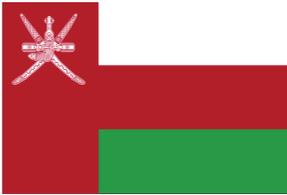




World Affairs Councils of America



Leadership Mission to Oman April 24 - 28, 2009



Generously sponsored by the Ministry of Foreign
Affairs, Sultanate of Oman

Our Thanks

Our sincere gratitude goes to the Embassy of Oman in Washington, DC and to the Ministry of Foreign Affairs in Muscat for graciously hosting our delegation and arranging many wonderful and insightful meetings and site visits. The delegation left Oman having seen a side of the Middle East that defies many of the negative stereotypes often associated with the region. This eye-opening experience is exactly why Leadership Missions are so integral to the work of the World Affairs Councils: providing citizens with the opportunity to learn something new about the world and to see it through different eyes.

As part of their commitment in participating, the members of our delegation have pledged to disseminate their new perspectives and insights to their communities through a variety of mechanisms, including editorial pieces, interviews, presentations, and speaking engagements. They are also encouraged to invite their new Omani friends and colleagues for visits to the U.S. to speak at World Affairs Councils, and other kinds of citizen diplomacy initiatives.

This trip report represents a summary of the meetings made by the delegates during their trip. Each delegate has contributed one or more summaries to the report, detailing the topics of discussion and summarizing the remarks and perspectives of each speaker. In addition to being a public report of the trip itself, it is also offered as a statement of thanks to the sponsors of this trip.

Sincerely,

A handwritten signature in black ink that reads "Kirk Talbott". The signature is written in a cursive style with a large, prominent "K" and "T".

Kirk Talbott
President and CEO

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About the World Affairs Council of America

Our mission is to:

- Empower citizens to participate in the national debate on world affairs.
 - Build citizen support for American engagement in the world.
 - Stimulate communities to interact effectively in the global economy.
 - Help people relate their local concerns to global issues.
- Improve international education locally, nationally, and internationally.
 - Foster international interests in America's young people.
- Build alliances with counterpart organizations locally, nationally, and internationally.
 - Increase council professionalism by disseminating best practices.

The World Affairs Councils of America has a long and storied history that stretches back some 90 years. Two groups, the Foreign Policy Association (FPA) and the World Affairs Councils worked together in the same organizational system from 1918 until the early 1950s. The FPA was begun in the spring of 1918 by a small group of individuals who worked with President Woodrow Wilson that included journalist and social reformer Paul Kellogg, who also served as FPA's first president. The founding members were concerned that at the end of World War I, Americans would choose an isolationist foreign policy over one of engagement and worked to nurture grassroots citizen involvement in international affairs. By 1947, these two groups operated as a national organization that was composed of a network of independent community councils.

In 1986, the National Council of World Affairs Organizations national office was established in Washington, D.C. This office evolved into the World Affairs Councils of America. Today, we are the country's largest nonprofit organization dedicated to fostering grassroots understanding and engagement in international affairs and seeking to involve as many citizens as possible in an exchange of ideas, knowledge and understanding of global issues. Nationwide, our membership includes 90 councils in 39 states, plus the District of Columbia, with some 535,000 individual members and participants, collectively. Each year, more than 20 million people participate in WACA events and programs. The Washington, D.C.-based national office provides resources and programs, and facilitates the exchange of information between member councils.

While much has changed in the world during the course of the past 90 years, our goal of building a vital and diverse grassroots constituency that is engaged in world issues that matter remains intact.

To learn more about the World Affairs Councils of America, visit www.worldaffairsCouncils.org.

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*Members of the Executive Committee

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90 councils + 40 states

ALABAMA

Alabama WAC (Montgomery)

ALASKA

Alaska WAC (Anchorage)

Juneau WAC

ARIZONA

WAC of Arizona (Scottsdale)

CALIFORNIA

Los Angeles WAC

WAC of Inland S. California (Riverside)

WAC of Monterey Bay Area

WAC of N. California (San Francisco)

WAC of Orange County

WAC of San Diego

WAC of Sonoma County

WAC of the Desert (Palm Springs)

WAC of Central California Coast

COLORADO

Colorado Springs WAC

Denver WAC

Foothills WAC

CONNECTICUT

WAC of Connecticut (Hartford)

World Affairs Forum (Stamford)

DELAWARE

WAC of Wilmington

DISTRICT of COLUMBIA

WAC of Washington, DC

FLORIDA

WAC of Jacksonville

Naples Council on World Affairs

WAC of the Florida Palm Beaches

Tampa Bay WAC

GEORGIA

Savannah Council on World Affairs

Southern Center for Int'l Studies (Atlanta)

HAWAII

Pacific and Asian Affairs Council

ILLINOIS

Chicago Council on Foreign Relations

Peoria Area WAC

WAC of Central Illinois (Springfield)

WAC West Central Illinois (Jacksonville)

WAC of the Quad Cities (Rock Island)

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Indiana Council on World Affairs

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WAC of Kentucky and S. Indiana

LOUISIANA

WAC of New Orleans

MAINE

WAC of Maine (Portland)

MASSACHUSETTS

WorldBoston

WAC of W. Massachusetts (Springfield)

MICHIGAN

Detroit Council on World Affairs

Great Lakes WAC

Int'l Affairs Forum (Traverse City)

WAC of W. Michigan (Grand Rapids)

MINNESOTA

Minnesota International Center

(Minneapolis)

MISSOURI

Int'l Relations Council (Kansas City)

WAC of St. Louis

MONTANA

WAC of Montana

NEVADA

Las Vegas WAC
Northern Nevada Int'l Center (Reno)

NEW HAMPSHIRE

N.H. Council on World Affairs (Concord)

NEW MEXICO

Santa Fe Council on Intl. Relations

NEW YORK

Buffalo-Niagara WorldConnect
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WAC of Mid-Hudson Valley
International Center of the Capitol Region
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NORTH CAROLINA

WAC of Charlotte
Triad WAC (Greensboro)
WAC of E. North Carolina (Greenville)
International Affairs Council (Raleigh)
WAC of W. North Carolina (Asheville)

OHIO

Akron Council on World Affairs
Cleveland Council on World Affairs
Columbus Council on World Affairs
Dayton Council on World Affairs
WAC of Greater Cincinnati

OREGON

WAC of Oregon

PENNSYLVANIA

WAC of Philadelphia
WAC of Pittsburgh
WAC of Greater Valley Forge
WAC of Reading and Berks County

RHODE ISLAND

WAC of Rhode Island

SOUTH CAROLINA

Columbia World Affairs Council
Charleston Foreign Affairs Forum
WAC of Hilton Head

SOUTH DAKOTA

South Dakota WAC (Brookings)

TENNESSEE

WAC of Tennessee (Cookeville)

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Utah Council for Citizen Diplomacy

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Vt. Council on World Affairs (Colchester)
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VIRGINIA

WAC of Greater Richmond
WAC of Greater Hampton Roads

WASHINGTON

Olympia WAC
WAC of Puget Sound (Seattle)
WAC of Spokane

WISCONSIN

Institute of World Affairs (Milwaukee)

Delegates

Victor E. Childers

Indiana Council on World Affairs in Indianapolis, IN

Simin Yazdgerdi Curtis

World Affairs Council of Pittsburgh, PA

Brian Davies

Alaska World Affairs Council

Mark Fernando

World Affairs Council of Washington, DC

E. Edward Okpa II

World Affairs Council of Dallas - Ft. Worth, TX

Laura Reidy

World Affairs Councils of America

Christie Roberts

World Affairs Councils of America

Keith St. Clair

World Affairs Council of West Michigan

Delegate Meetings & Site Visits

Friday, April 24

Souq Muttrah

Saturday, April 25

Sultan Qaboos Grand Mosque
Beit al-Zubair Museum

Sunday, April 26

Nizwa and Nizwa Fort
Dinner at The Diplomatic Club, hosted by the Ministry of Foreign Affairs

Monday, April 27

Beit al Baranda Museum
Shangri-La Resort complex
Tea at the home of the Secretary General for Foreign Affairs
Dinner with the Deputy Director of the Sultan Qaboos Cultural Center

Tuesday, April 28

Meeting at the Ministry of Commerce & Industry
Meeting at the Ministry of Higher Education
Meeting with the Director General of the Sultan Qaboos Centre for Islamic Culture
Meeting at the Ministry of Finance
Meeting with the Executive Director of the Central Bank
Meeting at the Sultan Qaboos University
Meeting with the Deputy Chief of Mission at the U.S. Embassy

An Eye Opening Visit to Oman

By Victor Childers

As the current president of the Indiana Council on World Affairs, I was privileged to be included in a delegation of eight persons from councils around the country that was invited to visit Oman during the last week in April 2009. We flew from Washington Dulles Airport to Muscat, the capital of Oman, with a change of planes in Doha, Qatar. Upon arrival, we were bussed to a VIP terminal which had the appearance of a small palace. Our passports and baggage claims were collected. Men in *dishdashah* - long white one-piece garments - and turbans served tiny cups of coffee and delicious dried dates, a major crop of Oman. Large portraits of Sultan Qaboos Bin Said were prominently displayed in the reception rooms of the terminal. Shortly, three dark blue Lexus sedans lined up in front of the terminal, our luggage crowded into the trunks. A Foreign Ministry "greeter" distributed our passports, we loaded into the cars and our drivers raced via an expressway to the Intercontinental Hotel Muscat. The next day was Friday, so we were told they would see us on Saturday. In addition to resting, we used Friday for shopping, sightseeing, and dinner at a Turkish restaurant.



From left: Keith St. Clair, Mark Fernando, Brian Davies, & Victor Childers at the market in Nizwa

On Saturday, our white-robed, turbaned drivers drove us to the Sultan Qaboos Grand Mosque (pictured on the cover, below flag of Oman) where we were given a tour by one of the Mosque officials. This was a huge complex with separate preparation and worship areas for men and women. We toured as one group, men and women together. The architecture was awesome. The worship areas were lighted by chandeliers with a giant fixture made in Germany dominating the men's area. The floor of the men's area was covered by a beautiful handmade carpet. It appeared to be one piece but our guide explained that it had been brought from Iran in several pieces via 747 cargo planes. The

director of the mosque's library proudly gave us a tour through elegant stacks, well-lighted, comfortable reading tables, and a roomy computer area. Our guide emphasized that the library was open to anyone. We were also told that the predominant Islamic sect in Oman is Ibadi. They pointed out that Ibadi is open and very tolerant of other religions. Sunni and Shia worship with them in the mosque and both these branches of Islam are represented among government ministers.

We filled the afternoon with a visit to a private museum, more shopping in a market where it seemed that almost anything was available, and then had dinner at an Omani restaurant where we sat on large cushions with our backs leaning on the walls.

Sunday was open until the evening. Our group leader rented two cars which we drove into the mountains to visit Nizwa, a town which had served as the capital of Oman during the mid 8th to the mid 12th centuries. The town is dominated by a restored fortress which provided security to caravans moving from the coast into the interior of the Arabian Peninsula before and following the introduction of Islam. Oman has a hot climate and the mid-day heat in Nizwa was intense. We found ourselves seeking out any tiny patch of shade to escape the sun's blistering rays.

Following a quick lunch in a stuffy but sun-free café, we drove to Hota Cave, a tourist attraction in the area. Unfortunately, the cave was closed due to damage from flooding caused by a heavy rain which had fallen a few days earlier. (From the appearance of the terrain and vegetation, we could have imagined that it never rained in the area.)

We hurried back to Muscat to keep an appointment for dinner at the Diplomatic Club. Our chief host for dinner was the Minister for Foreign Affairs and he was joined by seven of his colleagues, including Mrs. Lyutha Sultan al-Mughairy, who had served at the United Nations in New York, and several former Omani ambassadors to Pakistan, India, the United States, and Thailand. The Diplomatic Club was built by the Ministry to provide a resort-like atmosphere for foreign diplomats and their families. There was a large swimming pool and access to an attractive beach. The building was extensive, with nice dining facilities, including the dining room where we were seated at one large table. There were no speeches, so we had opportunity to visit one-on-one with the officials who happened to be seated nearby. Mrs. Al-Mughairy insisted that we visit Beit Al Baranda, a museum and art gallery which was showing a collection that had been brought in from Dubai. She also wanted us to visit a resort complex called Shangri La. We were reminded on multiple occasions that Oman was one of the first countries to recognize the newly-independent U.S. They also made sure that we realized that Oman had volunteered the use of its bases for U.S. forces during both wars with Iraq.

Early Monday morning, we had an appointment with the Minister of Commerce and Industry. His remarks covered such points as Oman's desire for foreign investment, the negotiations underway for a free trade area to include the U.S., Oman, and Bahrain, and the fact that Oman is a member of the WTO (World Trade Organization). Prior to WTO membership, Oman had a quota to supply garments to the U.S. When WTO ended the U.S. quota arrangement, Oman began to focus on high-end products as they were no longer competitive with Chinese and other Asian producers of mass production goods. WTO membership is compelling reform of Omani institutions. For example, there are now labor unions in business firms. (He personally doesn't like unions.)

Oman follows a policy of peace: They want the U.S. to be at peace with Iran. They want the Arabs to be at peace with Israel. They want the U.S. to be able to leave Iraq and Afghanistan. He observed that, "The U.S. is not governed by one person."

Our next stop was the Bait Al Baranda Museum which houses the newly-opened exhibit of the Opera Gallery of Dubai. A tall Frenchman who spoke excellent English served as our guide through a collection of some 35 to 40 works of art by such talents as Picasso, Georges Washington, and Renoir. Our guide proudly reported that ten items had sold during the previous night's opening reception. Given the listed prices, we thought to ourselves, "Very well done!"

Our faithful drivers took most of the group (some went to the market for more shopping) to an area of government buildings centered upon the Sultan's "Office" Palace (pictured on the cover, bottom). He lives in a palace, which we did not see, a few miles outside Muscat where the facilities include space for his collection of fine horses. The Office Palace faces a paved mall four to five blocks long with elegant buildings lining both sides. It was easy to imagine ranks of servicemen in dress uniforms marching through this mall for review by the Sultan and other officials.

Next, we drove a few miles down the coast to the Shangri La Resort (pictured on the cover, above Omani flag) which has three hotels, swimming pools, canals for rafts, and a beautiful white

sand beach with gentle blue waves rolling in from the Gulf of Oman. The hotels are at three price levels, with the lowest catering to families with children and the top level hosting people who probably don't have to check on the price. Hotel employees walked us from one hotel to the other and there was a brief stop in each lobby where we were served a refreshing glass of cold juice.

One of the most charming events on our schedule was a visit to the family home of the Secretary General of the Ministry of Foreign Affairs. The Secretary General's father had been a very successful trader as well as a member of a branch of the royal family. The father is no longer living but his widow and members of her staff continue to occupy this palatial home. It is used for social gatherings with groups such as ours and we felt royally entertained. To close our visit, the Secretary General led us in a traditional Omani symbol of hospitality. While we were still seated a hostess held a bowl in front of us and we moved open hands over the bowl so as to waft a light incense smoke, of wood called *bakhour*, toward our faces.



Traditional Omani hospitality: *bakhour*, a fragrant wood smoke

Dinner was in the Mumtaz Majal, an Indian restaurant situated on top of a small hill so as to offer views of the mountains on one side and the sea on the other. We were joined by the Deputy Director of the Sultan Qaboos Cultural Center which is headquartered in Washington, D.C. This organization had a key role in planning and implementing our visit to Oman.



Dinner at Mumtaz Mahal with Mubarak al-Busaidi of the Sultan Qaboos Cultural Center. From left: Mark Fernando, Christie Roberts, Keith St. Clair, Mr. al-Busaidi, E. Edward Opka, Laura Reidy, Brian Davies, Simin Curtis, & Victor Childers

Our Tuesday morning meetings were scheduled in quick succession with the Ministry of Higher Education, the Center for Islamic Culture, The Ministry of Finance, The Central Bank of Oman, and Sultan Qaboos University. Meeting locations seemed to alternate between opposite sides of the city, and this gave full opportunity for our drivers to use their racing skills. Here in summary are some major points that we carried away from these meetings:

There are 2.2 million Omanis in the population plus 900,000 guest workers.

(Land area is about the same as Kansas.) The work force includes 120,000 civilians employed by the government and 160,000 employed in the private sector. Inflation was a concern during 2007 and 2008. Now the rate of price increases is coming down. There is some unemployment, mainly due to people waiting for government jobs. Eighty percent of government revenue is from oil. The current budget is built on a projected oil price of at least \$45 per barrel.

When Sultan Qaboos came to power in 1970, Oman was a very undeveloped and isolated place with few roads, schools, hospitals, and hotels. The country was dependent upon foreigners for many professional services and skills such as teachers and doctors. There have been major advancements as scholarships have been provided for study abroad and oil revenues have been

used for developing the infrastructure, and building schools, hospitals, and institutions of higher learning.

The impact of the global economic crisis on Oman is very moderate. The banking sector is healthy with limited exposure to real estate. There is an emergency fund and two long-term funds. The stock market, which includes a listing of 120 companies, has been affected. Few stocks are actively traded and there is a stabilization fund to dampen volatility. Foreign investment is welcome and may be 100% foreign owned. They would like to have U.S. banks in Oman. Citibank had a branch but withdrew; Chase obtained a license in the early 70s but never opened a branch.

The Sultan Qaboos University was started in 1986. Now there are nine colleges, 1,000 faculty members, and 15,000 students. Foreign students comprise between five and ten percent of the total. Some 52 countries are represented. The University has linkages around the world, but little contact in the U.S. English is the language of instruction in 90% of the courses.

Our final meeting was with the Deputy Chief of Mission of the Embassy of the United States. He came to our hotel and explained that the Ambassador was in Salalah, a port city in the south of Oman, to say his goodbyes to officials and friends in the area as he will soon be leaving the country for a new assignment. This meeting largely reinforced the impressions we had gathered from our Omani contacts. He did emphasize that Sultan Qaboos has absolute power. Some members are elected to the relatively new legislative/consultative bodies but any laws coming out of these institutions are contravened only by royal decree. There is respect for rule of law and due process. There is some corruption, but it is at a low level especially for the region. Oman is a high security state. Illegal immigration is a big problem. The press does a good job of reporting international news, but there is very little domestic coverage.

Our return itinerary reversed the transatlantic trip. We exited via the VIP terminal where the security inspection was cursory. However, the security check in Doha was as exacting as any I have ever seen. The plane was flying from the Middle East directly to the U.S. Carry-on bags were explored to the very bottom and many small tubes and items with sharp points were confiscated. The swine flu precautions were just building so many airport employees and security personnel were wearing very serious masks. At first we were told that we would have to wear masks on the plane. This was changed with the explanation that planes from the U.S. were requiring passengers to wear masks since swine flu cases had been reported; however, since no cases had been reported in the Middle East, our U.S.-bound flight would not require masks. There was clear weather along much of our route and the plane's flight graphic enabled us to recognize high-altitude views of Iran, the Black Sea, the coast of Denmark, and the glaciers of Greenland.

I returned home with appreciation for the great amount I had learned. It is also humbling to realize just how much more there is to learn about the Middle East and all our neighbors in this world which just keeps getting smaller and smaller.

Meeting at Ministry of Commerce and Industry

*His Excellency Ahmed Hassan al-Dheeb, Undersecretary for Commerce & Industry
Khalid Saeed al-Shuaibi, Director General of Organization & Commercial Relations
Salem Ben Nasser al-Ismaily, The Omani Centre for Investment Promotion & Export
Development(OCIPED)*

After a warm welcome, our hosts gave an overview of the Omani economy's major industrial drivers, including garments, fisheries and natural resources such as chrome, magnesium, limestone, marble, and other building materials. There are also copper mines, which are privately owned. The government is interested in developing its fisheries sector over the long term, as well as foreign direct investment in gas-based and related industrial projects.

Following the overview, His Excellency discussed the Free Trade Agreement (FTA) with the U.S., which was signed two years ago but implemented in January 2009. They remarked that the first trade agreement between Oman and the United States dated back to the 19th century; references to the long history of relations between the two countries seemed to come up at every meeting throughout our visit. Under this latest agreement, the Omanis are looking for the real estate, IT, and other service sectors to benefit from U.S. investors. To facilitate this kind of investment growth, they are planning a summit on market penetration for May 2010.

One possible hurdle to developing free trade relations between our nations: the difficulty is acquiring a visa to the U.S. Though officials in other meetings downplayed this problem, our hosts at the Ministry indicated that both the length and uncertainty of the process, makes Omanis less likely to invest in or engage in business relationships that require visiting the United States.



From left: Simin Curtis, Victor Childers, Mark Fernando, Keith St. Clair, Laura Reidy, Christie Roberts, E. Edward Okpa, Salem al-Ismaily, Khalid al-Shuaibi, & Brian Davies

The Ministry of Commerce and Industry, which is responsible for licensing and other business services, is exploring ways to leverage current technologies to enhance the investment climate. In particular, the Ministry aims to develop an online business registration system. This would be done in cooperation with other relevant ministries and government offices and would shorten the timeframe of registering a business in the country by simplifying the process. While there is no income tax in Oman, corporations are taxed 12% on earnings.

In addition to fueling their hopes for investment growth, our hosts discussed the various positive effects that the agreement has already had on institutional reform in Oman. Such reforms are crucial to providing a strong business environment, which in turn makes the country more attractive to foreign investors. As one example, the FTA provides for the establishment of labor unions in Oman, which were previously non-existent.

Our discussion turned, naturally, to the oil and gas sector. In response to a question from a delegate, His Excellency discussed the demand from external investors in developing the

petrochemical industry in Oman. There is currently a \$13B project in place; however, fluctuating oil prices make it difficult to fix floor / ceiling stock share prices.

Before concluding our meeting, a delegate asked our hosts what message, if any, they would most like us to bring back to our communities in the U.S. Their response was a resounding emphasis on multilateralism in American foreign policy decisions. At the top of their “wish list” were normalized relations between the U.S. and Iran, between Israel and its neighbors in the region, and the U.S. out of Iraq.

Meeting at the Sultan Qaboos Centre for Islamic Culture

His Excellency Habib M. Al-Riyami, Secretary General

Mark Fernando introduced our delegation and its purpose, and expressed our appreciation for the meeting.

H. E. Habib M. Al-Riyami explained that he had just returned from a ten-day visit to Russia, with a stop in Turkey. He was scheduled to depart again at 6:00 p.m. Despite his busy schedule, he was gracious enough to give the group a detailed overview of the Sultan Qaboos Centre for Islamic Culture. The Centre opened in 2000 and it follows a policy of transparency and openness to other cultures. It is dedicated to projecting a clear and positive vision of Islam into the world. The Centre stresses tolerance and works with other organizations to bring people together through mutual respect. The Centre’s focus encompasses three dimensions:



Delegation with His Excellency Habib al-Riyami

1. Mosques: The Centre is not under the Islamic Ministry but reports directly to the Sultan. The Centre is structured to work through fifteen Sultan Qaboos Mosques, of which two are in Muscat. These mosques are designed to be cultural and social centers open to all with libraries, computer centers, and multi-purpose halls to host functions of any ministry as well as weddings and other community activities regardless of religion or nationality.

As an example of the kinds of programs the Centre supports, Dr. Zakir Nayik, a prominent Muslim Indian, recently visited Oman and spoke at two events with before audiences of 7,000 and 12,000 people. Another meeting was conducted by “Peace Challenge” to show how people were working together. The crowd, comprised of 12,000 people and 40 different nationalities, was 90% non-Muslim and remained orderly throughout the events, which were held at a stadium due to the size of the crowds.

2. Education: The focus here is on three Institutes of Islamic Sciences in Oman. These three schools admit 50 applicants each per year through a rigorous application process with hundreds of applicants. The three-year term is for boys, from ages 15 to 19, and features chemistry, Arabic, and Islamic studies. While enrolled, students receive room and board in a hostel plus transportation from home from the government.

3. Cultural Programming: Programming consists of working with other organizations from all over the world to send speakers, exhibits and performances designed to promote peace and tolerance by building understanding. His Excellency helped coordinate the “OMAN ... O Man!” performance during the *Arabesque* cultural festival at the Kennedy Center for Performing Arts in Washington, DC. Some members of our group had attended the performance and were very impressed. He said the cost of this project was about \$1 million (bills are still coming in). He emphasized the emotional bonds formed between the young Omani performers and their American counterparts and hosts.

He is working to take the same program to St. Petersburg in Russia. In Amsterdam, Netherlands, an Omani village is to be exhibited and similar projects are being planned in Spain.

The following statements summarize responses to questions raised by members of the WACA group:

- People should sit together, talk, and develop understanding. This is illustrated by the scene in “OMAN ... O Man!” where two girls sing, “Let me be me. You be you.” From this, His Excellency drew a distinction between learning or reading *about* a people and learning *from* them, in their own words. For instance, there are examples of reports and analyses written about Arabs and Muslims; not many are written *by* Arabs and Muslims offering their own perspectives.
- Unlike some officials we met with at the Ministry of Commerce and Industry, His Excellency noted he has experienced no problems at U.S. airports. In fact, he noted the more rigid the inspection, the safer people should feel. He emphasized that people should learn to clear their minds of preconceived ideas before traveling or beginning something new.
- In the course of conversation, His Excellency let us know that Oman is a very safe place. There are many beautiful places in Oman and visitors are welcome. Much of the country is occupied by desert, but Salalah in the south is green, with temperatures around 18C (65F).
- We learned that most Omanis follow the Ibadi sect of Islam; however, the Sunni and Shia sects are also represented. Ibadis can live peacefully with those around them even if not in full agreement. All different sects of Islam are represented by officials in the current government. Since Oman is accepting of different faiths, the country is known for giving free land to people who wish to build a church or center of worship.
- His Excellency shared with us how dramatically Oman has changed since Sultan Qaboos came into power. In 1970, there were only 900 students and as of 2009 there are 600,000. Until age 11, the ratio between males and females is about 50-50; currently almost 48% of all students are female and 52% are male. Also in 1970, there were only about 30 teachers in the country, 90% of them expatriates. Today, there are 42,000, of whom the majority is Omani. Other changes mentioned between 1970 and 2009 are the increase in hotels, teachers, and roads. Citizens of Oman have the utmost respect for the Sultan and believe in his leadership.
- One issue in Oman is that the international media has created unfavorable and unfair images of the Middle East, particularly of the histories of Palestine and Lebanon. This is troublesome for many in Oman, where the national ethos is to be open, clear, fair and to treat others as the way you would like to be treated. The government stresses that violence in the Middle East will not correct the region’s problems. Being a land of openness, His Excellency said they

would be willing to host controversial world figures to provide a forum for them to speak to the world.

His Excellency ended his comments by noting that Oman does need the U.S. While different regions of the world have been characterized by inadequate or dangerous leaders, we should not let preconceived notions or negative media representations affect our relations with other countries.

Mark closed the session with the presentation of a gift and expression of gratitude for a very informative exchange.

Meeting at the Ministry of Higher Education

Dr. Abdullah M. Al Sarmi, Undersecretary of the Ministry of Higher Education

Our meeting with Dr. Al Sarmi started off on a warm note: our host received both his Master's and doctoral degrees from the University of Pittsburgh. Our delegate from Pittsburgh and Dr. Al Sarmi exchanged a few minutes of speaking about the city and its global connections before beginning our dialogue.

Dr. Al Sarmi opened his discussion by remarking that there are two separate ministries responsible for higher education in Oman—one is focused on the only public university, Sultan Qaboos University, and the other on private colleges, of which there are 17. Sultan Qaboos University includes 7 colleges of life sciences, 7 colleges of technology, and 17 health institutes. It is fully subsidized by the government. The Sultan Qaboos University is the premiere university for research. Its strengths are mainly in engineering and medicine. Other universities are a public / private blend, and are growing rapidly. All are accredited and subject to monitoring of standards. All public universities are free to students while all private universities have a cost for attendance.

Oman has a long history of sending students to the United States; however, after 9-11, the atmosphere changed and Omani students were reluctant to go to the U.S. Some students were deterred from studying in the U.S. due to perceptions of discrimination against Arabs and/or Muslims, as well as the increased difficulty of obtaining a visa to the U.S. In the meantime, Australia and New Zealand have become alternatives, as have Germany and France. This situation is recognized; the current cultural attaché at the Embassy of Oman to the United States, Salma Al-Lamki, is actively involved in bringing more students to the U.S.

Dr. Al-Sarmi discussed the impact of current education trends on the Omani education field. In particular, he mentioned that the Ministry has an e-learning collaboration called Arab Open University in association with British Open University, which is a blended mode of learning between physical attendance and distance learning. This is especially important to reach students in distant or geographically isolated areas who cannot attend daily classes. The distance and e-learning projects are available mostly at the Master's and doctoral levels. Universities outside Oman, however, offer similar programs, of which some Omani students are taking advantage. This competition presents a challenge for the Ministry and the Sultan Qaboos University.

In response to a question about whether education is available for guest workers, Dr. Al-Sarmi responded that public schooling is available to everyone, but higher public education is set aside

primarily for Omanis. There are a limited number of seats at the Sultan Qaboos University for expatriates. Currently, there are over 400 foreign students studying in private universities and colleges. The foreign students coming into Oman are mainly from India, Pakistan, and some from Europe.

Training is important to Omanis - they want U.S. professors to come to Oman. It seems that the Ministry has been developing professional training programs alongside the formal degree programs as well. There are short-term student exchanges, and a program for training of young professionals in the U.S. and Europe. The American organization, AMIDEAST, also operates an office in Oman with programs for students and professionals.

A question was asked about whether there are endowment programs in education or some kind of program whereby companies are given a tax break in exchange for setting aside a certain percentage of their revenue for educational endowment. Dr. Al Sarmi responded that currently there are not but that he and the Ministry are open to such possibilities.

Meeting at the Ministry of Finance

His Excellency Darwish Ishael Al-Bulushi, Secretary General
Abdul Amir Saied Mohammed, Deputy Chief Executive
Tahir Salim Al-Bemani, Director General, Treasury & Accounts
Mohammed Jawad Bin-Hassan, Advisor

A long-term strategy for the Ministry of Finance, Vision 2025, was formulated in 1995. This strategy is being implemented in a series of five-year plans.

The objectives of the strategy are:

- To provide macro economic stability
- To develop human resources
- To enhance the private sector
- To double the gross domestic product (GDP) by 2020

This last goal has already been achieved due to oil and gas production and the associated revenues.

His Excellency first briefed us on the fiscal environment in Oman. Oman is an oil-producing country and its oil revenues constitute 70% of government income and 45% of GDP. Fortunately, economic growth has averaged 5% over the last five years (due largely to the increase in oil prices). Current year growth is 2-3%. Because of the very high oil prices in 2007 and 2008, the country was able to accumulate significant financial reserves.

The national budget for 2009 assumes an average price of oil at \$45 per barrel. So far, this assumption appears reasonable. There will be a budget deficit of approximately RO 2.4 billion (\$6 billion). The reserves built up in prior years will fund this deficit.

Government is the main engine of growth; in 2009, government spending will increase by 10% over 2008 spending. Oman has no individual income tax, no value-added tax (VAT), and a

modest corporate tax. Oman's debt is 5% of GDP. Inflation was a problem in 2008 but is coming down in 2009.

His Excellency then spoke about the impact of the financial crisis on the country. Oman has been only moderately affected by the financial crisis; banking remains healthy with only limited exposure. There is minimal exposure to collapse in real estate (in contrast to the situation in Dubai).

In response to the effect of the global financial crisis on the Oman stock market, the government intervened with a stabilization fund of \$400 million to buy shares. Also, the government has provided the banking system with \$2 billion in support.

In terms of development and diversification, developing tourism is seen as a prime opportunity. To date, the government has not been pleased with the slow pace of increase in the tourism industry and, to enhance this, is building four new airports throughout the country. The road system is essentially complete.

In Oman there are approximately 120,000 civilian jobs in government and 160,000 private sector jobs (excluding expatriates). The government is hoping to develop a stronger private sector. One problem with becoming stronger in this area is that university graduates prefer government jobs and tend to reject offers from the private sector. Because of this preference, they tend to remain unemployed while waiting for positions in the government to become available.

In Oman, 120 companies are listed on the Oman Stock Market, but only 25% of these are traded. Many of the companies listed are small. While there are no Omani companies listed in the United States; some are listed in the Gulf Cooperation Council (GCC).

For the future of the country besides tourism, fisheries and human resources are considered to be good opportunities for further development. Oman is not seeking to compete with Bahrain in the area of financial services nor with Dubai for shopping centers, which are their respective fortés.

His Excellency also spoke about the taxes and currency in Oman. The Ministry is working on introducing a VAT (value-added tax), which is becoming complicated by being geographically adjacent to the Emirates.

Currently, a customs union is in place within the GCC and a currency union is targeted for introduction in 2010. His Excellency let us know that Oman is not prepared to join the currency union at this time.

Overall, this meeting, together with the meeting at the Central Bank of Oman, gave a clear picture of fiscal and financial prudence. Compared with some of its more oil-rich neighbors, Oman is not wealthy. Oman is actively seeking to diversify its sources of revenue in preparation for the time when oil production is greatly reduced from its current level. Oman's investment in sound financial processes and in its human resource will stand it in good stead for the future.

Meeting at the Central Bank of Oman

His Excellency Hamood Sangour Al-Zadjali, Executive President

Our delegation met with H. E. Hamood Sangour Al-Zadjali, the Executive President of the Central Bank of Oman. After an introduction by WACA Delegate Brian Davis, His Excellency welcomed us to his office and went straight into sharing views about the Central Bank of Oman - the CBO. It has two other branches in Salalah and Sohar.

The CBO was established in 1974, enabled by Royal Decree #114/2000, but began its full exercise of powers in 1975, with an initial capital base of one million Omani Rials. As of June 2008, the CBO's assets stood at RO4.057 (\$10.551 billion). He mentioned that the CBO is fashioned after U.S. Federal Reserve Bank System but for a small country like Oman the majority of the functions of the CBO are scaled. The CBO's primary goal is to regulate and stabilize the banking and monetary functions in Oman.

The local currency of the country is the Omani Rial. Its exchange rate to the U.S. dollar is R.O. 0.385 to \$1; fixed peg interest rate on borrowed money; personal and commercial interest rate is pegged at 8.5%. Commercial banks are expected to lend below this ceiling.

At present, there are seventeen banks in Oman consisting of seven indigenous banks and ten foreign banks, and two specialized banks, the Housing Bank and the Development Bank, for small to medium scale industries. These nineteen banks have, collectively, 384 branches: Omani banks have 335 branches, foreign banks 27, and 29 for the specialized banks.

The foreign bank ownerships are represented by two British banks (Standard Chartered and HSBC), two Indian banks, two Iranian banks, and one each from Pakistan, the UAE, Lebanon, and Qatar. There are no American banks with branches in the country. The American bank Citi withdrew its license because the Oman financial sector was too small and was focused on consumer lending/financing. Chase, on the other hand, expressed interest but ultimately did not open. The oldest bank in Oman, HSBC, opened in 1948, and the first indigenous Omani bank opened in 1973. As of 2009, the Omani banks are the dominant institutions while HSBC has scaled its operation down.

According to the Executive President, the banks are instrumental to the economic development of Oman, and lending is very strong, with less than 5% default on outstanding loans. There are strict requirements and conditions to be met for any Oman-based bank to borrow from any foreign institution. However, because Oman has tremendous capital reserves, there is hardly incentive to borrow from outside the country. There are also guidelines for opening a bank branch in Oman such as the bank's constitution, size, track record, and additional value to the economy. Oman wants to ensure that the bank will bring new capital to the country.

Two sectors in which the CBO would like to see greater activities are tourism and fishery. As a result, the CBO is geared towards projects that will enhance Omani GNP in these sectors. Currently, there is a shortage of mid-level hotel rooms in Oman, which tends to affect tourism since existing hotels are expensive for the average tourist.

Despite the global downturn, overall condition of the banks is healthy. Oman is not immune to the current global economic and financial condition and has had to adjust to these conditions, but still no major revamping of the sector is envisioned. The CBO has enough reserve to cover

government deficit, and at least a 3-year reserve to cover any government shortfall. Thus, no project has been scaled or dropped because of the current condition.

Meeting at Sultan Qaboos University

His Excellency Dr. Ali Al-Bemani, Vice-Chancellor

Her Highness Dr. Mona bint Fahad Al-Said, Ass't Vice-Chancellor for External Cooperation
Salahaddin Al Saadi, Deputy Director, Office of External Cooperation

Our delegation was welcomed to the Sultan Qaboos University by H.E. Dr. Ali Al-Bemani, H.H. Dr. Mona bint Fahad Al-Said, and Salahaddin Al-Saadi. After a short video overview of the university and a cup of Omani coffee, we had a compelling discussion on the current education system in the Sultanate and the university's hopes for the future.

The construction of Sultan Qaboos University began in 1982, and was officially opened by the Sultan in November 1986. The university is the largest in Oman, as well as the only public one. All students of the university are required to have one major and one minor. The school boasts seven colleges and three schools, and, while the school offers a choice of over 50 undergraduate majors and minors for the four-year degree program, it does not have a political science department. Instead, the Sultanate gives students the opportunity to study political science and diplomacy at a special institute within the Ministry of Foreign Affairs. While Arabic is taught as an area of study, most classes are conducted in English. If students are not fluent or at least conversant in English, they must take an extra year of English language courses before their first year of university.

In 1982, the university was built for only 3,000 students; now it has approximately 15,000 students in total, and in 2007 had 2,890 graduates. The school's faculty numbers about a thousand teachers, comprised of both Omanis and expatriates. Undergraduate degree programs are offered only for Omani citizens, with the exception of a few exchange programs with their Gulf neighbors. Post-graduate programs are open to Omanis and foreigners alike, and the university has begun to offer short Arabic language programs for expatriates.



From left: Keith St. Clair, Simin Curtis, Laura Reidy, Brian Davies, HE Dr. al-Bemani, Christie Roberts, Victor Childers, E. Edward Opka, HH Dr. al-Said, & Mark Fernando

In deference to the wishes of parents of Omani girls, the school provides dormitories for only its female students. (Male students are given a stipend by the university to live off campus). At the same time, classes are co-educational, at the insistence of the Sultan himself. The university wishes to expand opportunities for all citizens by building campuses in both Salalah (in the south) and Sohar (in the north), and is in the process of doing so. For now, almost 25% of the classes taught at the university are available online, giving access to university courses to those living in the remote parts of the Sultanate.

As with many universities around the world, higher education is paid for by the government; without an endowment, the university relies solely on the generosity of the Sultan. Students who attend the university are not obligated to reciprocate with service to the government, but those

who study outside the Sultanate at the government's expense are required to work in the public sector for a certain period of time upon their return.

The university aims to provide high-quality degree programs and to instill students with a sense of responsibility to society. As such, the university's current focus is to transform the school into a leading research institution. Two major concerns for the government and Omani society are a lack of fresh water and a depleting stock of oil. Led by university researchers, the Sultanate has proven adept at desalination techniques, providing the country with over 33 million gallons of water a day—enough for the daily use of its citizens with about a million gallons in daily surplus. Unlike some of its wealthy neighbors, Oman does not have a vast oil reserve, making it a necessity to find alternative forms of energy. Moreover, Omani oil deposits are not easily accessible, making the country's petroleum much more costly than that of its neighbors. The university has taken the initiative to research alternative approaches to what little petroleum the country has.

When asked what the university hopes for the next 20 years, H.E. Ali Al-Bemani replied that he envisions the university as a leader in solar technology (Oman has an almost perpetually sunny climate), desalination technology, and petroleum engineering. Moreover, His Excellency spoke of emerging research to combat the intermarriage-related illnesses prevalent within Omani society (the Omani tendency to marry within one's own family has led to high rates of hypertension, diabetes, sickle cell disorders, and other ailments). The university has recently doubled its efforts to find cures for these disorders.

The university's focus on the needs of Omani citizens—related to water, energy, and health—is impressive. It is truly leading its students by example, putting the needs of ordinary Omanis first and taking responsibility for finding solutions to these challenges.

Meeting with U.S. Deputy Chief of Mission

Victor Hurtado, Deputy Chief of Mission, U.S. Embassy to Oman

Mr. Hurtado started off by expressing how brutal the weather in his assignment is. Oman has triple-digit temperatures with high humidity along the coast. Summers, he said, are especially brutal.

Mr. Hurtado described the Free Trade Agreement with the United States that just went into effect this year. In having a FTA with the United States, Oman is joining the likes of Bahrain, Morocco, and Jordan. Each of these agreements with the United States has its unique aspects. Mr. Hurtado added that negotiating this agreement was very difficult for Oman and that the Sultan deserves much of the credit for forcing his government to make the necessary reforms. The FTA also required the country to become compliant with U.S. trade standards because Oman had far more trade barriers in place than the U.S. The Omanis know that their oil is running out and they need to exploit it while they can. With the help of the FTA with the U.S., Oman hopes to diversify its economy.

Oman's oil has served it well in recent years, but the oil needs extensive processing. This means that the global price of oil must be around \$40 per barrel in order for Oman to make money in selling it. Oman also needs more energy for its own development. Natural gas may be an option as an energy source; however, Oman has already made sales commitments for much of its energy

into the near future, which it intends to honor. Its own need for energy helps explain why Omanis are looking to develop alternative fuels and renewable energy sources.

Oman is looking to tourism to help diversify its economy, but it is more interested in high-end tourism rather than backpackers. After secondary school, college instruction in Oman is in English, which should serve the tourist industry well. Many students will spend a year learning English before even starting their four-year program.

Mr. Hurtado explained that Oman has come to greatly depend on immigrants for jobs that they would rather not do, or for jobs in which they lack the skills. However, Mr. Hurtado added that Omanis are a dedicated and relatively skilled work force. As an example, he mentioned that half of the taxis in Muscat are driven by Omanis. Elsewhere in the Gulf, all of the taxis are driven by foreigners. In the same way, only half of the U.S. embassy staff is Omani. He described Oman as the “anti-Dubai”: a society that is more responsible and much more consistent.

Although Oman was rather late to develop, Mr. Hurtado credits much of Oman’s recent progress to the extended and enlightened rule of its monarch, Sultan Qaboos. Oman has good government with strong, well-functioning institutions created by the Sultan. He has followed the British model of governance and has embraced the rule of law and due process, creating a very professional court system and police force. In the past year, women have been given all of the legal rights of men. The Sultan has created professional institutions that should survive him. He does have the final say through his royal decrees, but has chosen to let his ministries govern while rarely overruling them.

The Sultan is an Ibadi Muslim representing a majority of the country. Ibadi Muslims can also be found in Tunisia and Libya. Although Ibadis are very conservative they get along well with the Sunnis here, as well as allowing the religious observances of foreigners.

Mr. Hurtado explained that Oman has not been fertile ground for the infiltration of Wahabi Islam from Saudi Arabia. First of all, the border between the two is inhospitable. Second, Oman has progressive education, housing, and transportation infrastructure that if missing could contribute to the development of extremist groups. Mr. Hurtado emphasized, however, that it has been political alienation and disenfranchisement, rather than poverty, which has been more closely linked to the development of terrorist groups in the Middle East. Fortunately, Oman has not experienced this political alienation.

Security is a serious issue for Oman. There are tight border controls, and it is the border with Yemen that is the most sensitive because of the immigrants from there. The country has very capable security personnel who keep a careful watch on the borders. Oman has a very professional military and police force that mitigates the corruption experienced in so many similar countries. This has kept Oman a very secure country against terrorist activities, and explains why there is no need for metal detectors when entering public facilities and hotels in Oman. Although Oman has no U.S. soldiers stationed in the country, the government has created bases for staging U.S. military personnel during times of regional conflict, such as the invasions of Iraq and Afghanistan.

Mr. Hurtado then spoke about the rapid development that has taken place in Oman, mostly because of the Sultan’s leadership. He maintains a great deal of esteem from his subjects and both inside and outside the country he is credited with bringing Oman into the 21st century. His appreciation of the economic and political needs of the country has given him the reputation of an enlightened monarch.

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