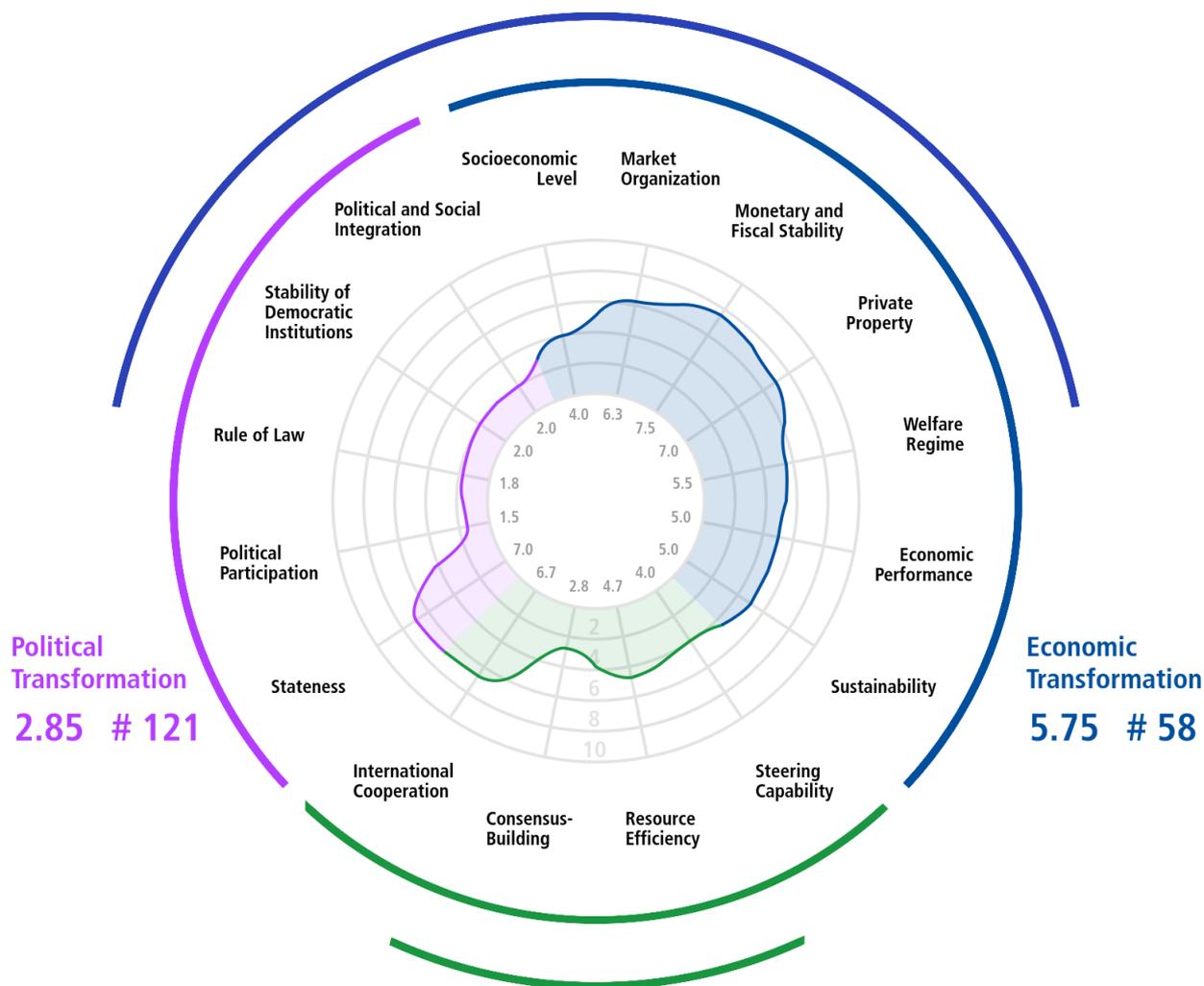


Oman

Status Index

4.30 # 96

on 1-10 scale out of 137



Political Transformation
2.85 # 121

Economic Transformation
5.75 # 58

Governance Index

3.94 # 98

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	5.3	HDI	0.858	GDP p.c., PPP \$	41664
Pop. growth ¹	% p.a.	4.5	HDI rank of 193	50	Gini Index	-
Life expectancy	years	80.0	UN Education Index	0.770	Poverty ³	% -
Urban population	%	89.0	Gender inequality ²	0.222	Aid per capita	\$ -

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Since assuming power in January 2020, Sultan Haitham bin Tariq Al Said has consolidated the political power of the Al Said ruling family. Measures to suppress dissenting voices have become more prominent, as demonstrated by the arrest and imprisonment of individuals protesting government corruption and calling for urgent reforms in 2023 and 2024. The Media Law enacted in 2024 is another setback for freedom of expression in the country, and Oman continues to rank among the top countries in the world for security spending as a percentage of GDP. Laws and practices of this kind clearly convey that democratic reforms are not on the regime's agenda. This situation has become unacceptable for many civil society actors, including numerous young, educated Omanis who question the authoritarian political and economic structure of Oman. Direct criticism of the sultan's decisions and practices has become increasingly common among those fearing for the country's future. In October 2023, only 33% of eligible Omanis voted to elect the 90-member Consultative Council, even though the election was conducted entirely via the Intikhab mobile telephone app. No woman was elected.

Externally, the regime has consistently viewed political instability in western Asia as a threat to the country's internal stability, which explains Oman's cautious approach to regional tensions. This perspective continues to shape the regime's efforts to maintain a crucial *modus vivendi* with major regional actors, as seen in the significant development in Saudi-Omani relations. Oman has also continued its role as a backchannel between the United States and Iran, and between Yemen's Houthis and Saudi Arabia during the period under review.

Oman's economy remains highly dependent on fluctuations in hydrocarbon prices. The oil and gas sector accounted for 74% of government revenues in 2024. The rebound in oil prices since mid-2021 led to 1.2% growth in both 2023 and 2024. The IMF expects Oman's real GDP to grow at 2.6% in 2025. This has allowed Oman to run budget surpluses since 2022, amounting to 6.2% of GDP in 2024. Part of these surpluses were used to reduce government debt, which declined to 35% of GDP in 2024, compared to 62% in 2021. However, Oman's economy continues to

experience a persistent unemployment rate of 16% among young nationals aged 18 to 24 and 33% among young women, according to 2022 figures from the International Labour Organization (ILO). These figures likely do not account for significant underemployment and informal employment.

In January 2025, the Council of Oman approved a draft law on personal income tax, potentially making Oman the first Gulf Cooperation Council (GCC) state to tax the income of its nationals. The law would tax foreign nationals on income earned in Oman exceeding \$130,000 per year, while resident nationals would be taxed on global income exceeding \$1 million per year. A flat tax rate of 5% would apply to both nationals and foreigners. The timeline for the law's implementation remains highly uncertain, as it still requires approval by the sultan.

History and Characteristics of Transformation

In 1970, the British forced Sultan Said bin Taimur (r. 1932 – 1970) to abdicate in favor of his son Qaboos. The Sultanate of Oman (as Muscat and Oman was renamed in 1970) became a member of the United Nations in October 1971. Qaboos moved quickly to expand the country's security apparatus by increasing defense spending to 50% of early state budgets. This was primarily to end the civil war in the southern province of Dhofar, which had been unfolding since 1962. The fighting was brought to an end in the late 1970s, although sporadic tensions continue to surface in Dhofar to the present day.

The sultan invested a portion of the country's oil income (exploited on a commercial scale from 1967) into development programs in education, health care and agriculture. This helped Qaboos integrate pre-existing social networks – tribal, regional, ethnic and religious – into the framework of the new nation-state and neutralize any potential threat to his rule. The new regime's domestic legitimacy relied on a policy of nation-building and the assimilation of all of Oman into the oil rentier-state framework. The concept of renaissance (Nahda) was especially significant in this process as it allowed the sultan to portray himself as the embodiment of post-1970 modern Oman.

In 1996, Sultan Qaboos issued a decree promulgating the Basic Law that defined, for the first time, the organs and guiding principles of the state. The text ratified a paternalistic conception of the state, guided by the sultan, who is defined as “the symbol of national unity.” After the Arab uprisings of 2011 manifested in Oman with increased calls for democratization and social justice, the sultan removed long-serving ministers perceived as corrupt and marginally increased the prerogatives of the Council of Oman's elected lower chamber, the Consultative Council (Majlis al-Shura). However, this fell far short of expectations that the chamber – which can question ministers but remains largely consultative and can be dissolved by the sultan – would be transformed into a legislative body.

Following Qaboos's death in January 2020, the Royal Family Council, in a heavily choreographed ceremony, met and opened the sealed envelope in which Qaboos was supposed to have named his cousin Haitham bin Tariq Al Said – who enjoyed limited legitimacy among the broader population – as his successor. Haitham had served as secretary-general in the Ministry of Foreign Affairs before becoming minister of national heritage and culture in 2002. He had also been the head of the committee responsible for developing the long-term national strategy, Oman Vision 2040.

In January 2021, Haitham abrogated the existing Basic Law and promulgated a new one, which is substantially similar to the previous version. The only significant addition in the new law pertains to the establishment of the position of crown prince (Article 7) and the institutionalization of male primogeniture, ensuring that Haitham's son Theyazin will succeed his father. In addition, Haitham has appointed close relatives to significant positions, consolidating the political power of the ruling family.

Oman has been and remains an absolute monarchy headed by the sultan, who reigns by royal decree. Although the Council of Ministers, entirely appointed by the monarch, operates as a cabinet and can issue ministerial decrees, the sultan leads on policy. The country's hyper-centralized political decision-making, excessive dependence on migrant labor, and reliance on a rentier economy focused primarily on oil and gas have adversely affected poorer segments of the population and unemployed young people in particular; their uprisings have continued sporadically since 2020 in the face of worsening socioeconomic conditions, underscoring the importance of further reform.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The Omani state holds a complete monopoly on the use of force. Security forces maintain full control over the country's entire territory. No opposition groups infringe on that control in any area.

The sultanate has been concerned about Yemen's ongoing war spilling over into Dhofar, including weapons smuggling to the Houthis and infiltration by jihadists affiliated with al-Qaeda in the Arabian Peninsula (AQAP). The governorate of al-Mahra, which borders Oman's Dhofar governorate, has been a site of strategic competition among Oman, the UAE and Saudi Arabia for 15 years. Oman's control of the Musandam mountainous exclave, bordering the Strait of Hormuz – through which a fifth of the world's oil supplies pass – remains solid and unwavering.

In July 2024, an attack on a Shi'i mosque in Muscat on the eve of the Ashura festival resulted in the deaths of five Pakistani and Indian worshippers, and one policeman. All perpetrators, who were Omani nationals, were killed by security forces. The Islamic State (IS) group claimed responsibility for the assault, marking the first time the group has been behind an attack in Oman.

While official historiography under Sultan Qaboos identified the Omani nation-state with the figure of the ruler, represented as the embodiment of Oman ("nahda" = renaissance ideology), this has been adapted during the reign of Haitham bin Tariq ("nahda mutajaddida" = renewed renaissance). Ibadism, which holds a special position of prominence in Oman, has been more closely associated with national identity in official historiography since the 2010s.

However, the official narrative is increasingly challenged by Omani activists, who distinguish between the current regime and the Omani nation. Their questioning of the ruler's decisions and power practices is carried out in the name of Oman and their concerns for the country's future. The UAE's strong economic influence in the northern Omani governorates of North Batinah, Buraimi and Musandam – where

Question
Score

Monopoly on the
use of force

10



1

State identity

7



1

many residents are employed in Abu Dhabi, al-Ayn, Dubai and Sharjah – has raised concerns in Muscat regarding the long-term allegiance of these regions. In the Dhofar and Musandam governorates, recent history suggests that most forms of resistance to the state stem more from a desire for policy change than from separatist ambitions.

The 2014 Nationality Law, in force until January 2025, granted the sultan the power to confer and rescind citizenship by royal decree (articles 7 and 8). For example, Article 20 stipulated that if a citizen worked “for a foreign country at any capacity whatsoever, whether inside or outside Oman,” without having obtained clearance from the government, their citizenship could be rescinded. Article 21 stated that if an Omani was convicted of “any crime against the security of the country,” their citizenship could be withdrawn. What constituted a crime against the security of the country remained subject to broad interpretation, offering security agencies considerable latitude to use this threat as a tool of policing.

The Omani legal order and political architecture cannot be separated from religion. Islam is the state religion, Shariah is the basis of the legal code and the sultan must be a Muslim. About 45% to 50% of nationals are Ibadi, 45% to 50% are Sunni and less than 5% are Shi’a. By establishing standard Friday sermons for the guidance of preachers, the Ministry of Endowments and Religious Affairs seeks to dilute the differences between the Ibadi and Sunni schools of Islam. However, since 1970, all muftis have been Ibadi, as are most of the leading figures in the ministries of justice, interior and religious affairs.

The Oman Vision 2040 reasserts the central importance of “value-enforcing curricula that incorporate Islamic principles and Omani identity.” Teaching evolution remains banned in Omani schools due to religious opposition. Moreover, religious authorities in the public sphere, through social media positions, and interventions in internal and foreign issues, are increasingly visible – as illustrated in November 2023, following the launch of Israel’s war on Gaza, when the Ibadi grand mufti of Oman defined the commercial boycott of U.S.-linked outlets and its allies as “a duty for the nation.”

Religious dogmas also strongly influence the 2018 Penal Code, under which blasphemy, apostasy and acts deemed as insulting Islam are punishable with jail sentences ranging from three to 10 years. Similarly, individuals who establish or organize an association that contests Islam, or is interpreted as “harming the foundations on which the Islamic religion is based or promoting or making propaganda for another religion” risk a three- to seven-year prison sentence. In June 2022, two social media activists were sentenced to jail terms of three and five years, respectively, on charges of blasphemy following online discussions about the right to hold atheistic views and to criticize Oman’s Islamic heritage. In August 2024, five individuals from Dhofar governorate were sentenced to two years in jail on charges of “inciting religious and sectarian strife” after observing Eid al-Adha prayers according to the Saudi calendar, in contradiction to the religious calendar designated by the Omani authorities.

No interference of religious dogmas

3

'06 '26 10



1

Oman has developed a state administration with broad coverage throughout the country. All Omanis have access to electricity and 99.3% have access to at least basic sanitation. Access to a safely managed water source is available to 90.9%, while 92.4% are connected to at least a basic water source. More than 97% of the adult population is literate and internet penetration reached 95% in 2023, according to the World Bank. Between 1970 and 2024, the number of public schools increased from three to 1,269, while private education expanded to encompass more than 1,100 schools.

However, these figures cannot obscure the central state's difficulty in delivering on its promises and the uneven development of the territory. While still providing a basic level of universal care, the health care system is under strain, due to major geographical disparities – most advanced health care institutions are concentrated in Muscat – and a structural lack of public investment, especially in R&D, to meet population growth. Consequently, middle-class Omanis prefer traveling to Thailand, India or even Iran for health care, while wealthy Omanis go to Europe.

2 | Political Participation

Oman is an absolute monarchy in which the sultan both reigns and rules. Political representatives are rarely selected through elections.

The 90 members of Oman's Consultative Council (the Majlis al-Shura), the lower house, are elected every four years by Omanis – women and men – over age 21. Each of the country's wilayats has at least one representative seat allocated to them. Wilayats with a population of 30,000 or more are assigned two seats. The most recent Majlis al-Shura elections took place in October 2023. Only 50% of Omanis eligible to vote registered for this election, with a 65% turnout (compared to 49% in 2019), despite the fact that the election was conducted entirely via the Intikhab mobile telephone app.

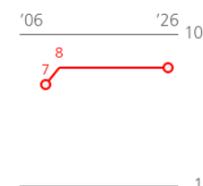
Parties are prohibited and several candidates, including former vice chairman of the council's economic commission (2015 – 2019) Ahmed al-Haddabi, were banned from participating, although the election committee did not provide a reason for these decisions. Of the 843 candidates, 32 were women, though none won a seat.

The 86 members of the State Council (the Majlis al-Dawla) serve as an upper chamber and are all appointed by the sultan a few days after the Majlis al-Shura elections.

Since 2011, municipal councils have been composed of members elected by universal suffrage who represent provinces (wilayats) and governorates, as well as ex officio members representing ministries. Votes were cast via the Intikhab app, but turnout for the 2022 municipal elections remained low at 39.5%. As with previous Majlis al-Shura and municipal elections, key determinants of voter choices in 2022 and 2023 included clientelism, tribal and ethnic affiliations and money offered by candidates.

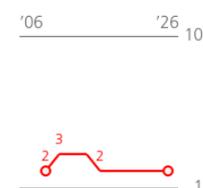
Basic administration

8



Free and fair elections

2



Elected representatives have very little effective power to govern, as the exercise of power remains centralized in the person of the sultan, who reigns and rules. The bicameral Council of Oman and the municipal councils are responsible to the sultan rather than to the voting citizenry, as is the Council of Ministers. While ministers can be questioned by the Majlis al-Shura, the ability to appoint and remove ministers belongs to the sultan alone. The limited legislative capacities of the Majlis al-Shura are further tempered by the existence of the fully appointed Majlis al-Dawla. Furthermore, the sultan has the unilateral ability to dissolve the Majlis al-Shura.

Effective power to govern

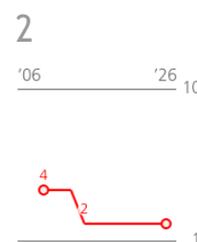


Although voters within wilayats can elect members to their municipal councils, the councils also include centrally appointed members and are chaired by the head of the governorate, who is appointed by the sultan. Thus, central authority is present even at the municipal level.

All members of the Council of Ministers are appointed by the sultan, who is also the prime minister. In contrast to his predecessor's practice, Sultan Haitham has appointed close relatives (brothers, son and paternal cousins) to senior positions in the cabinet, such as his full brother Shihab bin Tariq Al Said, who is deputy prime minister for defense affairs, and his son Theyazin bin Haitham, who is minister of culture, sports and youth and the third most senior member of the cabinet.

Oman's Basic Law guarantees the right to assemble "within the limits of the law" (Article 39) and to establish associations "on national foundations [...] in accordance with the conditions and circumstances prescribed by the law," as long as their activities are not "hostile to social order" (Article 40). In practice, though, the scope of activity for associations remains severely restricted and individuals exercising basic rights to assembly continue to face suppression.

Association / assembly rights



All proposed organizations and their bylaws must obtain approval from the Ministry of Social Development. Political associations are banned, and independent civil society associations, including independent workers' unions and human rights organizations, are not allowed to operate.

The 2018 Penal Code formalizes severe restrictions on freedom of association and assembly. Article 116 states that anyone who "establishes, organizes, administers or finances an association, party, body, organization or center" that is "aimed at combating the political, economic, social or security principles of the state" can be sentenced to prison for three to 10 years. Similarly, anyone calling for or participating in a gathering of 10 or more people that is seen to breach security or public order can be sentenced to prison for up to one year (Article 121).

In scenes reminiscent of the 2011/12 protests, Omanis across the country took to the streets in May 2021 to demand proactive measures to curb high youth unemployment and economic inequality, and to grant legislative powers to the elected Majlis al-Shura. Several dozen protesters and online activists were arrested before being

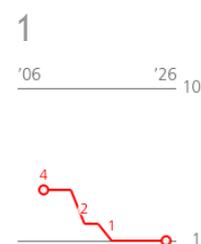
released within the week. In August 2022, three entrepreneurs were arrested while holding a sit-in in Muscat Governorate to protest government corruption and call for urgent economic reforms. One of the three was sentenced in 2023 to two years' imprisonment on charges of "inciting public opinion" and "misuse of information technology." The sentence was reduced to six months on appeal in March 2024.

Several pro-Palestinian protests took place in Muscat in autumn 2023 and spring 2024 outside the U.S. and U.K. embassies, with the authorities' tacit approval.

Freedom of opinion and the press is nominally guaranteed by the Basic Law, provided that it does not "lead to discord or harm the security of the state" (Articles 35 and 37). However, the new Media Law, promulgated by royal decree in November 2024 and which repeals all previous laws related to media activities, reinforces long-standing mechanisms of repression used by authorities to suppress dissent. The law grants the Ministry of Information extensive powers to restrict freedom of expression for all citizens, including media professionals. The ministry censors all domestic and imported publications. Furthermore, the law "prohibits the display, promotion, sale or circulation of publications or artistic works that include any of the publishing prohibitions stipulated in this law." It also prohibits online activists from sharing or commenting on news through their accounts without obtaining prior approval from the ministry – a measure clearly aimed at peaceful criticism of the government. Moreover, the law grants the ministry the authority to revoke any media license at its discretion and compel media outlets to publish any official statement requested by the government. The law completely bans the import of books, even by individual travelers, without the approval of the Ministry of Information. It also grants the public prosecutor and the judiciary the power to suspend media activities during investigations and trials, with provisions for indefinite renewal. The Telecommunications Law criminalizes the use of any communication medium to transmit a message contrary to public order or public morals, punishable by up to one year in prison. The law means journalists can be held criminally liable for content published online. These regulations consolidate the government's absolute control over the media and promote self-censorship. Since the forced closure of al-Zaman and al-Balad newspapers in 2015 and 2016, there is currently no independent media in Oman.

As a result of the surge in the number of citizens arrested for criticizing on social media the lifestyle of the sultan's family and the use of public funds for private advantage, Sultan Haitham amended Article 97 of the Penal Code by royal decree in October 2022. Anyone who "commits, publicly or through publication, a challenge to the rights of the Sultan, His prerogatives or disgraces His person" or publishes similar content about "the wife of the Sultan, His crown prince and His children" faces imprisonment for a period of three to seven years.

Freedom of expression



Moreover, the Cyber Defense Center, established in 2020 and affiliated with the Internal Security Service, has complete control over information systems and communication networks in Oman. It has the power not only to monitor networks but also to isolate and shut them down – in effect leading to the suppression of dissenting opinions.

3 | Rule of Law

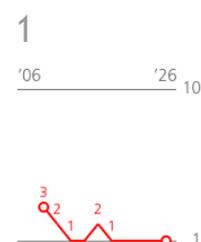
Oman is an absolute monarchy, and there is no separation of powers. Although the bicameral Council of Oman has limited de jure legislative powers, Oman lacks a system of checks and balances, meaning the sultan dominates the executive and legislative branches of government. Both chambers, including the elected Majlis al-Shura, have only consultative and approving functions. The chairman of Majlis al-Shura, formerly appointed by the sultan, has been elected by the members of the council since 2011.

The sultan is also the prime minister, minister of defense and chief of staff of the armed forces. Since 1970, all legislation has been promulgated through the sultan's decrees, including the 2021 Basic Law. The sultan appoints judges and has the right to grant pardons or commute sentences. The person of the sultan is inviolable, and the sultan expects total subordination to his will. The Majlis al-Shura cannot question the heads of sovereign ministries, and the opinion of the two chambers is not binding on the sultan, who can dissolve both chambers. Similarly, municipal politics is at the very least observed by centrally appointed members within the municipal councils.

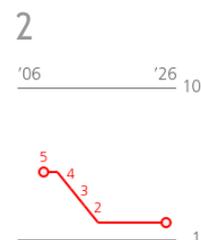
The State of Emergency Law was amended in March 2024 to permit the declaration of a state of emergency not only in cases of war or imminent threat of war but also in response to disturbances and public disasters that threaten society or state safety. This broader scope enables a more proactive approach to emergency management, with an expanded role granted to the National Security Council, chaired by the sultan.

Though Article 77 of the Basic Law affirms the independence of the judicial authority, the sultan's authority extends to the judiciary. The sultan makes all appointments to Oman's courts and chairs the Supreme Judicial Council, Oman's highest judicial body. A 2022 sultan's decree confirmed the ruler's control over all competent authorities by placing the Administrative Court – which handles all complaints regarding decisions and actions undertaken by the state's administrative apparatus – the Administrative Affairs Council for the Judiciary and the Public Prosecution Department under the Supreme Judicial Council. A January 2025 amendment to the Penal Code further restricted the freedom of judges. It states that in cases relating to state security crimes, such as acts that undermine the prestige of the state or terrorism, the court is obligated to enforce the prescribed punishment and judges are not empowered to suspend its execution.

Separation of powers



Independent judiciary



The Supreme Court of Oman stands above the courts of first instance and the courts of appeal. The Judicial Authority Law defines the requirements to become a judge. These include being a Muslim Omani national, holding a degree in law or Shariah law from a recognized university or institution, having no prior convictions related to trust or honor and passing the required examinations.

Article 249 of the Omani Penal Code criminalizes disclosing information about cases the court has prohibited from publication, while Article 4 of the 2024 Media Law simply prohibits publication of information on ongoing investigations and trials. The former has been used to target journalists reporting on corruption cases or other matters deemed embarrassing by the authorities, and the latter is likely to make court proceedings impossible to access.

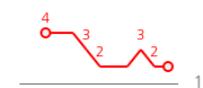
In 2014, Oman signed the United Nations Convention Against Corruption (UNCAC), which imposes obligations to adopt policies and procedures to prevent corrupt practices. The State Financial and Administrative Audit Institution (SAI) is tasked with detecting financial and administrative irregularities, ensuring transparency in financial and administrative transactions, and providing recommendations to ensure the avoidance of conflicts of interest. In 2023, the SAI addressed 115 cases involving misuse of public funds, including bribery, forgery, abuse of office and conflicts of interest. However, despite the optimism surrounding the SAI and its ambitious mandate, the individuals (including public sector employees and businessmen) investigated for corruption and misuse of public funds in 2023 and 2024 did not include the high-profile economic and political figures who have captured popular attention, and embodied the enduring conflict of interest between politics and business since the 1970s. This is not because corruption has drastically decreased. Prominent members of the ruling family and senior officeholders are directly involved in businesses that benefit from public contracts. As of January 2025, two of Oman's largest business groups (SABCO and Al Yousef Group) were controlled by the minister of foreign affairs and the minister of commerce, either personally or through their close relatives (brothers and children). Royal family members, including Sultan Haitham and his brothers, have also developed and consolidated business positions. Shihab bin Tariq owns the Seven Seas group of companies, which has invested worldwide in petroleum, mutual funds and properties. Meanwhile, his brother Asad runs Asad Investment Company, which operates as his personal investment vehicle.

At the same time, newspapers and activists publishing informed articles on corruption have faced harsh repression. Criminal charges were filed against journalist Mukhtar al-Hinai in March 2022 in reprisal for disclosing information about a case involving officials convicted of embezzlement. After international organizations referred the case to the U.N. special rapporteur for freedom of opinion and expression, al-Hinai was acquitted in July 2022. However, he remains unable to return to work due to ongoing pressures.

Prosecution of
office abuse

2

'06 _____ '26 10



Although Article 21 of the Omani Basic Law prohibits discrimination on the basis of “sex, origin, color, language, religion, sect, domicile or social status,” civil liberties and rights are severely restrained by ordinary laws and regularly abused by the regime.

The Nationality Law openly discriminates against women. The children of an Omani man married to a non-Omani woman automatically acquire Omani nationality at birth. However, Omani citizenship can be granted to a child born to an Omani mother and a foreign father only if the mother is a widow or has been divorced for at least five years, or if the father abandons the family for a period of 10 consecutive years.

The Personal Status Law discriminates against women by reducing their autonomy and ability to act as active citizens. Women inherit half the amount given to male siblings or heirs. A male guardian is required to contract an Omani woman into marriage. Polygamy is permitted and husbands can divorce their wives by repudiation, whereas women must obtain court approval and can do so only on limited grounds. Fathers are recognized as the legal guardians of children, irrespective of whether the children in a divorce case live with their mother.

Oman has not yet introduced legislation to address domestic violence. Article 44 of the Omani Penal Code permits parents to use physical punishment on children for disciplinary reasons. Women who report being raped outside of marriage risk prosecution if authorities do not consider their testimony credible.

Female genital mutilation is another area where redress is difficult to achieve. In a 2014 study by Habiba al-Hinai, 78% of women reported having had the procedure. In 2013, the current Grand Mufti of Oman justified the practice, explaining that “it does not violate women’s bodily integrity but rather preserves good relations between them and their husbands.”

Homosexual conduct between consenting adults is criminalized by articles 261 and 262 of the Penal Code, with a jail term of up to three years, which also criminalize non-normative gender expressions.

In June 2020, Oman signed the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and the International Convention for the Protection of All Persons from Enforced Disappearance (with reservations, including those regarding the resolution of disputes concerning the convention’s application). However, prisons in the sultanate remain inaccessible to local and international independent monitors. Public prosecutors can arrest individuals without an arrest warrant and hold them for up to 30 days for crimes related to national security or those mentioned in the anti-terrorism law. Since 2022, there have been numerous testimonies of inhumane treatment or punishment of detainees – such as police beatings, forced confessions, incommunicado detention and forced disappearances.

Members of the Oman Human Rights Commission, established in 2008, are appointed by royal decree, which means the commission’s agenda is not truly independent of the regime.

Civil rights

2

'06 '26 10



4 | Stability of Democratic Institutions

Oman is a highly centralized regime. There are no inherently democratic institutions in the country. Municipal councils and the Majlis al-Shura lack the independence to unilaterally advance the interests of their constituents through legislation, regulation or policy without interference from the central regime.

The 2021 Council of Oman Law further restricts the already largely consultative role of the bicameral institution. The Council of Oman can propose laws, which must be referred to the Council of Ministers, but the latter has the right to reject them. Laws “which the public interest requires” must be submitted directly to the sultan by the Council of Ministers, and the Majlis al-Shura is permitted only to provide recommendations – which the Council of Ministers is free to ignore – concerning development projects and the annual state budget. In January 2025, the Council of Oman approved a draft law on personal income tax. However, whether the law is passed or not lies entirely at the discretion of the sultan, who holds the sole authority to ratify and promulgate legislation.

Likewise, the 2020 Municipal Councils Law issued by royal decree confirms that municipal councils possess only advisory powers. They can provide suggestions and recommendations on the development of services in the governorate – such as infrastructure, health care, environment and local taxes – but they do not have the authority to make a final decision on these matters.

There is widespread popular support in Oman for an empowered Majlis al-Shura. This support was evident in May 2021 when Omanis took to the streets, calling, among other demands, for the granting of legislative powers to the elected lower chamber of the Council of Oman. However, Sultan Haitham bin Tariq appears to be as unwilling as his predecessor Qaboos to empower the sultanate’s partially democratic institutions.

Sultan Haitham has relinquished several ministerial portfolios – foreign affairs and finance – as well as the position of head of the country’s central bank. However, unlike Qaboos, who largely excluded his family from office, Haitham has appointed close relatives to key positions. Along with the creation of the position of crown prince (Article 7), established by the Basic Law enacted in 2021, the principle of male primogeniture has been codified into law, ensuring Haitham’s elder son, Theyazin – who is culture, sports and youth minister and the third-most senior member of the cabinet – will succeed him. Coupled with the appointment of brothers and paternal cousins of the sultan to influential positions, this marks a further concentration of power in Haitham’s close family circle.

Performance of democratic institutions

2

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Commitment to democratic institutions

2

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5 | Political and Social Integration

Political parties and organizations are prohibited in Oman. Therefore, societal interests and expectations are channeled through familial, tribal and professional frameworks, while lobby groups (such as those for education and health care) try to make themselves heard in the Majlis al-Shura and municipal councils.

However, the politically motivated ban on candidates, including incumbent council members, from participating in the 2023 Majlis al-Shura elections is a strong signal that the regime remains unwilling to allow alternative voices any space in state institutions. This was confirmed in December 2021 after Consultative Council member Muhammad al-Zadjali criticized the Council's chairman on a radio station. The same month, the Ministry of Information informed media outlets that hosting Majlis al-Shura members required prior approval from the authorities.

Civil associations, which must obtain approval from the Ministry of Social Development, exist alongside more familial, tribal and clan networks. These informal channels are usually seen as better positioned to mediate between society and the state and to articulate societal interests in the political sphere. The regime's strategy has been to co-opt the most powerful societal elites – religious leaders, tribal and ethnic figures and business leaders – into the system of state patronage networks.

Since 2006, private sector workers have been allowed to form trade unions, although these unions are monitored by the state and must be affiliated with the General Federation of Oman Workers. Peaceful strikes are banned at establishments that provide “essential public services,” particularly oil processing facilities and infrastructure sites, such as ports and airports. The law prohibits government civil and military employees, and domestic workers from forming or joining unions.

While the sustained suppression of dissenting voices aims to undermine the development of an independent civil society, a “youthful and agile citizen journalism” (Carnegie Endowment, 2021) has emerged, using online platforms to inform criticism of policies and official narratives and mobilize collective actions. This development has facilitated the accretion of social interests.

No opinion polls in Oman have assessed the popularity of the executive, the sultan or other sensitive elements of the political system. However, the various calls to empower the Majlis al-Shura since 2011 suggest widespread support for strengthening representational institutions in the sultanate. In particular, the crackdown on activists since 2020 and the suppression of popular protests across the country in May 2021 – which advocated for legislative powers to be granted to the elected Consultative Council – demonstrate the sensitivity of this issue. The state's use of coercive practices to deter citizens from criticizing the status quo – and to intimidate and blackmail the families of exiled activists advocating reform – reflects growing concern over the increasing presence of such calls in Oman.

Party system



Interest groups



Approval of democracy

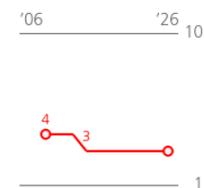


No surveys assessing solidarity and trust among citizens have been made available. However, the Legatum Prosperity Index – which measures social capital in terms of the strength of personal and social relationships, institutional trust, social norms and civic participation in a country – ranks Oman fifth in the Middle East and North Africa region. Within the index, Oman’s ranking regarding social tolerance has dropped over the last 10 years, from 110th globally to 141st in 2023.

Employment opportunities are often accessed through family or kinship connections. Class is an increasingly important factor, as individuals who do not belong to prominent families and clans find it difficult to overcome barriers to economic mobility. In the face of worsening socioeconomic conditions in the country, the salience of ethnolinguistic, sectarian and regional affiliations is increasing – as illustrated by the jail sentences handed to six Dhofari individuals on charges of “inciting religious and sectarian strife” in summer 2024, and the concomitant attack on a Shi’a mosque in Muscat by Omani Ibadis.

Social capital

3



II. Economic Transformation

6 | Level of Socioeconomic Development

In 2022, Oman ranked 59th in the HDI, down from 48th in 2018, with an HDI score of 0.819 – an improvement over 2021, yet the second lowest score since 2015. Inequality accounted for a 12% reduction in the overall HDI score. In the UNDP Gender Inequality Index, Oman achieved a score of 0.267 in 2022 and ranked 72nd out of 191 countries. These figures underscore massive inequalities, with the richest 10% of the population owning 68% of the wealth, while the poorest 50% own just 2.7%, according to the Wealth Inequality Database in 2023. According to UNESCWA (2023), Oman has the second highest poverty rate among nationals in the GCC after Saudi Arabia, with one in 10 nationals in Oman living in poverty.

Despite the government’s policy of securing loyalty in remote areas and border towns by allocating senior public positions based on subnational identities, income disparities among regions and social groups, coupled with endemic unemployment (especially among young people), were key determinants of the popular protests in 2011 and 2012. Omanis took to the streets again in May 2021 and protests quickly spread across the country, including the normally peaceful interior. Structurally induced barriers remain a concern, particularly in relation to gender, race, citizenship status and region. Women and individuals from marginalized groups – including descendants of tribes historically regarded as of lower social status, such as former slave communities and those brought from Africa – continue to face substantial barriers to participating in formal economic activities.

Question
ScoreSocioeconomic
barriers

4



Economic indicators		2021	2022	2023	2024
GDP	\$ M	87323.8	109852.8	105895.7	106942.8
GDP growth	%	2.6	8.0	1.2	1.7
Inflation (CPI)	%	1.7	2.5	1.0	0.6
Unemployment	%	1.9	3.3	3.2	3.2
Foreign direct investment	% of GDP	10.0	6.3	11.8	8.1
Export growth	%	20.2	9.1	1.9	-
Import growth	%	13.3	7.6	1.6	-
Current account balance	\$ M	-4835.7	4362.1	2637.6	-
Public debt	% of GDP	61.9	41.7	37.5	35.5
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	22.1	17.7	19.1	-
Public education spending	% of GDP	-	4.3	-	-
Public health spending	% of GDP	3.8	2.5	-	-
R&D expenditure	% of GDP	0.3	0.3	0.4	-
Military expenditure	% of GDP	6.6	5.0	5.4	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

The fundamentals of a market-based economy have existed in Oman for several decades. As in neighboring Gulf states, decision-makers in Oman have announced a long-term strategy intended to shift economic output away from over-reliance on gas and oil commodities. The key sectors associated with this shift are logistics and shipping, tourism, manufacturing, fishing, and green energy.

Laws designed to encourage and facilitate foreign investment and provide incentives for both private and foreign investors include the Foreign Capital Investment Law (FCIL, Royal Decree 50/2019), the updated Privatization Law (Royal Decree 51/2019), the Public-Private Partnership Law (Royal Decree 52/2019), the Bankruptcy Law (Royal Decree 53/2019) and the Commercial Companies Law (Royal Decree 18/2019). The FCIL eliminated minimum share capital requirements, allowing foreign investors to acquire 100% ownership of companies in various sectors, except in 70 activities in which the Ministry of Commerce and Industry (MOCI) has prohibited foreign investment. In March 2022, the Muscat Stock Exchange eliminated restrictions on foreign ownership of listed companies, meaning they no longer need to be partially owned by Omani entities.

Established in 2011, the Public Authority for Consumer Protection (PACP) is charged with monitoring market prices and censuring unlawful increases by private companies. This means the state is a key player in setting and controlling prices, as illustrated by administered prices and subsidies on selected fuels, water, electricity, wheat and flour.

Rules regulating the employment of expatriate labor, such as the kafala sponsorship system and policies aimed at reducing reliance on foreign labor (known as the “Omanization” of the workforce), remain in effect. In an apparent attempt to improve the business climate, fees charged for issuing and renewing non-Omani manpower licenses were reduced in 2022 for companies that meet the required Omanization percentage. This seems to contradict the Ministry of Labor’s September 2024 decision to add 32 new jobs to the list of professions prohibited from being practiced by non-Omani workers, including travel agent, vehicle salesperson, hotel reception manager, computer engineer and web designer. After a significant decrease in 2020 and 2021, the number of foreign workers rebounded (1.82 million individuals in January 2025, compared to 1.38 million in 2021). Many Omanis perceive politically connected business owners who control vital sectors of the economy and benefit from affordable yet skilled foreign labor as a hindrance to genuine Omanization efforts.

Market
organization

6

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The Competition Protection and Monopoly Prevention Law (CPMP), enacted in 2014, sets the maximum market share that an individual or conglomerate can own at 35%. Exceptions to this limit can be granted, allowing for a 50% market share, but only with permission from the PACP. The CPMP excludes state-run public utility entities as well as public and private research and development entities. Since February 2022, the stake of the state's investment arm, OIA, in new projects is restricted to 40%. A five-year tax exemption has been granted to new businesses operating in six sectors (industry, tourism, logistics, fisheries, agriculture and mining) that began operations in 2021 and 2022.

The CPMP aims to combat monopolistic practices, although its enforcement in relation to anti-competitive practices is restricted. As of early 2025, Oman lacks an active independent competition commission to oversee the implementation of the applicable legal framework.

One of the most common public grievances relates to the intermingling of political and business interests among top political incumbents. As of January 2025, three of Oman's largest business groups were controlled by the minister of foreign affairs, the minister of commerce and the chair of the Majlis al-Dawla, either personally or through close relatives such as brothers, children and first cousins.

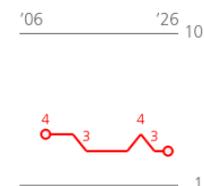
Oman has liberalized and extensively deregulated foreign trade. It joined the World Trade Organization (WTO) in 2000 and has been a member of the Gulf Cooperation Council (GCC) customs union agreement since 2015. Currently, the sultanate has 29 bilateral investment treaties in force with various countries, including China, Egypt, France, Germany, Iran, Japan, the Republic of Korea, Pakistan, Singapore, Türkiye and the United Kingdom.

Foreign companies interested in importing products into Oman must register with the Ministry of Commerce and Industry. Oman generally maintains few non-tariff barriers to trade. Sensitive products including alcohol, firearms, explosives, medicinal narcotics and livestock require a special license. Imported media items must be reviewed by the Ministry of Heritage and Culture to censor material considered politically or morally sensitive. In February 2023, the government of Oman reduced commercial registration fees for foreign investors and waived the insurance bond requirement for companies bidding on government tenders. Licensing can be a lengthy process, however, adding significant time to schedules. To protect domestic producers, seasonal bans are placed on the import of certain fruits and vegetables grown locally.

In 2023, the average most-favored-nation applied tariff rate was 5.6% overall, rising to 23.6% on agricultural products and 8.5% on non-agricultural products (WTO).

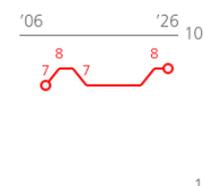
Competition policy

3



Liberalization of foreign trade

8



Oman's banking system consists of 18 local and international banks, including both conventional and Islamic banks. The new Banking Law, issued by royal decree, took effect in January 2025. The law covers digital banks and other financial institutions, as well as conventional and Islamic banks. Obtaining a banking license now requires the applicant to be a public joint-stock company. The law also significantly expands the regulatory and supervisory roles of the Central Bank of Oman (CBO), which now has exclusive authority to regulate digital banks, and to supervise and control institutions that conduct financial activities. Appointments to key positions – including chairman and board members, among other senior roles – in banks and related entities are not valid without prior approval from the CBO. Foreign banks face no restrictions on establishing operations as long as they comply with directives from the CBO.

Oman's banks report stable, low levels of non-performing loans (4.5% in September 2024). Indicators of financial soundness appear healthy, benefiting from prudent oversight by the CBO. However, private sector credit growth has remained subdued.

The Muscat Securities Market, where all listed stocks are traded, is supervised by the Capital Market Authority. The 2022 Securities Law aims to support small and medium-sized enterprises in raising funds from the public. Under the new law, any service or product related to securities must be licensed in advance.

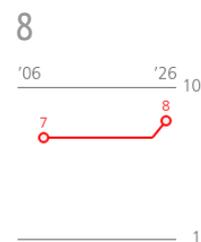
The CBO adopted Basel III regulations, including minimum capital requirements specified under the 2025 Banking Law, but these measures have not been fully implemented yet.

8 | Monetary and fiscal stability

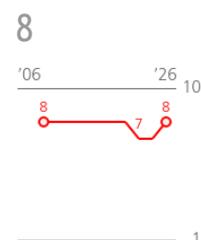
The CBO is the pre-eminent monetary authority in Oman. Its nine-member board is appointed by the sultan and currently sits under the chairmanship of Taimur bin Asad, the son of Sultan Haitham's half-brother. The local currency, the Omani rial (OMR), is freely convertible and currently trades at \$2.60 per OMR. It has been pegged to the U.S. dollar since 1986 – which means that interest rates generally follow those in the United States.

The Public Authority for Consumer Protection is responsible for monitoring market prices and censuring unlawful increases by private companies, which makes the state a key player in price setting. Despite some subsidy cuts contributing to rising prices and the introduction of a value-added tax in April 2021, inflation (CPI) remained low at 0.8% in 2024 (compared to 1% in 2023), reflecting continued contraction in transport prices and moderation in food inflation. The IMF predicts that global inflationary pressures will not push inflation beyond 2% in 2026, citing price caps on selected fuels, wheat and flour, as well as the strength of the U.S. dollar against the currencies of Oman's main import suppliers, particularly the European Union and the UAE.

Banking system



Monetary stability



Oman's fiscal stability remains closely linked to the state of global oil and gas markets. In October 2024, oil and gas revenues accounted for 74% of total public revenues. Following eight years of budget deficits (2014 – 2021), the rebound in oil prices after the COVID-19 pandemic allowed Oman to achieve current account surpluses beginning in 2022 (2.4% of GDP in 2024), as well as budget surpluses (6.9% and 6.2% of GDP in 2023 and 2024, respectively). Part of these surpluses was used to retire some of Oman's outstanding debt early, which led to a decrease in central government debt to 37.5% of GDP in 2023 – compared with a historic high of 69.7% in 2020 – and it is expected to decline to 35% of GDP in 2025. As a result of divestments in 2023, the Oman Investment Authority injected OMR 800 million into the state's general budget. This contributed to S&P Global upgrading Oman's long-term sovereign credit rating to BBB- from BB+ in October 2024.

Despite the introduction of a 5% value-added tax in April 2021, tax revenues reached only 4.5% of GDP in 2023. This rate is not expected to exceed 5% of GDP by 2030.

In 2025, Oman plans to run a budget deficit of \$1.6 billion (1.6% of GDP), even with expenditures 2.8% lower than the 2024 preliminary results, based on an assumed oil price of \$60 per barrel. This represents a 29% cut in development expenditure compared to the 2024 preliminary results. This conservative basis – considering that oil prices are expected to remain higher in 2025 – allows Oman some latitude of action, and the IMF expects Oman to keep posting fiscal and external surpluses over the medium term.

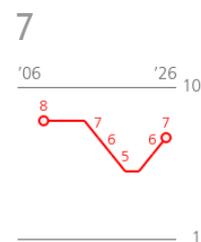
In January 2025, the Council of Oman approved a draft law on personal income tax, which would make Oman the first GCC state to tax the income of its own nationals. Under the law, foreign nationals are taxed on income earned in Oman exceeding \$130,000 per year, while resident nationals are subject to taxation on global income above \$1 million per year. A flat tax rate of 5% would apply to both nationals and foreigners. The timeline for the law's implementation remains highly uncertain, as the sultan must approve it. Moreover, the finance minister stated in January 2025 that the “income tax will not be applied unless the conditions are prepared to be applied.”

9 | Private Property

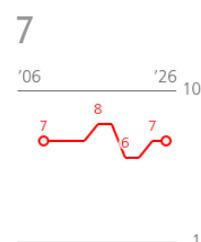
Article 14 of the 2021 Basic Law establishes safeguards for private ownership. Private property is protected and inviolable, and may not be compromised, as “[n]o one shall be prevented from disposing of property except within the limits of the law, and no one shall have their property expropriated except for the public benefit, in the cases prescribed by the law, and in return for fair compensation.”

Until 2022, non-GCC citizens could own residential and commercial properties only in “integrated tourism complexes.” Since March 2022, non-Omanis have been allowed to own properties worth more than OMR 250,000 (\$650,000). However, this

Fiscal stability



Property rights



does not apply to the governorates of Dhofar (except Salalah), Musandam, Buraimi, Dhahirah and al-Wusta, nor the provinces of Liwa, Shinas, Masirah, Jebel Akhdar and Jebel Shams. Additionally, this restriction applies to islands, sites near palaces, security and military installations, as well as archaeological and old heritage sites, where non-Omanis cannot acquire any property (Royal Decree 29/2018). Moreover, non-nationals who own land cannot use their properties for agricultural purposes anywhere in the country.

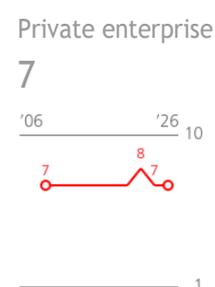
In 2024, the value of real estate transactions in Oman increased by 30% compared to 2023. According to the Ministry of Housing and Urban Planning, foreign investments drove this trend, accounting for 70% of total investment, while property titles issued to GCC nationals rose by 10%.

Private enterprise is a key component of the Oman 2040 Vision. The private sector is regarded as “driving a national economy that is competitive and aligned with the global economy.” Small and medium-sized enterprises (SMEs) are intended to play an integral part in this strategy, as shown by the creation of the Authority for SME Development in August 2020, responsible for nurturing the SME ecosystem in Oman. In September 2022, it launched a financing program to support SMEs in winning tenders.

The 2019 Privatization Law outlines the conditions under which the restructuring of government assets can take place. The 2019 Commercial Companies Law removes the minimum share capital requirement of OMR 20,000 (\$52,000) for limited liability companies (LLCs) and allows for the establishment of an LLC with just two shareholders. It also states that a holding company must be structured as a joint stock company. Additionally, a company is prohibited from holding more than 51% of the shares of another company and managing it except when the managed company is structured as a holding company.

In June 2020, Royal Decree 61/2020 established the Oman Investment Authority (OIA) as the state’s investment arm. Ownership of all government companies and investments, except for Petrol Development Oman, was transferred from the Ministry of Finance and the former State General Reserve Fund to the OIA. In 2023/24, the OIA executed a divestment plan involving 17 assets, raising over \$2.5 billion – 90% of which was allocated to repaying public debt during the same period. In 2024, the OIA told the IMF that it plans to divest a further 25 to 29 assets by 2029.

These decisions have raised concerns among many Omanis about the social impact of privatization – particularly in electricity and education – and the vital role of energy in the country’s economic security and sovereignty.



10 | Welfare Regime

For years, Oman's social safety net has relied heavily on financing through oil and gas revenues rather than taxes. However, since the mid-2010s, the reduction of state subsidies for utilities and food has placed many sectors of society under increasing financial pressure and resulted in greater inequality. Omanis took to the streets in May 2021, a month after the government further reduced subsidies on water and electricity, and introduced a value-added tax of 5% on most goods and services. According to the Ministry of Social Development, only 79,500 people benefited from social assistance programs in 2023.

Since 2019, all companies in Oman are required to provide health insurance for their employees through private providers, allowing international health care providers to enter Oman. In response to popular protests over the lack of job opportunities and economic hardship, Sultan Haitham announced the creation of the Employment Security Scheme. The scheme came into effect in January 2021 and covers all employees across both the government (civil and military) and private sectors. Workers whose contracts are terminated are eligible for a payment of 60% of their average salary based on the prior 24 months of employment while they search for a new role. This is paid for a maximum period of six months, during which the National Employment Center supports the individual in finding an alternative job, with funding based on a 1% contribution split equally between workers and employers.

In July 2023, the new Social Protection Law further reshaped Oman's system to address lifecycle risks. In addition to the unemployment allowance introduced in 2021, a series of non-contributory, government-funded provisions came into force in January 2024, including a universal child benefit (OMR 10 per month for all Omanis under 18), a universal disability benefit (OMR 130 per month to all Omanis with a permanent disability), and a universal old-age pension (OMR 115 per month to all Omanis over the age of 60). Moreover, all employed mothers and fathers of newborns are entitled to job-protected leave – 14 weeks and seven days, respectively – at full pay, funded through a 1% employer contribution. Similarly, social insurance benefits for work-related injuries – available to all employed workers, including foreign nationals – are financed through the same mechanism. The law expands protections such as maternity and sick leave for documented migrant workers under the same terms as Omani workers – under a mandatory savings system.

A key provision of the law is the harmonization of eligibility conditions and benefit formulas for all Omani workers: the new law integrates all former private and public pension funds into a single scheme managed by the newly established Social Protection Fund. The size of this new fund makes it a key player in Oman's domestic financial market, but also renders it more vulnerable to speculation and default risk, and could potentially entail destabilizing effects from rapid portfolio rebalancing for

Social safety nets

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financial markets and institutions – with the widescale impact that would have on the Omani economy. Oman’s 2025 budget allocated OMR 557 million to the social protection program.

The new system has attracted major criticism on social media due to failings in implementation and benefit amounts that do not meet basic needs. It also fails to address the structural roots of underemployment – Oman’s informal economy is estimated by the World Bank to account for 20% of the country’s GDP. Moreover, foreign workers without valid residencies and domestic workers are excluded from all programs and protections.

Similarly, the 2023 Labor Law issued concurrently marks a drastic setback for workers’ rights and the protection of Omani employees. It now allows employers to terminate employees for “poor performance” and “due to economic reasons.” Contrary to the previous Labor Law, fixed-term contracts will no longer automatically convert to unlimited-term contracts upon renewal. The law also allows employers to temporarily assign employees to work for another employer to reduce the need to recruit foreign labor, thereby mitigating associated costs. While the previous Labor Law guaranteed the right to pursue employment disputes through the courts, the new law requires that collective disputes be resolved through arbitration before the Collective Labor Disputes Arbitration Committee, comprising a Ministry of Labor representative, an arbitrator representing the employer and an arbitrator representing the workers. In the name of Omanization, the law also weakens protections for foreign workers, allowing employers to terminate the contracts of non-Omani employees for the purpose of hiring an Omani national.

While still providing a basic level of universal care, the health care system is under strain due to major geographical disparities and a structural lack of public investment, especially in R&D, to meet the growth of the population. These deficiencies were exposed during the COVID-19 pandemic, with Oman recording the highest death rate per one million people and the lowest full vaccination rate among the Gulf states, and explain why 43% of Omanis state that they would prefer to receive treatment abroad (Maestri, 2021).

Nationals employed in the private sector are guaranteed a minimum monthly wage of OMR 325 (approximately \$844), which has not increased since July 2013. As of December 2023, 43% of nationals working in the private sector earned a monthly salary of less than OMR 500 due to widespread involuntary part-time employment, particularly among women.

Oman’s Basic Law prohibits discrimination based on “gender, origin, color, language, religion, sect, domicile or social status.” However, legislation is responsible for making these theoretical protections applicable and enforced, which is not always consistently achieved.

For able-bodied Omanis, there are no limitations on primary and secondary education, with access provided to all children. As a percentage, gross school enrollment was high in 2024, with rates of 95.6% in primary education and 96.7% in secondary education, but there was a significant decline to 45.6% in the tertiary sector. In post-secondary education, women significantly outnumber men, as 64% of higher education graduates in 2023 were women. However, this gender disparity does not extend to the job market, as the female-to-male ratio in the labor force stands at only 16.7% of the total labor force (World Bank, 2023), placing Oman among the world’s poorest performers. Contributing factors include social norms, particularly men’s lack of support for women working outside the home, as well as poor working conditions such as limited job opportunities outside Muscat and inadequate childcare. In the UNDP Gender Inequality Index, Oman achieved a score of 0.267 in 2022 and was ranked 72nd out of 191 countries. The new Labor Law, which allows employers to terminate employees “due to economic reasons,” will not improve the situation for women, who constitute the majority of precarious workers in the job market.

Managerial opportunities for descendants of tribes considered to be of inferior origin or low social status, including former slave groups, in the civil sector remain rare, while recruiting individuals based on a shared tribal background is still practiced on a large scale.

Oman is not a signatory to the United Nations’ International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families. Migrant workers – the majority of whom come from South and Southeast Asia – face structural inequalities that severely impact their quality of life. There is no minimum wage for migrant workers and the kafala (sponsorship) system ties domestic workers’ visas to their employer. To change employers, domestic workers – who are excluded from labor laws – must acquire a “no-objection certificate” from their existing employer.

Equal opportunity

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11 | Economic Performance

Oman's economic output remains highly dependent on hydrocarbon price volatility. After a downturn in 2020 (-3.2%), the Omani economy grew 8% in 2022 and 1.2% in 2023, following a rebound in oil prices since mid-2021. The IMF expects Oman's real GDP growth to continue on this trajectory, reaching 2.6% in 2025 and 3.6% in 2026. The oil and natural gas sectors accounted for 74% of government revenues in 2024. In 2023, real GDP per capita was \$44,400.

Inflation remains at 0.8% in 2024 and is not expected to exceed 2% before 2029 (IMF), largely due to untargeted energy subsidies and tax exemptions on most food items. The foreign direct investment rate was 4.4% of GDP in 2023, down from 4.8% in 2022 and 10% in 2021 (World Bank). According to the Stockholm International Peace Research Institute (SIPRI), the defense and security sectors accounted for 20.7% of government spending in 2023 – one of the highest rates in the world.

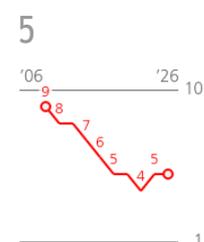
Structural youth unemployment and underemployment deeply impact the economy's productive capacity and potential. Unemployment rates total 16% among young nationals aged 18 to 24 and 33% among young women (International Labour Organization, 2022). These figures do not account for Oman's informal economy, which the World Bank estimates accounts for 20% of the country's GDP.

12 | Sustainability

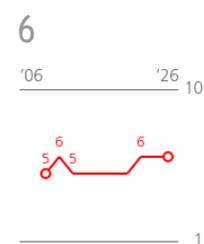
More than 90% of Oman's physical territory is classified as desert, semi-arid terrain or mountainous. Irrigation-intensive agriculture in fertile regions, including the Batinah coast, frequently leads to saline intrusion through aquifers. Overgrazing and desertification have been structural problems in the south. Severe pollution caused by industries in Sohar Port has triggered popular protests in the Batinah region since 2011.

Oman, which ranked among the top 10 countries worldwide for greenhouse gas emissions per capita in 2023, became a party to the Paris Climate Agreement in 2019. One of the updated goals of Vision 2040, announced in 2022, is for renewable sources – solar, wind and green hydrogen – to account for 30% of energy consumption by 2030 and to achieve net zero emissions by 2050. As part of its second Nationally Determined Contribution and aligned with the 2015 Paris Agreement's global targets, Oman pledged in 2023 to reduce its greenhouse gas emissions by 21% by 2030 relative to the business-as-usual scenario. Issued in 2022, the National Strategy for an Orderly Transition to Net Zero details the pathways to achieve these goals, under the governance of the Sustainability Centre, which is responsible for tracking progress and communicating with stakeholders.

Output strength



Environmental policy



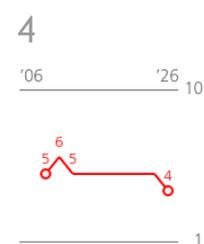
In 2023, Oman announced plans for large-scale facilities in Duqm and Salalah, powered by wind and solar energy, to produce green hydrogen and ammonia. The country aims to become a key global actor in the field by producing at least 1 million tons of renewable hydrogen per year by 2030. To guide the country's green hydrogen strategy, a new state-owned company, Hydrom, was launched. In 2024, Oman announced the development of a state-of-the-art liquid hydrogen storage facility in the port of Salalah. However, the production of blue and green hydrogen requires significant investment in carbon capture and storage, as well as other renewable energy technologies such as solar and wind, which currently remain relatively small in scale. As part of this effort, a wind farm began operations in Dhofar in 2019 and 12 companies were shortlisted in September 2024 to build five additional wind power stations across Oman, which are due to be completed by 2027. Alongside the two existing solar power projects, two solar projects were inaugurated in Manah in January 2025 with the aim of deriving at least 30% of its electricity from renewable sources by 2030.

Following the merging of the Ministry of Environment and Climate Affairs, and the Environment Authority in August 2020, all climate affairs were transferred to the Civil Aviation Authority, while the Environment Authority now oversees environment-related issues. With the Environment Authority lacking representation in the Council of Ministers, environmental concerns have continued to lose out to private interests and the development of tourism, real estate and industrial projects under Haitham's rule, as was often the case under Qaboos.

Education is one of the 13 national priorities outlined in Vision 2040. Oman aims to rank among the top 20 countries in UNESCO's Education Development Index by 2030 and among the top 10 countries by 2040. As of 2024, Oman had more than 2,400 primary, preparatory and secondary schools, with 52% of schools run by the government. Girls comprise 49% of all students enrolled up to the secondary school level. The literacy rate reached 97% of the population in 2022. In the U.N. Education Index, Oman scored 0.758 in 2022, reflecting a persistent decline since 2019. In 2023, Oman invested \$5.25 billion in the education system (34% of total civilian expenditure); it accounted for 4.2% of GDP in 2022 – the lowest proportion since the mid-2010s.

In the academic year 2022/23, the sultanate had only two public universities – Sultan Qaboos University, and the University of Technology and Applied Sciences, the latter established in 2020 through the merger of several colleges of technology and applied sciences – and 27 private higher education institutions (HEIs). National student enrollment was nearly evenly split, with 49.5% registered in public institutions and 50.5% in private institutions. The government funds or subsidizes all HEIs. In May 2023, the new Higher Education Law was promulgated by royal decree; it regulates both public and private sector institutions, and provides a framework for higher education scholarships. The law allows foreign HEIs to open branches in Oman following approval by the Council of Ministers, as is the case for local private institutions.

Education policy /
R&D



The Omani education system suffers from qualitative structural deficits and important questions remain regarding the realization of Vision 2040. For example, it is unclear how the goal of establishing “an effective national system that nurtures scientific research, innovation and creativity” aligns with the new law, which states that HEIs are “prohibited from promoting any beliefs, ideas, activities or events that would affect the unity and values of the society.” Furthermore, there is no specific data on apprenticeships and other models of technical work-based learning, making it difficult to assess how investment in the sector can improve outcomes. Additionally, despite Vision 2040’s ambition to foster “a diversified and sustainable economy [...] based on technology, knowledge and innovation,” research and development expenditure accounted for only 0.3% of GDP in 2022.

Governance

I. Level of Difficulty

Structural difficulties that constrain the governing capacity of decision-makers are relatively minor. Oman depends on international markets to import more than 50% of its domestic food consumption needs. The country's natural environment, with only 0.25% of its land considered arable, means self-sufficiency in food production is unlikely.

Reliance on oil and gas exports makes the sultanate vulnerable to global commodity markets at a time when, like its Gulf neighbors, it is attempting to diversify its economy and revenue streams. This is exacerbated by extreme demographic pressure; more than 61% of the population is under age 30. Economic diversification to create employment opportunities cannot be sidelined given the high rate of youth unemployment. However, one of the main obstacles to reform lies in conflicts of interest between politics and business at the highest levels in the country.

Regional insecurity, stemming from the war in Yemen and attacks on shipping routes in the Strait of Hormuz, poses a threat to Oman's investment attractiveness should tensions escalate.

Oman has a limited tradition of civil society engagement in NGOs. The Omani Women's Association, established by royal decree in the 1970s, is an outlier in terms of its longevity.

Citizen participation in civil society is heavily monitored, reducing opportunities for independent action and open critique. For the last 50 years, the government has actively worked to erase the memory of active civil society and political engagement in the 1960s and 1970s (e.g. the Dhofar rebellion). It has also attempted to prevent intergenerational political socialization and the transmission of a culture of collective action. The government's fear of associations channeling dissenting voices has prompted it to ban any politically oriented civil society organization or association, only issuing licenses to those deemed apolitical. Despite an increasingly vocal civil society, the government's stance on civil society organizations has continued to tighten since 2011. This is illustrated by the active harassment and repression of peaceful alternative voices and human rights activists, and the massive investment in the security sector.

Social trust is relatively weak. According to the Legatum Prosperity Index, Oman's ranking for social tolerance has fallen significantly over the past 10 years, from 108th globally in 2017 to 141st in 2023.

Structural constraints

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Civil society traditions

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Although Omani society is divided along tribal, social and regional lines, potential points of cleavage rooted in tribal disagreement, historical confrontation, sectarianism, class and ethnicity were long overshadowed by national loyalty. Additionally, economic development made possible by oil rent ensured that, although development was inevitably uneven, all Omanis experienced improved living standards. However, 20 years of persistently high unemployment and widespread perceptions of entrenched corruption, even at the highest levels of the state, have fueled citizen frustrations and contributed to societal polarization and competing declarations of loyalty to the nation by various subnational groups, including religious groups. Reflecting growing concern by authorities over social and religious divisions in the country, Article 108 of the 2018 Penal Code states that “anyone who seeks to stir up religious or sectarian unrest or discord, or fosters feelings of resentment, hatred or disunity among the population [...] shall be imprisoned for a term of not less than three years and not more than 10 years.”

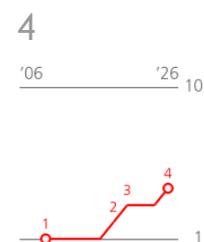
Confirming this dynamic, 2024 witnessed worrying signs of increasing social and religious polarization. In July, an attack on a Shi'i mosque in Muscat resulted in the deaths of five Pakistani and Indian worshippers, and one policeman. All perpetrators were Omani nationals holding public sector jobs. The Islamic State (IS) group claimed responsibility for the assault, marking the first time the group has been behind an attack in Oman. In August, five individuals from Dhofar governorate were sentenced to two years in jail on charges of “inciting religious and sectarian strife” after observing Eid al-Adha prayers according to the Saudi calendar – in contradiction to the religious calendar designated by the authorities.

II. Governance Performance

14 | Steering Capability

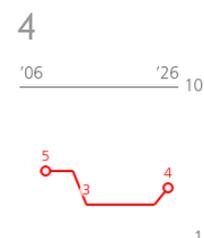
The Oman Vision 2040 is intended to be “the national reference for economic and social planning for the period from 2021 to 2040, and the source of national sector strategies and five-year development plans.” It was formally implemented in January 2021 and consists of three broad pillars: people and society, economy and development, and governance and institutional performance. During the review period, priority was given to the second pillar (economy and development). This included acceleration of diversification efforts, the launch of the National Employment Programme to address “the gap between knowledge and skills needed by the labour market,” the enactment of a more liberal and employer-friendly labor law, and substantial privatization and state divestment plans in line with IMF recommendations.

Conflict intensity



Question Score

Prioritization



Regarding the governance and society pillars, Sultan Haitham has initiated only cosmetic reforms in response to calls for greater political participation since 2020. The Council of Oman Law, promulgated in 2021, restricted the already largely consultative role of the bicameral institution, and the Media Law, promulgated in 2024, grants authorities unprecedented control over the media. The political survival of the ruling family remains the pre-eminent priority under Haitham.

The first years of Haitham's rule showed that long-term strategic priorities can be easily replaced by ad hoc measures targeting short-term political gains and benefits. As a result of the May 2021 popular protests that affected the country's major cities, Haitham, following the example of his predecessor, resorted to traditional arbitrary economic gestures. For example, he promptly ordered the creation of about 32,000 public sector jobs, including in the military. Similarly, the sharp increase in oil prices in 2022 and 2023 bought Oman some precious time to implement structural – and potentially painful – reforms. For example, electricity subsidies will be cut more gradually, over 10 years instead of the initially planned five. In 2023, the cost of subsidies for electricity and fuel rose by 66% compared to the budgeted allocation, underscoring the Omani government's desperate efforts to mitigate popular frustration and prevent further unrest.

Expectations among the Omani population following the accession of a new ruler and the May 2021 protests were not met; instead, measures to suppress dissent have become more prominent. Power remains heavily concentrated in the hands of Sultan Haitham and his close relatives and protégés. The 2022 amendment to the Penal Code, which criminalizes any criticism of the sultan and his relatives, along with the 2024 amendments to the State of Emergency Law and the 2024 Media Law, illustrate that the ultimate priority for the sultan and his family is their survival, and any loosening of the tight centralized control they currently maintain over Omani politics is unlikely.

As for its development objectives, the government has had limited success in setting and achieving them. On the one hand, the Omanization objectives require state intervention and regulation, which work against both the principles of a market-based economy and the personal business interests of political decision-makers. On the other hand, intervention of this nature contributes to regime stability by continuing to sustain the image of the state as one that provides for its citizens. As of January 2025, the Omanization rate in the private sector (excluding domestic workers) was 22% compared to a Vision 2040 target of 35% by 2030. During the review period, the Oman Vision 2040 Implementation Follow-up Unit opened representative offices in 56 ministries and public agencies to facilitate the transfer of knowledge and ensure ongoing support for implementation efforts. Moreover, a ministerial committee, under the authority of the General Secretariat of the Council of Ministers, was set up in 2024 to oversee and approve the annual performance plans of government entities.

Implementation

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Omani decision-makers are conservative and concerned about image in the face of policy setbacks, resulting in a lack of transparency in communication. For example, there has been no public review into why a number of significant objectives outlined in Vision 2020 were not met. Short-term stabilization appears to take precedence over longer-term development. Displays of indulgence by political and military elites led to rising resentment as public spending was scaled back, and inequalities and unemployment permeated all regions and communities, as evidenced by the protests in 2021. When oil prices increased again in 2022 and 2023, in an effort to pre-empt further popular protests about increasing economic hardship, the government announced the phasing out of state subsidies and the cancellation of outstanding debts for all beneficiaries of the housing loan program. The cyclical reliance on arbitrary economic gestures as short-term solutions to long-term structural issues raises doubts about whether the leadership has learned from past mistakes.

Policy learning

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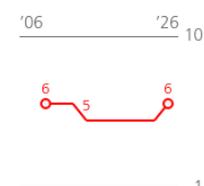


15 | Resource Efficiency

On a historical scale, the effective use of resources for development since 1970 cannot be denied. However, in the 21st century, it has become more difficult for decision-makers to manage expenditure efficiently. The state budget remains highly dependent on global oil prices and suffered significantly from low oil prices in the 2010s, with most deficits covered by international borrowing. To strengthen the resilience of public finances to oil price fluctuations, budgets for 2023 and 2024 were prepared based on conservative oil price estimates. In 2024, Oman recorded a budget surplus for the third consecutive year – a positive outcome attributed to the recovery in oil prices after the COVID-19 pandemic, fiscal consolidation measures and lower public debt service.

Efficient use of assets

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Human resources have proven difficult to manage efficiently, with the Omanization targets in Vision 2020 focusing on lower-skilled positions, ultimately being too ambitious to realize and therefore downgraded in Vision 2040. (The Vision 2020 predicted it would reach 75% by 2020, but the target set by Vision 2040 is 35% for 2030).

Aware of his frail legitimacy among the broader population, Sultan Haitham immediately sought to consolidate his position by surrounding himself with trusted individuals, including his own brothers and paternal cousins. In March 2020, his full brother Shihab bin Tariq was named deputy prime minister for defense affairs, while his paternal cousins, Fatiq bin Fahr and Mansur bin Majid, were appointed as special envoy to the sultan and special adviser to the sultan, respectively, both with the rank of ministers.

Oman is a highly centralized country, with power tightly held in Muscat. One of the 12 national priorities in Oman Vision 2040 is the “comprehensive socioeconomic development of governorates” through decentralization. In June 2022, a new system

of governorates, broadly modeled on the previous 2011 system, was issued by royal decree. While it confirms that governorates should manage their own independent budgets, primarily funded by allocations from the central state's budget in return for services provided, the new system falls short of actual decentralization, contrary to the expectations set by Oman Vision 2040. Municipal councils remain integrated upward – rather than decision-making powers being relocated to them from the center. As a result, the councils function more as consultation venues than as opportunities for local governance and citizen empowerment.

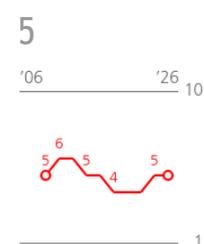
The recovery in oil prices since 2022 has provided significant relief for the Omani government after eight consecutive years of deficit. Nevertheless, state budgets and policy goals remain heavily dependent on fluctuations in global oil prices, so there is some risk that Oman may struggle to coordinate its policy agenda if its fiscal condition worsens again. Such a scenario could create obstacles for the implementation of the Vision 2040 program. A major test in managing conflicting objectives is balancing the need to attract FDI with the necessity to appease Omanis and advance Omanization targets: competing personal interests and cleavages, along with entrenched conflicts of interest between business and politics among top political incumbents, have frequently hindered the implementation of government objectives.

In 2014, the sultanate ratified the U.N. Convention Against Corruption (UNCAC) and, two years later, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. No dedicated or independent anti-corruption investigative agency exists, though. Instead, alongside the Royal Oman Police, the Internal Security Service (ISS) and the Public Prosecution, anti-corruption efforts in Oman are led by the State Financial and Administrative Audit Institution (SFAAI), established in 2011. Its annual reports are passed on to the Majlis al-Shura, the State Council, the Council of Ministers and the sultan. Summaries of its activities from 2016 to 2023 stated that the SFAAI handled 115 cases of misuse of public funds in 2023, and had recovered OMR 750 million between 2016 and 2022, as well as OMR 95 million in 2023.

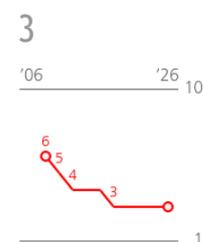
This notwithstanding, concerns remain about a lack of procedural transparency that could open the door to corrupt practices. For example, the SFAAI does not have jurisdiction over the sultan's court or the military. In the defense sector, procurement is exempt from public tender, and information is not shared with the Majlis al-Shura, which does not debate defense purchases. Moreover, the corruption cases handled by the SFAAI have not involved the high-profile economic and political figures who attracted public wrath in the last 15 years.

In contrast, vocal critics of Oman's handling of corrupt practices appear more frequently before courts. Criminal charges were filed against journalist Mukhtar al-Hinai in March 2022 for disclosing information on a corruption case involving officials found guilty of embezzlement. In October 2023, an entrepreneur was

Policy
coordination



Anti-corruption
policy



sentenced to two years' imprisonment on charges of "inciting public opinion" and "misuse of information technology" after holding a sit-in to protest government corruption. The sentence was reduced to six months on appeal in March 2024.

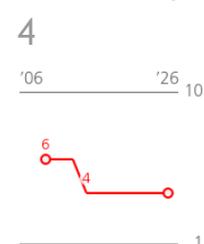
Article 4 of the 2024 Media Law, which simply prohibits publishing information on ongoing investigations and trials, strengthens provisions of the 2018 Penal Code by making court proceedings impossible to access and is not likely to promote popular trust in anti-corruption policies.

16 | Consensus-Building

In line with the late Qaboos's effort to make the national narrative of development and renaissance synonymous with his personal being, his successor, Sultan Haitham, has presented himself as the embodiment of Oman's renewed renaissance ("nahda mutajaddida") and the sole source of power. Simultaneously, there is a consistent recent history of demonstrations calling for greater democratization, accountability and a loosening of control from the center. Expectations raised by Haitham's accession to the throne and the promulgation of the new Basic Law in 2021 have long faded. For example, the 2021 Oman Council Law has further restricted the largely consultative role of the bicameral institution. Since 2020, policies regarding internal security and civil liberties have shown strong continuity with those of the previous regime – as evidenced by the heightened suppression of human rights activists and dissenting voices. The religious establishment, the business elite and tribal leaders actively support the government's policy of preserving the current authoritarian order.

Further developing the economy along market lines is an integral part of the development goals outlined in Oman Vision 2040. The document emphasizes the need to "build a productive and diversified economy [...]; leveraging Oman's competitive advantages, driven by the private sector toward integration into the world economy and active contribution to international trade." The regime had very limited success in achieving the Vision 2020 goals, particularly regarding structural youth unemployment and the Omanization of private sector jobs. One of the primary challenges to reform stems from conflicts of interest between politics and business at the highest levels in the country. Many Omanis see these politically connected business owners, who have benefited from cheap skilled migrant workers, as an impediment to Omanization. Since 2011, societal protests against corruption and worsening economic conditions have fallen on deaf ears, even though the protests stopped short of calling for regime change. However, policies such as reducing state subsidies and government spending, privatizing state-owned assets, and enhancing incentives for businesses and foreign direct investment (including labor reforms that have further eroded workers' rights) risk producing similar social repercussions and fueling public discontent.

Consensus on goals



The first years of Sultan Haitham’s rule have witnessed a tightening of the regime’s grip on the limited democratic institutions in the sultanate; reformers have no effective capacity to co-opt anti-democratic actors. The provisions of the 2018 Penal Code can, by design, be implemented to restrict and repress the activities of civil society and any domestic independent voices that critically question the status quo. Draconian measures against peaceful popular protests and independent voices – such as the 2022 amendments to the Penal Code that made any criticism of the sultan and his relatives a criminal offense – and the 2024 Media Law – which gives the Ministry of Information absolute authority to ban the publication of any news, statements or information – have publicly signaled that the regime will resort to overt repression to silence dissent.

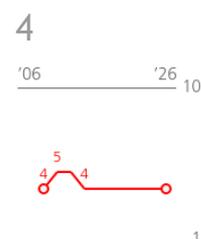
The sultanate has a rich social and historical legacy, as illustrated by the various local identities – tribal, religious and ethnolinguistic – of its population. In addition to a compelling national narrative of renaissance since 1970, the regime’s strategy has been to co-opt the most powerful societal elites – religious leaders, tribal and ethnic figures, and business leaders – into the state apparatus. For instance, cabinet compositions have consistently balanced the representation of members from diverse regions, tribal confederations and ethnic groups. Moreover, local tribal sheikhs, who have received remuneration as employees of the Ministry of Interior, have acted as intermediaries in minor disputes between individuals and the public administration. This policy had long served to pre-empt religious, regional and class cleavages in the political sphere. However, increasing evidence of discontent has emerged, suggesting that the divide-and-rule strategy of manipulating local identities and tribal issues to prevent the spread of protests has reached its limit. Growing public frustration and demands – evident in the 2021 demonstrations over living conditions, and unemployment and underemployment – have occasionally been expressed through religious identities, as seen in Muscat and Dhofar during the summer of 2024, raising the risk of deepening societal tensions.

Civil society organizations (CSOs) typically lack the substantive ability to participate in and influence political decision-making. The Oman Vision 2040 asserts that an “empowered civil society that participates in all aspects of life, toward higher levels of human development” will be one of the four key “partners” – with the government, individuals and the private sector – responsible for achieving the vision’s objectives. However, the political leadership’s understanding of legitimate civil society actors is extremely restrictive. The only CSOs granted licenses are those the regime deems apolitical (i.e. organizations that provide services to women, children, people with disabilities and the elderly) or sufficiently controlled (e.g. the General Federation of Oman Workers). When CSOs propose or demand action, the regime sometimes employs coercive methods. The provisions of the 2018 Penal Code related to freedom of opinion and expression are significantly more draconian than in the previous text and further threaten civil society. Moreover, when independent voices from civil society – such as lawyer Majid al-Rahili, and activist and paralegal Awad al-Sawafi

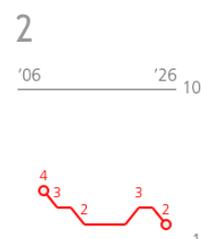
Anti-democratic actors



Cleavage / conflict management



Public consultation



– want to present a different message within the Consultative Council, their applications are disqualified by the Ministry of Interior without providing justification, as happened for the 2023 elections.

Given the state’s total monopoly over the means of coercion in the territory of Oman, the state is the pre-eminent perpetrator of contemporary violence. It is therefore unlikely to engage in reconciliation processes in which it would have to acknowledge this role. There has been no investigation into the killing of demonstrators by security agents in Sohar during protests in February and April 2011. Nor have deaths in custody been examined. Hassan al-Basham, a prominent activist, died in custody in April 2018 after being denied medicine. During his appeal in November 2017, his lawyers were not permitted to use his medical records as evidence.

The authorities’ opposition to any discussion about the country’s history is reflected in the banning of books that propose alternative interpretations of national history during the Muscat Book Fairs in 2023 and 2024, as well as in the Penal Code promulgated in January 2018. Article 108 states that “anyone who [...] fosters feelings of resentment, hatred or disunity among the population, or incites others to do so” should be imprisoned for three to 10 years. This is further reinforced by the 2024 Media Law, which urges the publishing industry and media “to highlight the country’s comprehensive development” (Article 6), bans the import of books without the approval of the Ministry of Information (Article 8) and prohibits the publication or broadcasting of content that “conflicts with public morals, or aims to mislead the public” (Article 4). As such, these laws can be used to target authors who critically discuss and evaluate historical events and official narratives.

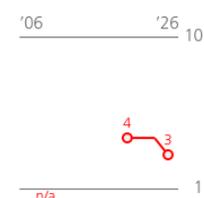
17 | International Cooperation

International partnerships are integral to any possibility of achieving the ambitious objectives contained in Vision 2040. Since 2018, Oman has held the status of “strategic partner” for China, which is the largest investor in the Special Economic Zone at the port of Duqm. Oman has signed a cooperation document with China concerning the latter’s Belt and Road Initiative. In the field of green energy and renewables – from which Oman plans to derive 70% of its electricity by 2040 – China acted as a broker by providing seed funding for the Ibri II solar plant, inaugurated in 2022. In 2024, China purchased close to 94% of Oman’s oil exports (compared to 35.2% in 2000). China’s key role in Omani national revenues – through oil imports and financial loans – provides Beijing with substantial leverage over Muscat. Similarly, in January 2022, Oman signed a sovereign investment partnership with the United Kingdom to strengthen economic ties and support commercial investment in areas such as green energy.

Since Haitham’s accession to the throne in 2020, Saudi-Omani relations have taken a notable turn. In December 2021, memorandums of understanding in petrochemicals, renewable energy, green hydrogen, real estate, mining and fisheries,

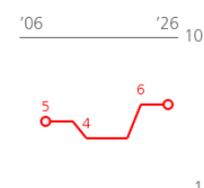
Reconciliation

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Effective use of support

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valued at a total of \$30 billion, were signed between companies of the two countries. In February 2023, the Saudi Fund for Development announced it would provide seed funding for a joint project to build a new special economic zone in Oman’s Dhahirah Governorate, 20km from the new border checkpoint in the Rub Al-Khali desert. In addition, in April 2024, investment deals valued at \$35 billion were signed between Oman and the UAE in the fields of renewable energy, rail and digital infrastructure, and technology. Among these deals is a \$31 billion megaproject encompassing renewable energy initiatives, including solar and wind projects, and green metals production facilities.

These cooperation projects involving international partners – often with conflicting priorities – raise questions about Oman’s long-term capacity to balance relationships and secure economic gains without compromising sovereignty. This is particularly evident in Duqm, where the United Kingdom, the United States, China, India and Saudi Arabia, among others, have established a formal presence for commercial or military purposes, but competition among these actors may generate long-term strategic tensions.

Oman is a member of several significant international bodies, including the League of Arab States (1971), the United Nations (1971), the Organization of Islamic Cooperation (1972), the GCC (1981) and the WTO (2000), among others. The government works closely with international organizations such as the World Bank, the IMF and regional Arab developmental and financial institutions. For example, in November 2024, the IMF completed the Article IV consultations in Oman, which allow for the surveillance of the country’s economic, financial and exchange rate policies.

Oman maintains close relations and strategic partnerships with the United Kingdom, the United States and their Arab allies (especially Egypt and Jordan). The Government Communications Headquarters (GCHQ), part of Britain’s intelligence and security agency, bases its Middle East operations in Oman. Regular renewals of military cooperation and facility access agreements with the United Kingdom and the United States have confirmed that “Britain’s oldest friend on the Arabian Peninsula” – in the words of a Times correspondent in 1974 – remains heavily dependent on both countries.

The latest United Nations universal periodic review of Oman’s human rights record in 2021 revealed serious concerns regarding violations of the rights of peaceful assembly and freedom of expression, the country’s lack of an independent judiciary, and its failure to ratify international human rights instruments. While Oman acceded to the International Covenant on Economic, Social and Cultural Rights in June 2020, accepted the recommendation to ratify the International Covenant on Civil and Political Rights (ICCPR), and noted recommendations to ratify the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICPRAMW), Oman has yet to ratify the ICCPR or the ICPRAMW.

Credibility

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Furthermore, Oman has not ratified conventions No. 87, 98, 100 or 111 of the International Labour Organization. Consequently, articles 97, 102, 116, 270 and 169 of the Penal Code, articles 16 to 19 of the Cyber Crime Law, and numerous prerogatives of the new Media Law issued in 2024 do not align with international human rights standards.

Oman was a founding member of the GCC (established in 1981) and is a member of the League of Arab States. It was also a founding member of the Indian Ocean Rim Association in 1997. In 2014, Oman ratified the GCC security pact, which fosters security-related cooperation and allows national security agencies to support each other in times of security disturbances and unrest.

To ensure the regime's internal stability, Oman has consistently maintained diplomatic relations with Iran following the Islamic Revolution in 1979 and has avoided portraying Iran as the sole source of regional tensions. Muscat facilitated backchannel communications between the United States and Iran that helped lead to the Iran-P5+1 nuclear agreement in July 2015. As has been the case since the early 2010s, rounds of indirect talks between U.S. and Iranian officials took place in Oman in 2023 and 2024. Similarly, during the GCC-led blockade of Qatar (2017 – 2021), Oman, like Kuwait, maintained diplomatic relations with the emirate. In March 2023, when Saudi Arabia, Iran and China announced an agreement to resume diplomatic relations between Riyadh and Tehran, it was revealed that Oman, like Iraq, had hosted lower-level direct talks since 2021.

The significant economic influence of the UAE in northern Omani governorates (including Musandam), where many residents work in Abu Dhabi, al-Ayn, Dubai, Sharjah and Ras al-Khaimah, has raised concerns in Muscat about its potential long-term impact on the allegiance of these regions. In 2018, Oman issued a decree prohibiting GCC nationals from owning property in a number of areas (including governorates bordering Saudi Arabia and the UAE), reflecting Oman's concerns about its two neighbors. In July 2021, Haitham's first official trip abroad since assuming power was to Saudi Arabia. A direct road link through the Rub al-Khali desert – avoiding the UAE and providing Saudi Arabia with more direct access to the Indian Ocean – was officially opened in December 2021. Saudi Arabia's decision to withdraw its forces from the governorate of al-Mahrah (Yemen) in November 2021 was welcomed by Oman, which views it as part of its sphere of influence. However, this decision is likely to increase pressure on Muscat to prevent violations of the U.N. arms embargo imposed on the Houthis. In a further sign of warming bilateral ties, the Muscat Stock Exchange and the Saudi Stock Exchange (Tadawul) signed an agreement in December 2022 to enable dual listings, allowing companies to gain access to both financial markets. In May 2024, a few days after the emir of Kuwait had dissolved the parliament indefinitely, Haitham made a two-day visit to the emirate as a show of support for the measures to quash Kuwait's parliamentary experience.

Regional cooperation

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Strategic Outlook

The first years of Sultan Haitham's reign have demonstrated strong continuity with the governance style of his predecessor. The population's high hopes following the transition of power have already been dashed. Aware of his limited popular legitimacy upon ascending the throne, Haitham focused on consolidating his power, as illustrated by the promulgation of the new Basic Law and the strengthening of the political roles of his close relatives. This does not obscure the fact that major reforms are needed to restore popular confidence in the ruler's ability to embody Oman's "renewed renaissance." Since 2021, the current government has responded to peaceful demands concerning living conditions, increased job opportunities, tougher action on corruption and political reform with repressive measures, in line with the approach adopted by his predecessor Qaboos. Yet, there is significant potential for civil society engagement should the government ease its control over a population increasingly eager to express itself autonomously from the state. Instead of being routinely harassed and constantly suppressed, CSOs and associations should be strengthened and encouraged.

Oman's primary socioeconomic challenge is to shift from dependence on oil revenues to a diversified economy in which the national workforce plays a full role in generating wealth. This task is particularly urgent since, in 2023, 46% of Omani nationals were under age 20, with about 50,000 individuals graduating from school or university each year. As the labor market increasingly demands workers with specialized skillsets, the government must reform curricula at both the secondary and tertiary education levels. The Oman Vision 2040 serves as a road map, although it requires more detail regarding how the vision's ambitious goals will be achieved, given the regime's record of delaying reforms and failing to meet targets over the past 25 years. The new social protection law does not adequately offset the impact of the government's ongoing efforts to phase out fossil fuel consumption, as some benefit levels are too low and it excludes many people. The government should use the savings generated from phasing out these subsidies and the rebound in the price of oil since mid-2021 to further invest in public services and the transition to renewable energy sources.

A further structural obstacle to long-term reform lies in conflicts of interest at the highest levels in the country, which have persisted under Haitham. A substantial number of senior officials and cabinet members, including royals (e.g. the sultan's brothers and paternal cousins), have many direct or indirect business interests. These decision-makers often fail to promote key national interests such as the Omanization policy and the reform agenda, due to their private business interests, which they advance through the influence they wield as statesmen. The Omani leadership should pass the law on personal income tax drafted by the Council of Oman in 2025, which would make Oman the first GCC state to tax its nationals' income, impose higher tax rates on wealthy individuals and corporations, and improve efforts to combat tax evasion and avoidance.