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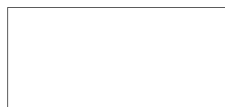
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Oman: A Handbook



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December, 1981

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Oman: A Handbook



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*Information available as of 19 November 1981
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This paper was prepared by  Office of
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Oman: A Handbook

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Introduction

Oman seems an unlikely place to become the focal point of an emerging superpower competition in the northwest Indian Ocean and the Arabian Sea. A decade ago this small, mostly barren piece of real estate with a population of 600,000 and an army of mostly foreign mercenaries had only three schools, no college graduates, a largely subsistence economy, and an aged ruler who saw his main duty as keeping Oman in the 15th century.

Vestiges of this recent past linger, but the old Sultan has been replaced by his son, a graduate of Sandhurst, who instituted reforms and belongs to a small group of world leaders who have defeated—with foreign help—a Communist-backed insurgency. The regime of Sultan Qaboos still rests heavily on foreign, particularly British, advice and assistance and on new ties with the United States. Military accords were signed in 1980 that give the United States access to Omani air and naval bases.

Oman's value to the West derives from its strategic location. It lies on the Strait of Hormuz, through which is shipped about 40 percent of the free world's oil production, and borders Saudi Arabia, OPEC's largest oil producer. It also flanks South Yemen, a Soviet-backed radical state that affords Moscow a toehold on the Arabian Peninsula, a position from which to threaten Saudi Arabia and North Yemen, an anchorage for Soviet warships patrolling the northwest Indian Ocean and Arabian Sea, and a position adjacent to the Horn of Africa and the entrance to the Red Sea.

Oman's relative political stability over the past several years is linked to the revenues acquired from its oil production of about 330,000 barrels per day. This has allowed Qaboos to institute reform and welfare programs while at the same time building his internal security and military forces. Oil revenues should continue to finance development programs well into the 1990s. Dependence on oil—60 percent of GDP—will persist despite efforts to expand private involvement in mining, agriculture, and industry. A substantial or prolonged drop in oil revenues, however, would touch off intense competition for scarce resources and stimulate criticism of the corruption of the circle surrounding Qaboos, high expenditures on defense, and the role of foreigners in running Oman.


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Little organized opposition to the Sultan is evident in Oman. Remnants of the Popular Front for the Liberation of Oman still operate in the mountains of Dhofar, but Qaboos appears generally popular, and the populace seems to tolerate his autocratic, reclusive style of rule because it is consistent with the historic pattern. Qaboos, however, may prove to be the last ruler of the Al Bu Said family which has ruled Oman since 1749. He has no heir,  When Qaboos passes from the scene, Oman's military almost certainly will play a more influential role.

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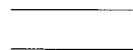

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Geography

Location and Boundaries

The Sultanate of Oman occupies the southeastern corner of the Arabian Peninsula. It is bordered on the northeast by the Gulf of Oman and on the east and south by the Arabian Sea. Oman has a 1,700-kilometer coastline. To the southwest it borders on South Yemen and to the west on Saudi Arabia; the Saudi-Oman border is undefined. The United Arab Emirates borders Oman on the northwest, and UAE territory separates Oman from its northernmost extension, the tip of the Musandam Peninsula. The peninsula juts into the Strait of Hormuz, whose main shipping lanes are in Omani territorial waters. Masirah Island off the central coast and the Kuria Muria Islands, the latter claimed by South Yemen, also belong to Oman. [redacted]

Area

Because of largely undefined borders, estimates of Oman's area vary widely. The Omanis claim an area of 300,000 square kilometers, about the size of Kansas, making Oman the third largest country on the Arabian Peninsula. [redacted]

Its maximum east-west extension is about 600 kilometers and its north-south axis including the Ru'us al-Jibal portion of Musandam runs about 800 kilometers. [redacted]

Topography

Oman is a land of barren, mainly limestone mountains, sand and gravel desert plains in the interior, and comparatively fertile coastal plains. The al-Hajar mountain range extends from the northern tip of Oman to the most eastern point, Ra's al-Hadd. The Qara mountains in the south extend about 300 kilometers into Oman from South Yemen. Elevations range mostly between 500 and 2,000 meters. Most streambeds radiate from the mountains toward the sea and the interior, but they are dry gullies except during brief and sudden storms. [redacted]

The climate is characterized by extreme heat (average daily temperature in Muscat in the summer is in the mid-90s F) and by high relative humidity of 80 to 90 percent. Rainfall (about 100 millimeters) is infrequent except on the eastern slopes of the Dhofar mountains, which are cloaked in monsoonal mists from June to September. [redacted]

Natural Resources

Oman has oil reserves but is poor in other fuel and mineral deposits and in agricultural resources. Proven resources total more than 2.5 billion barrels of oil and more than 5 trillion cubic feet of gas. Other exploitable subsoil deposits include copper, chrome, limestone, and marble. [redacted]

Intense summer heat and insufficient water restrict farming; less than 1 percent of the total land is cultivated. Nevertheless, two-thirds of the native population derives its livelihood from agriculture, which is heavily dependent on an ancient system of underground canals that collect rainwater from the mountains. Major crops are dates, alfalfa, limes, and onions. Omanis must import most of their food. [redacted]

Oman's coastal waters are rich in fish—a largely untapped resource. Cattle, sheep, and goats are raised. [redacted]

Human Resources

Population. With a population of 900,000, Oman ranks sixth after Saudi Arabia, North Yemen, South Yemen, Kuwait, and the United Arab Emirates among the countries of the Arabian Peninsula. Nearly all natives are Muslims, either from the dominant (75 percent) Ibadhi sect, or the Sunni sect. An estimated 13,000 Omanis are Shias. Ethnically 88 percent of Omanis are Arab. Foreigners largely from Pakistan, India, and the United Kingdom comprise about 20 percent of the population and over 80 percent of the nonagricultural work force. [redacted]

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Most Omani tribesmen are descendants of one of two waves of Arab immigrants that arrived nearly 2,000 years ago. The Qahtani were southern Arabs originating in the Yemens; the Adnani came from the Najd region of what is now Saudi Arabia. In the early 18th century a minor tribal feud eventually split most of Oman's more than 200 tribes and subtribes into two camps: the Ghafiri confederation composed largely of Sunni Muslim northerners and the Hinawi confederation consisting mainly of Ibadhi southerners. These alignments are still generally valid but their importance has greatly diminished. As recently as the 1950s Ibadhi tribes, headed by an elected Imam, challenged the authority of the Sultans in the mountains.

Several other small ethnic groups exist:

- The Shihu tribesmen of the Musandam Peninsula are primitive and xenophobic. For centuries they subsisted on dates, fishing, and few crops. They probably have the lowest standard of living in Oman, but the government has launched extensive development programs in the past two years to improve their lot.
- The Dhofar tribes are separated from northern Oman by a gravel desert. Not surprisingly, the Dhofaris have closer historical ties to South Yemeni tribes than northern Omanis. The mountain dwellers speak a distinct language called "Jebeli" that reportedly is dying out. The coastal tribesmen fish and raise crops; those in the mountains tend herds of sheep, goats, and camels.

- The "Zanzibaris," Omanis from Zanzibar, fled to Oman during the bloodbath in Zanzibar in the 1960s. They have not been well integrated into Omani society because of cultural differences, their inability to speak Arabic well, and their superior education. Many Omanis resent the Zanzibaris, a feeling reciprocated by the Zanzibaris.

Distribution. The overall population density is three persons per square kilometer. Most Omanis live on the coastal plains or in the mountains. Dhofar, the southern province, has a population of about 60,000, and the Musandam Peninsula about 5,000. Few Omanis are nomadic. The largest city is Muscat, which together with the port city of Matrah and environs has a population of perhaps 50,000. Salalah, the capital city of Dhofar Province, is the second largest urban center with a population of 3,000.

Demographic Trends. The annual population growth is estimated at 3 percent. Population distribution has shifted in the past decade as interior tribesmen migrate from rural to urban areas attracted by employment opportunities in Muscat and in the other Gulf oil-producing states.

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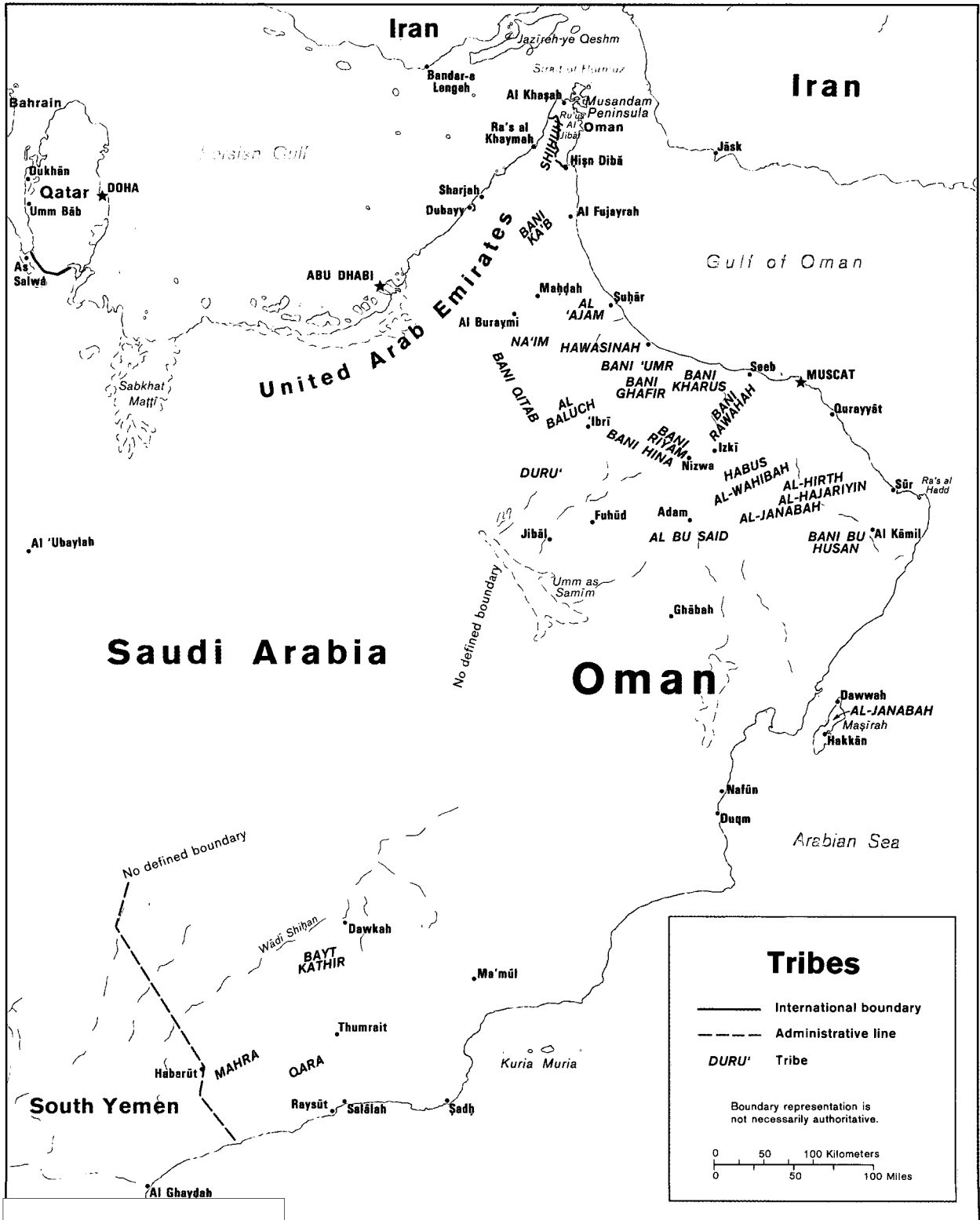
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Economic Background

Government Economic Policy

The goals of Oman's second five-year plan (1981-85) are to expand the private sector, reduce dependence on oil, achieve a better regional balance in development, and further improve the physical infrastructure. Just over \$21 billion is earmarked for this plan, compared with \$9.7 billion in the previous plan. [redacted]

The government will invest \$6.2 billion directly and hopes the private sector will generate another \$3.4 billion. Nearly half of private investment is likely to come from the foreign-owned oil companies operating in Oman and will be used to maintain existing facilities and develop new sources of oil. The government offers interest-free loans to encourage private involvement in mining, agriculture, fisheries, and handicraft industries. It also plans to fund the most costly projects itself and to sell them to the private sector once these enterprises become viable. [redacted]

The government has earmarked large sums for education with the aim of reducing Oman's dependence on foreign labor in the modern sectors of the economy. The number of schools in Oman has risen from three in 1970 to 363 in 1980. The student population has grown from less than 1,000 to nearly 100,000. [redacted]

Growth Rate and Trends

As in many other Middle East oil producers, government spending drives the economy. During 1976-80 the gross domestic product more than doubled from \$2.4 billion to \$5.2 billion. Overall real growth has averaged more than 6 percent annually over the past five years. Real growth reached 10 percent in the nonoil sector in 1980. [redacted]

Before the development of its oil resources, Oman's economy was based on agriculture and to a lesser extent on fishing. Oman began exporting oil only in 1967, and economic development began in earnest after Sultan Qaboos assumed power in 1970. [redacted]

Despite growing revenues, the government ran budget and current account deficits from 1972 through 1978, except for 1977, because of Oman's limited financial resources, poor fiscal management, and the cost of suppressing a tribal rebellion in Dhofar Province. Since then, the government has been in the black as a result of better control over public spending, reforms in fiscal and management procedures, and large world oil price increases following the Iranian revolution. By the end of 1980 official foreign assets totaled \$1.7 billion—almost one year's worth of imports. [redacted]

Income Distribution

Per capita income reached \$5,780 in 1980, a dramatic increase over the \$375 in 1970. Nearly two-thirds of Omanis, however, continue to earn their living from subsistence agriculture and fishing. Incomes among Omanis in urban and coastal areas are considerably higher than in the interior because government programs have been concentrated in these areas. Moreover, foreigners—predominantly from the Indian subcontinent—make up 80 percent of private-sector wage earners and 40 percent of the civil service. [redacted]

Main Sectors of the Economy

Petroleum. Oil contributes over 90 percent of government revenues and export earnings and over 60 percent of GDP. Crude oil production is handled mainly by Petroleum Development Oman (PDO), in which the government has a 60 percent interest, and Royal Dutch Shell, Compagnie Francaise des Petroles (CPF), and Participation and Exploration Corporation (PARTEX) hold shares of 34 percent, 4 percent, and 2 percent, respectively. Since 1974 the foreign partners of PDO have paid royalties and taxes on their 40-percent share of the production; they also buy back or sell directly to third parties the government's share. All crude production is exported. A refinery to meet Oman's domestic requirements is expected to be completed by May 1982. [redacted]

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Oil production peaked in the northern fields in 1976 at 365,000 barrels per day and declined to 282,000 barrels per day in 1980. Production from new fields in the south and west, however, is expected to reach 70,000 barrels per day in 1981. The government has set a ceiling of 330,000 barrels per day from all fields for 1981-85, somewhat below estimated capacity. Known oil reserves exceed 2.5 billion barrels, enough to sustain targeted production for at least 20 years. [redacted]

Gas. Proven natural gas reserves are estimated at 5 trillion cubic feet, with current production amounting to about 290 million cubic feet per day. These gas resources are used both as fuel for the power and desalination plant near Muscat and for reinjection in the oilfields to improve crude recovery. An extension of the gas pipeline to the copper project at Sohar is currently under way. A new natural gas liquid plant at Fahud was completed in 1980 but is not expected to start operation until late 1981 [redacted]

Agriculture. Agricultural output (including livestock and fishing) accounts for only about 2 percent of GDP. Development is limited by scarce water resources and arable land, as well as by migration from rural areas. Dates account for 40 percent of the cultivated areas. [redacted]

Rich fishing waters extend along Oman's coastline. Fish output continues to be substantially below potential mainly because of inefficient techniques and migration of fishermen to urban areas. The government helps to purchase small boats and has established cold storage and fish processing facilities. The Oman National Fishing Company is jointly owned by the government and the private sector. [redacted]

Industry. Manufacturing consists principally of small-scale enterprises producing foodstuffs, light manufactures, and construction materials. This sector accounts for roughly 1 percent of GDP. Heavy industry includes the government-owned Oman Cement Company with a capacity of 600,000 tons per year, due to

begin operation in 1983. A copper mining and smelter scheme with a capacity of 20,000 tons per year also is scheduled to begin operation in 1982. [redacted]

Foreign Assistance

Oman's improved financial and security situation has lessened the need for external financial assistance. Since 1975 concessional lending and grant aid have totaled almost \$870 million, mainly from Saudi Arabia, the UAE, and Kuwait. Oman has repaid most of its commercial loans ahead of schedule, and total debt outstanding at the end of 1980 amounted to \$490 million. Debt service payments in the next few years will be small. [redacted]

Foreign Trade and Balance of Payments

Crude oil is Oman's only significant export, earning \$3.6 billion in 1980; Japan purchased at least half that amount. Singapore—a new customer—and the Netherlands vied for second place in 1980 with around 11 percent each; the remainder went to Western Europe and North America. Oman imports mainly machinery and transport equipment (40 percent), manufactured goods (16 percent), and food (13 percent). Its major trading partners are Japan, the UAE, and the UK. [redacted]

Exchange and Trade System

Oman's exchange and trade systems include import tariffs designed to protect some infant industries. Trade and payments to Israel and South Africa are banned, but this is not always strictly enforced. Otherwise, trade and payments systems are free of restrictions. [redacted]

The Omani rial continues to be pegged to the US dollar at the rate of RO 1 = \$2.895, which was set in February 1973. [redacted]

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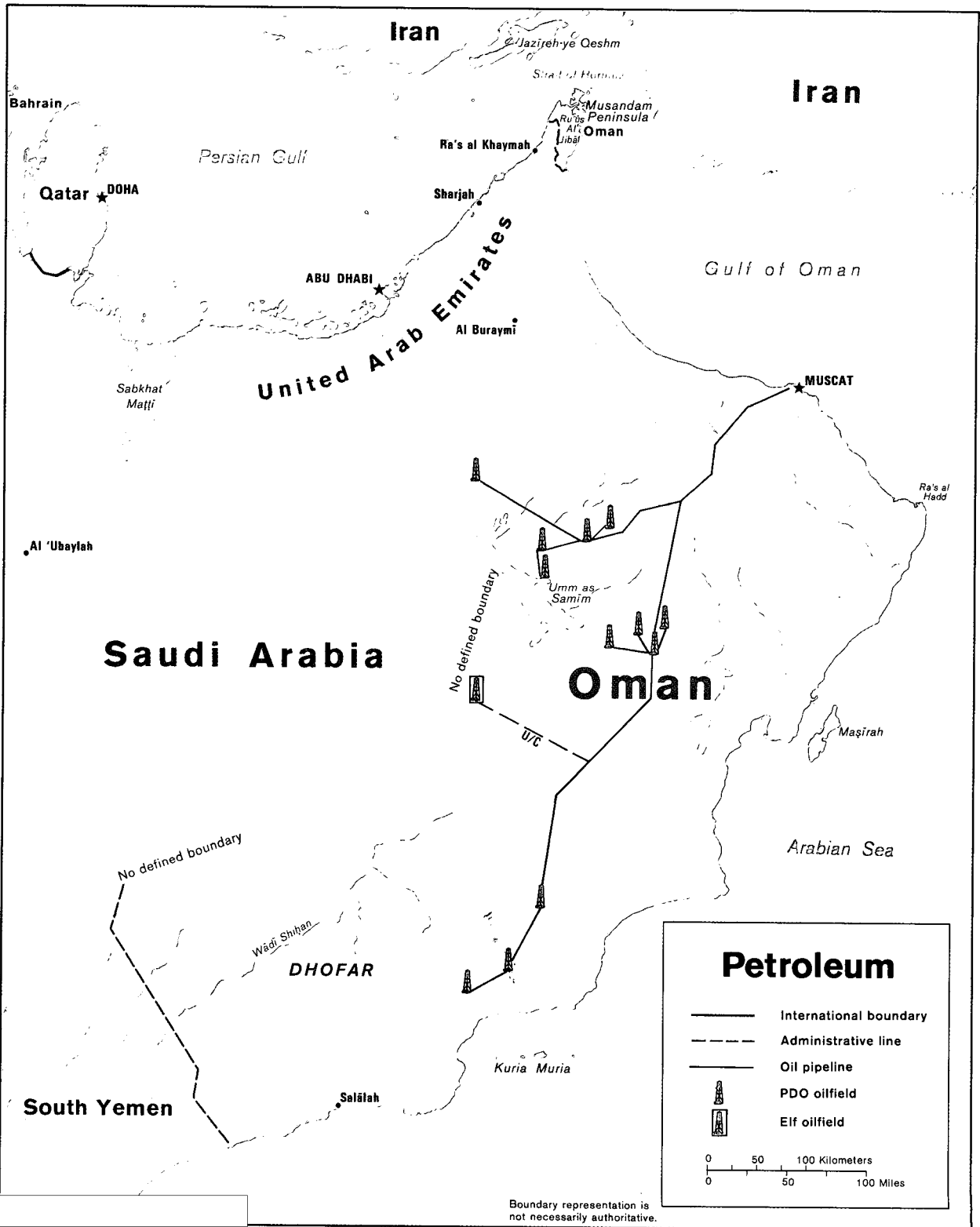
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Political
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Political Situation and Trends

Historical Background

Modern Oman dates from 24 July 1970, when Sultan Qaboos bin Said and several British advisers deposed his repressive father in a nearly bloodless coup and instituted social and economic reforms. Oman was until then the most isolated and backward country in the Arab world. It had a medieval economy, minimal contact with its Arab neighbors, and virtually no political institutions. Reforms have transformed Oman into a relatively modern state with increasing ties to the West and other Arab states. [redacted]

Sultan Qaboos's first priority was to quell a rebellion in the southern Dhofar Province. The rebellion began in 1963 as a secessionist movement by several tribes who turned for help to South Yemeni tribesmen with whom they had strong ties. The leftist regime that took over South Yemen after the British withdrawal in 1967 backed the rebels' organization, later called the Popular Front for the Liberation of Oman. Thus, a localized, tribal revolt was transformed into a foreign-dominated revolutionary movement aided by the USSR, China, and Iraq. [redacted]

To counter this threat Qaboos instituted reforms and counterterrorist programs in Dhofar with the help of the British. The rebellion was finally quashed in December 1975, but only with the assistance of Iranian and Jordanian troops. [redacted]

Structure of Government

Political reforms have not accompanied economic and social change in Oman. Decisionmaking remains highly concentrated; Qaboos is his own defense, finance, and foreign minister as well as commander in chief of the armed forces and police. Oman has no constitution, political parties, or elected national assembly. Unlike other traditional rulers on the Arabian Peninsula, Qaboos does not hold an open court that permits subjects to raise grievances directly with their ruler. Instead Qaboos relies on indirect contacts through his officials and infrequent visits to local

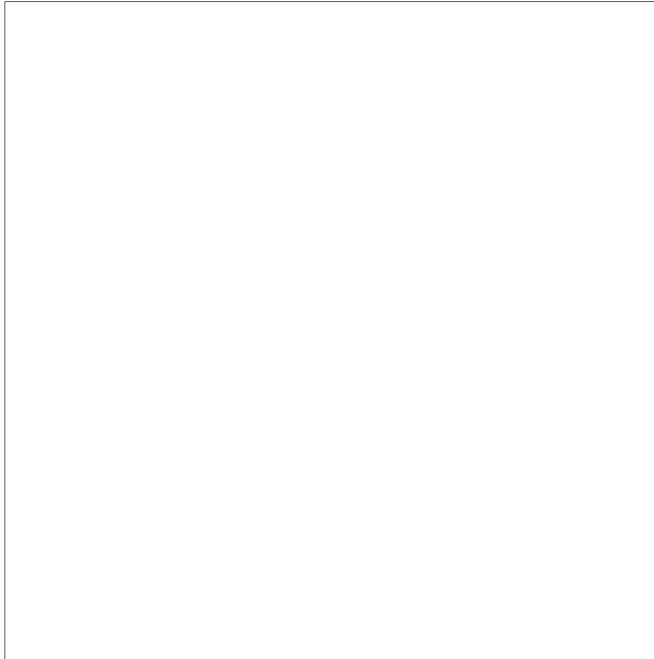
leaders in the interior of Oman. He appointed a token consultative body in October 1981, but he continues to rely on the advice of a handful of people around him. [redacted]

Qaboos has no heir, is unlikely to have one, and has not named a successor. Were Qaboos to die, senior government officials—both Omani and British—probably would select someone from the royal family. The family is small [redacted] it plays a relatively minor role in decisionmaking. Almost any successor would be less qualified than Qaboos and would soon be challenged. The military's influence in the succession issue will probably increase over time and make a military ruler more likely. [redacted]

Outside Muscat, government still reflects the tribal nature of Omani society. The 37 provinces are administered by "walis" (governors), nearly one-third of whom are members of the royal family. Traditional elites—tribal shaykhs and elders, and members of the area's prominent families—dominate the tribal and town councils, the latter an innovation set up by Qaboos in 1974. The councils settle intratribal disputes and advise municipal officials on local matters. On the provincial and national levels the Council of Qadhis—religious judges of the Ibadhi sect of Islam—advises the Sultan on Islamic affairs and passes on the conformity of individual decrees with Islamic law. [redacted]

Qaboos's centralized, remote style of rule encourages bureaucratic infighting, corruption, and inefficiency. The Sultan has little taste for day-to-day administration and frequently leaves important decisions unresolved while he makes lengthy visits to his palace in Dhofar. This neglect encourages senior officials to treat their positions as fiefdoms to be exploited for personal gain. Qaboos places high value on loyalty

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the ruler. If foreign influence and corruption persist unchecked, the frustrations of young Omanis are bound to grow, and Qaboos will be held accountable.



Qaboos appears to face no immediate threat, but over 1,500 Omani students now abroad will be returning to assume positions in the government and military. Their exposure to the Western political process and Arab nationalist ideas is likely to make them less tolerant of the regime's policies



This resentment is reinforced by the preponderance in senior Omani military positions of seconded British officers and contract personnel. The pace of Omanization of the armed forces, always slow, has been reversed in recent years, in part because the Sultan trusts the British more than Omanis, and he is concerned that Omani officers are not experienced enough to counter aggression from Soviet-backed South Yemen. Omanization has been further delayed by the acquisition of new military equipment that is too sophisticated for Omani nationals to operate. Chief of Defense Staff Sir Timothy Creasey's recent removal of several Omanis from the command structure leaves little doubt that Omanization is dead for now. Their replacement with British officers should improve military efficiency, but it runs the risk of generating serious disaffection among young Omani officers.

Qaboos has so far escaped much direct criticism. He is widely viewed as well intentioned but ill advised and is esteemed for overthrowing his repressive father and instituting economic and social reforms. In a highly autocratic state like Oman, however, responsibility for nearly every government policy ultimately rests with

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Armed Forces

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Armed Forces

The Sultan's armed forces are headquartered at Mu'askar al-Murtafa' near Muscat and include the Land Forces (SOLF), the Air Force (SOAF), and the Navy (SON). [redacted]

British seconded and contract officers dominate Oman's military. There are over 500 British officers and 300 enlisted men in the Sultan's armed forces. British officers occupy virtually all command positions. Half of the SOLF officers, two-thirds of the SOAF officers, and all of the senior SON officers are British. [redacted]

A seconded British general, Sir Timothy Creasey, is Deputy Supreme Commander of the Armed Forces and Chief of the Defense Staff. Reversing the 1977 restructuring of the armed forces which provided for three independent services controlled by a joint staff in the Ministry of Defense, Creasey recently reinstated the previous structure where he personally commands the service chiefs and reports directly to the Sultan. He reportedly will try to bring the Royal Guard Brigade, the Sultan's Special Forces, the Royal Oman Police, and the Oman Research Department under his command in the near future. These forces are all commanded by British officers and report directly to the Sultan. [redacted]

The Sultan has embarked upon a sizable expansion of his armed forces, reflected in an announced defense budget for 1981 of \$1.7 billion dollars.¹ This rate of expenditure is almost double that of 1980. Military spending constitutes 40 percent of total government expenditures in 1981, up from 31 percent in 1980. The Sultan intends to expand his ground forces by 50 percent within the next year—the manpower to be

¹ The announced defense budget includes activities that are ancillary to the normal definition of defense such as expenditures for the Royal Omani Police; related internal security operations; and road building and other development projects in Dhofar Province and the northern interior. It does not include funding for the Integrated Air Defense System (IADS), payments to local Firqa troops, and hidden funds to the Royal Guard Brigade and the Sultan's Special Forces. [redacted]

drawn entirely from Omani recruitment. A pay increase is being considered as well as improved living conditions to facilitate recruitment. [redacted]

The Land Forces are composed of some 11,800 men (620 officers, 11,180 enlisted men) organized into two infantry brigades, a small special forces unit, and one "firqa" (irregular) brigade. The estimated 3,000 "firqa" tribesmen are primarily former members of the Popular Front for the Liberation of Oman (PFLO) who were induced to change sides and whose loyalty is still suspect. They usually operate as distinct units in Dhofar. The Frontier Force, the Southern Oman Regiment, and the Western Frontier Regiment are all Baluchi recruited units and serve only in Dhofar. Oman is currently organizing a tank regiment but to date has little armor combat capability. [redacted]

The Omani Navy strength is almost 1,000 men (90 officers, 900 enlisted). Its inventory includes two missile patrol boats, nine other patrol boats, six amphibious craft, and four auxiliary ships. Oman has small naval bases at Mukalla (Muscat Bay), Raysut (Dhofar), and Goat (or Ghanam) Island in the Musandam. [redacted]

Air Force personnel strength is about 1,700 (500 officers, 1,200 enlisted), including 40 pilots, half of whom are jet qualified. The SOAF is organized into eight squadrons—two fighter, one fighter/trainer, one air support, two transport, one helicopter, and one to support the Sultan. The Air Force has 40 jet fighter/bomber aircraft, 30 fixed-wing transports, and 31 transport/utility helicopters. There are four major airfields—at Seeb, Salalah, Thumrait, and Masirah. [redacted]

Mission and Capabilities

Within the limits imposed by its small size and light combat equipment, the SOLF is among the best on the Arabian Peninsula. During the Dhofar insurgency in the early 1970s, it proved that it could effectively carry out one of its missions—maintaining internal

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security. The SOLF probably could defend the nation's borders for a limited period against a conventional attack by one of its neighbors acting alone, but it lacks the firepower and armor necessary to sustain a static defense. [redacted]

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The SON is well trained and expertly led but is too small to do more than patrol nearby waters. The SON plays an important role in monitoring shipping to and from the Persian Gulf including reconnoitering Soviet naval operations near the Strait of Hormuz. Oman's two missile boats armed with Exocet antiship missiles are capable of inflicting heavy damage on isolated ships. The SON could not, however, defend against a major seaborne invasion nor protect its own shipping against a serious naval threat. [redacted]

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The SOAF is better equipped for ground attack than for air defense. Oman's Jaguar and Hawker Hunter fighter-bombers can attack targets inside neighboring countries and, therefore, have a deterrent value, but these aircraft would be hard pressed to defend Omani airspace against modern enemy interceptors. Oman has a weak early warning system. Its Rapier surface-to-air missiles would play a key role in its air defense, but they are manned by inexperienced crews and could protect only a few economic and military targets because of their limited numbers. [redacted]

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Defense Agreements

Oman has close historic military ties with the United Kingdom. An Agreement of Friendship concluded in 1878 provides the basis for subsequent formal and informal defense agreements. In 1958 an exchange of letters committed the British to assist the Sultan in strengthening his armed forces. In return the UK received permission to use two military airfields. (The British subsequently withdrew their Air Force detachments as part of domestic budget cuts.) [redacted]

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The UK remains the primary source of training assistance. Nearly 1,000 British commissioned and noncommissioned officers serve in Oman in training or operational positions. Some 1,250 Pakistanis serve in similar positions, although generally at a lower level. In addition there are smaller detachments of Jordanian, Indian, and Egyptian advisers in the country. [redacted]

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Foreign Relations

Oman's foreign policy is shaped by its fears of foreign military aggression and foreign-inspired subversion. The Omanis see the USSR and its surrogate, South Yemen, as their principal enemies and believe that Soviet activities in South Yemen, Ethiopia, and Afghanistan are part of a pincer movement designed to gain control of Persian Gulf oil. In this view, the Soviets are believed to regard Oman as a particularly attractive target because of its location on the strategic Strait of Hormuz through which about 40 percent of free world oil production is shipped. Other Gulf states share Oman's concerns, but Oman's proximity to South Yemen and its experience in putting down the Soviet-backed Dhofar rebellion in 1975 give the Soviet threat more immediacy. [redacted]

South Yemen and the USSR

The Omanis are convinced that Marxist South Yemen, probably with Soviet backing, will eventually renew its efforts to destabilize the sultanate. They are uncertain only over the timing and strategy that the South Yemenis will employ: overt military aggression, a revival of the Dhofar rebellion, political subversion of the more populous north, urban terrorism, or some combination of these. They believe they have only a few years to prepare for such a challenge. [redacted]

The United States

The Omanis believe that only the United States can counter Soviet designs and have consequently sought closer military and political ties to the US since the British withdrew from the area in 1971. Qaboos has encouraged the US to increase its military presence to discourage Soviet adventurism and to demonstrate US determination to assist pro-Western states in the region. Oman welcomed the recent buildup of US naval forces in the Indian Ocean and has participated in joint military exercises. Oman concluded an agreement in June 1980 providing the US access to certain Omani military facilities in exchange for improvements in these facilities and limited economic assistance. Sultan Qaboos has supported the Camp David accords, in part to curry favor with the US and to assist the late President Sadat. [redacted]

Oman, however, has sought to minimize the political cost of its close identification with the US, whose support for Israel is resented throughout the Arab world. The Omanis insist that US uniformed personnel in Oman be kept to a minimum and distant from populated areas. They discourage publicity of US exercises and other US involvement with Oman. They have toned down their support for the Camp David accords in response to Arab nationalist pressures at home and abroad. Even so, Arab hardliners at various Arab forums have tried unsuccessfully to isolate Oman. South Yemen, Libya, and some Palestinian groups have increased diplomatic and propaganda efforts to weaken the Sultan's regime. [redacted]

The United Kingdom

The United Kingdom has been the primary ally of the Sultanate for over a century. Like his father and grandfather, Qaboos used British troops to help put down a rebellion. Oman's armed forces are largely British equipped, and the UK was the third largest exporter to Oman in 1980. [redacted]

Under Prime Minister Thatcher's government, the British have increased their cooperation with Oman and agreed to extend the scheduled date for converting the military into a purely Omani force. Queen Elizabeth and Prime Minister Thatcher have visited Oman in recent years to demonstrate British support and willingness to meet Oman's arms needs. The UK probably will increase its efforts to sell arms to Oman. [redacted]

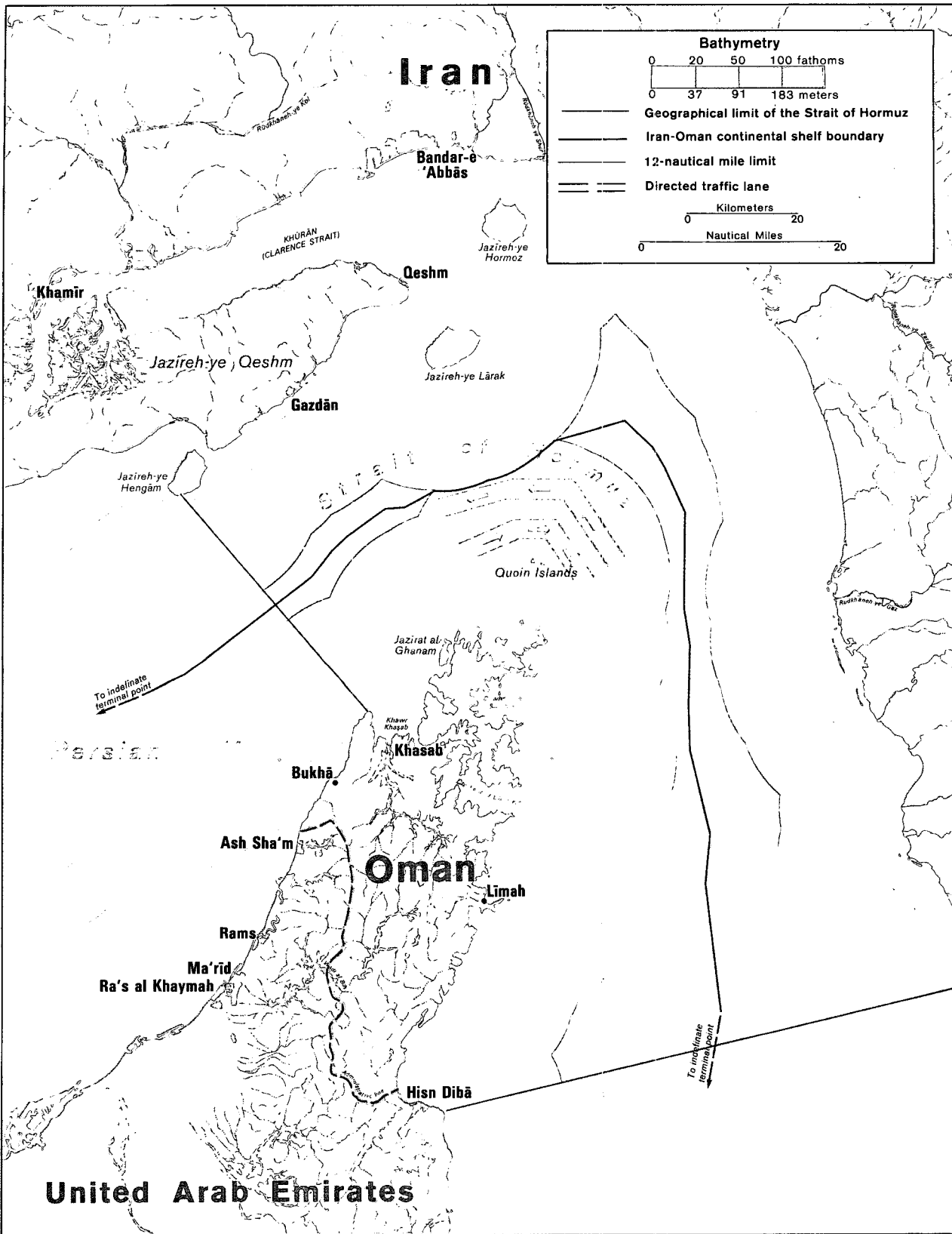
Arab States

Because of Oman's geographic isolation and seafaring tradition, it did not view itself as a part of the Arab world. Under Qaboos, however, Oman has reduced its isolation, moving closer to the Arabs, in part to obtain financial, political, and military support against South Yemen. Oman received Jordanian and UAE support troops during the Dhofar rebellion, and Saudi Arabia and the UAE have provided economic aid. Even so,

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Oman has avoided involvement in the constant bickering within the Arab world and tried to protect what it views as its more important relations with the West.

[redacted]

Expanded contacts with the rest of the Arab world have increased Oman's sensitivity to Arab nationalist issues. Oman's educated elite in particular is increasingly exposed to the currents in Arab politics, including criticisms of Oman's close ties to the United States. Omani leaders, therefore, are likely to pay increasing lipservice to Arab causes, both for internal consumption and to placate fellow Arabs.

The Persian Gulf States

Oman long has urged closer security cooperation among the weak Gulf shaykhdoms. Past efforts at regional cooperation were thwarted by Iran and Iraq, which sought to dominate such a grouping. Iraq frustrated Oman's efforts to create such a coalition in 1976 and denounced Oman's proposal in 1979 for Gulf cooperation with the West to protect oil tankers passing through the Strait of Hormuz. Saudi Arabia also opposed the idea for fear this would weaken its influence with the shaykhdoms. In May 1981, however, Oman, Saudi Arabia, Kuwait, the UAE, Bahrain, and Qatar took advantage of the Iran-Iraq war and Iraq's dependence on their logistic, financial, and political support to form the Gulf Cooperation Council.

Although the member states of the council hope to concert their efforts "in all fields," strong differences over foreign policy remain. The Kuwaitis are critical of Oman's close military ties to the United States, which they believe will provoke Soviet countermeasures in the region and make Kuwait appear aligned with the West. The Omanis believe that council members have no choice but to cooperate with the West to ward off Soviet threats. These differences—and eventual Iraqi and Iranian efforts to reassert their influence in the Gulf—could impede the efforts of these states to increase defense and security cooperation.

[redacted]

Saudi Arabia. Oman maintains reasonably good relations with Saudi Arabia, but it is reluctant to depend on the Saudis for support because of their indecision, sudden policy reversals, and failure to follow through quickly on aid commitments. Saudi ambivalence toward Oman reflects disagreements within the Saudi ruling family and reluctance to strengthen Oman for fear of creating more threats to Saudi security. The Saudis also share some of Kuwait's misgivings about Oman's growing military ties to outsiders.

The United Arab Emirates. Oman and the UAE are the worst of friends. Relations are colored by mutual suspicion, unresolved border disputes, and Omani irredentist designs on northern portions of the UAE. The Omanis regard the federation of seven small shaykhdoms as weak and unstable and have refused to establish a diplomatic mission in Abu Dhabi until the border issue is resolved. Border negotiations appear to be making slow progress. The UAE is concerned that Oman's closer ties with the United States will improve in Oman's military capabilities to the point of encouraging Oman's expansionist ambitions. The UAE believes it is particularly vulnerable because Omani nationals of doubtful loyalty comprise about 80 percent of the UAE armed forces. The UAE has strongly supported Kuwait's efforts to lessen US-Omani ties.

[redacted]

Iran. Oman and Iran have had uneasy relations since the Shah was ousted. The Iranian Government regards Qaboos as an illegitimate ruler and Oman as hostile because of its close military cooperation with the United States, which Iran believes included involvement in the aborted hostage rescue mission in 1980. Iran's response has been tempered by a desire not to expand the present war with Iraq, but even so Iran has tried to incite Oman's 13,000 Shias, without much success. For all its unhappiness with the Iranian Government, Oman will seek relations with any government that controls the northern shores of the Strait of Hormuz.

Iraq. The improvement in relations with Iraq in recent years reflects Iraq's desire to gain friends and influence among Arab moderates.


[redacted]

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Iraq in turn has lessened its criticism of Oman's support for Egypt and the Camp David accords and its signing of the military access agreement with the United States. It also closed the PFLO office in Baghdad in February 1981. Oman, however, remains wary of Iraq's hegemonic designs in the Gulf. Oman welcomes Iraq's new found moderation but intends to keep the Iraqis at arm's length. 

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US
Interests

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US Interests

Economic and Military Assistance

In an exchange of notes signed on 4 June 1980, Oman and the United States concluded military and economic aid accords that give the US access to Omani air and naval bases on Masirah Island and on the mainland. The US will improve Omani military facilities to make them suitable for US needs. [redacted]

The US has provided about \$50 million in foreign military sales during fiscal years 1980 and 1981. It sold Oman six M-60 tanks in 1980, TOW missiles and launchers, and Sidewinder missiles for Oman's British-built Jaguar fighter aircraft. The US has also agreed to sell C-130 transport aircraft. [redacted]

An agreement signed on 31 July 1980 established a joint commission for economic and commercial cooperation, under the chairmanship of the US Ambassador to Oman and an Omani official. The Omani Government desires US assistance in carrying out highly visible projects that can be completed relatively soon to demonstrate to the Omani populace the benefits of cooperation with the US. [redacted]

The US agreed to provide \$5 million in grant aid in fiscal year 1980 and \$5 million in grants and a \$10 million loan in fiscal year 1981. The Omani Government is committed to match the \$10 million loan. Most of the funding will be used to develop water resources for agricultural irrigation. [redacted]

US Presence

US-Omani relations date from the early 19th century and include a Treaty of Friendship and Nonaggression concluded in 1833. A US consulate functioned in Muscat from 1880 to 1915. The US had no diplomatic presence in Oman until the US Embassy opened in 1972. [redacted]

The official US presence in Oman is small—seven civilian employees and 14 Department of Defense personnel. There also are 40 Peace Corp volunteers,

and about 60 Americans are directly employed by the Omani Government. In all, an estimated 400 US citizens reside in Oman. [redacted]

Trade

The US was the fourth-largest exporter to Oman in 1980 (after Japan, the UAE, and the UK) with \$99.6 million or 5.7 percent of total imports. The US exports mainly machinery and transport equipment. [redacted]

Oman's main export is crude oil, of which slightly over 3 million barrels—3 percent of Oman's crude exports—were purchased by the US in 1980. [redacted]

No US or Oman commercial carriers have regularly scheduled flights between the two countries. Oman is a part owner of the Bahrain-based Gulf Airlines, which connects to the US. [redacted]

Education

About 1,500 Omani students are studying in the United States; no US students are studying in Oman. [redacted]

Investments

US investment in Oman is minimal as is Omani investment—both official and private—in the US. Investments may increase with growing US-Omani ties and Oman's recent budget surpluses. Oman, which had a current account deficit as recently as 1978, established the State General Reserve Fund in 1980 for investing excess oil revenues. [redacted]

Most US firms now operating in Oman are involved in petroleum and minerals. Only one US construction firm is active in Oman, but increasing cooperation between the two countries may create new opportunities for US firms. One US bank operates in Oman; another has a management contract with a local bank. [redacted]

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Chronology

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Chronology

- 1749 Ahmad bin Said Al Bu Said elected Imam, founding the Al Bu Said dynasty.
- 1798-1800 Treaties of friendship concluded with Great Britain.
- 1826 Dhofar Province annexed.
- 1833 Oman-US Treaty of Friendship and Nonaggression (first US treaty in the region).
- 1880 US consulate opened in Muscat.
- 1915 Interior tribesmen besieged Muscat before being routed by British-led Indian troops.
US consulate closed.
- 1920 "Treaty" of Seeb concluded in which interior shaykhs accepted status of Sultan and the Sultan agreed to respect traditions of the interior.
- 1938 Sultan Said bin Taymur Al Bu Said—Qaboos's father—succeeded his father, Sultan Taymur.
- 1952 Saudi Arabia occupied part of Buraimi oasis.
- 1954 Imam Muhammad Abdullah al-Khalili, Ibadhi leader since the signing of the Treaty of Seeb, died; Ghalib bin Ali elected new Imam; armed rebellion began.
- 1955 Sultan Said's British-led forces crushed rebel bases in Nizwa and Rastaq; Imam remained and pledged fealty; other ringleaders fled to Saudi Arabia.
- 1957 (June) Ringleaders returned to Oman to incite tribes.
(September) British-led forces reoccupied Nizwa and most of the interior; ring-leaders retired to al-Jebal al-Akhdar.
- 1958 Oman relinquished its seaport colony Gwadar to Pakistan, retains rights to a recruitment office.
- 1959 Sultan Said's troops and British regulars stormed Imamate stronghold; ringleaders fled to Saudi Arabia.
- 1963 First overt manifestations of the Dhofar rebellion, led by Dhofar Liberation Front, appeared.

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- 1967 Oman exported first oil.
South Yemen achieved independence; soon began supporting the Dhofar rebellion.
- 1968 Dhofar Liberation Front assumed name Popular Front for the Liberation of the Occupied Arab Gulf, later changed to the Popular Front for the Liberation of Oman.
- 1970 (23 July) Sultan Qaboos deposed his father.
(9 August) Tariq bin Taymur Al Bu Said, Qaboos's uncle was named Prime Minister.
- 1971 (30 November) British withdrew from the Persian Gulf.
(1 January) Tariq resigned in protest over his limited powers.
- 1972 US Embassy opened.
- 1973 (November) Iranian troops, eventually numbering 3,000, arrived in Dhofar to support the Sultan's armed forces.
- 1974 Resident Ambassador appointed.
- 1975 Sultan Qaboos declared the Dhofar rebellion ended.
- 1976-77 British announced intention to cancel lease to Masirah Island airbase; military withdrawal from Masirah completed by April 1977.
- 1980 (June) Oman concluded agreement permitting US access to Omani military facilities.
- 1981 (May) Oman joined Gulf Cooperation Council.

Holidays

National Day

Celebrated on 18 and 19 November

Muslim Holidays

Legal holidays whose dates are determined by the Muslim lunar calendar. Corresponding dates on the Gregorian calendar advance by approximately 10 days each year. Dates shown are approximate for 1982.

Islamic New Year. (1 Muharram) (19 October)

"Mawlid"—Birthday of the Prophet. (12 Rabi' al-Awal) (17 January)

Night of the Prophet's Ascension. (27 Rajab) (31 January)

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"Id al-Fitr"—Four-day feast commemorating the end of the month of fast, Ramadan. (Last day of Ramadan through 3 Snawah) (21-24 July)

"Id al-Ahda"—The major religious festival, commemorating Abraham's sacrifice of his son Isaac and culminating in the annual pilgrimage to Mecca; lasts five days. (9-13 al-Dhulhijja) (28 September–2 October)

Some of Oman's 13,000 Shias also celebrate Shia religious holidays including:

Ashura—Commemorating the death in 680 AD of Husayn, grandson of the prophet Muhammad and heterodox pretender to the caliphate. (10 Muharram) (28 October)



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Statistical Summary

Land

About 300,000 square kilometers:

Wadi and desert 246,000 square kilometers
 Mountains 45,000 square kilometers
 Coastal plains 9,000 square kilometers (u)

Limits of territorial water (claimed): 12 nautical miles; (economic zone 200 nautical miles).

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Coastline: 1,700 kilometers.

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People

Population: about 900,000.

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Average annual growth rate: 3 percent.

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Ethnic divisions: almost entirely Arab with some Iranians, Baluchis, Indians, and non-Arab natives of uncertain origin.

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Religion: Muslim (Ibadhi and Sunni sects, small Shia communities).

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Language: Arabic; educated classes also speak English. Some hill tribesmen speak distinct languages of non-Arab origin.

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Literacy: 20 percent

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Labor force: 300,000.

	Omanis	Foreign
Agriculture	100,000	6,000
Other private	30,000	126,000
Government	23,000	15,000

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Organized labor: None.

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Government

Legal name: Sultanate of Oman (Sultanate of Muscat and Oman until 1970).

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Capital: Muscat.

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Political subdivisions: 37 wilayas (provinces)

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Type: Monarchy.

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Legal system: Based on English common law and Islamic law; no constitution 25X1

Government leader: Sultan Qaboos ibn Said (Al Bu Said) 25X1

Suffrage, elections, and legal political parties: None. 25X1

Illegal political groups: The Popular Front for the Liberation of Oman (PFLO), based in South Yemen. 25X1

Member of: Arab League, FAO, G-77, Gulf Cooperation Council, IBRD, ICAO, IDA, IFC, IMF, Nonaligned Movement, UN, UNESCO, UPU, WHO. 25X1

Economy

GDP: \$5.2 billion (1980); \$5,780 per capita estimated. 25X1

GDP breakdown: Oil—60 percent; agriculture—2 percent; industry—1 percent; construction, trade, and government comprise the bulk of the remainder. 25X1

Agriculture: Based on subsistence farming (fruits, dates, cereals, cattle, camels, fishing, and trade). 25X1

Major industries: Petroleum discovered 1964; production 1980—282,000 b/d; pipeline capacity—400,000 b/d; oil revenue for 1980 estimated at \$3.2 billion. 25X1

Electric power: 408,000 kW capacity (1980); 957 million kWh produced (1980); 1,060 kWh per capita. 25X1

Exports: \$3.8 billion (f.o.b. 1980) mostly petroleum; nonoil exports (mostly agriculture). 25X1

Imports: \$1.9 billion (c.i.f. 1980); major items—machinery and transport equipment, manufactured goods, foodstuffs; trading partners—exports: Japan, Netherlands, Singapore; imports: UK, Japan, UAE. 25X1

Economic aid: OPEC (ODA) \$870 million (1976-80) 25X1

Budget: Actual expenditures \$2.7 billion (1980). 25X1

Monetary conversion rate: 1 Riyal Omani = \$2.89524. 25X1

Fiscal year: calendar year. 25X1

Communications

Highways: 16,873 km total; 2,173 km paved surface, 14,700 graded. 25X1

Pipelines: Crude oil 370 km; natural gas 200 km 25X1

Ports: 1 major (Qaboos), 3 minor (Raysut; Mina al-Fahal (oil); Khasab). 25X1

Merchant marine: 1 cargo ship; totaling 1,400 GRT, 2,900 DWT. 25X1

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Civil air: 23 major transport aircraft.

Airfields: 29 usable; four with permanent-surface runways; one runway over 3,660 m, four with runways 2,440-3,659 m

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Telecommunications: Fair system of open-wire, radio-relay, and radiocommunications stations; 13,000 telephones (0.9 per 100 persons); three AM, no FM stations, one TV channel, one Indian Ocean satellite station

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Defense Forces

Military manpower: Males 15-49, 131,000; 75,000 fit for military service.

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Personnel: 11,800 army, 1,000 navy, 1,700 air force (500 officers)

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Major ground units: Two infantry brigades, one special forces unit, one artillery regiment, one armored car squadron, one guard regiment, and one airborne company.

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Ships: Two guided-missile boats, four motor gunboats, five patrol boats (police), five mechanized landing craft, one large personnel landing craft, three auxiliaries, four miscellaneous service craft, one amphibious command ship, and one oceanographic research ship.

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Aircraft: 105 (51 jet, eight propeller, 17 turboprop, 29 helicopters)

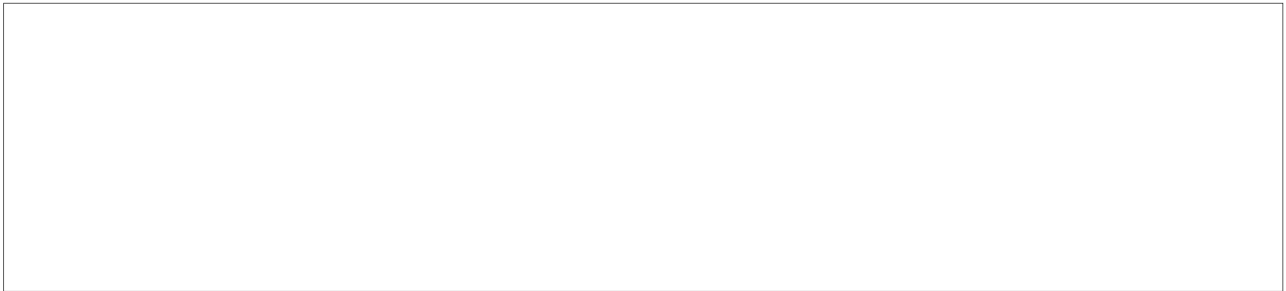
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Supply: Mostly from UK, some ground equipment and aircraft also from Belgium, Italy, Iran, Jordan, and Saudi Arabia.

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Military budget: For fiscal year ending 31 December 1980 \$1.2 billion; 40 percent of central government budget.

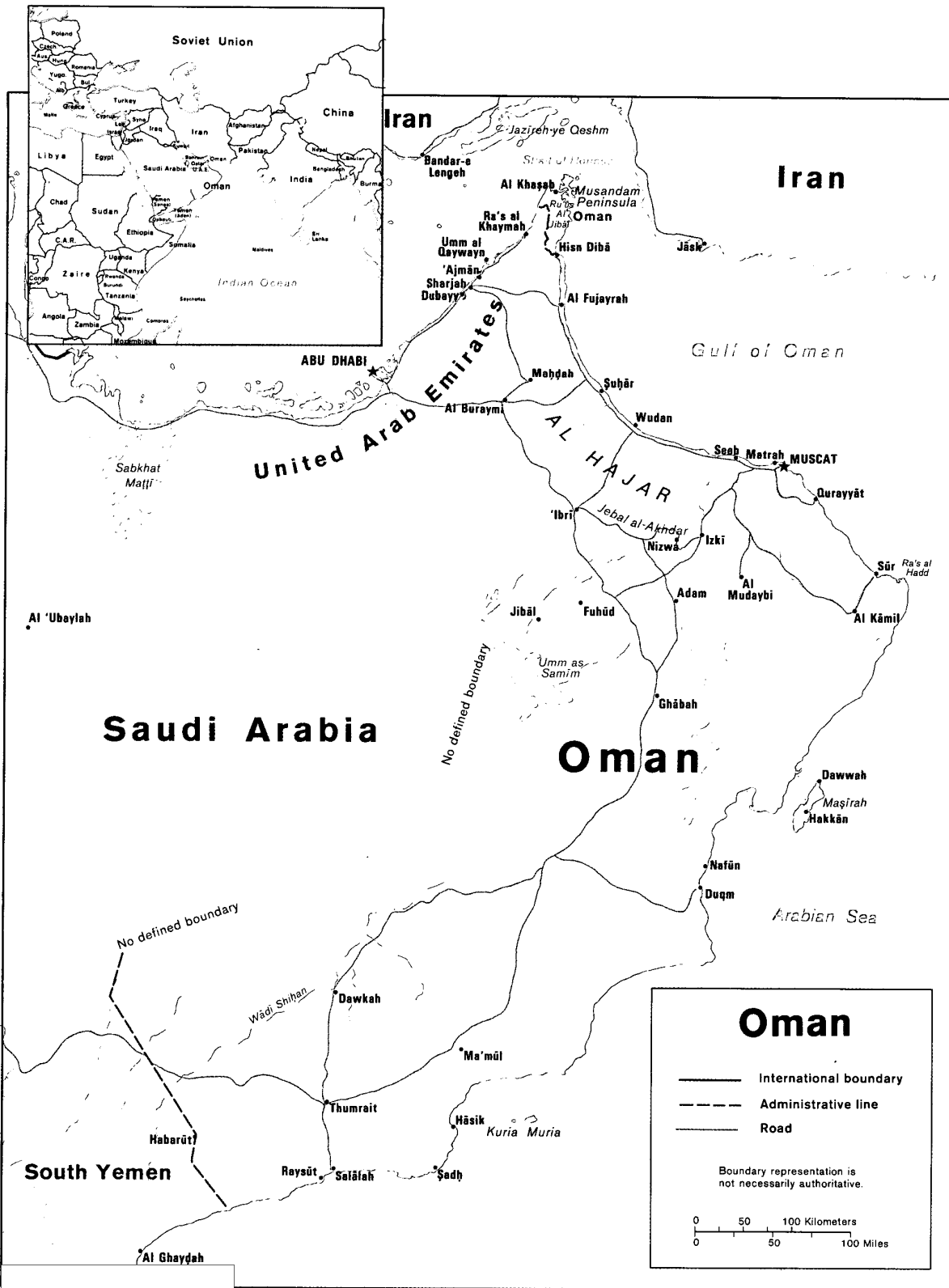
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