



CRS Report for Congress

Oman: Reform, Security, and U.S. Policy

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Summary

The Sultanate of Oman is a long-time U.S. ally in the Persian Gulf; it has allowed U.S. access to its military facilities for virtually every U.S. military operation in and around the Gulf since 1980. Partly in appreciation, the United States signed a free trade agreement (FTA) with Oman on January 19, 2006; implementing legislation was signed on September 26, 2006 (P.L. 109-283). Sultan Qaboos has been opening the political process slowly while managing an economy that lacks vast oil reserves. This report, prepared with the assistance of Kim Klarman, will be updated.

Introduction

Oman is located along the Arabian Sea, on the southern approaches to the Strait of Hormuz, across from Iran. Except for a brief period of Persian rule, Omanis have remained independent since expelling the Portuguese in 1650. The Al Said monarchy began in 1744, extending Omani influence into Zanzibar and other parts of east Africa until 1861. A long-term rebellion led by the Imam of Oman, leader of the Ibadhi sect (neither Sunni or Shiite and widely considered “moderate conservative”) ended in 1959; Oman’s population is 75% Ibadhi. Sultan Qaboos bin Sa’id Al Said, born in November 1940, is the eighth in the line of the monarchy; he became Sultan in July 1970 when, with British support, he forced his father to abdicate. He is considered highly popular, but his brief marriage in the 1970s produced no children and therefore no clear successor. Succession would be decided by a “Ruling Family Council” of his relatively small Al Said family (about 50 male members) or, if they fail to reach an agreement, by a succession letter written by Qaboos prior to his death. The United States signed a treaty of friendship with Oman in 1833, one of the first of its kind with an Arab state. Oman sent an official envoy to the United States in 1840. A U.S. consulate was maintained in Muscat during 1880-1915, a U.S. embassy was opened in 1972, and the first resident U.S. Ambassador arrived in July 1974. Oman opened its embassy in Washington in 1973.

Defense and Security Ties

Sultan Qaboos, who is Sandhurst-educated and is respected as a defense strategist, has long seen the United States as the key security guarantor of the region, although he also advocates expanding defense cooperation among the Gulf states. Oman was the first Gulf state to formalize defense relations with the United States after the Persian Gulf region was shaken by Iran's 1979 Islamic revolution; Oman signed an agreement to allow U.S. forces access to Omani military facilities on April 21, 1980. Three days later, the United States used Oman's Masirah Island air base to launch the failed attempt to rescue the U.S. embassy hostages in Iran. Oman later served as an intermediary between the United States and Iran for the return of Iranians captured in clashes with U.S. naval forces in the Gulf during the 1980-1988 Iran-Iraq war. Under the access agreement, which was renewed in 1985, 1990, and 2000 (for ten years), the United States reportedly can use – with advance notice and for specified purposes – Oman's military airfields in Muscat (the capital), Thumrait, and Masirah Island, and some U.S. Air Force equipment, including lethal munitions, are stored at these bases.¹ During the renewal negotiations in 2000, the United States acceded to Oman's request that the United States fund a \$120 million upgrade of some jointly-used facilities,² including a fourth air base (Khasab) at Musnanah (50 miles northwest of the capital, Muscat).

Cooperation With U.S. War Efforts/War on Terrorism. Oman's facilities contributed to recent U.S. combat operations in Afghanistan (Operation Enduring Freedom, OEF) and, to a lesser extent, Iraq (Operation Iraqi Freedom, OIF), even though Omani leaders said that invading Iraq could "incite revenge" against the United States in the Arab world. According to the Defense Department, during OEF there were about 4,300 U.S. personnel in Oman, mostly Air Force, and U.S. B-1 bombers, indicating that the Omani facilities were used extensively for strikes during OEF. The U.S. presence fell slightly to 3,750 during OIF; other facilities closer to Iraq, such as in Kuwait, were more extensively for OIF. There are now about 35 U.S. military personnel in Oman, below the pre-September 11, 2001 figure of about 200 U.S. personnel, and Omani facilities are reportedly not now being used for air support operations in either the Afghanistan or Iraq theater. Oman's views on Iran suggest that Oman might resist allowing the United States to use facilities in Oman for a strike on Iran, were there a decision to do so.

Since September 11, 2001, Oman has cooperated with U.S. legal, intelligence, and financial efforts against terrorism. According to the State Department report on global terrorism for 2007, released April 2008, Oman has been "proactive in its implementation of counterterrorism strategies and its cooperation with neighboring countries to prevent terrorists from moving freely throughout the Arabian Peninsula." Among Oman's steps was a January 2007 law establishing a National Committee for Combating Terrorism and a December 2006 agreement with Saudi Arabia to control cross-border transit. Oman has continued its interagency coordination to prevent money laundering. On November 22, 2005, the State Department announced Oman had joined the U.S. "Container Security Initiative," agreeing to pre-screening of U.S.-bound cargo from its port of Salalah. Cargo will be checked for illicit trafficking of nuclear and other materials, as well as for

¹ Hajjar, Sami. *U.S. Military Presence in the Gulf: Challenges and Prospects*. U.S. Army War College, Strategic Studies Institute. P. 27.

² Finnegan, Philip. "Oman Seeks U.S. Base Upgrades." *Defense News*, April 12, 1999.

terrorists and their weapons. The table below includes U.S. aid to Oman (Non-Proliferation, Anti-Terrorism and Related Programs funds, NADR) to help it establish effective export controls and to sustain its counter-terrorism training capabilities.

Oman's Capabilities and U.S. Security Assistance.³ Oman's 43,000 person armed force is the third largest of the Gulf Cooperation Council states (GCC, including Saudi Arabia, Kuwait, UAE, Oman, Bahrain, and Qatar). Its force is widely considered one of the best trained; its arsenal is being modernized with purchases from the United States but is not large. Qaboos early on relied on seconded British officers to command Omani military services, and much of its arsenal is British-made, but British officers are now mostly advisory, particularly in Oman's navy.

In an effort to modernize its Air Force, in October 2001, after years of consideration, Oman purchased (with its own funds) 12 U.S.-made F-16 C/D aircraft from new production. Along with associated weapons (Harpoon and AIM missiles), a podded reconnaissance system, and training, the sale was valued at about \$825 million; deliveries were completed in 2006. Oman probably made the purchase to keep pace with its Gulf neighbors, including UAE and Bahrain, that had bought F-16s. With U.S. Foreign Military Financing (FMF), – recent amounts of which are shown below – Oman has bought U.S.-made coastal patrol boats for anti-narcotics and anti-smuggling missions, as well as aircraft munitions, night-vision goggles, upgrades to coastal surveillance systems, communications equipment, and de-mining equipment. In July 2006, according to the Defense Security Cooperation Agency (DSCA), Oman bought the JAVELIN anti-tank system, at a cost of about \$48 million. Some major U.S. sales to Oman are expected as part of an estimated \$20 billion sales package to the Gulf states under the U.S. "Gulf Security Dialogue" intended to contain Iran, although most of the sales notified thus far are to the much wealthier Saudi Arabia and UAE. One potential Omani purchase discussed by observers is the U.S.-made C-17 "Globemaster" transport aircraft.

Oman is eligible for grant U.S. excess defense articles (EDA) under Section 516 of the Foreign Assistance Act. It received 30 U.S.-made M-60A3 tanks in September 1996 on a "no rent" lease basis (later receiving title outright). There have been minor EDA grants since 2000, particularly gear to help Oman monitor its borders and waters and to improve inter-operability with U.S. forces. In 2004, it turned down a U.S. offer of EDA U.S.-made M1A1 tanks. Some Omani officers say they need new armor to supplement the 38 British-made Challenger 2 tanks and 80 British-made Piranha armored personnel carriers Oman bought in the mid-1990s.

U.S. security assistance to Oman not only helps finance equipment purchases, but it also, through the International Military Education and Training program (IMET) program, promotes U.S. standards of human rights and civilian control of military and security forces. The United States phased out development assistance to Oman in 1996. At the height of that development assistance program in the 1980s, the United States was

³ Section 564 of Title V, Part C of the Foreign Relations Authorization Act for FY1994 and FY1995 (P.L. 103-236) banned U.S. arms transfers to countries that maintain the Arab boycott of Israel. As applied to the GCC states, this provision has been waived each year on the grounds that doing so is in the national interest.

giving Oman about \$15 million per year in Economic Support Funds (ESF) in loans and grants, mostly for conservation and management of Omani fisheries and water resources.

Recent U.S. Aid to Oman

(In millions of dollars)

| | FY2003 | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 (est.) | FY2009 (request) |
|---------------------------------|--------|--------|--------|--------|--------|------------------|---------------------|
| IMET | 0.75 | 0.825 | 1.141 | 1.135 | 1.135 | 1.42 | 1.45 |
| FMF | 80 | 24.85 | 19.84 | 13.86 | 14.0 | 4.712 | 12.0 |
| NADR (ATA, EXBS, and TIP) | | 0.4 | 0.554 | 0.4 | 1.284 | 2.089 | 0.95 |

Note: IMET is International Military Education and Training; FMF is Foreign Military Financing; NADR is Nonproliferation, Anti-Terrorism, De-Mining and Related Programs (ATA is Anti-Terrorism Assistance; EXBS is Export Control and Related Border Security; TIP is Terrorism Interdiction Program).

Democratization and Human Rights⁴

Oman, which has a population of 2.6 million (including about 550,000 foreigners), remains a monarchy in which decision-making still is largely concentrated in the office of Sultan Qaboos. Believing that Omanis would ultimately demand political reform, in the 1980s, Qaboos embarked on gradual political liberalization. In November 1991, he appointed a 59-seat Consultative Council (expanded to its current size of 84 seats in 1993), replacing a ten-year old advisory council. In a move toward a popular selection process, in 1994 and 1997 “notables” in each of Oman’s districts chose up to three nominees, with Qaboos making a final selection. The first direct elections to the Consultative Council were held in September 2000 (three year term), but the electorate was limited (25% of all citizens over 21 years old). In November 2002, Qaboos extended voting rights to all citizens, male and female, over 21 years of age and the October 4, 2003 Council elections – in which 195,000 Omanis voted (74% turnout)– resulted in a Council similar to that elected in 2000, including the election of the same two women as in the previous election (out of 15 women candidates). Like the other Gulf states, formal political parties are not allowed. Unlike Bahrain or Kuwait, there are no evident groupings or factions within the Consultative Council, and Qaboos has constrained the Council’s authority to mostly public works and social benefits issues. It does not draft legislation, lacks binding legislative powers, and some Omanis say the Council’s influence over policy has diminished over time – to the point where many experts now say Oman lags the other Gulf states on political reform. Qaboos appoints the Council president (he appointed a new president in September 2007, replacing a sixteen year incumbent), although the Council chooses two vice presidents. For the October 27, 2007 election, Qaboos allowed, for the first time, public campaigning by candidates. Turnout among

⁴ Information in this section is from several State Department reports: The Human Rights report for 2007 (March 11, 2008); the International Religious Freedom Report for 2007 (September 14, 2007); and the Trafficking in Persons Report for 2007 (June 12, 2007). See also: Carpenter, J.Scott and Simon Henderson. Democracy in Slow Motion: Oman Goes to the Polls. Washington Institute for Near East Policy, PolicyWatch 1298. October 26, 2007.

388,000 registered voters was 63%, including what appeared to be enthusiastic participation by women, but none of the 21 female candidates (out of 631 total candidates) won. In a 1996 “Basic Law,” Qaboos made the “legislature” bicameral by appointing a “State Council” to serve, in part, as a check and balance on the elected Consultative Council. Together, the two bodies constitute the “Oman Council.” The State Council now has 70 seats, up from the original 53 seats. The State Council appointed following the October 27 election has fourteen women, up from nine previously.

Qaboos has given major speeches on the equality of women and their importance in national development, and they now constitute about 30% of the work force. In March 2003, he named a woman to the rank of minister, giving that rank to a woman in charge of the national authority for industrial craftsmanship. He has since added three female ministers — of higher education, of tourism, and of social development — in March, June, and November 2004, respectively. In April 2004, Qaboos made five women among the 29 appointees to the public prosecutors office. However, allegations of spousal abuse and domestic violence are fairly common, with women finding protection primarily through their families. Omani women also continue to face social discrimination often as a result of the interpretation of Islamic law and tradition, which, for example, favors male heirs in adjudication of inheritance claims.

The 1996 Basic Law affirmed Islam as the state religion, and the State Department’s religious freedom report for 2007 notes no change from the previous year on restrictions on religious rights. Non-Muslims are free to worship at temples and churches built on land donated by the Sultan, but there are some limitations on non-Muslims’ proselytizing or publishing religious materials and on religious gatherings in other than government-approved houses of worship. Members of all religions and sects are free to maintain links with coreligionists abroad and travel outside Oman for religious purposes. On related issues, press criticism of the government is tolerated, but criticism of the Sultan is not. In December 2004, the government arrested 31 Ibadhi Muslims on suspicion of conspiring to establish a religious state, but Qaboos pardoned them in June 2005. Private ownership of radio and television stations is prohibited, but the availability of satellite dishes has made foreign broadcasts accessible to the public. The State Department notes progress in improving workers’ rights, in conjunction with the U.S.-Oman FTA.

U.S. funds from the Middle East Partnership Initiative have been used to fund civil society and political process strengthening, judicial reform, democracy building and election management, media independence, and women’s empowerment programs. The State Department’s “Trafficking in Persons Report” for 2007 listed Oman in “Tier 3” (down from Tier 2-Watch List the previous year) because Oman does not fully comply with the minimum standards to eliminate the trafficking.

Regional Relations

Qaboos has often pursued foreign policies outside an Arab or Gulf consensus. Oman is not as wary of Iran as are the other GCC states; Oman has no sizable Shiite community with which Iran could meddle in Oman, and it still appreciates the military help the Shah of Iran provided in helping end a leftist revolt in Oman’s Dhofar Province during 1964 - 1975. Oman, as do the other GCC states, publicly opposes any U.S. attack on Iran. On Iraq, and generally in line with other GCC states, Omani officials say that the Omani government and population are dismayed at the Shiite Islamist domination of post-

Saddam Iraq and its pro-Iranian tilt, and at the inability of the United States to prevent substantial civilian deaths. Yet, Oman has not remitted \$3 million it pledged in 2004 for Iraq reconstruction nor has it opened a full embassy in Iraq; both are typical of most of the other GCC states as well.

On the Arab-Israeli dispute, Oman was the one of the few Arab countries not to break relations with Egypt after the signing of the Egyptian-Israeli peace treaty in 1979. All the GCC states participated in the multilateral peace talks established by the U.S.-sponsored Madrid peace process, but only Oman, Bahrain, and Qatar hosted working group sessions of the multilaterals. Oman hosted an April 1994 session of the working group on water and, as a result of those talks, a Middle East Desalination Research Center was established in Oman. In September 1994, Oman and the other GCC states renounced the secondary and tertiary Arab boycott of Israel. In December 1994, it became the first Gulf state to officially host a visit by an Israeli Prime Minister (Yitzhak Rabin), and it hosted then Prime Minister Shimon Peres in April 1996. In October 1995, Oman exchanged trade offices with Israel, essentially renouncing the primary boycott of Israel. However, Oman did not establish diplomatic relations with Israel, and the trade offices have been closed since the September 2000 Palestinian uprising. Though Oman did not actively pursue reinvigorating the Israeli-Palestinian peace process in 2006 and 2007, Omani officials reached out to regional Arab states and Israeli officials to resolve the Palestinian issue. In an April 2008 meeting, Omani Foreign Affairs Minister Yusuf bin Alawi bin Abdullah informed Israeli Foreign Minister Tzipi Livni that the Israeli trade office in Oman would remain closed until agreement was reached on a Palestinian state.

Economic and Trade Issues⁵

Despite Omani efforts to diversify its economy, oil exports generated 62% of government revenues in 2007. Oman has a relatively small 5.5 billion barrels of proven oil reserves, enough for about 15 years, and some energy development firms say that production at some Omani fields is declining.⁶ Oman exports about 222 million barrels per year of oil (less than 3% of internationally traded oil), of which about 11.5 million are imported by the United States. Oman is not a member of the Organization of Petroleum Exporting Countries (OPEC), but it is a leader among non-OPEC exporters in coordinating with OPEC. Recognizing that its crude oil fields are aging, Oman is trying to privatize its economy, diversify its sources of revenue, and develop its liquid natural gas (LNG) sector, for which Oman has identified large markets in Asia and elsewhere. Oman has about 30 trillion cubic feet of proven gas reserves. Oman is part of the "Dolphin project," under which Qatar is exporting natural gas to UAE (by replacing Omani gas supplies, at 135 million cubic feet per day, to the UAE). The United States has been Oman's fourth largest trading partner. Oman was admitted to the WTO in September 2000. The U.S.-Oman FTA was signed on January 19, 2006, and ratified by Congress (P.L. 109-283, signed September 26, 2006). Oman recently set back Gulf state plans to form a monetary union by 2010 by saying it would not join it.

⁵ For more information on Oman's economy and U.S.-Oman trade, see CRS Report RL33328, *U.S.-Oman Free Trade Agreement*, by Mary Jane Bolle.

⁶ Gerth, Jeff and Stephen Labaton. "Oman's Oil Yield Long in Decline, Shell Data Show." *New York Times*, April 8, 2004.