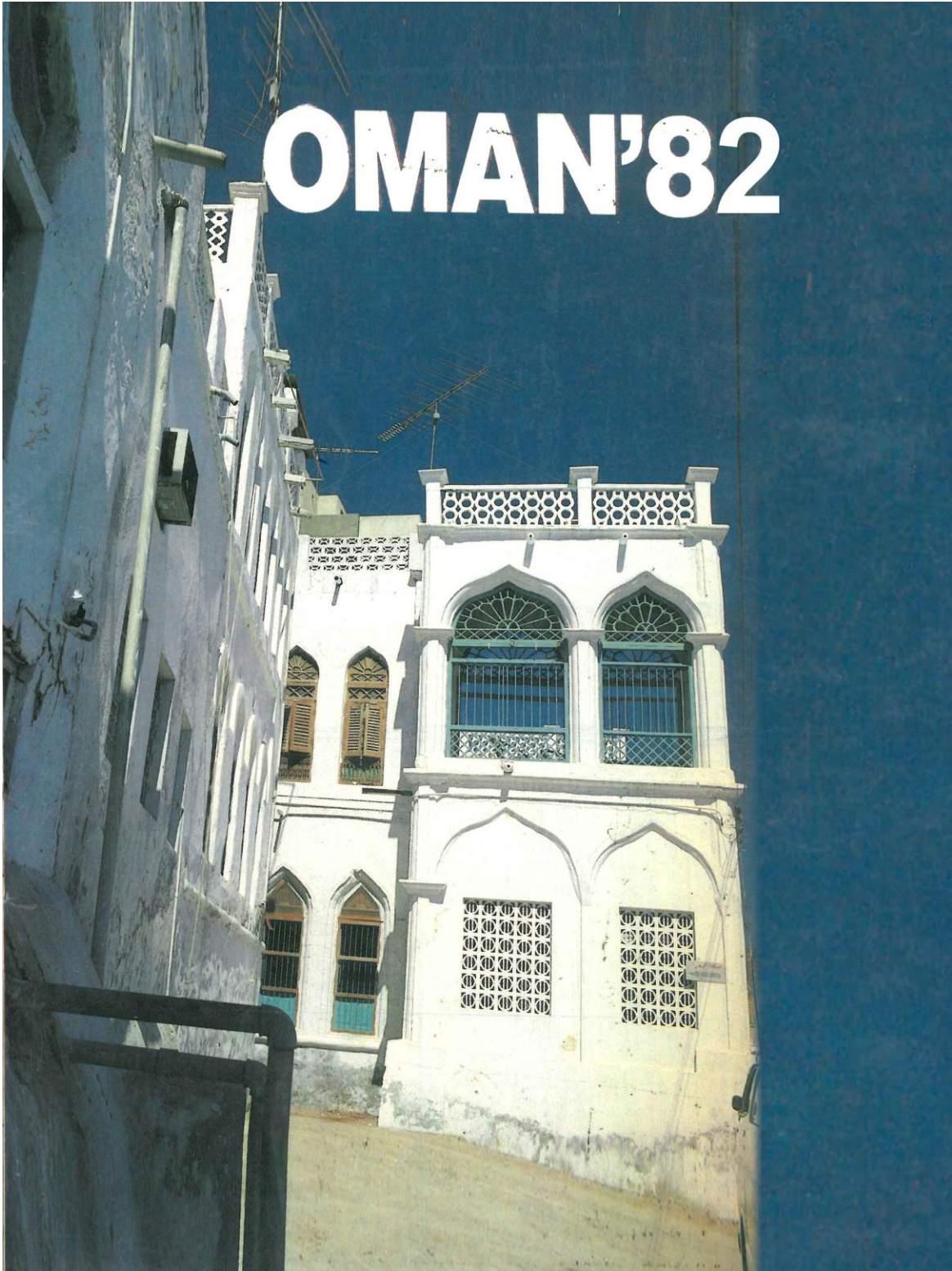
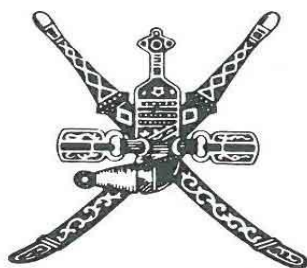


OMAN'82





Printed and Published by
The Ministry of Information and
Youth Affairs
Sultanate of Oman

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Coat of Arms

GENERAL REVIEW

1981 saw Oman taking another major step in its development as a modern state. A State Consultative Council was formed to give the Omani people greater participation in the planning and development of the country's economy and social services. The Council is composed of 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. 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.

1981 also saw the launching of Oman's second five-year development plan. The plan will build on the successes of the first 1976-1980 plan which considerably expanded the economy and raised the standard of living of the people.

One of the objectives of the current plan is to encourage the private sector to play a much bigger role in the continued growth of the economy. Considerably greater financial assistance will therefore be given to private businesses.

Total expenditures are estimated at RO 7,364 million of which Government revenues over the five years are estimated at RO 6,947 million, excluding sums allocated for the State General Reserve Fund, set up last year.

Of these, RO 2,152 million is earmarked for education, health and other social services to meet rising needs of the people. This is more than twice the sum allocated for these services in the first plan. The economic infrastructure is being considerably expanded in support of the income-generating sectors.

The current plan is aimed at generating an annual growth rate of 13.1 per cent. Manufacturing industries are expected to achieve the highest average growth of 34.2 per cent. Other targets are : agriculture and fisheries 15.6 per cent; construction 11 per cent; transport and communications 12 per cent.

Preliminary reports at the beginning of this year indicated



His Majesty Sultan Qaboos bin Said







Finance Secretariat in Muscat

that the plan had largely achieved the targets set for its first year of operation. Oil production went up to 330,000 b/d as planned from a daily average of 282,000 b/d in 1980. The additional oil came from new fields in the southern and west-central parts of Oman. Oil revenue for 1981 is estimated at RO 1,370 million of which 15 per cent is to be transferred to the General Reserve Fund set up in 1980. The estimated oil revenue is about RO 10 million lower than the projected figure for 1981 as a result of a drop in prices for Omani crude from US\$37.50 per barrel at the beginning of the year to US\$34.00 for the second half of 1981. Oil production will, however, be kept at the present ceiling of 330,000 b/d through 1985 as a conservation measure.

Significant advances were also made in the manufacturing sector. An additional 237 wholly owned Omani industrial companies were registered, bringing the number of such companies operating in Oman to 760. Work continued during the year to complete the Sohar copper mining and smelting project and a 50,000 barrels per day oil refinery at Mina al Fahal in the Capital area. The Sohar complex will produce 20,000 tonnes of refined copper a



The Corniche, Muttrah

year. Production of petroleum and other allied products is for the domestic market. Both projects will go on stream later this year.

In the social sector, 20 more schools were opened and the health services were further expanded and upgraded. More low cost houses were constructed as Oman continued with its programme to raise the people's living standard.

In the field of foreign affairs, Oman continues to play a positive role in the Gulf Cooperation Council which was formed at a meeting of Heads of State of Oman and five other Arab Gulf states in Abu Dhabi in May 1981. Regional security and economic cooperation are among the Council's priorities. Oman has long advocated cooperation and unity of action among the Arab Gulf states; it views such cooperation as crucial for the security and prosperity of the Gulf region.

During the year, Oman maintained close working relationships with members of the GCC. Close relations were also maintained with Britain, France, West Germany and other countries of West Europe and with the United

States. Relations with countries in Asia were also strengthened during the year.

As a member of the Third World and the Arab Nation, Oman has steered clear of regional conflicts and super-power rivalry. Oman has, however, repeatedly drawn attention to the danger to regional and world peace of the continued Soviet military occupation of Afghanistan and of the Soviet military build-up in South Yemen and in other areas. Accordingly, it voted with 36 other Islamic nations at the Islamic Summit Conference at Taif, Saudi Arabia for a resolution calling for the immediate withdrawal of Soviet forces from Afghanistan.

Oman condemned the recent alliance of South Yemen, Ethiopia and Libya as further evidence of Soviet interference in the affairs of the Arab and African nations. As a precaution against the increasing Soviet threat, Oman has continued developing its defence capability.

A politically stable and economically sound Oman is important to the world for it occupies a highly strategic position. Its 300,000 sq kms of land stretch from the Strait of Hormuz in the north to the frontier with South Yemen in the south. Oman commands the eastern end of the narrow Strait through which passes 90 per cent of Japan's imported oil supply, 65 per cent of West Europe's and 30 per cent of America's.

Modern development in Oman began only on 23rd July 1970 when His Majesty Sultan Qaboos took over from his father who had ruled the country for 38 years. Although oil had been commercially exploited in 1967, no other development had taken place. There were only three primary schools, for boys, one 12-bed American missionary hospital and 10 kms of road. Electricity was for a privileged few.

Thousands of Omanis had left the country to study and live abroad.

The task facing His Majesty Sultan Qaboos in rebuilding Oman, once a great trading and seafaring nation, was immense. In his first public statement to his people His Majesty declared: "I promise you that the first task I am determined to undertake is to start as soon as possible to establish a modern government. I shall do my best to work to secure a happy life and better future prospects for

all. It is the duty of every one of you to assist in the realization of this objective."

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 while the foreign-supported rebels began losing local support in the south and were finally defeated in 1975.

Throughout the 11 years of its intensive growth, Oman has not lost sight of its cultural heritage. His Majesty has insisted that the values of Islam and ancient Omani traditions be fully preserved in the process of rapid economic and social development.

His Majesty keeps in constant touch with Omanis at grass root level by touring the country extensively — a sure way of finding out for himself whether government is doing enough for the people and if they understand and accept its policies.



Jebali man

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 commercial activity goes back to the beginning of the third millennium B.C., and the first record in the world of long distance commercial seafaring in this period is that of the voyages made by Magan — the old name for Oman — ships 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 Ai-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 acted as a unifying force within the country and serves 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 wealth generated by maritime activities was used primarily in the development of Oman'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



Safalah in South Oman



Road to Muscat

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

Iman Ahmad Ibn Sa'id's successors, notably Sultan Sa'id Ibn Sultan, continued to develop Oman as a major maritime commercial power, establishing trading agreements with the United States and a number of European countries. After the death of the latter 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.

GEOGRAPHY

Oman is located in the extreme south-east corner of the Arabian Peninsula with a total land area of 300,000 sq. km. of mountainous terrain punctuated by wadis and green valleys where the efforts of man have both created and cultivated arable land.

A mountain range extends from Ras al Hadd in the north-east to join other ranges that extend from Ras Musandam. The height of the mountains varies from 1,000 to 3,075 metres at Jebel al Akhdar, the "Green Mountain", which is covered with vegetation and where many fruit trees grow. To the east of the mountain ranges lies the fertile Batinah coastal plain which extends for 300 km. between the sea and the mountains all the way from Muscat to the boundary with the Emirates.

In land area, Oman is the second largest country in the Arabian Peninsula.

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 rainfall is low and irregular with the exception of the southern province where heavy rains occur between June and October as a result of the monsoon.

Population

Preliminary estimates put the total population of Oman at 1,500,000. The majority of the people are engaged in agriculture, fishing and commerce.

GOVERNMENT

The present administrative system of the State comprises the Council of Ministers (Cabinet), Specialised Councils, Governorate of the Capital City and Ministries.

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

Laws and decrees are issued 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:

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 Mahmood al Said

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

Minister of State for Foreign Affairs: H.E. Qais Abdulmunem al Zawawi

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

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

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

Minister of Communications, Civil Aviation, Ports and Roads: H.E. Salim Naser al Busaidi

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

Minister of Electricity and Water: H.E. Hamoud Abdulla 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 Hafiz Salem Rajab

Minister of National Heritage & Culture: H.H. Sayyid Faisel bin Ali al Said

Minister of Social Affairs and Labour: H.E. Yahya Mahfudh al Mantheri (Acting)

Minister of Information & Youth Affairs: H.E. Abdul Aziz al Rowas
Minister of Justice: H.E. Sayyid Hilal bin Hamad al Sammar
Minister of Land Affairs and Municipalities: H.E. Ahmed bin Abdullah al Ghazali
Minister of Awqaf and Islamic Affairs: H.E. Sheikh al Walid bin Zaher al Hinai
Minister of Education: H.E. Yahya Mahfudh al Mantheri
Minister of Public Works: H.E. Dr. Asim al Jamali
Minister of State and Wali of Dhofar: H.E. Sayyid Hilal bin Sou'd bin Harib al Busaidy
Minister of State and Special Envoy for His Majesty the Sultan: H.H. Sayyid Shabib bin Taimour al Said
Minister of State without Portfolio: H.E. Brigadier al Mutasim Hamood Nasr al Busaidy
President State Consultative Council: H.E. Khalfan Nassir al Wahaibi

Consultative Council

The State Consultative Council was formed to give the Ormani people greater participation in the planning and development of the country's economy and social services. 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 and over. They are appointed for a two-year period, but their period of office can be extended for one or more terms.

The Council has an executive body composed of the president, his deputy, 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 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 lays down the financial policy of the State and draws up the national budget. Among other things 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 responsible for 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 Governorate of the Capital is responsible for the administration of the Capital. The Governor of the Capital is also Chairman of the Tender Board.

For easier administration of Oman's large land area and scattered population centres, the country has been divided into 41 wilayas under the jurisdiction of the Ministry of the Interior. At the head of each wilaya is a wali (governor) one of whose main functions is to ensure that everyone in his wilaya benefits from the country's social and economic development.



South Yemen refugee
receives medical treatment

FOREIGN AFFAIRS

Oman views Arab cooperation and unity as crucial for the security and prosperity of the Gulf region. Accordingly it continued to work actively in 1981 to forge closer links between the Arab Gulf states. To this end it hosted several meetings, including a Gulf foreign ministers' conference in Muscat in March 1981 to prepare for a meeting of Heads of State later in Abu Dhabi. The Abu Dhabi Summit Meeting in May formally inaugurated the Gulf Cooperation Council (GCC). In addition to Oman, the member states are Saudi Arabia, the United Arab Emirates, Kuwait, Bahrain and Qatar.

Today, Oman continues to play a positive role in the affairs of the Gulf Cooperation Council. Regional security and economic cooperation are among the Council's priorities.

Referring to the Council in His National Day speech last November, His Majesty Sultan Qaboos said, "The establishment of the Gulf Cooperation Council can be considered a positive achievement of the efforts of its member-states for the prosperity of the region and its people. We are glad to say that the Council achieved notable progress at its Second Summit which recently took place in Riyadh, Saudi Arabia. We confirm Oman's keenness to participate actively in this joint brotherly effort. The Council is a true reflection of the deep brotherly feelings which have always existed among our peoples. We are certain that this Council has laid a firm and strong foundation for the region's security and prosperity. The results of the Gulf Summit provide convincing evidence that the Arab World today is seeing a new era full of hope and positive cooperation. The Riyadh agreement can contribute to the creation of a better climate for Arab solidarity. We hope this work will be carried forward against all foreign attempts to divide us. We call upon all our brother Arabs to cast aside their differences and to work together, utilising all their resources, to serve the common cause."

At the Riyadh Summit, Oman endorsed the Saudi Arabian peace plan for the Middle East. An honourable and satisfactory peaceful solution to the Arab-Israeli problem is a major aim of Oman's foreign policy.

In accordance with this policy, Oman has strongly condemned Israel's annexation of the Golan Heights.

The Riyadh Summit also voiced its opposition to "attempts by the superpowers to interfere in the internal affairs of the people in the area." In this respect, Oman has repeatedly warned of the danger to regional and world peace of the continued Soviet military occupation of Afghanistan and of the Soviet military built-up in South Yemen and the Horn of Africa. At the Islamic Summit held in Taif, Saudi Arabia, in January 1981, Oman voted for a resolution calling for the withdrawal of Soviet forces from Afghanistan.

In this context, Oman has had occasion to point to the danger to Gulf security posed by the alliance formed by three Soviet-backed states — South Yemen, Ethiopia and Libya.

Throughout 1981, Oman maintained close working relationships with the other five member-states of the Gulf Cooperation Council and other Arab countries. Close relations were maintained with Britain, France, West Germany and other countries of West Europe and with the United States. Oman and the United States have set up a joint economic commission for cooperation in the fields of agriculture, fisheries and water exploration. There is a defence



Refugees from the Marxist regime in South Yemen seeking refuge in Oman, with Omani soldiers

understanding with the United States for joint consultation should the need arise.

Oman has firmly stated that no foreign forces will be based on the Sultanate's territory.

Relations with countries in Asia were also strengthened during the year; the Foreign Affairs Under-Secretary, H.E. Yusef al Alawi visited China, Japan and South Korea.

Relations with member countries of the Association of South East Asian Nations were further strengthened during the year.

Foreign Embassies with Resident Ambassadors

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
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 Denmark
Greece
Kingdom of the Netherlands

Forty-eight other embassies and consulates are represented in the Sultanate by non-resident ambassadors.

Oman's Embassies Abroad

Algiers	Doha	Nairobi	Tehran
Amman	Islamabad	New Delhi	Tokyo
Baghdad	Jeddah	Paris	Tunis
Bahrain	Khartoum	Peking	Vienna
Bonn	Kuwait	Rabat	Washington
Cairo	London	Rome	
Djibouti	Mogadishu	Sana	

Consulates

Bangkok	Geneva	Karachi
Bombay	Hong Kong	New York







Omani soldier

DEFENCE

A volunteer reserve force is being set up as part of the Sultan's Armed Forces. The new force will be open to males under 35 years old and former military and non-commissioned officers who should not be over 45 years of age. Volunteers will undergo two weeks of training a year.

As part of the defence build-up, the armed forces will be equipped with more tanks, jet fighters and fast patrol boats, including heavy missile vessels. Work has also begun on expanding the Sultanate's existing air bases. A new naval base is to be constructed.

Ministry of Defence

In addition to its administrative responsibilities, the Ministry, through its Engineering Division, has built and is maintaining the Sultanate's military defence bases, including airstrips and naval facilities.

Army

The Army has been consolidating since its success in defeating the foreign-led Dhofar rebellion in 1975. A significant development has been the appointment of Omanis to senior positions of command.

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

Air Force

The Sultan's Air Force is equipped with some of the world's latest jet fighters. Advanced training of Omani pilots is proceeding well on all types of aircraft in use.

Helicopters and transport aircraft transport 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

The Navy maintains a small fleet of fast patrol vessels to guard the country's 1,700 km. of coastline. One of its tasks is to keep the Strait of Hormuz secure for the world's oil tankers.



Omani pilot ready for take off

Prevention of illegal immigration and protection of Omani fishing rights are among its routine tasks.

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



Police coastal patrol

POLICE

The Royal Oman Police maintains a force of over 7,000 men and women. The policewomen perform duties similar to those of their male colleagues. These include investigating traffic accidents and criminal cases.

The Force operates 13 main police stations, a Marine Division and an Air Wing. One or two-man outposts serve the villages. The Force is also responsible for immigration, customs, fire and prison services.

The Force was granted its own Colours and renamed the Royal Oman Police by His Majesty Sultan Qaboos in 1974 in recognition of the efficiency and dedication to duty of its members.

Training

The Police Academy at Nizwa provides training courses in basic police work as well as specialised subjects such as criminal detection, photography and foreign languages.

Marine Division

The Marine Division is responsible for police duties at Mina (Port) Qaboos and Mina Raysut, and along Oman's 1,700 km coastline.

It carries out regular patrols in fast boats in Omani waters, including the vital 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 medical evacuations from villages, and security patrols for visits by V.I.P.s are among the Division's other duties.

Air Wing

Police helicopters carry out regular patrols for traffic control and other duties, 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 risen considerably. The main cause is speeding. Speed limits have been imposed. Police patrol cars,



Guarding an oil field

engaged in traffic duties in the Capital area and in other districts, are equipped with radar speed checks. In addition, the police have conducted road safety campaigns.

Mounted Division

This Division was formed in November 1974. It plays as important a role as other units of the Royal Oman Police. In addition to daily patrol duties, it takes part in important

ceremonial occasions. The Mounted Division now has some 90 horses.

Immigration

Immigration officers of the Royal Oman Police Force are on duty at airports and ports and other 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

One of the greatest changes since 1970 came about with the introduction of the Prison Department in 1973. Before the accession of His Majesty Sultan Qaboos offenders were jailed for indefinite periods. Conditions were harsh.

The first prison rule announced after His Majesty's accession initiated a marked improvement in the system. "The purpose of the training and treatment of convicted prisoners shall be to encourage and assist them to lead a good and useful life." Prisoners are dealt with firmly but fairly in conditions that are a vast improvement on those of ten years ago. Today, many prisoners learn a trade which enables them to obtain work on their release.

International Affairs

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.

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



Oil field donkey pump

THE ECONOMY

1981 was another year of sound economic growth for Oman. Oil production rose to 330,000 barrels per day from a daily average of 282,000 b/d in 1980. The additional 50,000 b/d came from new oil wells in the southern and west-central areas of the Sultanate. Oil production will be kept at the present ceiling of 330,000 b/d as a conservation measure for the rest of the current 1981-1985 development plan.

Prices of Omani crude dropped from US\$37.50 at the beginning of 1981 to US\$34.00 for the second half of the year. Revenue from oil is estimated at RO 1,370 million before deduction of 15 per cent for the General Reserve Fund which was set up in 1980.

In the manufacturing sector, 237 wholly-owned Omani industrial companies were registered, bringing the number of such companies operating in Oman to 760.

Work continued to complete two major projects — the Sohar copper and smelting complex and the 50,000 b/d refinery at Mina al Fahal in the Capital area. Both projects will come on stream later this year. The Sohar complex will produce 20,000 tonnes of refined copper a year. Petroleum, kerosene and fuel oil are among the products which will be refined for the domestic market at Mina al Fahal.

Nearing completion is Oman's first industrial estate at Rusail which will be opened later this year. One of the major industries to be established at Rusail is a cement plant with an annual capacity of 620,000 tonnes. It will utilise Oman's large deposits of limestone and gypsum. The plant will begin production next year.

Of importance to farmers and fishermen was the opening of the Agriculture and Fisheries Bank with a capital of RO 19 million. By the end of 1982, it is estimated that the bank will have provided loans totalling RO 3 million at very low interest rates to assist the fishing and farming communities. These loans are to assist them to buy at subsidised prices such items as high-yield seeds, fertilizers, livestock, farming and fishing equipment.

1981 also saw the completion of more economic infrastructural projects. Among them were new roads, exten-

sions to water and electricity supplies and telecommunication links.

During the year, 20 new schools were opened. The Omanised curriculum was introduced in secondary schools, having been successfully implemented in primary classes from 1978 onwards. The health programme was expanded and upgraded and 1981 saw a further drop in the incidence of trachoma, malaria and infant mortality.

Total expenditures 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 last year.

A primary objective of the current plan is to encourage the private sector to play a bigger role in the continued growth of the economy. Nearly 24% per year of the GDP is to be used for gross capital formation during the plan. Of this amount 65% of the investment will come from the Government and 35% from the private sector.

The Government has allocated RO 16 million for grants to small companies in agriculture, fisheries, manufacturing, mining and handicrafts. Another RO 119 million is for interest-free loans to joint-stock companies in manufacturing, mining and quarrying. A sum of RO 20 million has been allotted to financing the Oman Development Bank for investment in rural and other projects.

In addition to these allocations, provision has also been made for the setting up of marketing centres, extension services, research stations and refrigeration plants.

Some of the other objectives of the second five-year plan are:

- 1 to control inflationary pressures.
- 2 to accelerate the rate of economic growth, taking into consideration manpower requirements.
- 3 to give priority to expanding public utilities and services for the interior and remote areas - including schools, health centres, roads, electricity and water, cultural, and religious and social services.
- 4 to expand the programme of low-cost homes, especially in the wilayas.
- 5 to increase the number and capacity of vocational training centres, some of which are to be located outside the Capital area, and to design their training programmes to serve each area's particular needs.



Oil refinery nearing completion

The plan also provides for large-scale programmes for developing natural water resources, particularly for irrigation and agriculture, including maintenance, repair and improvement of existing water systems, monitoring existing sources of underground water, conducting a drilling programme for new sources of underground water, and construction of small re-charge and flood control dams.

The second five-year plan aims to achieve an average annual rate of growth of 13.1 per cent of gross domestic product at current prices.

Manufacturing industries are expected to achieve the highest average growth. Natural gas which is increasingly being used to replace oil as fuel is expected to achieve 31.2%. Other targets are: agriculture and fisheries 15.6%; construction 11%; transport and communications 12%.

Joint Ventures

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

To attract foreign investment, several incentives are offered. These include:

- 1 Tax exemption for five years or more for pioneer industries.
- 2 Long and medium-term loans on attractive terms from the Oman Development Bank for funding projects in industry, agriculture, fisheries, petroleum and minerals.
- 3 Planning and implementing selected projects by the Commission for Promotion of Industries.
- 4 Assistance in preparing pre-investment and feasibility studies.
- 5 Government participation in major projects.
- 6 Provision of land and infrastructure.

The Oman Development Bank encourages all potential investors with ideas for the development of Oman's resources to submit them for examination and discussion. 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 Invest-



Soft drinks factory

ment 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%.

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. The income tax rates are as follows:

	Rate of Tax
(1) Companies having 51% or more of Omani share capital	: 15%
(2) Companies having Omani share capital of between 35% and 51%	: 20%

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 exempt 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% is levied on potatoes and bananas. Alcoholic beverages carry an import duty of 75%. A tariff of up to 25% 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. Therefore, 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 Omani and foreign businessmen and promotes, organises and protects the economic interests of the local business community. Among the services it provides are information about fields of operation, the category 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



Testing crude oil

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 in their country of origin.

Enquiries should be addressed to:

The Director
Chamber of Commerce
P.O. Box 4400
Ruwi
Sultanate of Oman

OIL AND GAS

1981 saw an increase in Oman's oil production and in the number of companies exploring for oil in the Sultanate.

Output, which had been declining since 1977, rose to 330,000 b/d with the additional oil coming from new fields in the southern and west-central parts of Oman.

Production will be kept to the present ceiling of 330,000 b/d through 1985 as a conservation measure. Oman's recoverable oil reserves now stand at 2.5 billion barrels with more finds expected. In 1976, the recoverable reserves were around 1.3 billion.

The new fields are at Qaharir, Marmul, Rahab, Qata and Birba in the south and Sahma in the south-west. The southern fields, operated by Petroleum Development Oman (PDO), are now producing around 50,000 b/d. Output from the Sahma field, operated by the Elf-Sumitomo-Wintershall group is 12,000 b/d.

Oil from the new fields is of varying quality, ranging from very low gravity and viscous crude at Marmul to light crude at Birba and Sahma.

PDO is the main oil producer in Oman and was the only one before the Elf group began production at its Sahma field at the end of 1980. PDO, which is 60% owned by the Government, is spending about RO 200 million on further development of its oil fields and concession areas. It will open up two small fields in the south and build a third oil town in the south at Rima. Work on the township is already underway and an air strip has been constructed. Rima is about 200 km. north-east of Salalah, the provincial capital of Dhofar, and will complement the Fahud and Marmul oil towns.

Another major PDO project is further gas collection in central Oman; extending the gas systems at Yibal in the northern fields and increasing gas turbine capacity, also at Yibal. A new camp is to be built at Qaram Alam, where the pipeline from the south joined the older system.

Most of PDO's oilfields are in north-central Oman where it has been able to maintain production flows with the use of new recovery techniques.

The Sahma discovery by the Elf group in a hitherto



Oil Rig

untapped area has raised hopes of further finds by other international companies operating in Oman. Among the four companies which took up concessions last year was another Elf group. This Elf-led consortium includes the Kuwait Petroleum Corporation, the International Energy Development Corporation and the Sumitomo Corporation of Japan. It will spend at least RO 10 million over three years in exploration in a 27,000 sq km area in eastern Oman.

In the event of oil being found, profits will be split on the basis of 85% for the Government and 15% for the company, the Government proportion rising if production goes above 25,000 b/d. The Japex Oman Company also signed a concession agreement last year under which it will spend around RO 15 million over four years. Another Japanese consortium, Oman-Japan Oil Development Company, signed a production-sharing agreement with the Government at the end of last year for an offshore concession near Masirah Island, off Oman's east coast.

The Amoco Oman Oil Company was granted two concessions covering 49,000 sq km in Oman's northern mountains. The company is spending about RO 24 million during the current five-year plan on seismic surveys and exploration. If oil is found, Amoco will hand 85% of the profits to the Government, rising to 87.5% if more than 100,000 b/d is produced.

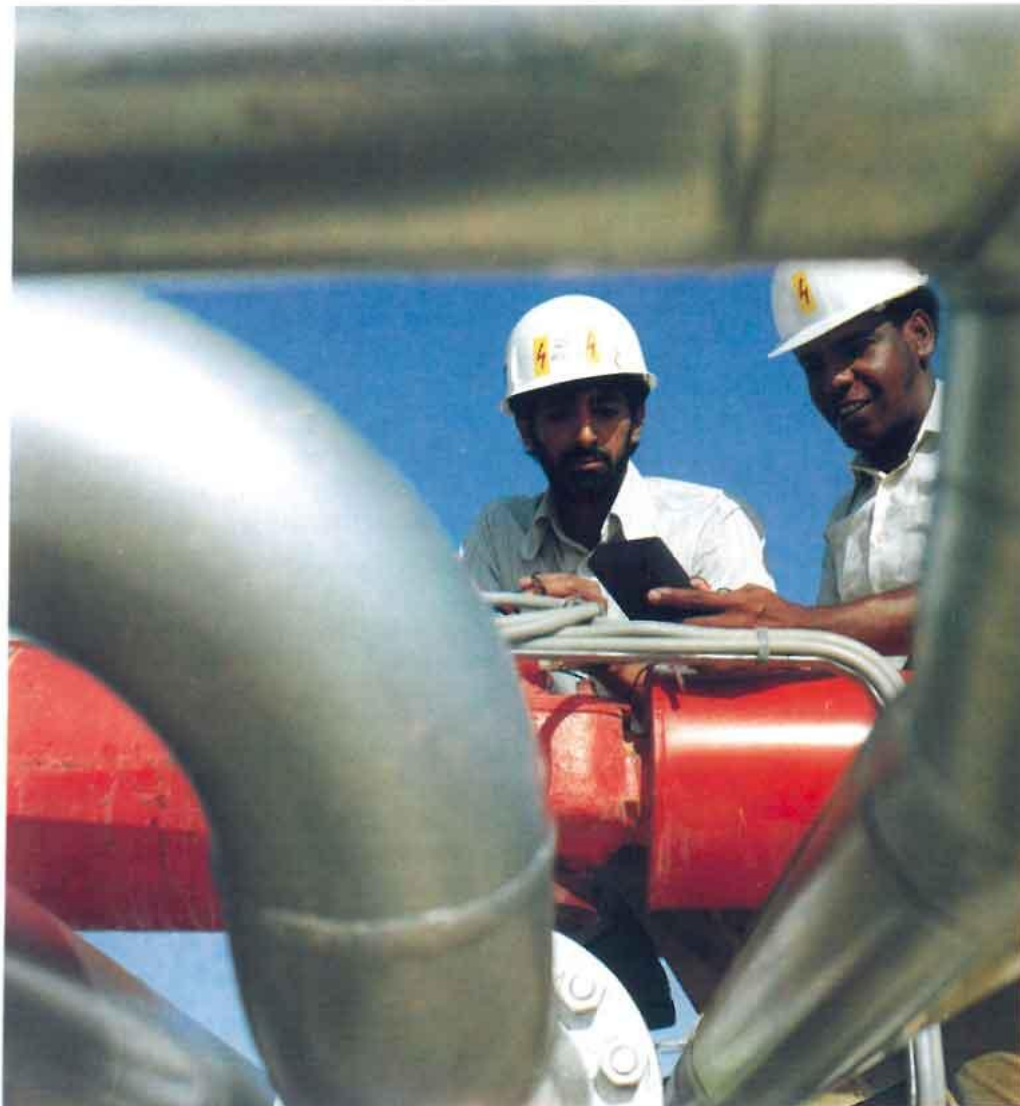
Amoco was one of three oil companies which had been granted offshore concessions earlier. The two others were the Elf-Gulf-Cluff group which was granted an area off Musandam in the north, and Cluff an area near Sohar.

Two other groups the Quintana-Gulf-Occidental group and the BP-Agip-Deminex-Hispanoil group have concessions covering areas in northern and southern Oman.

PDO's total development expenditure under the current five-year plan is estimated at RO 904 million while another RO 185 million is projected for the other oil companies.

A major project being completed this year is a 50,000 b/d refinery at Mina Al Fahal. It will supply domestic requirements for petrol, kerosene and fuel oil. A small unit will produce asphalt from the by-products of the refinery.

With 6.3 trillion cubic feet of proven gas reserves, Oman will increasingly replace oil with gas as fuel. As part of this policy, a 250 km. spur pipeline was completed last year to take gas from the main Yibal-Al-Ghubrah pipeline on to the Sohar copper mining complex. 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. There will be greater savings this year when output at the station is raised.



Checking pipeline

This September, another major gas pipeline will be completed to supply gas from Saih Nihyda in Central Oman to the Marmul oil fields in the south for power generation. The 295-km. of 16-inch pipeline from Saih Nihyda will be connected to the booster station at Al-Hibara, where it will be joined to the existing gasline from Birba and Marmul.

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 area granted to Petroleum Development Oman (PDO).

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 NGL which are then added to the main crude oil production to improve its quality.

Other NGL plants have been built at Fahud, Saib Rawl, and Lekhwair. 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 be producing 10,000 cylinders of gas 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 will be developed to the north at Sohar. Another 4,400,000 cubic feet of gas will be needed for enhanced oil recovery purposes. The study also indicated the possibility of another 4,700,000 cubic feet of gas reserves at relatively shallow drilling levels. It states that deeper drilling may lead to the recovery of even greater quantities of gas.



Laying new oil pipeline

MINING

Oman is developing mining as a major economic activity and the first project in this sector — the Sohar copper mining complex — will go on stream this October.

The complex is operated by the government-owned Oman Mining Company. About one million tonnes of ore will be mined a year and processed at the complex which has plants for crushing, concentrating, pelletising, smelting and refining the ore. Annual production will be around 20,000 tonnes of electrolytic copper.

The main copper reserves are at Lasail, Arja and Baida. There are altogether about 11 million tonnes of ore with a copper content of 2.1 per cent. The project is estimated conservatively to have a life-span of 11½ to 12 years from the start of production. Once production has begun, the Oman Mining Company will start exploring for more reserves of copper ore in nearby areas.

The copper refinery has opened up prospects for downstream products, such as copper tube and wire for which there is a ready market in Oman and the neighbouring Gulf countries. Rural electrification programmes are expanding in the whole Gulf area.

Chromium has also been discovered in the Sohar copper area and the Oman Mining Company has started investigating prospects of exploiting it commercially.

Geological surveys conducted in northern Oman and on Masirah Island indicate the existence of other minerals such as iron ore, manganese and nickel. Surveys of other areas throughout the country will be carried out during the current five-year plan to determine the extent of Oman's mineral wealth.

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 begins in 1983.

A smaller cement plant is being set up near Raysut in the



Copper Complex - Sohar

south and will be completed by 1983. It will produce 120,000 tonnes per year and will use locally quarried gypsum, shale and sandstone. The plant is 80% owned by private Omani shareholders, 10% by Government and 10% 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.



Omani mangoes

AGRICULTURE AND FISHERIES

In the current five-year plan, the main thrust of the agriculture and fisheries development programme is to raise productivity by increasing assistance given to farmers and fishermen. Government assistance has ranged from providing training in modern methods of production to establishing better market outlets. The aid programme produced satisfactory results in the first five-year plan (1976-1980), which saw an annual growth rate of 12.6% at current prices.

Production figures for 1981 are not yet available, but with higher development spending by the Government and increased participation by the private sector in agro-fishery industries, a growth rate of more than 12.6% is anticipated. One indication is the increase of about RO 560,000 in the value of exports of agricultural produce and frozen fish in the first six months of 1981 as compared with the same period in 1980.

Development expenditure on agriculture and fisheries in the five-years, 1981-1985, is put at RO 110 million, five times the amount spent on developing this sector in the first five-year plan. RO 45 million is earmarked for agriculture, RO 21 million for fisheries and RO 38 million for developing new water resources and maintaining and improving the falaj system, wells and water canals.

Agriculture

About 41,000 hectares of land are at present under cultivation, mostly in plots of two or three hectares. Work has started on reclaiming 900 hectares of land in the Interior and South for cultivation. Irrigation is largely by the traditional falaj system which taps shallow underground water. RO 22.2 million is being spent to repair and maintain the falajes and wells. New irrigation projects in the Interior and South will cost another RO 4 million.

The present known water resources cannot, however, support further large scale cultivation. Until new water supplies are found and developed, Government will concentrate on increasing productivity on existing farms. Some studies indicate that productivity can be doubled with greater Government assistance. An expanded aid





Farm in Dhofar

programme for the farming community was accordingly started last year.

In a major move to assist the farming and fishing communities, the Government established the Agriculture and Fisheries Bank late last year. One of the bank's primary objectives is to give loans at extremely low interest rates to small-time farmers and fishermen. These loans can be used to buy at subsidised prices such items as high yielding seeds, fertilizers, pesticides, livestock, animal feed and farming machinery and equipment. The bank, which has a capital of RO 19 million, will also finance production costs for a whole farming or fishing season. It expects to advance some RO 3 million in loans by the end of this year. By decree, two-thirds of all loans provided by the bank are reserved for small-time farmers and fishermen. The remaining third is for part financing of



Cattle-raising in Dhofar

viable private projects. The official policy is to encourage greater participation of the private sector in agriculture and fisheries.

The Government has also started expanding its agricultural and veterinary services. Twenty-nine agricultural extension centres are being built and 11 of the existing ones extended. Among other things, these centres conduct demonstrations of modern farming methods and advise on the use of improved seeds and cropping techniques.

Oman's traditional crops include limes, dates, bananas, mangoes, onions and coconuts. It recently introduced cash crops such as tomatoes, cabbages and other vegetables.

Agricultural research is also being stepped up. The seven



Traditional Omani fishermen

existing agricultural research stations will be increased by five new stations. One of these will be in Dhofar in the south to carry out research in livestock breeding. Animal husbandry research stations have already been set up at Rumais, Rustaq, and Salalah. Already local strains of cattle have been crossed with animals from Europe, Africa and America to improve output of milk and beef. Research is also going on to produce better quality sheep and goats with heavier body weight. Studies are also being made 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, Qurayat and Salalah stations aims at increasing dairy production by 25% over the next five years.

Running parallel with the programme to increase production is the provision of better marketing facilities for farm produce. A corporation was set up last year to coordinate and improve marketing outlets.

Six main centres are to be set up at Nizwa, Sohar and

Salalah to prepare and package home-grown produce — some of which will be exported — as well as 16 secondary centres. The scheme is a joint venture between the ministries of Agriculture and Fisheries and Commerce and Industry. There are a total of 1450 training farms for farmers and agricultural workers.

Fisheries

About 7,000-8,000 Omanis are fishermen. Their annual catch of 60,000 tonnes of fish, mainly sardines, is a small fraction of the potential yield from waters along Oman's 1,700 km-long coastline. Some studies indicate that annual yields of at least 500,000 tonnes of demersal and pelagic fish are possible. 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. The policy is to prevent overfishing.

As a step to regulate fishing in Omani waters, the Government recently set up the Aquatic Resources Council. The Council has since approved a licensing system for fishing and fishing vessels. It is also considering other regulations.

The formation of the Council came after 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 consist 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 assistance, including training, to Omani fishermen to raise productivity. More fishing and marketing centres,

similar to the ones already operating in Salalah, Musandam and Masirah, are being built. These centres provide facilities such as cold stores, ice plants and workshops for repair. More docking facilities along the coast will also be built. From last year, the fishermen received higher subsidies from the Government's Fishermen's Fund to buy boats, engines and other equipment. They can now get up to two-thirds of the cost of the equipment as compared to 25% previously. The Fund, set up in 1976 at the start of the first five-year development plan, allows the fishermen to pay the remaining one-third in monthly instalments determined by their income.

WATER

Oman gets little rain — an annual average of 100-200 millimetres in some parts and none at all in most parts of the country. Rainfall is also erratic. There have been periods of two to three years without rain in some of the 'wet' areas. Finding new water resources and improving existing supplies is therefore crucial to Oman's agricultural, industrial and social development. The Government has accordingly allocated over RO 117 million, one of the highest expenditures in the current five-year plan, to water development.

In the search for new water resources, Oman has been using modern satellite technology, developed for arid areas in the United States. This technique uses satellite scans, transmitted back to earth in digital codes, to produce simulated photographs showing potential water-bearing earth formations. Exploration wells are then drilled in such areas.

With the aid of this new technology, water was discovered in 1979-1980 in a deep fractured bed of limestone in Wadi Adai. Some five million gallons of water a day are now being pumped from wells in Wadi Adai to supply the Capital area. The amount is almost equal to the six million gallons per day of the more costly desalinated water which the Capital area has been receiving from the Al-Ghubra desalination plant.

Exploration wells drilled in Buraimi in North Oman have shown that there is a deep limestone aquifer with a potential yield of 800 million cubic metres (160,000 million gallons) of water. Wells drilled in Dhofar in the south, a desert north of Dhofar and the Batinah coast have also indicated the presence of large quantities of deep underground water. RO 14 million has been set aside for drilling for water from 1981 to 1985. This year, drilling will be carried out in the Nizwa, Dank and Ibri areas. Surveys via satellite have shown water-bearing formations in these areas.

Experts, analysing the results of the exploration wells drilled so far, say there is evidence of enough ground water to support large scale farming in those areas for at least 20 years.

The water exploration programme comes under the



Pumping water into falaj

Public Authority for Water Resources which was created in 1979 to assist the Water Resources Council, headed by His Majesty Sultan Qaboos. The Council's main function is to coordinate the exploitation of water resources to ensure that a balance is kept between supply and demand. Exploitation of underground water has to be strictly controlled to prevent overtaxing supplies. In the Seeb area on the Batinah coast, uncontrolled pumping led to a sharp drop in the water table and intrusion of sea water, making the water too saline for use. The problem is being overcome with better water management. One method is to drill wells at an angle so that only shallow aquifers are tapped.



Irrigated farmland

Another scheme to improve existing water supplies is to build recharge dams. In normal years, some parts of the Sultanate get one or two heavy rainfalls a year. When these occur, dry wadi beds become raging torrents running to waste into the sea along the coastal side of Oman's main mountain ranges and into desert sands on the other. The recharge dams are designed to hold back rainwater long enough for it to seep into the ground to replenish supplies for eventual use.

A good example of how much water was running to waste was the heavy floods in May last year. Special gauges set up in the Wadi Adai showed that 7.8 million cubic metres of rainwater flowed into the sea during a period of 24 hours.

The first recharge dam will be built in Wadi Al-Khouth in the Seeb area. Construction is due to begin this June. Five other sites also in the Capital area have been selected for recharge dams.

Selection of these sites was based on computer findings. Using factors such as the width of a wadi and the vegetation in the surrounding area, a good estimate of

flood water flows can be built up. In addition, 50 gauges to measure wadi flows have been or will be installed.

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. To meet rising demands in the Capital area, the Al Ghubra desalination plant is being expanded this year to double its present output of six million gallons per day. Another scheme is to build a storage dam capable of holding at least 45 cubic metres of water at Wadi Dayqah, some 90 kilometres from the Capital area. This project will start in 1983. Additional supplies from these two projects together with water from wells in Wadi Adai will be sufficient to meet demands in the Capital area, including the Rusail industrial estate.

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. Under study is a project to build water distribution networks in eight smaller towns. Work is continuing on building and/or improving 217 wells in remote areas.

Small desalination plants are being installed on Mahout island near Masirah island and in three other coastal communities this year. These plants can produce from 20,000 to 120,000 gallons of water per day.

The Ministry of State for Dhofar has been allocated RO 17 million for development of its water supplies. These include completing water projects for Salalah, Mirbat and Wadi Hinai, Sudh, Taqa, 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 drawing water from the top few metres of the water table. A network of canals carries the water — sometimes for miles — to villages and small-holdings. 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 will be 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, 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, are being installed in rural areas this year. 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 main Al-Ghubrah station in the Capital area and the recently completed plant in Sohar are powered by gas.

The generating capacity at Al-Ghubrah will be raised by 55.6 megawatts this August 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 by 1983 with a generating capacity of 200 megawatts.

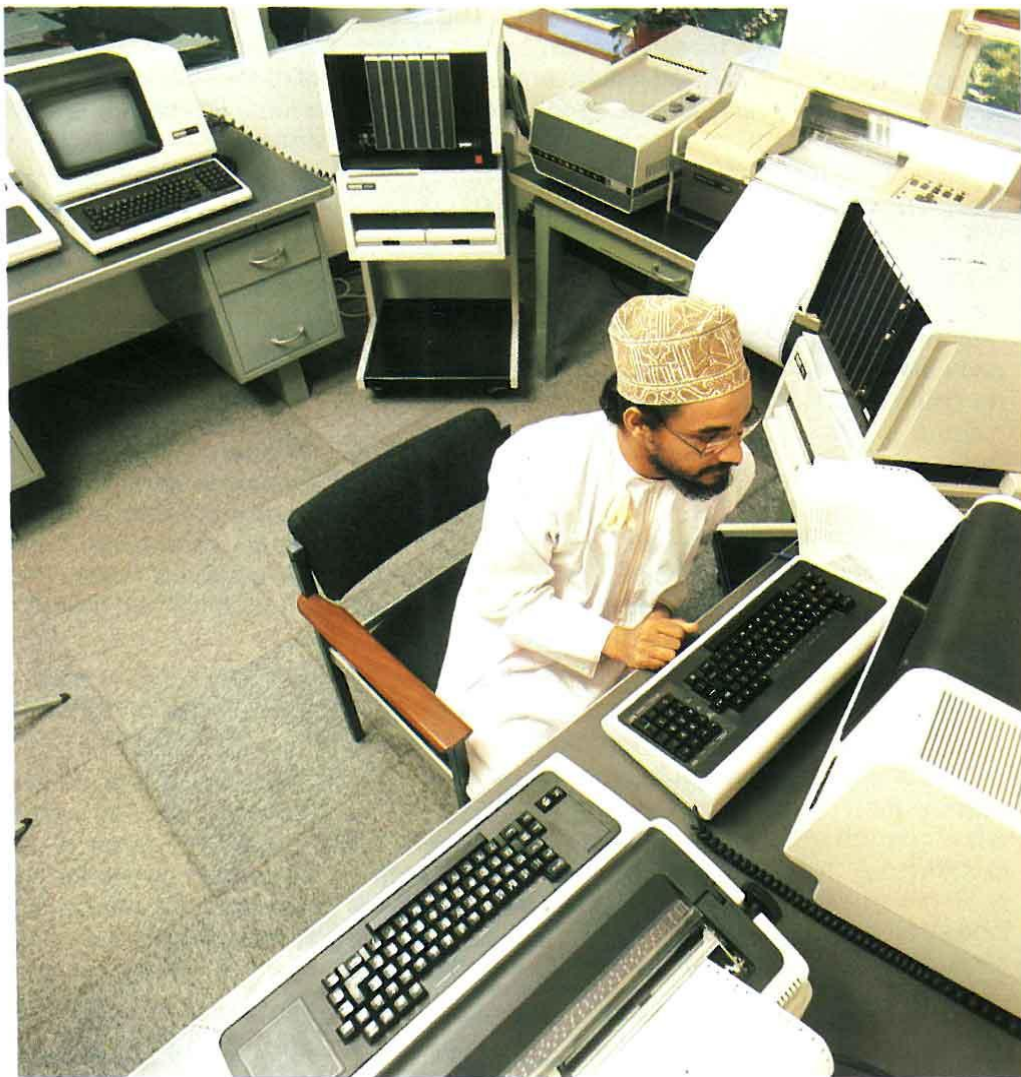
The Sohar complex supplies electricity to a number of towns apart from meeting the requirements of the Sohar copper project.

Under the current five-year plan, three new power stations are to be built and extensions made to a number of existing plants. Construction of a new station in Raysut in the southern region is expected to be completed around the middle of this year. Two other complexes are to be built in Ras Sawadi and Manah. These two stations will also supply surrounding areas.

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

LABOUR

Oman's most pressing labour problem is an acute shortage of trained Omani manpower for the non-rural sector of the economy. The situation will continue for some years as the country does not as yet have a sufficiently large base of school-leavers for training in skilled and semi-skilled employment.



Computer centre

A special Education and Training Council was set up in 1978. Its main function is to tailor education and training to the needs for skilled Omani manpower at all levels.

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

There is no shortage of Omani manpower for agriculture and fisheries, which traditionally have supported the bulk of the Omani population. Agriculture and fisheries will continue to be a major sector of development in the second five-year plan.

Oman today employs nearly 150,000 expatriates of whom some 80 per cent are Indians and Pakistanis. 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 expatriates or Omanis who live more than 40 kms away from their working place. Medical treatment is free. Expatriates get free passages to and from their country of origin. Special protective laws have been decreed by His Majesty the Sultan covering the employment of women and young persons.

COMMUNICATIONS

A new container terminal was opened at Mina Qaboos, Oman's main port, last December. The port can now handle 24 to 26 containers an hour and this can be increased to 36 per hour. Last year, the port handled 13,000 TEU containers. It expects to handle 19,000 containers this year. Some 56,000 dwt of general cargo passed through the port in 1981, plus 300,000 dwt of cement. In the current five-year plan, further extensions will be made to Mina Qaboos which will eventually cover areas along the Al Shutaifi Gulf.

Container facilities are also being improved at Oman's southern port of Raysut. The container handling extension and other development of Mina Raysut will cost nearly RO 3 million.

Under the current five-year plan, the navigation systems at Seeb International Airport are being improved. Another major project will extend the airport buildings, including the cargo handling area.



Ancient and modern - a new road passes an old fort

Improvements are also being made to Oman's second airport at Salalah in the southern region. Salalah airport is used mainly for domestic flights.

The Communications Ministry will again be the biggest development spender under the second five-year plan. Its road building programme alone will absorb over RO 218 million. A 780-km highway linking Muscat to Salalah will be completed this year.

POSTAL AND TELECOMMUNICATION SERVICES

In early 1970, postal services were provided by a small post office in Muscat and limited to the Capital area. Today, postal services cover all parts of the Sultanate. Postal agencies provide services in remote villages still not serviced by the Postal Department.

The Postal Department operated 500 private post boxes at the beginning of the first five-year plan in 1976. At the end of 1980, there were 22,800. The Department expects to add another 7,200 private boxes by the end of the second five-year plan. Another project is to provide a door-to-door postal service in the Capital area by 1985.

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

Before His Majesty Sultan Qaboos took over in 1970, the telephone was for a privileged few. Oman then had only 550 telephone lines. By the end of 1980, the Sultanate had a network of over 25,000 lines, served by 28 main exchanges. An international direct-dialling system had been operating for over a year with connections to most major countries. Oman's manual telex service had been replaced by an automatic telex exchange, equipped for 1,200 terminations and extendable to 4,000.

International traffic is primarily carried over the Indian Ocean Intelsat satellite. A standard "A" satellite earth station located at Al-Hajar, 40 km from Greater Muttrah, provides 96 international circuits with various countries. 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.

An earth station was completed recently in the strategic Musandam Peninsula. Twenty-four telephone circuits connect southern and northern Oman via the same network.



Telecommunications centre



Satellite earth station

The government has allocated RO 63 million to extend the telecommunication services during the current second five-year plan. Work has begun in installing several more main telephone exchanges and long transmission links.

By the end of 1985, every village and town will have telephone, television and radio links. By then, Oman expects to have over 50,000 telephone lines, more than double the present number. Several more microwave and earth satellite stations will be built. Telex facilities, including international circuits are to be doubled to cope with increasing traffic.

Staff training facilities are to be greatly expanded with the building of a new fully-equipped training centre in the Capital area.



Primary class

EDUCATION

In 1970, Oman had three primary schools with 900 boys and 30 teachers. Today, there are 400 primary, preparatory and secondary schools with nearly 125,000 pupils of both sexes and 6,500 teachers. Twenty of the schools were opened last year under the current five-year plan which seeks to provide at least a free primary education for every Omani child by the end of 1985. To achieve this, another 160 schools will be built, some in remote rural areas. It is estimated that some 20,000 children, living in rural and nomadic communities, have still to receive formal education.

The authorities recognise that the education system is far from being fully developed. One priority now is to raise standards; a second is to increasingly tailor education to the manpower needs of the country.

As part of the programme to improve the system, an Omanised curriculum was introduced in 1978. New teaching methods and textbooks were introduced. Pupils no longer learn through memorising whole texts as is still done in many Arab countries. Instead, they are taught to apply the knowledge they have gained 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 Omanisation should produce, through the schools, young people who are distinctly Omani but yet are 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 been successfully carried out in the primary and preparatory schools. It was introduced in secondary schools in the 1981-1982 school year and will be applied progressively throughout the secondary system.

Rapid expansion of the education programme meant that not all schools in the early 70's could be housed in proper buildings. Many sprang up in tents and huts and even under the shade of a tree. As part of the current

programme to upgrade standards, all such accommodation will be replaced with proper school buildings by the end of 1985. Ninety-four such schools will be re-housed.

Another improvement is to provide all preparatory and secondary schools with modern educational facilities, including science laboratories, workshops and libraries. 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 practice.

The education authorities believe that, during this period of general education, it is important to expose the child to different opportunities in order to develop his 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 plan to increasingly 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 to be set up in the Capital and Batinah areas.

Another project to equip young Omanis with practical skills is the setting up 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 expected to be upgraded to a full college by 1985 for the training of farmers and agronomists.

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 give equal opportunities to girls, who now make up about one-third of the present enrolment of 125,000 students; thus three of the new secondary schools being set up are for girls. At the preparatory level, all girls' schools will now have domestic science wings.

During 1981-1985, development spending on education, including new quarters for teachers and administrative buildings, is budgetted at RO 84 million. Of this amount,



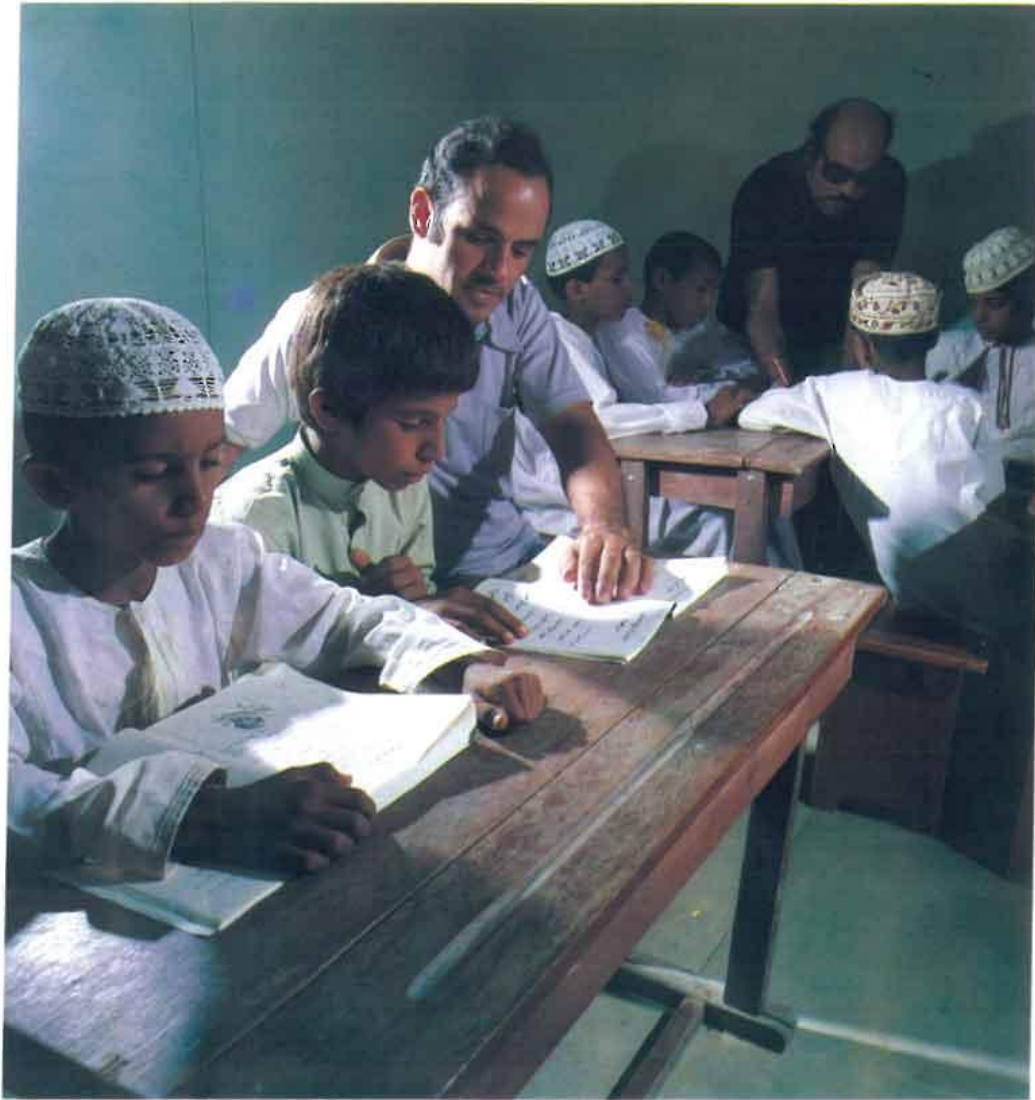
Girls form one third of school children

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 two vocational centres and will build seven more throughout the country. It will also set up three mobile vocational training centres for agriculture, fisheries and rural industries. Priority is to be given to the training of workers in the fields of construction, electricity, mechanical subjects, clerical jobs, agriculture, fisheries and mining.

Adult literacy will also receive greater attention in the current development programme. Under the slogan 'Education for All', the government runs literacy classes which are attended by more than 6,000 men and women. Over 5,000 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 free textbooks and other educational materials.

The anti-illiteracy campaign is broad enough to meet the needs of farmers in Rumais and of urban dwellers in Seeb and Salalah. Women's centres combine literacy lessons



Omanised curriculum

with training in home economics, sewing 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.

Oman is the only Arab country to teach English as a second language. Pupils learn English from the fourth

primary level upwards. This has proved useful for Omani students who go overseas for further studies, particularly in Britain and the United States. At present, just over 1,000 Omani students, including women, are on scholarships in foreign universities and technical institutes. These awards are made on the basis of Oman's manpower needs as well as individual ability. For instance, if a ministry requires engineers by 1985, then a number of the available scholarships are awarded to students wishing to take up engineering.

Oman has now reached the stage where it requires a university of its own. Announcing his endowment of Qaboos University on National Day in 1980, His Majesty Sultan Qaboos said that steps were being taken to "fit 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."

The university, which was originally to have been at Nizwa will now be built at Rusail, in the Capital area. Contracts for the design and construction have been awarded, and construction is to begin in 1986. In the meantime, government is seeking professional advice on the curricula and organisation of the various faculties from Arab and Western academicians.

HEALTH

A survey conducted among school children in 1976 showed that 86% had trachoma, an eye disease common to the Middle East. By 1980, the number had dropped to seven percent. Today, the incidence of trachoma in schools is negligible. The continuing decline in infant mortality and cases of tuberculosis is another good indicator of the progress that has been achieved since 1970 in developing Oman's health services and improving the people's living environment. Control of tuberculosis and trachoma is being intensified to provide coverage for the entire population by the end of the current development plan.

As in education, Oman's health services were developed rapidly to meet the immense needs that existed 11 years ago.

In 1970, 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 1,803 beds, 64 dispensaries, four small maternity-cum-health centres and four small maternity clinics.

Medical and public health officers, including dentists and pharmacists, totalled 13 in 1970; today there are 389, of whom 115 are specialists. The number of nurses and mid-wives rose from a handful in 1970 to 1,050 last year. In addition, the Health Ministry now employs 680 paramedical auxiliaries.

Preventive health care services are well developed. 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 16 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 poliomyelitis, diphtheria and whooping cough.

Malaria is under control in some areas. Control measures are being applied progressively to cover the entire



country by the end of 1985. Five more malaria control stations together with 20 malaria control units are being set up during the current five-year plan.

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.

Apart from monitoring proper sanitary collection and disposal of solid wastes, a survey of sewage treatment plants has been launched in order to identify pollution sources. Rural areas have been given special attention, and a pilot project of building public latrines in Kirsha, near Nizwa, has been carried out and is presently being evaluated.

In the current second five-year plan, RO 35 million has been allocated for further development of the health services. One of the priorities is a programme to locate medical and health facilities within easy reach of the population, particularly those living in remote areas, now served by mobile medical units. As part of this programme, two more health centres and eight dispensaries were opened last year. Services available at district level hospitals and at health centres and clinics are also being expanded.

Khasab and Baya Health Centres in the Musandam area will have 12 extra beds each. A modern operating theatre and labour room block are being added to each centre.

At the district hospital level, 35 extra beds are being added to Tanam Hospital which will also have specialist services in surgery, obstetrics and gynaecology. New dental and ophthalmic departments have been started in the district hospitals at Sur, Sohar and Nizwa.

Further extensions to Khoula Hospital, one of the country's three referral hospitals, are under construction. These will provide up-to-date X-ray and laboratory departments and four additional operating theatres. A department of plastic surgery has been opened at the hospital.

Other development projects include a renal dialysis unit at Al-Nahdha Hospital in the Capital area, a psychiatric

hospital with 60 beds, and health centres at Saham, Quriyat, Duqum, Izki, Wadi Jizzi and Rakhyut.

Training of Omani manpower for the health services is carried out both within and outside the country. A new health institute will start accepting students for training this September. At each intake it can enroll up to 300 students for training as nurses, laboratory and X-ray technicians, physiotherapists and sanitary inspectors. The health institute will greatly expand the training facilities which have been available since late 1970 at the Al-Rahma School of Nursing.

A number of young Omanis are studying abroad to become doctors. In addition, some Omani doctors and other trained medical staff are undergoing post-graduate and specialization courses in institutes overseas. Last year, 26 Omanis were sent overseas for such training. Oman will have its own medical school when Qaboos University is set up in the latter half of this decade.

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 Organization. Based on the progress that has been made since 1970, Oman is confident of achieving this target well ahead of the WHO deadline.

SOCIAL AFFAIRS

In the current five-year plan, just over RO 101 million is to be spent on building low-cost housing. Omanis aged 21-60 are entitled to buy low-cost houses in the area in which they live and work if they earn RO 150 or less per month. Loans of up to 90% of the building cost can be obtained from the Oman Housing Bank. The loan is repayable in 20 years at 3% interest. A nominal sum is charged for the land.

The scheme to provide government-subsidised housing to Oman's low income group was started in 1974.

Under a programme introduced recently, Omanis who do not want 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 been allocated for this project.

At present over 18,000 families receive direct monetary aid which varies from RO 20 to RO 47 a month. An Omani receiving such aid is encouraged to live with his family.

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

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

