like this. It never ends. We keep going until the last moment.

"I must thank *Construction Week* because you have brought all of these people together and it's a great recognition. After all, we remain like children – we like to be recognised and rewarded."