Oman and its traditional foreign policy: the economic costs of positive neutrality

Omán y su tradicional política exterior: los costes económicos de la neutralidad positiva

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Abstract

Oman has developed under the rule of former Sultan Qaboos (1970-2000) a particular foreign strategy with its own basic lines, without neglecting the need to achieve a regional understanding with its neighbours and international superpowers, United States in the first place. Over the course of the last three years, his cousin and successor, Haitham bin Tariq Al Said, has aimed to undergo the “smooth” positive neutrality pursued by Qaboos albeit his efforts to introduce a number of innovations have been constrained under the pressure of an unexpected economic crisis. We try to analyse whether these budget grievances can oblige Muscat to establish a closer relationship...
with Saudi Arabia at the expense of its positive neutrality policies regarding a number of regional issues, e.g., Iran Nuclear Deal, Yemen’s war or the Peace process between Arab countries and Israel. We think that material conditions have already had a clear impact on Oman’s neutral diplomacy, mainly because Oman has relied on Saudis to help it overcome its dire financial straits. This does not mean, however, that the current Sultan is not making great efforts to maintain its traditional commitment to a type of strategy that could be termed specifically Omani; but the fact is that the decrease in oil and gas prices has had a remarkable effect on its government’s domestic and foreign policies. And as we intend to argue, the principles of positive neutral foreign policy of a small country like Oman cannot be disassociated from its economic situation and its increasing dependence on regional organizations like the Gulf Cooperation Council (which is highly influenced by Saudi’s priorities). This direction, we believe, leads to a renewed alignment with Riyadh which, after providing generous financial aid, is well placed to impose a “new regional view” on its south eastern neighbour. This new reality might change definitely the main trend line of Muscat’s traditional foreign policy as we knew it in the Gulf region.

**Keywords:** Oman, foreign policy, positive neutrality, Saudi Arabia, Gulf Region, regional alignment.

**Resumen**

A lo largo del reinado de Qaboos bin Said (1970-2000), el sultanato de Omán ha desarrollado una política exterior propia que, sin embargo, no ha dejado de tener en cuenta la necesidad de mantener un entendimiento regional con sus vecinos y las potencias internacionales, Estados Unidos en primer lugar. Su primo y sucesor, Haitham bin Tariq Al Said, ha intentado preservar la línea de neutralidad positiva en lo relativo a un buen número de cuestiones regionales como, por ejemplo, el acuerdo nuclear con Irán, la guerra en Yemen o el proceso de paz entre los países árabes e Israel. Aun así, creemos que las dificultades económicas del sultanato, derivadas del descenso de los precios de los hidrocarburos, ya se han dejado sentir en su política exterior, a pesar de los esfuerzos desplegados por sus dirigentes para conservar las líneas básicas de acción de su diplomacia tradicional. Esta se ha basado en la neutralidad y la adopción de una política exterior que ha convertido aquella en singular en el contexto de su entorno regional. Desde nuestro punto de vista, los fundamentos de la acción exterior de un país de relativa importancia como el caso de Omán no pueden disociarse de su situación económica y, en este caso en particular, su creciente dependencia en organizaciones regionales como el Consejo de Cooperación del Golfo –asimismo influido por Arabia Saudí-. Por ello, apreciamos un nuevo posicionamiento, mucho más receptivo, de Mascate con respecto a las prioridades saudíes, una vez que Riad ha venido inyectando en los últimos años ayuda financiera para aliviar las penurias económicas omaníes. Por primera vez en mucho tiempo, Arabia Saudí está en una posición de privilegio para ejercer la presión necesaria sobre su vecino sudoriental e imponer, definitivamente, una “nueva visión regional” en consonancia con las prioridades saudíes en materia de política exterior.
Palabras clave: Omán, política exterior, neutralidad positiva, Arabia Saudí, Región del Golfo, alineamiento regional.

Introduction: Oman and the scope of its Foreign Policy

The Sultanate of Oman underwent distinctive transformations in its foreign policies during the reign of former Sultan Qaboos bin Said (ruled 1970-2020), who sought to gradually differentiate his country’s policies from those pursued by Saudi Arabia, the most important monarchy in the Gulf. This model, based on neutrality and the maintenance of almost universal good relations, seemed set to continue with the arrival of his successor and cousin Haitham bin Tariq Al Said (born in 1954) in 2020. Nevertheless, as we will seek to clarify, a number of predominantly economic factors have obliged the new Sultan to take a more pragmatic approach towards Saudi priorities. In his first address to the Omanis, the new ruler promised to continue his predecessor’s foreign policy, and so far he has attempted to do so. But it is pertinent to ask ourselves whether we can assume that today’s Oman diplomatic policy is basically identical to that of his predecessor. The Sultanate has however been compelled to introduce what we could call a “correction factor” in its relations with Saudi Arabia, leading us to believe that the country will move closer to the Saudi priorities in the medium if not the short term. In fact, Oman’s policies towards Saudi Arabia are shifting in a more pragmatic direction. But even if we concede that the new rulers are willing to continue with a similar type of diplomacy to that previously pursued, characterized to a large extent by the aim to distinguish its external policy from that of the Saudis, in this article we will seek to argue that the Sultanate’s foreign policy (FP) cannot remain the same. During his fifty years as head of the Sultanate, Qaboos strove to develop a particular foreign strategy without breaking a regional understanding with Oman’s Gulf neighbours and international superpowers. Over the course of the last three years, Haitham has attempted to implement the “smooth” foreign policy pursued by Qaboos but his efforts to introduce a number of innovations have been constrained under the pressure of new – and worrying – economic circumstances.

With this in mind, we shall attempt to examine how these grievances might oblige Muscat to establish a closer relationship with Saudi Arabia at the expense of reviewing the basic principles of its positive neutrality policies. Accordingly, the main aim of this article is to show how the material factor of domestic economic difficulties has already modified Omani foreign policy to the extent that the Sultanate now treats Saudi priorities more “sympathetically”. This does not mean that Oman is not making great efforts to maintain its traditional commitment to a type of foreign policy that could be termed specifically Omani; but the fact is that the decrease in oil and gas prices for a country like Oman that is a major exporter of neither has had a remarkable effect on its
government’s domestic and foreign policies. Our study begins with the hypothesis that we can rely on the effective and significant role played by the recent economic adversities suffered by the Sultanate to foresee the future direction of its foreign policy. We believe this direction leads to a renewed alignment with Riyadh. Maintaining the ‘Omani Brand of Foreign Policy,’ which has hitherto been the cornerstone of the Sultanate’s modus operandi in the field of international relations, represents the greatest challenge currently faced by Haitham. Here, the principal question is whether the new Sultan will be able to protect domestic interests without damaging Oman’s image of neutrality and promotion of peace that has distinguished the country for decades. At this point, we should be sceptical if economic fragility persists and if new international trends, particularly those affecting the Arab-Israeli conflict after the Hamas’s October 7 Attack and the Israeli War on Gaza, compel Saudi Arabia and its allies to make radical changes.

The nature of the Omani (rentier) State and the evolution of neutralism

Some scholars have argued that the nature of the rentier State is the main factor behind the lack of development of civil society in the Gulf, as it is the ruling families and the patriarchal or tribal mentality engineering the political and social arena who are the main beneficiaries of the weakness of effective social actors (Manisi, 2009: 153-154). Taken from a different angle, we might assume that the malfunction of the rentier State system could reinforce the role of civil society and enable it to seek alternatives, or even challenge the authority of its Sheikhs. In Oman, a disruption in the course of economic production has led to increasing social unrest, as we saw recently in 2019 and 2021. While this as yet does not pose a direct and essential threat to the Sultanate’s leadership, it does nevertheless represent a truly unsettling trend. The Omani rulers might therefore commit themselves to a shift in their regional and international deployment, seeking a new foreign deal with the closest power that might assist them in this matter. At this point, foreign policy based on integral neutrality is one of the premises that will come under urgent scrutiny. Oman has traditionally expressed its hope that its FP will contribute to strengthening security and stability in the region and to consolidating positive and constructive cooperation. In that sense, Omani FP is closely associated with a particular vision of security and stability: the main goal is to prevent regional conflicts that the Sultanate, due to its military limitations, cannot afford and having, at the same time, an active but quiet involvement in the region that will enable it to maintain direct dialogue with both Israel and Palestinians or Saudis and Iranians, for example. Its representatives have been advocating on “good neighbourliness, non-interference in the internal affairs of others, respect for international laws and charters, support for cooperation among countries and the enhancement of opportunities for internal dialogue” (Sayyid Badr, 2021). This Omani interpretation of Neutrality has been a constant throughout the Qaboos’ reign. The question here is whether a hypothetical
The Omani-Israeli Peace Agreement can safeguard the basements of this Neutral FP when it comes to the matter of other sensitive issues like the Iran-Gulf file.

Neutrality in foreign policy (FP) has historically been the bastion of the State of Oman. The nature of neutrality changed after WW II, when keeping out of alliances would preserve some countries’ welfare and independence. This worked for some, like Switzerland, but was not successful for others, let us say Belgium for instance (Stockwin, 1962: 33). The classic definition of postwar FP positive neutrality (Cold War scenario) stresses that its three main goals are to “guarantee national security, maximize national advantage and achieve world peace” (Stockwin, 1962: 33-34). In the case of Oman, we should add a fourth one: finding its own place (in the Gulf and the Arab World) by differentiating itself from a regional power (Saudi Arabia). The task was not easy as Qaboos had to prove to Riyadh that he did not intend to become a regional outsider. The FP Realist Approach has accustomed us to understand Neutrality as a tool to engineer material capabilities and alliances with other states, following classic authors like Morgenthau and Walt. And, as Hooper argued 80 years ago, these neutral countries try to secure its territoriality by acting as buffers between conflicting sides (Hooper, 1945). When Cold War came to an end, some argued that Positive Neutrality could become an important factor in insulating trade from security (Joenniemi, 1993: 390). This is an interesting point for our purpose here as the main challenge Oman’s rulers have to face is that they cannot pursue, at the present time, a positive neutral FP that insulate trade from security, as we will try to espouse.

When Qaboos was Sultan, it was not unusual to hear talk of “The Arabian Switzerland” or the “may be peace upon you all” approach. From the time of his accession to the throne in 1970, Oman maintained diplomatic relations with all governments, avoiding conventional notions of these as commonly understood in the Middle East. Moreover, mediation became a primary focus during his reign (1970-2020), driven by emphasis on his independent foreign strategy which was unobeholden to regional or international influences, but at the same time without neglecting the Sultanate’s economic dependence on neighbouring countries (Zweiri, 2022). In so doing, Qaboos distanced his country from the policies pursued by other Gulf monarchies like Bahrain, which exploited membership in regional organizations (the Gulf Cooperation Council / GCC in this case) to reinforce domestic regime security, thanks to the “additional material, informational, and ideational resources to autocratic incumbents that can be used to boost domestic survival strategies vis-à-vis internal and external challengers” (Debre, 2021: 394-5).

Of course, Bahrain, with its particular religious make-up and dominance of the ruling Sunni minority, differs significantly from Oman – in fact the “moderate and tolerant Islam” (US. Department of State, 2022: 39) espoused by Qaboos and his smooth management of the Ibadi-Sunni dualism in the Sultanate have contributed to the empowerment of its neutral foreign policy-. It is however also true that Muscat has not opted to strengthen its own domestic legitimation through repression, co-optation, and international/regional appeasement strategies, unlike those pursued by Manama within the GCC and through its relationship –of close dependency- with Saudi Arabia. Neutrality and non-alignment have also undergone a reinterpretation as a result of the most recent
tendencies of mounting illiberalism in the sphere of autocratic Middle Eastern powers. These pay lip service to the West’s demands for democracy and human rights, while at the same time maintaining close ties to major economies like China or Russia. By contrast, the importance of the Omanis’ neutrality concept, at least during the reign of Qaboos, stems from the fact that it refers to a unique model of foreign policy behaviour in the Arab region and the Middle East.

Oman and its regional environment: the request for a particular role in the Gulf

It is often remarked that Oman apparently had little in common with its neighbours when it joined the Gulf Cooperation Council in 1981. These differences were related to its geographical location, bordering mostly the Gulf of Oman to the east and the Rub al-Khali to the west “that acts as a barrier to the rest of the Arabian peninsula” (Said Zahlan, 1998: 125). Another differentiating factor stems from the fact that for centuries the Sultanate has looked towards the sea, at a time when its neighbours, and in particular Saudi Arabia, were seeking primarily to consolidate their territorial assets in the hinterlands. Oman’s monarchy is of a distinctive type and its society differs from that of its neighbours, from religious, cultural and historic points of view. The domestic distribution of political and institutional functions inside the Sultanate sets it apart from the rest of the Gulf countries. Oman’s domestic policy was traditionally constrained by the split between the interior, controlled by the Ibadi Imam in Nezwa, and the coast, specifically Muscat, the residence of the Sayyid or Lord of Oman (a member of the Al Bu Said family). In fact, the country was known as Muscat and Oman, until Sultan Qaboos simplified its name to Oman.

It is precisely the influence of the Ibadi religious doctrine (another feature which sets Oman apart in an overwhelmingly Sunni context) that has influenced its internal policies, in particular at the level of Shura or consultation. According to Ibadi accounts on the matter, contemporary political institutions such as the Majlis al-Shura and the Majlis al-Dawla, represent “a formal codification of long-standing custom and practice” upon consultation and accountability (Al-Busaidi, 2008: 130). This might seem a naive and idealistic way of depicting the Omani’s “sui generis distinctiveness”, all the more as it comes from a member of the royal family (a former Foreign Affairs Minister to be precise), but it gives us an idea of how the Sultanate’s elite views its country. It also helps shed light on the political strategy of the Omani leaders at a time (the last quarter of the twentieth century) when Saudi Arabia, the “big neighbour”, was issuing foreign policy’s guidelines to the leaders of the other Gulf States. Under the leadership of Sultan Qaboos bin Said, Oman was the first country to adopt a clear and differentiated strategy in this matter, earlier even than Kuwait, which took longstanding decisions on a number of questions (Iran and the Palestinian issue, for instance); and perhaps with deeper insight than modern Qatar, which experienced its own radical departure from Riyadh’s sphere
of influence after Hamad ben Khalifa toppled his father in 1995 and radically altered Doha’s diplomacy.

Qaboos and the Distinctive Omani Approach

It is interesting to draw a parallel between Qaboos's foreign policy tendencies from 1970 onwards and Hamad bin Khalifa’s actions in Qatar after 1995, as both leaders overthrew their fathers and moved away from Riyadh's influence. However, they followed different paths in doing so. Qaboos's influence was so significant on both domestic and foreign affairs of the Sultanate that it is quite understandable why his successor, Haitham, declared in 2022 that he would continue the path that had prevailed for the past half-century. Consequently, the complex challenges he faced at the time have either persisted or worsened.

Qaboos has traditionally been depicted as a foreign policy maverick who "cemented his country's reputation as an oasis of calm in a turbulent region" (Gulf Business, 2020). Oman’s Foreign Office principle of "moderation" entailed not directly engaging in conflicts and avoiding extreme positions, instead opting for pragmatism when developments posed a threat to national interests (Lefebvre, 2010: 99). Muscat's response to major challenges like the Gulf wars or the Yemeni crisis highlights how it has constantly sought to avoid extreme positions. Even if Riyadh felt that Qaboos committed his country to a course which has at times set it apart from its neighbours and the rest of the Arab world, it has tacitly assumed the usefulness of Oman with regard to many issues, and understands that the Sultanate can be relied on not to cross well-established red lines; the same –from the Saudi’s point of view- cannot be said for Qatar, as we witnessed with the 2017-2020 blockade.

Qaboos’ mediation efforts were driven by two factors: an emphasis on a single and independent foreign policy, and a protective strategy with regard to his country’s national interests (Zweiri, 2022). He prioritized developing diplomatic relations with bordering states in the GCC, as well as regional and international powers, without aligning Oman completely with any of them, but instead working towards a neutral and positive relationship with them all (Zweiri, 2022). It is therefore unsurprising that several of his decisions in the international arena aroused the suspicion of Riyadh, unaccustomed as it was (and still is) to any of its Gulf neighbours acting independently. With his smooth manners, Qaboos adopted a number of positions that were not in line with the apparent consensus, which in fact tended to reflect the Saudi view. These included Muscat’s working relationship with Iran; its sympathetic attitude towards Qatar and the issue of political Islam; and its reluctance to become involved in the war in Yemen. Moreover, Oman was the only GCC country that refused to downgrade its relations with Iran in the wake of the January 2016 “Nimr dispute” (the execution of a prominent Saudi Shiite leader and the consequent storming of Riyadh’s embassy in
Tehran) and failed to back any of the factions fighting the Assad regime in Syria. Oman also refrained from joining the Saudi-led Arab intervention in Yemen, adopting a neutral stance that has enabled it to undertake the role of regional mediator in both Yemen and Iran (Kathman, 2020). Oman’s first break with the Saudi consensus came with the outbreak of the Iran-Iraq war (1980-1988), when Muscat hosted secret ceasefire talks between Tehran and Baghdad: this was the start of Oman’s role of intermediary, for which it would become renowned. The Omani diplomatic school, founded on “political pragmatism, realism, moderate openness, caution and flexibility” (Akhmedova and Al-Yafari, 2022: 189) firmly established itself in the region.

1. The aftermath of the Arab Revolutions

The Arab Spring uprisings posed a substantial threat to the Gulf Cooperation countries, in particular when they first flared up from within a number of the Gulf States. The demands for freedom that were first voiced in Tunisia and rapidly spread to many Arab countries had a varying impact in the Gulf: at its most complex, it spawned a broad opposition movement in Bahrain and triggered a certain amount of local unrest in Oman (mainly in northern Sohar) and the eastern regions of Saudi Arabia. Qatar and the United Arab Emirates experienced almost no unrest, while some protest was voiced in Kuwait due to its distinctive parliamentary system. The situation in Bahrain was deeply worrying for the Gulf leaders as, had they succeeded, the protestors’ demands for a constitutional monarchy that would severely limit or even remove the Khalifa’s dynasty would have had a profound impact on the other kingdoms, emirates and sultanates in the region. The issue of Bahrain was perhaps the only one on which the six GCC members put aside their differences and agreed to stand together unequivocally for the sake of a common cause, in support of King Hamad, and against the sectarian deviation towards which they feared the popular revolt was evolving. The consensus reached on the situation in Bahrain, which was brought to an end by military intervention in March 2011, was not replicated in other instances across the Gulf: some monarchies, like Qatar, saw this as a good opportunity to continue with their politics of disassociation from Saudi Arabia and the United Arab Emirates’. The Bahrain crisis was virtually the only issue upon which Oman was in complete agreement with the Saudis, even if the Sultanate did not strictly toe the line with Riyadh regarding the handling of the military intervention and the condemnation of alleged Iranian interference. Its stance was however more than sufficient for the Saudi rulers.

With the exception of this, Oman’s overall reaction towards the Arab Revolutions was what we might term distinctive. In general, the Gulf countries based their responses on two main interpretations. One interpretation was sympathetic: for countries like Qatar and the United Arab Emirates, the situation represented a good opportunity to strengthen the pillars of their own diplomacy and expand their areas of influence. The other interpretation was marked by mistrust and rejection, as some countries, like Saudi Arabia and Bahrain, felt that the popular demonstrations might threaten their own
The Omani leadership does not easily fit into either interpretation, as it opted to remain neutral and not disclose its particular preferences regarding unrest in one Arab country at the cost of another. In contrast, Qatar provided strong support to the Tunisian, Egyptian, and Libyan revolutions, whereas Saudi Arabia attempted to bolster traditional Arab leaders like Ben Ali in Tunisia or Mubarak in Egypt. The most significant predicament was created by the Syrian crisis, in which Oman refrained from supporting an opposition that had strong links with all of its Gulf neighbours. As a result, Russia (Assad’s principal ally) recognized Muscat for publicly supporting Syria’s readmittance to the Arab League because they shared a "common stand on Syria" (Ramani, 2020).

At a time when Emiratis and Qataris were striving to shape their own conception of Political Islam either with or against the Muslim Brotherhood (Davis, 2017), Oman maintained a neutral stance regarding the Arab Revolutions, upholding its "double standard policy" (Colombo, 2012: 124). Although Oman adhered to the general lines adopted by the GCC, it refused to abandon its position as a regional mediator with its own agenda, while affirming that it had no intention of pursuing a policy of expansion. In contrast, Qatar, from a Saudi point of view, was unable to offer the same guarantees. When demonstrations were organized in some areas of Oman, mostly in the northern region of Sohar, the GCC launched a $10 billion package for the Sultanate – with a similar amount for Bahrain – in order to upgrade housing and infrastructure over a period of ten years (Gulf News, 2011). It is interesting to note that the measure was announced after a meeting held by the Council in Riyadh and was strongly supported by Abu Dhabi’s representatives; despite the fact that the scheme was mainly introduced to back the Bahraini King Hamad ben Khalifa, who was facing larger and more forceful anti-government demonstrations than his Omani counterpart, it highlights the concern felt by both Saudis and Emiratis regarding the stability in the south of the Arabian Peninsula. Bahrain’s Khalifa rulers benefitted from the involvement of a regional organization with the financial, diplomatic and military muscle of the GCC to boost their politics of survival as a whole (Debre, 2021: 405). The case of Oman was different: it found a way to neutralize the social unrest by chiefly resorting to economic measures. The situation in Oman was in any case less complex than that of Bahraini, where religious and political division was a dominant issue.

2. The Iran predicament

The history of Omani-Iranian relations over the last few centuries is a long and complex one. For many years, Persia occupied lands of the Sultanate, until Ahmad bin Said (1744-1783), the founder of the present dynasty, who had been governor of Sohar on the coast, mounted a campaign to expel the foreign forces. Despite this, Oman’s historical relationship with Iran sets it apart from other GCC members, not only because its positive rapport with Iran remained unchanged in the aftermath of the 1979 Islamic Revolution, but also because since that time Muscat has implemented a strategy of
mediating on many issues involving Iran, and has come to be known as a “wild card” in the Gulf (Baabod, 2018). The Sultanate has cultivated political friendship with the Gulf States while at the same time maintaining bilateral ties with Tehran, within the scope of its balancing strategies dictated by a “neither East nor West” policy. For decades, it has devoted itself to the maxim of neutrality as a mean to unite states through dialogue and mediation (Sherwood, 2017: 12). This it how it succeeded in gaining the trust of both the Americans and the Iranians, for the despire of the Saudis and Emiratis. These two countries tend to ignore the fact that Oman, like Qatar, shares strategic zones and economic maritime areas with Iran, leading to the development of a pragmatic relationship that goes beyond the historical unrest between the Gulf Region and Iran. The two countries have agreed to cooperate in multiple areas, including security in the Strait of Hormuz or joint naval exercises – an arrangement they expanded in 2013 by signing a memorandum of understanding on military cooperation –, without neglecting economic and energy ties. Moreover, Oman’s relationship with Iran is based on a feeling of cultural and social affection towards the country: this was particularly strong during the reign of Qaboos, who never forgot the troops sent by the Shah to help suppress the rebellion in the Dhofar region, notwithstanding Iran’s regime change in 1979 (Shamshiri-Fard, 2020). Qaboos himself visited Iran in 2013 and President Rouhani paid two visits to Oman, in 2014 and 2017. Oman sponsored negotiations that led to the 2015 Joint Comprehensive Plan of Action (JCPOA), which restricted Iran’s nuclear advances in return for sanctions relief and has been providing since then a kind of diplomatic bridge between Washington and Tehran.

This strategy has remained much the same since Haitham came to power. The Sultanate has lifted various restrictions on Iranian businesses, and bilateral trade reached a record high of $1.3bn by March 2022, with an increase of 53 percent over the previous year (Haghirian, 2023). In the diplomatic arena, the Omani foreign minister Badr Albusaidi visited Tehran in the summer of 2023 to broker a prisoner exchange and a nuclear deal with Washington, requesting a privileged position in the mediation between Iran and its Saudi and Emirati rivals (Paloma del Miño y Pastor, 2020: 207). The Sultanate bookered peace conversation which led, in March 2023, to the restoration of diplomatic relations between Riyadh and Tehran. The agreement, signed in Beijing under Chinese surveillance, had been preceded by a two years of Saudi-Iranian closed door talks in Iraq and Oman. This one’s contribution was reckoned by Iranians, Saudis and Chinese (Hussain, 2023). The Chinese support gave, primarily in the eyes of the Saudi delegates, the guarantee they needed to make sure the accord would be implemented through confidence-building measures, as it seemed to be in fact one year later (Ali, 2024). Officials in Muscat hailed the accord and highlighted the statements issued by Riyadh and Tehran thanking the Sultanate for hosting the talks held between the two sides in 2021 and 2022 (Muscat Daily, 2023). Oman has been taking part also in this monitoring phase by newly hosting bilateral talks to ensure the implementation of the deal. It was chosen as an effective actor not only for its economic and cultural ties with Iran, but also because the country does not suffer the sectarian stress Saudia has to deal with in the context of the animosity professed by Wahhabite officialism against its Shiite minority. Unlike some other GCC states, Oman has only a small Shia community (about 5% of the
total population), with Sunnis and Ibadis accounting for more than 90 percent of its population. Muscat does not share the views of Riyadh, Manama and others on what are perceived as Tehran’s attempts to incite sectarian discord in the region. From the Iranian point of view, Oman believes that regional stability is the main objective of its external policy, a trend line that is shared by the “strategic goal of Iran” (Hosseini, 2023). Its good relationship with Tehran might enable it to promote a new diplomatic approach between Bahrain and Iran, another meaningful step in order to achieve regional stability.

3. The issue of Yemen (and the Southern Arabian Peninsula in general)

Another source of tension is the Omanis’ shift away from Riyadh and Abu Dhabi regarding the crisis in Yemen and other regional issues linked to it. Apart from the apparent consensus within the GCC, the Sultanate has not become involved in the military campaign waged by Riyadh and the UAE since 2015, preferring instead to implement its own policy while refraining from supporting any local factions. To a large extent, Oman’s current position with regard to the state of affairs in Yemen has to do with the situation of its southern-eastern provinces and the lasting effect of the Dhufar uprising against Said bin Taymur (Qaboos’ father) which began in 1965 in protest at the Sultan’s archaic regime. The Dhufar Revolution ended in 1975, thanks in part to the significant contribution of Iranian military contingents deployed in the region, along with Jordanian and British soldiers and supplies. It is quite clear that Qaboos had several motives for remaining neutral when the armed conflict in Yemen erupted in 2015, one of the most relevant being its links with Iran, the main foreign supporter of the Shiite Ansar Allah group, to which the Houthis belong (Al-Sunaidi et alii, 2022: 105). Oman’s principle motive for not becoming involved in the conflict are however the geographical and economic ties between the Dhofar region and eastern Yemen: Muscat was appalled by the Emirates’ apparent intentions of forming an independent entity in the south of Yemen, which would run the risk of destabilizing the sensitive region of Dhofar. In 2019, the former Omani Foreign Minister, Yusuf bin Alawi, admitted that the Sultanate opposed Abu Dhabi’s policies towards Yemen because Muscat “does not like to fuel wars and conflicts”. At the same time, the Sultanate believed that the war against the Houthis was a costly conflict which would not be able to decisively change the situation on the ground (Hizam 2017, 65). Oman therefore endorsed a number of agreements with a view to mitigating the crisis, and mediated in the release of prisoners held by the Houthis, as well as monitoring dialogue sessions (Al-Sunaidi et alii, 2022: 108).

After the launching by Houthis of missiles against ships going to Israel, “in solidarity with Gaza” and consequent U.S. and U.K. strikes on Yemen in November 2023, Muscat condemned the Western countries operations but, at the same time, provided a backchannel between Washington and the Houthis. It hoped that these efforts would play a major role in securing commitments to de-escalate the tension as had happened with its mediation between Saudis and Houthis in order to declare a ceasefire, which
was finally announced in 2022. The Houthis have been relying on the Muscat’s channel to keep a door open with the Saudis (Daga, 2024)

4. Confictive issues in the Middle East and Oman: Palestine and religious extremism

Much like the case of Qatar, Oman had erased criticism among its Arab counterparts with its apparently neutral stance regarding the Palestinian issue. Today, following the Abraham Accords under which the United Arab Emirates and Bahrain normalized relations with Israel – with the apparent support of Saudi Arabia – it would appear that Oman has aligned itself with Kuwait and Qatar, two GCC countries who are uncompromising in their refusal to validate global peace agreements. This does not however mean that cooperation, at a broadly official level, has been interrupted by the coming to power of Sultan Haitham, nor that Oman will refrain from engaging in an overall peace process with Israel if Saudi Arabia agrees to take decisive steps towards a normalization of relations with Tel Aviv. At a time when no Gulf country had an open relationship with Israel, Omani-Israeli contacts provoked criticism in the Arab World. Following the Oslo and Washington accords in 1993, Oman established low-level relations with Israel. Its foreign minister met with his Israeli counterpart, and in 1995, Oman agreed to the establishment of an Israeli trade office in Muscat (Said Zahlan, 1998: 133). Prime Minister Shimon Peres visited the Sultanate in 1996, as did Benjamin Netanyahu in 2018. Netanyahu was cordially received by Qaboos, only a few months after US President Donald Trump withdrew from the 2015 Joint Comprehensive Plan of Action with Iran, to whose ratification Oman had made a major contribution.

As is habitual when an Arab country engages in rapprochement with Israel Oman’s move was preceded in the nineteen-eighties by a reinforcement of military agreements with USA that included naval facilities for its forces. This made Oman the first country in the Gulf to sign an agreement of this kind with Washington, in contrast to the other Gulf states: they only agreed to provide the US with similar support following the Iraqi invasion of Kuwait, as a result of which Oman and its neighbours became an important base for US and British operations (Said Zahlan, 1998: 133). Under Haitham’s rule, the Sultanate has expanded defence links with Israel, thanks to the intercession of the United States, within the scope of its “non-official” good relations. Together with Saudi Arabia, Oman publicly joined Israel in US-led naval exercises in 2022. Previously it had expressed its support for Israel’s push for normalization consecrated in the Abraham Accords, and the steps taken by the UAE, Bahrain and Morocco to establish official ties with Israel, albeit stressing that the establishment of relations should not be detrimental to the Palestinian cause (Harb, 2023). In 2023, Muscat allowed Israeli aircraft to cross Omani airspace (hailed as a “historic decision” by Israeli officials). Nevertheless, it is not clear whether we shall at some point see a new ruler in Oman pledging to a full normalization with Tel Aviv. Some unequivocal mistakable steps might have been taken towards this position, but alongside these we see decisions that apparently move in a different direction. Also in 2023, the 86-member Omani Consultative Assembly voted to
broaden the limits on contacts with Israel and Israelis, in particular with settlers. This
decision should not be taken as particularly significant, given that the Sultan and his
executive powers have the authority to obviate the weak and ineffective parliamentary
institutions; hence, like the withdrawal of the Omani Salam Air Company from the
Bahrain International Airshow over the participation of Israeli companies, it
demonstrates that the rulers of the country are not yet willing to put all their eggs in the
normalization basket. They might prefer to maintain business as usual without granting
Israel full diplomatic relations, despite the fact that many Israeli politicians and observers
believe that Muscat represents the path leading to comprehensive Arab-Israeli peace
(Lederman, 2020). In any case, we feel that the extent of Oman’s willingness to engage
in full diplomatic relations with Israel will depend on the future policy decisions taken by
Saudi Arabia regarding this issue and the conclusion of the war on Gaza.

5. Perspectives of close realignment with Saudi Arabia: the economic quid

Maintaining a degree of political, economic and religious independence from Riyadh
would appear to represent an equally significant foreign policy gamble for Oman in the
early years of Haitham’s rule as when Qaboos was in power (al-Jazeera, 2020). The
Sultanate has continued to pursue its traditional neutrality strategy, for instance in the
Russia-Ukraine war, despite the fact that Oman joined the majority of Arab states in
voting in favour of the UN General Assembly resolution condemning Russian aggression
in March 2022. However, Oman joined the other GCC members in a rare show of
unanimity in refraining from levying any sanctions against Moscow, refusing in this way
to banish Russia economically and diplomatically. That said, it is important to foresee the
importance of domestic economic transformations in the dynamics of Oman’s foreign
affairs as we may presume that any setback in plans for economic development will
have a direct impact on the Sultanate, forcing the national leadership to move closer to
Saudi Arabia’s dominant position. As is the case in many other Gulf countries, the public
sector is of major importance to the local economy as it employs the vast majority of
Omani nationals, whereas the private sector is dominated by foreign workers, to the
extent that 64% of the country’s total labour force is non-Omani (al-Sahwa, 2022). High
public sector wages have traditionally been covered by oil and gas revenues, but the
hydrocarbons crisis and the effects of the Coronavirus pandemic have reduced the
economic authorities’ room for manoeuvre. This has led to demonstrations in several
cities to protest against unemployment and the introduction of a value-added tax (VAT),
as we witnessed in 2021. When the Arab Uprising left its mark on the Sultanate, in
particular in cities like Sohar in the north, Qaboos pledged to carry out various political
reforms and promised to create 50,000 new jobs in the public service, together with the
promotion of welfare programmes for the unemployed and an increase in civil servants’
wages. Since then, small-scale demonstrations and protests have become commonplace
in some regions; and even though these have been brought under control relatively
quickly, the fact that they occur at all demonstrates that attempts by Qaboos and
Haitham to mitigate the effects of the economic crisis have not been completely
successful. In fact, the economic measures introduced by Haitham might be described as stopgap initiatives that have failed to provide long-term solutions to his country’s major financial problems.

It is no secret that the Sultanate’s economy is in serious trouble. It had a high debt-to-GDP ratio in the last years of Qaboos’ reign, when it jumped from 15 percent in 2014 to 67.9 percent in 2020, before dropping to 61.30% in 2021 and 40% in 2022 (Trading Economics, 2023). The country’s debt was given a junk rating by all three major rating credit agencies in 2020 and youth unemployment has become the country’s most serious long-term internal challenge, fuelling the 2021 protests in towns like Nizwa, Salalah, Sohar, Sur or Rustaq, along with the new VAT wages. Oman, which is the largest Arab crude producer outside the Organization of Petroleum Exporting Countries / OPEC (producing about 1,050 thousand barrels per day in 2023), saw its finances battered by a slump in oil prices in the aftermath of the Covid-19 crisis that obliged Muscat to draw up urgent borrowing plans to bridge the bulk of its budget deficit (Gulf Business, 2020).

To make matters worse, plans designed by the State to diversify the sources of revenue (Oman Vision 2040) and promote new jobs are evolving extremely slowly and a number of them have proved to be resounding failures, for example the replacement of foreign workers in the private sector by Omani nationals. The Ministry of Labour has acknowledged the limited impact of its efforts to reduce the number of foreign workers in this sector, as Omani citizens still comprise less than 15% of the total workforce. This percentage experienced a 5% decrease from 2022 to 2023 (Omandaily, 2023).

The main reasons for this phenomenon are the comparatively low salaries offered in the private sector, in contrast to the stability and long-standing job security provided by the public sector. These factors were at the heart of street demonstrations demanding more public sector employment opportunities for Omani citizens. The authorities have attempted to address this issue by prohibiting non-Omanis from working in 207 labour positions, but these measures have yielded few tangible results (Jamil, 2023).

It remains to be seen whether the Medium-Term Fiscal Plan, introduced in 2020 with the goal of reducing the deficit and increasing non-oil income, will prove effective in addressing these challenges. As of 2021, expectations were modest, with the possibility of significant institutional changes on the horizon (Ulrichsen 2021).

In light of this situation, seeking financial assistance and increased investments from Riyadh might provide Oman with a means to address its economic challenges, albeit temporarily. Recent economic statistics suggest that the Omani government has leaned towards this alternative. In 2022, trade between Oman and Saudi Arabia saw a remarkable increase, surging by 123% compared to the previous year, reaching $7.01 billion (Arab News, 2023).

The Kingdom's Public Investment Fund has initiated the process of finalizing agreements to establish long-term strategic partnerships in the region, focusing on sectors with promising potential, such as tourism, logistics, manufacturing, fisheries, and mining, particularly in the case of Oman (Arab News, 2023). Despite Oman's well-established
tradition of neutrality, the nation now stands at a critical crossroads, which will determine its new foreign policy direction.

Some scholars argue that depicting Oman as an "oasis of peace" immune to dissent is an oversimplification (Abbouzzoohour, 2021). In recent years, we have witnessed growing protests and widespread disillusionment. While these may not pose a direct threat to Haitham and his inner circle, they carry significant economic implications that, in our view, underlie the current challenges in foreign policy. The harsh economic conditions have pushed the government towards implementing stringent austerity measures to curtail public spending.

Thus, if Haitham's primary concern is navigating the country out of its economic downturn without compromising its neutral foreign policy, then the issue at hand is undeniably a high-stakes battle, the outcome of which is directly tied to the bilateral relationship with Riyadh.

6. Transitioning from Troubling Factors of the Past to Today's Cooperation Opportunities

The most significant lesson to be drawn from the historically unstable relations between Oman and Saudi Arabia is that past points of contention may evolve into opportunities for healing. The Yemeni conflict, where Muscat previously deviated from Riyadh's attempts to rally all Gulf nations against the Houthi rebels and their Iranian supporters, presents an excellent opportunity for Riyadh to alleviate tensions from previous years and find an honourable resolution to the Saudi military involvement in Yemen.

Sultan Haitham and the Saudi leadership discussed the Yemen war during Haitham’s visit to Riyadh in 2021, a notable event as it marked his first foreign trip since ascending to the throne a year earlier. Furthermore, his visit to Neom, the ambitious "mega city" project on Saudi Arabia's Red Sea coast, is worth mentioning. Not too long ago, Oman's neutrality in the Yemen conflict was a source of irritation for Saudi Arabia and other Arab states in the anti-Houthi coalition. However, today, the Kingdom views Muscat as a valuable diplomatic intermediary with the Houthi rebels.

Oman is motivated to assist the Saudis in this matter not only due to their vital economic interests but also because the ongoing Yemen crisis poses a threat to their national security, as previously witnessed. Therefore, a political settlement stemming from a new understanding between Oman and Saudi Arabia will enable Muscat to address the various interconnected conflicts in Yemen that have the potential to destabilize its southern borders (Cafiero and Ulrichsen, 2021).

In this context, the role of the UAE is of great importance. Abu Dhabi has been striving, against Saudi Arabia's wishes, to establish an autonomous, if not independent, entity in southern Yemen. Riyadh and Abu Dhabi are grappling with increasing frictions, whether within OPEC's corridors, economic competition for regional and Western investments, or the Yemeni conflict itself. This is why Riyadh believes that strengthening relationships
with other GCC states like Oman "bodes well for its interests in the case its ongoing disagreements (with the UAE) get worse" (Cafiero and Ulrichsen, 2021).

In addition to economic and diplomatic rapprochement, we must consider military cooperation. Both countries conducted joint manoeuvres on Saudi soil in 2022 and 2023, along with the USA and Kuwait, under the banner of "Eagle Resolve Exercises." While Oman has regularly participated in these Eagle Resolve drills since their inception in 1999, the latest edition included the development of a Combined Joint Task Force "capable of responding to the complexity of regional threats and improving the interoperability of GCC partner nations, including Saudi Arabia, Kuwait, Qatar, Bahrain, the United Arab Emirates (UAE), and Oman" (al-Mashareq, 2023). Such joint manoeuvres typically convey significant messages, which is a matter of concern for Iran.

Muscat and Riyadh share common challenges: they aim to achieve rapid economic diversification, promote robust private and knowledge-based economies, and attract investments from across the GCC. Oman is keen to foster a closer bilateral relationship with Saudi Arabia. This closer relationship would allow Oman to leverage its geographic location and address its demographic limitations. More importantly, it would help alleviate Muscat's pressing economic challenges "which 'desperately need alleviation' (Ulrichsen and Cafiero, 2021). This might have a direct aftermath that could give us a clue as to how prepared Muscat is to change its neutrality bid: ultimately aligning with the Saudis on Iran (Riedel, 2022) and accepting a peace accord with Israel under the umbrella of Riyadh's agenda. The new Israeli War on Gaza after October 2023, more destroying than ever, has stopped Riyadh´s peace agenda with Tel Aviv, and, consequently, the Omani efforts to prepare itself for the same target. Muscat has been advocating the importance of adhering to international law and finding a just, comprehensive, and lasting solution to the Palestinian issue based on the two-state solution, which is, more or less, what Saudis have been exposing.

7. Conclusions: the end of Oman’s distinctive FP?

One of Oman's significant diplomatic achievements has been the adoption of a unique role in the region as an independent and influential foreign policy maker. Therefore, as we have sought to clarify throughout this text, its delicate economic situation might push it to align with Saudi Arabia's hard-line stance, departing from its neutral non-alignment principles. This represents a high-risk gamble for Muscat in two sensitive areas: Iran-Gulf relations and the peace process between Arab countries and Israel. This one has suffered a serious setback after the last Israeli military (bloody) campaign in Gaza in the last months of 2023 and, by the time of finishing this article, no clue about its rehabilitation.

Regarding the first issue, Oman has built the core of its peace-making mediation efforts by navigating between Tehran and Riyadh, as well as between Tehran and Washington in the nuclear field, to maintain a diplomatic channel in which Omanis are seen as reliable mediators. The main obstacle here remains Riyadh's perception that Tehran, despite the
recent restoration of formal diplomatic links, is not inclined to change its policies concerning support for militias in various Arab countries and its nuclear and ballistic missile programmes.

The second point, which is closely related to the first one, is the role to be played by Oman should Saudi Arabia’s concerns about an increasing Iranian military role in the Gulf ultimately push the Kingdom into a “legally binding security deal with the United States as part of an agreement involving Saudi recognition of Israel” (Dorsey, 2023). It is obvious that a permanent deal between Saudi Arabia and Israel cannot endure without the unquestionable backing of most if not all Gulf countries. The violent escalation between Hamas and Israel in February 2023 and the excessive Tel Aviv’s military response in Saudis’ view (and Omanis’) has stalled American and Israeli efforts to convince Riyadh to sign a global peace treaty. Although much of Gulf officialdom pointed the finger of blame at Iran for the Islamic Group’s attack on Israeli targets in the Gaza region, the mounting radicalization of the Israeli leaders and the dramatic and bloody extent of their retaliatory airstrikes on besieged Gaza, along with the raids launched by the army and settlers against Al Aqsa and other significant Islamic symbols in Palestine, forced Riyadh to refrain from engaging in any type of rapprochement towards Tel Aviv. However, once Israeli military operations come to an end and the distrust felt by the Gulf monarchies once more comes to the fore, renewed pressure will be exerted.

The economic support, primarily provided by Saudi Arabia when Oman began facing financial hardships in the aftermath of the Arab Revolutions and falling oil prices during the Covid-19 pandemic, did not come with direct and stringent conditions. Oman was able to maintain its own sphere of influence without coming into conflict with Saudi Arabia's national interests, as Oman had demonstrated in cases involving Yemen, Iran, and even common issues within the GCC. However, Riyadh might seek more from Muscat if a significant departure from its neutral policies were to be required. Oman does not currently enjoy the same level of autonomy that Qatar has maintained since the Arab Revolutions erupted in 2011. Doha relies on its substantial economic resources and oil and gas exports to ensure the stability of its monetary reserves, allowing it to maintain its independence. Furthermore, Qatar is still able to shape its foreign policy independently of the guidelines imposed by Riyadh.

Even during the 2017-2020 Saudi and Emirati blockade which pressured Doha to adopt a less aggressive stance on Arab and Islamic matters to avoid a sharp disruption of Saudi priorities, Emir Tamim had more options at his disposal than the Omani Sultan when the Kingdom sought to exert influence on Qatari foreign policy decisions. The key reason for this lies in Qatar’s extensive gas reserves and abundant sovereign wealth fund—assets that Haitham cannot claim to have at his disposal.

From its inception as a particular FP in the region, the Omani Mediation Brand has been seeking to manage rather than resolve in the scope of its continued goal to achieve regional stability. In the context of the political and diplomatic earthquake generated by the Israeli aggressive intervention in Gaza it is hard to predict whether a further peace accord with Tel Aviv (which in any case remains in stand-by) would be useful to Oman’s security and its political interests in the Gulf. The crux of the matter is whether Saudi
Arabia intends to exert pressure on Oman to change its neutral and intermediary stance. Saudi Arabia’s de-escalation with Iran is part of a larger foreign policy focus on supporting its socioeconomic development plan, known as Vision 2030. The kingdom is investing billions of dollars to implement the plan, and an escalation with Iran would threaten the project’s funding. The same can be said regarding Oman Vision 2040 as Muscat needs both the Saudi investments and regional stability provided by a good relationship with Iran. Once again the matter is whether a normalization process with Israel would assure the second condition. As far as we see, the Omani representatives, following the Saudi view, feel that an isolated Tehran would not have other chance than accepting the *fait accompli* of a new regional order in which Oman itself can act as guarantor of an unaggressive approach to Tehran´s national security.

The possibility of engaging in a normalization process with Israel appeared to be on the table, at least until the day before the Hamas-Israel Occupation Army confrontation in October 2023. However, normalizing relations with Israel does not appear to be a popular idea in Oman, as demonstrated by opinion polls and the reaction of Omani citizens and leaders to the Israeli’s violent aerial bombardment of Gaza. In theory, Saudi Arabia would only commit to a peace accord with Israel if it contains guarantees for the Palestinians, at the level, for instance, of the Palestinian State or the prohibition of new settlements in the West Bank. However, in the eve of the Israeli re-occupation of Gaza, the Saudi leaders were dropping hints about a final agreement that does not tackle directly the Palestinian issues but concrete measures concerning Riyadh’s security priorities. And if pressure is exerted on Omanis to follow a Saudi normalization movement we tend to suspect that Muscat will follow.

While the position of Arab public opinion may not be decisive (as seen when countries like Morocco and Bahrain normalized relations with Israel in 2022 despite strong opposition from their citizens), Oman is aware that political turmoil would be an unwelcome addition to its current financial difficulties. As of now, Muscat has little incentive to become involved in the process of normalization, especially if Riyadh maintains its refusal to engage in a comprehensive peace process with Israel in the aftermath of 2023 War on Gaza. If the Israeli government, particularly under the leadership of Netanyahu, continues to pursue hard-line policies against Palestinians and Arab neighbours like Lebanon, it remains unclear what incentive Oman will have to normalize its relations with Israel. Add to it the increasing social opposition expressed by the majority of Omani citizens against a normalization process with Tel Aviv after the Gaza carnage. However, the final decision may not be solely Oman’s to make. Whether Oman maintains this position in the future will depend on its ability to manage its fragile economic situation, and this is the avenue through which Riyadh has the capacity to influence Omani decisions.
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