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

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

In January 2020, the Sultanate of Oman's long-time leader, Sultan Qaboos bin Sa'id Al Said, passed away and was succeeded by Haythim bin Tariq Al Said, a cousin selected by Oman's royal family immediately upon Qaboos's death. Sultan Haythim espouses policies similar to those of Qaboos and has not altered U.S.-Oman ties or Oman's regional policies. Oman, a longtime U.S. strategic partner, was the first Persian Gulf state to sign a formal accord permitting the U.S. military to use its facilities. Oman has hosted U.S. forces during every U.S. military operation in the region since then, and it assists U.S. efforts to counter terrorist groups and other regional threats.

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Kenneth Katzman
Specialist in Middle
Eastern Affairs

Oman has generally avoided joining other countries in the Gulf Cooperation Council (GCC: Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, and Oman) in regional military interventions, instead seeking to mediate their resolution. Oman's leaders have consistently asserted that engaging Iran is preferable to confrontation. Iranian President Ibrahim Raisi visited Oman on May 23, 2022 to sign economic agreements and discuss regional issues with Sultan Haythim. Oman's ties to Iran have enabled it to broker agreements between the United States and Iran for the release of U.S. citizens held by Iran as well as U.S.-Iran direct talks that led to the July 14, 2015, Iran nuclear agreement (Joint Comprehensive Plan of Action, JCPOA). At the same time, U.S. officials credit Oman with enforcing re-imposed U.S. sanctions and with taking steps to block Iran's efforts to ship weapons across Oman's borders to Iran-backed Houthi rebels in Yemen. Oman hosts some Houthi representatives to facilitate their ability to undertake discussions with international and regional mediators. Oman publicly supported but did not contribute forces to the U.S.-led coalition against the Islamic State organization, nor has it provided support to groups fighting Syrian President Bashar Al Asad's regime. Oman opposed the June 2017-January 2021 Saudi/UAE-led isolation of Qatar.

During his reign, Sultan Qaboos drew consistent U.S. praise for gradually opening the political process in the absence of evident public pressure to do so, and for promoting the role of women in society. The liberalization allowed Omanis a measure of representation through elections for the lower house of a legislative body, but did not significantly limit the Sultan's role as paramount decision-maker. Public clamor for faster and more extensive political reform, and resentment of inadequate employment opportunities, produced protests in several Omani cities for much of 2011, and again briefly in January 2018, but government commitments to create jobs apparently helped calm unrest in each instance. Oman has increased press censorship and arrested some critics who use social media, as have the other GCC states, since the 2011 Arab uprisings.

Oman is assessed by international economic observers as economically vulnerable to the effects of price fluctuations for its energy exports and food imports, the Coronavirus Disease 2019 (COVID-19) pandemic, and other global economic factors. Oman's economy and workforce has always been somewhat more diversified than some of the other GCC states, as Oman has only modest energy resources. The country has sought to attract foreign investment, including from China, Iran, the United Kingdom, the United States and other sources, to fund the development of Al Duqm port and other economic initiatives. The 2006 U.S.-Oman free trade agreement (FTA) was intended to facilitate Oman's access to the large U.S. economy and accelerate Oman's efforts to diversify. Oman receives small amounts of U.S. security assistance focused primarily on building capacity of Oman's counterterrorism and border and maritime security authorities.

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Historical Background and U.S. Relations

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. Sultan Qaboos bin Sa'id Al Said was the eighth in the line of the monarchy; he became sultan in July 1970 when, with British military and political support, he compelled his father, Sultan Said bin Taymur Al Said, to abdicate. Upon Qaboos's death, Haythim bin Tariq Al Said, a cousin of Qaboos, became the ninth Al Said monarch on January 11, 2020.

The United States has had relations with Oman since the early days of American independence. The U.S. merchant ship *Rambler* made a port visit to Muscat in 1790. The United States signed a Treaty of Amity and Commerce with Oman in 1833, one of the first of its kind with an Arab state. This treaty was replaced by the Treaty of Amity, Economic Relations, and Consular Rights signed at Salalah on December 20, 1958. 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, DC, in 1973. Sultan Qaboos was accorded formal state visits in 1974, by President Gerald Ford, and, in 1983, by President Ronald Reagan. President Bill Clinton visited Oman in March 2000. Career diplomat Leslie Tsou took up her duties as Ambassador on January 10, 2020.

Figure I. Oman



People	<ul style="list-style-type: none"> • Population: 3.6 million, of which about 46% are expatriates (2019 est.) • Religions: Muslim (of which Ibadhis and Sunnis are over 90%, and 5% are Shia) 86%; Christian 6.5%; Hindu 5.5%; Buddhist 0.8% (2010 est.)
Economy	<ul style="list-style-type: none"> • GDP: \$85 billion (2021) • GDP per capita: \$38,000 (2021) • GDP real growth rate: 3% (2021) • Unemployment Rate: 3% Youth Unemployment: 15.6%; Female Unemployment: 10.2% (2021) • Foreign Exchange/Gold Reserves: \$19 billion (2021) • External Debt: \$93 billion (2021)
Energy	<ul style="list-style-type: none"> • Oil Exports: 720,000 barrels per day. • Oil Reserves: 4.8 billion barrels • Natural Gas <i>Production</i>: 875 billion cubic feet per year; <i>Reserves</i>: 30 trillion cubic feet; <i>Exports</i>: 407 billion cubic feet per year • Energy Sector Structure: Petroleum Development Oman (PDO)—a partnership between the Omani government (60%), Royal Dutch Shell, Total, and Partx (2%) controls most oil and natural gas resources
Trade	<ul style="list-style-type: none"> • Major Partners: China (mostly oil), UAE, South Korea, Japan, India, United States, Saudi Arabia

Source: Graphic created by CRS with information from CIA, *The World Factbook*; Economist Intelligence Unit

Democratization, Human Rights, and Unrest

Oman remains a monarchy in which decision-making has been concentrated with the Sultan. The government reflects the diverse backgrounds of the Omani population; many officials have long-standing family connections to parts of East Africa that Oman once controlled, and to the Indian subcontinent.

Along with political reform issues, the question of succession has long been central to observers of Oman. Sultan Qaboos's brief marriage in the 1970s produced no children, and the Sultan, who was born in November 1940, had no heir apparent when he passed away on January 11, 2020, after a long illness. According to Omani officials, succession would be decided by a "Ruling Family Council" of his relatively small Al Said family (about 50 male members) and, if the family council could not reach agreement within three days, it was to select the successor recommended by Qaboos in a sealed letter to be opened upon his death.¹ Upon his death, the Family Council and a separate Defense Council, in a televised ceremony, opened Qaboos's letter and named his choice, Haythim bin Tariq Al Said, as the new Sultan.

Haythim, an Oxford-educated cousin of Qaboos, is 67 years of age (born October 13, 1954). He had served since 2002 as Minister of Heritage and Culture and previously served in senior positions in Oman's foreign ministry. Haythim's selection bypassed his two older brothers—Asad bin Tariq and Shihab bin Tariq—who many experts considered were more likely successors than Haythim. Upon assuming the leadership, Sultan Haythim indicated a commitment to continue Qaboos's policies.² In late January 2021, the new Sultan appointed his son, Theyazin bin Haythim, who was born in August 1990, as Crown Prince. The appointment represented a contrast with the Qaboos era in which the succession was unclear. Theyazin serves in government as Minister of Culture, Youth, and Sports.

¹ "Explainer: How Oman's succession works to determine the next Sultan," *Al Arabiya*, January 11, 2020.

² "Meet Oman's New Sultan. How Will He Navigate the Region's Turmoil?" *Washington Post*, January 15, 2020.

Figure 2. The new Sultan Haythim bin Tariq Al Said



Source: Times of Oman.

Representative Institutions, Election History, and Unrest

Many Omanis, U.S. officials, and international observers credited Sultan Qaboos for establishing consultative institutions and electoral processes before there was evident public pressure to do so. Under a 1996 “Basic Law,” Qaboos created a bicameral “legislature” called the Oman Council, consisting of the existing Consultative Council (*Majlis As Shura*) and an appointed State Council (*Majlis Ad Dawla*).³ The Consultative Council was formed in 1991 to replace a 10-year-old all-appointed advisory council. As in the other GCC states, formal political parties are not allowed. Unlike in Bahrain or Kuwait, well-defined “political societies” (de-facto parties) have not developed in Oman.

³ Basic Law of the Sultanate of Oman, November 6, 1996.

The size, scope of authority, and the electorate for Oman’s elected legislative body have gradually expanded. When it was formed in 1991, the Consultative Council had 59 seats, and it now has 86 seats. In the 1994 and 1997 selection cycles for the council, “notables” in each of Oman’s districts nominated three persons and Qaboos selected one of them to occupy that district’s seat. The first direct elections were held in September 2000; holders of a high school or university degree, businessmen, and notables could vote—an electorate of about 25% of the population over 21 years of age. Since the October 2003, election, voting rights have been extended to all citizens, male and female, over 21 years of age. The more recent Consultative Council elections are discussed below. A March 2011 decree expanded the Oman Council’s powers to include questioning ministers, selecting its own leadership, and reviewing government-drafted legislation, but it still does not have the power to draft legislation or to overturn the Sultan’s decrees or government regulations.

The State Council remains an all-appointed body, and arguably acts as a counterweight to the Consultative Council by being able to block legislative initiatives of the Consultative Council. Its size has expanded from 53 members at inception to 86 members—equal to the Consultative Council. Appointees are usually former high-ranking government officials, military officials, tribal leaders, and other notables.

Unrest Casts Doubt on Satisfaction with Pace of Political Reform

In 2010, some prominent Omanis petitioned Sultan Qaboos for a “contractual constitution” that would provide for a fully elected legislature. In February 2011, as pro-democracy protests swept through several Arab countries, protests broke out in Oman as well. Many protesters called for more job opportunities for Omani citizens, whereas others called for a fully elected legislature, but there were no evident calls for the Sultan to resign. The government calmed the unrest—which spanned most of 2011—through a combination of reforms and punishments, including expanding the powers of the Oman Council and creating additional public sector jobs. Those journalists, bloggers, and other activists who were arrested during the unrest for “defaming the Sultan,” “illegal gathering,” or violating the country’s cyber laws were pardoned.⁴

Small demonstrations occurred again for two weeks in January 2018. In response, the government reiterated a 2017 plan to create 25,000 jobs for Omani citizens and banned the issuance of new visas for expatriate workers in 87 private sector professions. The government has also taken steps to increase the number of Omani nationals in private sector jobs by increasing the fees for sponsoring expatriate employees and reserving certain professions for citizens.⁵ The government instituted its first-ever unemployment insurance program in November 2020 to cover all Omani workers in the public, private, military and security sectors who have lost their employment involuntarily, a measure that helped the country respond to the economic shocks caused by the COVID-19 pandemic.⁶

Recent Elections

The October 15, 2011, Consultative Council elections went forward amidst the unrest. Perhaps because of the enhancement of the Oman Council’s powers and the overall clamor for political reform, about 1,330 candidates applied to run—a 70% increase from the 2007 vote. Some reformists were heartened by the victory of two political activists, Salim bin Abdullah Al Oufi,

⁴ James Worrall. “Oman: The ‘Forgotten’ Corner of the Arab Spring,” *Middle East Policy*, September 2012.

⁵ World Bank, “Oman,” *Macro Poverty Outlook*, April 2021.

⁶ International Labour Organization, “Oman institutes its first unemployment insurance scheme,” news, October 16, 2020.

and Talib Al Maamari, and the selection of a relatively young entrepreneur as speaker of the Consultative Council (Khalid al-Mawali). In the October 25, 2015 Consultative Council elections, 674 candidates applied to run, although 75 candidates were barred for participating in the 2011 unrest. There were 20 women candidates. The one incumbent woman was reelected but no other woman was elected.

In December 2012, the government also initiated elections for 11 municipal councils, bodies that make recommendations to the government on development projects. On December 25, 2016, the second municipal elections were held to choose 202 councilors—an expanded number from the 2012 municipal elections.

The most recent Consultative Council elections were held on October 27, 2019. A total of 637 candidates were approved to run, of which 40 were women. Two women won seats. Khalid bin Hilal al-Mawali was elected to a third term as speaker of the Consultative Council, and overall the Council appeared to represent continuity in Oman’s political process rather than dramatic change. In November 2019, Qaboos appointed the members of the State Council, including 15 women. The next elections for Consultative Council are to take place in the fall of 2023.

Broader Human Rights Issues⁷

According to the most recent State Department report on human rights, the principal human rights issues in Oman are:

arbitrary arrest or detention; serious restrictions on free expression and media, including censorship and criminal libel laws; serious restrictions on the internet, including site blocking; substantial interference with the rights of peaceful assembly and freedom of association; serious restrictions on political participation; criminalization of consensual lesbian, gay, bisexual, transgender, queer, and intersex conduct; and labor exploitation of foreign migrants.

The law provides for an independent judiciary, but the Sultan chairs the country’s highest legal body, the Supreme Judicial Council, which can review judicial decisions. The Oman Human Rights Commission, a quasi-independent but government-sanctioned body, investigates and monitors prison and detention center conditions through site visits.

Freedom of Expression, Media, and Association

Omani law provides for limited freedom of speech and press, but the State Department assesses that the government does not always respect these rights. In October 2015, Oman followed the lead of many of the other GCC states in issuing a decree prohibiting disseminating information that targets “the prestige of the State’s authorities or aimed to weaken confidence in them.” The government has prosecuted dissident bloggers and cyber-activists under that and other laws. Omani law provides for freedom of association for “legitimate objectives and in a proper manner,” enabling the government to restrict such rights in practice. Associations must register with the Ministry of Social Development.

Private ownership of radio and television stations is not prohibited, but there are few privately owned stations. Satellite dishes have made foreign broadcasts accessible to the public. Still, according to the State Department report, “Media did not operate freely” in Oman and there are

⁷ Much of this section is derived from the following State Department reports (latest available): 2021 Country Reports on Human Rights Practices; 2020 International Religious Freedom report; and 2021 Trafficking in Persons report.

some legal and practical restrictions to Internet usage, and many Internet sites are blocked for content the government decides is objectionable.

Trafficking in Persons and Labor Rights

Each State Department Trafficking in Persons report since 2018 has rated Oman as “Tier 2,” on the grounds that the government does not fully meet the minimum standards for the elimination of trafficking but is making significant efforts to do so. The 2021 report states that Oman demonstrated increasing efforts against trafficking compared to the previous reporting period. These efforts included establishing dedicated counter-trafficking units within the Ministry of Labor (MOL) and Royal Oman Police (ROP), identifying and referring more victims to care, and employing standardized screening procedures to identify potential trafficking victims among those arrested for immigration violations or engaging in commercial sex.⁸

On broad labor rights, Omani workers have the right to form unions and to strike (except in the oil and gas industry), however no independent organized labor unions exist. One government-backed federation of trade unions exists—the General Federation of Oman Trade Unions. The calling of a strike requires an absolute majority of workers in an enterprise. The labor laws permit collective bargaining and prohibit employers from firing or penalizing workers for union activity. Labor rights are regulated by the Ministry of Manpower.

The government has been credited with expanding its efforts to protect the rights of expatriate laborers, who are about 80% of the workforce. Some measures to reform the *kafala* or visa-sponsorship employment system have been implemented, such as the June 2020 removal of a requirement for migrant workers to obtain a “no-objection” certificate from their current employer before changing jobs. However, the State Department reports that some expatriate laborers have faced working conditions indicative of forced labor, including withholding of passports, restrictions on movement, usurious recruitment fees, nonpayment of wages, long working hours without food or rest, threats, and physical or sexual abuse.⁹

Religious Freedom¹⁰

Oman has historically had a high degree of religious tolerance. An estimated 45%-75% (government figure) of Omanis adhere to the Ibadhi sect, a relatively moderate school of Islam centered mostly in Oman, East Africa, and in parts of Algeria, Libya, and Tunisia.¹¹ About 5% of Oman’s citizens are Shia Muslims, and they are allowed to adjudicate family and personal status cases according to Shia jurisprudence - outside the civil court system. Non-Muslims, who are mostly expatriates working in Oman, are free to worship at temples and churches built on land donated by the government, but offending Islam or any Abrahamic religion is a criminal offense. A 2018, penal code revision significantly increased penalties for blasphemy and for promoting a religion other than Islam.

All religious organizations must be registered with the Ministry of Endowments and Religious Affairs (MERA). Among non-Muslim sponsors recognized by MERA are the Protestant Church of Oman; the Catholic Diocese of Oman; the al Amana Center (interdenominational Christian);

⁸ U.S. Department of State, 2021 Trafficking in Persons Report: Oman

⁹ U.S. Department of State, 2021 Country reports on Human Rights Practices: Oman.

¹⁰ U.S. Department of State, 2020 Report on International Religious Freedom: Oman.

¹¹ Whereas Ibadhi religious and political dogma generally resembles basic Sunni doctrine, Ibadhis are neither Sunni nor Shia. Ibadhis argue that religious leaders should be chosen by community leaders for their knowledge and piety, without regard to race or lineage. A rebellion led by the Imam of Oman, leader of the Ibadhi sect, ended in 1959.

and the Hindu Mahajan Temple. Buddhists are able to worship in private spaces. MERA has allowed construction of a new building for Orthodox Christians, with separate halls for Syrian, Coptic, and Greek Orthodox Christians, and it has approved worship space for Baptists. A new Catholic church was inaugurated in Salalah in September 2019. The Church of Jesus Christ of Latter Day Saints (Mormons) has not received approval to establish an independent place of worship. There is no indigenous Jewish population, and private media have occasionally published anti-Semitic editorial cartoons. Members of all religions and sects are free to maintain links with coreligionists abroad.

Advancement of Women

During his reign, Sultan Qaboos emphasized that Omani women are vital to national development and sought to promote their advancement. As of 2022, women (citizens and expatriates) constitute over 30% of the workforce. The first woman of ministerial rank in Oman was appointed in March 2003, and, since then, there have consistently been several female ministers in each cabinet. The 2021 Global Gender Gap Report notes that Oman scores particularly poorly due to the country's lack of female political representation. More broadly, Omani women continue to face social discrimination, often as a result of the interpretation of Islamic law. Allegations of spousal abuse and domestic violence are fairly common, with women relying on their families, rather than legal institutions, for their protection.

Foreign Policy/Regional Issues

Oman's foreign policy sometimes diverges from that of some of its GCC partners, particularly Saudi Arabia and the UAE. Oman has had border disputes with the UAE; the two finalized their borders in 2008, nearly a decade after a tentative border settlement in 1999. Oman has generally sought to mediate resolution of regional conflicts and refrained from direct military involvement in them. In 2014, Oman joined the U.S.-led coalition against the Islamic State, but did not participate in the coalition's airstrikes or ground operations against the group. Oman did not provide material support to any armed groups fighting the regime of Syrian President Bashar Al Assad, nor did it join the Saudi-led Arab coalition assembled in 2015 to fight the Iran-backed Houthi forces in Yemen. Oman opposed the Saudi-led move in June 2017 to isolate Qatar over a number of policy disagreements.

Iran¹²

Omani leaders, including Sultan Haythim, have consistently asserted that engagement with Iran better mitigates the potential threat from that country than confrontation—a stance that has positioned Oman as a mediator in regional conflicts in which Iran or its proxies are involved. In explaining Oman's positive relations with Iran, Omani leaders often cite the Shah of Iran's support for Qaboos's 1970 takeover and Iran's deployment of troops to help Oman end the leftist revolt in Oman's Dhofar Province during 1962-1975, a conflict in which 700 Iranian soldiers died.¹³ At the same time, Oman has supported U.S. efforts to deter Iran strategically. As noted below, it has hosted U.S. forces since 1980s, it has supported U.S. operations to deter Iran, and it regularly participates in U.S.-led exercises in the Gulf. In January 9, 2019, Oman hosted meetings

¹² For information on Iran's regional policies, see CRS Report R44017, *Iran's Foreign and Defense Policies*, by Kenneth Katzman.

¹³ Faramarz Davar, "Why is Oman So Loyal to Iran?" *Iranwire*, August 9, 2018.

on the “economic and energy pillars of the Middle East Strategic Alliance,” a planned U.S.-backed partnership with the GCC countries and other Arab states to counter Iran.¹⁴

Sultan Qaboos demonstrated his commitment to relations with his visit to Tehran in August 2009, at the time of massive Iranian protests against the re-election of President Mahmoud Ahmadinejad. Rouhani visited Oman in 2014 and 2017 as part of Iranian efforts to begin a political dialogue with the GCC. Oman was the only GCC state not to downgrade relations with Iran in January 2016 in solidarity with Saudi Arabia when the Kingdom broke relations with Iran in connection with the dispute over the Saudi execution of a dissident Shia cleric. In August 2010, Oman signed a pact with Iran to cooperate in patrolling the Strait of Hormuz, an agreement that reportedly committed the two to hold joint military exercises. The two countries expanded that agreement by signing a Memorandum of Understanding on military cooperation in 2013, and they have held some joint exercises under these agreements.¹⁵ Iran’s President Ibrahim Raisi visited Oman in late May 2022 to discuss regional issues and sign a series of agreements to expand bilateral trade and move forward on long delayed joint energy development projects, including to develop the Hengham oil field in the Persian Gulf.¹⁶

Iran and Oman conduct significant volumes of civilian trade, but Oman has sought to ensure that its projects with Iran would not violate any of the wide array of U.S. sanctions in effect on transactions with Iran. Oman has permitted Iran to invest in the expansion of Oman’s port of Al Duqm, which Tehran might eventually use as a hub to interact with the global economy.¹⁷ In 2014, the two countries signed a deal to build a \$1 billion undersea pipeline to bring Iranian natural gas from Iran’s Hormuzegan Province to Sohar in Oman, from where it would be exported, but the reimposition of U.S. sanctions on Iran in 2018 derailed the concept.¹⁸ If the U.S. and Iran were to reinstate the nuclear agreement, Oman is reportedly prepared to resume work on the Iran-Oman pipeline project.¹⁹ The two countries recommitted to the pipeline project during President Raisi’s visit to Oman in late May 2022.

Oman as a Go-Between for the United States and Iran

Oman’s relations with Iran have often helped U.S. officials negotiate with Iranian officials. U.S. officials’ meetings with Iranian officials in Oman that began in early 2013 set the stage for negotiations that culminated in the Joint Comprehensive Plan of Action (JCPOA) Iran nuclear agreement that was finalized in July 2015.²⁰ Omani banks, including Bank Muscat that held about \$5.7 billion in Iranian funds, were used to implement some of the pact’s financial arrangements.²¹

¹⁴ U.S. Department of State, “Secretary Pompeo’s Meeting with Omani Sultan Qaboos bin Sa’id,” press statement, January 15, 2019.

¹⁵ Giorgio Cafiero and Adam Yefet, “Oman and the GCC: A Solid Relationship?” Middle East Policy, 2016.

¹⁶ Iran, Oman to jointly develop oil field, *Al Monitor*, May 23, 2022.

¹⁷ “In post-oil economy, Oman turns sleepy fishing port to bustling trading hub,” *National*, February 7, 2017.

¹⁸ Dana El Baltaji, “Oman Fights Saudi Bid for Gulf Hegemony with Iran Pipeline Plan,” *Bloomberg*, April 21, 2014; “Oman to Invite Bids to Build Gas Pipeline,” *Financial Tribune*, April 23, 2018.

¹⁹ Katie McQue, “INTERVIEW: Oman wants to extend gas pipeline network to Iran and Yemen: minister,” S&P Global, May 17, 2021.

²⁰ David Ignatius, “Opinions: The Omani ‘back channel’ to Iran and the secrecy surrounding the nuclear deal,” *Washington Post*, June 7, 2016.

²¹ Omani banks had a waiver from U.S. sanctions laws to permit transferring those funds to Iran’s Central Bank, in accordance with Section 1245(d)(5) of the National Defense Authorization Act for Fiscal Year 2012 (P.L. 112-81). For text of the waiver, see a June 17, 2015, letter from Assistant Secretary of State for Legislative Affairs Julia Frifield to Senate Foreign Relations Committee Chairman Bob Corker, containing text of the “determination of waiver.” See also

During 2016-2019, Iran was exporting heavy water to Oman in order to maintain its stockpile at levels that comport with its commitments under the JCPOA. However, in May 2019, the United States ended waivers that enabled countries to buy Iranian heavy water without U.S. penalty, a decision that caused Oman to stop importing Iranian heavy water.²² Oman has supported negotiations between the Biden Administration and Tehran to restore full compliance with the JCPOA, and Omani officials, including during the visit to Oman of Iranian President Raisi in May 2022, have reportedly encouraged Iran to compromise in those talks in the interests of achieving an accord.

In prior years, Oman was an intermediary through which the United States and Iran have exchanged captives. Oman brokered a U.S. hand-over of Iranians captured during U.S.-Iran skirmishes in the Persian Gulf in 1987-1988. U.S. State Department officials publicly confirmed that Oman helped broker the 2010-2011 releases from Iran of three U.S. hikers (Sara Shourd, Josh Fattal, and Shane Bauer), in part by paying their \$500,000 per person bail to Iran.²³ In April 2013, Omani mediation obtained the release to Iran of an Iranian scientist imprisoned in the United States in 2011 for procuring nuclear equipment for Iran.

*Oman, Iran, and Yemen*²⁴

In neighboring Yemen, Oman's and Iran's interests conflict, insofar as U.N. investigators have cited Iran as arming and advising the Zaidi Shia "Houthi" movement that drove the Republic of Yemen government out of the capital, Sanaa, in 2014. In an effort to help mediate a resolution of the conflict, which Omani officials are concerned could spill over into Oman, Muscat has hosted talks between U.S. diplomats and Houthi representatives, some of whom Oman allows to operate openly in Oman. Oman reportedly was instrumental in helping broker the two month ceasefire between the Yemen government and the Houthis, and Omani officials are attempting to achieve an extension of that truce, in the hopes that a longer truce could lay the groundwork for a permanent settlement of the war.²⁵

Some U.S. officials and reports indicated that Iran was using Omani territory to smuggle weapons into Yemen, taking advantage of the porous and sparsely populated 179-mile border between the two countries.²⁶ Smuggled materiel allegedly included anti-ship missiles,²⁷ surface-to-surface short-range missiles, small arms, explosives, and unmanned aerial vehicles (UAVs).²⁸ Since the March 2018 visit of then-Defense Secretary James Mattis to discuss ways to secure the Oman-Yemen border, Omani officials asserted in 2018 that the "file" of Iran smuggling weaponry to the

Permanent Subcommittee on Investigations of the U.S. Senate. Majority Report, "Review of U.S. Treasury Department's License to Convert Iranian Assets Using the U.S. Financial System," May 2018.

²² "A conversation with H.E. Sayyid Badr Albusaidi, Foreign Minister of Oman," *The Atlantic Council*, February 11, 2021.

²³ Dennis Hevesi, "Philo Dibble, Diplomat and Iran Expert, Dies at 60," *New York Times*, October 13, 2011.

²⁴ The current instability adds to a long record of difficulty in Oman-Yemen relations. The former People's Democratic Republic of Yemen (PDRY), considered Marxist and pro-Soviet, supported Oman's Dhofar rebellion (see above). Oman-PDRY relations were normalized in 1983, but the two engaged in border clashes later in that decade. Relations improved after 1990, when PDRY merged with North Yemen to form the Republic of Yemen. For information, see CRS Report R43960, *Yemen: Civil War and Regional Intervention*, by Jeremy M. Sharp.

²⁵ "UN hails roles of Saudi Arabia, Oman in reaching Yemen truce," *Arab Weekly*, April 15, 2022.

²⁶ Yara Bayoumy and Phil Steward, "Exclusive: Iran steps up weapons supply to Yemen's Houthis via Oman—officials," Reuters, October 20 2016.

²⁷ "U.S. warship targeted in failed missile attack from Yemen: official," *Reuters*, October 15, 2016.

²⁸ "Iranian Technology Transfers to Yemen," *Conflict Armament Research*, March 2017.

Houthis via Omani territory was “closed,” suggesting that Oman had stopped any such trafficking through it.²⁹ The United States obligates Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds for counterterrorism programming, some of which is used for the Oman Border Security Enhancement Program that is “focused on developing and enhancing Omani border security capabilities along the Oman-Yemen border.”³⁰

Israeli-Palestinian Dispute and Related Issues

Oman has consistently sought an end to the Arab-Israeli dispute as a means of calming regional tensions. Oman was the one of the few Arab countries not to break relations with Egypt after the signing of the U.S.-brokered Egypt-Israel peace treaty in 1979. The GCC states all participated in the multilateral peace talks established by the U.S.-sponsored Arab-Israeli peace process that was established in 1991. As a result of the multilateral working group sessions of that process, Oman hosts a Middle East Desalination Research Center. In September 1994, Oman and the other GCC states renounced the secondary and tertiary Arab boycott of Israel.³¹

In December 1994, Oman 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, but diplomatic relations were not established. The trade offices closed following the September 2000 Palestinian uprising and have remained closed.³² On October 25, 2018, Israel’s then-Prime Minister Binyamin Netanyahu visited Oman and met with Sultan Qaboos to discuss regional issues. On July 2, 2019, an Israeli intelligence official stated at a public conference that Israel had established a representative office in Oman. Israeli Foreign Ministry officials did not confirm or deny that assertion.³³ Oman’s ties to Israel have prompted speculation among experts that Oman would follow the UAE and Bahrain in normalizing relations with Israel, but Omani officials have not given any indication that doing so is currently under consideration.

Oman publicly supports the Palestine Liberation Organization (PLO) in its diplomatic initiatives and its claims of Palestinian statehood. In 2018, Oman’s then-Foreign Minister Yusuf Alawi visited the Al Aqsa Mosque in East Jerusalem, and he also met Palestinian officials in Ramallah. In June 2019, Oman’s Foreign Ministry announced on Twitter: “In continuation of Oman’s support for the Palestinian people, the Sultanate of Oman has decided to open a diplomatic mission at the level of embassy in the State of Palestine.” In February 2021, Oman’s Foreign Minister reiterated a commitment to a two-state solution for Israel and the Palestinians.³⁴

Defense and Security Issues³⁵

As threats to the region mounted after Iran’s 1979 revolution, Sultan Qaboos, a Sandhurst-educated defense strategist, consistently asserted that the United States was the security guarantor

²⁹ U.S. Department of Defense, “Press Gaggle En Route to Oman,” March 10, 2018; CRS conversations with Oman Embassy in Washington, DC, June 2018.

³⁰ State Department CN 18-090, transmitted May 3, 2018.

³¹ See CRS Report RL33961, *Arab League Boycott of Israel*, by Martin A. Weiss.

³² See CRS In Focus IF11237, *Israel and the Palestinians: Chronology of a Two-State Solution*, by Jim Zanotti.

³³ “Mossad Chief Declares Israel Renewing Oman Ties; Foreign Ministry Won’t Comment,” *Times of Israel*, July 2, 2019.

³⁴ “Oman content with current Israel relationship, foreign minister says,” *Middle East Eye*, February 12, 2021.

³⁵ Much of this section is derived from U.S. Department of State, “U.S. Security Cooperation with Oman,” June 15,

of the region. On April 21, 1980, Oman signed a “facilities access agreement” that allows U.S. forces access to Omani military facilities and, days later, U.S. forces used an air base on Oman’s Masirah Island to launch an attempted rescue of the U.S. Embassy hostages in Iran. Under the agreement, which remains in force, the United States reportedly has access to Oman’s military airfields in Muscat (the capital), Thumrait, Masirah Island, and Musnanah. U.S. forces used these facilities for major combat operations in Afghanistan (Operation Enduring Freedom, OEF) and, to a lesser extent, Iraq (Operation Iraqi Freedom, OIF). Oman did not contribute forces either to OEF or OIF. After 2004, Omani facilities were not used for U.S. air operations in Afghanistan or Iraq. A few hundred U.S. military personnel, mostly Air Force, are stationed in Oman.³⁶ On March 24, 2019, Oman and the United States signed a “Strategic Framework Agreement” that expands the U.S.-Oman facilities access agreements by allowing U.S. forces to use the ports of Al Duqm, which is large enough to handle U.S. aircraft carriers, and Salalah.³⁷

U.S. Arms Sales and Other Security Assistance to Oman³⁸

Oman’s approximately 45,000-person armed force—collectively called the “Sultan of Oman’s Armed Forces”—is widely considered one of the best trained in the region. However, in large part because of Oman’s limited funds, it is one of the least well equipped of the GCC countries. Oman’s annual defense budget is about \$9 billion out of a total \$30 billion budget.

Oman is trying to expand and modernize its arsenal primarily with purchases from the United States, assisted by relatively small amounts of U.S. Foreign Military Financing (FMF). Since 2015, the United States has provided Oman with over \$13 billion in Foreign Military Financing (FMF). As of June 2021, the United States has 72 active cases valued at \$2.7 billion with Oman under the government-to-government Foreign Military Sales (FMS) system. Since 2016, the U.S. has also authorized the permanent export of over \$613 million in defense articles to Oman via the Direct Commercial Sales (DCS) process. Oman also is eligible for grant U.S. excess defense articles (EDA) under Section 516 of the Foreign Assistance Act.

The most significant FMS cases, current and past, are discussed below.

- *F-16s*. In October 2001, Oman purchased 12 U.S.-made F-16 C/D aircraft and associated weapons (Harpoon and AIM missiles) at an estimated value of \$825 million. Deliveries were completed in 2006. In 2010, the United States approved a sale to Oman of 18 additional F-16s and associated support, and deliveries were completed in 2016.³⁹ Oman’s Air Force also possesses 12 Eurofighter “Typhoon” fighter aircraft. Oman has bought U.S. munitions for its F-16s fleet, including “AIM” advanced medium-range air-to-air missiles (AIM-120C-7, AIM-9X Sidewinder), and 162 GBU laser-guided bombs.
- *Surface-to-Air and Air-to-Air Missiles*. Oman has bought AVENGER and Stinger air defense systems to help Oman develop a layered air defense system.

2021.

³⁶ Contingency Tracking System Deployment File, provided to CRS by the Department of Defense.

³⁷ U.S. Embassy in Oman, “U.S. Statement on the Signing of the Strategic Framework Agreement” March 24, 2019.

³⁸ Much of the information in this section is taken from U.S. Department of State, “U.S. Security Cooperation with Oman,” fact sheet, June 15, 2021. 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 during those fiscal years. As applied to the GCC states, this provision was waived on the grounds that doing so was in the national interest.

³⁹ “Oman to Upgrade Fleet of Lockheed Martin F-16 Fighting Falcons,” *The National Interest*, January 7, 2018.

- *Missile Defense.* In May 2013, Oman signed a tentative agreement to buy the THAAD (Terminal High Altitude Area Defense) system, the most sophisticated land-based missile defense system that the United States exports, at an estimated cost of \$2.1 billion. However, no sale of the system to Oman has been completed.
- *Tanks as Excess Defense Articles.* Oman received 30 U.S.-made M-60A3 tanks in 1996 on a “no rent” lease basis (later receiving title outright). In 2004, it turned down a U.S. offer of EDA U.S.-made M1A1 tanks, but Oman asserts that it still requires additional armor to supplement the British-made tanks and armored personnel carriers it bought in the 1990s.
- *Patrol Boats/Maritime Security.* EDA grants since 2000 have gone primarily to help Oman monitor its borders and waters and to improve interoperability with U.S. forces. Oman has bought U.S.-made coastal patrol boats (“Mark V”) for counter-narcotics, anti-smuggling, and anti-piracy missions, as well as aircraft munitions, night-vision goggles, upgrades to coastal surveillance systems, communications equipment, and de-mining equipment. The United States has sold Oman the AGM-84 Harpoon anti-ship missile. Oman also has some British-made patrol boats.
- *Antitank Weaponry.* The United States has sold Oman anti-tank weaponry to help defend against attacks on its critical infrastructure. The systems sold include TOW (tube-launched, optically tracked, wire-guided) antitank systems, with an estimated value of \$51 million and “Javelin” antitank guided missiles.⁴⁰

Professionalizing Oman's Forces: IMET Program and Other Programs⁴¹

The International Military Education and Training (IMET) program provides professional military education and training to military students and is key to establishing lasting relationships with future leaders. IMET courses increase military professionalization, enhance interoperability with U.S. forces, offer instruction on the law of armed conflict and human rights, provide technical and operational training, and create a deeper understanding of the United States. Since 2015, the United States has provided Oman with over \$12.9 million in IMET which has funded over 900 members of the Omani Armed Forces for training in the United States.

⁴⁰ State Department security cooperation factsheet, op. cit.

⁴¹ Ibid.

Table I. Recent U.S. Aid to Oman
(\$ in millions)

	FY17	FY18	FY19	FY20	FY21	FY22
IMET	1.94	1.85	1.42	.80	1.70	2.0
FMF	2.00	-	-	-	-	-
NADR Total	2.0	1.90	1.70	1.70	1.00	1.0
NADR ATA		.90		1.00		
NADR EXBS		1.00		.70		
Total	3.94	3.75	3.12	2.5	2.70	3.0

Source: State Department Congressional Budget Justifications. FY2021 and FY2022 are requests.

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

Defense Relations with other Militaries

In part because of his historic ties to the British military, Sultan Qaboos relied on seconded British officers to command Omani military services early in his reign and bought mostly British-made weaponry. As a signal of that continuing close defense relationship, Britain and Oman signed a memorandum of understanding in April 2016 to build a base near Al Duqm port, at a cost of about \$110 million, to support the stationing of British naval and other forces in Oman on a permanent basis.⁴² In 2018, India reportedly signed an agreement with Oman granting the Indian navy the use of the port as well.⁴³

U.S.-Oman Cooperation against Terrorism and Terrorism Financing

Oman cooperates with U.S. legal, intelligence, and financial efforts against various cross-border threats, including those posed by Al Qaeda, Al Qaeda in the Arabian Peninsula (AQAP, based in neighboring Yemen), and the Islamic State (ISIS) organization. No Omani nationals were part of the September 11, 2001, attacks and no Omanis have been publicly identified as senior members of any of those groups. The State Department assesses that Oman actively tries to deny terrorist safe-haven in or transit, but that its effectiveness is limited by local capacity and a challenging operating environment because of Oman's extensive coastline and long, remote borders with Saudi Arabia and Yemen.⁴⁴

The United States provides funding (see Table 1)—primarily through Nonproliferation, Antiterrorism, Demining, and Related (NADR) and other programs—to help Oman counter terrorist and related threats. NADR funding—Export Control and Related Border Security (EXBS), Anti-Terrorism Assistance (ATA), and Terrorism Interdiction Program—enhance the capabilities of the Royal Oman Police (ROP), the ROP Coast Guard, the Directorate General of Customs, the Ministry of Defense, and several civilian agencies to interdict weapons of mass

⁴² “UK to Have Permanent Naval Base in Oman, MoU Signed,” Middle East Confidential, April 1, 2016.

⁴³ Shubhajit Roy, “India gets access to strategic Oman port Duqm for military use, Chabahar-Gwadar in sight,” *Indian Express*, February 13, 2018.

⁴⁴ U.S. Department of State, *Country Reports on Terrorism 2020: Oman*, December 16, 2021.

destruction (WMD), advanced conventional weapons, or illegal drugs at land and sea borders. The funding is also used to train Omani law enforcement agencies on investigative techniques and border security.

In 2005, Oman joined the U.S. “Container Security Initiative,” agreeing to pre-screening of U.S.-bound cargo from its ports to prevent smuggling of nuclear material, terrorists, and weapons. However, the effect of some U.S. programs on Omani performance is sometimes hindered by the lack of clear delineation between the roles of Oman’s military and law enforcement agencies.

Anti-Money Laundering and Countering Terrorism Financing (AML/CFT)

Oman is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a regional body to exchange information and best practices to curb money laundering and the financing of terrorism.⁴⁵ A Royal Decree in 2016 requires financial institutions to screen transactions for money laundering or terrorism financing, and the State Department report on country efforts against terrorism for 2020 states that: “Oman made progress on the implementation and execution of its countering the finance of terrorism law...” In 2017, Oman joined with the other GCC states and the United States to form a Riyadh-based “Terrorist Finance Target Center (TFTC).” In July 2021, collaboration with other TFTC member states, Oman sanctioned six individuals and entities affiliated with ISIS terror-support networks in the region.

Countering Violent Extremism

The State Department characterizes Oman’s initiatives to address domestic radicalization and recruitment to violence as “opaque.” Oman’s government, through the Ministry of Endowments and Religious Affairs (MERA), has conducted advocacy campaigns designed to encourage tolerant and inclusive Islamic practices, including through an advocacy campaign titled “Islam in Oman.” The Grand Mufti of Oman, Shaykh Ahmad al-Khalili, has called on Muslims to reject terrorism. A 2015 study found that no Omanis had traveled to fight alongside the 20,000 foreign fighters joining the Islamic State in Syria and Iraq.⁴⁶

Economic and Trade Issues

Oman has been in a difficult economic situation since at least 2014, despite a recovery in world oil prices since the downturn that year. Over the past several years, Oman has incurred budget deficits of well over \$5 billion per year. Its financial condition was made worse in 2020 by the economic effects of the COVID-19 outbreak. Oman has sought to avoid drawing down its estimated \$17 billion in sovereign wealth reserves - a figure far lower than the reserve funds of most of the other GCC states. Saudi Arabia, the UAE, and Kuwait each have reserve assets well in excess of \$500 billion.

Oman has also sought to borrow funds and to encourage foreign investment. A \$2.2 billion sovereign loan in March 2021 allayed some concerns over the financing of the 2021 fiscal deficit (estimated at \$5.82 billion).⁴⁷ The government also has cut subsidies substantially and has

⁴⁵ Information on the MENAFATF can be found at its home page, <https://www.fatf-gafi.org/pages/menafatf.html>

⁴⁶ Peter Neumann, “Foreign fighter total in Syria/Iraq now exceeds 20,000; surpasses Afghanistan conflict in the 1980s, International Center for the Study of Radicalization, January 26, 2015.

⁴⁷ Davide Barbuscia and Yousef Saba, “Oman agrees \$2.2 billion loan with large group of banks – sources,” *Reuters*, March 3, 2021.

reduced the number of public sector employees. The government's Medium-Term Fiscal Plan 2020-24 hopes to trim the fiscal budget to less than 2% of gross domestic product (GDP) by 2024, from an estimated 19.1% of GDP in 2020, and introduce a personal income tax on high earners in 2022 (the first such tax in the GCC).⁴⁸ A value-added tax (VAT) of 5% implemented in April 2021, is providing an additional \$1 billion in government revenue annually.⁴⁹

In order to better position itself, Oman has been diversifying its economy. Non-oil sectors now contribute twice as much to Oman's GDP as does the energy sector.⁵⁰ Oman has announced a "Vision 2020" strategy, the cornerstone of which is to attract foreign investment to build up Al Duqm port as a trading hub. To date, the \$60 billion project has attracted investment from Iran, Kuwait, China, Saudi Arabia, South Korea, the United Kingdom, and the United States. Oman's plans for Al Duqm include a refinery, a container port, a dry dock, and facilities for transportation of petrochemicals, with a rail link to the other GCC states that enables them to access the Indian Ocean directly.⁵¹ China's \$11 billion investment in Al Duqm, part of its "Belt and Road Initiative" to assemble a trade link between China and Europe, will fund a "Sino-Oman Industrial City."

Yet, the energy sector will remain significant in Oman for at least several more years. Oman has a relatively small 4.8 billion barrels of proven oil reserves, enough for about 25-30 years at current production rates.⁵² Under a supply agreement reached with the Organization of Petroleum Exporting Countries (OPEC), of which Oman is not a member, Oman is exporting approximately 722,000 barrels of crude oil per day, mostly to China. Oman has in recent years expanded its liquefied natural gas (LNG) exports, primarily to Asian countries. Oman is part of the "Dolphin project," operating since 2007, under which Qatar exports natural gas to UAE and Oman, freeing up Omani gas for export. As noted above, Oman plans to import natural gas from Iran after the completion of their planned undersea pipeline, although that project could yet be far in the future.

U.S.-Oman Economic Relations

The United States is one of Oman's largest trading partners. In 2020, the United States exported about \$1.1 billion in goods to Oman and imported about \$816 million. In 2021, the United States increased exports to Oman to \$1.4 billion, and imports from Oman more than doubled over the prior year to about \$1.86 billion.⁵³ The largest U.S. export categories to Oman are automobiles, aircraft (including military) and related parts, drilling and other oilfield equipment, and other machinery. Of the imports, the largest product categories are fertilizers, industrial supplies, and oil by-products such as plastics. The United States imports only small amounts of Omani oil.

Oman was admitted to the WTO in September 2000. The U.S.-Oman Free Trade Agreement was signed on January 19, 2006, and ratified by Congress (P.L. 109-283, signed September 26, 2006). According to the U.S. Embassy in Muscat, the FTA has led to increased partnerships between Omani and U.S. companies in a broad range of industries, not limited to energy.

⁴⁸ Economist Intelligence Unit, *Oman Country Report*, March 29, 2021.

⁴⁹ Ibid.

⁵⁰ "Non-Oil Sector's Contributions to Oman's GDP Twice the Oil Earnings," *Times of Oman*, December 18, 2019.

⁵¹ Hugh Eakin, "In the Heart of Mysterious Oman," *New York Review of Books*, August 14, 2014.

⁵² Katie McQue, "Oman says may struggle to grow oil reserves and production," S&P Global, October 19, 2020.

⁵³ U.S. Census Bureau. Foreign Trade Statistics.

Author Information

Kenneth Katzman
Specialist in Middle Eastern Affairs

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