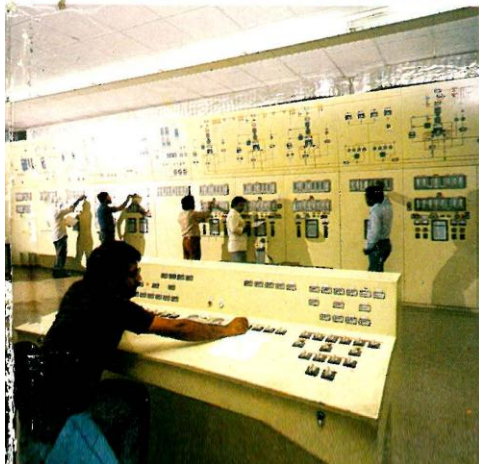


Internationally, Oman is a member of the United Nations, the Arab League and the non-aligned group. Before 1970 Oman had diplomatic relations with only three countries : Britain, the United States and India. Today, there are over 40 missions accredited to the Sultanate and Oman has 30 overseas missions of its own.

Throughout the nine 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 roots level by touring the country extensively — a sure way of finding out for himself whether the Government is doing enough for the people and if they understand and accept its policies.

The '80s hold promise of further economic growth as new oil fields and projects in manufacturing, mining, agriculture and fisheries go into production. In the field of social development, there will be continuous expansion to improve the quality of Omani life.

Oman faces the '80s with confidence.



Seeb International Airport, only six years old, is being expanded to cope with mounting air traffic.

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 monsoons.

Population

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



Health and medical services are free.



Oman will have a second nursing school soon.

HISTORY

Oman constitutes one of the oldest 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 Southern Province, Dhofar, formed part of the famed ancient South Arabian civilisation of the Sabeans and the Himyarites.

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 Al-Azd, from which the present ruling family is descended.

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.

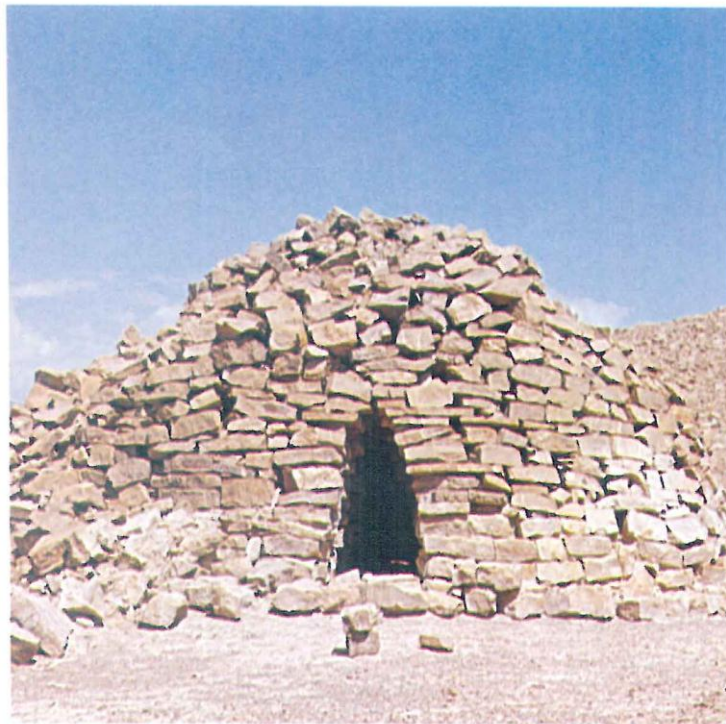
During the 17th and 18th centuries Oman was the dominant maritime power of the Western Indian Ocean and the wealth generated by maritime activities was used primarily in the development of Oman's agriculture. Internal stability, however, became threatened towards the middle of the 18th century when the Ya'aruba family lost control over the country and Oman became exposed to the dual threats of



Dhows such as these once spearheaded Oman's growth as a maritime power.

foreign invasion and internal disintegration. It was at this period, however, that the Iman 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.



A burial chamber of the third millennium was excavated near Ibri.

ORGANISATION OF THE STATE

The administrative system comprises the Council of Ministers, the Ministries and their various administrative and technical departments, and special Councils and their administrative and technical departments.

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. These constitute the laws of the land. International treaties, agreements and charters signed or approved by His Majesty become law from the date of their publication in the Official Gazette. A legal directorate revises draft laws and decrees before they are signed, and gives legal opinion on other matters referred to it by other departments.

At present the administrative system of the State is composed as follows:

- 1 Cabinet (Council of Ministers)
- 2 Specialised Councils
- 3 Governorate of the Capital City
- 4 Ministries:
 - Diwan Affairs
 - Defence
 - Interior
 - Foreign Affairs
 - Information and Youth Affairs
 - Commerce and Industry
 - Petroleum and Minerals
 - Agriculture and Fisheries
 - Communications, Civil Aviation, Ports and Roads
 - Health
 - Land Affairs and Municipalities
 - Awqaf and Islamic Affairs
 - Posts, Telephones and Telegraph
 - Electricity and Water
 - Social Affairs and Labour
 - Justice
 - Legal Affairs

National Heritage and Culture
Directorate of Public Finance
Governorate of Dhofar

The Ministry of the Affairs of the Sultan's Diwan co-ordinates relations between the different ministries and the Cabinet Office, through acting as a Secretariat to the Council of Ministers. It prepares the Council's agenda and memoranda relating to its meetings, and despatches its decisions to the ministries concerned for their execution. It also informs the ministries concerned of the Sultan's decisions. It checks draft laws and decrees put forward by the different ministries and makes the necessary arrangements to issue and publish them. In addition, the Ministry of the Affairs of the Sultan's Diwan is responsible for the publication of the Official Gazette, auditing State accounts, and supervising the administration of tribal affairs and tribal requirements.

Islamic Shari'a

The Ministry of Awqaf (Religious Endowments) and Islamic Affairs is responsible for safeguarding the Muslim faith and its spiritual values. It runs a number of religious institutes and Quran schools, notably the Islamic Training Institute at Wataya, in the Capital area, where the Sultanate's religious teachers are trained. The Ministry has built a number of mosques throughout the Sultanate and provides them with khatibs (preachers) and imams. Its many other duties include administering religious lands, property and libraries, publishing periodicals and booklets on religious topics and organising celebrations on religious occasions.

Specialised Councils

The Specialised Councils are under the chairmanship of His Majesty the Sultan. They comprise members of the Council of Ministers and other persons specified by the decree issued for the formation of each council. The Specialised Councils are:

- 1 The Development Council
- 2 Council for Financial Affairs
- 3 Council for Natural Gas
- 4 Council for Defence
- 5 Council for Agriculture, Fisheries and Industry
- 6 Council for Education and Training

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

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 producing of oil and natural gas.

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

The Council for Agriculture, Fisheries and Industry is responsible for the development of these main economic sectors. Another primary function is to ensure greater participation by the private sector in the country's economic development.

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 Council for Agriculture, Fisheries and Industry and the Council for Education and Training were set up only this year.

In addition to these Specialised Councils there is the Governorate of the Capital which 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 vast land area and scattered population centres, the country has been divided into 46 wilayas under the jurisdiction of the Ministry of the Interior. At the head of each wilaya is a wali (governor) whose main function is to ensure that everyone in his wilaya benefits from the country's social and economic development.

FOREIGN RELATIONS

Oman's foreign policy is based on non-interference in the affairs of other states and respect for their sovereignty and territorial rights. Total commitment to the Arab cause and Arab unity is the second cornerstone on which Oman has built its foreign relations since it rejoined the world community in 1970.

The Government had cause recently to restate these two fundamental principles in the face of the growing threat to Arab unity and stability of the region by outside forces. It is convinced that all Arabs must work together to protect Arab interests and regain what has been lost.

Oman today is a member of the United Nations, the Arab League and the Third World. Before 1970 it had diplomatic relations with only three countries — Britain, the United States and India. Today there are over 40 missions accredited to the Sultanate and Oman has 30 overseas missions of its own.

Foreign Missions

Argentina⁺

The People's Republic of Bangladesh⁺ State of Kuwait

Belgium⁺

The Republic of Mali⁺

Brazil⁺

Mauritania⁺

Canada⁺

Mexico⁺

The Republic of Chile⁺

Morocco⁺

China

Niger⁺

Denmark (Consulate)

The Islamic Republic of
Pakistan

The Arab Republic of Egypt

State of Qatar

France

Romania⁺

Finland⁺

The Kingdom of Saudi Arabia

The Federal Republic of Germany	Senegal ⁺
Greece (Consulate)	The Somali Democratic Republic
Guinea ⁺	Spain ⁺
Holland (Consulate)	The Sudani Democratic Republic
India	Sweden ⁺
Indonesia ⁺	Switzerland (Consulate)
Iran	The Republic of Tunisia ⁺
Iraq	The Republic of Turkey ⁺
The Republic of Italy ⁺	The United Arab Emirates
Japan ⁺	The United Kingdom of Great Britain
The Hashemite Kingdom of Jordan	The United States of America
The Republic of Korea	The Yemen Arab Republic ⁺
	The Socialist Federal Republic of Yugoslavia ⁺

⁺ Represented by a non-resident ambassador

DEFENCE

Oman has a small but well-trained defence force. Of the 14,000 military personnel, some 11,000 are in the Army. The Armed Forces successfully defeated a foreign-led rebellion in the Southern Province of Dhofar in 1975.

Today, Oman's forces are on peace time duties but they are maintained in a state of readiness to meet any external threat that may develop. Internally, there is no security threat.

'Omanisation' is proceeding steadily in all three Armed Services; British personnel being replaced by Omanis.

The Air Force is equipped with some of the most modern strike aircraft. Its transport planes and helicopters are involved in civil assistance work, including delivery of emergency medical and food supplies to remote areas, and operating Oman's famous 'flying doctor service'.

The Navy runs a small fleet of fast patrol boats which guard Oman's 1,700 km coastline. Oman's coastal waters include the Straits of Hormuz through which most of the world's oil supplies pass.



Celebrating National Day.

ECONOMY

The economy continues to be sound with good indications that the gross domestic product in 1979 will reach R.O. 950 million — the highest yet since modern development in Oman began in 1970. The GDP growth rate is estimated at around 5% and does not take into account the higher prices for crude.

The main contributing sectors to the GDP this year are oil and natural gas, construction, agriculture, fisheries and manufacturing. This is in line with the Government's aim of utilising oil earnings to diversify the economy into industries based on the country's non-oil natural resources.

Oil continues to be the mainstay of the economy and is expected to contribute about R.O.482 million at pre-1979 prices to the Government's estimated revenue of R.O.532 million. Present production is around 300,000 barrels a day. Output will rise slightly next year when new oil fields mainly in the Southern Province of Dhofar, go into production. With these new fields in operation, production estimates have been revised upwards to 350,000 — 360,000 barrels a day from 1981 — 1985, the period of the second Five-Year Plan. Earlier forecasts based on declining output beginning 1977 had put production at around 220,000 b/d from 1981 — 1985. The higher estimates have radically changed the economic and financial standing of Oman. Banking circles are optimistic that Oman will have a surplus in its balance of payments in the 1980's.

Of great significance, too, is that the country is now able to use natural gas in place of crude to provide cheaper energy. Already this is saving for export about 3% of Oman's crude production. Natural gas came on stream in May last year when a 331-km pipeline, from Yibal in the interior to the Al Gubrah desalination and power complex was completed.

This year should also see the completion of detailed engineering of two major income generating projects — the Sohar copper complex and a cement plant with an annual capacity of one million tonnes. Construction work is due to begin in 1980.

The modern economic and social development of Oman can be divided into two periods — from 1970 to 1975 when there was mass-

ive investment in building an economic and social infrastructure which was non-existent before 1970; and from 1976 onwards when development was governed by a Five-Year Plan.

By 1975, a sizeable infrastructure had emerged making further economic growth possible. Roads, ports, airports and telecommunications had been built and water and electricity supplies had become available.

In 1976, the first Five-Year Plan was launched. Three of its main objectives were (i) to lessen the Sultanate's heavy dependence on oil by diversifying the economy into industries based on non-oil natural resources — minerals, agriculture and fisheries — and into manufacturing; (ii) to shift the pattern of investment from the public to the private sector and (iii) to provide a more even spread of employment opportunities.

The Plan envisaged a total investment of R.O. 1,356 million of which the Government would account for R.O. 936 million and private interests R.O. 420 million. In return for this investment, the GDP was expected to reach R.O. 806 million by the end of 1980 with a projected annual growth rate of 3%.

The Plan is performing well. In its first two years — 1976 and 1977 — the GDP growth rates well exceeded the 3% target. The 1976 GDP at market prices was R.O. 827 million, an increase of 14.2% over the 1975 GDP. In 1977, the GDP reached R.O. 880.1 million at current prices giving a growth rate of 6.4%. Compared with the 1975 GDP of R.O. 724 million, the gross income had increased by R.O. 156 million at the end of 1977, the second year of the Plan, thus giving a growth rate of 21.5%.

Particularly striking was the performance of the manufacturing sector which recorded increases of 90.5% in 1976 and 107.5% in 1977. At current prices, its contribution to the GDP had increased from R.O. 2.1 million in 1975 to R.O. 8.3 million in 1977. A significant development was the participation in manufacturing projects by Omani citizens. Of the total investment of R.O. 35.07 million in 1976 and 1977, private interests had contributed R.O. 29.9 million and the Government the remainder. Both income and investment in manufacturing far exceeded the targets set for them.



Fisheries is a major development sector. Oman exports frozen fish to neighbouring countries.

The growth rate in agriculture and fisheries was also higher than anticipated. The increase was 5.9% in 1976 and 12.1% in 1977. At current prices, agriculture and fisheries contributed R.O. 24 million in 1977, an increase of 18.8% over the 1975 basic year.

The first two years of the Plan therefore saw a considerable shift in the pattern of investment from infrastructure projects to income-generating schemes in agriculture, fisheries and manufacturing.

A detailed analysis of the economy's performance in 1978 is not yet ready but preliminary figures show the GDP achieved the target growth of 3%. This was achieved despite a decline of 8.5% in oil output and no increases in oil prices. It demonstrated that growth in the other sectors had been sufficiently strong to absorb the loss of income from oil. Another reason for the lower growth rate was the reduced spending on infrastructure projects as most of the major schemes had been completed. A longer time frame was also required to institute income generating projects.

Higher GDP growth rates are forecast for the first half of the '80s as new oil fields and other major income generating projects go on stream.

Two major projects utilising Oman's natural resources of copper and limestone will be in production by 1981 and 1982. The first is a R.O. 47-million copper mining project which will initially produce about 20,000 tonnes of high grade copper a year. The second is a R.O. 70-million cement plant with an annual capacity of one million tonnes.

For Oman's 1.5 million population, the country's economic growth has resulted in a nine-fold jump in per capita income from R.O. 67 before His Majesty took over power in 1970, to R.O. 587 in 1977, the latest available figure. The '80s hold promise of a higher standard of living and a higher average income.

Industrial Development

Apart from the traditional handicrafts of pottery, textile, metal working and jewellery, Oman's existing industrial activities fall under three groups: building materials, food and service industries.



Building is a major industry.



Bottling soft drinks which have a growing market.

The building materials sector includes mainly asbestos cement products, concrete blocks, building aggregate, marble quarrying and terrazo products, and paint manufacture.

Existing food industries either utilize natural resources like dates or process imported materials to provide domestic consumer goods such as re-constituted milk and dairy products and flour. Most of the existing industries are domestic market-orientated.

Among projects under study or being implemented, particular emphasis is being placed on Oman's natural resources. Most of these fall within the building materials sector such as cement and secondary cement products, ceramics, marble products and glass. Copper down-stream products will depend on the domestic copper input. A steel rolling plant, as at present planned, will depend on imported billets, but a future integrated steel industry will be based on local iron ore. Long term plans envisage development of fishery and agro-based industries.

Joint Ventures

Oman is seeking joint industrial ventures with countries which have management and technical know-how and finance, particularly those from which it is buying most of its current requirements of consumer and capital goods.

To attract foreign investment, several incentives are offered. 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.
- c Planning and implementing of selected projects by an Industrial Projects Department.
- d Assistance in preparing pre-investment and feasibility studies.

Preliminary work has also begun on developing an industrial area complete with infrastructural facilities including developed factory plots.

Oman's industrial plan is designed to include only a few major projects such as the copper complex and the cement factory and to concentrate primarily on small to medium-sized schemes that would

have ready domestic and regional markets. Factories producing glass bottles and containers, melamine ware and pharmaceutical products are among those being set up.

Other industries for which Oman is seeking foreign investment include:

- Vegetable oil and soap
- Animal feed
- Ceramic products (tiles, sinks, washbasins, etc.)
- Nails and screws
- Paints and varnishes
- Pesticides
- Fish processing
- Modern fishing gear
- Motorised boat building
- Salt for domestic and industrial use
- Marine chemicals
- Paper products
- Bricks
- Plastic products
- Dry batteries for automobiles
- Tyre retreading

Domestic and Export Market

The present domestic market is limited but the demand for consumer goods is expected to rise with the increasing regional development and provision of modern facilities in rural areas. In addition, development of main industries, downstream industries, and other related sectors of economic activity should also lead to a bigger domestic market.

There is a potential export market in Gulf countries and elsewhere for products which can be manufactured from Omani raw materials. Particularly, the transport facilities between Oman and its neighbouring countries are good and the economical transport cost could easily make Omani products highly competitive.

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, meat (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 is necessary for development of local production.

All other items not mentioned above carry an import duty of 2 % 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.

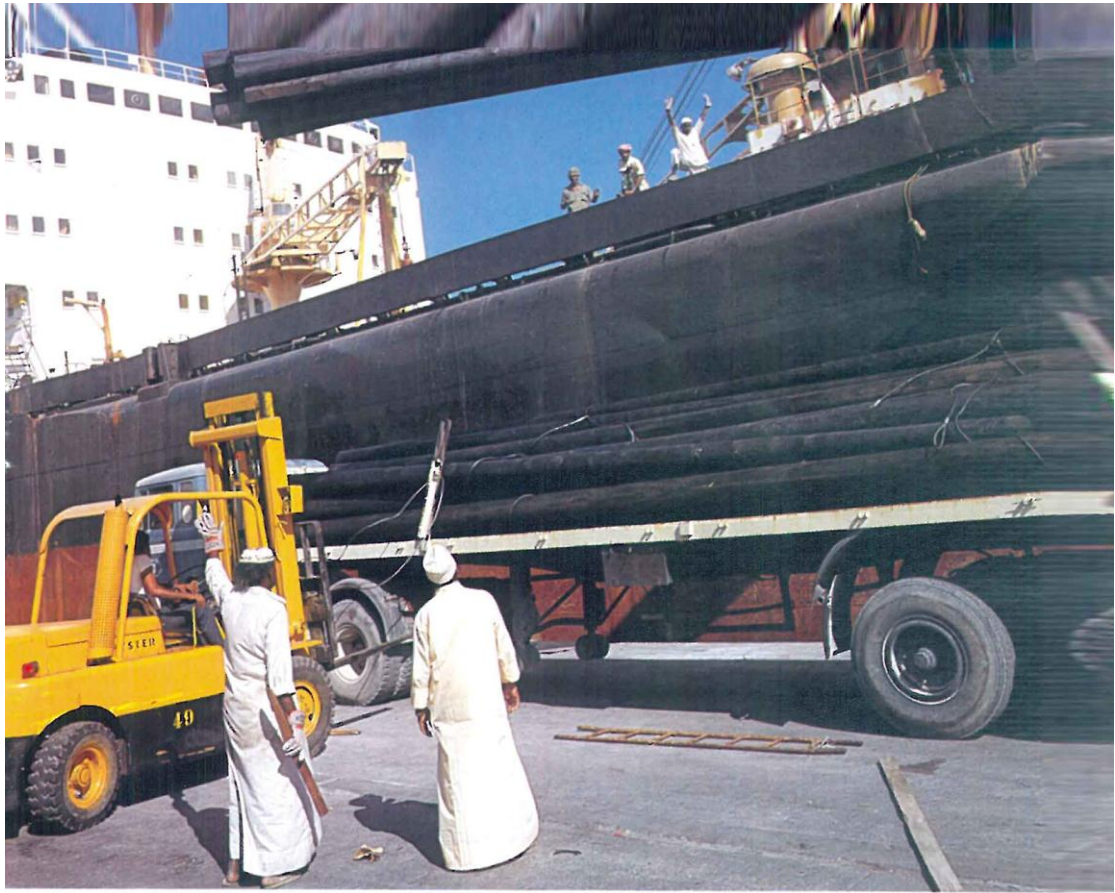
Investment Legislation

Foreign investment for 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 R.O. 150,000 but the Committee for Foreign Capital Investment may recommend a reduction to a minimum of R.O. 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 R.O. 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
(i) Companies having 51 % or more of Omani share capital	15 %



Mina Qaboos will handle over 2-million freight tons of cargo this year.



Road building keeps pace with Oman's development.

- (ii) Companies having Omani share capital
between 35 % and 51 % 20 %

The tax will be calculated only on income in excess of R.O. 20,000 per annum. Other rates apply to companies which are wholly owned by foreign nationals and which are not exempt from income tax.

A company with 100 % Omani capital (the entire paid-up capital being subscribed by Omani nationals) is exempt from payment of income tax up to 1980 if it is established between 1975 and 1980.

Trade

The value of Oman's exports is expected to increase this year following the rise in oil prices. Japan, the United States and Netherlands continue to be the top three buyers of Omani crude.

Another significant development is a further anticipated increase in exports of non-oil products, largely in the agriculture and fisheries sector, which rose by 217 % in 1978 over 1977. These products include fresh fruits and vegetables, dried dates, dried limes, frozen fish, dried fish, tobacco and wheat flour. They were exported to countries in the region and India and totalled RO3.322 million last year. The United Arab Emirates was the biggest buyer with RO2.635 million.

For the first time last year, Oman compiled figures of its non-oil re-exports. These totalled RO26.905 million. The re-exports included food and live animals; beverages and tobacco; mineral fuels, lubricants and related materials; animal and vegetable oils and fats; chemicals; manufactured goods; machinery and transport equipment.

In the first quarter of this year, preliminary figures show that the value of recorded imports was about 8 % higher than in the same quarter last year.

In 1978, recorded imports totalled RO327.2 million, an increase of RO25.2 million over 1977.

LABOUR

For some years to come, Oman will have a shortage of trained Omani manpower for the non-rural sector of the economy. Oman does not as yet have a large base of school-leavers ready for training for skilled and semi-skilled employment. It is estimated that the manufacturing sector alone will require a work force of 4,350 workers by 1980. Less than one-third of the jobs can be filled by Omanis.

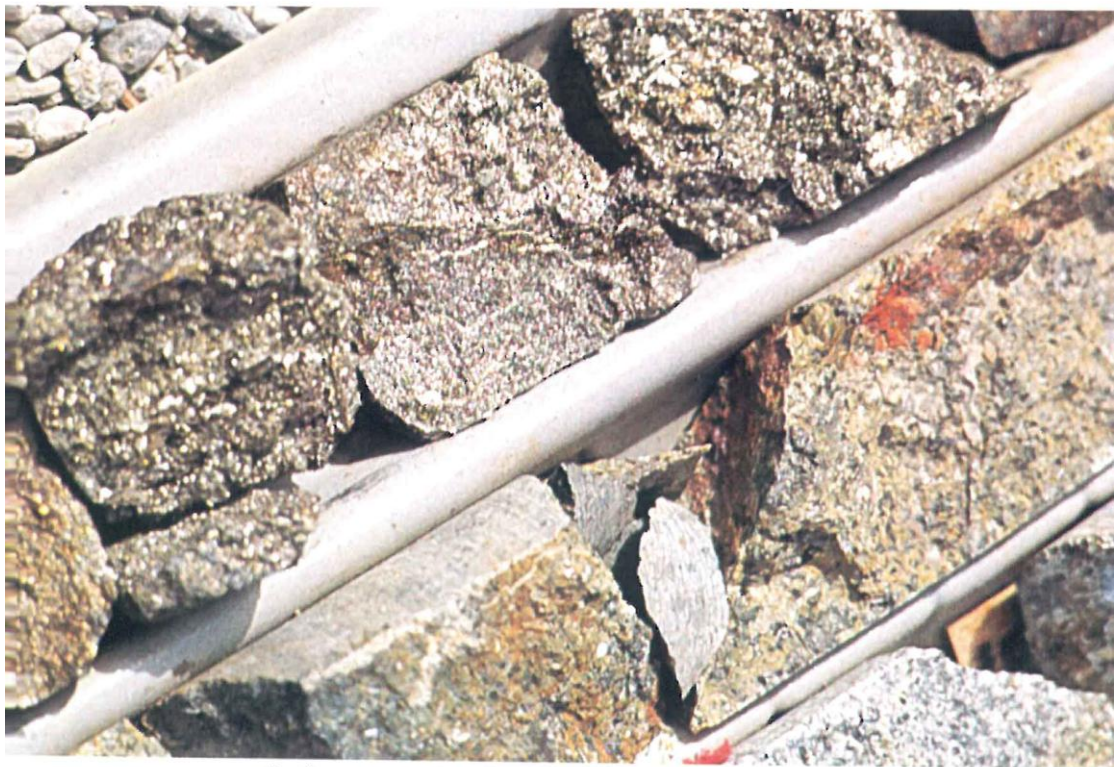
As part of its programme to produce more trained Omani manpower, the Government is building four more vocational centres to train Omanis to become masons, carpenters, mechanics, electricians and office workers. At present there is one vocational centre whose students include working adults.

There is no shortage of Omani manpower for agriculture and fisheries which traditionally have supported the bulk of the Omani population. Some 450,000 Omanis are engaged in agriculture and fisheries which will continue to be a major sector of development in the second Five-Year Plan.

Oman today employs nearly 97,000 expatriates of whom 91 % are Indians and Pakistanis. Almost all non-skilled workers get more than the minimum basic wage of R.O. 36 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 and expatriates get free return passages from their country of origin.



Oil production will increase from next year when new fields go on stream.



Earth core samples: Oman has rich mineral deposits.

OIL AND NATURAL GAS

Oil output which has been declining since 1977 will start to pick up in the latter part of next year. Taking 1980 as a whole, daily production will be slightly higher than the current 300,000 barrels. But output is expected to increase to 350,000-360,000 b/d from 1981 and to continue at this level at least till 1985, thus covering the period of Oman's second Five-Year plan.

The additional production of 50,000 to 60,000 b/d will come from new fields in southern Dhofar and at Sahmah. The Dhofar wells will produce heavy crude while the one at Sahmah will produce light quality oil. The 10 existing wells are operated by Petroleum Development (Oman) Limited in which the Government has a 60 per cent share. These fields are in north and central Oman and produce light crude. Secondary recovery techniques are being used to boost production and maintain it at 110 million barrels a year.

Apart from PDO, which is a Shell-Oman Government group, there are six others carrying out on and off-shore explorations. They represent British, American, French, Italian, German and Japanese interests.

Off-shore drilling has been going on in three areas — Musandam, Masirah and Soqrah. Appraisal wells in the Musandam concession show the area has large gas reserves but no oil. Drilling continues in the other concessions.

Discovery of the new fields in Dhofar and Sahmah has raised expectations of finding more oil reserves.

Plans to set up an oil refinery have been revived and the Government is to go ahead and build one with a capacity to refine around 40,000 barrels a day for the domestic market. It is anticipated that the refinery will be completed in 1982.

Apart from the new oil finds, another boost to the economy was the completion last year of Oman's first natural gas project, a 331-km pipeline from Yibal in the interior to the Al Gubrah desalination and electricity generating complex in the Capital area.



Pipeline carrying natural gas which is providing Oman's industries with cheaper energy.

By changing over to gas, the plant saves about 3% of Oman's current crude production for export.

The gas pipeline has considerable surplus capacity and provision has been made for extensions to fuel the country's copper, cement and industrial estate projects. Negotiations are also going on to utilise the excess gas supply for a large aluminium plant in a neighbouring Gulf state.

A small plant to bottle gas for household use will begin production later this year. Initially it will produce 150,000 bottles a day.

Oman has 4-trillion cubic feet of known natural gas reserves, sufficient to provide relatively cheap energy for all future industrial growth.

In addition, there are also large quantities of natural gas associated with oil production, which until now has been burnt off. There are plans to build a plant to harness these and use the supply to replace the non-associated gas currently being used to fuel the Al Gubrah complex.



Sohar area where copper mining and smelting will start shortly.

MINING

A copper mining and smelting project will be the first one to get off the ground in the non-hydrocarbon minerals sector. Detailed engineering will be completed around the end of the year and construction work will begin next year. Production is scheduled to start in 1981. Initially, about 20,000 tons of high grade copper will be produced. There are proven reserves of 18 million tonnes of the ore which has an average copper content of 2.1 %.

Downstream processing of copper is being planned as there is a ready market in Oman and neighbouring Gulf countries for electrolytic copper and copper wires and cables. Rural electrification programmes are expanding in the whole Gulf area.

Chrome is the next most important mineral, but further tests will have to be carried out to prove whether it exists in commercially exploitable quantities. Deposits of manganese, iron and nickel, lead and zinc have been found in various parts of the country. Further exploration will be carried out to establish whether these minerals occur in commercial quantities.

Oman's mountainous region has also rich deposits of limestone, marble and dolomite. A cement plant utilising the limestone will be built next year. Marble will be quarried soon.

Plans have been approved to build a factory producing glass bottles and containers from the Sultanate's proven deposits of quartzites.

Asbestos with 4 %-5 % fibre content has been found in commercially exploitable quantities. In addition, large reserves of coal have been reported.

Exploration work is continuing on all these minerals with expectations that some will prove as productive as copper, limestone and quartzites.



Oman Flour Mill is highly successful and exports part of its output

AGRICULTURE AND FISHERIES

Agriculture and fisheries are important contributors today to the national economy after years of neglect and decline. Modern development of the industry began only in 1970 and was intensified with the introduction of the first Five-Year Plan in 1976.

The agriculture and fisheries sector exceeded growth targets in the first two years of the Plan, contributing R.O. 45.4 million to the GDP in 1976/77 which was 16.29% higher than planned. Part of the earnings came from exports. The sector's performance last year is being assessed but it is believed to have been even better.

To ensure that future growth of agriculture and fisheries is not hampered by the lack of manpower, the Government provides various forms of assistance to farmers and fishermen to enable them to be more productive. Furthermore, schooling and health services are among the social amenities which are now readily available close by their villages. Children also learn, early in their school life, of the good earning power of farmers and fishermen and of the respect they enjoy in Oman's traditionally agricultural society.

Fisheries

Fisheries has the bigger development potential than agriculture as recent surveys show that the waters off Oman's 1,700km coast have abundant supplies of commercially marketable fish. The present catch is a tiny fraction of this.

The Government is spending R.O. 14.4 million during the period of the current Plan to develop the industry. Part of the budget has been used for technical studies and establishing a network of ice plants, cold stores and distribution outlets in the main population centres.

There are several of these fishing complexes and more will be built. The main ones are at the Muttrah fishing port near Muscat and at Salalah in the south. The Muttrah complex which opened in November 1976, has ice fish processing plants and a 3,500-tonne cold store.

It operates three coastal trawlers and a fleet of refrigerated trucks. The trawlers bring in about 180 tonnes of fish a month, almost double the monthly average for 1978.

Deep-sea trawling is done under licence by a Korean company operating two boats. Their catch is about 850 tonnes a month of which the Government gets 30%. Under its contract, the company is required to train Omanis. The Government is considering more such joint ventures with foreign companies which should also have the capacity to set up processing plants.

A major development project is establishing a fish-meal plant during the remaining period of the Plan. The fisheries expansion programme also envisages setting up a national fisheries board or corporation to co-ordinate domestic and export marketing programmes and overall development.

An important part of the development programme is to assist fishermen through a R.O. 2 million Fishermen Encouragement Fund to buy specially designed aluminium fishing boats and/or motors and other modern fishing equipment. A fisherman can get from the Fund 25% of the cost of a boat and/or engine as a grant and 50% as a loan on extremely low interest and easy repayment terms. The assistance scheme has worked well and some 700 fishermen have benefitted from it. Another 1,000 boats and inboard/outboard motors will be ordered this year.

Better equipment and modern cold storage and marketing facilities have helped the Omani fishermen to increase their earnings considerably.

Agriculture

Unlike other Gulf states, Oman has large areas of fertile agricultural land. Some 40,000 hectares are now under cultivation, 4,000 since the Plan was implemented in 1976. Bringing new land under cultivation is one of two ways to double production of agricultural, horticultural and fodder crops to 872,000 tonnes by 1980 and almost triple

earnings to R.O. 61 million. The other is to increase production from existing farms through improved farming methods.

Several schemes have therefore been introduced to assist farmers achieve higher productivity. These include technical studies, training and extension centres, research and experimental farms, free fertilizers and high quality seeds as well as modern machinery, such as tractors and water pumps.

Although it will be possible to bring another 4,000 hectares of land under cultivation by the end of 1980, no further large scale development will be possible unless new water resources are discovered.

Since ancient days, irrigation has been by the falaj system which is still the main source of water supply. The falajes, however, cannot support further large scale cultivation.

Two supplementary irrigation schemes are being considered. One plan is to dig wells to depths of 300-400 metres where there are known reservoirs of water. The other scheme is build re-charge dams to trap rain water which up to now has run to waste down the sides of Oman's main mountain ranges.

The present farms are largely plots of two to three hectares. There is only one which covers 800 hectares and which is jointly owned by local and foreign interests and the Government. It mainly produces milk and other dairy products for the local market. During winter, it grows vegetables for the European market.

The local farmers have begun discussions to work their land on a co-operative basis and it is likely that several farmers' co-operatives will be formed shortly.

Oman's traditional crops for export are limes and dates but a variety of other crops such as wheat, tobacco, lucerne, sugar cane, citrus fruits, mangoes, bananas and coconuts are also grown mainly for internal consumption. Two of these recently introduced crops, tobacco and bananas, are being exported.

Wheat growing is important as Oman aims at producing at least 10% of its requirements. Farmers receive R.O. 20 for every acre of their land sown with wheat. They receive further assistance from the authorities who will plough their land and harvest their crops..

Oman is also meeting its target under the Development Plan to increase livestock from 341,000 heads of cattle, goats and camels to 522,000 by the end of 1980. At present, there are some 50,000 cattle, mostly in the southern region of Dhofar. Quality is being improved by cross-breeding with exotic breeds. Research is also going on to produce better quality sheep and goats with heavier body weight. Poultry farming is largely confined at present to production of eggs and one large scale farm produces 30,000 eggs per day with output rising to 50,000 per day by the end of this year.



Modern methods of cattle raising are becoming widespread in Oman.

COMMUNICATIONS

A sizeable communications network exists in Oman today, but already Seeb International Airport outside Muscat is to be enlarged to cope with the rapidly growing volume of air traffic. Seeb Airport, which was completed only in 1973, handled over half a million passengers last year. The runway is to be extended by 2,000 feet and air traffic control facilities will be further improved with the installation of new electronic equipment. The airport's cargo handling area is being enlarged and hangars are being built for aircraft servicing and maintenance.

The Sultanate's second airport is at Salalah in the Southern Province. It mainly serves domestic flights. A third civil airport will be built at Khasab in the mountainous Musandum region in the northern corner of Oman.

Oman also has two ports serving international and regional shipping. Mina Qaboos, which only began operations in 1973, handled about two million freight tons of cargo last year. The port which is in Muscat is planning to build a container yard. Its present cargo handling facilities include container and roll-on and roll-off equipment. There is no congestion although the port has a growing transshipment traffic to other Gulf ports.

Work to expand Mina Raysut in the south is expected to be completed by the end of the year. The port will then be capable of handling ships of up to 17,000 tons dead weight and tankers of 35,000 tons.

A dock is to be built as part of the Sohar copper mining and smelting complex. There are plans to build a harbour at Sur which was once a shipping centre. A feasibility study will be completed shortly.

Oman at present has a network of 1,500 km of tarmac roads and 12,000 km of graded roads. A new road links Muscat to the United Arab Emirates in the north. This is being extended in stages towards the south and will link the northern and southern parts of Oman by 1982,

Omantel, a Government-owned company, operates the Sultanate's telecommunications system. This year Omantel will complete a network of 23,000 telephones and a customer-direct dialling system

with connections initially to Western Europe. An automatic telex system will also be operating by the end of 1979.

A 72-circuit earth station in the Hajar mountain and a 24-circuit booster station in Dhofar connect the Sultanate's telephone and television systems to the rest of the world. Postal services are also being expanded to keep pace with Oman's development.



Port Raysut in the south will be completed by the end of 1979.

SOCIAL DEVELOPMENT

An intensive social development programme was launched in 1970 to correct the neglect of past years in providing such basic necessities as health care, schooling, welfare aid and housing.

Today, Oman provides social services which compare with the best in the Arab world.

Education

Progress in providing free primary and secondary schooling has been so rapid in the past nine years that the Government has slowed down its school building programme and can now give more attention to improving standards, preparing young Omanis for future requirements of trained Omani manpower and 'Omanising' the curriculum.

In the current 1978/79 school year, some 88,000 pupils attend 353 schools. Of these pupils, 27,000 are girls. Many of them are in co-educational schools of which there are 145.

In the coming 1979-80 school session, 16 new schools will be opened. This is relatively few since in some previous years 50 to 60 schools were opened each year. Of the 16 new schools seven will provide intermediate and secondary schooling, reflecting the changing education pattern.

For the first time, there will be two special intermediate schools for boys and girls. The boys' intermediate school will provide, in addition to general education, training classes in basic workshop practice and carpentry. These classes will prepare boys for entry into a secondary technical school which will open in three years' time. The girls' intermediate schools will have classes in basic home economics, in addition to general education.

In the coming school year, two new types of secondary school will be opened. They will be the first to prepare young Omanis for the country's future manpower requirements.

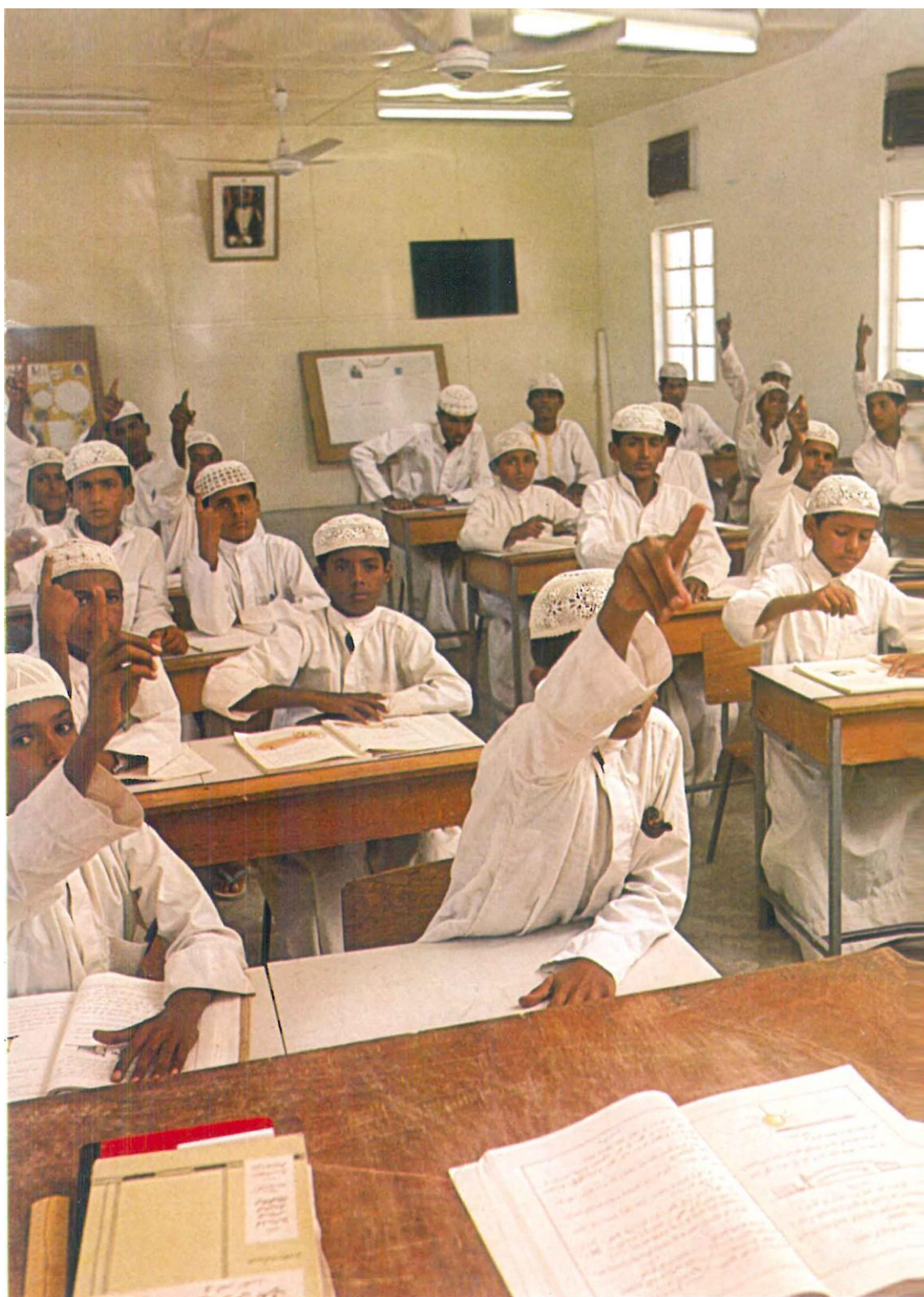
One will be a school of agriculture. Agriculture is a major development sector. The other secondary school will teach commercial subjects. At present, expatriates fill most of the non-executive commercial jobs.

At the beginning of the current 1978-79 school year, the curriculum was 'Omanised'. Its primary objective is to create national consciousness among the school children who come from different social and tribal backgrounds. The Omanised curriculum gives due importance, however, to the fact that Omanis are part of the world of Islam and Arabia. In effect, Omanisation should produce through the schools young people who are distinctly Omani and yet feel they are members of the wider Islamic and Arab world.

The Omanised education system was introduced in primaries I, II and III and intermediate I at the beginning of the current school year and will be started in primaries IV and V and intermediate II in the coming school year. By 1980-81, the new system will cover all grades.



His Majesty Sultan Qaboos takes a deep personal interest in education



Today, some 88,000 boys and girls attend 353 schools.

Within the framework of the Omanised system, new teaching methods and textbooks have been introduced. Pupils no longer learn through memorising whole texts. Instead, the new textbooks seek to give them a better understanding of what they are learning by posing several questions on a particular point. Religious and secular studies



Women play an increasingly important role in Oman.

are no longer kept rigidly apart. Passages from the Koran which are relevant to secular subjects being taught are included in textbooks. The schools also teach English as a second language from primary IV and Oman is the only Arab country to do so.

The new Omanised education system has generated considerable interest in other Arab countries.

The Sultanate is acutely short of trained Omani teachers and most of the teaching staff are expatriates. Of 3,570 teachers at the end of the 1977/78 school year, only 335 were Omanis. Among the expatriate teaching staff, the greatest number came from Egypt with 2,028, followed by Jordan with 547, Sudan with 309 and Saudi Arabia with 147.

The Government runs a Teachers' Training Institute which comprises two schools at secondary level for male and female students.

Under the present education system, pupils spend six years in primary school, three years in intermediate and three years in secondary. Those finishing primary six can now be channelled into four streams at intermediate level — general education, Islamic studies, special education separately for boys and girls. The primary school-leavers can also choose to learn selected trades at a Vocational Institute run by the Social Affairs Ministry.

Those who complete intermediate levels can join one of five streams — general education, the Islamic Institute, the Teachers' Training Institute, the Agriculture or Commercial School.

There is no university since the Government does not see the need for one for many years yet. For the present, it is more economical and practical to send students overseas for higher studies. There are some 700 Omanis undertaking higher studies abroad.

Health Services

The standard of health has improved generally in Oman as a result of the rapid expansion of the Health Service. Medical care is now readily available even to people living in remote areas. Infant mortality has dramatically dropped, as have cases of malaria, trachoma and gastro-enteritis.



Another reason for the rapid success of the Health Service is the response from the Omanis themselves. The Omanis are also among one of the most health-conscious nations in the region.

The Health Ministry operates 13 hospitals, 12 health centres and 47 dispensaries throughout the Sultanate. Extensions to four major hospitals will be completed this year and these will add another 247 hospital beds to the existing 1,409. Among the 13 hospitals, three are referral ones. Oman's hospitals are among the most modern in developing countries.

Among the services provided by the Ministry are Mobile Medical Teams which treat people in remote villages. An integrated rural health service has replaced the well-known Flying Doctor Service, which is now used only for emergency cases.

Preventive health care is well developed in the Sultanate. Its activities include environmental sanitation, communicable diseases control, school health, health education, mother and child health and malaria control. There are proposals to add two new sections to deal with vocational health and tropical endemic diseases. These public health services are provided through five public health compounds and twelve subsidiary units throughout the country.

The people have also responded extremely well to mass vaccination campaigns and Oman today conducts wide-scale immunization drives against preventable diseases such as polio, diphtheria and tuberculosis.

The Government provides training facilities for Omanis within and outside the country. The Al-Rahma School of Nursing was started in 1970 and now runs three-year courses which are in line with those conducted in advanced countries. There is also in-service training for clinical, laboratory and X-ray technicians. At present, there are five doctors undergoing post-graduate courses abroad in different fields of specialization. A number of nursing and para-medical staff are also undergoing specialized courses overseas. Several young Omanis are on scholarships studying medicine and public health.

Eleven new projects have been approved for 1979. These include a second nursing school, four small maternity centres and thirteen dispensaries.

Oman has extensive plans to further upgrade the medical and health services in the eighties.

Social Affairs

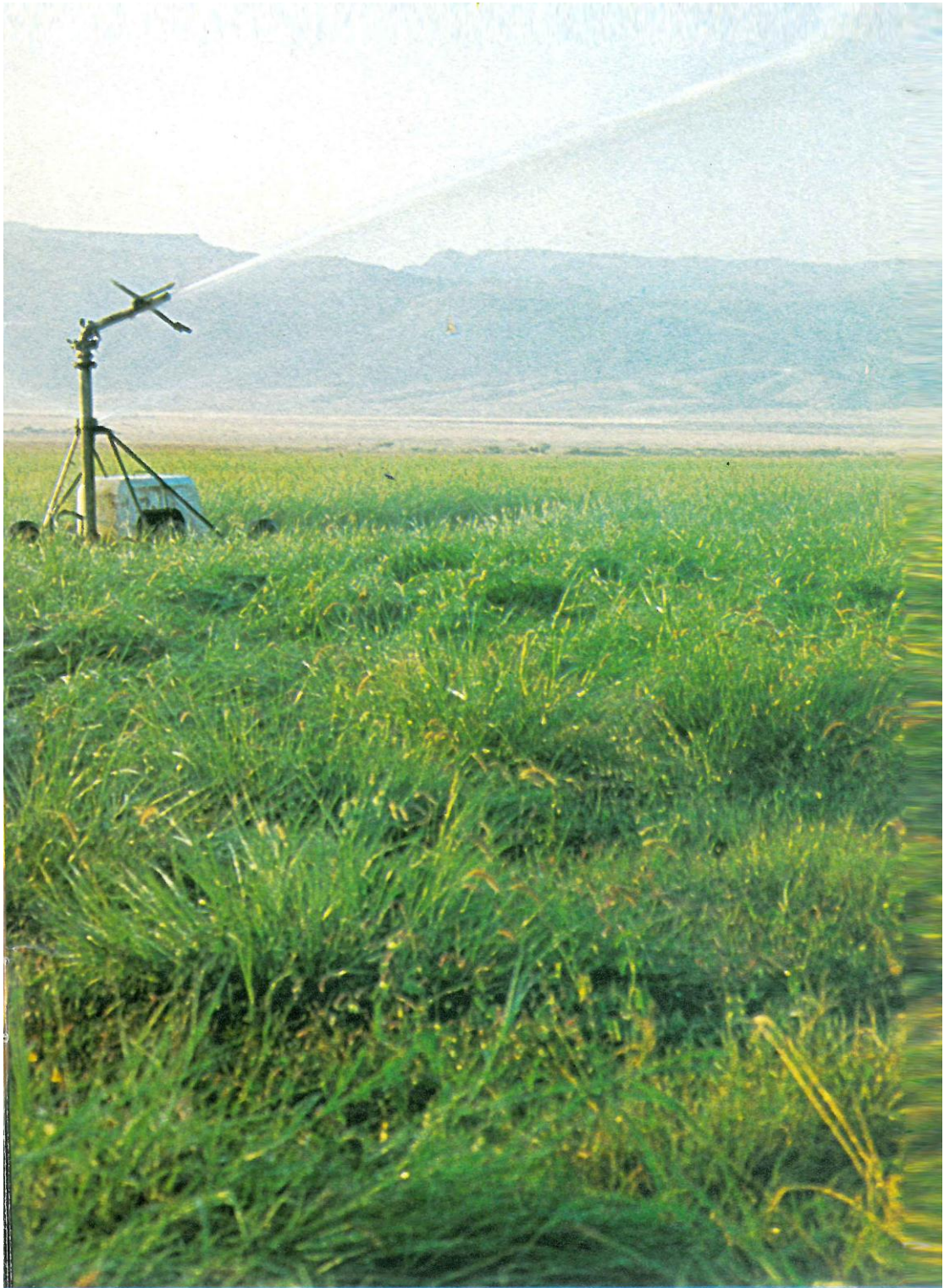
Oman runs a comprehensive welfare programme. At present some 5,000 families receive direct monetary aid. An Omani receiving such aid is encouraged to live with his family. There is, however, a home for the aged for those with no relatives. Assistance given is on a sliding scale with the first member of the family receiving R.O. 10 a month, R.O. 5 for the next one and R.O. 3 for the third and subsequent members up to a maximum of R.O. 36 per month.

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

The Government also runs a community development programme. This is a self-help scheme under which villages in remote areas might themselves put up a temporary school or build a small road before the Government comes in with more permanent structures. With the help of UNICEF, the Government is also running a form of education programme, teaching villagers good health habits and encouraging them to use maternity and child care centres and hospitals.

Generally, the community development programme which started with villages in the Interior is working well.

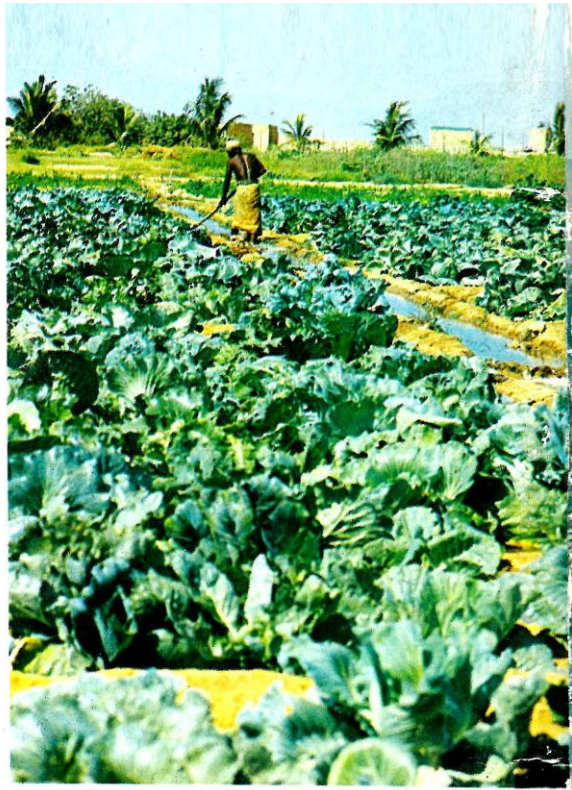
A nationwide project to bring low-cost housing to Oman's low income group was started in 1974 and given greater emphasis under the current Five-Year Plan. By 1980, some 1,300 such houses will have been completed. The housing scheme entitles Omanis aged 21-60 to a Government house in the area in which they live and work if their wage is R.O. 150 or less. A housing bank grants them loans of up to 90% of the cost of building a house since the land is free. The loan is interest free and repayable in 20 years.



Alfalfa grows well in the south which is a cattle raising centre.



His Majesty Sultan Qaboos bin Said



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