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CAN OMAN'S STABILITY OUTLIVE SULTAN QABOOS?

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Geopolitical risk analysts Giorgio Cafiero and Theodore Karasik examine the challenges of a political transition in Oman after Sultan Qaboos. The sultan has yet to name a successor, and regional threats could undermine Oman's stability. The Sultanate's overreliance on oil, the terrorism threat emanating from neighboring Yemen, and the ongoing geopolitical rivalry between Saudi Arabia and Iran are culminating into a perfect storm as the possibility of a transition beckons. The challenges presented in this paper will test whether Oman can resist the flames of regional turmoil, and maintain its stability in the event of a change of guard.

KEY FINDINGS

- ◆ Of all G.C.C. states, Oman's economy has suffered the most from low oil prices, with the country's credit ratings falling as a result.
- ◆ Sultan Qaboos has no officially named heir, raising concerns for a potential power vacuum,
- ◆ Despite terror threat from Yemen, Oman's social traditions render Omanis less susceptible to extremist ideology.
- ◆ Oman is likely to benefit from the lifting of sanctions on Iran, as Muscat looks to deepen economic ties with Tehran
- ◆ The United States might see greater value in its relationship with Oman should its friction with other G.C.C. states continue.

INTRODUCTION

As political and humanitarian crises destabilize many Arab states, the Sultanate of Oman is a beacon of tranquility in a tumultuous region. The nation's unique cohesion and stability is largely attributable to the legitimacy of Sultan Qaboos bin Said Al Busaidi, the longest serving Arab ruler still in power. Since ascending to the throne in 1970, Qaboos has transformed Oman from an impoverished state into a wealthy country with first-world infrastructure, a vibrant tourism industry and a military alliance with the United States and Britain.

Yet, as Qaboos ages, the Gulf Arab nation will in the near future transition to a new sultan, and the timing could not be more inopportune. Oman's next ruler—still yet to be determined—will inherit the legacy of Qaboos, as defined by his domestic governance and foreign policy, which has placed Muscat at the center of regional and global security issues. The sultan is popular and Omanis revere him to the point of high emotion. However, Qaboos' successor will face a host of domestic and international challenges that represent threats to stability in a post-Qaboos Oman.

Internally, economic problems appear to be the most difficult challenge. Low oil prices have severely damaged Oman's state finances, further underscoring the economic dangers of overreliance on the petroleum sector. As with the other five G.C.C. nations, Oman is determined to diversify its economy away from hydrocarbons. Yet the



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Sultanate lacks the enormous gas and oil supplies of other Gulf Arab states, which adds urgency to Oman's need to accelerate this transition. Politically, there are concerns about the country's succession process, which raises questions about Muscat's ability to ensure stability under the rule of Qaboos' successor.

Externally, extremist groups in Yemen such as al-Qaeda in the Arabian Peninsula (AQAP) and the Islamic State (ISIS) will threaten Oman's security in the post-Qaboos era. It is troubling to Muscat officials that AQAP controls Yemen's Hadramawt

region, including the main seaport of the region's capital city, Mukalla, situated only 370 miles from Oman's Salalah port. Nevertheless, the Sultanate is in a relatively safe position given robust border controls. Oman also lacks the common attributes of extremist growth, where the national fabric's pillars of tolerance, dialogue, and non-violence have defined relations between the country's diverse religious and tribal communities throughout Sultan Qaboos' reign.

In the grander geopolitical context, Muscat serves a unique role in the Middle East's balance of power as a diplomatic channel between the Islamic Republic of Iran on one side, and Oman's fellow G.C.C. states and their Western allies on the other. In recent years, Oman and Iran have deepened cooperation in numerous diplomatic, economic, energy, and security spheres. Although the strengthening of Muscat-Tehran relations has not cost Oman its 'good member standing' in the G.C.C., other council members have accused Qaboos' independent foreign policy of often undermining the council's collective security.

“Of all six G.C.C. states, Oman's economy has suffered the most from tumbling oil prices”

In all probability, the Islamic Republic will look to the Sultanate's next ruler for a continued relationship based on Qaboos' legacy, while Oman's fellow G.C.C. members may prefer that the next sultan realigns Muscat more closely with the Gulf Arab states. However, if Oman maintains stability and national cohesion after Qaboos' reign, the Sultanate will likely deny outside actors an opportunity to influence Muscat's foreign policy orientation. Oman has previously resisted pressure from Saudi Arabia and other G.C.C. states to tow the party line, particularly when it concerns Iran. This independent attitude is firmly engrained in Muscat's thinking and will be difficult to sway in a post-Qaboos environment.

ECONOMIC CHALLENGES

The 70 percent slide in oil prices since mid-2014 has truly underscored the risks of Muscat's overreliance on the Omani petroleum sector. Of all six G.C.C. states, Oman's economy has suffered the most from tumbling oil prices. Dependent on hydrocarbons for 84 percent of its revenue, cheap oil has pushed Oman into an era of austerity. In recent months, Muscat officials have implemented belt-tightening measures such as increasing corporate taxes, lifting fuel prices, hiking expat visa fees, removing utility subsidies, and indefinitely ending bonuses for state employees.

The recent downgrading of Oman's sovereign ratings from Standard & Poor's, which lowered Oman's rating two steps to BBB-stable from BBB+ negative, and Moody's, which lowered Oman's rating by two notches to A3, is indicative of the mounting financial pressure that falling oil prices have imposed on the Sultanate, which is spreading to non-oil sectors. Another factor behind both rating agencies' downgrading of Oman concerned the size of the country's financial reserves in proportion to population, which is remarkably smaller than Kuwait, Qatar, and the United Arab Emirates.

In the 1990s, the Omanis discovered that their nation's oil reserves were smaller than previously thought, which prompted Muscat officials to accelerate plans for a transition to a post-oil economy. Indeed, Oman's 5.15 billion barrels of crude oil in its proven reserves are far more modest than Saudi Arabia's 268 billion, Kuwait's 104 billion, the United Arab Emirates' 98 billion, or Qatar's 25 billion. Oman also ranks the world's twenty-first in daily oil production at 943,500 barrels per day (bbl/day), quite far behind Saudi Arabia, ranked second, at 9.7 million bbl/day and the United Arab Emirates and Kuwait, ranked 8th and 9th respectively, with between 2.6 and 2.9 million bbl/day.

By 1995, Oman decided to take on the challenges stemming from the nation's more modest reserves of oil and production rates when officials announced the Vision 2020.

“the next sultan must continue driving national efforts to diversify the country's economy away from oil”

Oman was one of the first G.C.C. states to implement a robust long-term vision. Vision 2020 is a roadmap outlining Muscat's plans for achieving specific economic and social goals over the span of 25 years. The main objectives include achieving economic and financial stability, increasing the private sector's role in the overall economy, enhancing revenue beyond hydrocarbon sectors, integrating the Sultanate with the global economy, and developing the human capital potential of Oman's workforce.

Regardless of when Sultan Qaboos' successor ascends to power, the next sultan must continue driving national efforts to diversify the country's economy away from oil. Sectors that appear most promising to collectively save Oman from cheap oil include liquefied natural gas (LNG), tourism, sea and land-based logistics, agriculture, and fishing. Given that Oman has roughly 20 years before it depletes its proven oil reserves, such economic reforms must be pursued urgently and with a firm hand in

the current fiscal and economic environment. The next four years are critical.

An optimistic outlook on Oman's gas sector has led many to see LNG as a promising path toward Oman's transition away from an oil-based economy. Since the "Dolphin project" began nearly a decade ago, Oman has been importing natural gas supplies from Qatar, which has freed up the Sultanate to increase LNG sales to large Asian markets such as China, India, Japan, and South Korea. As Oman begins importing Iran's natural gas, it will be in a stronger position to export more LNG to the Far East. This year, the Sultanate's gas sector accounts for roughly 20 percent of national revenues.

To further integrate into the international economy, the Sultanate seeks to take advantage of its geographic location from where it aims to establish itself as an increasingly

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important trading hub. The Omani government's plans to construct a major transit hub at al-Duqm (situated along southern Oman's Indian Ocean coast), featuring a \$6 billion refinery, petrochemical transfer facilities, a dry dock, and, among other facilities, a container port, which would connect the other five G.C.C. states to the

Indian Ocean, bypassing the Strait of Hormuz. According to local sources, other ports such as Sohar, will expand in the near term to accommodate more traffic. Berths are also expanding to allow more docking space for commercial and naval vessels from a variety of countries. Such a geospatial trend highlights Oman's historic role linking traders from Asia to Europe along the ancient Maritime Silk Road.

SUCCESSION IN MUSCAT

In G.C.C. states, the ruling monarchs typically have designated heirs. To prepare younger generations to rule, royal family members in line to the throne gain substantial administrative experience. Oman, however, has no officially named successor. Sultan Qaboos, who has no living brothers, had a brief marriage which produced no off-

spring. As Oman's political system concentrates much power in Sultan Qaboos' hands, the other members of the royal Al Said family mainly hold

symbolic positions.

Some observers speculate that one of Qaboos' cousins will be his successor, although the topic remains largely a mystery to the public and one that Omanis do not discuss outright. Analysts warn that there is valid reason to worry that the next sultan will

“regional observers note that a succession crisis may result from a potential power vacuum in Muscat”

lack enough legitimacy in the eyes of the Omani public to rule the Sultanate. Inevitably, Oman’s next monarch will have less legitimacy than Qaboos—certainly, at least, when he first assumes power—and this could prove problematic if the successor fails to garner enough support from power centers in the nation’s political establishment, security apparatus, commercial elite, or the population at large. To be sure, the next sultan will have his work cut out for him.

Two decades ago, Qaboos updated Oman’s constitution to provide the royal family with three days to choose a successor. Under the law, if the ruling Al Said family fails to reach a decision, a council of military and security authorities, Supreme Court chiefs, and members of Oman’s two quasi-parliamentary advisory assemblies (one being the Majlis al-Dawla, which is the upper house of the Council of Oman, and the Majlis al-Shura, which is its lower house) are to open and read a letter containing the name of the monarch’s personal choice penned by Qaboos. In 1997, the Sultan stated in an interview that he has written two names in two envelopes placed in different regions of Oman. Although the process has the potential to proceed smoothly, it is not clear whether the two names are the same or different, and it’s not clear what would happen if the council does not accept Qaboos’ choice after his death. Such infighting could raise the specter of a power struggle

amid a vacuum within the Sultanate. Marc Valeri wrote:

“If the royal family cannot make a decision, up to what point is it ready to be deprived of supreme decision making by individuals who do not belong to the Al Said family and who owe their position to Qaboos only? Moreover, in spite of the precautions taken by the ruler, is there not a risk of contradictory messages emerging, a situation which would involve political confusion? In Qaboos’ absence, there does not seem to be any patriarchal figure in the Al Said family who could oversee the succession process and ensure that disagreements remain contained.”

The Omanis have never put this codified succession process to the test and the majority of the population can only recall life under Qaboos, who himself came to power in a British-orchestrated bloodless palace coup in which he overthrew his father Sultan Said bin Taimur Al Said, who ruled from 1932-1970. However, there is also the possibility that His Majesty will simply pick a successor at the last moment and thereby negate any succession issues. After all, Sultan Qaboos still retains absolute power through the Omani Defense Council, the highest decision-making body in the Sultanate.

Nevertheless, regional observers note that a succession crisis may result from a potential

power vacuum in Muscat, prompting tribes of the interior to push for a restoration of the Ibadi Imamate. This was the power center that ruled Oman's interior when the Sultanate only controlled the country's coastal territory from the 1850s to 1950s. Throughout these years, the Imamate and the Sultanate's forces clashed with the latter's survival attributable to British support. Questions regarding the Ibadi Imam's legitimacy have been the source of much conflict among Ibadi Muslims, of whom the majority live in Oman. Given that historical memory and grievances are tearing apart the national fabric of many MENA states, analysts must watch this factor carefully.

Following the discovery of oil in the Sultanate's interior during the mid-20th-century, this tension manifested into violence that would later define the contemporary Omani nation-state. In 1957, the Saudi-backed Imamate launched a rebellion against the Sultanate, which Sultan Qaboos' father had defeated in 1959 with British backing, bringing an end to the Imamate. Foreign experts wonder if Oman's last sultan permanently crushed the Imamate. John Wilkinson wrote that the Imamate "always declined into dynastic power, but equally inevitably re-emerged as the national ideology reuniting the state." In 2005, Omani authorities accused a faction of 31 "Ibadi activists" of pursuing plans to restore the Ibadi Imamate. Some local observers thought that this event signaled the infiltration of foreign extremist ideas with rumors circulating that al-Qaeda had entered Oman by hijacking

Ibadi thinking. Nothing could be further from the truth.

OMAN'S SOUTH

Dhofar, Oman's largest and southern most governorate, shares a 187-mile border with Yemen. Officials in Muscat are concerned about the potential for Sunni extremists in Yemen to infiltrate Dhofar. To counter the threats of extremism and terrorism in Yemen, the Omanis have deployed a strong military force to the Omani-Yemeni border, where they have also built a fence enhanced by the latest border control technologies. Despite an uptick in smuggling over the border to include small arms and automatic weapons, Omani border guards are well equipped to intercept such illicit trade.

Given the location of Salalah—Oman's second largest city and a major tourism hub for the nation—only 95 miles from the Yemeni border, the Omanis have high stakes in terms of maintaining tranquility in the historically neglected south, and fortressing Dhofar from Yemen. When Qaboos came to power in 1970, a South Yemen-sponsored Marxist rebel group in Dhofar, the Dhofar Liberation Front (later named Popular Front for the Liberation of the Occupied Arabian Gulf), waged an uprising against the Al Said family in a campaign aimed at toppling all Gulf Arab kingdoms. With British, American, Iranian, Jordanian, and Rhodesian support, the Sultanate crushed the rebellion by 1976. The Dhofar revolt

was the last major challenge to the Al Said family's legitimacy in Oman and a historical experience that largely influences Muscat's perception of Yemen and its impact on stability in Dhofar. Oman's creed is to never allow such an uprising to occur again.

Oman's social traditions suggest, however, that extremist groups may not find fertile ground in the country. Many attribute the Sultanate's norms of nonviolence and dialogue to the Ibadī sect of Islam, which Sultan Qaboos and the majority of Omanis practice. Ibadīs only represent 0.03 percent of Muslims worldwide, and their brand of Islam is thus unknown to most Sunnis and Shiites in the Islamic world.

Ibadism, which the Omanis of the interior adopted in the eighth century, is characteristically tolerant. The Ibadīs stress the "rule of the just" and condemn violence in pursuit of political objectives. The influence of such cultural and religious norms in the Sultanate's political and social structures is evident by the extensive protections that the Omani legal system offers religious minorities, such as Hindus, Christians, Sikhs, and Buddhists. Oman has historically maintained a sizeable presence of South Asian minorities, which has contributed to its tolerant culture. Authorities in the country imprison and fine people found guilty of "defaming" any religion or promoting sectarian strife. In contrast to most MENA states, the U.S. State Department's 2012 Report on International Religious Freedom notes the absence of "reports of societal

abuses or discrimination based on religious affiliation, belief, or practice" in Oman.

NAVIGATING GEOPOLITICAL TENSIONS

The Sultanate plays a special and influential, albeit quiet, role in the Middle East's balance of power. Oman is geographically situated near some of the world's most sensitive geopolitical fault lines and most strategically prized energy corridors. Located in the southeastern corner of the Arabian Peninsula, it shares borders with Saudi Arabia, the United Arab Emirates, and Yemen, as well as sharing a maritime border with Iran, which includes the vital Strait of Hormuz. A key pillar of Qaboos' foreign policy has been to maintain friendly ties with all states in the region and the international community. To protect this principle, Muscat has taken neutral positions on most Middle Eastern conflicts.

Situated on the periphery of the Arab-Israeli conflict, the Sultanate never deployed its military to fight in the wars between Israel and its Arab neighbors in 1948, 1967, and 1973. Unlike most Arab states, Oman never severed diplomatic relations with Egypt following the 1979 peace agreement with Israel. Furthermore, in 1994, the Sultanate was the first G.C.C. nation to host Israeli Prime Minister Yitzhak Rabin.

Muscat preserved cordial relations with Tehran despite its membership in the most-

ly anti-Iran G.C.C. and its strong military alliance with Washington. The Omanis do not believe that strong ties with Iran must come at the expense of Muscat's alliances with Western and G.C.C. states. Specifically, Oman has positioned itself as a diplomatic bridge between Iran on the one side and the other G.C.C. states and their Western allies on the other. As one Omani interlocutor stated, "Oman already had its empire stretching from India to Zanzibar. We see ourselves above the rest of the debates surrounding us." The most recent example

“Oman has never shared Saudi Arabia's view of the Islamic Republic as a threat to regime survival”

of Oman's successful diplomacy was from 2011 to 2015, when Muscat hosted talks, beginning with secret meetings, between American and Iranian diplomats, which culminated in last year's landmark Iranian nuclear agreement, the Joint Comprehensive Plan of Action (J.C.P.O.A.).

Oman is the only G.C.C. state to have stayed out of the Saudi-led intervention in Yemen, and the only one to have maintained official diplomatic relations with President Bashar al-Assad's regime. Retaining its neutral posture, Muscat has hosted and sponsored peace talks between various sides in the Libyan, Syrian and Yemeni conflicts in an effort to advance peace ini-

tiatives. In the Iran-Iraq War (1980-1988), Oman was the only neutral G.C.C. state, and Muscat hosted secret cease-fire negotiations between Iranian and Iraqi officials. Since that war ended, the Sultanate has mediated diplomatic crises between Iran and several states, including Saudi Arabia (1991), Egypt (2009), and Britain (2012-2014). Oman also functioned as a platform for negotiations between several G.C.C. states when disputes broke out, for example when Saudi Arabia, Bahrain, and the United Arab Emirates withdrew their ambassadors from Qatar in March 2014 over Doha's support for the Muslim Brotherhood.

Iran's towering presence next to Oman, and the two countries' shared control of the Strait of

Hormuz, have prompted Muscat officials to favor addressing tensions in Gulf Arab-Iranian relations through dialogue, compromise, and pragmatism. Although Omani officials have taken actions to indicate concerns about potential political agendas on the part of Iranian religious figures visiting the Sultanate, unlike the Saudi kingdom the Sultanate has never shared Saudi Arabia's view of the Islamic Republic as a threat to regime survival. Rather than siding with Riyadh in an escalating geo-sectarian rivalry with Tehran, Muscat is determined to balance the interests of its two larger neighbors in the Gulf off each other to advance Oman's national interests.

Officials in Muscat see a cordial relationship with Tehran as the only viable option for maintaining security in the strategically prized artery where 35-40 percent of the world's sea borne oil transits. Sultan Qaboos has carefully navigated the region's geopolitical fault lines to position Muscat as an ally of all states which have a significant military presence near the Sultanate. Oman is the only MENA state to conduct multiple maritime exercises with both Saudi Arabia and Iran, while also enhancing defense ties with other geopolitical rivals—such as India, China, Pakistan—in the Persian Gulf and Indian Ocean.

Oman's ruling elite handle sectarian matters relatively well due not only to history, but also Oman's warm relationship with Iran. In contrast to other G.C.C. states, most notably Saudi Arabia and Bahrain, relations between Oman's ruling establishment and the nation's Shiite minority are healthy. Omani Shiites, who account for roughly five percent of the Sultanate's population, carry substantial influence in political and economic spheres and they never established a Hezbollah branch in the Sultanate. The wealthiest Shiites in the country are the Lawatiyya, who began their migration to Oman from India in the 18th century. In the past, the community held large shares in major state-owned enterprises such as the National Bank and Petroleum Development Oman, and ran large successful firms including the W.J.

Towell Group. Members of the Lawatiyya community have served as high-ranking officials in the government. The Baharna, a smaller Omani Shiite community, came to the Sultanate from Bahrain, Iraq, and Saudi Arabia. Despite only numbering several thousand, this group of Shiites currently plays major roles in the Omani economy and political establishment.

Of course, the next sultan's approach to foreign affairs cannot be predicted. Yet, given the extent to which Sultan Qaboos' strategies on the international stage have secured

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the nation's stability, there is no reason to expect his successor to radically alter Muscat's position in the MENA region's geopolitical order. The Sultanate prioritizes maintaining autonomy from Saudi Arabia far more than the other smaller G.C.C. states. In recent years, Oman's Foreign Minister Yusuf bin Alawi has stated that the Sultanate will pull out of the G.C.C. if the council were to transform the G.C.C. into a union as Riyadh has suggested. Muscat has also voiced its opposition to a single currency for the six G.C.C. states. Such positions are demonstrative of the Sultanate's unwillingness to compromise its geopolitical inde-

pendence and ability to maintain a neutral position on regional conflicts.

Oman's Ibadi Muslims are also not welcoming of Saudi Arabia's ultra-conservative Wahhabi clerical establishment. Saif al-Maskery, a former Muscat diplomat, once stated, "From time to time, we see Wahhabi sheikhs on Saudi television channels branding Ibadis as heretics and that doesn't go down very nicely." This important dynamic in the Omani-Saudi relationship will surely remain relevant in the post-Qaboos era, which suggests that the next sultan will likely continue to position Oman as relatively independent of Riyadh, while maintaining close ties as a member of the Saudi-led G.C.C.

BURGEONING RELATIONS WITH IRAN POST- SANCTIONS

The Sultanate's long-term energy considerations are another force driving Oman's growing partnership with Iran. In March 2014, Muscat and Tehran signed a \$1 billion deal to construct a 162-mile subsea natural gas pipeline linking Sohar to Iran's Hormuzgan province. Several issues such as pricing, Western-imposed economic sanctions on Iran, and U.S. pressure on Muscat vis-à-vis Tehran have slowed down the project. A former Omani diplomat stated that Omani officials quietly complain that the Iranians, despite discussing the

pipeline frequently, are moving too slowly on it. Yet several days after the J.C.P.O.A.'s implementation day, Oman's Oil Minister Mohammed al-Rumhy said that he expects both sides to complete the FEED (Front-End Engineering Design) by mid-2016:

"I am very optimistic that now the sanctions have been lifted, the gas pipeline project will move in a faster track than before... We were facing lots of difficulties. Now we can order compressors, we can order pipes, seek consultancy help, we can talk to banks about financing. Things have changed."

This pipeline represents not only an opportunity to secure gas supplies from Iran, but also from gas-rich Central Asian states via Iran. At the same time, this Iranian gas is not entirely for Oman's domestic consumption. The plan is for Oman to re-export this gas after liquefying it, not only to other MENA states, but also to states in East Africa and the Indian sub-continent. There has long been much discussion about the formation of an Iran-Oman-India energy triangle, with the Iranians exporting gas to the two countries via subsea pipelines. One could argue that Oman is seeing its historical destiny repeating with the establishment of energy linkages based on trade routes first established centuries ago.

Of course, Cold War history is an important factor shaping Omani-Iranian relations. Both states supported the other when existential threats loomed. During the 1970s, the Shah deployed Iran's military to help Sultan Qaboos crush the foreign-backed

Dhofar insurgency. Shortly after the Iranian Revolution, some Iranian leaders were resentful toward the Sultanate for its close ties with the Shah's regime and military alliance with the United States. However, Sultan Qaboos' decision to keep Muscat neutral in the Iran-Iraq war enabled Oman and Iran to maintain the warm relations that defined ties between the two states prior to 1979. Rooted in the legacy of Iran coming to the aid of Qaboos during the Dhofar revolt, Omani officials see Iran as a defense partner, not an existential threat. Within this context, it was not surprising that Oman and Iran signed a defense pact in August 2010, 12 years after Muscat and Tehran officials signed a Memorandum of Understanding to address criminal activities across the Strait of Hormuz. Since signing the defense pact, a joint Omani-Iranian military commission meets biannually.

Analysts contend that Oman is likely to be a major beneficiary of the lifting of sanctions not only due to the Sultanate's close geographic proximity to Iran, but also Muscat's diplomatic role in the removal of sanctions, having brought American and Iranian officials to negotiate in late 2011. Since the J.C.P.O.A.'s implementation, Iranian officials have talked about bilateral trade increasing from \$370 million in 2015 to \$4 billion by 2021. On March 28, al-Bawaba reported that the Central Bank of Oman (C.B.O.) approved a request from Bank Muscat to open an office in Iran, positioning the Sultanate as one of the first

countries to have its financial institutions establish a presence in the Islamic Republic after the J.C.P.O.A.

Iranian *Press TV* reported that in early 2016 Iran Khodro, the Middle East's largest automotive company, signed a MoU with Oman Investment Fund (O.I.F.) to

“Oman is likely to be a major beneficiary of the lifting of sanctions [on Iran]”

establish a venture, Orchid International Auto, to manufacture cars at a plant in al-Duqm. The company's deputy head for export and international affairs stated that Iran Khodro will produce 20,000 cars by March 2018. From the Iranian side, Orchid International Auto offers Iran greater opportunity to enter African markets via the Sultanate. According to Iran Khodro's Chief Executive, of the 20,000 units, 5,000 are intended for Oman with the remaining 15,000 for markets in Ethiopia, Eritrea, Sudan, Yemen and other African states.

Given the stakes, there is always the potential for Oman to be squeezed in the current Saudi-Iranian power struggle raging across the MENA region, if there is weak leadership in Muscat. But Omanis are highly opposed to outside interference in their affairs. Therefore, it remains to be seen the extent to which foreign powers will be able to influence Oman's regional policies.

U.S. RELATIONS WITH OMAN AFTER QABOOS

Clearly, Oman has a cautious yet optimistic future. The stability that has defined Oman since the quelling of the Dhofar revolt is largely due to the Sultan Qaboos' leadership and growing legitimacy and his state's strategic investments in infrastructure, transforming the Gulf Arab nation into a robust state within a relatively short span of time. Yet as Oman feels the economic effects of cheap oil—and has a limited amount of oil left—the Sultanate must transition away from its reliance on hydrocarbons. The succession issue represents a number of risks to political and social stability during a period in which instability in global energy markets poses major economic challenges.

Given Washington's alliance with Muscat and the Sultanate's useful and effective mediation in matters concerning key U.S. interests, America is among many nations with high stakes in Oman's future. Oman became the first Gulf Arab state to enter a formal defense relationship with Washington, signing a "facilities access agreement" in April 1980, which granted U.S. military forces access to the Sultanate's military bases. U.S. and Omani officials have renewed the agreement four times. The U.S. military, which has three bases in Oman (Thumrait Naval Air Base, Masirah Air Base, and Seeb International Airport), used its positions in the Sultanate during Operation Enduring Freedom and Operation Iraqi Freedom in

2001 and 2003, respectively. Since 2004, however, the United States has not used Omani facilities for operations in either the Afghan or Iraqi theaters.

Oman has helped the Obama administration empty out the Guantanamo Bay detention facility by accepting about half of the inmates released since January 2014. Given Yemen's ongoing political crisis, the release of Yemeni prisoners remains a difficult issue. Oman has also helped broker the release of Western nationals imprisoned in Iran and held captive by militias in Yemen.

Militarily, Oman maintains a deep historic bond with Britain. Sandhurst-educated Sultan Qaboos relied on the British for seconded officers to command Oman's armed forces during the early era of his reign, and for arms supplies. Throughout the past 25 years, British officers in the Sultanate have assumed primarily advisory roles with Muscat turning closer to Washington for major combat systems. The Gulf Arab state, however, continues to host British military assets and coordinates closely with its military. Both the United States and Britain still access Masirah Island to varying degrees as deemed necessary to support Muscat. In fact, in late March 2016, Britain's defense secretary, Michael Fallon, visited the Sultanate and explained that London seeks to establish a permanent army base for British officers to train Omanis.

U.S. officials should take stock of the extent to which their counterparts in Muscat

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take pains to decrease the visibility of the Gulf state's military partnership with Washington and London. The risk of extremists portraying the Sultanate as a Western 'puppet' is always a factor that Omani authorities consider in terms of Muscat's alliance with Western powers. Although the Sultanate remains a close U.S. ally, Oman is known to disagree with the United States on a host of regional issues, ranging from the invasion of Iraq in 2003 to Washington's tactics for combatting ISIS.

Numerous factors will certainly influence the future of Oman's alliance with the United States. Whoever is sworn in as the 45th U.S. president in January 2017 will likely see Oman as a critical ally in the regional equation. Critical remarks of Saudi Arabia made by both President Barack Obama and Republican frontrunner Donald Trump, including calling on the Saudis to do more to fight ISIS and alleging that Riyadh has been a “free rider,” is negatively impacting U.S.-G.C.C. relations. U.S. officials, however, do not see Oman as a free rider and the next president might see a real benefit in further developing relations with Muscat particularly if friction with other G.C.C. states continues. Although the U.S. government has maintained some sanctions on Iran related to human rights, terrorism, and ballistic missiles, the fact that Asian and European competitors are rushing into

Iran may pressure Washington to pursue a greater opening with Iran on commercial grounds. Clearly, Oman's independent streak will play well with the United States in this scenario.

Although there is concern about instability in the Sultanate after Qaboos, the overarching allegiance and governance style of Oman bode well for long-term stability. Nevertheless, it is necessary to remain prudent, particularly in the current toxic regional climate of conflict, sectarianism, and terrorism. The Middle East cannot afford further instability, and it will be a tragedy indeed should the region's flames catch onto one of its rare success stories in Oman. To help encourage a smooth transition, the United States will need to take into consideration intra-G.C.C. reactions with regard to developments in post-Qaboos Oman, while keeping a keen eye on what is actually happening in the Sultanate itself.

ENDNOTES

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