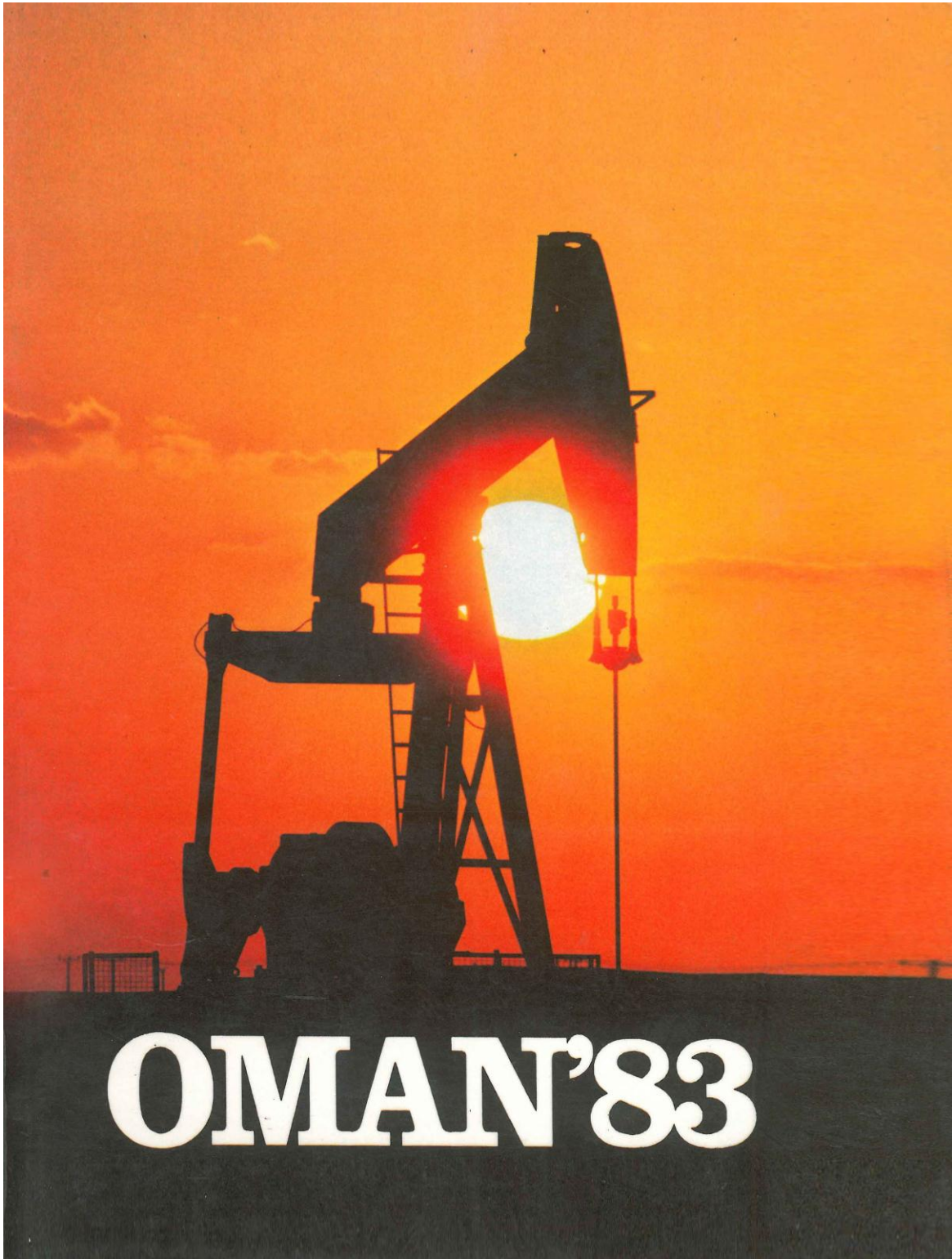






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GENERAL REVIEW

The Sultanate of Oman lies in the south-east corner of the Arabian Peninsula. It covers a land area of 300,000 sq. kms., from the Musandam Peninsula in the north to the Sultanate's border with South Yemen in the south.

Oman's territorial waters include the southern half of the Strait of Hormuz, at the entrance to the Gulf; through these waters passes more than half the world's oil supplies. Oman has pledged to keep the Strait safe for the peaceful passage of oil tankers and other international shipping. To meet its responsibility, Oman has had to expand its defence capability. One measure has been to strengthen its fleet of fast patrol craft which keep a round-the-clock watch over the Strait.

Oman, however, sees security of the Gulf area as a regional responsibility. It also views joint economic development and political cohesion between the Gulf states as essential regional goals. In pursuit of this policy, Oman played an active role in the formation of the Gulf Cooperation Council (GCC) which was formed in May 1981. In addition to Oman, members of the GCC are Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain and Qatar.

Since the Council's formation, the six member-states have made significant progress in political and defence cooperation. This was shown in the decisions adopted at the third GCC summit conference, held in Manama, Bahrain, in November last year. Oman and the other five states reiterated their full support for the Fez resolutions on the Arab-Israeli conflict. The meeting viewed the continuing Iran-Iraq war as a threat to the stability of the region and urged both countries to end hostilities.

His Majesty Sultan Qaboos and his brother rulers have endorsed an agreement for economic integration which will be implemented this March. The Heads of State also approved the establishment of a US\$2.1 billion investment organisation. The Sultanate strongly supports a policy whereby the GCC states will become self-reliant in defending the region.

In his National Day address last year, His Majesty Sultan Qaboos said: 'We share with our sister Gulf states the keenness to develop our existing cooperation in all spheres. We shall spare no efforts in strengthening and supporting our joint efforts for the benefit of our peoples.'



His Majesty Sultan Qaboos bin Said

In his speech, His Majesty again appealed to all Arabs to put aside their differences and to work with Oman to serve true Arab interests. He also warned: 'We should be careful of those who seek to harm the vital interests of our peoples by their empty slogans and their false claims that they are the sole friends and allies of the Arab peoples. We should also beware of those who distort the teaching of our Muslim religion to serve their own political purposes.'

On the world situation, His Majesty said that events in 1982 had clearly demonstrated the lack of respect of some countries for international law and humane principles; these states had perpetrated barbaric massacres, and had used outlawed chemical weapons against those fighting for the freedom of their countries from foreign domination. These acts had constituted a serious challenge to the United Nations which was in danger of being reduced to a state of impotence. The time had come when every state should bear its responsibilities within the international community, in order to revive the role of the United Nations, and to give it the power to have positive effect in the interests of world peace and security. His Majesty reaffirmed Oman's commitment to the United Nations and added that Oman would cooperate with all peace-loving countries.

Last year Oman entered into bilateral economic, defence, and cultural arrangements with several friendly countries. It has reaffirmed that no foreign bases will be permitted on Omani territory.

The First Decade

When His Majesty Sultan Qaboos succeeded to the throne in 1970, Oman was one of the most undeveloped countries in the Arab world. Income from its oil industry, which started production in 1967, had remained largely unused. It had almost no medical facilities, only three primary schools and only the most primitive communications. The people depended largely on subsistence farming and fishing for their livelihood. Thousands of Omanis had left the country to seek a better life. In addition, a communist-led rebellion was in progress in Dhofar in the south.

In his first public statement after his accession, His Majesty promised: 'I shall work with every possible haste to make your life happy in preparation for a better future. In this duty, I need the assistance of every one of you. Our nation in the past was

glorious and powerful. If we work together, cooperating on a united front, we shall be able to regain our past glory so as to claim our rightful place in the world.'

Thus His Majesty spelt out his vision of a new Oman. For the first time, income from oil was to be used to benefit the people. The Omani people responded to his call. Thousands returned from voluntary exile.

A massive development programme was launched. Schools, hospitals and clinics, roads and houses were built. Welfare aid was introduced. Two new ports were built: at Muscat, the capital, and at Raysut. An airport at Seeb, capable of handling the world's latest airliners, began operations in 1973 while a second airport at Salalah catered for domestic flights.

Postal services and telecommunications were established. At the same time, His Majesty introduced a programme of political and social reform, with a Council of Ministers appointed to run the day-to-day government of the country. For the first time, girls attended schools.

By 1975, a sizeable economic and social infrastructure had emerged, making further development possible. Qualified Omani women had also begun to fill important posts in government, the social services and commerce. By that year also the foreign-led rebels in the south had been defeated.

The First Five-Year Plan

In 1976, Oman launched its first five-year plan. It achieved its basic aims of expanding the economy and further improving the standard of living of the people.

By the end of 1980, the economy had grown substantially. Gross domestic product registered an average annual growth rate of 20.3 per cent at current prices during the five-year period. Particularly important was the average annual growth rate of 19.7 per cent at current prices in the non-oil sector, since a main aim was to diversify the economy so as to reduce dependence on oil revenues. Good progress was made in developing the country's other resources—minerals, agriculture and fisheries. The 1976-1980 period also saw the private sector participating successfully in manufacturing, banking, construction, and agriculture and fisheries.

Oil exploration had also been successful. New fields had been discovered and developed in the south and interior, enabling the government to raise production from 282,000 barrels per

day in 1980 to 330,000 b/d in 1981. This was important, since financing of the second five-year plan (1981-1985) would still come largely from oil earnings.

The absorptive capacity of the economy rose considerably. Investments totalled RO 1,679 million as compared with RO 554 million during the previous five years (1976-1980).

Social development was greatly expanded during this period. More schools, clinics and hospitals and more subsidised housing units were built throughout the country. Communications, roads, transportation, water and electricity supplies and other facilities were further developed to meet the requirements of an expanding economy and a rising standard of living.

Oman in the '80s

The Second Five-Year Plan

Oman's strategy for further growth was outlined by His Majesty in his National Day speech in 1980, marking the 10th year of his rule. He declared: 'Self-reliance is to be the keynote of all our plans for the future. Our first priority must therefore be the consolidation and expansion of our economy. It has long been our intention that our economy should be so diversified that our dependence on the one resource—oil—is reduced. To do this, we must exploit our country's other natural resources and our industrial potential to the full. We shall not waste our efforts and our resources on meaningless prestige projects; everything shall be directed to the continued improvement of the standard of living of all our people, the strengthening of our national infrastructure and the security and stability of our country.'

This, then was the theme of the second five-year plan, launched in 1981.

The plan is more ambitious in scope than its predecessor, but it is guided by the same fundamental principle of developing only projects which are economically viable and which will improve the standard and quality of life of the Omani people.

The current plan aims at generating higher growths in agriculture, fisheries and manufacturing than were achieved in the first plan. At the same time, the economic infrastructure is being greatly expanded. Considerably more is being spent on education, health and other social services.

Crucial to Oman's successful economic development is the production of enough trained manpower. Therefore, considerable emphasis is given to building up human resources through education and on-the-job training. More is also being done to provide employment and social services to people in the rural areas.

The private sector which, with government assistance, has successfully participated in manufacturing and industries, is being encouraged to expand its role in developing the economy. Financial and other assistance is given to Omani entrepreneurs through the Oman Development Bank and the Agriculture and Fisheries Bank. There is also a special fund of RO 119 million to help Omani businessmen raise equity capital for launching viable enterprises.

Total expenditures of the current plan are estimated at RO 7,364 million. Government revenues over the five years are estimated at RO 6,947 million, excluding sums allocated for the State General Reserve Fund, set up in 1980. Financing of the plan is mostly from oil earnings.

In the autumn of 1981, Oman took a further step in political reform. A 45-member State Consultative Council was established to give the people a greater voice in the planning and development of the economy and social services. Members are appointed for a term of two years. The Council has been an effective forum in which members, representing the government, private sector and regional interests have freely debated and made recommendations on issues connected with the health services, roads, tender systems, settling of commercial disputes and marketing outlets. Its recommendations, which are made directly to His Majesty the Sultan, have been accepted; among these were proposals that more should be spent on the health services but that savings should be made on marketing centres by reducing construction costs.

In 1982, the deepening world recession and continued fall in oil prices had a greater impact on Oman's economy, but government continued to stimulate strong economic activity in the country. Commercial banking registered a significant growth, while imports also rose. Of significance was the increase of 58 per cent in the value of imports of machinery and transport equipment. A particularly encouraging sign was a 15.2 per cent increase in non-oil exports (including re-exports) during the first six months of the year.

No cutbacks in development spending were applied for the final quarter of the year as most of the expenditure was for projects already in train. These included the Sohar mining, smelting and refining complex, which will be producing its first refined copper by April 1983 and the Rusail Industrial Estate which will be ready to allocate its first 77 factory plots early this year.

1982 saw a new development in Oman's oil industry; its first refinery with a capacity of 50,000 b/d began production in November. Its refined petroleum products are for the domestic market.

Oil production was also increased to 350,000 b/d from October to partly off-set the decline in revenue from this source. Part of the increase came from the new Rima field which had come on stream and would be producing around 45,000 b/d by 1984. Oman's main oil port is Mina al-Fahal which is on the Gulf of Oman.

Several economic infrastructure projects were completed during the year. These included a highway linking the Capital area in the north to Salalah in the south, and container yards at Port Raysut.

Water and electricity supplies were improved throughout the country. A number of markets and distribution centres for agricultural produce and fish were set up. The telecommunications network was further extended.

Development of the country's health, education and social services went on as planned. By the middle of 1982, the number of hospital beds had increased to 2,000 giving a ratio of one bed to every 750 of the population.

Further progress was made in improving school standards and tailoring education to the needs of the country for trained Omani manpower. Education is free and the current five-year plan seeks to provide at least primary education for every child by the end of 1985. In the 1982-1983 school year, 138,170 pupils attend classes in 431 primary, preparatory and secondary schools. By 1986, Oman will have its own university—Qaboos University—since by then enough children will have graduated from secondary schools to qualify for admission. Qaboos University, whose foundation stone was laid by His Majesty in November 1982, will start with five faculties. Four will teach science, engineering, medicine and agriculture and fisheries. All four faculties will use English as the medium of



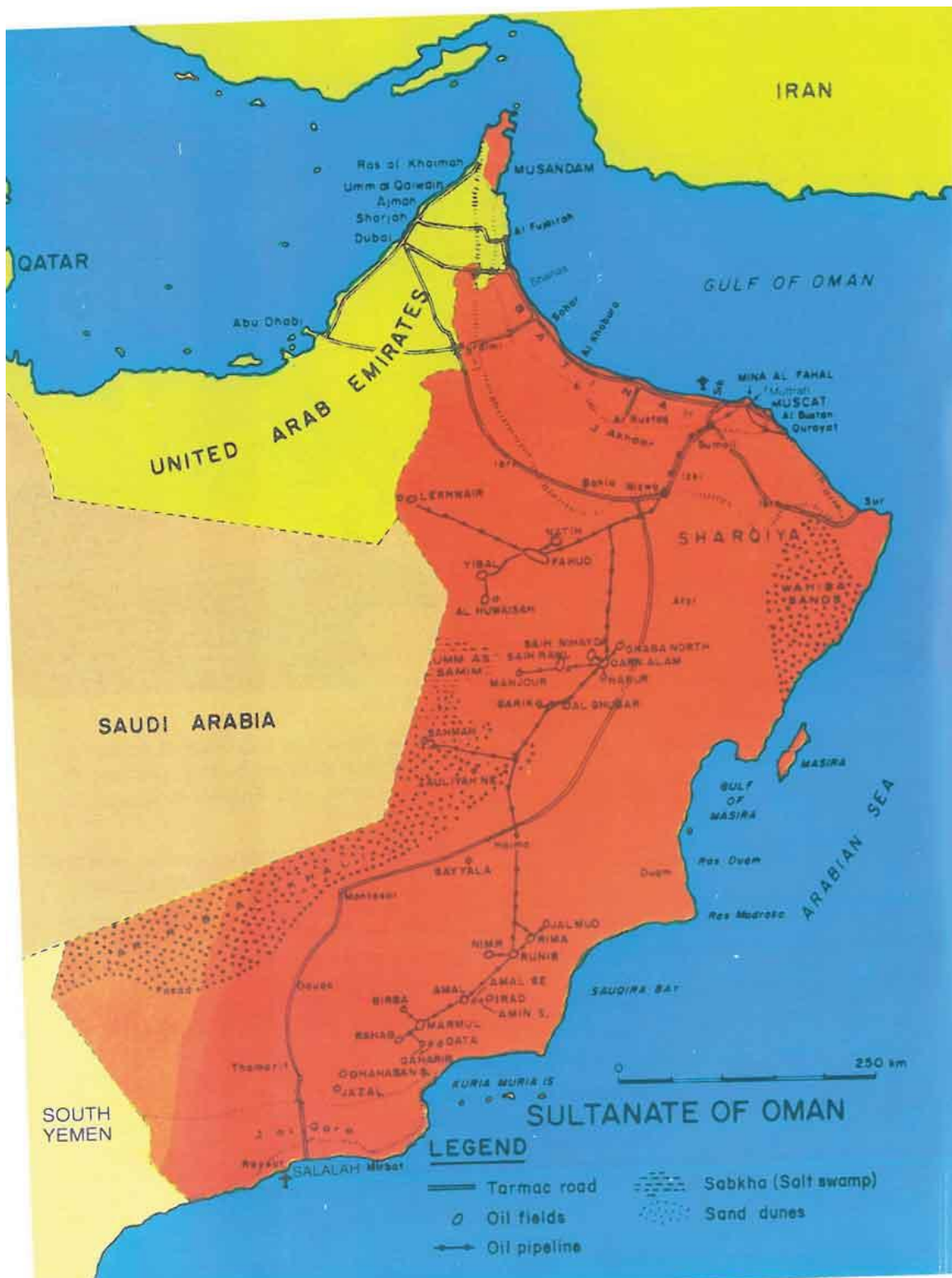
H.M. Sultan Qaboos at third G.C.C. summit. Bahrain November, 1982.

technical instruction. The fifth will be a college of education which will qualify its students to teach history, geography, Islamic studies, and the Arabic and English languages in secondary schools.

At present about 1,000 Omanis, including women, are on scholarships at foreign universities and technical institutes.

The role of Omani youth in the development of Oman will be highlighted in 1983, which is to be observed as Omani Youth Year. National Day in 1983 will also be dedicated to the youth of Oman. A Supreme Youth Council has been established under the chairmanship of His Majesty and construction will begin this year of a complete sports city. Several more clubs for young Omani people will also be set up.

Oman's rapid development from a largely medieval country into a modern 20th century nation has been carefully planned to ensure the preservation of the precepts of Islam and ancient Omani traditions.



HISTORY

Oman constitutes one of the oldest ethnic and political entities in the Arabian Peninsula. Archaeological evidence shows that the first human activity in Oman dates back to the Stone Age, tens of thousands of years ago. Evidence of the country's trading relations with other peoples goes back to the beginning of the third millennium B.C., when the world's first recorded long-distance commercial seafaring was that of the voyages made by ships from Magan—the old name for Oman—bearing wood, copper and other minerals to the land of Sumer which existed before Babylon.

The recorded history of Oman begins with the advent and settlement of Arab tribes in the second century B.C. They came from Yemen and Najd, and included the Azd, from which the ruling family is descended.

The Southern Province of Dhofar formed part of the ancient South Arabian civilisation of the Sabeans and the Himyarites.

Oman was one of the first countries to embrace Islam, and the religion has, through the centuries, acted as a unifying force within the country and serves today as the foundation of the political and legal systems and, indeed, the whole national life. During the commercial Golden Age of Oman, between the 7th and 15th centuries, Omani ships spread the message of Islam as far afield as Africa and China.

The advent of the Portuguese to Oman in 1507 brought this Golden Age to a temporary halt until Lisbon's domination of the Omani coasts was ended in 1649. The Portuguese were pursued out of the Gulf to East Africa, where many of their strongholds were captured, and Oman became the first non-European power to spread its influence to that continent.

During the 17th and 18th centuries, Oman was the dominant maritime power of the Western Indian Ocean and the considerable wealth which accrued was used primarily in the development of the country's agriculture. Internal stability, however, became threatened towards the middle of the 18th century when the Ya'aruba family lost control over the country and Oman became exposed to the dual threats of foreign invasion and internal disintegration. It was at this period, however, that the Imam Ahmad Ibn Sa'id, Governor of Sohar, succeeded in rallying the nation and averting the danger. His assumption of power inaugurated the reign of the Al-Sa'id



Ancient and modern – Fort Mirani and Muscat mosque

family, who have continued as the ruling house to the present day.

Imam Ahmad Ibn Sa'id's successors, notably Sultan Sa'id Ibn Sultan, continued to develop Oman as a major maritime commercial power, established trading agreements with the United States and a number of European countries in addition to preserving the long-standing relationship with Great Britain. After the death of Sultan Sa'id in 1856, Oman experienced alternating periods of prosperity and stagnation until an entirely new era of development dawned in 1970 with the accession to power of His Majesty Sultan Qaboos.



Traditional handicrafts are carefully preserved side by side with modern development.



GEOGRAPHY

Oman is located in the extreme south-east corner of the Arabian Peninsula with a total land area of 300,000 sq.kms. of mountainous terrain interspersed with wadis and green valleys where the efforts of man have both created and cultivated arable land. To the north it borders on the Strait of Hormuz, to the east the Arabian Sea, to the west Saudi Arabia and the United Arab Emirates, and to the south South Yemen.

In land area, Oman is the second largest country in Arabia. A number of islands in the Arabian Sea form part of Oman, the most important being the island of Masira and the Kuria Muria islands which face Hukman near Jaalan. The Omani coastline on the Arabian Sea stretches for 1,700kms.

A mountain range extends from Ras al Hadd in the east to join other ranges that stretch southwards from Ras Musandam. The height of the mountains varies from 1,000 to 3,075 metres at Jebal al Akhdar, the 'Green Mountain', which is covered with vegetation and is highly cultivated with many fruit trees. To the east of the mountain ranges lies the fertile Batinah coastal plain which extends for 300 kms between the sea and the mountains from Muscat to the border with the United Arab Emirates.

The Regions

Oman can be divided into a number of distinct topographic areas:

1 The Capital Region

The Capital Region is the largest urban area in Oman and includes the following:

- (a) Muscat, comprising Kalbouh, Riyam, Doha, Sidah, Bustan, Qantab, Yati and Kheiran.
- (b) Greater Muttrah, comprising Muttrah, Ruwi, Wat-tayah, Wadi Adai, Amirat, Bajriya, Akhdar, Mahij, Bierein, Hajar, Munthariyah, Jahlout, Wadi Meih and Raja'.
- (c) Boshar, comprising Qurm, Sarouj, Khuweir (Qaboos City), Ghubrah, Al-Azaiba, Falaj al-Sham, Sanab, Hamam and Misfa.
- (d) Seeb, comprising Mawleh, Heil, Kharis, Gahshiba, Maabila and Iraq Hadid.

2 *The Batinah Plain*

The Batinah Plain runs south-east for 270 kms. from Oman's border with the United Arab Emirates, almost as far as the city of Muscat. It lies between the sea and the mountain range of Hajar al-Gharbi, its width varying between 50 kms. to 150 kms. Agriculture is largely limited to a coastal strip which broadens inland to varying degrees. The Batinah Plain is one of the most densely populated areas in Oman. Its most important towns are: Barkaa, Masna'a, Soueik, Khaboura, Sah'm, Sohar, Liwa and Shanas.

3 *The Hajar al-Gharbi (Western Rock) Mountains*

Like the Batinah Plain, these mountain ranges run parallel to the coast from the United Arab Emirates in the north to Wadi Maawel in the south. The highest peaks, up to 3,000 metres, lie in the south-east at Jebal al Akhdar. There are many population settlements on Hajar al-Gharbi, the most important being Rustaq, Awabi and Nakhl. The southern flank of the mountain range is known as 'Dakhiliyat Oman', the interior or 'heart' of Oman.

4 *The Interior*

This is a central hill region that descends from the northern base of Jebal al Akhdar southwards to the desert. It is bounded on the west by Dhahira and on the east by Sharqiya. The area has four main valleys: Batha', Halafein, Bahla and Samail. The Halafein and Samail valleys together form a natural break in the Hajar al-Gharbi mountain range, providing the traditional road linking Muscat and the Interior. It is the most densely populated area of Oman and its main towns are: Izki, Bahla, Nizwa, Manah, Adam, Samail and Bidbid.

5 *The Southern Region (Dhofar)*

The Southern Region of Oman accounts for a third of the country's total area and can be divided into two climatic zones. The first is the coastal plain, with a maximum width of 8 kms., which stretches from Raysut in the west to beyond Salalah. Here the fertile alluvial soil benefits from the seasonal rains between June and September. The rains also irrigate the tree-dotted hills that rise 1,500 metres above the coastal plain. To the north-west, the region's border with the Kingdom of Saudi Arabia lies in the Empty Quarter. The main towns and villages of this region are: Salalah, Marbat, Taqa, Thamarit, Rakhyout, Mughsin and Dalkqut.

6 *The Musandam Region*

Musandam is the northernmost part of the Sultanate. Its rugged mountains rise 1,800 metres above sea level and are criss-crossed by other ranges. The main towns are Khassab, Diba' and Bakha. They are inhabited by the Al-Shahouh tribes, the descendants of Laqit ibn al-Hareth bin Malik bin Fahm.

Provinces

The Sultanate is divided into 41 wilayat (provinces) in each of which the government is represented by a wali (provincial governor). Muscat has its own governor with assistants in Muttrah, Seeb and Boshar, as has the Musandam Governorate with assistants in Khassab, Baia and Bakha.

Climate

The climate varies from region to region. In the coastal area it is hot and humid in summer; in the interior it is hot and dry with the exception of some higher locations where it is temperate all the year round. In the Southern Region, the climate is more temperate. The country's rainfall is generally low and irregular—although heavy local rains are sometimes experienced—with the exception of the southern province where heavy rains regularly occur between June and October as a result of the annual monsoon.

Population

Oman's population is now estimated to be one and a half million. The majority of the people are engaged in agriculture, trade and fishing.

GOVERNMENT

The administrative system of the State comprises, under His Majesty the Sultan, the Council of Ministers, Ministries and Secretariat to the Council, Governorate of the Capital City, the State Consultative Council and the Specialised Councils.

The Council of Ministers is the highest executive authority, deriving its power from His Majesty the Sultan to whom it is collectively responsible.

Laws and decrees are authorised by His Majesty the Sultan. International treaties, agreements and charters signed or approved by His Majesty become law from the date of their publication in the Official Gazette.

The Council of Ministers consists of:

Special Adviser to His Majesty the Sultan and Governor of the Capital:
H.H. Sayyid Thuwainy bin Shihab

Deputy Prime Minister for Security and Defence:
H.H. Sayyid Fahr bin Taimour al Said

Deputy Prime Minister for Legal Affairs:
H.H. Sayyid Fahad bin Mahmoud al Said

Deputy Prime Minister for Financial and Economic Affairs:
H.E. Qais Abdul Munim al Zawawi

Minister of Diwan Affairs:
H.E. Sayyid Hamad bin Hamoud

Minister of National Heritage and Culture:
H.H. Sayyid Faisal bin Ali al Said.

Minister of State for Foreign Affairs:
H.E. Yousef al Alawi Abdullah

Minister of Information:
H.E. Abdul Aziz Rowas

Minister of the Interior:
H.E. Sayyid Badr bin Saud bin Hareb

Minister of Health:
H.E. Dr. Mubarak al Khaduri

Minister of Communications:
H.E. Sayyid Salim bin Naser al Busaidi

Minister of Posts, Telegraphs and Telephones:
H.E. Karim Ahmed al Haremi

Minister of Electricity and Water:
H.E. Hamoud Abdullah al Harthy

Minister of Commerce and Industry:
H.E. Mohammed Zubair

Minister of Petroleum and Minerals:
H.E. Said Ahmed al Shanfari

Minister of Agriculture and Fisheries:

H.E. Abdul Hafidh Salim Rajab

Minister of Social Affairs and Labour:

H.E. Sheikh Mustahail bin Ahmed Al-Maashini

Minister of Justice and Awqaf and Islamic Affairs:

H.E. Sayyid Hilal bin Hamad al Sammar

Minister of Land Affairs and Municipalities:

H.E. Ahmed bin Abdullah al Ghazali

Minister of Education and Youth Affairs:

H.E. Yahya Mahfudh al Mantheri

Wali of Dhofar and Minister of State:

H.E. Sayyid Hilal bin Sou'd bin Harib al Busaidy

Minister of State and Chairman of the Musandam Development Committee:

H.E. Brigadier al Mutasim Hamood Nasr al Busaidy

Minister of State and Special Envoy to His Majesty the Sultan:

H.H. Sayyid Shabib bin Taimur bin Faisal

Secretary to the Council of Ministers:

H.E. Colonel Salim al Ghazali

The Governorate of the Capital is responsible for the administration of the Capital.

The Secretariat to the Council of Ministers is responsible for the smooth functioning of the government machinery. One of its functions is to ensure that Council decisions are implemented within the given time-frame and budget.

For easier administration of Oman's large land area and scattered populations centres, the country has been divided into 41 wilayas (governorates) under the jurisdiction of the Ministry of the Interior. At the head of each wilaya is a wali (governor).

The State Council of the Deputy Prime Minister, for Legal Affairs is responsible for:

- (a) Streamlining procedures and systems for legislation, futwa and contracts;
- (b) Preparing and publishing volumes of laws, issued annually;
- (c) Preparing and publishing the Official Gazette;
- (d) Advising concerned ministries on legal matters and drafting new legislation.

Consultative Council

The State Consultative Council was formed to give the Omani people greater participation in the planning and development of the country's economic and social affairs. It comprises 45 representatives from the government, regional and private sectors.

Based in Muscat, the Council is independent both administratively and financially. The President of the Council is the former Minister for Social Affairs and Labour, H.E. Khalfan bin Nasser al Wahaibi. The Vice-President is Haji Ali Sultan. Of the 45 members of the Council, 17 represent various sections of the government and of the remaining 28 members, 11 represent the private sector and 17 the regions.

Members of the Council must have Omani nationality and be aged 30 years or over. They are appointed for a two-year period, but their term of office can be extended for one or more terms.

The Council has an executive body composed of the President, the Vice-President, two members representing the government and three from the private sector. Members of the executive were chosen by a majority vote at the first session of the Council.

There are at least four ordinary sessions of the full Council each year. Agendas are prepared by the secretariat and the executive office which looks after the Council's affairs in between sessions. The Council has the authority to appoint special sub-committees, temporary or permanent, to look into particular matters referred to them by the Council.

Specialised Councils

The Specialised Councils were set up by Royal Decree. They are under the chairmanship of His Majesty the Sultan and comprise members of the Council of Ministers. In addition to their official membership, the Councils include popular participation, thus giving the people a direct voice in government decisions.

The Specialised Councils comprise the following:

The Development Council plans objectives and general policies for economic development; supervises projects and procedures which fall within the overall State Plan, and co-ordinates the activities of the different ministries and government departments in the execution of the current development plan.

The main function of the **Water Council** is to co-ordinate exploitation of water resources so as to ensure that a balance is maintained between availability and requirements.

The **Council for Financial Affairs** applies the financial policy

of the State and draws up the national budget. Among other matters it studies the financial allocations for economic development projects approved by the Development Council.

The duties of the **Council for Natural Gas** include supervising concessions for prospecting and production of oil and natural gas.

The **Defence Council** deals with matters relating to defence which are referred to it by His Majesty the Sultan.

Apart from being concerned with the Sultanate's education policy, the **Education and Training Council** ensures that output of trained Omani manpower is geared to the Sultanate's requirements.

The main function of the **Administrative Council for Aquatic Resources** is to conserve the fishing rights in Omani waters, which extend 200 nautical miles offshore.

The **Supreme Youth Council** was established in May 1982 and construction will begin this year of a complete sports city. Several more clubs for young Omani people will also be set up.

FOREIGN AFFAIRS

Oman's foreign policy continues to be guided by three principles:

- To extend the hand of friendship to all nations on a mutual basis of non-interference in each other's internal affairs;
- To remain non-aligned with regard to super-power rivalry;
- To work closely with other members of the Gulf Cooperation Council (GCC) to achieve regional cohesion, economic and political stability and social progress.

Oman views cooperation and unity of action among the Gulf states as vital to the security and prosperity of the region. It also sees such cooperation as giving the Gulf states a stronger voice in Arab and international affairs. The progress made by the GCC since its formation in May 1981, has affirmed the validity of Oman's basic approach to regional cooperation.

By pursuing a policy of non-alignment, Oman has tried to ensure that it does not become involved in super-power conflicts. Its adherence to the principles of non-alignment has not prevented Oman, however, from taking a just and rightful stand on regional and international issues. Hence, Oman has consistently upheld the United Nations Charter and taken an active role in the world body and other international forums to promote peaceful relations and cooperation among states.

A measure of the progress that has been made by the GCC was reflected in the decisions, taken at the third summit conference of the Council, held in November 1982 at Manama, Bahrain.

His Majesty Sultan Qaboos and the other Heads of State endorsed an economic agreement, which will be implemented this March. The aim of the agreement is 'economic integration'. The rulers also approved the establishment of a US\$2.1 billion Gulf investment organisation.

On Defence, the Heads of State endorsed their Defence Ministers' recommendations designed to enable the GCC States to become self-reliant in defending their region.

Israel's continued occupation of Arab territories, including Jerusalem, is of grave concern to Oman. Together with its partners in the GCC, Oman has sought a solution to the Middle East problem. The GCC States took part in the Arab summit conference in September last year at Fez, Morocco. Oman believes that the Fez resolutions laid the framework for

a peaceful and just solution to the Middle East problems, embodying as it does the same principles as those which have already been approved by the United Nations.

Subsequently, at the Manama summit meeting, His Majesty took a united stand with his Arab brothers in expressing support for the Fez resolutions and in reiterating the group's contention that a just and durable peace can only be achieved by an Israeli withdrawal from all occupied Arab territories.

Oman views the Middle East peace initiative of President Reagan as containing positive points, and believes that the Arab peace efforts and those of President Reagan create a climate conducive to finding a permanent and honourable settlement of the problem.

Oman reaffirmed its full support for Lebanon, at the Manama summit, in its struggle for its security and sovereignty, and called for the immediate withdrawal of Israeli forces. Oman has strongly condemned Israeli aggression against Lebanon and described as barbaric the massacres of unarmed Palestinian refugees in the Sabra and Shatila camps in Beirut.

The continuing conflict between Iraq and Iran and the resulting threat to the stability of the Gulf region are matters of concern to Oman. The Sultanate, therefore, welcomed within the framework of the Arab League, Iraq's proposal to withdraw its forces to the original boundaries between the two countries, and its readiness to enter into negotiations to end the war. At the Manama conference, His Majesty and his brother rulers called on Iran to respond to the mediation efforts of the United Nations, the Non-Aligned Movement and the Islamic Conference Organisation.

In 1982, Oman hosted several conferences of the GCC at ministerial and other official levels. In November, a meeting of the Council's Oil Ministers was held in Salalah in southern Oman, where the six ministers reiterated the group's desire and ability to maintain stability in oil production and prices, thus avoiding further deterioration in the world economy.

Muscat was the venue of a conference of the Council's Ministers of Communication which sought to further develop regional cooperation in this field. Bilateral relations with member-countries of the GCC were also strengthened during the year. In May, the Emir of Bahrain, H.H. Sheikh Issa bin Salman Al-Khalifa visited Oman. His Highness and His Majesty discussed developments in the Gulf region and the Arab



His Majesty with Queen Elizabeth II during his State Visit to Great Britain

world. The visit led to closer cooperation between the two states.

Oman also signed agreements on security measures with Saudi Arabia; and on cultural and educational affairs with Qatar. Other agreements signed by Oman during the year were for commercial, economic and industrial cooperation with Morocco; for an exchange of technical cooperation with Tunisia; on health services with Britain and on air transport services with Cyprus.

In February, President Hosni Mubarak of Egypt visited Oman at the invitation of His Majesty the Sultan who had long supported Egypt's efforts to resolve the Middle East conflict peacefully. President Mubarak's visit was the first he had made to an Arab country since he succeeded the late President Anwar Sadat. The visit proved beneficial and contributed

to a better mutual understanding of the views of Egypt and the GCC on Middle East and other regional issues.

His Majesty reciprocated President Mubarak's visit by going to Egypt in May, during which the two leaders urged Iraq and Iran to end their war. His Majesty and President Mubarak also stressed the need to support efforts to reach a peaceful solution to the Middle East conflict, on the basis that such a solution must guarantee the liberation of all Arab lands occupied by Israel since 1967, and enable the Palestinian people to exercise their right to self-determination. President Mubarak stressed Egypt's support for the efforts of the GCC to preserve the security and stability of the region.

Oman's friendly ties with North Yemen were strengthened following the visit to the Sultanate of President Ali Abdullah Saleh, also in February.

Omani and Jordanian relations were enhanced with the exchange of visits between His Majesty and King Hussein. His Majesty went to Jordan in May after King Hussein visited Oman in April. Middle East issues featured prominently in their discussions.

In October the Sultanate signed an agreement of rapprochement with South Yemen, and H.E. Yousef al Alawi Abdullah, Oman's Minister of State for Foreign Affairs expressed the hope that this would end the long period of strained relations between the two countries.

In March, the Malaysian Prime Minister, Dr Mahathir Mohamed visited Oman and had discussions on strengthening cooperation between the two countries in all fields. Malaysia is a leading member of the Association of South-East Asian Nations (ASEAN). Oman has all along supported ASEAN's condemnation of foreign occupation of Kampuchea and has voted for ASEAN-sponsored resolutions calling for the immediate withdrawal of Vietnamese troops so that the Kampuchean people may freely choose their own government.

Another visitor was Senegal's President Abdo Diouf. During his visit in April, President Diouf exchanged views with His Majesty on Middle East and African affairs, particularly the Iran-Iraq war, the Western Sahara, and Chad, on which both sides held identical view-points.

Oman's long-standing relations with the United Kingdom were further strengthened when His Majesty paid a State visit



G.C.C. summit at Bahrain November 1982—from left to right: H.H. Sk. Jabir al-Ahmad as-Sabah, the Amir of the State of Kuwait, H.M. King Fahad bin Abdul Aziz of Saudi Arabia, H.M. Sultan Qaboos bin Said, H.H. Sk. Khalifa bin Hamed al-Thani Emir of Qatar, H.H. Sk. Zayed bin Sultan al-Nahyan President of U.A.E., H.H. Sk. Issa bin Sulman al-Khalifa, Emir of Bahrain

to Britain in March. During his visit, His Majesty emphasised the responsibility of the West to help solve the problems that face the Middle East. Addressing a banquet given by the Lord Mayor of London, His Majesty said that the West must work together to produce a concerted and effective policy towards the Middle East which would carry real conviction and encouragement to its friends there and be a firm deterrent to those who sought to promote its instability. He added that Oman, in common with its brother Arab states of the Gulf, had no desire to become involved in a confrontation between the super-powers, but events in the region had unhappily compelled them to take measures for the preservation of their security. His Majesty said, 'We do not ask others to fight our battles for us, but we do expect our friends to recognise our position and give us their active support and understanding in what we must do'.



H.M. Sultan Qaboos and Hosni Mubarak, President of Egypt

His Majesty called once more for a peaceful and honourable solution to the Palestinian problem. This, he said, was not only important in the interests of justice and humanity, it was also essential if a common threat to peace was to be removed, and the interference in the Arab world of the forces of Soviet imperialism—which exploited the situation for its own ends—was to be halted.

At the United Nations General Assembly last year, Oman again expressed concern over the continued occupation of Afghanistan by Soviet troops and called once again for their immediate withdrawal.

Oman also said it shared the African people's aspirations and hopes for a solution to the problem in Southern Africa, particularly Namibia, and condemned racial discrimination. Oman also condemned foreign interference in the internal affairs of the Horn of Africa, and the acts of aggression committed against Somalia. These events in the Horn of Africa seriously threatened the security and safety of the littoral countries of the Indian Ocean. Oman was in favour of declaring the Indian Ocean a zone of peace and called for an end to the rivalry

between the super-powers and supported the convening of the forthcoming Colombo conference on the Indian Ocean as a demilitarized zone.

Oman also attached great importance to the establishment of a new international economic order which should be based on a fair relation between the prices of raw materials and finished products and which should take into account the needs of the developing countries.

Foreign Embassies with Resident Ambassadors in the Sultanate

People's Republic of China
Arab Republic of Egypt
Republic of France
Federal Republic of Germany
Republic of India
Republic of Iraq
Islamic Republic of Iran
Republic of Italy
Japan
Hashemite Kingdom of Jordan
Republic of Korea
State of Kuwait
Kingdom of Morocco
Islamic Republic of Pakistan
State of Qatar
Kingdom of Saudi Arabia
Democratic Republic of Somalia
Democratic Republic of Sudan
Republic of Tunisia
United Arab Emirates
United Kingdom
United States of America
Yemen Arab Republic

Consulates

Republic of Austria
Kingdom of Belgium
Republic of Cyprus
Kingdom of Denmark
Hellenic Republic of Greece
Kingdom of the Netherlands
Republic of Portugal

The following are represented by non-resident Ambassadors or Consuls.

Republic of Argentina
Australia
Federal Republic of Brazil
Canada
Republic of Chile
Djibouti
Republic of Finland
Republic of Gambia
Republic of Guinea
Republic of Indonesia
Malaysia
Republic of Malta
Republic of Mali
Islamic Republic of Mauritania
Mexico
Kingdom of Nepal
Niger
Socialist Republic of Romania
Republic of Senegal
Spain
Republic of Turkey
United Republic of Tanzania
Federal Republic of Yugoslavia
Republic of Zaire

Oman's Embassies Abroad

Algiers	Cairo	London	Sana'a
Amman	Djibouti	Mogadishu	Tokyo
Baghdad	Doha	Nairobi	Teheran
Bahrain	Islamabad	New Delhi	Tunis
Beijing	Jeddah	Paris	Vienna
(Peking)	Khartoum	Rabat	Washington
Bonn	Kuwait	Rome	

Consulates

Bangkok	Bombay	Cyprus	Geneva
Hong Kong	Karachi	New York	

DEFENCE

Ministry of Defence

In addition to its purely military planning and operational responsibilities, the Ministry, through its Engineering Division, has built and is maintaining the Sultanate's military defence bases, including airstrips and naval facilities. Many of these were in hitherto inaccessible areas, and so new roads (notably into the Jebal al Akhdar) had to be built. Other engineering projects include water bore-holes and providing electrical power supplies to remote locations, to serve both military and civil needs.

In view of continuing political uncertainties and instability in the region, Oman has had to pay considerable attention to Defence, and maintains its Armed Forces in a high state of efficiency and capability. Accordingly, 1982 saw more men and sophisticated equipment being added to the Sultan of Oman's Armed Forces.



An army patrol



An Omani army outpost

Apart from purely military duties, the Armed Forces play an important role in assistance to the Civil authorities, operating a flying-doctor service to the remoter areas of the interior, an air/sea rescue service, and road-making and well-boring programmes.

Army (Sultan of Oman's Land Forces)

Well-trained and equipped with modern weapons, including the Chieftain main battle tank, the Army has maintained a high level of efficiency since defeating the foreign-inspired Dhofar rebellion in 1975.

The Army's civil projects have included assistance in providing health and medical services to almost inaccessible areas. Army engineers have also built access roads to some of the more remote villages in Dhofar.

Air Force (Sultan of Oman's Air Force)

As dependence on air defence grows and air transport requirements increase, so the Air Force is keeping fully abreast of its commitments. Its jet fighters and other operational air-



His Majesty enjoys a day with his soldiers.



Sultan of Oman's Navy patrol vessel

craft are among the most effective in the Arab world, and its air defence system is under constant development. Omani pilots receive training locally and abroad.

Helicopters and transport aircraft convey bulk supplies of food and other essentials to otherwise inaccessible areas, carry the sick and injured to hospital for treatment and respond to distress calls from ships at sea.

Navy (Sultan of Oman's Navy)

The Navy's small but effective fleet of fast patrol vessels is in constant operation, guarding Oman's 1,700 kms. of coastline. Some of the vessels are equipped with missiles. Prevention of illegal immigration and protection of Omani fishing rights are among its routine tasks. The Navy also has the added responsibility of keeping the Strait of Hormuz secure for the world's oil tankers which pass through the Sultanate's territorial waters to and from the Gulf.

The Navy plays a vital role in the International Search and Rescue organisation which has saved many lives at sea and has enabled medical emergencies to be dealt with promptly.

POLICE

In 1967, Oman had 17 policemen who were known as the 'Capital Police' and whose duties were confined to Muscat. Shortly after His Majesty Sultan Qaboos succeeded to the throne in 1970, the force was increased to 209 men. Today, it has over 7,000 men and women whose first consideration in carrying out their duties is to be 'at the service of the people', and is one of the most modern forces of its size in the world.

In recognition of the work done by the police force, His Majesty renamed it the Royal Oman Police in 1974 and presented it with its own Colours.

1982 was another year of expansion for the Royal Oman Police. More men and women were recruited, three more police stations were opened at Adam, Dhank and Khabura and the Marine Division was strengthened with the addition of new patrol boats.

Training

Apart from providing training courses in basic police work, the Police Academy at Nizwa also offers training in specialist subjects such as finger-printing, criminal photography and foreign languages. An important part of the training is instilling in the recruit that he or she is first and foremost a servant of the public.

Marine Division

The Marine Division is responsible for maintaining law and order at Mina (Port) Qaboos and Mina Raysut, and along Oman's 1,700 km-long coast.

It carries out regular patrols in fast boats in Omani waters, including the important Strait of Hormuz. Besides carrying out checks for illegal immigrants and contraband, the patrols visit isolated coastal villages, delivering food and medical supplies. Searches for overdue fishing boats and pleasure craft, emergency evacuations from villages and security coverage for visits by V.I.P.s are among the Division's other duties.

Air Wing

Police helicopters carry out regular aerial patrols and answer emergency calls for medical care as well as transporting essential supplies to areas inaccessible by road.

Traffic Division

With more new roads and heavier traffic, road accidents have inevitably risen. Police patrol cars, engaged in traffic duties in the Capital area and in other districts, are equipped with radar speed checks and modern radio inter-communications.

Mounted Division

This Division was formed in November 1974. Its duties include patrolling the border areas in the south and participating in important national occasions.

Policewomen

Before 1972, the Omani policewoman's main role was to carry out security checks at Seeb International Airport. Today, policewomen perform duties similar to those of their male colleagues; these include traffic and criminal investigation duties.

Immigration

Immigration officers of the Royal Oman Police Force are on duty at airports, seaports and border control posts. Special training is given to personnel selected for these duties, with particular emphasis on politeness and command of languages.

Fire Service

Men of the Fire Service are regular members of the Police Force. The unit runs a fleet of modern fire service vehicles and fire fighting equipment. In addition to emergency services, the unit carries out inspection duties for fire prevention.

Prison Service

Before the accession of His Majesty Sultan Qaboos, offenders were jailed for indefinite periods and were freed at the whim of the then Governor of the Capital. Conditions were harsh.

The laws applying to prisoners and their sentences enacted by His Majesty the Sultan on his accession have instituted humane and modern conditions for prisoners, with rehabilitation as a keynote of the system.

Today, many prisoners learn a trade that enables them to find work on their release.

International Relations

The Force is an active member of Interpol and the Arab Social Defence League. Its personnel regularly attend multi-national conferences at which police problems are discussed.



H.M. Sultan Qaboos at police officers graduation ceremony

Also closely concerned in international cooperation is the Customs Department of the Royal Oman Police. Representatives of the Department travel to many countries to liaise on matters pertaining to customs services throughout the world.

THE ECONOMY

Oman's oil-based economy remains strong and will become more diversified in 1983. Refined copper will be produced by April at the Sohar copper mining, smelting and refining complex. Oman will thus be the first country in Arabia to start a refined metals industry. The Sohar complex is operated by the Oman Mining Company (OMC), a wholly-owned government enterprise. Among the potential buyers of Oman's 99.97 per cent pure copper ingots—the first shipment is expected to be made in June—are a Saudi Arabian company, two Japanese companies and three West European firms.

Production will be around 20,000 tonnes a year. At this production rate, the Sohar copper reserves have a life span of 11½ to 12 years. New deposits of ore with a fairly high copper content have been found at Darus and Rakah near Sohar. OMC is also mining chromite and has already begun looking for overseas markets.

Two cement plants, which will make use of the country's large deposits of limestone and gypsum, are due to be completed around June. Production is likely to begin late in the year. One factory, owned by the Oman Cement Company, is sited at the Rusail Industrial Estate. It will produce 620,000 tonnes of cement a year and is a wholly government project. A smaller 210,000-tonne-a-year plant is being constructed at Raysut in the Southern Region. The Raysut Cement Company is a joint-venture between the private and public sectors. Cement is likely to develop into one of Oman's major exports.

A primary aim of Oman's economic development is to lessen the country's present heavy dependence on oil by developing its mineral, agricultural and fishery resources. Manufacturing is another sector which has been successfully developed. Agriculture, fisheries and manufacturing registered satisfactory growths in the first five-year plan (1976-1980) and a main objective of the present plan (1981-1985) is to generate higher growth rates.

The private sector which, with government assistance, has successfully participated in manufacturing and agriculture and fisheries, is being given more aid to expand its role in developing the economy. Financial and other assistance is given to Omani entrepreneurs through the Oman Development Bank and the Agriculture and Fisheries Bank. There is also a special fund of RO 109 million to help Omani businessmen raise equity capital for launching industrial ventures.



Modern planning systems play a vital part in the development of the Sultanate's economy

By courtesy of PDO

A major project in the government assistance programme is Rusail Industrial Estate. The first phase of developing the 90-hectare estate has been completed and 77 factory plots for small and medium-sized manufacturing companies will be allocated in the early part of this year. Factory sites are provided by government with such basic services as water, electricity, sewerage and telecommunications.

By October last year, 45 applications for factory plots had been received by the Ministry of Commerce and Industry. New projects proposed for Rusail include aluminium doors and windows, cosmetics, plastic syringes, food processing,

pre-stressed concrete blocks and electric bulbs. Industries which are to be relocated to Rusail include fibre-glass, paints and building materials, and steel fabrication. Sixty per cent of the applications so far have been for new projects with 40 per cent for relocation of existing enterprises.

The plastic syringe factory for which a license has already been granted, is a joint venture between Omani and other Arab entrepreneurs from some of the member states of the Gulf Cooperation Council (GCC).

This March will see the implementation of a GCC economic agreement which was endorsed by His Majesty Sultan Qaboos and the other five Heads of State at their summit conference in Manama, Bahrain, last November. The aim of the agreement has officially been described as economic integration. The summit conference also approved the establishment of a US\$2.1 billion Gulf investment organisation to which member states will contribute equal shares.

Two GCC joint industrial projects which may be sited in Oman are now under study: one is a 250,000 b/d oil refinery whose products will be for export; the second is a soda ashes project.

Oil production, which was increased from 330,000 b/d to 350,000 b/d in the last quarter of 1982 will be maintained at this level. The increase last year was partly to offset a drop in government revenue as a result of the continued world recession and decline in oil prices.

The government is expected to announce shortly its decision on this year's development expenditure. Government planners believe that cut-backs in development spending are unlikely since most of the expenditure is for projects already financed and under way. New projects, however, will come under closer scrutiny to evaluate their contribution to further economic growth and improvement in living standards.

The present five-year plan was launched in 1981. In spite of the world recession and fall in oil prices, 1981 turned out to be a good year, with a surplus of RO 139 million in government accounts. The economy grew by 21.7 per cent at current prices, largely due to higher oil production, while the inflation rate was brought down to 8.5 per cent. Further advances were made in diversifying the oil-based economy with the private sector playing a bigger role. Development projects were implemented as scheduled.

GDP at current prices was RO 2,338.2 million, compared with RO 1,921 million in 1980. Oil accounted for RO 1,468 million,



Oil is still the basis of Oman's economy, but exploitation of other resources is being pressed forward By courtesy of PDO

a growth of 19.9 per cent. New oil fields which had been discovered and developed during the first plan (1976-1980) had come on stream, enabling production to be raised from 282,000 b/d in 1980 to 330,000 b/d in 1981. New oil finds were also made in 1981, thus increasing Oman's recoverable reserves to about 2.6 billion barrels and ensuring that Oman will be producing oil well into the 21st century.

The non-oil sector grew by 25 per cent, largely through higher government spending and greater private economic activity, particularly in banking, manufacturing and construction.

Banking rose by 44.5 per cent, manufacturing by 17.9 per cent and construction by 16.2 per cent. Agriculture and fisheries increased by almost 10 per cent to RO 40 million. Gas showed a growth of 34 per cent and its contribution to the GDP is expected to grow steadily in the '80s as more industries in Oman switch from oil to gas as fuel.

External trade grew significantly. Exports were up by 25.3 per cent to RO 1,621.9 million while imports rose by 31.8 per cent to RO 940.3 million, bringing total external trade to RO 2,562.2 million.

For the fourth year running, Oman had a surplus in its trade balance. This was largely due to higher export earnings from oil which amounted to RO 1,526.4 million. After taking into account a sum of RO 273.8 million for services and private transfers, the trade surplus was RO 407.8 million. The overall balance of payments showed a surplus of RO 382.7 million.

In 1982, the deepening recession had a greater impact on Oman's economy. The price of Omani crude fell from an average of US\$34.66 per barrel in the first half of the year to US\$34 per barrel during the second half. At the end of the third quarter, government revenue stood at RO 873.9 million, a drop of 10 per cent compared with the same period in 1981. Government expenditure, however, rose by 19 per cent to RO 938.8 million. Capital expenditure showed an increase of 38.1 per cent to RO 290.9 as development projects were implemented as scheduled. At the end of the third quarter, there was a deficit of RO 86.1 million.

During the nine months of 1982 there was strong economic activity, largely due to government spending. Currency in circulation rose by 26 per cent from RO 113.4 million in September 1981 to RO 142.9 million in September 1982. There was also a strong growth in commercial banking whose total assets/liabilities increased by 24.8 per cent during the 12 months to RO 774.5 million. Imports for the first half of 1982 totalled RO 494.4 million, an increase of 30.1 per cent over the corresponding period in 1981. Imports of machinery and transport equipment went up by 58 per cent, indicating that development projects proceeded as planned.

Exports for the first six months reached RO 571.1 million of which RO 518.8 million was for oil and RO 52.3 million was from non-oil exports (including re-exports). Of particular significance was that the non-oil exports had shown a 15.2 per cent increase over the same period in 1981.



Modern technology aids development

By courtesy of PDO

1982 saw a new development in the oil industry: Oman's first oil refinery went into production in November. The refinery, which has a capacity of 50,000 b/d, produces petroleum, kerosene, jet fuel, marine distillates and bunker oil for domestic use. A new oil field at Rima, producing high quality crude of 33° API, came on stream in October. Production, which was around 30,000 b/d, will be increased to around 45,000 b/d by 1984.

Several economic infrastructure projects were also completed last year. These included the 780 km Nizwa-Thamarit highway, linking the Capital area with Salalah in the south, and container ports at Port Raysut.

Water and electricity supplies were improved. Markets and distribution centres for agricultural and other products were set up to promote commerce. The telecommunications network was further extended.

Government planners estimate last year's deficit at around RO 150 million, which will be met largely from the surplus of RO 139 million of 1981. The rest will be made up by loans from various Arab funds.

Joint Ventures

Oman is seeking joint ventures with countries which have management, technical experience and finance.

A number of incentives are offered to foreign investors. These include:

- (a) Tax exemption for five years or more for pioneer industries.
- (b) Long and medium-term loans on attractive terms from the Oman Development Bank, provided such funds are used to finance projects in industry, agriculture, fisheries, petroleum and minerals.
- (c) The planning and implementation of selected projects by the Commission for Promotion of Industries.
- (d) Assistance in preparing pre-investment and feasibility studies.
- (e) Government participation in major projects.
- (f) Provision of land and infrastructure.

The Oman Development Bank encourages discussion with all potential investors with ideas for the development of Oman's resources. All viable projects in the private sector involving investments of RO 20,000 or more will be considered for financing.

Investment Legislation

Foreign investment participation in industrial development is governed by the Foreign Business and Investment Law. A company with foreign investment should have a paid-up capital of not less than RO 150,000, but the Committee for Foreign Capital Investment may recommend a reduction to a minimum of RO 30,000 for approval by the Development Council. The share of Omani nationals in the paid-up capital of such a company shall not be less than 35 per cent.

These joint companies are exempt from income tax for five years from the date of their establishment. If they are engaged in an economic development project, and provided that their paid-up capital is not less than RO 100,000, the period of exemption from income tax may be extended by another five years. Income tax rates are as follows:

	Rate of tax
(i) Companies having 51 per cent or more of Omani share capital	: 15 per cent
(ii) Companies having Omani share capital of between 35 per cent and 51 per cent	: 20 per cent



Traditional industries are carefully preserved; here a goldsmith fashions a fine necklace

By courtesy of PDO

The tax is calculated only on income in excess of RO 20,000 per annum. Other rates apply to companies which are wholly owned by foreign nationals and which are not exempted from income tax.

Repatriation of Profits and Remittances

There are no restrictions on the free transfer of a company's profits or of an individual's remittances outside the Sultanate. There is no personal income tax.

Customs Duties

There are no import duties on seeds, fertilizers, live plants, agricultural equipment, insecticides for agriculture, books and printed reports, all types of milk except milk with sugar, all oils and fats except pure animal butter and vegetable butter, tea, meats (frozen or fresh), fresh vegetables and fruits, rice, barley, and barley flour and petroleum products.

An import duty of 25 per cent is levied on potatoes and bananas. Alcoholic beverages carry an import duty of 75 per cent. A tariff of up to 25 per cent can be imposed on any product if this becomes necessary for the protection of local production. All other items not mentioned above carry an import duty of two per cent only.

Thus, Oman has a free economy where every reasonable facility and encouragement is given to the entrepreneur—local or foreign—to set up industries contributing to the economic development of the country.

Chamber of Commerce and Industry

The Oman Chamber of Commerce and Industry was established by Royal Decree in 1973 to encourage commercial and industrial development in the Sultanate, and all business organisations in Oman are expected to be members.

The Chamber acts as a bridge between Oman and foreign businessmen and promotes, organises and protects the economic interests of the local business community. Among the services it provides are information about potential fields of operation, the categories of members, and clarification of practices and procedures governing trade and industry in Oman. Both local and foreign businessmen can obtain statistical data and other details about local markets, and members are kept in touch with foreign markets by means of the Chamber's bulletins and magazines.

The Chamber legalises documents, invoices, agency and labour contracts and issues certificates required in trade and industry. It acts as arbitrator in the case of commercial disputes between local members and foreign businessmen, and takes part in discussions of problems with various government organisations.

The Chamber also sponsors visas for foreigners wishing to establish business relations in Oman who do not have a contact in the Sultanate or an Oman Embassy or Consulate in their country of origin.

OIL AND GAS

Despite the depressed international oil market, Oman has had no difficulty in finding buyers for its oil at a contract price of US\$34 per barrel of 34° API. One reason is that Omani oil exports are shipped from Mina al-Fahal on the Gulf of Oman, thereby avoiding the Gulf passage. Oman increased oil output from 330,000 barrels per day (b/d) to approximately 350,000 b/d in October last year, partly to offset a shortfall in oil revenue due to the world-wide fall in oil prices. Oil receipts for last year are not yet available but a recent report by the Central Bank of Oman predicts a fall of 6.1 per cent to RO 1,057 million. The current five-year plan (1981-1985) was based on a production ceiling of 330,000 b/d at US\$39 per barrel with an annual price increase of five per cent, but projects under the plan are not likely to be seriously affected.

In 1982, there were two other significant developments in Oman's oil industry: First, the Sultanate's first oil refinery, with a capacity of 50,000 b/d, began production in November. The refinery, at Mina al-Fahal, produces petrol, kerosene, jet fuel, marine distillates and bunker oils for domestic consumption. Second, shortly after a meeting of the oil ministers of the Gulf Cooperation Council (GCC) in Salalah in October, Oman announced that the Council had decided to study a plan to build a 250,000 b/d refinery in Oman to refine and export petroleum.

Part of the increased output last year came from a new field at Rima in south Oman which came on stream in October, 1982. Oil from Rima, in the Petroleum Development Oman (PDO) concession area, is of the light 33° API quality. The field is producing 30,000 b/d and should eventually reach 45,000 b/d in 1984. As the second major oil centre in south Oman, Rima will also handle production from other fields to be developed in the area. A township, including an airstrip, has been built at Rima.

PDO, which is 60 per cent owned by the government, is the main oil producer in Oman. It was the sole producer before the Elf-Sumitomo-Wintershall group began production at its Sahma field in 1980. Present production at Sahma is 12,000 b/d of 45° API crude.

The main oil-producing areas are in central and northern Oman and in the northern part of the Dhofar region. Oil pro-

duced in the central and northern areas is generally light—over 30° API. Most of the fields in the southern area produce heavy oil. The oilfields are linked by a main north-south pipeline, ending at Mina al-Fahal.

The PDO fields in central and northern Oman were developed in the late sixties and early seventies and production from these fields is around 240,000 b/d. This output is being maintained by secondary recovery methods. Reserves in the south are around 1,000 million barrels; production there is approximately 100,000 b/d. The south's largest field, Marmul, came on stream in 1980 and is now producing about 44,000 b/d. The oil is heavy—around 22° API.

In addition to Marmul and Rima, other southern fields, now in production, are at Qaharir, Rahab, Qata and Birba. Most of the newly-discovered oil is heavy.

PDO has also developed three light oilfields in central Oman at Zauliya, Suwaihat and Sayyala. These discoveries are being evaluated.

The new discoveries have raised Oman's recoverable reserves to around 2.6 billion barrels, about twice the available supplies in 1976. Even with output at 350,000 b/d, Oman will still be producing oil well into the 21st century.

The new oil finds have encouraged other international companies prospecting in Oman. Among the four companies which took up concessions in 1981 was a group headed by the French company, Elf; this consortium includes the Kuwait Petroleum Corporation, the International Energy Development Corporation and the Sumitomo Corporation of Japan. It will spend at least RO10 million by 1984 on exploration in a 27,000 sq. km area in eastern Oman. In the event of oil being found, profits will be split 85 per cent for the government and 15 per cent for the company, the government proportion rising if production goes above 25,000 b/d.

Japex Oman Company also signed a concession agreement last year under which it will spend around RO15 million over four years. Another Japanese consortium, Japan Petroleum Development Company (Oman) signed a production-sharing agreement with the government last year.

Amoco Oman Oil Company was granted two concessions covering 49,000 sq. kms. in Oman's northern mountains. The company is spending about RO24 million during the current



Oman's first oil refinery at Mina-al-Fahal

By courtesy of PDO

five-year plan on seismic surveys and exploration. If oil is found, Amoco will hand 85 per cent of the profits to the government, rising to 87.5 per cent if more than 100,000 b/d is produced.

PDO's development expenditure under the current 1981-1985 plan is estimated at RO904 million while a total of another RO185 million is projected for the other oil companies.

GAS

With 6.3 trillion cubic feet of proven gas reserves, Oman is to increasingly replace oil with gas as fuel. As part of this policy, a 250 km. spur pipeline was completed in 1981 to take gas from the main Yibal-al-Ghubrah pipeline to the Sohar copper-mining complex, where a gas-fired power station is already operating. Power from the station is also being used to provide domestic supplies for the new township of Magan where workers of the mining complex are housed, and the ancient city of Sohar. The pipeline has also been designed to provide gas for future power plants along the Batinah Coast. The main pipeline, completed in 1978, links the Yibal gas fields to the al-Ghubrah power and desalination complex in the Capital area. By using gas, the al-Ghubrah station has been saving about 2.1 million barrels of oil a year. Further savings were made from late last year when output at the station was raised.

Another major gas pipeline was completed last year, carrying gas from Saih Nihayada in central Oman to Rima and Marmul in the south to provide fuel for power stations in the two oil centres.

New spur lines will be built in 1983/1984 to supply a power plant being built at the Rusail industrial estate, a naval facility in Wudam, and a number of other small power plants in al-Musann'a and Firq.

All the natural gas reserves in Oman were discovered during exploration for oil and remain the exclusive property of the government. Oman has both 'associated' and 'non-associated' gas resources. Almost all the reserves are located in the concession areas granted to Petroleum Development Oman (PDO).

Gas condensate has also been found in the Suneinah concession southwest of Ibri, operated by Gulf Oman Petroleum, and offshore at Musandam by Elf Aquitaine Oman.

The PDO gas projects are centred at Yibal where a natural gas liquids (NGL) plant came on stream in 1979. The plant produces 3,500 b/d of NGL which are then added to the main crude oil production to improve its quality.

Other NGL plants have been built at Fahud and Saih Rawl. A liquified petroleum gas (LPG) plant has also been built at Yibal to provide butane and propane for industrial and domestic use. A gas-bottling plant has been established at Rusail near Muscat and will shortly be producing 10,000 cylinders of gas



Desert drilling rig

By courtesy of PDO

per month for domestic purposes.

A recent study covering the next 40 years indicates the need for about 3,000,000 cubic feet of gas for domestic and industrial use in the Capital area and for the new industrial complexes which are to be developed to the north of Sohar. Another 4,400,000 cubic feet will be needed for enhanced oil recovery purposes. The study also indicated the possibility of another 4,700,000 cubic feet at relatively shallow drilling levels. It is probable that deeper drilling may lead to the recovery of even greater quantities of gas.

MINING

When Oman ships its first consignment of refined copper this June, it will have made further progress in diversifying its oil-based economy into other industries, utilising natural resources, and in opening up the country and spreading employment opportunities more evenly. The 99.97 pure copper ingots are being produced at the Sohar copper complex, operated by the government-owned Oman Mining Company (OMC).

Oman's main copper reserves are at Baida, Arga and Liasail in the Sohar area. Together they contain some 11 million tonnes of ore with a copper content of 2.1 per cent. Opening up of the mines began in mid-1979.

The complex has plants for crushing, concentrating, smelting, pelletising and refining the ore. Production began this January when about 3,500 tonnes of ore were fed into the concentrator where it is converted into higher-grade ore with a copper content of about 25 per cent. The concentrated ore is then pelletised at the smelter and sent to the refinery which extracts the remaining impurities and shapes the copper into ingots. The first batch of ingots will be ready in April and will be shipped from a new port at Majis, 17 kms. north of Sohar, in June. Production will be around 20,000 tonnes a year. At this production rate, the Sohar reserves have a life-span of 11½ to 12 years. However, more deposits have already been found in two areas near Sohar. At Darus, there are about 600,000 tonnes with a three per cent copper content and at Rakah, at least 4.5 million tonnes with 1.75 per cent content. OMC is to continue to explore for more deposits.

Oman does not anticipate any problems in finding ready buyers for its refined copper. Among major potential customers are Saudi Arabian, two Japanese companies and three West European firms.

OMC is also studying prospects for downstream products, such as copper tubes and wire for which there is a ready market in Oman and the neighbouring Gulf countries with electrification programmes expanding in the whole Gulf area.

At the end of last year, OMC was employing some 220 Omanis who formed a small percentage of the workforce, but high priority is being given by OMC to the training of local workers in handling its specialised equipment.



Drilling at the Sohar copper mines

OMC has also commenced mining chromite in the Rajmi and Nakhl areas. A new road from the mines to the port at Majis is nearing completion. The company has already begun establishing overseas markets for its chromite production.

Geological surveys conducted in northern Oman and on Masirah Island indicate the existence of other minerals such as iron, manganese and nickel. The Sultanate also has large deposits of limestone, gypsum, asbestos and marble.

A cement plant utilising the limestone reserves is under construction at Rusail, a new industrial estate. The plant, capable of producing 620,000 tonnes a year, will also make use of local gypsum which has been found in large quantities in southern Oman. Cement production will begin later this year.

A smaller cement plant is being set up near Raysut in the south and will be completed this year. It will produce 120,000 tonnes per year and will use locally-quarried gypsum, shale

and sandstone. The plant is 80 per cent owned by private Omani shareholders, 10 per cent by the government and 10 per cent by the Oman Development Bank.

Marble, which has a high export potential, is being quarried in various locations. Plans are under consideration to build a factory producing glass containers and other products from deposits of quartzites.

Surveys will be carried out throughout the country during the current five-year plan to determine the extent of Oman's mineral wealth.

AGRICULTURE AND FISHERIES

Agriculture, fisheries and trade formed the backbone of Oman's economy before oil was commercially exploited. Some recent studies estimate that about half the population still live in agricultural communities and rely on farming as the main source of their income.

Some 7,000 to 8,000 Omanis earn their living from fishing. Recent estimates put their annual catch at around 60,000 tonnes, a small fraction of the potential yield from waters off Oman's 1,700 km-long coastline.

Production has increased in recent years with government assistance. Farm produce and fish were worth about RO 40 million in 1981, about 10 per cent higher than the figure for 1980. Approximately RO 5 million worth of these products was exported, mostly dates, limes, fruit, fish and vegetables. Aid from the government ranges from teaching farmers and fishermen better production methods and providing them with modern farming and fishing equipment to carrying out research and organising better marketing facilities. The government is also building schools, clinics, better housing and other social amenities to improve the living environment of agricultural and fishing communities.

The government's long-term aim is to develop farming and fishing to a point where Oman becomes self-sufficient in staple food. Particular emphasis is therefore being made in the current five-year plan on helping farmers and fishermen raise production. Total development expenditure on agriculture and fisheries until 1985 is estimated at RO 110 million, five times the amount spent on developing this sector in the first five-year plan. Of this, RO 45 million is for agriculture, RO 21 million for fisheries, and the remainder is for administrative construction. Large scale development of farming is dependent on finding and developing new water resources and improving the falaj (traditional irrigation) system, wells and water canals. By the end of 1985, water development will have cost RO 38 million.

As part of the assistance programme, the government established the Agriculture and Fisheries Bank in late 1981. One of the bank's primary objectives is to provide loans at very low interest rates to small farmers and fishermen. These loans



Banana processing and weighing – Salalah

can be used to buy at subsidised prices such items as high-yielding seeds, fertilizers, pesticides, livestock, animal feed, farming machinery, fishing boats and equipment. By decree, two-thirds of all loans given by the bank are reserved for small farmers and fishermen. The remaining third is for part-financing of viable private projects. Up to the end of September 1982, the bank had disbursed loans totalling RO 750,000, mostly to small-scale farmers and fishermen. The bank now has six branches and by the end of 1985, fourteen more will have been opened.



Livestock at Animal Husbandry Centre, Salalah

Agriculture

Modern farming methods, including tractors, harrows, ploughs, and irrigation equipment such as sprinklers and drips are now widely used in place of the old methods of farming, although tried traditional methods still have a role. To ensure that Oman's agricultural plans develop along right lines, government research and experimental stations, soil and water-testing laboratories test and evaluate to determine the most suitable crops, fertilizers and pesticides. Back-up services for the farmers include soil and water analysis, and provision of improved seeds, plants, fertilizers, pesticides and agricultural machinery and equipment at subsidised costs. Extension workers in the field give free advice on the latest techniques. By the end of 1985, 34 extension centres and 12 research stations will be in operation.

Marketing facilities are being developed to meet farmers' needs as more land is brought under cultivation. A corporation was set up in 1981 to coordinate and improve marketing outlets.

Production of traditional crops such as dates, limes, alfalfa, wheat, sorghum, bananas and onions is steadily increasing, together with recently introduced crops of tomatoes, cabbages and other vegetables. Last year, a banana-processing plant was set up in Salalah.

Animal husbandry is being further developed. In Dhofar, which has a long tradition of cattle-raising, scientific breeding methods are in use. Local strains are crossed with animals from Europe, Africa and India to improve output of milk and beef. Animal husbandry research stations have been set up at Rumais, Rustaq and Salalah. Research is also going on to produce better-quality sheep and goats with heavier body-weight. Studies are also being carried out on poultry-farming and bee-keeping. At present, there are four privately-owned poultry farms, producing 30 million eggs and half a million broilers per year.

The dairy research programme at Rumais, Rustaq and Salalah stations aims at increasing dairy production by 25 per cent by 1985.

Most of the present farms cover two or three hectares of land. There is only one large-size farm of 254 hectares which produces milk and other dairy products mainly for the home market.

About 41,000 hectares of land are now under cultivation. Some 300 more hectares in the Kamil/Wafi and Wadi Qariyat areas are being reclaimed for farming. If Oman is to become self-sufficient in food, it needs to increase the present area of arable land at least sixfold. Water is the main constraint and, until new water supplies are developed, the government will concentrate on increasing productivity on existing farmland. Studies indicate that productivity can be doubled with greater government assistance.

Fisheries

Omani waters have abundant supplies of commercially marketable fish, both of the demersal and pelagic species. The present catch is a tiny fraction of the potential yield.

Surveys indicate that Oman's seas have resources of 750,000 tonnes of demersal fish which would allow an annual yield of 300,000 tonnes. The main types found in Omani waters are rock-cod, snapper and cuttlefish.



Fish market in Muttrah

Although it is not possible to estimate the quantity of the pelagic species, the present catch of 40,000 tonnes of sardines per year indicates that a much higher yield is possible. Studies show that there are large quantities of fish such as yellow-fin tuna, anchovy and kingfish.

Some 11 to 45 tonnes of lobsters can be caught per year while large quantities of abalone abound in the waters in the south. Oysters are also plentiful along the rocky parts of the Omani coastline.

Further research will be conducted by a maritime science centre which is being built in Muscat and is due to be completed in 1984. Its findings will assist the government in deciding the scale of commercialized fishing that is to be allowed. Particular care is being taken to prevent over-fishing.

As a step to regulate fishing in Omani waters, the government has set up the Aquatic Resources Council. The Council has since approved a licensing system for fishing vessels. It is also considering other regulations for the efficient organisation of the industry.

The Council was formed following a Royal Decree in June 1980 which ruled that the Sultanate had exclusive fishing rights in waters extending 200 nautical miles offshore.

At present, there is only one large-scale commercial fishing enterprise, the Oman National Fisheries Company, in the Sultanate. It was set up in 1980 with government assistance and recorded profits of RO 800,000 in the first eight months of operation.

The company, jointly owned by the government, private investors and fishermen, operates the Muttrah Fishing Complex which consists of a fish processing plant, an ice plant, large freezing and cold storage facilities, refrigerated trucks, and a workshop for repairing fishing vessels. The company operates four trawlers in a pilot project in deep-sea fishing.

In the current five-year plan, the priority is on providing more training and assistance to enable Omani fishermen to raise productivity. More fishing and marketing centres, similar to the ones already operating in Salalah, Musandam and Masira, are being built. These centres provide facilities such as cold stores and freezers, ice plants and repair shops. More docking facilities along the coast are also being constructed. From 1981, the fishermen received higher subsidies from the government's Fishermen's Fund to buy boats, engines and other equipment. They can now obtain grants of up to two-thirds of the cost of the equipment.

The Fund, set up in 1976 at the start of the first development plan, allows fishermen to pay the remaining one-third in monthly instalments on a scale determined by their income. Apart from assistance from the Fund, the fishermen are of course also eligible for loans from the Agriculture and Fisheries Bank.

WATER

Oman, which gets little rain, has adequate water supplies for its present needs. But more water has to be found, and existing supplies improved to meet the growing demands of towns and villages, new industries and farming. So far, the country's water development programme has produced good results. Several areas with large underground reservoirs have been discovered with the aid of satellite technology which Oman has been using for several years now in its search for new water resources.

Last year, wells drilled in the jebal (mountain) areas around the Salalah plain in Dhofar indicated the presence of large reservoirs of water, sufficient to support large-scale farming for at least 20 years. Extensive reserves were also found in the Dank and Ibri areas in north-western Oman. Water was found from about five metres below the ground, extending to several hundred metres in depth; it was also found to be present in locations westward from Dank and Ibri towards the border with Saudi Arabia.

Exploration drilling has been completed in Buraimi in north Oman where a deep limestone aquifer has been discovered. The area has a potential yield of 800 million cubic metres of fresh water.

With the aid of satellite technology, water was discovered in 1979-1980, in a deep fractured bed of limestone in Wadi Adai near the Capital. Some two million gallons of water a day are now being pumped to supply the Capital area. According to present estimates, there is enough water in the Wadi Adai location for up to 15 million gallons to be pumped every day until 1990.

The Wadi Adai well water is in addition to the 12 million gallons per day of the more costly desalinated water which the Capital area is receiving from the Al-Ghubra desalination complex. Output from Al-Ghubra was increased by six million gallons a day when an additional new plant was opened late last year.

The government has allocated over RO 117 million, one of the highest expenditures in the current five-year plan, to water development. Of this, RO 14 million is for drilling operations up to 1985.

The water exploration programme comes under the Public Authority for Water Resources which was created in 1979 to



A traditional Omani Falaj

assist the Water Resources Council, headed by His Majesty Sultan Qaboos. The Council's main function is to coordinate the exploration of water resources to ensure that a balance is kept between supply and demand, since exploitation has to be strictly controlled to prevent overtaxing supplies.

Re-charge dams are also being built to improve existing water supplies. Normally, some parts of the Sultanate get one or two heavy rainfalls a year. When these occur, dry wadi beds become raging torrents which, in the past, have run to waste into the sea along the coastal side of Oman's main mountain ranges and into desert sands on the other. The re-charge dams are designed to hold back rainwater long enough for it to seep into the ground and thus replenish resources.

The first re-charge dam will be built in Wadi Al-Khouth in the Seeb area. Construction is due to begin soon. Five other sites, also in the Capital area, have been selected.

Of the RO 117 million allocated for water development, RO 65 million is for the use of the Ministry of Electricity and Water which is responsible for supplying water for domestic and

industrial use in the Capital area and regional towns except for those in the Dhofar province.

In addition to new water supplies for the Capital area, more wells with distribution networks have been completed in the regional towns of Sur, Sohar, Buraimi and Nizwa. A project is also being studied to build water distribution networks in eight smaller towns. Work is continuing on building and/or improving 217 wells in remote areas.

Smaller desalination plants will be installed on Mahout Island near Masira Island and in nine other coastal communities. These plants can produce from 20,000 to 120,000 gallons of water per day.

Dhofar has been allocated RO 17 million for development of its water supplies. These include completing projects for Salalah, Mirbat and Wadi Hinai, Sudh, Taga, Raysut and Dalkut, and drilling about 25 wells.

The main source of supply of agricultural water is still the traditional falaj system. Water is drawn from surface gravels and alluvial deposits or from wells in the top few metres of the water table. A network of canals carries the water — sometimes for miles — to villages and smallholdings. At present, Oman has about 4,000 falaj in use, but more than half of them need repair and regular maintenance to improve supplies. About RO 22.2 million is being spent on this scheme and another RO 10 million on dams for agriculture, in the current five-year plan.

ELECTRICITY

Apart from meeting the growing demand for electricity for large population centres such as the Capital area and Salalah, the government is engaged in a rural electrification programme supplying power to remote villages. Under the scheme, it has been building small power stations, some with less than one megawatt capacity, to supply small and medium-sized villages. Another 12 generating plants, each with a capacity of three megawatts, have been installed in rural areas. Most of these small plants will later be replaced by feeder stations, linking the villages' supply lines to main regional stations.

Eventually, all power stations in the Sultanate will be linked to a common grid in order to make use of surplus electricity in one area to meet the needs of another.

Gas, of which there are ample reserves, is being used increasingly as fuel in power stations to produce cheaper electricity. The generating capacity at al-Ghubrah has been raised by 55.6 megawatts to keep pace with the Capital area's growing requirements. Supply lines to adjoining areas, such as the Rusail Industrial Estate, are being hooked up to the main grid from al-Ghubrah. Rusail itself will have a gas-powered station later this year with a generating capacity of 200 megawatts.

The Sohar complex supplies electricity to a number of towns apart from meeting the requirements of the Sohar copper project.

A new power station has been completed at Raysut in the Southern Region and extensions have been made to a number of existing plants. Under the present five-year plan, two more power stations will be built at Ras Sawadi and Manah.

The target of the current five-year plan is to double the national generating capacity to 776 megawatts.



Traditional sports and customs are still popular



LABOUR

Oman is acutely short of trained manpower. Top priority has therefore been accorded by the government to developing the country's human resources through education and on-the-job training. In overall charge of manpower development is the Education and Vocational Training Council, set up in 1978 under the chairmanship of His Majesty Sultan Qaboos.

Qaboos University, which will begin to admit students in 1986, reflects the pragmatic approach of the Council to manpower development. Four of the five faculties being established will teach science, engineering, medicine and agriculture and fisheries. The fifth will be a college of education to train teachers for secondary schools.

At the end of 1982, about 1,000 Omanis were studying in tertiary institutions abroad or undergoing advanced training, either on government scholarships or on schemes sponsored by employers. Companies which provide training either locally or abroad can deduct the cost of training from a 'training levy scheme' to which firms subscribe.

Companies which guarantee to provide technical or other forms of training for Omanis are given preference in setting up business in the Sultanate.

Vocational training courses are provided by the Ministry of Social Affairs and Labour which, by the end of the present five-year plan in 1985, will be running 11 vocational training centres. Four of these centres were already conducting courses at the end of the first plan. In addition, the Ministry is setting up three mobile centres for training in agriculture, fisheries and rural industries. Commercial subjects are also taught in some schools.

Last year, a Department of Manpower Development was set up in the Ministry with assistance from the World Bank. Its main functions are to study manpower requirements and assist in introducing training schemes which will prepare candidates for employment opportunities. Its first project, announced in August last year, was an apprenticeship scheme launched with the cooperation of some private companies. Selected applicants apprentice themselves to these firms as motor mechanics, electricians, air conditioning and refrigeration mechanics, masons and carpenters. Those accepted receive a starting salary of not less than RO 60 per month.



Omani technicians play an essential role in the maintenance of the Sultanate's modern equipment

As of October last year, there were about 165,000 expatriates working in Oman in skilled and unskilled jobs.

Almost all non-skilled workers get more than the minimum basic wage of RO 60 per month for an eight-hour day. Apart from having to pay overtime, employers are obliged to provide housing, transportation and food for employees who live more than 40 kms. away from their working place. Medical treatment is free, and expatriates get free return passages to their country of origin.

COMMUNICATIONS

Oman today has extensive world-wide air, sea and telecommunication links. Within the country itself, an expanding road network connects villages and provincial towns to the Capital area.

Development of Oman's internal communications and with the outside world has been rapid. In early 1970, there were only 10 kms. of tarmac roads, all within the Capital area, a primitive port at Muscat, a small airfield, 550 telephone lines and one small post office.

The Ministry of Communications is responsible for civil aviation, ports and roads and will again be the biggest development spender in the second five-year plan. Its road-building programme alone will absorb over RO 218 million of its total budget of RO 346.4 million.

The Ministry's main aims are to expand the network of asphalted roads — particularly roads serving regional development — and graded roads, serving more remote areas,



Seeb International Airport



Road construction in Capital Area

to enlarge the capacity of Oman's two ports — Mina Qaboos and Mina Raysut — and of the two main airports at Seeb and Salalah.

During the first two years of the plan, the Ministry carried out extensive development work. Among the major projects it completed were Oman's longest road, the 780-km. highway linking the Capital area in the north to Salalah in the south, and container terminals at both Mina Qaboos and Mina Raysut.

Among the main asphalted roads to be constructed by the end of 1985 are those linking Salalah to the Western border, Seeb to al-Khoudh, and Takha to Mirbat to Tawi Attair. Another major project to be completed soon is a road network which will serve the Rusail Industrial Estate.

Mina Qaboos can now handle 60 containers per hour while Mina Raysut can accept 30 containers per hour. The number of ships using both ports increased in 1981, reflecting the healthy growth in external trade. In 1981, 1,115 ships called at Mina Qaboos, and the port handled a total of nearly 1.2 million tonnes of cargo. A total of 222 ships used the facilities of Mina

Raysut in the south where a total of nearly 400,000 tonnes of cargo was handled.

Under the current five-year plan, Mina Qaboos is to be extended eventually to al-Shutaifi, thereby increasing the port's deep-water berthing and storage capacity.

Seeb International Airport is handling an increasing amount of aircraft traffic involving both passengers and cargo. The airport handled a total of 43,600 airport movements in the year from October 1981 to September 1982. A total of nearly 891,000 passengers used the airport which also dealt with over 15,000 tonnes of cargo excluding mail. To meet the increasing traffic at the airport, several facilities, including passenger and cargo services are to be greatly expanded. Construction work on improving the international section of the passenger terminal building begins this year.

A consultancy agreement for the design of the runway extension at Salalah Airport is expected to be signed early this year. Construction of a passenger terminal at the airport is due to begin later in the year.

POSTAL AND TELE- COMMUNICATION SERVICES

Postal Service

Oman had only one small post office in Muscat in early 1970 and postal services then were limited to the Capital area. Today, these services cover the whole country.

By the end of last year, the Postal Department was operating 49 post, sub-post and mobile post offices in the Capital area and other parts of the country. In addition, there were 38 postal agencies. The department also provided 22,800 private post boxes and 237 letter post boxes, since Oman does not as yet have a door-to-door postal delivery service. By the end of 1985 the Department expects to add another 7,200 postal boxes and a door-to-door postal service in the Capital area.

Another eight post offices are expected to start operating by the middle of this year. Work is continuing on completing a central automatic sorting office. Another major project on which work is in progress is the setting up of radio monitoring stations in Greater Muttrah in the Capital area, and in Salalah in the south. Studies are now under way to introduce additional postal services such as money orders, savings accounts and a data-post service on internal and international levels.

The Ministry of Posts, Telegraphs and Telephones issues commemorative and definitive stamps. Commemorative stamps are issued on important occasions such as Oman's National Day and other national events.

Telecommunications

Oman's telecommunications network is being expanded rapidly to meet growing demands for telephone and telex services. At present, the Sultanate has 23,000 telephone lines, served by 28 main exchanges, and an automatic telex network of 1,200 lines.

A contract has been awarded to set up seven digital electronic telephone exchanges in the Capital area by the end of the present five-year plan. When completed, the new exchange will provide 44,000 extra lines in the Capital area. The present conventional exchanges in Muscat,



Up-to-date Telecommunications have been introduced everywhere in the Sultanate

By courtesy of PDO

Muttrah, Ruwi, Qurm and Azaiba will also be replaced with digital electronic switching systems to increase their capacity.

The contract also includes installing micro-wave links between Nizwa and Salalah, Nizwa and Ibri and Greater Muttrah and Azaiba. Direct dialling between Salalah in the south and Muscat in the north will shortly be possible.

Another 1,600 telex lines will be added to the present automatic network. Arabic-English (bilingual) telex machines are being introduced as part of a series of projects being implemented by the General Telecommunications Organisation (GTO).

Oman's international telecommunications traffic is primarily carried over the Indian Ocean Intelsat satellite. A standard 'A' satellite earth station located at al-Hajar, 40 kms. from Greater Muttrah, provides international circuits with various countries. The station is being expanded to provide more circuits. Another, standard 'B' earth station at the same location handles television transmissions to five other earth stations at Buraimi, Saham, Nizwa and Sur in northern Oman, and Salalah in the Southern Region.

The five-year development plan for the telecommunications sector also includes the establishment of a modern coast radar station, to replace the present conventional one, a satellite station to provide a link to all Arab countries by telephone, telex and television transmission, a satellite station for maritime telephone and telex traffic, and a satellite station on Masira.

EDUCATION

A basic aim of Oman's education policy is manpower development, which is a vital factor in the country's economic and social progress. This objective was stressed by His Majesty Sultan Qaboos in his National Day speech in 1980 when he announced the establishment of Qaboos University. His Majesty then said that the proposed university would be for 'our young people to become the scientists, technicians, doctors, agriculturalists and other specialists which we shall need in increasing numbers as the process of our modern development continues to gain momentum.'

His Majesty laid the foundation stone of the university in November last year. Qaboos University, which is a gift from His Majesty to the people of Oman, will be ready to accept its first students in 1986.

Four of the five faculties being established at the university will teach science, engineering, medicine and agriculture and fisheries. The fifth will be a college of education which will qualify its students to teach history, geography, Islamic studies, and the Arabic and English languages in secondary schools.

Education in Oman has come a long way since early 1970 when the country had only three primary schools with 900 boys and 30 teachers. Today, there are 431 primary, preparatory and secondary schools with 138,170 pupils of both sexes and 6,500 teachers. Twenty-three of the schools were opened in the current 1982-1983 school year. The second five-year plan seeks to provide at least a primary education free for every Omani child by the end of 1985. To achieve this, another 140 schools will be built, some in remote rural areas.

By 1986, when Qaboos University will be ready for its first intake of students, there will be enough students who will have completed secondary school to qualify for admission.

English will be the main medium of technical instruction at Qaboos University since it is the most practical language to use in teaching many of the subjects being offered and to enable the university to keep abreast of world developments in the fields of science, engineering and medicine.

Omani schools teach English as a second language from primary standard IV. By the time pupils graduate from secondary standard III, they have had nine years of learning English. This has proved essential for Omani students who go



Time for recreation at a modern school

overseas for further studies, particularly in Britain and the United States.

The teaching of English is being upgraded with the setting up of an English Language Department in the Ministry of Education. It is headed by an Omani woman who has been an English language specialist teacher for many years.

The authorities recognise that the education system is far from being fully developed. As part of the programme to improve the system, an Omanised curriculum with new teaching methods and textbooks was introduced in 1978. Pupils no longer learn through memorising whole texts as is still done in some countries. Instead, they are taught to apply the knowledge they have gained practically to solve problems. In this way, Omani children are taught to think for themselves. The new system also stresses traditional Omani values and culture so that young people will appreciate and preserve their Omani heritage. They are also taught to regard themselves as members of the wider Islamic and Arab world. Religious and secular studies under the new system are no longer kept rigidly apart; passages from the Koran which are relevant to secular subjects are included in the new textbooks.

The Omanised system has now been successfully applied in

the primary and preparatory schools and in secondary standards I and II. It will be applied to secondary standard III in the 1983-1984 school year.

Rapid expansion of the education programme meant that not all schools in the early seventies could be housed in proper buildings. Many sprang up in tents and huts and under the shade of a tree. As part of the current programme to upgrade standards, all such accommodation will be replaced with permanent school buildings by the end of 1985. Ninety-four such schools will be re-housed.

Plans are now being implemented for the provision of modern educational facilities, including science laboratories, workshops and libraries for all preparatory and secondary schools. From now on, every preparatory school will have a multi-purpose workshop in addition to a general science laboratory. The workshop will provide training in metal and woodwork, and electrical and mechanical theory and practice.

The education authorities believe that during the period of general education, it is important to expose a child to different opportunities in order to develop his or her natural talents. Pupils who show an aptitude for technical studies can subsequently join a technical secondary school and continue tertiary education in engineering.

Technical education is part of the Ministry's plan increasingly to link school studies to manpower requirements. A preparatory school in the copper mining area of Sohar is being developed into a secondary technical school. Two other technical schools at secondary level are being set up in the Capital and Batinah areas.

Another project to equip young Omanis with practical skills is the establishment of a commercial secondary school in the Capital area. At present, several schools hold classes in commercial subjects.

The present Institute of Agriculture at Nizwa is to be upgraded to a full college by 1986.

Three more teachers' training institutes will be established as Oman is acutely short of trained Omani teachers. Two of the institutes will train women teachers.

One of the basic aims of the education system is to provide equal opportunities for girls, who now make up about one-third of the present enrolment of 125,000 students. Three of the new secondary schools are to be for girl students. At the



Girls have equal opportunities with boys

preparatory level, all girls' schools will now have domestic science wings.

Among Omani students studying abroad are girls taking up engineering, electronics, medicine, education and other specialist disciplines. Girls enjoy equal job opportunities with men on qualifying.

During 1981-1985, development spending on education, including new quarters for teachers and construction of administrative buildings, is budgeted at RO 84 million. Of this, RO 46 million is for the building and equipping of new schools and training institutes.

Part of the development of manpower skills is undertaken by the Ministry of Labour and Social Affairs which now runs four vocational centres and will build seven more throughout the country. The Ministry is also to establish three mobile vocational training centres for agriculture, fisheries and rural industries. Priority is to be given to training in the fields of construction, electricity, mechanical engineering, clerical work, agriculture, fisheries and mining.

Adult literacy will also receive increased attention in the current development programme. Under the slogan 'Education for All', the government holds literacy classes which are attended by more than 6,000 men and women. Over 5,000



His Majesty discusses plans for the new University which is to be his gift to the Omani people.

others study at adult education centres. For those who are unable to attend these centres, there is a free study-at-home programme which provides participants with textbooks and other educational materials.

The anti-illiteracy campaign is broad enough to meet the needs of farmers in the interior and of urban dwellers in the Capital area and other large towns. Women's centres combine literacy lessons with training in domestic science and the basics of public health.

There is also a programme to teach Arabic to the large numbers of Omanis who returned to Oman following the accession of His Majesty Sultan Qaboos. Two centres cater to the needs of this group.

HEALTH

As with other services, Oman's health services have been developed rapidly in the past 13 years. A good indication of the progress made is the continuing decline in infant mortality. Another is the sharp drop in the incidence of trachoma among children; this disease, which can lead to blindness, is under virtually complete control among school children in the Capital area; in the Interior it has dropped from 35 per cent to 7 per cent.

Thirteen years ago, when His Majesty became Sultan, there was only one hospital with 12 beds in Muscat, nine health centres and 10 dispensaries. Today, the Health Ministry operates 14 hospitals and 13 health centres with a total of 2,000 beds. This gives a ratio of one bed to every 750 of the population, which compares favourably with the figure in most developed countries.

In addition, the Ministry operates 62 dispensaries, six small health centres and four small maternity clinics. Twenty mobile medical teams serve people living in remote areas. The Ministry also maintains 15 public health centres and 46 public health units.

Medical and public health officers, including dentists and pharmacists, totalled 13 in 1970; today there are 382, of whom 132 are specialist doctors. The number of nurses and midwives rose from a handful in 1970 to 1,133 last year. In addition, the Health Ministry employs 717 para-medical staff.

Preventive Services

Preventive health services are well developed and have high priority in the Sultanate's medical planning. They include environmental sanitation, communicable diseases control, school health, health education, malaria control, vector control, quarantine and oral hygiene. Public health services are provided through five public health centres and 46 subsidiary public health units throughout the country.

People—even those living in remote villages—have responded well to mass vaccination drives against preventable diseases, and this has led to a decline in cases of polio, diphtheria, whooping cough, tetanus, measles and tuberculosis.

Malaria control measures are being applied progressively to cover the entire country by the end of 1985. Last year, one more malaria control centre and five additional control units

became operational. The control measures include administering anti-malarial medicine on a mass scale.

With better environmental health services, hepatitis and gastroenteritis cases have dropped. Further measures are being implemented to reduce the incidence of water-borne diseases. These include monitoring the quality of drinking water with the aim of providing water which is safe for consumption to all parts of the country.

Control of tuberculosis and trachoma is being intensified to provide coverage for the entire population by the end of the current development plan. Occupational health and safety services are shortly to be set up.

A survey of sewage treatment plants has been launched in order to identify pollution sources. Rural areas have been given special attention. A national conference on Safe Water Supply and Sanitation was held by the Ministry of Health in February 1982.

Curative Services

One of the priorities in the current five-year plan is a programme to establish medical and health facilities within easy reach of the population, particularly for those living in remote areas now served by mobile medical units. As part of the programme, two more health centres and three smaller ones, and six more dispensaries were opened last year. Services available in district-level hospitals and at health centres and clinics were also expanded.

Further extensions to Khoula Hospital in the Capital area—one of the country's three referral hospitals—were made during 1982. These included up-to-date X-ray and laboratory departments and four additional operating theatres. A department of reconstructive surgery has been opened.

Other major developments last year included the setting up of a renal dialysis unit, a new orthopaedic ward of 110 beds and 40 more paediatric beds at Al-Nahdha Hospital, also in the Capital area, and a 60-bed psychiatric hospital was opened at Al Hajar.

Training

Training facilities for nurses and para-medical staff were greatly expanded last year with the opening of the Sultanate's Health Institute. In the current 1982-1983 academic year, 150 students are undergoing training at the Institute as nurses, assistant nurses and laboratory technicians. The number of



Medical care is freely available in the Sultanate

students will double when courses for sanitary inspectors, X-ray technicians and physiotherapists start late this year. In addition to the Health Institute, the Ministry also runs the Al-Rama School of Nursing which was opened in 1970.

A number of young Omanis are studying abroad to become doctors. In addition, Omani doctors and other trained medical staff are undergoing post-graduate and specialization courses in institutes overseas; last year, 52 Omanis went abroad for such training. Oman will have its own medical school when Qaboos University opens in 1986.

As part of its programme to upgrade the medical services and provide in-service training, the Health Ministry has arranged for three British universities to send specialists in several fields to work for short periods in Omani hospitals.

Oman subscribes to the global objective of 'Health for All by the year 2000', adopted by the World Health Organisation. Based on the progress that has been made since 1970, Oman is confident of achieving WHO's target well ahead of the deadline.

SOCIAL AFFAIRS

One of the important aims of the present five-year plan is the provision of subsidised housing for those with limited income. In the first two years of the current plan, 1,488 such housing units had been completed and another 416 were under construction.

Omanis aged 21-60 are entitled to buy subsidised houses in the area in which they live and work if they earn RO 150 or less per month. Loans of up to 90 per cent of the building cost can be obtained from the Oman Housing Bank. The loan is repayable in 20 years at 3 per cent interest. A nominal sum is charged for the land. This scheme was commenced in 1974.

Under another programme, those who do not wish to move out of their existing homes can have repairs or improvements done free, up to a maximum of RO 5,000. RO 30 million has currently been allocated for this project.

The subsidised housing programme is operated by the Ministry of Social Affairs and Labour which is also responsible for the government's overall social security scheme. In the first nine months of last year, nearly 20,000 people received just over RO 4 million in allowances under the scheme. These allowances are given to families who do not have any earnings, elderly people with no means of support and the disabled. Special assistance is to be given to the disabled with the setting up of two centres in the Capital area and Salalah. These two centres have vocational training workshops, farms and clinics.

Aid is also provided to enable those capable of being self-employed to start a trade or cultivate a plot of land. The government will provide, for instance, a small flock of sheep or a water pump or a sewing machine to help people become independent. Assistance is then given in marketing their products.

The government also operates a community development programme. This is a self-help scheme under which villages in remote areas can themselves build a temporary school or a local road before the government provides more permanent structures. An education programme, teaching villagers sound health habits and encouraging them to use maternity, child-care centres and hospitals has also proved successful.

