

US-Arab Tradeline



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U.S.-Oman Free Trade Agreement: An Update Signing Ceremony Expected This Fall

“Free Trade Agreements will directly benefit the United States by reducing and eliminating barriers to trade. A comprehensive FTA with [the Sultanate of Oman] will generate export opportunities for U.S. companies, farmers, and ranchers, help create jobs in the United States, and help American consumers save money while offering them more choices.”

– Robert Zoellick, former U.S. Trade Representative



Photo courtesy of NUSACC

Oman's rich ecosystem is attracting increasing numbers of international tourists.

With these words in November 2004, then U.S. Trade Representative (USTR) Robert Zoellick launched Free Trade Agreement (FTA) negotiations between the United States and Oman. The Sultanate was the last Gulf Cooperation Council nation to sign a Trade and Investment Framework Agreement (TIFA) with the U.S., but in the past six months, Oman has vaulted to the number one spot among Arab nations looking to conclude an FTA with the United States. Assuming that negotiators encounter no major stumbling blocks, a signing ceremony is expected later this year.

Enhancing its trade position with the United States is important to Oman. The Sultanate is a petroleum exporting country, but its oil and gas reserves are limited. Under the circumstances, diversifying the economy and increasing foreign direct investment are very high priorities.

Oman has made significant progress over the years in integrating its economy into the global marketplace, and an FTA with the United States would further reinforce Oman's efforts to promote economic liberalization.

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U.S.-Oman Trade and Investment: Ready for Takeoff?

Abdul Rahman Al Busaidy, Oman Air's Chief Executive Officer, told *Gulf News* in April that his airline is turning to Boeing to maintain Oman Air's aggressive new route expansion. "We are looking at ordering Boeing 787s as part of our future expansion, starting with at least three."

Like the Boeing Dreamliner, U.S.-Oman trade and investment appears poised for takeoff.

Oman is expected to sign a Free Trade Agreement (FTA) with the United States by the end of this year. The FTA may open a new chapter for U.S. exporters, particularly service providers, who have traditionally been regarded as "latecomers" to the region. The commercial relationship between Oman and the United Kingdom, for example,

extends back to at least 1616, when the British East India Company began to develop a substantial trade presence in the area.

The United States supplied 5.2 percent of Oman's total demand for merchandise imports in 2004. The U.S. faces intense competition from Oman's other major import partners – the UAE (21.6 percent of imports), Japan (17.1 percent), the UK (5.7 percent), Germany (4.4 percent) and India (4.4 percent) – but there is a growing perception that Oman wants to expand its commercial relationship with the United States.

One area in which U.S. companies are well positioned revolves around oilfield services and

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NUSACC President David Hamod

FROM THE PRESIDENT'S DESK

The Sultanate of Oman: Integrating Past, Present, and Future

"I will proceed as quickly as possible to transform your lives into a prosperous and bright future.... Yesterday it was complete darkness and, with the help of God, tomorrow will be a new dawn on Muscat, Oman, and its people."

- H.M. Sultan Qaboos, July 1970

Oman, perhaps more than any other country in the Arab world, has successfully melded the past and present. It boasts some of the most progressive policies in the Middle East, yet at the same time retains much of the character and charm of traditional Arabia.

This ability to draw upon the best of both worlds can be directly attributed to H.M. Sultan Qaboos bin Said Al-Said – Oman's visionary leader for nearly 35 years. He has been a consistent advocate of "gradual and deliberate social and political change," and his success in moving Oman from, in his words, the "dark ages" to the thriving nation it is today is nothing short of extraordinary.

When Sultan Qaboos took over the helm from his father in 1970, Oman had not yet modernized. The country had only six miles of paved roads and three schools with a total of 909 students. Today, Oman has some 5,000 miles of paved roads, more than 1,000 schools, and one of the most respectable literacy rates in the Arab world.

His Majesty has encouraged women to play a leading role in the development of Oman on the grounds that to "exclude women is to exclude 50 percent of the country's potential." In large part as a result of the Sultan's encouragement, there are more female graduates these days than male graduates.

Oman in 1970 was in a state of quiescence, but this was not always the case. For centuries, Oman was a thriving trade center straddling East and West, and the city of Sohar was widely regarded as one of the greatest seaports in the Islamic world. Oman's strategic position allowed it to control commerce into and out of the Gulf, including the sea route that rounded Africa to India.

The United States saw great value in establishing commercial relations with this "regional superpower." In September 1790, the first ship from the New World to visit Oman, the *Rambler*, dropped anchor in Muscat. It was not long before the U.S. and Oman signed a

Treaty of Commerce and Amity – the first bilateral accord between America and an Arab Gulf nation. And in April 1840, the Omani trading ship "Sultana" was the first Arab vessel to sail into a U.S. port (New York).

It was this proud past that Sultan Qaboos sought to revive when he ascended to power in 1970. Pledging that there is "no evolution without roots," His Majesty has skillfully guided Oman into the 21st century.

The Omani leader once told his people that "our ancestors who lived in the desert valued and lived the principles of our culture... [They] put up with the hardship of their surroundings more than anything else, but today, with the changing times, our descendants must still adhere to the basic values and principles – now and in the future."

This adherence to the traditions of honor, hospitality, and unity has helped the Omani people to maintain an "even keel" and "stay the course" – particularly during those times when the Sultanate's neighbors found themselves in very choppy waters. Under the wise leadership of Sultan Qaboos, who believes that "peace has one face and no nationalities," Oman has developed a reputation in the region for wielding common sense to resolve seemingly intractable disputes.

The breadth and depth of the U.S.-Oman relationship is remarkable in many ways, and a new chapter will soon be opened with the signing of the U.S.-Oman Free Trade Agreement. In the words of the U.S. Embassy in Muscat, "From the first recorded contact in September 1790... until the present day, the bonds between Oman and the United States have been warm and enduring. Both nations share a seafaring heritage, mutual commercial interests, a tradition of tolerance, and a desire for contact with other cultures."

As the U.S.-Oman commercial relationship sails into its third century, many believe that the best is yet to come.

David Hamod
President & CEO

Q&A with H.E. Mohamed Ali Al-Khusaiby, the Sultanate of Oman's Ambassador to the United States

Tradeline recently interviewed the Sultanate of Oman's Ambassador to the United States, H.E. Mohamed Ali Al-Khusaiby. His responses to questions ranging from trade to cultural exchanges provide insights into the increasingly close ties between the U.S. and Oman.

Tradeline: *What are the most important recent developments in U.S.-Oman trade?*

Ambassador Al-Khusaiby: Oman and the United States signed a bilateral Trade and Investment Framework Agreement (TIFA) on July 7, 2004. This agreement established a U.S.-Oman Trade and Investment Council, which met for the first time in Washington last September.

Shortly thereafter, Oman was pleased to host two high-level U.S. officials who are deeply involved in U.S. – Oman Free Trade Agreement (FTA) discussions. The U.S. Trade Representative at the time, Ambassador Robert B. Zoellick, visited Oman in October 2004. The following month, the Chairman of the House Ways and Means Committee, Bill Thomas, led a Congressional delegation to Oman and other countries in the Middle East to discuss related issues.

On November 15, 2004, the Administration notified Congressional leaders of its intent to negotiate FTAs with the UAE and Oman, an important step in formally initiating the FTA process. Four months later, the United States and Oman started negotiations on a Free Trade Agreement with the goal of eliminating tariffs and barriers and expanding trade between our two countries.

U.S.-Oman trade in 2004 was \$748 million, with U.S. exports of \$330 million and U.S. imports of \$418 million. Major U.S. exports to Oman included machinery, aircraft, vehicles and electrical machinery. Major imports include mineral fuel and woven apparel.

Tradeline: *What major changes have occurred in Oman's economy and commerce?*

Ambassador Al-Khusaiby: Oman has been transformed from a modest economic base dependent on exports of raw materials such as dates, dried limes, fish and leather into a significantly more developed structure capable of achieving one of the highest growth rates in the world. Since 1970, under the visionary leadership of H.M. Sultan Qaboos, the economy made fundamental changes that brought it from a state of isolation and poverty into one of the most successful economies in the

region, creating a positive climate for both regional and international banks and other financial establishments to base themselves in our country.

A key to this program has been the development of the non-oil sector. Currently, there are six industrial zones in the Sultanate: Rusayl in Muscat; Raysut in Salalah; Sohar; Sur; Nizwa and Buraimi. Industrial projects in these areas vary from aluminum smelting in Sohar to an ammonia fertilizer plant in Sur and other medium and light manufacturing industries such as furniture, household utensils, building material, glassworks and canning.

The Sultanate's development strategy is focused on promoting the non-oil sector with a view to augmenting oil revenues and eventually replacing them. Oman also endeavors to increase the rate of investment directed toward high income projects, particularly in the fields of industry, mining, agriculture and fisheries and the development of human resources, so that these can make positive contributions to the Omani economy and the refinement of our infrastructure.

Against this backdrop, the twenty-five-year Development Strategy (1996-2020) was formulated with the aim of further strengthening the Omani economy by reducing its dependence on government spending, oil revenues and expatriate labor. One of the main elements of this strategy envisions the establishment of an efficient private sector, able to face greater competition and make an effective contribution to the development process. It also places a priority on the development of human resources and the establishment of a dynamic, diversified economy that can interact efficiently with the world economy.

To attract foreign investors and achieve greater harmony with the global economy, investment incentive laws were introduced to help keep the Sultanate's trading environment in line with World Trade Organization (WTO) norms. These moves also promote closer relations with friendly countries and reassure investors of the sound economic trends and appropriate investment climate in Oman.

Oman's political stability, modern infrastructure, large middle class and stable securities market make it conducive to foreign investment opportunities. Currently, there are over eighty U.S. companies doing business in Oman, ranging from American Airlines to United Technologies.



Oman's Ambassador to the United States, H.E. Mohamed Ali-Khusaiby

Photo courtesy of NUSACC

Tradeline: *What cultural and academic exchanges does Oman have with the U.S.?*

Ambassador Al-Khusaiby: Oman values its longstanding academic and cultural exchanges with the United States. Indeed, we have been sending students to U.S. universities in increasing numbers since the 1970s. These numbers suffered a temporary setback after the tragic events of 9/11, but it is hoped that they will recover with current improvements in visa facilitation. Omanis also participate in a variety of U.S.-sponsored programs, the most notable of which is the Fulbright Program, which is designed to increase mutual understanding between the people of the United States and the people of other countries.

Tradeline: *One last question. Is Oman excited about being in the spotlight at this year's Smithsonian Folklife Festival?*

Ambassador Al-Khusaiby: We are delighted to come to the U.S. in June and July to celebrate and share our cultural heritage at the Folklife Festival. This is a wonderful opportunity to build bridges for inter-cultural understanding between the peoples of our two countries. And we are especially pleased that our Minister of Social Development, Her Excellency Sharifa Al-Yahyai, will be here to participate in the opening ceremony.

Tradeline: *Thank you for your time, Mr. Ambassador. We have no doubt that the Folklife Festival will help to build many new bridges between the U.S. and Oman!*

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Tourism in Oman – Ancient Attractions and Modern Infrastructure

For years, Oman's diverse ecosystems and rich history have made it a niche destination for European tourists. But it is only recently that U.S. tour operators have begun to sit up and take notice of the Sultanate. This is good news for Oman, which is making tourism one of its highest priorities for economic development.

In the aftermath of the 9/11 debacle, Arab visitors who traditionally traveled to the United States are instead going to Arab world destinations in record numbers. One of the biggest beneficiaries of this trend is Oman, which saw visitor increases of 16 percent in 2003 and 9.3 percent in 2004. Oman Air launched a "Magic of Muscat" campaign and other packages that generated thousands of room nights for tourists traveling from Dubai, Abu Dhabi, Kuwait, Doha and Bahrain.

There is no other country in the Middle East like Oman, and recent investments in tourism projects suggest that the Sultanate has clearly been "discovered" as an increasingly important tourist destination.

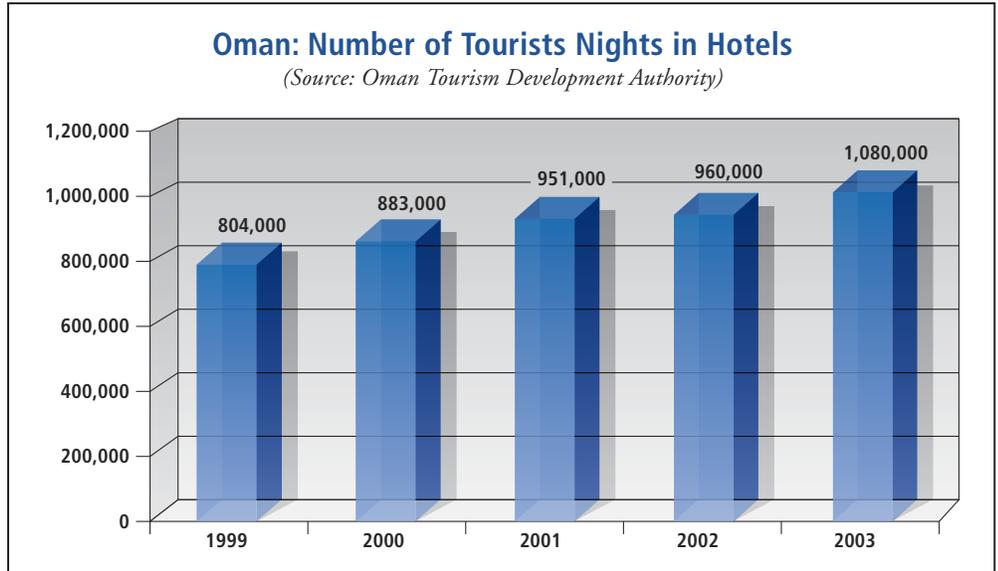
Oman offers a stunning contrast in ecosystems, from mountain peaks and desert oases to long stretches of pristine beaches. It is preserving its many traditions while, at the same time, carefully managing an economic boom.

Oman has thoughtfully melded the ancient with the modern. Touring the capital, Muscat, offers history buffs access to the Jalali, Marani,

and Mutrah forts, dating from the Portuguese occupation in 1580. The Oman Museum displays exhibits covering geography, geology, Islam, and arts & crafts, as well as architecture found in the Sultanate. The Mutrah Souk

monsoon by staying cool and green throughout mid-June to mid-September, when many Gulf residents seek refuge from searing summer temperatures.

While historic sites and museums and



(marketplace) is regarded by many as one of the best in the region for cloth, silver and antique jewelry.

Sohar, in the north, used to be the largest population center and offers an important glimpse of Oman's history. Salalah is the capital of the Southern Region and geographically situated to benefit from the summer

ecological destinations abound, Oman has embarked on a modern tourism infrastructure build out on par with any in the region. The Omani government increased its tourism marketing budget to \$30 million for 2005, up from \$10 million in 2004.

The government is also working closely with private developers to achieve a broad and rapid facilities build out. In the past, major hotel developments, because of their cost, were the exclusive domain of the Government of Oman. Today, the private sector is playing an increasingly active role in helping to fund and manage such developments.

The most recent announcement of a mega-project came on June 4, when the Government of Oman and private developers announced "The Blue City" at Barka, located 60 miles north of Muscat. Construction of the tourism complex is expected to take 15 years. Located on a 75-year land concession designated a "strategic tourist zone," the complex will cover 14 square miles. Guests will be able to take advantage of a range of specialized services, such as a high capacity marina, health clubs and sports facilities.

Al Suwaidi Investment and Tourism Company (ASIT), a corporation established to manage the Blue City project, is comprised of Cyclone LLC (Oman), Ahmad Abubaker

At a Glance: Hotel and Resort Development Projects in Oman

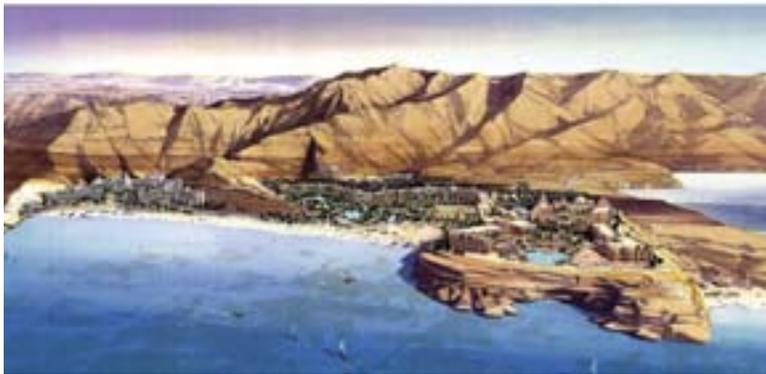
(Source: Various developers, advertising firms and contractors)

Project	Location	Investment (U.S. million)
The Blue City	Barka	\$15,000
Beach to Mountain Resort	Yetti	\$822
The Wave	Seeb	\$805
Barr Al Jissah (Shangri-La)	Barr Al Jissah	\$180
Salalah Coastal Resort	Salalah	\$45
Oman Golf and Country Club	Seeb	\$52
Haycoot Beach Leisure Retreat	Musandam Peninsula	\$30
Mirbat Tourism Village	Salalah	\$30
Heritage and Culture Precinct	Nakhl	\$12
Ecotourism Center	Ras al-Jinz	\$9
Khasab and Dibba Hotels	Musandam Peninsula	\$9
Masirah Hotel	Island of Masirah	\$4



Construction of Barr al Jissah resort (Shangri-La) is nearly completed.

Photo courtesy of NUSACC



Artist's rendering of the completed resort and spa.

Photo courtesy of Barr al Jissah

Janahi Holdings (Bahrain), and Oasis Middle East Holding. The project's partners have committed to \$15 billion in financing and have retained Bear Stearns as placement agents. Phase 1 building, starting in 2005 and ending in 2009, will cost \$1.8 billion. Oppenheimer of North America is a lead investor, but ASIT is looking for additional institutional investors and is considering listing shares on the Oman stock exchange.

The next mega-project to be inaugurated will be the Barr Al Jissah Resort & Spa (Shangri-La), which is scheduled to hold a soft opening this fall. According to Shangri-La, which will manage the facility, the resort "nestles against the dramatic backdrop of the rugged interior mountains and the spectacular waters of the Gulf of Oman – offering both the leisure and business traveler a fully integrated destination resort and providing the perfect gateway to discover this historic land of contrasts and culture."

Located on the bay just 15 minutes from the historic city of Mutrah, this development will offer 680 rooms and suites, all with sea views, in three hotels aimed at different luxury markets. Set amidst 124 acres of landscaped gardens, this property will offer more than a

half mile of beachfront, three swimming pools, an outdoor amphitheater, a conference center, and an exclusive spa.

New York-based Turner Construction is managing construction of the Barr Al Jissah Resort, as well as "The Wave" – an \$805 million resort project in Seeb that broke ground this spring. When completed, the resort will offer an 18-hole Oceanfront PGA Golf Course, a 500 berth marina, a variety of residential properties, world class hotels and commercial space.

The Wave is a joint venture consisting of Oman's Waterfront Investments (representing the Government of Oman), the National Investment Funds Company (representing the Omani Pension Funds and State General Reserve Funds), and Majid Al Futtaim Investments (UAE).

The United Arab Emirates is getting into the development boom in a big way with the \$822 million "Beach to Mountain Resort" project at Yetti, near Muscat. In March of this year, UAE Defense Minister Sheikh Mohammed bin Rashid al-Maktoum, visited Oman to look at prospective properties. Mohammed

Abdullah al-Qarqawi, Executive President of Dubai International Real Estate company, subsequently signed an agreement to construct a 2.6 million square meter tourism complex. The coastal hotel, health resort, golf course and yacht club will also feature residential villas and a mountain resort.

By ministerial decree, non-GCC nationals can now own property in Oman in designated tourism developments, and this is helping to fuel real estate growth in the Sultanate. The Muscat Golf and Country Club, for example, began promoting properties to Omani nationals and GCC residents in October 2003. According to the developer, buyers have already snatched up 40 percent of the villas and 60 percent of the apartments. The entire second phase of the development, including retail stores, is on track for completion by September 2006.

The surge in visitors, foreign ownership rights, and top-notch tourist infrastructure in Oman may vastly increase visitor duration in the Sultanate and alter regional tourism flows. According to Kevin Skillin, who served until recently as the top commercial officer at the U.S. Embassy in Muscat, visitors coming through the region invariably wished they had allocated more time to Oman. He says, "All who came to visit Oman primarily for business invariably wanted to go back for tourism. Visitors coming through the region spend a week shopping in Dubai, and then three days in Oman. Many say they should have reversed the time allocated to each country."

As Oman builds out a broader array of tourism attractions, Dubai and other competitors for international travelers will face a savvy contender offering a unique mix of history and modernity.



The new tourism and seafront residential project, The Wave at Seeb.

Photo courtesy of Bates PanGulf PR



U.S.-Oman FTA Update – continued from page 1

According to *Economic Freedom of the World: 2004 Annual Report*, published by The Fraser Institute (www.freetheworld.com), Oman has the eighteenth freest economy in the world, placing it ahead of such nations as Germany and Taiwan (tied for #22), South Korea and Spain (tied for #31), and Italy and Japan (tied for #36).

In the same vein, Transparency International's 2004 "Corruption Perception Index" ranked Oman at number 29 – the best score in the Arab world. Oman was not far behind Japan, Spain and France, and ranked higher than Italy, South Africa, and South Korea.

"In 1970, we had virtually no socio-economic infrastructure, so we were essentially starting from scratch. The country had only three foreign banks at that time. There was not a single Omani bank or company of any significant size. Three-quarters of the few major companies we had were non-Omani, and so from 1970 a national infrastructure had to be established as the first crucial step towards economic development."

– Mohammad al-Zubair, Advisor to HM Sultan Qaboos for Economic Planning Affairs (as quoted in "Emerging Oman 2005," the Oxford Business Group)

The Sultanate was a relative latecomer to the WTO when it acceded in the year 2000, clearing the way for FTA discussions. The U.S. treats WTO accession as something of a baseline, or a "Good Housekeeping seal of approval," that helps to lay the groundwork for bilateral agreements that go above and beyond the WTO framework.

Given the relatively modest level of trade between the U.S. and Oman, some may wonder why the USTR is devoting so much time and energy to this one nation. The answer is simple, according to Kevin D. Skillin, former head of the Commercial Service at the U.S. Embassy in Muscat: "We recognize Oman as the type of country with which we want to negotiate free trade agreements."

The Sultanate's ongoing efforts to liberalize and privatize the economy make it a highly attractive candidate for an FTA, says Skillin. But Oman is also representative of a larger trend toward bilateral FTAs between Gulf countries and the United States. According to Jason Buntin, who coordinates Oman FTA issues at the Office of the U.S. Trade Repre-

sentative, "Even major energy producers like Kuwait, Qatar, and Saudi Arabia support free trade as a way to become less dependent on energy exports."

In remarks to the National U.S.-Arab Chamber of Commerce last year, H.E. Maqbool Ali Sultan, Oman's Minister of Commerce & Industry, stated that Oman is "committed to a policy of open market economy based on free competition in which the private sector is encouraged to play a leading role. We have liberal laws and we are constantly attempting to make our rules, regulations, and procedures as simple and client-friendly as possible."

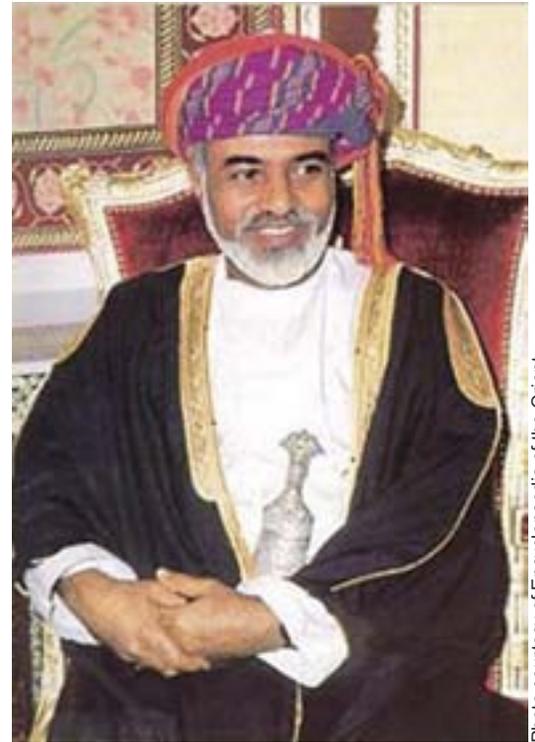
Minister Sultan went on to say that Oman wants to build on its relationship with the United States in order to "stimulate business-to-business discussions, partnerships and alliances with a view to refreshing, re-energizing and reorienting this relationship for our mutual benefit. We firmly believe that expanded, unrestricted trade is very effective in contributing to the process of economic development and growth," as well as "enhancing the quality of life and welfare of our people."

U.S.-Oman FTA negotiations currently underway involve fourteen distinct areas, including government procurement, telecommunications, e-commerce, sanitary & phytosanitary measures, services, financial institutions, labor, environment, and intellectual property. Oman's customary practice of awarding tenders to local Omani companies, even if their bids are up to ten percent more than international competitors, is the sort of trade practice that undergoes scrutiny before a final text can be hammered out.

The Government of Oman is being encouraged to gather more information on services trade – particularly as it concerns insurance companies – and financial services firms are under pressure to become more accountable. "Omanization" – which involves preferential hiring of Omani nationals over foreign workers – is also under scrutiny.

Last year, then USTR Robert Zoellick noted that the United States "supports the significant changes and reforms that Oman has already undertaken and its continued efforts to promote economic diversification and trade liberalization." He concluded, "I came away from my discussions [in the Sultanate] with a strong sense of Oman's commitment and interest in using the FTA to further its plans for increased development, growth, and openness."

FTA negotiations are led by the two governments, but corporations and industry associa-



His Majesty Sultan Qaboos bin Said Al-Said has guided his nation for nearly 35 years.

Photo courtesy of Encyclopaedia of the Orient

tions play an active role in providing data and input. (See page 8 for testimony provided by the National U.S.-Arab Chamber of Commerce.)

The two sides are close to wrapping up their negotiations, and support for the FTA appears to be widespread on Capitol Hill. House Ways and Means Committee Chairman Bill Thomas (R-CA) led a delegation to Oman in November 2004, and the delegates' findings at that time reflect appreciation for the reforms that Oman is undertaking. The Committee's report noted, "The delegation strongly supports the negotiation of an FTA with Oman and is pleased to see the commitment and drive by Oman to conclude such negotiations.... Oman has undertaken significant economic and political reforms in a short time, particularly in the banking and insurance sectors, demonstrating its capacity and willingness to use objective, transparent standards."

With every passing year, Oman is gaining international stature as an attractive destination for investment and tourism. As *The Economist* magazine opined last year, "The Sultanate of Oman remains a calm and tranquil environment... a place where business visitors can expect high standards of corporate governance and tourists can relax on superb beaches or visit its castles and breathtakingly beautiful mountains. There remains a friendly and hospitable welcome for non-Omanis whatever their race or religion. Perhaps, that is Oman's best asset of all."

Hon. Richard L. Baltimore III, U.S. Ambassador to Oman, Comments on U.S.-Oman Economic Developments

What are the U.S. policy priorities toward Oman?

Issues of economic prosperity and security have come to the forefront of our bilateral relationship. We signed a Trade and Investment Framework Agreement (TIFA) with Oman in July 2004, and negotiations to conclude a Free Trade Agreement (FTA) are advancing rapidly since their start in March 2005. We also encouraged the establishment of the Muscat American Business Council last year in an effort to increase U.S. exports to Oman.

Of course, the promotion of democracy and human rights around the world continues to be a key U.S. Government priority. We've been pleased by our successful cooperation with Oman on various programs aimed at the modernization of education, the rule of law, and women's empowerment.

Through the Middle East Partnership Initiative (MEPI), we have made inroads by reaching the youth of Oman with messages of hope and optimism for the future. We have provided English language micro scholarships for 120 Omani students who otherwise could not afford the training, and we are prepared to expand the program in 2006.

What advantages would a trade agreement have for U.S.-Oman trade?

As part of the President's vision for a Middle East Free Trade Area, bilateral FTAs are critical components for opening up economies and liberalizing their trade practices. As then-U.S. Trade Representative Robert Zoellick noted in his October 2004 visit to Oman, U.S. FTAs are cutting-edge, high quality agreements that can play an important role in stimulating economic growth and development.

The U.S.-Jordan FTA, signed in 2000, is perhaps one of the best examples of this development. Between 2000 and 2003 alone, two-way trade between the U.S. and Jordan increased from roughly \$300 million to over \$1 billion. As a result of the FTA, nearly 40,000 jobs were added to the Jor-



The Honorable Richard L. Baltimore III, U.S. Ambassador to Oman

Photo courtesy of the U.S. Department of State

danian economy.

With U.S.-Oman trade already hovering around \$1 billion a year, and large U.S. investments in Oman's booming industrial and tourism sectors, there will certainly be additional opportunities for both American and Omani companies and entrepreneurs under an FTA.

Doing Business in Oman: Key Points of Contact

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Excerpts: NUSACC Testimony on U.S.-Oman FTA

Earlier this year, the National U.S.-Arab Chamber of Commerce provided testimony for the U.S. Government's Trade Policy Staff Committee on the proposed U.S.-Oman FTA. Excerpts of that testimony follow.

NUSACC supports free trade agreements between the United States and our trading partners around the world because we believe that such agreements create "win-win" opportunities. In our view, the FTAs that are currently being negotiated with countries in the Arab world will help both sides to increase exports, generate jobs, develop business practices that are well suited to the international marketplace and, over time, improve the quality of life in the United States and the Middle East.

"Oman has achieved success by relying on the resilience, determination, and entrepreneurial spirit of its people"

Under the thoughtful leadership of H.M. Sultan Qaboos, Oman has been transformed from an economic backwater to one of the most progressive and attractive nations in the world. And unlike some of its neighbors in the Arabian Gulf region, Oman has achieved this status without the benefit of huge energy reserves – relying instead on the resilience, determination, and entrepreneurial spirit of its people.

Oman as an Open Economy: Just a few years ago, some of Oman's tariffs ranged as high as 15 percent (e.g.- food products). Today, according to the National Association of Manufacturers, Oman's applied tariff rates range from 4.5 percent to 5.7 percent. The Government's decision to lower tariffs is helping to make U.S. products more competitive in the Omani market, thereby serving Oman's consumers and curbing overland imports from Dubai, the "re-export capital of the Arabian Gulf."

Oman's Respect for the Rule of Law: Oman is also making headway in its efforts to promote good governance. The Central Bank of Oman (CBO), in association with the Arab Banking Union and the Oman Chamber of Commerce and Industry, has been hosting seminars on the role of corporate governance in Arab

banking institutions. One such seminar recently attracted corporate leaders from throughout the Arab world.

Oman's Political Stability and Investment Appeal: Oman remains heavily dependent on oil, which makes up 40 percent of the country's GDP, more than 80 percent of the country's exports, and some 75 percent of the government's revenues. Such dependence is of great concern to the Government of Oman because the life cycle of the nation's oil fields is in decline. With this in mind, Oman is aggressively pushing for diversification and privatization.

In an effort to make Oman more attractive to prospective partners around the world, Oman has waived requirements that foreign businesses had to enter into exclusive agency agreements. In addition, a ministerial decision was issued in 2000 waiving the requirement for foreign firms to partner with a 51 percent Omani-owned company in order to obtain an import license.

Oman has also created a series of incentives in recent years that will encourage investments by U.S. partners and others. Some of these incentives include tax exemptions for five years for industrial enterprises that contribute to Oman's economy, a stable currency with full convertibility, no personal income tax and no foreign exchange controls, tax and import duty exemptions, and interest-free long-term loans for industrial and tourism projects that involve foreign investment. Oman also touts its price stability, with an inflation rate that has not exceeded one percent since 1992.

Adherence to International Agreements: In the past, pirated computer software, bootleg videos, and designer clothing knock-offs were widely available. Following its accession to the WTO, however, Oman began cracking down in earnest on IPR violations. Today, with support from the private sector, Omani authorities are keeping the heat on IPR offenders, routinely conducting sting operations on illicit video producers and busting rings of counterfeiters.

Strategic Support: Over the years, Oman has provided invaluable support to the U.S. forces in terms of forward deployments of U.S. servicemen and women and the pre-positioning of U.S. materiel. Oman hosts an estimated 3,000 U.S. servicemembers, particularly from the U.S. Air Force. According to the U.S. Department of Defense, "Oman has been a coalition partner for over thirty years. Oman's active participation during the Gulf crisis and their willingness to allow access

to port facilities and air bases make them vital to any coalition success in the region."

Supporting the Fight Against Terrorism: Oman has been unequivocal about its willingness to stand "side by side" with the United States in America's fight against terrorism. H.E. Yousef Bin Alawi Bin Abdullah, the Head of Oman's Delegation to the United Nations, stated in New York in September 2002, "We would like to reaffirm again our solidarity with the United States of America in fighting all forms of terror against humans wherever they are."

Environment: Under the leadership of H.M. Sultan Qaboos, a lifelong environmentalist, Oman has been dedicated for decades to the preservation of nature. Oman was one of the first nations in the Middle East to design a strategic plan for the environment and, as part of that nation's efforts to raise public awareness, Omani Environment Day is celebrated each year on January 8.

In addition to establishing the Ministry of Regional Municipalities and Environment to handle environmental issues, H.M. Sultan Qaboos sponsors a major biennial conservation award, the first of its kind in the Arab world. The award is presented as part of the UNESCO "Man and the Biosphere" Program to highlight outstanding contributions to environmental preservation.

"Omani authorities are keeping the heat on IPR offenders, routinely conducting sting operations on illicit video producers and busting rings of counterfeiters"

In recognition of his leadership, H.M. Sultan Qaboos has received the prestigious John C. Philips Award from the Worldwide Fund for Nature (WWF). In cooperation with WWF, Oman has established six nature preserves to protect and support the breeding of endangered species.

Officials of the U.S. Government and leaders of America's business community clearly recognize Oman's genuine commitment to reform and to enhancing free trade with the United States. With this in mind, NUSACC lends its full support to a U.S.-Oman Free Trade Agreement, and we look forward to doing our part to help turn this vision into a reality in the months ahead.

U.S. Oman Trade – continued from page 1

equipment, a sector that expects to see U.S. firms edge out British competitors for a larger share in exploration and development. In early May, for example, California-based Occidental and the UAE's Liwa Energy announced investments of more than \$2 billion to increase the Mukhaizna oilfield's heavy crude flows from 10,000 barrels per day (bpd) to 150,000 bpd.

The Sultanate reassigned exploitation of the field from Shell to Occidental as part of an aggressive development scheme designed to reverse declining production and to increase Oman's total output to 800,000 bpd by 2009. Petroleum Development Oman (PDO), the country's main producer, plans to invest \$1.5 billion per year to reach the 2009 petroleum production goal.

Increased exports of liquefied natural gas (LNG), coupled with major projects designed to generate value-added production from Oman's feedstock, signal growth opportunities for Omanis and their partners. According to the Institute for Research: Middle Eastern Policy (IRmep), the exploitation of natural gas reserves could increase from less than one percent of total energy exports to as much as 25 percent by the end of the decade, replacing anticipated declines in petroleum revenues.

U.S. merchandise exports to the Sultanate have traditionally been concentrated in industrial goods. Total U.S. exports during the period 1989-2004 saw particular emphasis on heavy machinery (36 percent), vehicles (15 percent), and electrical equipment (seven percent). With the economic boomlet that

recent years, the overall market share of direct U.S. merchandise exports has increased to \$330 million (2004).

The bad news is that daily petroleum production has fallen steadily – from just under a million barrels per day in 2001 to 724,000 bpd in 2004. With this in mind, Oman's five-year economic development plan seeks additional economic diversification, as well as greater value-added transformation of energy reserves.

No one has sounded the clarion call on diversification more convincingly than H.E. Maqbool Ali Sultan, Oman's Minister of Commerce and Industry. He recently told *Emerging Oman 2005* (Oxford Business Group) that "diversification of the economy away from dependence on oil is a fundamental challenge for Oman. Obviously, this requires a large, sustained investment in non-oil sectors – manufacturing, mining, fisheries, and services. In the manufacturing sector, Oman will have a competitive advantage in those industries which use natural gas as an input and/or as a primary source of energy."

Oman's goal to diversify away from commodity energy production, combined with a new Free Trade Agreement with the United States, promises to provide new development and export opportunities for U.S. companies.

According to IRmep, service exports from the United States to Oman should accelerate, reaching half a billion dollars by 2010. The major component of these exports, travel services, should increase as U.S. carriers serve increased flows of passengers into feeder airlines and code sharing partners like Oman Air. As petroleum passes "peak" and becomes harder to extract, additional consulting and engineering services will be required to squeeze out each additional barrel. In the same vein, specialized engineering and field services will be needed to increase value-added production of Oman's natural gas supplies.

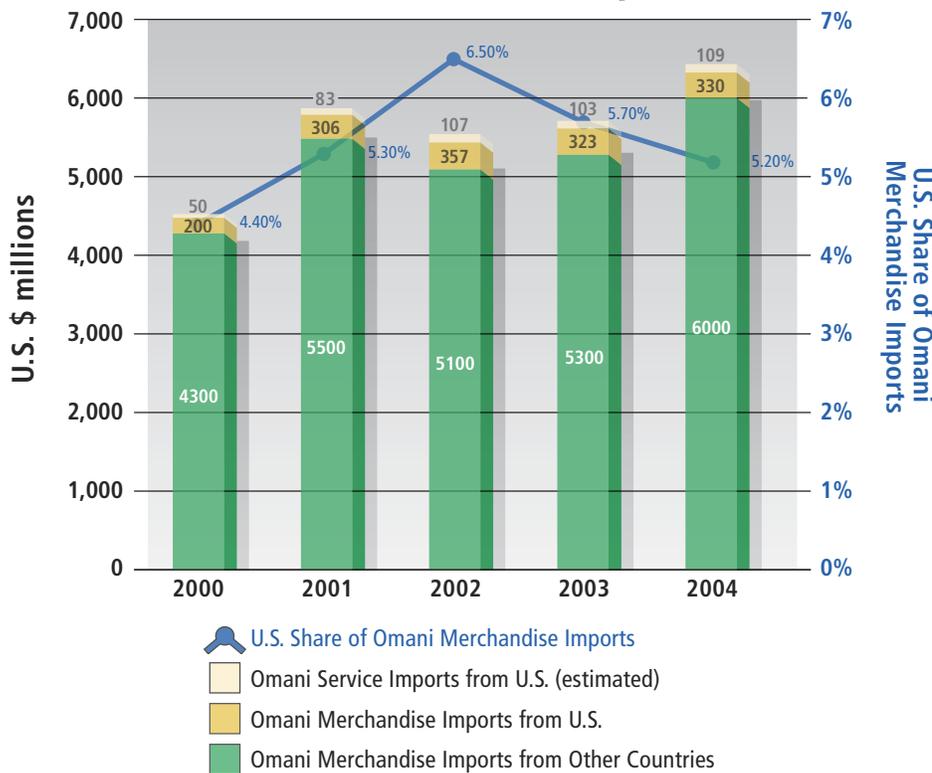
IRmep also forecasts that business services – such as management and financial consulting, public relations and advertising – should at least double each year as demand in Oman surges. New entrants and the maturing business sector should also generate strong demand for business services. In terms of government demand, says IRmep, budgets for business services should also double each year as Oman reaches out to U.S. and other international professionals to help reach objectives set by the Government of Oman.

Plans by Oman Air to upgrade its fleet will

continued on page 10

Exhibit #1; 2000-2004 Direct Omani Imports from the U.S. and Other Countries

(Source: U.S. Census Bureau, IRmep)



The investment by Occidental comes on the heels of a comparable commitment by Michigan-based Dow Chemical Company. (See related story on pages 12-13.) Dow and its partners are investing at least \$2.6 billion to engineer, construct and operate a petrochemical complex in Oman – the largest investment ever in Oman by a U.S. company.

Oman is experiencing in the aftermath of 9/11, driven in part by investments from the UAE and elsewhere in the region, U.S. industrial goods are expected to continue their strong performance.

Oman's annual import demand, like that of other petroleum producers in the region, is strongly correlated to petroleum export revenues. For now, that's the good news. In



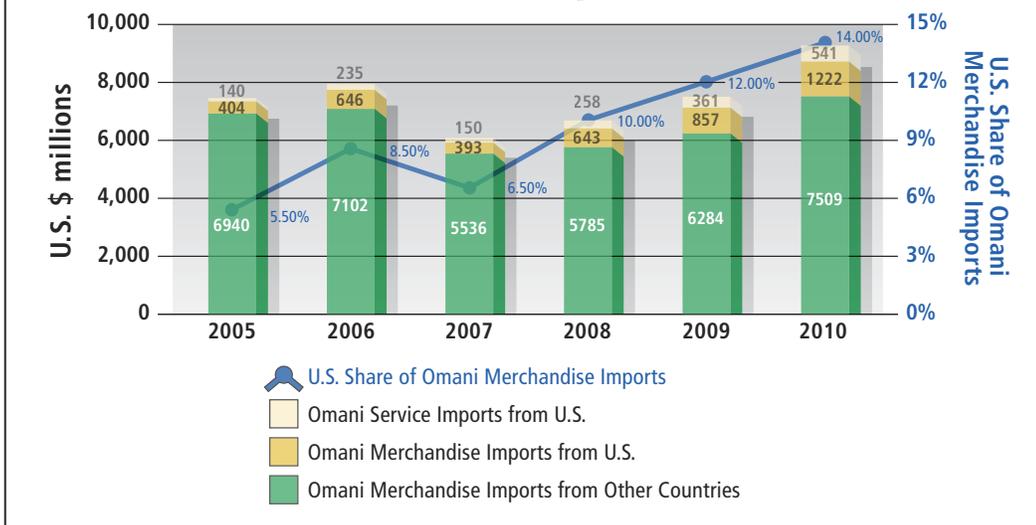
U.S. Oman Trade – continued from page 9

serve as a “boarding gate” to increased tourism infrastructure in the Sultanate. Oman is implementing a plan to double tourist arrivals by 2010 by diversifying offerings to include more ecotourism, adventure tourism and cultural tourism. Mohsin bin Khamis al Balushi, Under Secretary for Tourism at the Ministry of Commerce and Industry, has pledged to turn Oman into a magnet for regional tourism and to increase this service sector’s contribution to GDP to three per cent by the year 2020.

Taken together, these positive developments suggest that America’s share of Oman’s market may reach new highs by the end of the decade. Competing petroleum suppliers may depress prices as more capacity comes online around the world, thereby dampening Oman’s overall import appetite during the period 2007-2009. But according to IRmep, aircraft and oilfield sales will boost U.S. share of Omani imports to 8.5 percent in 2006 (as they did for previous sales) and then continue an upward market penetration. U.S. goods and services exports to Oman should break the \$1 billion mark by 2009, says IRmep, reaching an estimated \$1.763 billion in 2010.

Exhibit #2; 2005-2010 Forecast Omani Imports from the U.S. and Other Countries

(Source: IRmep)



But as the Boeing deal suggests, none of this economic growth will take place on “autopilot.” Oman will need to compete aggressively as an international destination for trade and investment opportunities. The Free Trade Agreement with the United States will help to put Oman on the map, but then it will be up to the U.S. and Omani private sectors to generate ideas, projects, and jobs.

In the words of Faisal Bin Turki Al-Said,

Head of Planning and International Relations at the Omani Center for Investment Promotion & Export Development (OCIPED), “From our extensive travels and contacts with members of the international economy, we have realized that Oman is still relatively unknown. Oman can have the best incentives in the world, but they would be of little use to us unless people know about us and what we stand for.”

Upcoming Trade Shows in Oman

MOTOR SHOW AND AUTO PARTS AND ACCESSORIES

13-16 September 2005
www.omanexpo.com

15TH AUTUMN TRADE FAIR

Oman’s Annual Shopping Extravaganza
22-30 September 2005
www.oite.com

LIFE STYLE EXHIBITION

19-23 October 2005
www.oite.com

GULF PROPERTY & FINANCE SHOW 2005

6-8 December 2005
www.oite.com

EID FESTIVAL

International Exhibition of Consumer Goods and Services
4-12 November 2005
www.oite.com

FOOD EXPO

International Exhibition of Food, Beverage, Catering and Processing, Packing and Services
6-8 December 2005
www.omanexpo.com

WOMEN 2005

11-17 December 2005
www.omanexpo.com

EID FAIR

International Exhibition of Consumer Goods and Services
15-23 January 2006
www.omanexpo.com

10TH MUSCAT INTERNATIONAL BOOK FAIR

500 publishing houses from more than 33 countries
22 February- 4 March 2006

INTERIORS AND BUILDDEX

International Exhibition of Architecture, Interior Design, Furniture Building, Construction, Public Works, and Maintenance Exhibition
1-3 April 2006
www.omanexpo.com

OIL AND GAS WEST ASIA

Oil, Gas, Refining and Petrochemical Exhibition
10-12 April 2006
www.omanexpo.com

MOTOR SHOW AND AUTO PARTS AND ACCESSORIES

20-23 September 2006
www.omanexpo.com

EID FESTIVAL

International Exhibition of Consumer Goods and Services
24 October-1 November 2006
www.omanexpo.com

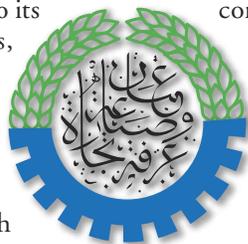
Oman: Key Indicators At-a-Glance

	Data	Source
Total Population	3,001,583	U.S. Government
Omani Citizens	2,424,290	U.S. Government
Expatriates	577,2933	U.S. Government
Annual Population Growth Rate	3.32%	U.S. Government
GDP Purchasing Power Parity (PPP)	\$38.09 billion	U.S. Government
GDP per Capita (PPP)	\$13,100	U.S. Government
GDP (2004 Real)	\$21.58 billion	U.S. Government
Real GDP Growth Rate	1.2%	U.S. Government
Total 2004 Exports	\$13.14 billion f.o.b.	U.S. Government
Total 2004 Total Imports	\$6.373 billion f.o.b.	U.S. Government
Exchange Rate U.S. Dollar = Omani Rial (OMR)	.38498	Oanda.com
Government Type	Monarchy	Sultanate of Oman
Date of WTO Accession	October, 2000	World Trade Organization
Mobile Telephone Subscribers	900,000+	Oman Mobile
Estimated Petroleum Reserves	5.5 billion barrels	U.S. Government
Estimated Natural Gas Reserves	300 trillion cubic feet	U.S. Government
2004 Petroleum Production	657,000 barrels per day	Petroleum Development Oman
2005 Forecast Petroleum Production	635,000 barrels per day	Petroleum Development Oman
2009 Petroleum Production Goal	800,000 barrels per day	Petroleum Development Oman
Member of OPEC	No	Sultanate of Oman

Affiliate-at-a-Glance: Oman Chamber of Commerce and Industry

The Oman Chamber of Commerce and Industry (OCCI), an affiliate of the National U.S.-Arab Chamber of Commerce, is widely regarded as the leading voice of Oman's private sector.

Established in 1973 by Royal Decree, the Oman Chamber of Commerce and Industry provides a wide range of services to its approximately 100,000 members, including (but not limited to): serving as a catalyst for growth and development of Oman's industry; providing access to policymakers within the Government of Oman; conducting research and due diligence requests; fulfilling requests for certification and legalization of documents; raising awareness among its members about quality, transparency, the environment and consumer protection;



The Oman Chamber of Commerce and Industry

providing specialized services for women entrepreneurs and small & medium-sized enterprises (SMEs).

OCCI plays a significant role in implementing Oman's development plans with a view to diversifying the economy. With this in mind, OCCI

conducts trade missions to foreign countries and welcomes foreign business delegations to the Sultanate. In an effort to expand the exchange

of expertise, investment and technical know-how, OCCI participates in international and local trade fairs, economic seminars and conferences. Through its

members, OCCI represents private sector interests within a variety of Government committees and entities.



Salem Said Al Ghattami (right), President of the Oman Chamber of Commerce & Industry, discusses commercial relations with David Hamod, President of NUSACC.

Photo courtesy of NUSACC

OCCI is divided into seven departments: Economic Research, Public Relations, Legal Affairs, Information Center, Registration and Legalization, The Specialized Committees, and Training & Omanization. For additional information about OCCI, please visit www.ChamberOman.com.



Industrial Development: Oman's "OPIC" Creates Value-Added Opportunities for Investors

Last year, the Oman Oil Company (OOC), Government of the Sultanate of Oman, and the Dow Chemical Company created Oman Petrochemical Industries Limited (OPIC) to engineer, construct and operate a petrochemical complex in Oman. Dow's involvement in this project represents the biggest investment yet in Oman by a U.S. company.

Situated in Fahud and the Sohar Industrial Port Area, the facilities will consist of feedstock production units, a gas cracker, and three world-scale polyethylene production trains based on state-of-the-art catalyst and process technology. With a view to generating additional value, the shareholders and OPIC will encourage the development of downstream industries in Oman that will convert polyethylene to end-products, thereby creating jobs and multiplying the economic impact of the complex.

"Dow's involvement in this project represents the biggest investment yet in Oman by a U.S. company."

For Omanis, the formation of OPIC "is a further milestone in the Omani Government's continuing efforts to develop Al Batinnah region by promoting foreign investment which will contribute to job creation, in addition to laying the foundation for future downstream industries," according to H.E. Ahmed Macki, the Minister of National Economy and Deputy Chairman of the Financial Affairs and Energy Resources Council. *Tradeline* caught up with Romeo Kreinberg, Dow Chemical's Senior Vice President for Plastics, to get a status update about the new company.

Tradeline: *We've heard that the total investment in this deal could be as high as \$2.6 billion. Is that the exact value of the plant and infrastructure?*

Kreinberg: You are correct that the investment was described in October 2004 as one billion Omani Rials which, at the current exchange rate, is approximately \$2.6 billion. In the meantime, commodity prices, including steel, have increased. So the final number may be somewhat higher, but the project is still at



an early stage and we cannot provide more precise figures at this time.

Tradeline: *Tell us a little bit about how the deal is structured. Who has the controlling stake?*

Kreinberg: The ownership is 50 percent Dow, 25 percent the Government of the Sultanate of Oman, and 25 percent the Oman Oil Company. The company represents a true partnership – helping the Omani government to meet its objectives of attracting foreign investment, diversifying the economy, creating job opportunities and laying the foundation for future downstream industries – while at the same time helping Dow to access cost-competitive feedstock to supply the fast-growing markets of Asia.

Tradeline: *So neither Dow nor the Sultanate of Oman has a controlling stake? What does that say about the selection of Oman as a partner and your joint venture relationship?*

Kreinberg: Oman is well positioned for foreign direct investment in terms of openness and the benefits of working in the Sultanate in particular and the Gulf in general. Oman has a historically strong trade culture with a high degree of political stability created by His Majesty Sultan Qaboos.

It also has a young, well-educated, and highly motivated population with a strong work ethic. One component of the work force development will be Dow's investment in a training program to develop the necessary tools to operate these highly-skilled jobs

For a global company like ours, Oman is an important trade point for us to be able to manufacture key products for the Asian market – based on proximity to key markets and long-standing trading partnerships in the region.

Our investment in Oman is not about reducing our manufacturing in the U.S. It is about gaining market access for American products and manufacturing inputs from the U.S. to support growth of our production in Oman, which will ultimately reach out to Asia/Pacific consumer markets. The creation



Romeo Kreinberg, Dow Chemical's Senior Vice President for Plastics

of OPIC is a key step in Dow's strategy of having cost competitive geographic and product positions that will enable value growth.

"Oman is well positioned for foreign direct investment in terms of openness and the benefits of working in the Sultanate. It also has a young, well-educated, and highly motivated population with a strong work ethic."

Tradeline: *What is the core of the facility and estimated employee headcount?*

Kreinberg: Co-location at the petrochemical complex and installation of a gas cracker will allow Dow to employ patented production processes to produce polyethylene – a key product in the manufacture of numerous industrial goods and packaging. I can't give you an exact headcount, but OPIC's goal is to train and provide jobs to as many qualified Omani workers as possible.

Tradeline: *So OPIC will fully participate in the "Omanization" program, which trains Omanis for the workforce?*

continued on next page

US-Arab Tradeline

OPIC – continued from page 12

Kreinberg: That's right.

Tradeline: *When will the plant go into production?*

Kreinberg: Usually this type of project is operational within 3-4 years. Groundbreaking and construction will begin in 2006.

Tradeline: *What other high growth markets, besides Asia/Pacific, will Dow and Oman tap with output from this plant?*

Kreinberg: Certainly the local (Middle East) market. Europe is also a strong possibility.

Tradeline: *In terms of industrial goods and engineering services, what level of impact could the plant construction project have on the United States? It probably won't produce \$2.6 billion in sales, as workers and equipment will likely be sourced globally, but do you have any idea of the benefit the construction phase might have for the United States?*

Kreinberg: I cannot give you an estimate of the level of impact this project will have on the U.S. in terms of industrial goods and engineering services. However, we can certainly see great potential for other American companies following us to Oman and setting up manufacturing bases there, particularly as the Sohar Industrial Port complex is being developed.

Also, with our "value park" concept, which involves bringing in manufacturing partners to co-locate with our facility, there are great economic opportunities for American companies in downstream plastic industries.

Tradeline: *Thank you for your time. We wish Dow Chemical Company and OPIC the best of luck!*



Map courtesy of Perry Castaneda

Upcoming Oman Power & Water Tender

(Source: U.S. Department of Commerce)

Request for Qualifications (RFQ) Date	July, 2005
Request for Proposal (RFP) Date	September, 2005
Tendered by	Oman Power & Water Procurement Company
Invitees	U.S. firms with power development experience, as well as EPC contractors who have power and/or water desalination experience
Power Generation	600 megawatts
Water Desalination	20-25 million gallons per day
Acquisition	Gas fired station with 685 megawatt capacity.
Terms	Built, owned and operated (BOO) by the project company.
Preliminary Project Valuation	\$700 million to \$1 billion



The Sultanate of Oman and the 2005 Smithsonian Folklife Festival

Q&A With Dr. Richard Kennedy

“Oman: Desert, Oasis and Sea” is a focal point at this year’s Smithsonian Folklife Festival, taking place on the National Mall from June 23 to July 4. This is the first Folklife program ever to feature an Arab nation, and the exhibit skillfully blends the unique music, dance, foods and rich craft traditions of the Sultanate of Oman.

Overseeing this event is Dr. Richard Kennedy, Deputy Director of the Smithsonian’s Center for Folklife & Cultural Heritage. Tradeline discussed with him Oman’s participation in this year’s Folklife Festival.

Tradeline: *What distinguishes Omani culture, arts and crafts?*

Kennedy: Oman’s connections to India, Africa and Persia are as strong as its Arab and Middle East heritage. Oman is a complex Arab culture drawing on all of these resources from the Middle East and Indian Ocean for millennia, and it presents an interesting cultural counterpoint for any who may have certain regional stereotypes.

Tradeline: *So what kinds of myths and stereotypes will be dispelled through the firsthand experience of visitors?*

Kennedy: The biggest may be that people generally think of Arab nations as exclusively Bedouin. Oman is somewhere in the middle. It remains connected to its Bedouin traditions, and is trying to preserve those traditions, yet it also has maritime traditions. The oasis and trade are equally important to the complex culture of Oman, a nation with a long seafaring tradition.

Second, when we talk about the Gulf, people often focus on high rises, glass and gleaming sky scrapers. In terms of the modern high-rise stereotype, Oman has been very careful architecturally to keep cities like Muscat consistent and connected to its heritage. There are modern cities, replete with motor vehicle expressways, but Omanis have been careful to make a human scaled urban environment.

Tradeline: *Exhibitors at the Folklife Festival will display many arts and crafts. But can exhibit visitors actually buy ceremonial daggers and other unique items?*

Kennedy: Definitely. We hope by exhibiting, the festival will honor individuals who have

held onto their traditions in the face of pressure from “Madison Avenue.” Visitors will see everything from weaving of Wahiba Sands in the eastern region of Oman to jewelry from the oasis, baskets, indigo scarves, perfumes and incense from Salalah. We hope to honor these traditions.

No one is allowed to sell on the National Mall, but a marketplace across from the Freer Gallery of Art will serve individuals who want to buy items or establish commercial relationships. We hope that Omani sales can be made to larger markets.

Tradeline: *How does Oman fit into the larger Folklife mission?*

Kennedy: The Smithsonian is particularly interested in Oman because they made some wise decisions as they came out of isolation in the 1970s. Oman has not galloped quickly into globalization. It has been careful about ecological preservation, such as marine turtle breeding grounds, even reintroducing species extinct from Oman. Oman’s leadership has revitalized the country as a center for trade, music, craft and architectural heritage. Omanis realize that they don’t want to lose what is uniquely theirs as they move into the global market.

The Smithsonian is honoring and recognizing cultures and nations that are aware that their roots are as important to nurture as their future. Omanis are doing both at the same time. They are in balance.

Tradeline: *What are some good reading materials for those wanting to get up to speed on Oman?*

Kennedy: That is one of the challenges: There is relatively little written about Oman. A few geologists and anthropologists, who love Oman because of its stance on preservation, have written in specialty publications. There is not much available to the general public. There will be a special two-volume set called “The Craft Heritage of Oman” by Marcia Dorr and Neil Richardson, which will be available at festival.

In addition, there are excellent English language websites through the Ministry of Information, as well as books from Motivate Publishing and travel guides from Lonely



An embroiderer is resplendent in her own hand-stitched finery in Sur, on the eastern coast of Oman.

Photo Neil Richardson, courtesy Oman Crafts Heritage Documentation Project

Planet. You can also learn quite a bit about Oman in the early 18th century – stories of true life drama and intrigue – and books critical of British government involvement in Oman. But these and other general history books are a little out of date and not entirely relevant. I suggest that readers look over Amazon.com, which will come up with the dozen or so available books.

Tradeline: *What will we learn about culinary specialties of Oman?*

Kennedy: There will be demonstrations of Omani cooking and foods in the oasis kitchen, and demonstrations by chefs from the Al Bustan Hotel. In front of Freer, Emir’s Bistro will prepare and sell Middle Eastern food – such as spiced kebab along with coffee and dates.

True Omani delicacies, however, are best sampled during visits to Oman. There are fish dishes unique to Oman that simply cannot be reproduced for thousands of diners in a “fast food” setting.

Tradeline: *How many and what type of festival visitors does Smithsonian expect?*

Kennedy: We expect about a million visitors at the 2005 festival. A number between 900,000 to 1.5 million visited the Silk Road in 2002,

continued on next page

Folklife Festival— continued from page 14

and we average over 1 million. It is an open festival, and we really cannot determine exactly who will attend.

Tradeline: *Tell us what it takes for potential tourists to get a visa and visit Oman.*

Kennedy: Tourism is one of the highest priorities of the government, which is looking to diversify service revenues. People need to know that Oman is safe, secure, and a fascinating destination. Until now, it doesn't seem that tourism promoters have really tried very hard to penetrate the American market. In Oman, like many counties "off the beaten path," you find larger numbers of Europeans, particularly German visitors. So the American market is largely untapped for Oman.

Tradeline: *What will be some of the unexpected delights of the festival – things that most visitors won't know about until they arrive?*

Kennedy: Well, some heavyweight contenders are the camels coming in from Texas. We're also bringing in Florida date palms and setting up an entire Bedouin camp! I think that will be interesting for American visitors – to tour a camp among men, and particularly veiled Bedouin women, who will talk about why they choose their dresses and adornment, as well as the importance of perfume and frankincense.

We will give out a very popular item: date palm fans. There will be different Internet website addresses for the "fans of Oman," as well as lapel pins.

Tradeline: *Will visitors be exposed to Omani music only during scheduled concerts?*

Kennedy: No, the Center for Traditional Music has programmed performances all day long. There will be workshops ranging from traditional to modern music and ongoing music from ensembles of the three towns of Qurayat, Salalah and Sohar.

In addition, musical recordings will be available through Global Sound (<http://www.smithsonianglobalsound.org>), a Smithsonian recording and online music company that provides global distribution to a diverse array of performers from many cultures.

Tradeline: *Thank you for the details, and best of luck with the Folklife Festival!*

Kennedy: See you there!

For additional information on the Smithsonian Folklife Festival, log onto www.folklife.si.edu



Photo courtesy Oman Centre for Traditional Music

The traditional al-razbah dance displays a performer's courage, swordsmanship and poetic skills. Al-razbah used to announce war or victory. It also would provide a way for men to express their demands to their leaders. Today al-razbah is performed at weddings, holidays and to welcome an honored visitor.

Frankincense – From Resin and Incense to Luxury Items

High quality frankincense is currently fetching \$7.30 per pound on the world market. Aromatic resin from the *Boswellia sacra* tree grown in southern Oman provides the raw material for frankincense, seeping from cuts in the tree. Frankincense is still burned for its fragrance, but don't look for low prices at the counter of luxury items like perfume. Amouage, an Omani competes with the world's most expensive fragrances at \$220 per ounce.

Amouage began as a dream of H.H. Sayyid Hamad bin Hamoud Al Bu Said, who wished to restore the Arabian art of perfumery to the region. His vision resulted in Amouage, the most valuable perfume in the world.

Headquartered in Muscat, the Amouage perfumery still provides the individual hand finish to every bottle of perfume that it sells. Visitors can tour the showroom, which welcomes every guest with traditional Arabian hospitality. The inner workings of the headquarters are considerably more sophisticated, managing an extensive distribution network that sells to 24 countries around the globe.





A Celebration of Omani Culture

NUSACC – in partnership with the Smithsonian Center for Folklife and Cultural Heritage, the Embassy of Oman, and the Oman Chamber of Commerce and Industry – is co-hosting “A Celebration of Omani Culture” on Wednesday, June 29.

The event will feature music and dance ensembles from the Sultanate of Oman that are participating in this year’s Smithsonian Folklife Festival on the National Mall. A cultural performance will take place at 6:30 p.m., followed by a reception in the Smithsonian Castle at 7:00 p.m.

The Smithsonian Folklife Festival and the Celebration of Omani Culture provide a unique opportunity to raise awareness in the United States about the Sultanate of Oman, its people, and its traditions.

For more information about “A Celebration of Omani Culture,” please contact NUSACCevents@nusacc.org or (202) 289-5920.

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Many sea songs reflect a sailor’s duties on ship. This group in the Sur harbor performs one such song, *al-shubani*.



Photo courtesy Oman Centre for Traditional Music

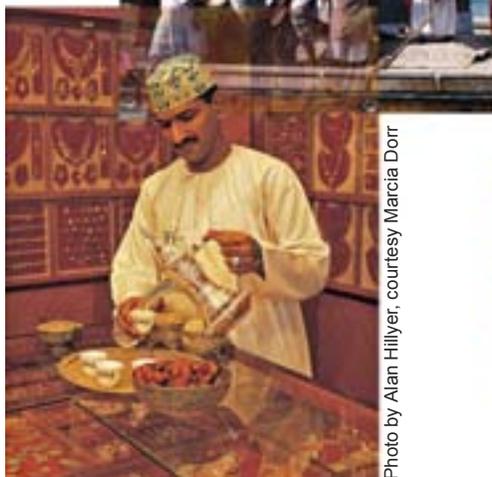


Photo by Alan Hillyer, courtesy Marcia Doir

An Omani gold merchant pours coffee, *qahwah*, from a *dallab*, an Omani coffeepot with a distinctive flat bottom and long spout.



Dancers rehearse for an ‘Id al-Adha celebration in a festival in the district of Sabam.

Photo by Abdulrahman Bin Ali Alhina

Oman Takes Center Stage at Smithsonian’s 2005 Folklife Festival

Oman will be at center stage during this summer’s Smithsonian Folklife Festival. Since 1967, the Festival has exhibited world renowned research-based presentations of contemporary living and cultural traditions. This is the first Folklife program ever to feature an Arab nation.

(For a Q&A with Dr. Richard Kennedy, Deputy Director of the Smithsonian’s Center for Folklife & Cultural Heritage, see page 14.)

The Festival takes place on the National Mall from June 23 to July 4. Admission is free, and Festival hours are 11 a.m. to 5:30 p.m. almost every day, with concerts, dance parties and special events taking place until 9 p.m.

The Omani portion of the Festival will feature more than 100 musicians, dancers, craftspeople and cooks, representing diverse cultural traditions from across the country. Visitors will experience the unique music,

dance, foods and rich craft traditions of the Sultanate of Oman in the exhibit “Oman: Desert, Oasis and Sea.”

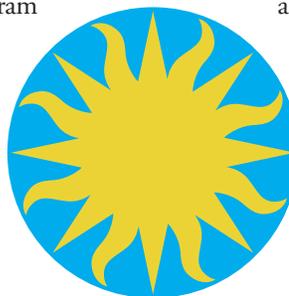
Oman’s location at a crossroads between Asia and the Mediterranean Sea led to a rich seafaring and trade history.

Omanis established early trade networks, and by the first millennium, trade in locally harvested frankincense – in demand around the world – built Oman’s wealth and a rich cultural heritage. Oman’s earliest settlements date from the third millennium B.C.

The program is produced in partnership with the Ministries of Heritage and Culture,

Tourism, Information and Foreign Affairs, as well as Oman’s Public Authority for Crafts Industries and the Middle East Institute.

For additional information on the Smithsonian Folklife Festival, log onto www.folklife.si.edu.



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