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

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SUMMARY

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

The Sultanate of Oman has been a strategic partner of the United States since 1980, when it became 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 is a partner in U.S. efforts to counter terrorist groups and related regional threats. The January 2020 death of Oman's longtime leader, Sultan Qaboos bin Sa'id Al Said, is unlikely to alter U.S.-Oman ties or Oman's regional policies. His successor, Haythim bin Tariq Al Said, a cousin selected by Oman's royal family immediately upon the Sultan's death, espouses policies similar to those of Qaboos.

During Qaboos' reign (1970-2020), Oman generally avoided joining other countries in the Gulf Cooperation Council (GCC: Saudi Arabia, Kuwait, UAE, Bahrain, Qatar, and Oman) in regional military interventions, instead seeking to mediate their resolution. Oman joined the U.S.-led coalition against the Islamic State organization, but it did not send forces to that effort, nor did it support groups fighting Syrian President Bashar Al Asad's regime. It opposed the June 2017 Saudi/UAE-led isolation of Qatar and did not join a Saudi-led regional counterterrorism alliance until a year after that group was formed in December 2015.

There has been a consensus among Oman's leaders that engaging Iran is preferable to confrontation. Oman's ties to Iran have enabled it to broker agreements between the United States and Iran, including the release of U.S. citizens held by Iran as well as U.S.-Iran direct talks that later produced the July 14, 2015, nuclear agreement between Iran and the international community (Joint Comprehensive Plan of Action, JCPOA). Oman was the only GCC state not to downgrade its relations with Iran in connection with a January 2016 Saudi-Iran dispute. Yet, U.S. officials credit Oman with enforcing reimposed U.S. sanctions and with taking steps to block Iran's efforts to ship weapons across Oman's borders to Houthi rebels in Yemen.

Prior to the 2011 wave of Middle East unrest, the United States consistently praised Omani leaders for gradually opening the political process even in the absence of evident public pressure to do so. 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 decisionmaker. The public support for additional political reform, and resentment of inadequate employment opportunities, produced protests in several Omani cities for much of 2011, and for two weeks in January 2018, but government commitments to create jobs apparently helped calm unrest. As have the other GCC states since the 2011 Arab uprisings, Oman has increased press censorship and arrested some critics who use social media.

The periodic economy-driven unrest demonstrates that Oman is having difficulty coping with the decline in the price of crude oil since mid-2014. Oman's economy and workforce has always been somewhat more diversified than some of the other GCC states, but Oman has only modest resources and has sought to attract foreign investment, including to fund the major development of Al Duqm port. The 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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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. Sultan Qaboos bin Sa'id Al Said, born in November 1940, was the eighth in the line of the monarchy; he became sultan in July 1970 when, with British support, he forced his father, Sultan Said bin Taymur Al Said, to abdicate. Haythim bin Tariq Al Said, a cousin of Qaboos, became the ninth in the line of the 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 *Ramber* made a port visit to Muscat in September 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 1. Oman

People	• Population: 4.6 million, of which about 2.2 million are expatriates • Religions: Muslim (of which Ibadhis and Sunnis are over 90%, and 5% are Shiite) 86%; Christian 6.5%; Hindu 5.5%; Buddhist 0.8%
Economy	• GDP purchasing power parity (PPP): $190 billion (2017) • GDP per capita (PPP): $46,000 (2017) • GDP real growth rate: -1% (2017): reversal from +5% in 2016 • Inflation Rate: 3% (2017) • Unemployment Rate: 18% • Foreign Exchange/Gold Reserves: $14.5 billion • External Debt: $20.5 billion
Energy	• Oil Production: 860,000 barrels per day; Reserves: 5 billion-5.5 billion barrels; Exports: 750,000 barrels per day (bpd) • Natural Gas *Production:* 875 billion cubic feet per year; *Reserves:* 30 trillion cubic feet; *Exports:* 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	• Major Partners: China, UAE, South Korea, Japan, India, United States, and Saudi Arabia

Source: Graphic created by CRS with information from CIA, *The World Factbook*.

Democratization, Human Rights, and Unrest

Oman remains a monarchy in which decisionmaking had been concentrated with Sultan Qaboos, who also formally held the position of Prime Minister, as well as the positions of Foreign Minister, Defense Minister, Finance Minister, and Central Bank Governor. Other officials serve as "Ministers of State" for those portfolios and serve de-facto as ministers. The government, and Omani society, reflects the diverse backgrounds of the Omani population, many of whom have long-standing family connections to parts of East Africa that Oman once controlled, and to the Indian subcontinent. Some senior Omanis argue that a formal position of Prime Minister is needed to organize the functions of the government and enable the Sultan to focus on larger strategic decisions.

Along with political reform issues, the question of succession has long been central to observers of Oman. 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 reach agreement within three days, it was to select the successor recommended by Qaboos in a sealed letter to be opened upon his death. 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 is a cousin of Qaboos and was serving since 2002 as Minister of Heritage and Culture. Haythim is about 65 years of age (born October 13, 1954). The selection appeared to bypass Haythim's two brothers—Asad bin Tariq and Shihab bin Tariq—who were widely considered more qualified because they had military experience. Upon assuming the leadership, Sultan Haythim, who was educated at Oxford and previously served in senior positions in Oman's foreign ministry, immediately indicated a commitment to continue Qaboos' policies.[1]

[1] Cinzia Bianco. "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 credit 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*), established by the Basic Law. The Consultative Council was formed in 1991 to replace a 10-year-old all-appointed advisory council. 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. As in the other GCC states, formal political parties are not allowed but, unlike Bahrain or Kuwait, well-defined "political societies" (de-facto parties) that compete within the electoral process have not developed in Oman. In 2011, Qaboos instituted elections for municipal councils.

Elected Consultative Council. When it was formed in 1991, the Consultative Council had 59 seats, and it has been gradually expanded to its current 86 seats. More significantly, the electorate for the Consultative Council has gradually expanded. 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, but the electorate was limited (25% of all citizens over 21 years old). For the October 4, 2003, election, voting rights were extended to all citizens, male and female, over 21 years of age. About 195,000 Omanis voted in that election (74% turnout). In the October 27, 2007, election (after changing to a four-year term), public campaigning was allowed for the first time and about 250,000 people voted (63% turnout). Each province with a population of more than 30,000 elects two members, whereas a province with fewer than that elects one. Prior to 2011, the Sultan selected the Consultative Council chairman; since then, the chairman and a deputy chairman have been elected by the Council membership. The more recent Consultative Council elections are discussed below.

Appointed State Council. The government considers the State Council as a counterweight to the Consultative Council, and it remains all-appointed. The Council, which had 53 members at inception, has been expanded to 86 members – making it now of equal size as the elected 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

The expansion of the electoral process did not satisfy those Omanis, particularly those younger and well-educated, who consider the pace of liberalization too slow, or those dissatisfied with the country's economic performance and apparent lack of job opportunities. In July 2010, 50 prominent Omanis petitioned Sultan Qaboos for a "contractual constitution" that would provide for a fully elected legislature. In February 2011, after protests in Egypt toppled President Hosni Mubarak, protests broke out in the northern industrial town of Sohar, Oman, and later spread to the capital, Muscat. Although most protesters asserted that they were motivated primarily by economic factors, some echoed calls for a fully elected legislature. One person was killed in February 2011 by security forces. But, many protestors carried posters lauding the Sultan.

Many older Omanis apparently did not support the protests, comparing the existing degree of "political space" favorably with that during the reign of Qaboos's father, Sultan Said bin Taymur. During his father's reign, Omanis needed the sultan's approval even to wear spectacles or to import cement. Some experts argue that Sultan Said kept Oman isolated in an effort to insulate it from leftist extremism that gained strength in the region during the 1960s.

By mid-2012, the government had largely calmed the unrest through a combination of reforms and punishments, including expanding the powers of the Oman Council; appointing several members of the Consultative Council as ministers; giving the office of the public prosecutor autonomy and consumers additional protections; naming an additional woman minister; ordering that additional public sector jobs be created; increasing the minimum wage; making grants to unemployed job seekers; and arresting journalists, bloggers, and other activists for "defaming the Sultan," "illegal gathering," or violating the country's cyber laws. Twenty-four of those arrested went on a hunger strike in February 2013 and the Sultan pardoned virtually all. Omanis who had been dismissed from public and private sector jobs for participating in unrest were reinstated.

Small demonstrations occurred again for two weeks in January 2018. Protesters generally cited a perceived lack of job opportunities rather than a demand for political reform. In response, the government reiterated an October 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. In all instances of recent unrest in Oman, the U.S. reaction to the unrest has been muted.

Recent Elections

The October 15, 2011, Consultative Council elections went forward amidst the unrest. The enhancement of the Oman Council's powers generated additional interest in the vote—1,330 candidates applied to run, a 70% increase from the 2007 vote. A record 77 were women. However, voter turnout (about 60%) was not higher than in past elections. The expectation of several female victors was not realized: only one was elected. Some reformists were heartened by the victory of two political activists, Salim bin Abdullah Al Oufi, and Talib Al Maamari, and the selection of a relatively young entrepreneur as speaker of the Consultative Council (Khalid al-Mawali). In the State Council appointments, the Sultan appointed 15 women, bringing the total female participation in the Oman Council to 16—over 10%. The government did not permit outside election monitoring.

In 2012, the government also initiated elections for 11 municipal councils. Previously, only one such council, all appointed, had been established—for the capital region. The elected "councilors" make recommendations to the government on development projects, but do not make final funding decisions. The chairman and deputy chairman of each municipal council are appointed by the government. In the December 22, 2012, municipal elections, there were 192 seats up for election. There were more than 1,600 candidates, including 48 women. About 546,000 citizens voted. Four women were elected.

2015 Consultative Council Election and 2016 Municipal Elections

Elections to the Consultative Council (expanded by one seat, to 85) were last held on October 25, 2015. A total of 674 candidates applied to run, although 75 candidates were barred, apparently based on their participation in the 2011-2012 unrest. There were 20 women candidates. Turnout was estimated at 56% of the 612,000 eligible voters. The one incumbent woman was reelected but no other woman was elected. On November 8, 2015, Qaboos appointed the 84-seat State Council, of whom 13 were women.

On December 25, 2016, the second municipal elections were held to choose 202 councilors—an expanded number from the 2012 municipal elections. There were 731 candidates, of whom 23 were women. Turnout was about 40% of the 625,000 eligible voters, according to the government. Seven women were elected.

2019 Elections

Consultative Council elections were held on October 27, 2019. The body was again expanded by one seat, to 86 seats up for election. On July 7, 2019, the government issued a preliminary list of 767 candidates, including 43 women,[2] but the final approved list contained 637 candidates, of which 40 were women. There were 713,000 eligible voters. Turnout was described as high, and two women won seats in the final results, which were announced October 29, 2019.[3] Khalid bin Hilal Al Mawali was elected to a third term as speaker of the Consultative Council. On November 8, 2019, Qaboos appointed the members of the State Council, including 15 women.

[2] http://www.xinhuanet.com/english/2019-07/08/c_138207001.htm.

[3] Xinuahnet. October 29, 2019.

Broader Human Rights Issues[4]

According to the most recent State Department report on human rights, the principal human rights problems in Oman, other than the political structure, are limits on freedom of speech, assembly, and association; torture of prisoners and detainees; censorship of internet content; and criminalization of LGBT conduct. U.S. and other reports generally credit the government with holding accountable security personnel and other officials for abuses, including prosecuting multiple corruption cases. 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. An "Oman Human Rights Commission," a quasi-independent but government-sanctioned body, investigates and monitors prison and detention center conditions through site visits.

State Department funds (Middle East Partnership Initiative, Near East Regional Democracy account, and other accounts) have been used in past fiscal years to promote Omani civil society, judicial reform, election management, media independence, and women's empowerment. The U.S. Commerce Department's Commercial Law Development Program has worked to improve Oman's legislative and regulatory frameworks for business.

Freedom of Expression, Media, and Association

Omani law provides for limited freedom of speech and press, but the government generally does not respect these rights. Press criticism of the government is tolerated, but criticism of the Sultan and senior government officials, is not. A 2014 royal decree stipulates that citizens joining groups deemed "harmful to national interests" could be subject to revocation of citizenship. No revocations on those grounds have been announced. In October 2015, Oman followed the lead of many of the other GCC states in issuing a new royal 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.

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, there are some legal and practical restrictions to internet usage, and only a minority of the population has subscriptions to internet service. Many internet sites are blocked, primarily for sexual content, but many Omanis are able to bypass restrictions by accessing the internet by cell phone.

Omani law provides for freedom of association for "legitimate objectives and in a proper manner." That language enables the government to restrict such rights in practice, and associations must register with the Ministry of Social Development. Registered associations for foreign nationalities include the Indian Social Group.

Trafficking in Persons and Labor Rights

Oman is a destination and transit country for men and women primarily from South Asia and East Africa who are subjected to forced labor and, to a lesser extent, sex trafficking. The 2019 and 2018 Trafficking in Persons report rated Oman as Tier 2, based on the government's demonstrating increased efforts against trafficking by investigating, prosecuting, and convicting more suspected traffickers and standing up a specialized anti-trafficking prosecutorial unit.[5] The

[4] Much of this section is from the State Department's country report on human rights practices for 2018 and other State Department reports on international religious freedom (2018) and on trafficking in persons (2019).

[5] Department of State, "2019 Trafficking in Persons Report: Oman"; Department of State, "2018 Trafficking in Persons

government also developed, funded, and began implementing a new five-year national action plan, which included funding a full-time liaison between relevant agencies to facilitate a whole-of-government effort. During 2016-2017, Oman was rated lower (Tier 2: Watch List).[6]

On broad labor rights, Omani workers have the right to form unions and to strike (except in the oil and gas industry). However, only 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. Some occupations and businesses are exempt from paying the minimum wage for citizens ($845 per month).

Religious Freedom[7]

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. Whereas Ibadhi religious and political dogma generally resembles basic Sunni doctrine, Ibadhis are neither Sunni nor Shiite. Ibadhis argue that religious leaders should be chosen by community leaders for their knowledge and piety, without regard to race or lineage. A long-term rebellion led by the Imam of Oman, leader of the Ibadhi sect, ended in 1959. About 5% of Oman's population are Shiite Muslims, and they are allowed to adjudicate family and personal status cases according to Shiite jurisprudence, outside the civil court system.

Recent State Department religious freedom reports have noted no reports of societal abuses or discrimination based on religious affiliation or practice. Non-Muslims are free to worship at temples and churches built on land donated by the government but, according to law, offending Islam or any Abrahamic religion is a criminal offense. In January 2018, a new penal code 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); and the Hindu Mahajan Temple. Buddhists are able to worship in private spaces. Members of all religions and sects are free to maintain links with coreligionists abroad and travel outside Oman for religious purposes. MERA is allowing land donated by Sultan Qaboos for construction of a new building for Orthodox Christians, with separate halls for Syrian, Coptic, and Greek Orthodox Christians. The government has also approved new worship space for Baptists. The Church of Jesus Christ of Latter Day Saints (Mormons) has not received approval to register with MERA and remains without an independent place of worship. There is no indigenous Jewish population, and private media have occasionally published anti-Semitic editorial cartoons.

Advancement of Women

During his reign, Sultan Qaboos emphasized that Omani women are vital to national development. Women now constitute over 30% of the workforce. The first woman of ministerial rank in Oman was appointed in March 2003, and, since then, there have always been several

Report: Oman."

[6] https://www.state.gov/documents/organization/271344.pdf.

[7] For text of the section on Oman in the State Department report on International Religious Freedom for 2018. https://www.state.gov/reports/2018-report-on-international-religious-freedom/oman/.

female ministers. Oman's ambassadors to the United States and to the United Nations are women. The number of women in Oman's elected institutions was discussed above, but campaigns by Omani women's groups failed to establish a quota for women elected to the Consultative Council.

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 finding protection primarily through their families.

Foreign Policy/Regional Issues

During Sultan Qaboos' reign, Oman pursued a foreign policy that sometimes diverged from that of some of Oman's GCC partners, particularly Saudi Arabia and the UAE. Sultan Haythim has said he will largely continue Qaboos' foreign policy, in which Oman has generally sought to mediate resolution of regional conflicts and refrained from direct military involvement in them. Oman joined the U.S.-led coalition against the Islamic State, but did not conduct airstrikes against that group. Oman did not join the Saudi-led Arab coalition fighting the Iran-backed Houthi forces in Yemen and is a key mediator seeking to resolve that conflict. At the same time, some experts speculate that Sultan Haythim's inexperience as a national leader could cause Saudi Arabia and the UAE to seek to steer his foreign policy closer to that practices by these two GCC neighbors.

Oman opposed the Saudi-led move in June 2017 to isolate Qatar over a number of policy disagreements and has sought to resolve that rift. Oman also has opposed a Saudi proposal for political unity among the GCC states,[8] even threatening to withdraw from the GCC if the plan is ever adopted. Other GCC leaders are similarly concerned about surrendering any of their sovereignty, but the plan has not been dropped entirely. In 2007, Oman was virtually alone within the GCC in balking at a plan to form a monetary union. Lingering border disputes also have plagued Oman-UAE relations; the two finalized their borders in 2008, nearly a decade after a tentative border settlement in 1999.

Iran

Omani leaders assert 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. Omani leaders have not expressed concerns about potential Iranian meddling in Oman's affairs, in part because Oman's citizens are not generally receptive to either Sunni or Shiite Islamist extremist appeals. There are also positive sentiments among the Omani leadership for the Shah of Iran's support for Qaboos's 1970 takeover and its provision 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.

Exemplifying Oman's policy toward Iran, Sultan Qaboos bucked U.S. and GCC criticism by visiting Tehran in August 2009 at the time of protests in Iran over alleged fraud in the reelection of President Mahmoud Ahmadinejad in June 2009. He visited again in August 2013, after Iran's President Hassan Rouhani took office. Rouhani visited Oman in 2014 and 2017, the latter trip as part of an unsuccessful Iranian effort 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 dissident Shiite cleric Nimr Al Nimr. In February 2016, all the GCC states declared Lebanese Hezbollah a terrorist group, but Oman did not also restrict citizen travel to Lebanon.

[8] Comments to the author by a visiting GCC official, May 2012.

Some experts and GCC officials argue that Oman-Iran relations, particularly their security cooperation, are undermining GCC defense solidarity. In 2009, Iran and Oman agreed to cooperate against smuggling across the Gulf of Oman. 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.[9] 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.[10]

Iran and Oman conduct significant volumes of civilian trade, in keeping with historic patterns in the Gulf region. A number of Iran-Oman joint ventures are active or pending. Most notably, Oman is facilitating Iranian efforts to use expansion of Oman's port of Al Duqm as a hub for Tehran to interact with the global economy.[11] Oman and Iran's Khodro Industrial Group plan to jointly develop a $200 million car production plant there.[12] China, Britain, and numerous other powers are also large investors in Oman's Al Duqm development.

Iran and Oman have jointly developed the Hengham oilfield in the Persian Gulf, a field that produces 80 million cubic feet of natural gas per day.[13] The two countries have also discussed potential investments in Iranian offshore natural gas fields that adjoin Oman's West Bukha oil and gas field in the Strait of Hormuz.[14] 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, where it would be converted to liquefied natural gas (LNG) and then exported.[15]Several major international energy firms expressed interest in the project,[16] but the reimposition of U.S. sanctions on Iran in mid-2018 appear to have derailed the concept.

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

U.S. officials have used the Oman-Iran relationship to reach out to Iranian officials when doing so has been deemed in the U.S. interest. In that context, Oman has been widely viewed as a potential mediator the U.S.-Iran tensions that have increased significantly since mid-2019. 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 Geneva in July 2015. In December 2015, Oman hosted a meeting between Energy Secretary Ernest Moniz and head of Iran's Atomic Energy Organization Ali Akbar Salehi, to discuss JCPOA implementation.

Omani banks, some of which operate in Iran, were used to implement some of the financial arrangements of the JCPOA.[17] About $5.7 billion in Iranian funds had built up in Oman's Bank

[9] Iran, Oman Ink Agreement of Defensive Cooperation. Tehran Fars News Agency, August 4, 2010.

[10] Giorgio Cafiero and Adam Yefet. "Oman and the GCC: A Solid Relationship?" Middle East Policy, 2016.

[11] Saleh al Shaibany, "In post-oil economy, Oman turns sleepy fishing port to bustling trading hub," *National*, February 7, 2017.

[12] "Car Production Plan Back on Iran-Oman Agenda," *Financial Tribune*, January 24, 2017.

[13] "Hengam Gas Processing to Help Earn $300m Annually," *Financial Tribune*, March 3, 2018.

[14] "Norway Company Proposes to Develop Joint Field With Oman," *Financial Tribune*, November 19, 2016.

[15] Dana El Baltaji, "Oman Fights Saudi Bid for Gulf Hegemony with Iran Pipeline Plan," *Bloomberg*, April 21, 2014.

[16] "Oman to Invite Bids to Build Gas Pipeline," *Financial Tribune*, April 23, 2018.

[17] 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."

Muscat by the time of implementation of the JCPOA in January 2016. In its efforts to easily access these funds, Iran obtained from the Office of Foreign Assets Control (OFAC) of the Treasury Department a February 2016 special license to convert the funds (held as Omani *rials*) to dollars and then into Euros. Iran ultimately used a different mechanism to access the funds. A May 2018 review by the majority of the Senate Permanent Subcommittee on Investigation sought to assess whether that license was consistent with U.S. regulations.[18]

Oman also has been 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. In 2007, Oman helped broker Iran's release of 15 British sailors, who Iran had captured in the Shatt al Arab waterway. 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.[19] In April 2013, Omani mediation obtained the release to Iran of Mojtaba Atarodi, an Iranian scientist imprisoned in the United States in 2011 for procuring nuclear equipment for Iran.

The Trump Administration has not criticized Oman's relations with Iran, even though Omani policy conflicts to some extent with U.S. efforts to isolate Iran. During a January 2019 regional trip, Secretary of State Michael Pompeo praised Oman for enforcing the sanctions that the Trump Administration has reimposed on Iran.[20] Since November 2016, Iran has been exporting heavy water to Oman, reducing Iran's stockpile below that allowed. However, in May 2019, the United States ended waivers that enable countries to buy Iranian heavy water without U.S. penalty—a decision that caused Oman to stop accepting Iranian heavy water exports. In May 2019, Secretary Pompeo discussed escalating U.S.-Iran tensions with Sultan Qaboos, suggesting that the United States has sought Omani help to de-escalate tensions.[21]

Oman, Iran, and Yemen

In neighboring Yemen, Oman and Iran's interests conflict, insofar as Iran apparently seeks to promote a new power structure there that favors its allies. A GCC-wide initiative helped organize a peaceful transition from the rule of Ali Abdullah Saleh in 2011-2012, but Saleh's successor, Abdu Rabu Mansur Al Hadi, was driven out of Sanaa in 2015 by Zaidi Shiite Houthi rebels who receive Iranian weapons and advice. Oman did not join the Saudi-led Arab coalition fighting to restore the Hadi government and has instead sought to use its ties to Iran to mediate the Yemen conflict. The U.N. Special Envoy for Yemen, Martin Griffiths, has described Oman as "playing a pivotal role in all our efforts to help people in Yemen."[22]Oman has hosted talks between U.S. diplomats and Houthi representatives, and brokered the release of several captives there, including the November 2016 release of a U.S. Marine veteran who was detained by the Houthis in April 2015.[23] During 2015-2017, Omani mediation also secured the release in Yemen of another American, a French national, an Australian national, and an Indian priest. In late 2018, Oman attempted to secure the release of Yemen's Defense Minister, Mahmoud al-Subaihi, who

[18] "Obama Misled Congress, Tried and Failed to Give Iran Secret Access to US Banks Before the Deal." *Business Insider*, June 6, 2018; 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.

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

[20] Department of State. Speech by Secretary of State Michael Pompeo. A Force for Good: America Reinvigorated in the Middle East. January 10, 2019.

[21] Department of State. Readout. Secretary Pompeo's Call with Omani Sultan Qaboos bin Sa'id Al Sa'id. May 16, 2019.

[22] Madiha Asif, "Oman playing key role in helping Yemeni citizens," *Times of Oman*, April 8, 2018.

[23] Adam Goldman. "Marine Veteran, Held a Year by Yemeni Rebels, is Freed," *New York Times*, November 7, 2016.

has been held captive by the Houthis since 2014. In December 2018, Oman received several wounded Houthi fighters for treatment, fulfilling a Houthi condition to attend peace talks in Sweden.

At the same time, Oman has sought to try to prevent spillover of the Yemen conflict into Oman. The Sultanate has increased patrols along the border with Yemen since 2015, has built some refugee camps near the border, and has sought to improve ties with tribes and residents just over the border to ensure that the conflict in Yemen does not spill over into Oman.

Iran's support for the Houthis has brought some scrutiny to Oman's relations with Iran. Since 2016, media reports have indicated that Iran has used Omani territory to smuggle weapons into Yemen, taking advantage of the porous and sparsely populated 179-mile border between the two countries.[24] Smuggled materiel allegedly includes anti-ship missiles (some of which have reportedly been used to target U.S. warships),[25] surface-to-surface short-range missiles, small arms, and explosives. Some reports indicate that Iran-made unmanned aerial vehicles (UAVs) used by Houthi forces in Yemen may have transited through Oman.[26] Successive U.N. reports from the Panel of Experts established pursuant to resolution 2140 (2014) have identified both land routes that stretch from the Omani border to Houthi-controlled areas in the west and Omani ports with road access to Yemen as possible channels for weapons smuggling.[27] Omani officials deny these allegations,[28] and some observers assert that the allegations "appear implausible given the long distance the weapons would have to be transported overland through territory the Houthis do not control."[29] Since the March 2018 visit of then-Defense Secretary James Mattis to discuss ways to secure the Oman-Yemen border,[30] Omani officials have asserted that the "file" of Iran smuggling weaponry to the Houthis via Omani territory is "closed," suggesting that Oman has stopped any such trafficking through it.[31]

In recent fiscal years, the United States has obligated Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds for counterterrorism programming in Yemen and Oman, including the Oman Border Security Enhancement Program, a "program focused on developing and enhancing Omani border security capabilities along the Oman-Yemen border."[32] The FY2019 National Defense Authorization Act (NDAA, H.R. 5515, P.L. 115-232) extends the authority to provide funds to Oman under Section 1226 of the FY2016 NDAA (22 U.S.C. 2151) to secure the border with Yemen.

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. Oman-PDRY relations were normalized in 1983, but the two engaged

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

[25] Idrees Ali and Matt Spetalnick, "U.S. warship targeted in failed missile attack from Yemen: official," Reuters, October 15, 2016.

[26] "Iranian Technology Transfers to Yemen," Conflict Armament Research, March 2017.

[27] See, for example, S/2018/68, Final report of the Panel of Experts on Yemen, January 26, 2018.

[28] "Oman denies arms smuggled through border to Houthis," *Middle East Eye*, October 21, 2016.

[29] Mareike Transfeld, "Iran's Small Hand in Yemen," Carnegie Endowment for International Peace, February 14, 2017.

[30] Press Gaggle En Route to Oman, U.S. Department of Defense, March 10, 2018.

[31] CRS conversations with Oman Embassy in Washington, DC, June 2018.

[32] State Department CN 18-090, transmitted May 3, 2018.

in border clashes later in that decade. Relations improved after 1990, when PDRY merged with North Yemen to form the Republic of Yemen.

Cooperation against the Islamic State Organization and on Syria and Iraq

Oman, along with the other GCC states, joined the U.S.-led coalition to counter the Islamic State in 2014. Oman offered the use of its air bases for the coalition but, unlike several GCC states, Oman did not conduct airstrikes against the group.

In the Syria internal conflict, possibly because of its relations with Iran, Oman refrained from backing rebel groups against Iran's close ally, Syrian President Bashar Al Assad, and instead focused on mediation. Oman joined other Arab states in 2011 in suspending Syria's membership in the Arab League, but Oman did not close its embassy in Damascus. In October 2015 and again in July 2019, Omani Minister of State for Foreign Affairs Yusuf Alawi visited Damascus reportedly to convey a U.S. message to Asad and to discuss regional stability.[33]

On Iraq, no GCC state undertook air strikes against the Islamic State fighters there. The GCC states have tended to resist helping the Shiite-dominated government in post-Saddam Iraq. Oman opened an embassy in Iraq after the 2003 ousting of Saddam but then closed it for several years following a shooting outside it in November 2005 that wounded four, including an embassy employee. The embassy reopened in 2007 but Oman's Ambassador to Iraq, appointed in March 2012, is resident in Jordan. Oman provided small amounts of funds for Iraq's reconstruction.

Israeli-Palestinian Dispute and Related Issues

Oman was the one of the few Arab countries not to break relations with Egypt after the signing of the U.S.-brokered Egyptian-Israeli peace treaty in 1979. The GCC states participated in the multilateral peace talks established by the 1991 U.S.-sponsored Madrid peace process, and Oman hosted an April 1994 session of the multilateral working group on water that resulted in the establishment of a Middle East Desalination Research Center in Oman. In September 1994, Oman and the other GCC states renounced the secondary and tertiary Arab boycott of Israel.

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. In an April 2008 meeting in Qatar, de-facto Foreign Minister Alawi informed his Israeli counterpart (visiting Doha for a conference) that the Israeli trade office in Oman would remain closed until agreement was reached on a Palestinian state. Several Israeli officials visited the Desalination Center in November 2009 and held talks with Omani officials.[34]

On October 25, 2018, Israel's Prime Minister Benjamin Netanyahu visited Oman and met with Sultan Qaboos. The visit came a few weeks after a visit to Oman by Palestinian leader Mahmoud Abbas, suggesting that the two leaders discussed possible ways forward on the Israeli-Palestinian peace process and possible indirect Israeli communication with Iran via Oman. The visit represented confirmation of the burgeoning ties between Israel and the GCC states on security and other regional issues. In early November 2018, Israel's Minister of Transportation and

[33] Sigurd Neubauer. "Oman: the Gulf's Go-Between" The Arab Gulf States Institute in Washington. February 4, 2016; "Omani foreign minister makes rare visit to Syria." The Washington Post, July 7, 2019..

[34] Ravid, Barak. "Top Israeli Diplomat Holds Secret Talks in Oman." Haaretz, November 25, 2009. http://www.haaretz.com/top-israeli-diplomat-holds-secret-talks-in-oman-1.3558.

Minister of Intelligence Yisrael Katz visited Oman to attend an international conference during which he presented a concept for a railway between Israel, Jordan, and the Gulf states. In February 2019, White House adviser Jared Kushner, then-Special Representative for International Negotiations Jason Greenblatt, and the State Department's special representative for Iran Brian Hook met with Qaboos in Muscat to discuss the administration's Middle East peace proposals and U.S. policy toward Iran.[35] 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 that assertion.[36]

Oman publicly supports the Palestinian Authority (PA) drive for full U.N. recognition. In February 2018, Foreign Minister Alawi visited the Al Aqsa Mosque in east Jerusalem, which required coordination with Israeli authorities, and he also met Palestinian officials in Ramallah. In late June 2019, Oman announced plans to open an embassy in the Palestinian territories.[37] The announcement coincided with the U.S.-led workshop in Bahrain intended to promote investment in the region as part of a Middle East peace initiative. Palestinian officials did not attend the workshop and Oman, which faces financial difficulties of its own, did not send officials to it.

Defense and Security Issues

Sultan Qaboos, who was Sandhurst-educated, was respected by his fellow Gulf rulers as a defense strategist. He asserted that the United States is the security guarantor of the region. Oman's approximately 43,000-person armed force—collectively called the "Sultan of Oman's Armed Forces"—is the third largest of the GCC states and widely considered one of the best trained. 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 government expenditures of about $30 billion. Sultan Haythim does not have the military strategy training or expertise that Qaboos did, potentially creating opportunities for other Gulf states to influence Omani strategy.

Omani leaders express willingness to join a U.S.-backed "Middle East Strategic Alliance" among all six GCC states and other Sunni Arab states, envisioned by the Trump Administration as an alliance to counter Iran. That coalition was to be formalized at a U.S.-GCC summit planned for spring 2018 but, because of the intra-GCC rift, has been repeatedly postponed. On January 9, 2019, Oman hosted meetings on the "economic and energy pillars of the Middle East Strategic Alliance," according to the readout of Secretary Pompeo's meeting with Qaboos on January 15, 2019. Egypt said in mid-2019 it would not join the MESA, further setting back U.S. efforts to unveil it, but the Administration held further meetings of GCC and Jordanian officials on the concept following the September 14, 2019, Iranian attack on Saudi critical energy infrastructure.

U.S. Access to Omani Military Facilities

In the wake of Iran's 1979 Islamic revolution, Oman signed a "facilities access agreement" that allows U.S. forces access to Omani military facilities on April 21, 1980. Days after the signing, the United States used Oman's Masirah Island air base to launch the failed attempt to rescue the

[35] U.S. Embassy in Oman. Readout of Meeting between Administration Officials and Sultan Qaboos bin Said Al Said. February 26, 2019.

[36] "Mossad Chief Declares Israel Renewing Oman Ties; Foreign Ministry Won't Comment." Times of Israel, July 2, 2019.

[37] "Oman says to open embassy in Palestinian territories." AFT, June 26, 2019.

U.S. Embassy hostages in Iran, although Omani officials assert that they were not informed of that operation in advance. Under the agreement, which was last renewed in 2010, the United States reportedly can use—with advance notice and for specified purposes—Oman's military airfields in Muscat (the capital), Thumrait, Masirah Island, and Musnanah. Some U.S. Air Force equipment, including lethal munitions, is reportedly stored at these bases.[38] According to February 2018 testimony of CENTCOM commander General Joseph Votel, each year Omani military forces participate in several exercises, and Oman allows 5,000 overflights and 600 landings by U.S. military aircraft and hosts 80 port calls by U.S. naval vessels.[39] A few hundred U.S. military personnel are stationed in Oman, mostly Air Force.[40]

Oman has shown its support for major U.S. operations in the region by making its facilities available consistently. Oman's facilities contributed to U.S. major combat operations in Afghanistan (Operation Enduring Freedom, OEF) and, to a lesser extent, Iraq (Operation Iraqi Freedom, OIF). According to the Defense Department, during major combat operations of OEF (late 2001) 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. military presence in Oman fell to 3,750 during OIF (which began in March 2003) because facilities closer to Iraq were used more extensively. 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.

2019 Port Access Agreement

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 (see above) and Salalah.[41] Al Duqm, in particular, is large enough to handle U.S. aircraft carriers, and U.S. officials viewed the agreement as improving the U.S. ability to counter Iran.

Oman's Defense Relations with other Militaries

Because of his historic ties to the British military, Qaboos early on relied on seconded British officers to command Omani military services, and Oman bought British weaponry. Among those British military officers who were influential in Oman in the 1970s and 1980s included UK Gen. Timothy Landon, UK Gen. Timothy Creasey, and UK Air Vice Marshall Erik Bennett. Over the past two decades, British officers have become mostly advisory and Oman has shifted its arsenal mostly to U.S.-made major combat systems. Still, as a signal of the continuing close defense relationship, in April 2016 Britain and Oman signed a memorandum of understanding to build a base near Al Duqm port, at a cost of about $110 million, to support the stationing of British naval

[38] Hajjar, Sami. *U.S. Military Presence in the Gulf: Challenges and Prospects.* U.S. Army War College, Strategic Studies Institute, p. 27. The State and Defense Departments have not released public information recently on the duration of the 2010 renewal of the agreements or modifications to the agreements, if any. The Khasab base, 50 miles from Muscat, was upgraded with $120 million in U.S. funds—assistance agreed in conjunction with the year 2000 renewal of the facilities access agreement. Finnegan, Philip. "Oman Seeks U.S. Base Upgrades." *Defense News*, April 12, 1999.

[39] Testimony of Gen. Joseph Votel before the House Armed Services Committee. February 2018.

[40] Contingency Tracking System Deployment File, provided to CRS by the Department of Defense.

[41] U.S. Embassy in Oman. U.S. Statement on the Signing of the Strategic Framework Agreement. March 24, 2019.

and other forces in Oman on a permanent basis.[42] In February 2018, India reportedly signed an agreement with Oman granting the Indian navy the use of the port.[43]

U.S. Arms Sales and Other Security Assistance to Oman[44]

Oman is trying to expand and modernize its arsenal primarily with purchases from the United States. However, Oman is one of the least wealthy GCC states and cannot buy U.S. arms as readily as the wealthier GCC states. Oman has received small amounts of Foreign Military Financing (FMF) that have been used to help purchase U.S. equipment, and Oman is eligible for grant U.S. excess defense articles (EDA) under Section 516 of the Foreign Assistance Act. The United States has not provided Oman with any FMF since FY2017 and none is requested for FY2020. Nonetheless, then CENTCOM commander General Votel testified on February 5, 2019, that Oman "will continue to develop an FMS (foreign military sales) portfolio that already includes over $2.7 billion in open FMS cases, though budgetary constraints may significantly slow new acquisitions in coming years." Some of these FMS cases are discussed below.

- *F-16s.* In October 2001, Oman purchased (with its own funds) 12 U.S.-made F-16 C/D aircraft. 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. In 2010, the United States approved a sale to Oman of 18 additional F-16s, with a value (including associated support) of up to $3.5 billion.[45] Oman signed a contract with Lockheed Martin for 12 of the aircraft in December 2011, and deliveries were completed in 2016. Oman's Air Force also possesses 12 Eurofighter "Typhoon" fighter aircraft.
- *Precision-Guided Munitions*. Oman has bought associated weapons systems, including "AIM" advanced medium-range air-to-air missiles (AIM-120C-7, AIM-9X Sidewinder), 162 GBU laser-guided bombs, and other equipment.
- *Surface-to-Air and Air-to-Air Missiles*. On October 19, 2011, DSCA notified Congress of a potential sale to Oman of AVENGER and Stinger air defense systems, asserted as helping Oman develop a layered air defense system.
- *Missile Defense*. In May 2013, then-Secretary of State John Kerry visited Oman reportedly in part to help finalize a sale to Oman of the THAAD (Theater High Altitude Area Defense system), the most sophisticated land-based missile defense system the U.S. exports. A tentative agreement by Oman to purchase the system, made by Raytheon, was announced on May 27, 2013, with an estimated value of $2.1 billion. However, a sale has not been announced. Several other GCC states have bought or are in discussions to buy the THAAD.
- *Tanks as Excess Defense Articles*. Oman received 30 U.S.-made M-60A3 tanks in September 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 armor to supplement the 38 British-made Challenger 2 tanks

[42] "UK to Have Permanent Naval Base in Oman, MoU Signed." Middle East Confidential. April 1, 2016. http://me-confidential.com/12289-uk-to-have-permanent-naval-base-in-oman-mou-signed.html.

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

[44] 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.

[45] Andrea Shalal-Esa. "Lockheed Hopes to Finalize F-16 Sales to Iraq, Oman," Reuters, May 16, 2011.

and 80 British-made Piranha armored personnel carriers it bought in the mid-1990s.

- *Patrol Boats/Maritime Security.* Oman has bought U.S.-made coastal patrol boats ("Mark V") for counternarcotics, antismuggling, and antipiracy missions, as well as aircraft munitions, night-vision goggles, upgrades to coastal surveillance systems, communications equipment, and de-mining equipment. EDA grants since 2000 have gone primarily to help Oman monitor its borders and waters and to improve interoperability with U.S. forces. The United States has sold Oman the AGM-84 Harpoon anti-ship missile. Oman has bought some British-made patrol boats.
- *Antitank Weaponry*. The United States has sold Oman antitank weaponry to help it protect from ground attack and to protect critical infrastructure. In December 2015, DSCA notified a potential sale to Oman of more than 400 TOW (tube-launched, optically tracked, wire-guided) antitank systems, with an estimated value of $51 million. The United States also has provided to Oman 400 "Javelin" antitank guided missiles.[46]

Professionalizing Oman's Forces: IMET Program and Other Programs

The International Military Education and Training program (IMET) program is used to promote U.S. standards of human rights and civilian control of military and security forces, as well as to fund English language instruction, and promote interoperability with U.S. forces. About 100 Omani military students participate in the program each year, studying at 29 different U.S. military institutions.

Table 1. Recent U.S. Aid to Oman

($ in millions)

	FY14	FY15	FY16	FY17	FY18	FY19(req)	FY20 (req)
IMET	2.01	1.6	1.9	0	1.85	0.5	1.7
FMF	8.0	4.0	2.0	2.0	0	0	0
NADR Total	1.5	.96	.54	1.94	1.9	2.0	1.7
NADR ATA					.9	1.0	1.0
NADR EXBS					1.0	1.0	.7
Other DOD		.20	.70				
Dept. Energy		.57	.50				

Source: State Department Congressional Budget Justification.

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); EXBS (Export Control and Related Border Security); and TIP (Terrorism Interdiction Program). Dept. of Energy funds are for materials protection and nonproliferation.

[46] https://www.state.gov/t/pm/rls/fs/2016/253850.htm.

Cooperation against Terrorism and Terrorism Financing[47]

Oman cooperates with U.S. legal, intelligence, and financial efforts against various cross-border threats, particularly those posed by terrorist groups including Al Qaeda, Al Qaeda in the Arabian Peninsula (AQAP, headquartered in neighboring Yemen), and the Islamic State 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. According to recent State Department reports on terrorism, Oman actively tries to deny terrorist safehaven in or transit through Oman.

The United States provides funding—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 destruction (WMD), advanced conventional weapons, or illegal drugs at land and sea borders. ATA funds are used to train the Royal Army of Oman and several 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 port of Salalah 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 and responsibilities of Oman's armed forces and law enforcement agencies.

There are no Omani nationals currently held in the U.S. prison for suspected terrorists in Guantanamo Bay, Cuba. During 2015-17, Oman accepted the transfer of 23 non-Omani nationals from Guantanamo Bay as part of an effort to support U.S. efforts to close the facility.

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

Oman is a member of the Middle East and North Africa Financial Action Task Force (MENA-FATF). Recent State Department terrorism reports credit Oman with transparency regarding its anti-money laundering and counterterrorist financing enforcement efforts and say that it has the lowest risk for terrorism financing or money laundering of any of the GCC countries. Oman does not permit the use of *hawalas* (traditional money exchanges). A 2010 Royal Decree was the primary legal basis for Oman's efforts against money laundering and terrorism financing but another Royal Decree in 2016 stepped up those efforts by requiring financial institutions to screen transactions for money laundering or terrorism financing. In May 2017, Oman joined with the other GCC states and the United States to form a Riyadh-based "Terrorist Finance Target Center."

Countering Violent Extremism

The State Department characterizes Oman's initiatives to address domestic radicalization and recruitment to violence as "unclear" in nature and scope. 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 in his broadcasts.

[47] Much of the information in this section is derived from the State Department Country Reports on Terrorism 2017, which can be found at https://www.state.gov/j/ct/rls/crt/2017/282844.htm.

Economic and Trade Issues

Oman is in a difficult economic situation, characterized by budget deficits of approximately $10 billion per year since 2016. Oman has tried to address the shortfalls—without drawing down its estimated $24 billion in sovereign wealth reserves—by selling over $10 billion in government bonds since 2017 and taking loans from Chinese and other banks.[48] The government has cut subsidies substantially and has reduced the size of the government.

On the other hand, Oman has made progress in diversifying its economy away from hydrocarbons. In the first half of 2019, non-oil sectors contributed twice as much to Oman's gross domestic product (GDP) as did the energy sector.[49] Oman has announced a "Vision 2020" strategy. Its cornerstone is to attract foreign investment to positioning Oman as a trading hub, centered on the $60 billion project to build up Al Duqm port. Oman also has attracted investment in that project from Iran, Kuwait, China, Saudi Arabia, South Korea, the United Kingdom, and the United States. Oman's plans for the port 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.[50] 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 5.5 billion barrels of proven oil reserves, enough for about 15 years at current production rates. It exports approximately 800,000 barrels of crude oil per day, mostly to China. In part because it is a small producer, Oman is not a member of the Organization of the Petroleum Exporting Countries (OPEC). 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.

U.S.-Oman Economic Relations

The United States is Oman's fourth-largest trading partner. In 2018, the United States exported about $2 billion in goods to Oman, and imported about $1.1 billion in goods from it—figures roughly equal to those of 2017. 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 almost no Omani oil.[51]

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.

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 giving Oman about $15 million per year in Economic Support Funds (ESF) for conservation and management of Omani fisheries and water resources. In January 2016, the United States and Oman signed an agreement

[48] Jasim Husain. "Oman Secures Financing." Gulf News, September 11, 2017.

[49] Non-Oil Sector's Contributions to Oman's GDP Twice the Oil Earnings. Times of Oman, December 18, 2019

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

[51] http://www.census.gov/foreign-trade/statistics/product/enduse/imports/c5230.html.

on cooperation in science and technology, which provides for exchanges of scientists, joint workshops, and U.S. training of Omani personnel in those fields.

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