

OMAN'S FOREIGN POLICY IN THE TWENTY-FIRST CENTURY

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Over the past three decades, the Sultanate of Oman has conducted a unique regional foreign policy characterized by independence, pragmatism and moderation.¹ This policy first began to take shape following the July 1970 palace coup in Muscat, when Qaboos bin Said, covertly assisted by British military advisers, seized the throne from his father, Said bin Taymur. The young sultan immediately moved to modernize Oman's economy, exploiting this country's relatively small but increasingly lucrative petroleum exports. He also set in motion the so-called "Omani renaissance" by undertaking social, educational and cultural reforms that continue to this day.²

Besides his domestic accomplishments, Sultan Qaboos moved to reestablish Oman's role as an active regional player by ending his father's isolationist foreign policy. In 1971, Oman joined the United Nations and the Arab League. More important, by the mid-1970s, with the help

of British and Iranian military forces, he had brought under control the communist-inspired Dhofar rebellion that had erupted during the 1960s in the southwest corner of Oman. By the end of the 1970s, the domestic political situation in Oman had stabilized, allowing Sultan Qaboos to devote more attention to foreign policy and to implement his policy of independence (maintaining freedom of action), pragmatism (demonstrating flexibility in reaching accommodation with regional and global powers), and moderation (eschewing extreme positions and supporting a stable regional political-military status quo) in securing Omani foreign-policy interests.³

Muscat's pragmatic foreign policy derives, in part, from its survival instinct. How does a small state maintain its sovereignty, especially in a seemingly dangerous neighborhood? Rule number one: acquire a great-power patron (protector).⁴ Rule number two: avoid alienating your patron. Rule number three: avoid making enemies.

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Oman's foreign policy originates in a decision-making process that tends to be highly idiosyncratic. Muscat's Ministry of Foreign Affairs and overseas missions are not staffed by trained professionals comparable, for example, to the U.S. Foreign Service.⁵ Consequently, Oman's Foreign Ministry has not developed an institutional culture that may shape or act as a constraint on foreign policy.⁶ The monarchical and highly personalized nature of Oman's political system, moreover, allows Sultan Qaboos to exercise major influence over foreign policy.

Oman's institutional weakness raises questions about the long-term direction of Oman's foreign policy. An organization such as the U.S. Department of State, for example, provides long-term continuity to and places an institutional stamp on U.S. foreign policy that survives American presidents.⁷ Will the foreign-policy legacy (independence, pragmatism and moderation) of Sultan Qaboos survive him or will there be more fundamental systemic political changes in Oman given the sultanate's weak foreign-policy institutional apparatus? This paper argues that, in fact, Oman's foreign-policy orientation has also been shaped by three critical factors that will continue to motivate and constrain the actions of any future leader or leadership group: 1) strategic location, 2) the post-petroleum economy and 3) the Ibadi culture of "conservatism and tolerance."

NAVIGATING IN THREE ARENAS

Under the guidance of Sultan Qaboos, Oman has shown a remarkable flexibility in the conduct of its foreign policy.⁸ Muscat turns on its head the old Middle East adage that "the enemy of my enemy is my friend."⁹ As the head of a small, militarily weak state, the sultan realizes

that making friends or avoiding making enemies is practical from a security vantage point. For Oman, "the enemy (Iran) of my friend (the United States) may still be my friend." To that end, Muscat often demonstrates its independence and pragmatism by adopting positions on regional and global issues that run counter to the interests/desires of its Gulf Cooperation Council (GCC) partners, other Arab states and the United States.¹⁰ Over the past three decades, in particular, Oman has sought to navigate in three critical arenas: 1) Persian Gulf security, 2) the Arab-Israeli conflict and 3) global security threats.

Persian Gulf Security

In 1981, Oman, along with Saudi Arabia, Kuwait, Bahrain, Qatar and the United Arab Emirates (UAE), formed the GCC. The GCC was founded, in part, as a response to the perceived threat posed to Persian Gulf security by the Iran-Iraq War (1980-88). Unlike Saudi Arabia and Kuwait, which openly supported Iraq and opposed Iran, Oman maintained positive ties with both warring countries. When, in early 1987, the Reagan administration decided to re-flag Kuwaiti oil tankers, Muscat opposed the decision. Oman feared that U.S. military intervention in the Persian Gulf could lead to war between the United States and Iran (and frequent naval clashes did occur between the two sides during the 1987-88 re-flagging operation) or tragedy could strike (as it did in July 1988, when the USS *Vincennes* shot down an Iranian Airbus, killing all civilian passengers aboard). Nonetheless, Oman agreed to provide logistical support for the U.S. naval escort operation.¹¹ But Oman also helped to repatriate Iranians captured in naval clashes with the U.S. Navy in the Gulf.¹² Muscat also extended a standing offer to

the United States to act as a go-between to help improve U.S-Iran relations.¹³

Following Iraq's invasion of Kuwait in August 1990, Oman, along with the other GCC states, openly, actively and willingly cooperated militarily with the United States to liberate Kuwait. Subsequently, Muscat supported the UN sanctions regime against Iraq during the 1990s. But, at the same time, throughout the 1990s, Muscat moved to improve political relations with Baghdad. During the 1997-98 UN-Iraq crisis over weapons inspections, Oman opposed the use of military action to force Iraq to submit to inspections of its weapons capabilities by the UN Special Commission (UNSCOM).¹⁴

In 1993, the Clinton administration publicly adopted a policy of "dual containment" in the Persian Gulf aimed at Iraq and Iran.¹⁵ Iran had become of particular concern to Washington; in 1996, the U.S. Congress passed the Iran-Libyan Sanctions Act (ILSA), and the renewal and modifications of the Iran Sanctions Act (ISA) in 2006 appeared to be a call for regime change in Tehran.¹⁶ Nonetheless, Oman continued to conduct normal diplomatic and trade relations with Tehran despite Muscat's continuing concerns about Iran's ultimate intentions in the Gulf. On the other hand, Oman largely turns a blind eye to Iranian smugglers in their yellow speedboats plying their "covert" trade in the Strait of Hormuz. Their favored destination for "hanging out" to buy goods and contraband is the Omani town of Khasab on the Musandam Peninsula.¹⁷

Omani foreign policy seeks to avoid unnecessarily making enemies in the Persian Gulf, and Muscat publicly opposed the Bush administration's decision to invade Iraq in March 2003,¹⁸ although, as it did during the 1987-88 re-flagging opera-

tion, Oman quietly provided some logistical military support. Following the U.S. invasion of Iraq, pragmatism once again came into play in Muscat. Omani officials have withheld public criticism of the U.S. occupation for now. They realize that enhancing regional stability in this drastically altered environment requires a stable Iraq. Once that mission is accomplished, then the Americans should leave Iraq.

Historically, Oman has viewed Iran (the Persians) with a certain amount of fear and suspicion. The 1978-79 revolution heightened this concern when, in the 1980s, Tehran actively sought to export its Islamic revolution throughout the Gulf region.¹⁹ Nonetheless, despite Iran's apparent nuclear-weapons ambition, which is opposed by all GCC states, Oman does not feel directly threatened; even if Tehran should develop a nuclear-weapons capability, Oman's pragmatism and less alarmist strategic calculation would likely trump U.S. pressure to support, at least openly, military action against Iran.

The Arab-Israeli Conflict

Geographically, Oman lies on the periphery of the Arab-Israeli conflict. Consequently, Muscat's voice carries little political weight and Oman has avoided direct and indirect military involvement in the Arab-Israeli wars fought since 1948. Sultan Qaboos's first foray into this political minefield occurred in 1978-79 following the signing of the Camp David Accord (September 1978) and the Egyptian-Israeli peace treaty (March 1979). Acting against the tide of Arab opinion and the decision of the Arab League calling upon member states to break diplomatic relations with Cairo, Oman (along with Sudan and Somalia) refused to do so.²⁰

Oman's decision not to isolate Cairo over Egyptian President Anwar Sadat's

policy of pursuing peace with Israel exemplifies the sultan's policy of independence, pragmatism and moderation. Just as Muscat opposed certain U.S. policies in the Persian Gulf over the past three decades, the sultan seems to operate from the following principle: While you may disagree with your friends, you should nonetheless still try to support

them in some way, even if their action is widely opposed domestically or within the region — in which case, just don't talk about what you are doing.

Reportedly, Sultan Qaboos was meeting with King Hussein in Jordan in late 1977 when the king received a phone call informing him that Sadat planned to go to Jerusalem. When King Hussein asked: "What do we do?" the sultan replied: "We support him, of course."²¹

Throughout the 1980s, Sultan Qaboos remained unwavering in his support for Egypt and its peace treaty with Israel. The sultan's position eventually appeared to be vindicated. By the mid-1980s, the Arab League — even supported by Iraq, one of the radical "rejectionist" Arab states — was seeking to bring Egypt back into the Arab fold and create a united front against Iran. Fears of an Iranian military victory in the Iran-Iraq War, particularly among the Arab Gulf states, had increased dramatically after the success of Iran's mid-1982 military offensive into Iraqi territory. Consequently, in 1987, the Arab League voted to restore diplomatic relations with Cairo and then, in 1989, readmitted Egypt to the Arab League and moved the League's headquarters back to Cairo.

Diplomatically, Oman's peripheral position prevents Muscat from getting out in front on the Arab-Israeli conflict. All the same, Sultan Qaboos certainly has shown a knack for being ahead of the Arab curve with respect to supporting the Arab-Israeli peace process. The convening of the Madrid peace conference in October 1991

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and the signing of the Oslo Accord between the PLO and Israel in September 1993 provided diplomatic cover for Oman to begin exploring economic and lim-

ited political relations with Israel. Even before Oslo, Muscat reportedly had opened a line of communication to Israel after the first Intifada erupted in December 1987.²²

During the mid-1990s, Oman played a leading role among Arab states in trying to build a diplomatic bridge to Israel. In April 1994, it hosted a session of the Madrid multilateral-track negotiations on water desalination that was attended by Arab and Israeli officials.²³ That September, along with the other GCC states, it renounced the secondary and tertiary economic boycott of Israel, and in December 1994, became the first Gulf state to host Israeli Prime Minister Yitzhak Rabin. The following October, Oman and Israel opened trade offices, essentially meaning that Oman had renounced the primary Arab boycott of Israel. Then, following Rabin's assassination, in April 1996, it hosted Israeli Prime Minister Shimon Peres.

Following the eruption of the second Intifada in September 2000, Muscat remained supportive of the peace process despite the closing of Israel's trade offices in

Oman and its own offices in Israel.²⁴ Officially, Oman favors the moderate approach of Palestinian President Mahmoud Abbas and supports the 2002 Arab (King Abdullah) peace plan. Unofficially, despite the diplomatic setbacks and stagnation in the Palestinian, Syrian and Lebanese peace negotiations in recent years, Omani officials continue to meet with Israelis. During an April 2008 meeting, Oman's minister of foreign affairs, Yusuf bin Alawi bin Abdullah, informed Israel's foreign minister, Tzipi Livni, that the Israeli trade office in Oman would remain closed until agreement was reached on creating a Palestinian state. Some observers interpreted the fact that this direct meeting with an Israeli official took place at all as a kind of diplomatic outreach by Oman to Israel.²⁵

Global Security

In April 1980, the Sultanate of Oman signed a 10-year renewable arms-for-access military agreement with the United States.²⁶ In return for military access and permission to expand Omani military facilities — the most important of which are on Masirah Island off the southern coast of Oman in the Indian Ocean — Washington agreed to provide Oman \$100 million annually in various forms of security assistance. Omani-American negotiations began in December 1979 soon after the Iran hostage crisis and accelerated following the Soviet invasion of Afghanistan later that month. In his January 1980 State of the Union address, President Jimmy Carter proclaimed the so-called Carter Doctrine, calling for possible unilateral U.S. military intervention in the Persian Gulf to defend Western interests in the region.

Sultan Qaboos elected to support an enhanced U.S. military presence in the Gulf region at a time when other pro-West Arab Gulf states wished to keep the United

States at arms length. An open military relationship with Washington coming less than a year after the signing of the U.S.-sponsored Egyptian-Israeli peace treaty seemed to be an unnecessarily inflammatory political move. The Saudis and Kuwaitis refused American requests to logistically or politically support the Carter Doctrine. Riyadh essentially told the Americans to go “over-the-horizon.” With security options closed off in the Gulf except for Oman, Washington signed arms-for-access agreements with the governments of Kenya and Somalia, located in northeast Africa more than 1,500 miles away.²⁷ While Kuwait reportedly offered Oman \$2 billion not to sign a military-access agreement with Washington, Sultan Qaboos again asserted Oman's independence by refusing to be constrained by Gulf Arab opinion.²⁸ Pragmatism and self-interest certainly played a role in the sultan's decision as he recognized the tangible (aid) and intangible (security guarantee) benefits to be gained by forging a closer security relationship with Washington.

Following the Iraqi invasion of Kuwait in August 1990 and the decision by the other GCC states to grant the United States access to their respective military facilities and to allow the stationing of U.S. military forces on their soil, Sultan Qaboos once again appeared to have been ahead of the curve by 10 years. On the down side, however, the newfound willingness of the GCC's “other five” to host U.S. ground, naval and air forces in the Gulf diminished Oman's relative strategic importance.²⁹ Moreover, with the end of the Cold War and the collapse of the Soviet Union, U.S. security assistance to Oman declined rather sharply during the 1990s and the first years of the twenty-first century.³⁰ Nonetheless, given Oman's continued perceived strate-

gic importance, Washington renewed the arms-for-access agreement with Oman in 1990 and again in 2000.

Following the 9/11 attacks, Oman quickly and publicly signed on to the U.S. war on terrorism. The American military presence in Oman dramatically increased from a pre-9/11 level of 200 to more than 4,300 personnel in support of Operation Enduring Freedom (OEF) in Afghanistan.³¹ Oman allowed the United States to launch B-1 bomber strikes against Taliban and al-Qaeda forces in Afghanistan, although in recent years Omani military facilities have not been used to support air operations in Afghanistan or Iraq.

In contrast to the war in Afghanistan, Omani leaders warned Washington against invading Iraq. They argued that such an action would “incite revenge” against the United States in the Arab world and that the United States would likely get bogged down and find it hard to extricate itself from Iraq.³² Despite these warnings, Muscat allowed 3,750 U.S. military personnel to operate out of Oman in support of Operation Iraqi Freedom (OIF).³³ However, U.S. military operations launched from Oman against Iraq were much more limited in scope than in the case of Afghanistan.³⁴

By the end of 2008, only 35 U.S. military personnel were based in Oman. Even so, their presence has remained essentially an unspoken topic by the Omani government.³⁵ Some analysts believe this lower profile, along with the fact that Omani dependence on U.S. aid has also decreased in recent years, has created a healthier relationship between the two countries.³⁶ Annual U.S. security assistance to Oman decreased from \$80 million in FY 2003, ranged between \$15-25 million during FY 2004-07 and was \$8 million in FY 2008. A \$15 million request is pending for FY

2009.³⁷ Despite the continued provision of U.S. security assistance to Oman, however, U.S. officials realize that Muscat will likely resist allowing Omani military facilities to be used to launch U.S. strikes against Iran.³⁸

GEOPOLITICS

As a member of the Gulf Cooperation Council, Oman is viewed as a Persian Gulf state. Oman’s foreign policy perspective, however, has been shaped by a geopolitical reality quite different from those of the other GCC states.³⁹ Only a few miles of the western coast of Oman’s Musandam Peninsula border on the Persian Gulf. The eastern coast of Musandam and some 1,000 miles of Oman’s eastern/southern coastline (equal in length to the U.S. Pacific coastline from San Diego to Seattle) lie on the Gulf of Oman and the Arabian Sea in the Indian Ocean.

Thus, historically Oman has looked outward to the Indian Ocean, not to the interior of the Arabian Peninsula, and has shown only limited interest in the Persian Gulf.⁴⁰ If one turns the clock back 500 years, Oman reigned as a major naval power in the Indian Ocean, controlling an empire that extended to the east coast of Africa, including its prize possession, the island of Zanzibar off the coast of Tanzania. In the Persian Gulf region, Oman held for a time some coastal territory in the southern Gulf in what is now the UAE, some coastal areas and islands belonging to Persia in and near the Strait of Hormuz, and the Gwadar region of present-day Pakistan on the coast of the Arabian Sea.⁴¹

Oman’s strategic location, however, made it a prime target for attack. Over the centuries Oman was invaded several times by Persia, but still managed to maintain its independence. Then, at the end of the fifteenth century (1498), another major

naval power found its way to the Indian Ocean: Portugal. Alarmed by the size of Oman's navy, which could threaten the newly discovered Indian Ocean trade route to India and the Far East, Portugal initiated a war with Oman in the early sixteenth century.⁴² Portugal ultimately prevailed in this naval struggle and occupied Oman's major coastal cities from 1507 until their eviction in 1650 by a newly established Omani fleet.

Oman's geopolitical outlook, there-

fore, is influenced by a history of interaction with Western and South Asian powers and cultures not experienced by the other GCC states. Muscat's perception of strategic threats

in the Gulf region also diverges at times rather sharply from those of its Arab allies.⁴³ Oman has been less alarmed, for example, by the potential threat posed by Iran. During the 1970s, when the shah moved to fill the strategic vacuum left by the British, Oman essentially welcomed the assertion of Iran's military power in the region. Other Arab Gulf states were quite alarmed by Iran's claim to regional hegemony, especially when in 1972 Iran seized control of three Persian Gulf Islands claimed by the UAE, a subject of continuing dispute. Sultan Qaboos, on the other hand, appreciated the shah sending Iranian military forces in late 1975 to help him bring an end to the internal security threat posed by the Dhofar Rebellion.

Oman's strategic geography has also created a very cosmopolitan society and culture in addition to opening up poten-

tially enormous economic opportunities.⁴⁴ Oman lies closer to India and Pakistan than it does to the northern Arab Gulf states. With the development of the port at Salalah on the Indian Ocean, approximately 100 miles from its border with Yemen, Oman hopes to position itself as the gateway for international trade to South Asia.⁴⁵ The vast economic growth of the South Asia market over the past dozen years, especially in India (which promotes itself

as the "World's Fastest Growing Free-Market Democracy"), bodes well for Oman.⁴⁶ Geography, history and economics are thus working together to lead Omanis to look outward, not inward.

Muscat's security assessment of developments in the Gulf generally tends to be less alarmist than those of the other GCC states (and the United States, for that matter) and remains much more open to diplomatic accommodation with its Iranian neighbor.

Nonetheless, Muscat cannot escape (nor would it wish to) the fact that the Musandam Peninsula makes Oman one of the guardians of the Strait of Hormuz and, in turn, of Persian Gulf trade. Moreover, Oman's approximately 200-mile coastline running from Muscat to the border with the UAE serves as the gateway for maritime trade entering and leaving the Persian Gulf. Every day, 30-40 percent of the world's oil supplies pass through the Strait of Hormuz. Even more critical, the main deep-water channels and shipping lanes in the strait lie in Omani waters. For Western powers, in particular, Oman will remain of key strategic importance to the security of the entire Persian Gulf.⁴⁷

Separated from the rest of Oman by a 50-mile strip of the UAE's eastern coastline, the Musandam Peninsula offers Oman an important strategic position overlooking

the Strait of Hormuz. But as one travels to the interior of the peninsula, one encounters the slopes and plateaus of the Jebel Harim (Mountain of Women). Situated some 6,500 feet atop the Jebel Harim, one may observe a telecommunications/intelligence station established by the British (off limits to the public, of course) that allows Oman to monitor activities throughout the Gulf region and out into the Indian Ocean. The Jebel Harim facility may, in fact, have prevented a further escalation of tensions and retaliation between Iran and the United States back in 1988, when Omani radio intercepts from this station detected the shadow of an Iranian jet fighter flying behind an Iranian Airbus shortly before it was shot down by the USS *Vincennes* in July 1988.⁴⁸ Oman provided this information to Iran in order to show that the United States was not intentionally acting aggressively, but truly committed a tragic mistake.⁴⁹

American security assistance to Oman since 1980 has been based on Oman's strategic position in relation to the Persian Gulf, not South Asia. For its part, Oman has not sought to reestablish itself as an Indian Ocean naval power and today maintains a small naval force mostly designed for defending the coastline and carrying out anti-narcotic and anti-smuggling operations.⁵⁰ Nonetheless, Oman's geographic location makes the country much more of an Indian Ocean state than a Persian Gulf state. Muscat's security assessment of developments in the Gulf generally tends to be less alarmist than those of the other GCC states (and the United States, for that matter) and remains much more open to diplomatic accommodation with its Iranian neighbor 10 miles across the Strait of Homuz.

GLOBALIZATION AND THE POST-OIL ECONOMY

Oman's modernization program over the past four decades has been fuelled largely by its oil exports. Revenue generated by the sultanate's oil and natural gas resources accounts for 48 percent of Gross Domestic Product (GDP), 79 percent of export earnings and 78 percent of government revenues.⁵¹ The Omani government hopes to reduce oil exports as a percentage of GDP by the year 2020. This objective is dictated by necessity, not choice.

Commercially exploitable oil fields were discovered in Oman in 1964. Oman found itself at a disadvantage compared to countries such as Saudi Arabia and Kuwait as its smaller and more widely scattered oil fields cause its production costs per barrel of oil to be higher. A minor oil producer, Oman never joined or was pressured to join the Organization of Petroleum Exporting Countries (OPEC). Instead, Oman leads a group of smaller oil producers that coordinate their production and pricing policies with OPEC.

Through the years, Oman's petroleum industry has remained open to foreign investment. While the government owns a 60 percent share of the Petroleum Development (Oman), Ltd, (PDO) that controls Oman's oil, Royal Dutch Shell owns a 34 percent share and the French oil companies Total and Partex own a 4 percent and 2 percent share, respectively. The U.S.-based Occidental Oil Company is also currently operating in Oman. This sends an important message to foreign investors that Oman is open for business.

Attracting foreign investment will become critically important over the next 15-20 years. Oman's proven oil reserves are estimated (Janary 15, 2010) at about

5.5 billion barrels, ranking Oman twenty-fifth in the world. Based upon the current rate of production of 740,000 barrels per day, of which 733,000 are exported, Oman will run out of oil in about 20 years.⁵² This estimate, of course, may be subject to change if new oil fields are discovered or if Omani oil production and exports increase to meet growing world demand as many experts predict. In fact, over the past year, Oman's oil exports increased more than 65,000 bpd from a previous level of 740,000 bpd. However, it appears that Oman's economy may enter a post-petroleum phase in as few as 15-17 years.

This economic transition may be eased by Oman's proven natural-gas resources, estimated in January 2008 at 849.5 billion cubic feet (bcf),⁵³ While this ranks Oman twenty-ninth in the world, these reserves are dwarfed by the estimates of the reserves of other Middle Eastern states such as Iran (28 trillion cubic feet) and Qatar (25 trillion cubic feet). Oman produces approximately 24 bcf of natural gas annually, exports about 11 bcf, consumes another 13.35 bcf, and imports 350 million cubic feet to offset this deficit. Based upon current estimates of reserves, domestic consumption and exports, Oman's natural-gas reserves may last another 35 years. How will Oman meet its growing domestic energy needs and offset the future loss of oil and natural gas revenues?

With respect to meeting Oman's growing domestic energy needs in the future, the answer may lie in developing solar and wind power.⁵⁴ The Omani government "plans to drastically reduce its reliance on oil exports and double its income from industrial activities in the coming decade." Nonetheless, the country will still need to import gas to meet its growing domestic

demand.⁵⁵ Moreover, Oman's "electricity consumption is increasing by 15 percent annually and water by ten percent, due to industrial and infrastructure projects as well as domestic use."⁵⁶ Oman's location on the southwest corner of the Arabian Peninsula, with its coastline along the northwestern rim of the Indian Ocean, however, suggests that Oman is ideally situated geographically to exploit natural, renewable energy resources such as solar and wind power. Already looking ahead, back in December 1996, the Oman Solar Systems Company (OSS) installed the first 10 kilowatt wind-powered electrical pumping system in Oman at the Heelat Ar Rakah Camp, Thumrait, "for research activity to assess the use of brackish groundwater for crop irrigation by harnessing wind energy in the region."⁵⁷ Oman also recently contracted with an India-based company to construct a high-tech renewable energy facility to convert desert water into 3 million liters of drinking water per day for an Omani military camp in the desert, and it has plans to construct many more such facilities to convert desert and sea water into drinking water.⁵⁸

Another component of Oman's post-oil economic future, which will make only a small dent in offsetting the loss of petroleum revenues, involves the expansion of Oman's tourism industry. It hopes by 2010 to be able to attract and accommodate 2 million foreign tourists annually, almost double the number that visited the country in 2001, and resulting in a rise in tourism's contribution to the overall economy from 1.5 to 3.0 percent GDP.⁵⁹ Even with this increase in tourists, Oman would still rank third, behind the UAE (with about 6 million tourists) and Bahrain (approximately 3.5 million tourists) among the GCC states.

Despite this rather meager economic contribution, the Omani government is beginning to promote itself much more aggressively as a desired tourist destination for Europeans and Americans. On January 22, 2009, Oman's New York-based public-relations group took out a 12-page special advertising supplement in *The New York Times* seeking to entice Westerners (Americans) to visit and invest in Oman. Tourists could travel to the Musandam Peninsula and take a cruise on a traditional dhow to view the fjords (khors) of what many call the "Norway of the Gulf" and then go snorkeling or diving around Oman's beautiful coral reefs. One might also choose to visit Salalah, the capital of the Dhofar region in the south destined to become, according to the General Manager of the Dhofar Investment Development & International Holding Company (DI-DIHC), "the second Dubai."⁶⁰

The crown jewel of the tourism infrastructure being developed as part of the government's Seaside Development Project is the \$15-20 billion Al Madina Al Zarqa (the Blue City), located on the coast an hour southwest of Muscat.⁶¹ Upon completion, the Blue City will offer three five-star hotels, several championship-caliber golf courses, a Heritage Museum and a water-front amphitheatre. Omani tourism officials contend, however, that Oman intends to develop tourism without compromising its traditional culture and architecture. Salalah may become the "second Dubai" of the Gulf, but without all the high-rise glass and steel.⁶²

Omani officials and business leaders may want to rethink the "second Dubai" of the Gulf comparison, however, in light of the financial crisis that has ripped through Dubai's economy during the past year. Dubai's six-year building boom, includ-

ing the world's tallest building and largest shopping mall, showcased a commitment to "unbridled capitalism."⁶³ Then the real-estate bubble burst in early 2009, owing in large part to speculative financial transactions. In late 2009, the UAE's central bank had to step in to head off a crash by agreeing to guarantee the debt of Dubai's banks, which had grown to \$59 billion.⁶⁴ Thus, Oman may be wise to develop its tourism industry in a more moderate, much less spectacular fashion than its Gulf neighbor.

The January 2009 special advertising supplement to *The New York Times* also prominently discussed the advantages of investing in the country. Oman has enacted very flexible investment rules that reportedly do not discriminate against foreign investors. As part of the Free Trade Agreement negotiated by the United States and Oman and passed by the U.S. Congress in 2007, American businesses would be expected to hire Omanis as part of the government's Omanization program. This program is designed to reduce Oman's dependence on foreign labor and provide jobs for a very young population that will begin entering the job market over the next 20 years. Oman's PR machine also trumpets the news that "overseas investors seeking safe returns have recognized the tax freedoms and good corporate governance Oman has to offer."⁶⁵

Oman's decision to join the World Trade Organization (WTO), to which it was admitted on November 9, 2000, and negotiate an FTA with the United States highlights the critical role Muscat expects international trade to play in the post-oil economy. With a small population of just over 3 million, Oman does not offer much business opportunity for large foreign corporations. Rather, it sees itself serving as the gateway to a 2 billion-person consumer

market in South Asia and perhaps in the future to an 80 million-person market in Iran.⁶⁶ Omanis believe the port at Salalah, completed just a decade ago, is destined to become one of the world's most important container terminals.⁶⁷ Large freighters coming from Europe or North America would offload their shipments at Salalah, where these products would be processed, reassembled and loaded onto ships headed to various final destinations in the Indian Ocean and Persian Gulf.

Thus, Muscat has been implementing economic policies over the past decade aimed at diversifying the Omani economy and preparing for the country's post-oil future. Omanis realize that increased Western tourism will barely put a dent in the loss of petroleum earnings. Increased foreign investment and trade will prove vital, therefore, in attempting to bridge this gap. No matter what the political future holds for Oman, any future Omani government should be expected to remain open to foreign trade and investment in the twenty-first century.

IBADISM

What happens after Sultan Qaboos? Unlike the other hereditary monarchies of the Persian Gulf, political succession in Oman is complicated by the fact that the sultan has not produced a male heir. Oman's 1995 Basic Law reads somewhat like a constitution, leading some observers to believe that Oman will evolve into a constitutional monarchy.⁶⁸ Under the sultan's rule, universal adult suffrage has been granted (first exercised in the 2003 majlis election), municipal and national elections are now held, and the role of women in Omani society has been expanded in both the economic and political spheres. Based in part on the Oman experience, some po-

litical observers argue that in recent years, the monarchies have made greater strides than the republics of the Arab world in implementing "progressive" political and economic reforms.⁶⁹

On paper, Sultan Qaboos has created the structure of a constitutional monarchy, but real political power still resides with him rather than with a prime minister.⁷⁰ The elected lower chamber of Oman's parliament (majlis ash-shura), which was established in 1991, can review and comment on draft legislation but cannot initiate or veto laws and plays no role in foreign affairs. This body does meet the Omani tradition calling for consultation (shura). In reality, however, Sultan Qaboos acts as prime minister, defense minister and foreign minister. Will he eventually allow the election of a prime minister who assumes responsibility for domestic and foreign policy, thereby creating an institutional and structural legitimacy that survives him? At present, no one except perhaps his closest confidants is sure what the sultan intends to do.

Some insight into what may happen in Oman after Sultan Qaboos may be provided by an understanding of the Ibadi religion. Ibadis identify themselves as Muslims but are neither Sunni nor Shia. Ibadism began as an offshoot of the Kharijite sect, which opposed the succession to the Prophet Mohammed.⁷¹ Ibadis rejected, however, the Kharijites' use of violence and assassination to remove "unjust" or "unvirtuous" leaders. In the mid-eighth century, an Ibadi imamate emerged in Oman, but it was suppressed by the Abbasid Dynasty (based in Baghdad) at the end of the ninth century.⁷² Nonetheless, Ibadism survived in Oman, where approximately 75 percent of Ibadis live. They comprise Oman's majority religious community (an estimated 2.25 million

people), but their numbers remain so small (an estimated 3 million people or about .03 percent of the worldwide Muslim community) that they are overshadowed by the Sunni-Shia divide and often forgotten.

Ibadis believe that the ruler (*imam*) should be selected by the consensus (*ijma*) of the community (*umma*).⁷³ Any Muslim, regardless of his family or origin, could become imam. Moreover, the imam was expected to act justly in accordance with the law derived from the Quran and Hadith. If the ruler proves unjust, he should be deposed. Ibadis thus reject the notion that “100 years of tyranny is better than one day of chaos.”

In good Ibadi tradition, therefore, Oman’s 1995 Basic Law provides for the selection, not the election, of a successor to Sultan Qaboos.⁷⁴ Since the sultan has not produced an heir to the throne, senior Omani officials are expected to make this selection. If they cannot reach a consensus, Sultan Qaboos has reportedly left, in secret places known only to a few confidants, the names of two individuals who he believes would be best qualified to succeed him and lead the country.⁷⁵

One would expect any future political transition in Oman to be peaceful and orderly, with a minimum of political instability. In the most recent (2009) “failed state” index, issued since 2005 by the Fund for Peace and *Foreign Policy* magazine, Oman falls in the least-at-risk category for all 12 political, economic, and social factors calculated to assess a country’s level of instability.⁷⁶ On this scale, the higher a country’s combined point score on these 12 factors, the greater the likelihood of instability (Somalia, Iraq and Afghanistan each score between 110-120 points). Oman scores just below 50 points, compared to

the Middle East average of 77 and a world average of around 75. Europe’s average (deemed the most stable of the world’s six regions by this index) is 47 points.⁷⁷

Ibadism is known for its conservatism and tolerance. Ibadis place a great emphasis upon the “rule of the just” and generally have an aversion to political violence. Agreeable disagreement with friends and peaceful compromise with enemies would appear to be consistent with Ibadi thought in the conduct of foreign policy. This moderating influence on Omani society should shape and constrain the foreign-policy behavior of any future Omani leader.

CONCLUSION

Over the past four decades, the Sultanate of Oman has managed to successfully navigate regional and global conflicts by adopting a policy of independence, pragmatism and moderation. Since the end of the Dhofar rebellion in the mid-1970s and the decision by the former People’s Democratic Republic of Yemen (PDRY/South Yemen) to end its support for the rebels, Oman has lived in peace with its neighbors. Oman has also positioned itself to benefit from future technological cooperation with Israel in the areas of water desalination and trade relations once the Palestinian-statehood question is resolved to the satisfaction of both sides.⁷⁸ Muscat’s close strategic cooperation with Washington since 1980 (in April 1980 it even allowed the United States to launch the aborted rescue of hostages in Iran from Omani military facilities and Oman signed onto the Carter Doctrine, originally aimed at deterring Soviet aggression in the region) has not compromised Oman’s independence and pragmatism in the conduct of its foreign policy.

Oman's geographic position has also allowed Muscat to expand its relations with the countries of South Asia. Historically, India, in particular, has maintained a close political relationship with Oman, strengthened by Oman's 350,000-strong Indian community, which has contributed to the development of the economy and services, including health care, in the sultanate.⁷⁹ Moreover, in December 2005, Oman and India signed a Memorandum of Understanding (MOU) on defense cooperation calling for an "exchange of expertise in military training and information technology, utilization of military and educational courses and programs, exchange of observers attending military exercises and exchange of formal visits."⁸⁰ This MOU is expected to strengthen bilateral defense relations and include the supply of Indian military equipment to Oman.⁸¹

Economically, Oman pins its post-petroleum hopes on its ability to act as the gateway to the huge South Asian consumer market as well as that of the Persian Gulf. Another possibility not openly discussed in Oman concerns the future of the UAE. Off the record, some Omanis express the belief (or fantasy) that "the future of the UAE is Oman."⁸² Historically, parts of the present-day UAE belonged to Oman. Geographically, the UAE separates Oman from the Musandam Peninsula. Some, if

not all, of the UAE's seven emirates may decide that Oman offers a safer and more stable future, given the large number of foreign workers and Shia who live in the emirates.⁸³ Thus, given the UAE's estimated 100 billion barrels of petroleum reserves (and a potential of more than 100 years at its current rate of production), oil may still lie in Oman's future.⁸⁴

Finally, Oman's Ibadi religion has provided a culture of conservatism and, more important, tolerance for other ideas and peoples. Oman's Indian community, for example, experiences this religious tolerance in the Hindu shrines and temples that are found in Oman. Ibadi conservatism and tolerance has, thus far, helped keep a lid on religious extremism. Al-Qaeda apparently has not established an organizational presence in Oman, and no Omanis are known to have joined (or have been caught in) any radical religious-based terrorist group.⁸⁵ This situation should be closely monitored by Muscat and Washington given that al-Qaeda in the Arabian Peninsula has established itself next door in Yemen and is also active in Saudi Arabia. To help ensure domestic political tranquility, the United States military has been maintaining a low profile in Oman, and, while "Sultan Qaboos doesn't keep the U.S. tie a secret, (he) just doesn't talk about it."⁸⁶

¹ See Joseph Kechichian, *Oman and the World: The Emergence of an Independent Foreign Policy* (Rand Cooperation, 1995); Marc O'Reilly, "Omanibalancing: Oman Confronts an Uncertain Future," *Middle East Journal*, Vol. 52, No. 1, Winter 1998, pp. 70-84; and "Oman: A Unique Foreign Policy Produces a Key Player in Middle Eastern and Global Diplomacy," www.rand.org/pubs/research-briefs/RB2501/index1.html.

² Sultan Qaboos has been described as a "renaissance man" who is well read and interested in many different things, including poetry. From conversations and briefings held in Washington, D.C., and Oman as part of the "Oman Cultural Immersion Program," sponsored by the National Council on U.S.-Arab Relations, March 5-18, 2008.

³ See Rand, "Oman: A Unique Foreign Policy."

⁴ Through much of the twentieth century, Great Britain filled the role of Oman's protector. Following Great Britain's withdrawal "east of Suez" at the end of 1971, however, the British could no longer be counted upon to play this role as London intended to reduce its security responsibilities in the Persian Gulf. Since the signing of an arms-for-access security agreement between Washington and Muscat in April 1980, the United States has acted as Oman's great-power protector.

⁵ Observation made by Professor Mehran Kamrava, Director of the Center for International and Regional Studies at Georgetown University's School of Foreign Service in Qatar. Nonetheless, Oman does have a number of highly qualified and talented individuals serving in various foreign policy positions such as Ambassador Hunaina Sultan Ahmed Al Mughairy, the first female ambassador appointed by an Arab country to serve in the United States, who holds a M.A. in economics from New York University.

⁶ See Morton Halperin, *Bureaucratic Politics and American Foreign Policy* (Brookings, 1974), pp. 26-28 and 63-83.

⁷ Ibid.

⁸ See Kechichian, O'Reilly, and Kenneth Katzman, "Oman: Reform, Security, and U.S. Policy," (Congressional Research Service: CRS Report for Congress, December 4, 2008), pp. 1-6.

⁹ See Bruce Jentleson, *With Friends Like These: Reagan, Bush, and Saddam, 1982-1990* (W.W. Norton & Company, 1994), pp. 15-27. Bruce Jentleson argues that U.S. policy toward Iraq in the 1980s was based on the supposed Middle East adage that 'the enemy (Iraq) of my enemy (Iran) is my friend.'

¹⁰ See Katzman, pp. 5-6; and Rand, "Oman: A Unique Foreign Policy," pp. 1-4.

¹¹ Briefing by Ambassador George C. Montgomery, who served as U.S. ambassador to Oman from 1985-1989, as part of "Oman Cultural Immersion Program," Washington, D.C., March 5, 2008.

¹² Point made during one of the Oman Briefings, March 5-18, 2008.

¹³ Briefing, Ambassador Montgomery.

¹⁴ "Oman (Government)—Sultan Qaboos Agreed Use by U.S. Forces of Masirah Island," www.arab.de/arabi-nfo/oman-government.htm, pp. 1-2.

¹⁵ On May 18, 1993, Martin Indyk, President Clinton's special assistant for the Near East and South Asia on the National Security Council, gave a speech before the pro-Israeli Washington Institute for Near East Policy outlining the policy of dual containment. For a critique of Indyk's position see F. Gregory Gause, "The Illogic of Dual Containment," *Foreign Affairs*, Vol. 73, No. 2, March/April 1994, pp. 56-66.

¹⁶ See Kenneth Katzman, *The Iran Sanctions Act (ISA)* (Congressional Research Service: CRS Report to Congress, July 9, 2007).

¹⁷ The author observed over the course of two days dozens of yellow Iranian-operated speedboats in the Strait of Hormuz going to or leaving the port at Khasab, some of which slowed down to wave hello.

¹⁸ One U.S. official remarked that the sultan may be frustrated that Washington often ignores his advice on crucial Gulf security issues.

¹⁹ One area expert believes that, in part, this suspicion dates back to the 1978-79 Iranian revolution, when a system of government (monarchy) embraced by Iran was overthrown.

²⁰ Katzman, *Oman: Reform, Security and U.S. Policy*, pp. 5-6.

²¹ Off-the-record comment at one of the Oman briefings, March 5-18, 2008.

²² Ibid.

²³ See U.S. Department of State, Bureau of Near Eastern Affairs, "Oman (profile)," June 2007, p. 4; and Katzman, *Ibid.*, pp. 5-6.

²⁴ "Oman (profile)," June 2007, and Katzman, *Ibid.*, pp. 5-6.

²⁵ Katzman, pp. 5-6.

²⁶ "Oman (profile)," June 2007, pp. 4-5; and see Jeffrey A. Lefebvre, *Arms for the Horn: U.S. Security Policy in Ethiopia and Somalia, 1953-1991* (University of Pittsburgh Press, 1991), pp. 201-233.

²⁷ For a discussion of the 1980 arms-for-access agreements with Oman, Kenya, and Somalia, see Lefebvre, *Arms for the Horn*, pp. 197-219.

²⁸ Ambassador Montgomery, Oman briefing, March 5, 2008.

²⁹ In the aftermath of the 1990-91 Gulf crisis and war, the United States adopted a new security regime for the Persian Gulf region that U.S. defense planners refer to as the "Three Tiers of Defense." This policy is based upon a loose bilateral security structure in which each of the individual GCC governments defines the extent

of their respective security relationship and defense arrangements with the United States outside the formal structure of the GCC. Thus, for example, the U.S. Central Command (CENTCOM) maintained its operational headquarters in Saudi Arabia until 2003, when it was moved to Qatar. The headquarters for the U.S. Fifth Fleet is based in Bahrain, and Kuwait hosted some 5,000 U.S. ground forces prior to the 2003 invasion of Iraq. See Jeffrey A. Lefebvre, "The Transformation of U.S. Security Policy in the Gulf: Strategic Disruption and the Balance of Risk," *Middle East Affairs Journal*, Vol. 5, Nos. 1-2 Winter/Spring 1999, pp. 51-70.

³⁰ See Kaplan, pp. 1-3; and also Kenneth Katzman, *The Persian Gulf: Issues for U.S. Policy, 2000*, Congressional Research Service: CRS Report to Congress, November 3, 2000), pp. 16-24.

³¹ Katzman, "Oman: Reform, Security, and U.S. Policy," p. 2.

³² These views were expressed at several of the Oman Cultural Immersion Program briefings, March 5-18, 2008.

³³ Katzman, "Oman: Reform, Security, and U.S. Policy," p. 2.

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ View expressed by Ambassador Montgomery.

³⁷ Katzman, "Oman: Reform, Security, and U.S. Policy," p. 3.

³⁸ View expressed by an area expert during Oman Cultural Immersion Program briefing.

³⁹ Noted by Dr. Peter Bechtold, Near East and North Africa Area Studies, FIS, Oman Cultural Immersion Program briefing, March 6, 2008.

⁴⁰ See Oman—Regional and National Security Considerations," <http://countrystudies.us/Persian-gulf-states102.htm>, pp.1-2.

⁴¹ *Ibid.*

⁴² See Christine Drake, *The Sultanate of Oman* (Market House Book, Co., 2004), pp. 47-50.

⁴³ This view was expressed in several of the Oman briefings, including that of Ambassador Montgomery.

⁴⁴ Point made in Oman briefings by area experts.

⁴⁵ Oman briefing by Cherie Loustaunau and Tyler Hoffman, International Trade Association at U.S. Department of Commerce, March 6, 2008.

⁴⁶ See Fareed Zakaria, *The Post-American World* (W.W. Norton & Company, 2009), pp. 129-133.

⁴⁷ Point made in Oman briefing by U.S. area expert.

⁴⁸ Off the record comment in Oman briefing, March 5-18, 2008.

⁴⁹ *Ibid.*

⁵⁰ "Oman—Regional and National Security Considerations," pp. 3-4.

⁵¹ See William Spencer, *The Middle East* (Global Studies: McGraw-Hall/ Contemporary Learning Series, 2007), pp. 135-136; U.S. Department of State, Bureau of Near Eastern Affairs, *Oman* (Background notes), June 2007; and CIA, *The World Factbook*, Oman, January 15, 2010.

⁵² *Ibid.* Also see Marc J. O'Reilly, "Oil Monarchies without Oil: Omani and Bahraini Security in a Post-Oil Era," *Middle East Policy*, Vol. 6, No. 3, February 1999, pp. 78-92.

⁵³ See CIA, *The World Factbook*, Oman, January 15, 2010.

⁵⁴ See Saleh al-Shaibany, "Oman Looks to Develop Solar and Wind Power," *Arabian Business.Com*, June 17, 2009.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

⁵⁷ See Oman Solar Systems Co. LLC. <http://www.omansolar.com/wind.htm>.

⁵⁸ See Lisa Sibley, "Oman, Egyptian Governments Back \$11M in Desal Projects," October 7, 2009. www.CleantechOpen.com

⁵⁹ Meeting with Omani Tourism Official during Oman Cultural Immersion Program, March 5-18, 2008. Also see "Oman Is the Big Buzz," Special Advertising Supplement to *The New York Times*, January 22, 2009, p. 3.

⁶⁰ Interview with Ali Bin Ahmed Al Mashani, General Manger DIDIHC, "People from All over the World Come to Live Here," Special Advertising Supplement *The New York Times*, January 22, 2009, p. 2.

⁶¹ Google Al Medina Al Zarqa/Blue City to see websites with pictures, plans, and descriptions of the Blue City.

⁶² Comment by Omani tourism official. Oman plans to emphasis "cultural tourism." See Drake, *The Sultanate of Oman*, p. 75.

⁶³ Paul Lewis, "Dubai's Six-Year Building Boom Grinds to a Halt as Financial Crisis Takes Hold," *guardian.co.uk*, February 13, 2009.

⁶⁴ Nick Mattiason, "UAE Central Bank Guarantees Dubai's Debt to Head off Crash," *guardian.co.uk*, November 29, 2009.

⁶⁵ "Bourse Buys Financial Sector's Appeal," Special Advertising Supplement *The New York Times*, January 22, 2009, p. 5.

⁶⁶ "One of the Region's Most Important Container Transshipment Terminals," *The New York Times*, January 22, 2009, p. 6. The growing importance of Salalah also noted in Loustaunau and Hoffman briefing, March 6, 2009.

⁶⁷ *Ibid.*

⁶⁸ Point made by Ambassador Montgomery.

⁶⁹ Observation made by Ambassador Montgomery briefing. Also see the chapters on Jordan and Morocco, Oman, and Dubai in Jeremy Jones, *Negotiating Change: The New Politics of the Middle East* (I.B. Tauris, 2008), pp. 124-205.

⁷⁰ See Jones, *Negotiating Change*, pp. 168-172. One writer claims that Oman "is effectively run by a long-entrenched oligarchy of businessmen—prominent tribal leaders and established merchant families heads who make up his (the Sultan's) cabinet and circle of advisers." See Drake, *The Sultanate of Oman*, p. 55.

⁷¹ Albert Hourani, *A History of the Arab Peoples* (Harvard University Press, 1991), pp. 39.

⁷² *Ibid.*, pp. 39.

⁷³ *Ibid.*, pp. 61-62; and see discussion of Oman's "Shura culture" in Jones, *Negotiating Change*, pp. 160-162.

⁷⁴ See Jeremy Jones, *Negotiating Change*, pp. 161-162.

⁷⁵ Point made in Ambassador Montgomery Oman briefing.

⁷⁶ Index cited and partially reproduced in Robert Draper, "Shattered Somalia," *National Geographic* (September 2009), pp. 74-99.

⁷⁷ See *ibid.*, p. 99 in particular.

⁷⁸ See p. 7 of the Special Advertising Supplement to the *The New York Times*, January 22, 2009—"Desalination and recycling water"; the map of the "Muscat Wastewater Project"; and interview with Omar Khalfan Nasser Al-Wahaibi, CEO of Haya Water, "The Peninsula Is Arid; the Key Is Efficiency and How You Use Water More Than Once."

⁷⁹ See "India, Oman Sign MoU on Defense Cooperation," IRNA—Islamic Republic News Agency, December 6, 2005.

⁸⁰ *Ibid.*

⁸¹ *Ibid.*

⁸² Remark by one U.S. area expert in Oman briefing.

⁸³ See William Spencer, *The Middle East*, pp. 185-186; U.S. Department of State, Bureau of Near Eastern Affairs, *United Arab Emirates* (background notes); and CIA, *World Factbook*, United Arab Emirates.

⁸⁴ *Ibid.*

⁸⁵ Oman area expert briefing.

⁸⁶ Comment by Ambassador Montgomery.