

Oasis of Diplomacy: How can His Majesty Sultan Haitham bin Tariq maintain Oman's independent foreign policy in the face of developing geopolitical and economic risks?

Contents:

- Abstract: Page 3
- Essay: Page 4
- Bibliography: Page 16

Abstract

I find Oman to be the anomaly of the Middle East. In a region dominated by incessant conflict and reckless aggression, Oman stands out like an oasis in the Arabian desert. My interest in the art of diplomacy led me to wonder how His Majesty Sultan Qaboos managed a geopolitical balancing act for 50 years. As Oman's figurehead who ruled as an absolute monarch since 1970, he led Oman's renaissance to transform an impoverished and divided state into a prosperous and stable kingdom. His passing in January 2020 raised a plethora of questions about the sustainability of Oman's independent foreign policy. The nation finds itself on the edge of a precipice, where the greatly revered shadow of His Majesty Sultan Qaboos hangs over his chosen heir to the throne: His Majesty Sultan Haitham. In this essay, I aim to analyse the risks to the independent foreign policy, followed by the diplomatic, defence, and economic strategies His Majesty Sultan Haitham should use to preserve such an approach. I use research from international observers to understand the most pressing threats and viable policy options. I begin by detailing the core principles that define Omani foreign policy. Next, I examine how Oman can balance American military and Chinese technological interests, followed by an assessment of the security situation in the Strait of Hormuz in the context of US-Iran relations. I then evaluate the prospects of post-pandemic economic recovery, which will underpin long-term foreign policy. Ultimately I conclude that a continuation of strategic neutrality and decisive economic reform can preserve Oman's sovereign policy.

Essay

The Sultanate of Oman is renowned for its uniquely independent foreign policy, but the next decade presents developing challenges to this approach. As Oman enters a new era under His Majesty Sultan Haitham bin Tariq, the Sultanate faces economic and geopolitical risks to its stance as a neutral neighbour. Oman must carefully balance American and Chinese interests and navigate US-Iran relations in a post-Iran nuclear deal context. In matters of the economy, the Sultan must manage debt unsustainability, diversification, and youth unemployment while simultaneously protecting Oman's sovereignty.

Omani foreign policy is one of positive and strategic neutrality, this approach has prevented the country from being dominated by more powerful neighbours.^{1 2} In a region characterised by religious strife and hostility, the magnitude of this task cannot be understated. Oman has become an oasis for foreign policy dialogue through its efforts in facilitating diplomacy, mediating disputes, and championing peace. The Foreign Ministry has always been careful to maintain amicable relations with influential regional players and global superpowers, positioning itself as an invaluable acquaintance to the international community. This approach has enabled Oman to achieve a high degree of internal stability alongside exemplary growth in living standards.³ While balancing the interests of Saudi Arabia and the UAE will be necessary, the most challenging tests will come from managing the US, China, and Iran.

¹ Biuck, M. and Akraminia, M., 2021. *Explaining the Role of Geopolitical Factors in Oman's Foreign Policy*. [online] Jhgr.ut.ac.ir. Available at: <https://jhgr.ut.ac.ir/article_74709.html?lang=en> [Accessed 31 July 2021].

² Gunther, M., 2020. *Sultan Qaboos of Oman's Policy of Strategic Neutrality*. [online] Defence-In-Depth. Available at: <<https://defenceindepth.co/2020/02/05/sultan-qaboos-of-omans-policy-of-strategic-neutrality/>> [Accessed 2 September 2021].

³ Human Development Reports. 2010. *Five Arab countries among top leaders in long-term development gains*. [online] Available at: <<https://web.archive.org/web/20131109205813/http://hdr.undp.org/en/mediacentre/news/announcements/title,21573,en.html>> [Accessed 2 September 2021].

Firstly, His Majesty Sultan Haitham must undertake the sizeable task of preserving the several highly personal relationships his predecessor cultivated over 5 decades in power. As with all human relationships, genuine trust and camaraderie will take considerable time to develop. Sultam Haitham's 8 years of experience as Secretary-General for the Ministry of Foreign Affairs and diploma from Oxford University's Foreign Service Program will prove useful. Interestingly, the Sultan does not yet have military experience, this could manifest itself in a preference to not use the Omani armed forces in issues of foreign policy, and instead pursue alternative methods.

As US-China relations become increasingly precarious, His Majesty Sultan Haitham must find a balance that preserves Oman's economic and defence prospects. The US remains the security guarantor of the Gulf, maintaining military facilities in Thumrait and Masirah.⁴ Omani-American military relations have been strengthened by a March 2019 agreement allowing American military vessels and aircraft to use Omani ports and airports.⁵ While China remains Oman's most important trade partner, receiving 46.2% of Oman's exports.⁶ Notably, Oman has found itself increasingly technologically tied to China due to Huawei gaining clearance to supply 5G network infrastructure.⁷ Undoubtedly this will be a pressure point that the Biden administration will push against to which the government must respond politely but firmly. The economic risk of trade retaliation from China (as seen in the Australia-China trade war) is far too great, Oman must remain non-aligned as volatility between Washington DC and Beijing grows.⁸ Such an approach would

⁴ Soliman, M., 2021. *The coming US-China cold war: The view from the Gulf*. [online] Middle East Institute. Available at: <<https://www.mei.edu/publications/coming-us-china-cold-war-view-gulf>> [Accessed 31 July 2021].

⁵ The National. 2019. *Oman signs agreement allowing US military to use its ports*. [online] Available at: <<https://www.thenationalnews.com/world/mena/oman-signs-agreement-allowing-us-military-to-use-its-ports-1.840991>> [Accessed 2 September 2021].

⁶ OEC - The Observatory of Economic Complexity. 2019. *Oman (OMN) Exports, Imports, and Trade Partners | OEC*. [online] Available at: <<https://oec.world/en/profile/country/omn>> [Accessed 2 September 2021].

⁷ Barton, J., 2020. *Huawei gets the green light for 5G in Oman*. [online] Developing Telecoms. Available at:

<<https://developingtelecoms.com/telecom-business/vendor-news/9249-huawei-gets-the-green-light-for-5g-in-oman.html>> [Accessed 2 September 2021].

⁸ Soliman, M., 2021. *The coming US-China cold war: The view from the Gulf*. [online] Middle East Institute. Available at: <<https://www.mei.edu/publications/coming-us-china-cold-war-view-gulf>> [Accessed 31 July 2021].

ideally coincide with Oman increasing its defence autonomy to reduce dependence on the US, however, the country is not in the demographic or economic position of its other Gulf neighbors where it can fully develop its military capability. Fortunately, China and the US will be fully aware that Oman's longstanding commitment to neutrality is exceptionally strong and deeply rooted in its national identity. Therefore attempts to sway the Sultanate to one side of the antagonism are likely to be viewed as futile. To ensure this, the Omani Foreign Ministry should continue to reaffirm its commitment to non-interference and neutrality at international conferences.

The elections of President Biden and President Raisi creates an opportunity for Sultan Haitham to continue Oman's role as a facilitator of US-Iran dialogue. The asymmetric deterioration of the 2015 Joint Comprehensive Plan of Action and growth in the frequency of maritime incidents in the Persian Gulf have escalated the need for Washington DC-Tehran communication. In the coming months, President Biden is likely to involve Oman in conversations on Iran, marking a departure from the Trump administration's policy of prioritizing relations with other Gulf Cooperation Council states.⁹ The global importance of the unrestricted and secure movement of ships through the Strait of Hormuz illustrates the crucial geopolitical responsibility that His Majesty Sultan Haitham has inherited.

The world's most strategic chokepoint is 21 miles wide at its narrowest point, and where 21% of global petroleum liquids consumption flow through every day.¹⁰ The Strait has become a flashpoint as Iran increasingly harasses US warships, illegally threatens to close the Strait, and seizes tankers. This antagonistic and erratic behavior can be explained as Iran retaliating against American economic sanctions and flexing its naval capabilities. Oman granting access for the US to use the port of Duqm gives the US Navy greater capability in monitoring and responding to Iranian naval threats while ensuring the safe passage of oil. However, the Strait is now

⁹ Tolliver, S. (2020). *Death of a sultan: Oman matters, so why such a slow US response?* [online] TheHill. Available at: <<https://thehill.com/opinion/international/478122-death-of-a-sultan-oman-matters-so-why-such-a-slow-us-response>> [Accessed 2 Sep. 2021].

¹⁰ Reuters. 2019. *Strait of Hormuz: the world's most important oil artery.* [online] Available at: <<https://www.reuters.com/article/us-mideast-iran-tanker-factbox-idUSKCN1UG0FI>> [Accessed 2 September 2021].

crowded with military vessels and hardware, increasing the chance of accidental escalation¹¹.

Strait of Hormuz

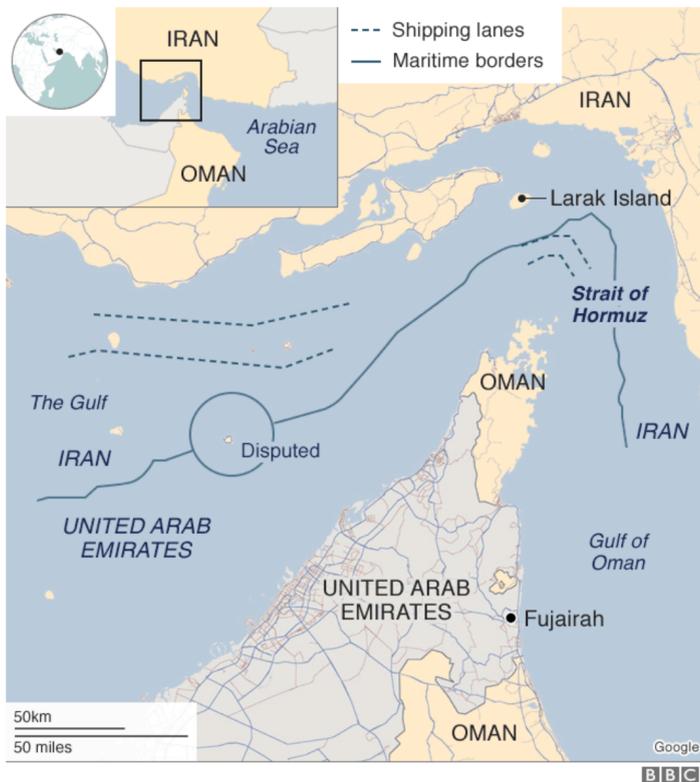


Figure 1.¹²

Oman's annual address at the United Nations General Assembly in October 2019 indicated growing frustration at both the US and Iran in how they conduct their forces in the Strait.¹³ The speech by the Foreign Minister alluded to annoyance in regards to the US-led naval security mission that has escorted vessels through the strait since late July. Minister Alawi stressed Oman's preference for peaceful and consensual solutions to the security of ships. In July 2019, Iran seized a British flagged tanker in Omani territorial waters (according to British intelligence). The Omani Foreign Ministry declined a British request to publicly confirm this (to avoid increasing tensions and continue neutrality) but it is clear that this incident was a flagrant breach of Oman's sovereignty. It is evident that Iran's aggression in the Strait is

¹¹ Country.eiu.com. 2019. *Regional tensions top Oman's foreign policy concerns*. [online] Available at: <<http://country.eiu.com/article.aspx?articleid=1698543753>> [Accessed 2 September 2021].

¹² BBC News. 2019. *Iran tanker seizure: What is the Strait of Hormuz?*. [online] Available at: <<https://www.bbc.co.uk/news/world-middle-east-49070882>> [Accessed 2 September 2021].

¹³ Country.eiu.com. 2019. *Regional tensions top Oman's foreign policy concerns*. [online] Available at: <<http://country.eiu.com/article.aspx?articleid=1698543753>> [Accessed 2 September 2021].

becoming increasingly disrespectful to Oman's authority and frustrating to its willingness to remain a neutral player.

While Tehran continues its irresponsible maritime actions in pursuit of short-term exasperation from the US, Oman should focus on its long-term strategy to strike a balance. This balance can be achieved by becoming more protective of Omani territorial waters to warn Iran that the illegal capture of ships should not occur under any circumstance in Oman's jurisdiction, and at the same time utilizing its diplomatic channels to champion conflict resolution. While the Royal Naval Fleet of Oman is not comparable in size to the fleets of the UK and the US, it possesses 12 patrol boats sufficient for small-scale missions. The fleet can also draw upon its longstanding military relationship with the UK which has provided training and a military support facility in Duqm.^{14 15} In the face of an Iran that is ever-more belligerent and intent on testing the limits of the less-experienced Sultan, His Majesty Sultan Haitham should be increasingly wary to ensure his kingdom does not fall victim to Tehran's reckless naval stunts. Overall, Oman must ensure that cordial relations with Iran continue to ensure that the incentive for Tehran to block passage through the Strait remains as low as possible. This policy should come in combination with Oman subtly reinforcing naval patrols in its territorial waters.

In parallels with the US-China situation, attempts from Washington to persuade Oman to convincingly oppose Iran are certain to fail. The US should remember that Oman is one of the few true facilitators of peace in the region that both the US and Iran can trust. As rounds of talks continue to stall in Vienna, the possibility of a resolution within the next year appears increasingly dim, intensifying the importance of Oman continuing to provide discrete backchannels for discussion (as done in 2015). The instrumental work of His Majesty Sultan Qaboos in facilitating nuclear talks and the 2011 release of 3 American backpackers held hostage by Iran has not been forgotten. On the whole, US-Iran relations are likely to continue with intermittent escalations in the Persian Gulf but Oman's ability and willingness to

¹⁴ Pike, J., 2013. *Royal Oman Navy (RON)*. [online] Globalsecurity.org. Available at: <<https://www.globalsecurity.org/military/world/gulf/oman-navy.htm>> [Accessed 3 September 2021].

¹⁵ Tossini, J., 2018. *The UK in Oman – A new support facility for the British Armed Forces*. [online] UK Defence Journal. Available at: <<https://ukdefencejournal.org.uk/the-uk-in-oman-a-new-support-facility-for-the-british-armed-forces/>> [Accessed 3 September 2021].

facilitate dialogue remains invaluable to President Biden's hopes of reviving the nuclear deal.

To fully understand Oman's future foreign policy options we must examine its current economic situation. His Majesty Sultan Haitham faces multiple challenges: depressed oil prices (due to the COVID-19 pandemic), increasing debt unsustainability, and a growing need for economic diversification. The country's oil reserves are considerably less substantial than regional neighbours and are expected to run out within 2 decades.¹⁶ Oman has been significantly hit by the decline in energy prices, as oil and gas account for approximately 70% of total revenue and 60% of exports.¹⁷ Public debt is persistently high (reaching 77.1% of GDP this year), reducing investor confidence.¹⁸ As a result of the budgetary issues, Oman's foreign policy will be restricted as it faces pressures to reduce government expenditure. Oman could look to its Gulf Cooperation Council partners for economic assistance, however, this would be extremely costly to Oman's policy of neutrality. The government would be expected to make vast foreign policy concessions on Iran and the Yemeni civil war. Such monetary reliance would massively jeopardize Oman's sovereignty in its foreign and economic affairs.

Saudi Arabia would likely expect military assistance in Yemen against the Houthi rebels (an armed movement backed financially by Iran). If Oman were to proceed, the risk of civilian casualties linked to Omani actions would be extremely high. This eventuality would permanently damage the reputation of non-violence and extreme military restraint that Oman has carefully nurtured. Such a drastic break from classic Omani policy would send an alarming signal to international partners. Firstly that Oman views itself as a military power and secondly that he is willing to exercise its

¹⁶ Abouzzohour, Y., 2021. *One year into his reign, Oman's sultan must renegotiate the social contract and prioritize diversification*. [online] Brookings. Available at: <<https://www.brookings.edu/blog/order-from-chaos/2021/01/13/one-year-into-his-reign-omans-sultan-must-renegotiate-the-social-contract-and-prioritize-diversification/>> [Accessed 2 September 2021].

¹⁷ Saadi, D. and Gentile, G., 2020. *Weak finances a threat to Oman's oil, gas growth in post-Qaboos era*. [online] Spglobal.com. Available at: <<https://www.spglobal.com/platts/en/market-insights/latest-news/oil/011620-weak-finances-a-threat-to-omans-oil-gas-growth-in-post-qaboos-era>> [Accessed 2 September 2021].

¹⁸ Owtrand, F. and Hayek, M., 2021. *Oman in the COVID-19 Pandemic: People, Policy and Economic Impact*. [online] Middle East Centre. Available at: <<https://blogs.lse.ac.uk/mec/2020/07/23/oman-in-the-covid-19-pandemic-people-policy-and-economic-impact/>> [Accessed 31 July 2021].

military in an interventionist fashion. This would unquestionably weaken the trust that both the United States and Iran have in Oman as a neutral and peaceful ally. Consequently, Iran would no longer view Oman as a viable route of dialogue with the US, eliminating arguably the most effective route of negotiation between the two adversaries. This scenario illustrates the extreme precarity of escalating financial reliance on Saudi Arabia and the importance of Oman adopting alternative policies to alleviate the economic downturn it is currently experiencing.

Fiscal austerity is another option, the State Council is considering the introduction of income tax and VAT. However, in a region where extremely low rates of income tax are custom, these reforms are unlikely to be well received. If His Majesty Sultan Haitham chooses to pursue this policy, the government shouldn't pull back from their proposed reforms at the first sign of discontent (as seen in the 2018 protests and strikes).¹⁹ Here the Sultan faces the challenge of balancing the long-term performance of the economy while earning the approval of his people and protecting Oman's independent foreign policy.

The COVID-19 pandemic has also restricted opportunities to diversify the economy, as tourism (an emerging industry) has been significantly damaged. The industry exhibited consistent growth in visitor numbers year on year before the pandemic.

¹⁹ Dudley, D., 2020. *Where Does Oman's Economy Go From Here?*. [online] Forbes. Available at: <<https://www.forbes.com/sites/dominicdudley/2020/01/14/oman-economy/?sh=328bfb943d26>> [Accessed 2 September 2021].

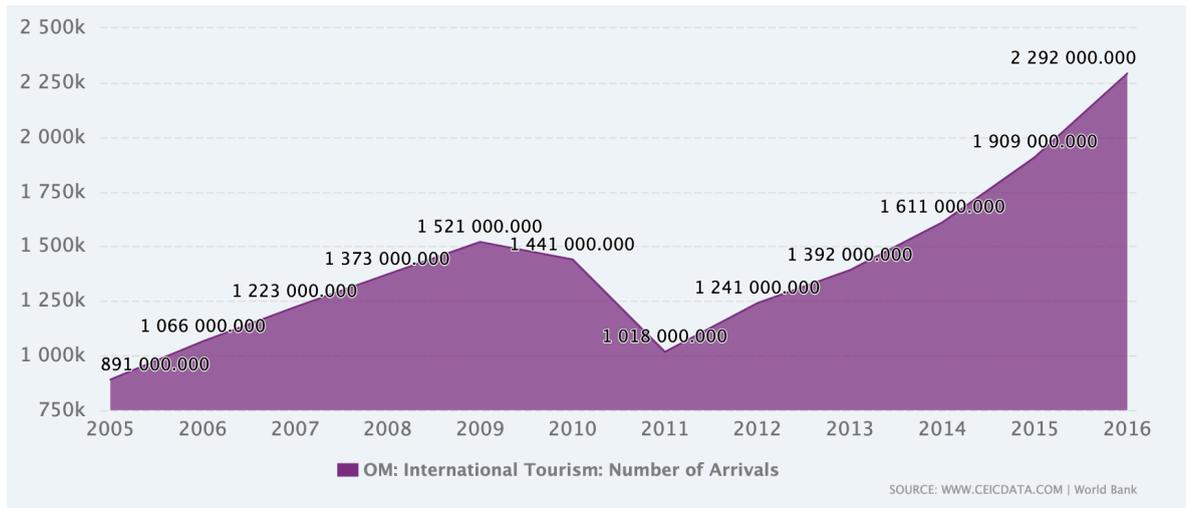


Figure 2²⁰

In the long run, Oman will need to make intensive efforts to distinguish itself as its own tourist destination, possibly following a strategy similar to Saudi Arabia's "#Welcome to Arabia".²¹ A modern redesign of the official tourism website and a campaign based primarily on social media is advisable. The sponsorship of travel influencers based in a variety of nations could help to attract younger audiences. The creative strategy of film-induced tourism could be used to attract visitors specifically from South Asia. In the case of Switzerland which provides assistance packages to film producers scouting for locations, 25 Bollywood movies conduct filming in picturesque locations there each year.²² This strategy has been credited for the consistent growth in Indian tourists to Switzerland which reached approximately 350,000 in 2018.²³ This strategy sells the visual image of destinations and establishes long-lasting appeal to vast audiences at a relatively low cost to the

²⁰Ceicdata.com. 2016. *Oman OM: International Tourism: Number of Arrivals | Economic Indicators | CEIC*. [online] Available at: <<https://www.ceicdata.com/en/oman/tourism-statistics/om-international-tourism-number-of-arrivals>> [Accessed 2 September 2021].

²¹ Hickman, A., 2019. *Saudi Arabia turns to influencers to give nation's image a makeover*. [online] Campaignlive.co.uk. Available at: <<https://www.campaignlive.co.uk/article/saudi-arabia-turns-influencers-give-nations-image-makeover/1662726>> [Accessed 2 September 2021].

²² Simpson, D., 2005. *Swiss tourism bets on Bollywood*. [online] CABI. Available at: <<https://www.cabi.org/leisuretourism/news/15007>> [Accessed 3 September 2021].

²³ Statista. 2021. *India: departure of nationals to Switzerland | Statista*. [online] Available at: <<https://www.statista.com/statistics/1020112/india-nationals-departure-to-switzerland/>> [Accessed 3 September 2021].

government.²⁴ As a discreet nation that is there is a strong possibility that potential visitors simply do not think of Oman as a well-developed destination, visual advertising is essential to resolve this. These changes must go hand in hand with the loosening of visa restrictions to facilitate international travel from not only developed but emerging countries.

Oman is in a unique position to capitalize on the imminent growth of eco-tourism and the desires of Asia's emerging middle class to travel (this is further facilitated by the nation's geographical proximity to South Asia). Although in the short term, the viability of this is limited as tourism is partially reliant on Oman's position as a layover hub connecting Europe and South Asia. Consequently, prospects of immediate recovery in the industry are weaker as visitor numbers are dependent on consumer confidence in Western Europe and South Asia. This opportunity has been further compounded by the Delta variant becoming extremely prevalent in South Asia. Oman will face stiff competition from already established destinations in the UAE and Saudi Arabia, but it has a wealth of assets that it can champion to appeal to visitors of all demographics. Such as a rich history, distinctive Ibadi architecture, modern infrastructure, and unique biodiversity.

In matters of diversification, His Majesty Sultan Haitham has valuable experience as chair of the Committee developing Oman Vision 2040 which has the overall target for 90% of GDP to come from non-oil sectors (as of 2021 this is 61%).²⁵ The roadmap aims to sustainably transform the country into a globally competitive business hub through public, private, and civil sector reforms. It is encouraging that this transformation will be underpinned by strong regulations, fair distribution of the development gains across governorates, and protection of natural resources. The target industries for investment are logistics, tourism, fisheries, mining, and innovation. Since 2009 the proportion of GDP originating from non-oil sectors had

²⁴ Boisen, M., Terlouw, K. and van Gorp, B., 2011. The selective nature of place branding and the layering of spatial identities. *Journal of Place Management and Development*, [online] 4(2), pp.135-147. Available at: <https://www.researchgate.net/publication/235309951_The_Selective_Nature_of_Place_Branding_and_the_Layering_of_Spatial_Identities> [Accessed 26 August 2021].

²⁵ Business.hsbc.co.om. 2021. *Oman Vision 2040: sustainability to drive next wave of growth*. [online] Available at: <<https://www.business.hsbc.co.om/en-gb/insights/optimising-sales/oman-vision-2040>> [Accessed 2 September 2021].

consistently grown.²⁶ Unfortunately prospects of achieving target has been somewhat damaged by local lockdown restrictions in 2020 causing non-oil GDP contributions to shrink by 10%.²⁷

There has already been heavy investment in numerous Special Economic Zones to increase private sector activity and spread economic opportunity to the 10 non-Muscat governorates. In addition to 4 main SEZs in Duqm, Salalah, Sohar, and Khazaen, 9 industrial estates have also been developed.²⁸ The focus on private sector growth is beneficial to reducing the government deficit as it can reduce the number of employees on the public payroll and boost wages.

Oman's geographic location at the crossroads of Eurasia and increased investments in road, air, rail, and sea capabilities put it in an ideal position to become a logistics hub. The government is overhauling customs procedures and improving cargo facilities in Muscat to enhance international trade and shipping efficiency.²⁹ In the mining sector, key legal reforms have been made to licensing regulations (to allow for longer licensing periods of up to 10 years rather than 1) to enable long-term commitment from investors.³⁰

For economic reform to be effective, it must go hand in hand with training programs to close the skills gap between expatriates and Omanis (currently 41.7% of the

²⁶ Al-Abri, I., Önel, G. and A. Grogan, K., 2019. *Oil Revenue Shocks and the Growth of the Non-Oil Sector in an Oil-Dependent Economy: The Case of Oman*. [online] ResearchGate. Available at: <https://www.researchgate.net/figure/Logarithms-of-GDP-from-non-oil-sector-oil-revenues-and-government-expenditures-in-Oman_fig1_343692934> [Accessed 2 September 2021].

²⁷ Nair, D., 2021. *IMF projects Oman's non-oil economy will grow by 1.5% in 2021*. [online] The National News. Available at: <<https://www.thenationalnews.com/business/economy/imf-projects-oman-s-non-oil-economy-will-grow-by-1-5-in-2021-1.1165114>> [Accessed 2 September 2021].

²⁸ Oxford Business Group. 2021. *Oman focuses on diversification and infrastructure investment*. [online] Available at: <<https://oxfordbusinessgroup.com/overview/strong-and-stable-sultanate-continues-evolve-focus-diversification-and-infrastructure-investment>> [Accessed 31 July 2021].

²⁹ Oxford Business Group. 2021. *Oman focuses on diversification and infrastructure investment*. [online] Available at: <<https://oxfordbusinessgroup.com/overview/strong-and-stable-sultanate-continues-evolve-focus-diversification-and-infrastructure-investment>> [Accessed 31 July 2021].

³⁰ Oxford Business Group. 2021. *Oman focuses on diversification and infrastructure investment*. [online] Available at: <<https://oxfordbusinessgroup.com/overview/strong-and-stable-sultanate-continues-evolve-focus-diversification-and-infrastructure-investment>> [Accessed 31 July 2021].

population are non-citizens).³¹ It is advisable to train Omani citizens, especially young people to tackle the youth unemployment rate of 13%.³² Such schemes should target the sectors that Omani nationals are employed at a lower level, these include engineering, education, and medicine.³³ It is encouraging to see that the Oman Future Skills Initiative is already in operation with the support of the Ministry of the National Economy and the World Economic Forum.³⁴ However, this scheme solely focuses on training nationals for the digital economy meaning its benefits for the aforementioned sectors are extremely limited.

In conclusion, the next decade presents His Majesty Sultan Haitham with multiple risks but at the same time vast opportunities to continue Oman's treasured role as mediator of the Middle East and a regional economic hub. The success story of Oman achieving prosperity and impartiality despite regional turmoil illustrates several lessons to other developing world members of the Non-Aligned Movement. In particular, Oman's history highlights the importance of long-term strategy and the economic benefits of remaining neutral. The remarkably swift and uneventful transition of power (that many observers feared would fall victim to a power struggle) is a testament to the stable internal environment that His Majesty Sultan Haitham has inherited. So far in his reign, the Sultan has led Oman through the public health risk of the pandemic and economic catastrophe, illustrating the strength of his leadership. His first year in office has reassured partners that Oman will continue to exercise careful diplomacy and measured economic reform in its new era. As in-person diplomacy returns to being the norm, His Majesty Sultan Haitham faces the

³¹ Oman News. 2020. *Expatriates Make up 41.7 percent of Total Population of the Sultanate*. [online] Available at: <<https://omannews.gov.om/NewsDescription/ArtMID/392/ArticleID/12456/Expatriates-Make-up-417-percent-of-Total-Population-of-the-Sultanate>> [Accessed 2 September 2021].

³² Winder, B., 2021. *Oman's regional role in a time of challenge and change*. [online] Middle East Institute. Available at: <<https://www.mei.edu/publications/omans-regional-role-time-challenge-and-change>> [Accessed 31 July 2021].

³³ Abouzzohour, Y., 2021. *One year into his reign, Oman's sultan must renegotiate the social contract and prioritize diversification*. [online] Brookings. Available at: <<https://www.brookings.edu/blog/order-from-chaos/2021/01/13/one-year-into-his-reign-omans-sultan-must-renegotiate-the-social-contract-and-prioritize-diversification/>> [Accessed 2 September 2021].

³⁴ World Economic Forum. (n.d.). *Closing the Skills Gap Accelerator Oman*. [online] Available at: <https://www.weforum.org/projects/closing-the-skills-gap-accelerator-oman> [Accessed 2 Sep. 2021].

responsibility of continuing the skillful diplomacy his predecessor became renowned for. The greatest challenge that lies ahead will be maintaining peace and security in the Strait of Hormuz. While the Kingdom can stay disengaged in developments in US-China relations, much of the Strait is the direct responsibility of Oman under international law. Iran's maritime offences are likely to continue until an agreement is reached to revive the Joint Comprehensive Plan Of Action and American economic sanctions are lifted. The arrival of the Biden administration and new President Raisi provides slight hope for renewed negotiation efforts. Oman can do little to influence the stances and demands of both countries, but it can provide a crucial platform for discussion. Essentially, Oman must continue to play the role of intermediary to ensure Western actors (the US and European Union) can meaningfully engage with Iran. While the exogenous shock of the COVID-19 has temporarily damaged diversification efforts, it does provide His Majesty Sultan Haitham with greater flexibility in formulating economic reforms. In the past economic reforms have been met with domestic discontent. However, the vast economic downturn initiated by the pandemic means citizens are more likely to view reform as necessary. The potential growth of the tourism industry can help the amplification of Oman's soft power, essential to a country with limited scope for expansion of its armed forces. As investment-friendly policies continue to be implemented under the Vision 2040 framework, the Ministry of the National Economy should not ignore the persistent issues of youth unemployment and the skills gap. If His Majesty Sultan Haitham can continue to advocate for peaceful co-existence and combine this with firm economic reform, he should place Oman in a favourable position to maintain its independent foreign policy.

Bibliography

Abouzzohour, Y., 2021. *One year into his reign, Oman's sultan must renegotiate the social contract and prioritize diversification*. [online] Brookings. Available at: <<https://www.brookings.edu/blog/order-from-chaos/2021/01/13/one-year-into-his-reign-omans-sultan-must-renegotiate-the-social-contract-and-prioritize-diversification/>> [Accessed 2 September 2021].

Al-Abri, I., Önel, G. and A. Grogan, K., 2019. *Oil Revenue Shocks and the Growth of the Non-Oil Sector in an Oil-Dependent Economy: The Case of Oman*. [online] ResearchGate. Available at: <https://www.researchgate.net/figure/Logarithms-of-GDP-from-non-oil-sector-oil-revenues-and-government-expenditures-in-Oman_fig1_343692934> [Accessed 2 September 2021].

Barton, J., 2020. *Huawei gets the green light for 5G in Oman*. [online] Developing Telecoms. Available at: <[https://developingtelecoms.com/telecom-business/vendor-news/9249-huawei-gets-t he-green-light-for-5g-in-oman.html](https://developingtelecoms.com/telecom-business/vendor-news/9249-huawei-gets-t-he-green-light-for-5g-in-oman.html)> [Accessed 2 September 2021].

BBC News. 2019. *Iran tanker seizure: What is the Strait of Hormuz?*. [online] Available at: <<https://www.bbc.co.uk/news/world-middle-east-49070882>> [Accessed 2 September 2021].

Bianco, C., 2020. *After Qaboos: The future of Oman and Gulf geopolitics*. [online] ECFR. Available at: <https://ecfr.eu/article/commentary_after_qaboos_the_future_of_oman_and_gulf_geopolitics/> [Accessed 31 July 2021].

Biuck, M. and Akraminia, M., 2021. *Explaining the Role of Geopolitical Factors in Oman's Foreign Policy*. [online] Jhgr.ut.ac.ir. Available at: <https://jhgr.ut.ac.ir/article_74709.html?lang=en> [Accessed 31 July 2021].

Boisen, M., Terlouw, K. and van Gorp, B., 2011. The selective nature of place branding and the layering of spatial identities. *Journal of Place Management and Development*, [online] 4(2), pp.135-147. Available at: <https://www.researchgate.net/publication/235309951_The_Selective_Nature_of_Place_Branding_and_the_Layering_of_Spatial_Identities> [Accessed 26 August 2021].

Business.hsbc.co.om. 2021. *Oman Vision 2040: sustainability to drive next wave of growth*. [online] Available at: <<https://www.business.hsbc.co.om/en-gb/insights/optimising-sales/oman-vision-2040>> [Accessed 2 September 2021].

Castelier, S., 2020. *Oman's foreign policy after Sultan Qaboos*. [online] Al-Monitor: The Pulse of the Middle East. Available at: <<https://www.al-monitor.com/originals/2020/03/oman-foreign-policy-gulf-sultan-qaboos-haitham.html>> [Accessed 31 July 2021].

Ceicdata.com. 2016. *Oman OM: International Tourism: Number of Arrivals | Economic Indicators | CEIC*. [online] Available at: <<https://www.ceicdata.com/en/oman/tourism-statistics/om-international-tourism-number-of-arrivals>> [Accessed 2 September 2021].

Chay, C. and Baabood, A., 2021. *Respite for Reform: Sultan Haitham Stamps His Mark On Oman*. [online] ISPI. Available at: <<https://www.ispionline.it/en/pubblicazione/respite-reform-sultan-haitham-stamps-his-mark-oman-30092>> [Accessed 3 September 2021].

Country.eiu.com. 2019. *Regional tensions top Oman's foreign policy concerns*. [online] Available at: <<http://country.eiu.com/article.aspx?articleid=1698543753>> [Accessed 2 September 2021].

Dudley, D., 2020. *Where Does Oman's Economy Go From Here?*. [online] Forbes. Available at: <<https://www.forbes.com/sites/dominicdudley/2020/01/14/oman-economy/?sh=328fb943d26>> [Accessed 2 September 2021].

Gunther, M., 2020. *Sultan Qaboos of Oman's Policy of Strategic Neutrality*. [online] Defence-In-Depth. Available at: <<https://defenceindepth.co/2020/02/05/sultan-qaboos-of-omans-policy-of-strategic-neutrality/>> [Accessed 2 September 2021].

Human Development Reports. 2010. *Five Arab countries among top leaders in long-term development gains*. [online] Available at: <<https://web.archive.org/web/20131109205813/http://hdr.undp.org/en/mediacentre/news/announcements/title,21573,en.html>> [Accessed 2 September 2021].

Kechichian, J., 2021. *Oman: A Unique Foreign Policy Produces a Key Player in Middle Eastern and Global Diplomacy*. [online] Rand.org. Available at: <https://www.rand.org/pubs/research_briefs/RB2501.html> [Accessed 31 July 2021].

Keeler, L., 2021. *Can Oman Survive Its Own Neighborhood After the Death of Sultan Qaboos? - Foreign Policy Research Institute*. [online] Foreign Policy Research Institute. Available at: <<https://www.fpri.org/article/2020/01/can-oman-survive-its-own-neighborhood-after-the-death-of-sultan-qaboos/>> [Accessed 31 July 2021].

Nair, D., 2021. *IMF projects Oman's non-oil economy will grow by 1.5% in 2021*. [online] The National News. Available at: <<https://www.thenationalnews.com/business/economy/imf-projects-oman-s-non-oil-economy-will-grow-by-1-5-in-2021-1.1165114>> [Accessed 2 September 2021].

OEC - The Observatory of Economic Complexity. 2019. *Oman (OMN) Exports, Imports, and Trade Partners | OEC*. [online] Available at: <<https://oec.world/en/profile/country/omn>> [Accessed 2 September 2021].

Oman News. 2020. *Expatriates Make up 41.7 percent of Total Population of the Sultanate*. [online] Available at: <<https://omannews.gov.om/NewsDescription/ArtMID/392/ArticleID/12456/Expatriates-Make-up-417-percent-of-Total-Population-of-the-Sultanate>> [Accessed 2 September 2021].

Owtrand, F., 2020. *Oman After Qaboos: Continuities, Challenges and Choices*. [online] Middle East Centre. Available at: <<https://blogs.lse.ac.uk/mec/2020/01/24/oman-after-qaboos-continuities-challenges-and-choices/>> [Accessed 31 July 2021].

Owtrand, F. and Hayek, M., 2021. *Oman in the COVID-19 Pandemic: People, Policy and Economic Impact*. [online] Middle East Centre. Available at: <<https://blogs.lse.ac.uk/mec/2020/07/23/oman-in-the-covid-19-pandemic-people-policy-and-economic-impact/>> [Accessed 31 July 2021].

Oxford Business Group. 2021. *Oman focuses on diversification and infrastructure investment*. [online] Available at: <<https://oxfordbusinessgroup.com/overview/strong-and-stable-sultanate-continues-evolve-focus-diversification-and-infrastructure-investment>> [Accessed 31 July 2021].

Pike, J., 2013. *Royal Oman Navy (RON)*. [online] Globalsecurity.org. Available at: <<https://www.globalsecurity.org/military/world/gulf/oman-navy.htm>> [Accessed 3 September 2021].

Reuters. 2019. *Strait of Hormuz: the world's most important oil artery*. [online] Available at: <<https://www.reuters.com/article/us-mideast-iran-tanker-factbox-idUSKCN1UG0FI>> [Accessed 2 September 2021].

Saadi, D. and Gentile, G., 2020. *Weak finances a threat to Oman's oil, gas growth in post-Qaboos era*. [online] Spglobal.com. Available at: <<https://www.spglobal.com/platts/en/market-insights/latest-news/oil/011620-weak-finances-a-threat-to-omans-oil-gas-growth-in-post-qaboos-era>> [Accessed 2 September 2021].

Simpson, D., 2005. *Swiss tourism bets on Bollywood*. [online] CABI. Available at: <<https://www.cabi.org/leisuretourism/news/15007>> [Accessed 3 September 2021].

Statista. 2021. *India: departure of nationals to Switzerland | Statista*. [online] Available at: <<https://www.statista.com/statistics/1020112/india-nationals-departure-to-switzerland/>> [Accessed 3 September 2021].

Soliman, M., 2021. *The coming US-China cold war: The view from the Gulf*. [online] Middle East Institute. Available at: <<https://www.mei.edu/publications/coming-us-china-cold-war-view-gulf>> [Accessed 31 July 2021].

The National. 2019. *Oman signs agreement allowing US military to use its ports*. [online] Available at:

<<https://www.thenationalnews.com/world/mena/oman-signs-agreement-allowing-us-military-to-use-its-ports-1.840991>> [Accessed 2 September 2021].

Tolliver, S. (2020). *Death of a sultan: Oman matters, so why such a slow US response?* [online] TheHill. Available at:<<https://thehill.com/opinion/international/478122-death-of-a-sultan-oman-matters-s-o-why-such-a-slow-us-response>>[Accessed 2 Sep. 2021].

Tossini, J., 2018. *The UK in Oman – A new support facility for the British Armed Forces*. [online] UK Defence Journal. Available at: <<https://ukdefencejournal.org.uk/the-uk-in-oman-a-new-support-facility-for-the-british-armed-forces/>> [Accessed 3 September 2021].

Winder, B., 2021. *Oman's regional role in a time of challenge and change*. [online] Middle East Institute. Available at: <<https://www.mei.edu/publications/omans-regional-role-time-challenge-and-change>> [Accessed 31 July 2021].

World Economic Forum. (n.d.). *Closing the Skills Gap Accelerator Oman*. [online] Available at: <https://www.weforum.org/projects/closing-the-skills-gap-accelerator-oman> [Accessed 2 Sep. 2021].