

3PdeC

SAUDI, RAJIA, OMAN, BAHRAIN AND QATAR

2311K 8 APR 1985

PLEASE RETAIN
ORIGINAL ORDER

Clear pp JAN 31 2016

UNARCHIVES

| | |
|--------|---------------|
| SERIES | <u>S-1022</u> |
| BOX | <u>67</u> |
| FILE | <u>2</u> |
| ACC. | <u>94/152</u> |

ITINERARY FOR THE SECRETARY-GENERAL

| <u>Date</u> | <u>Itinerary</u> | <u>Time</u> | <u>Hours from GMT</u> | <u>Airline and flight no.</u> | <u>Equip.</u> | <u>Stops</u> |
|--------------|-------------------------------------------------------|----------------|-------------------------------|---------------------------------------|---------------|--------------|
| Fri. 29 Mar. | Lv. New York JFK) Ar. Paris (CDG) Hotel Sofitel | 13.00 22.45 | -5 +1 | AF002 | SSC | 0 |
| Sat. 30 Mar. | Lv. Paris (CDG) Ar. Riyadh | 11.45 21.35 | +1 +3 | SV058 | L1011 | 1 Rome |
| Sun. 31 Mar. | Saudi Arabia | | | | | |
| Mon. 1 Apr. | Saudi Arabia | | | | | |
| Tue. 2 Apr. | Lv. Riyadh Ar. Muscat, Oman | 10.00 13.00 | +3 +4 | (Omani Govt. B727 aircraft | | |
| Wed. 3 Apr. | Oman | | | | | |
| Thu. 4 Apr. | Lv. Muscat Ar. Bahrain | 10.00 11.30 | +4 +3 | (Omani Govt. B727 aircraft | | |
| Fri. 5 Apr. | Lv. Bahrain Ar. Doha, Qatar | 22.00 22.35 | +3 +3 | GF 362 | 737 | 0 |
| Sat. 6 Apr. | Qatar | | | | | |
| Sun. 7 Apr. | Qatar | | | | | |
| Mon. 8 Apr. | Lv. Doha Ar. Paris (CDG) | 00.35 06.25 | +3 +1 | AF 159 | AB3 | 0 |
| | Lv. Paris (CDG) | 10.30 | +1 | AF015 | 747 | 0 |
| Mon. 8 Apr. | Ar. New York JFK) | 11.25 | -5 | | | |

ITINERARY FOR MESSRS. TEYMOUR, SANBAR, AND PICCO

| <u>Date</u> | <u>Itinerary</u> | <u>Time</u> | <u>Hours from GMT</u> | <u>Airline and flight no.</u> | <u>Equip.</u> | <u>Stops</u> |
|--------------|-------------------|-------------|-------------------------------|---------------------------------------|---------------|--------------|
| Fri. 29 Mar. | Lv. New York JFK) | 20.30 | -5 | TW6802 | 747 | 0 |
| Sat. 30 Mar. | Ar. Paris (CDG) | 09.35 | +1 | | | |
| Sat. 30 Mar. | Lv. Paris (CDG) | 11.45 | +1 | SV058 | L1011 | 1 |
| | Ar. Riyadh | 21.35 | +3 | | | Rome |
| Sun. 31 Mar. | Saudi Arabia | | | | | |
| Mon. 1 Apr. | Saudi Arabia | | | | | |
| Tue. 2 Apr. | Lv. Riyadh | 10.00 | +3 | (Omani Govt. B727 aircraft | | |
| | Ar. Muscat, Oman | 13.00 | +4 | | | |
| Wed. 3 Apr. | Oman | | | | | |
| Thu. 4 Apr. | Lv. Muscat | 10.00 | +4 | (Omani Govt. B727 aircraft | | |
| | Ar. Bahrain | 11.30 | +3 | | | |
| Fri. 5 Apr. | Lv. Bahrain | 22.00 | +3 | GF 362 | 737 | 0 |
| | Ar. Doha, Qatar | 22.35 | +3 | | | |
| Sat. 6 Apr. | Qatar | | | | | |
| Sun. 7 Apr. | Qatar | | | | | |
| Mon. 8 Apr. | Lv. Doha | 00.35 | +3 | AF 159 | AB3 | 0 |
| | Ar. Paris (CDG) | 06.25 | +1 | | | |
| | (Hotel suite) | | | | | |
| Mon. 8 Apr. | Lv. Paris (CDG) | 10.30 | +1 | AF015 | 747 | 0 |
| | Ar. New York JFK) | 11.25 | -5 | | | |

Composition of Party
for the Secretary-General's visit
to Saudi Arabia, Oman, Bahrain and Qatar

The Secretary-General

Mr. Diego Cordovez
Under-Secretary-General for
Special Political Affairs

** Mr. Brian Urquhart,
Under-Secretary-General for
Special Political Affairs

Mr. Alvaro de Soto
Special Assistant to the Secretary-General

* Mr. Aly I. Teymour
Chief of Protocol

* Mr. Samir Sanbar
Spokesman for the Secretary-General

* Mr. Giandomenico Picco
Senior Officer,
Executive Office of the Secretary-General

Mr. John Hrusovsky, Chief Operations Officer

* Mr. Harold Stuart, Operations Officer

* Will join the Secretary-General's party in Paris

** Mr. Urquhart will leave the Secretary-General's party
in Riyadh

Approximate temperatures

| | <u>Low</u> | <u>High</u> |
|--------------|------------|-------------|
| Saudi Arabia | 62 | 73 |
| Oman | 74 | 86 |
| Bahrain | 70 | 82 |
| Qatar | 70 | 83 |
| Paris | 46 | -- |

(For the months of March and April.)

Contact Numbers

Paris (011-33-).

(from 22.45 hrs. 29 March to 11.45 hrs. 30 March)

Hotel Sofitel

Tel: (6) 077-27-27

Mr. Cornell Metternich
Director, UNIC, Paris

Tel: 568-1664 (office direct)
568-1000 (switchboard)
555-6909 (home)

Mr. Mustapha Tlili
Deputy Director, UNIC, Paris

Tel: 306-9125 (office direct)
239-354 (home)

Saudi Arabia (011-966-1)

(From 21.35 hrs. 30 March to 10.00 hrs. 2 April)

Mr. Adnan Soghaier
Resident Representative, UNDP
King Faisal Street, Marubba
Riyadh, Saudi Arabia

Tel: 651-0040 (office)
682-3802 (home)

Oman (011-968)

(From 13.30 hrs. 2 April to 10.00 4 April)

Mr. A.K. Abdalla
Officer-in-Charge, UNDP
House 20, Road 10
Muscat, Oman

Tel: 600687
600685

Qatar (011-974)

(From 22.35 hrs. 5 April to 00.35 hrs. 8 April)

Mr. Mohsen Boulares
Farig Bin Omran
Near English School and Doha Theatre
Doha, Qatar

Tel: 863451/2/3 (office)
432-125 (home)

Bahrain (011-973)

(From 11.30 hrs. 4 April to 22.00 hrs. 5 April)

Mr. Mohammed Azzam
Resrep, UNDP
1083 Road No. 4225
Jufair 342
Manama, Bahrain

Tel: 729-569 (office)

Mr. Fathi Al-Sheikh
Director, UNIC

Tel: 231-046

Friday, 29 March

13.00

Leave New York (Air France 002)

22.45

Arrive Paris
(Hotel Sofitel)

Saturday, 30 March

11.45

Leave Paris (SV058)

21.35

Arrive Riyadh, Saudi Arabia

The Secretary-General and his party will be received by H.R.H. Prince Saud Al-Faisal, Minister for Foreign Affairs

From the airport, the Secretary-General and his party will proceed to guest house.

Sunday, 31 March

09.30 Leave guest house for Ministry of Foreign Affairs

10.00 Meeting with H.R.H. Prince Saud Al-Faisal, Minister for Foreign Affairs (political team; the meeting is expected to last approximately one hour)

11.00 (approx.) Return to the guest house

Luncheon Free

20.00 Dinner hosted by H.R.H. Prince Saud Al-Faisal in honour of the Secretary-General (place to be announced)

Monday, 1 April

Morning

Free

13.00

Meeting with his Majesty the King
of Saudi Arabia
(Political team; the meeting will last
approximately one-half hour)

13.30

Return to guest house

Luncheon

Free

16.30

Historic tour of Riyadh and the town of
Derraeih, 20 miles from Riyadh (tour will
last approximately 1 1/2 hours)

Tuesday, 2 April

| | |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.00 | Leave Riyadh (Omani Government Boeing 727 aircraft) |
| 13.30 | Arrive Muscat, Oman The Secretary-General will be received at the airport by H.E. Mr. Yusuf Al-Alawi Abdallah, Minister of State for Foreign Affairs, other senior officials from the Ministry, as well as protocol representatives of His Majesty the Sultan From the airport, the Secretary-General will proceed with his party to the guest house |
| Luncheon | Free |
| 17.00 | Tour of Muscat |
| 18.00 | Meeting with Ambassador Bishara, Secretary-General of the Gulf Co-operation Council Return to guest house |
| 19.30 | Reception and dinner given by His Excellency Mr. Yusuf Al-Alawi Abdallah, Minister of State for Foreign Affairs (The dinner will be attended by Ministers, Ambassadors and other officials) |

Wednesday, 3 April

| | |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 09.00 | Meeting with His Excellency Mr. Yusuf Al-Alawi Abdallah, Minister of State for Foreign Affairs (political team) |
| | Joint press conference by Secretary-General and Minister of State for Foreign Affairs |
| After meeting | Departure for Salalah, Residence of the Sultan--full delegation (the royal flight will take approximately 1 1/2 hours). |
| | The Secretary-General and his party will be provided with a guest house during their stay in Salala, most probably at the Royal Palace. |
| 12.00 (approx.) | Audience with His Majesty Sultan Qaboos Bin Said (political team) |
| Luncheon | Arrangement will be one of the following: a) The Secretary-General will have lunch with the Sultan b) Official luncheon hosted by the Governor of Dhofar c) Free |
| Afternoon | Tour of the governate of Dhofar, including, if time allows, an excursion to the nearest mountains |
| 18.00 | Return to Muscat by royal flight |
| Evening | Free |

Thursday, 4 April

| | |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.00 | Leave Muscat, Oman (Omani Government Boeing 727 aircraft) |
| 11.30 | Arrive Bahrain The Secretary-General and his party will be met by the Minister for Foreign Affairs. From the airport the Secretary-General and his party will proceed to the Sheraton Hotel |
| 13.00 | Private lunch |
| 16.00 | Departure from hotel to the Ministry of Foreign Affairs |
| 16.15 | Official talks with H.E. Shaikh Mohamed Bin Mubarak Al-Khalifa, Minister for Foreign Affairs (political team) |
| 18.15 | Departure from Ministry to Qudhaibiya Palace |
| 18.30 | Meeting with H.H. Shaikh Isa Bin Salman Al-Khalifa, Amir of the State of Bahrain (political team) |
| 20.00 | Official dinner - full delegation (Name of host to be confirmed) |

Friday, 5 April

09.00 Sightseeing tour
The tour will include a visit to the Bahrain Museum and the Bahrain-Saudi Causeway

12.30 Meeting with Mr. Al-Attar, Sheraton Hotel

13.00 Luncheon offered by UNDP Resident Representative in Bahrain, followed by short meeting with United Nations staff in Bahrain

16.00 Press conference at Sheraton Hotel (?)

18.50 Departure for the Hilton Hotel

19.00 Official dinner - full delegation
(Name of host to be confirmed)

21.40 Proceed to Bahrain International Airport

22.00 Leave Bahrain (Gulfair flight 362)

22.35 Arrive Doha, Qatar

H.E. Sheikh Ahmed Bin Saif al-Thani,
Minister of State for Foreign Affairs, will
meet Secretary-General and his party at the
airport.

Depart for Sheraton Hotel

Saturday, 6 April

(Audiences to be scheduled either Saturday or Sunday)

Audience with H.H. The Emir Sheikh Khalifa Bin Hamad al-Thani

Audience with H.H. Heir Apparent Sheikh Hamad Bin Khalifa al-Thani

Audience with H.E. Sheikh 'Abdelaziz Bin Khalifa al-Thani, Minister of Finance and Petroleum

Audience with H.E. Sheikh Ahmed Bin Saif al-Thani, Minister of State for Foreign Affairs

Visit to UNDP Office (Saturday or Sunday)

Reception in honour of the Secretary-General

Sunday, 7 April

In Doha

Monday, 8 April

00.35 Leave Doha, Qatar

06.25 Arrive Paris

10.30 Leave Paris

11.25 Arrive New York

SAUDI ARABIA

A founding member of the United Nations, Saudi Arabia has the largest United Nations development operation in the field (about \$375 million). It was amongst the first countries to demonstrate practical support for co-operation between developing countries and is possibly the provider of the highest percentage of external aid in ratio to its Gross National Income.

1. It also played a steady stabilising role in regional and international conflicts through discreet mediation. Although Saudi officials tend to take a modest attitude, they would appreciate a recognition by the Secretary-General of their demonstrated support for the main targets of the United Nations (Development and Peace and Security) particularly during the United Nations 40th Anniversary Year.
2. The Saudi royal family is satisfied that the tremendous growth that accompanied the unprecedented oil revenue was adequately planned to avoid undue imbalance in the social or political structure. They resent the image portrayed by certain media abroad but would not take specific counter measures partly because they abhor propaganda.
3. Some Saudi officials are now giving public information a higher priority. Initial discussions were started last year on the possibility of opening a United Nations Information Centre in Riyadh. It would be premature to push for the proposal unless the Saudi officials expressed a clear interest. Such a Centre would be extra-budgetary (similar to UNICs in Bahrain and Lybia which are totally finance by the governments concerned) and would

have a sub-regional character since it would also be accredited to the Gulf Co-operation Council (GCC) whose headquarters is in Riyadh. The GCC Secretary-General, former Kuwait United Nations Ambassador Bishara, has already asked DPI to help build the Council's library. Riyadh is also the headquarters of the first Arab communications Sattelite ARABSAT which is expected to start launching inter-Arab TV programmes later this year. The ARABSAT Director has offered to regularly use UN films.

4. Saudi officials are generally very discreet and polite to the point of not raising any point of conflict. They normally communicate through nuances.

5. A press statement to the Saudi television could be expected upon arrival at the airport. Sometimes, Prince Saud invites his guest directly from the plane to his car and drives him personally to the residence. That would be an opportunity to discuss confidential questions in preparation for the official discussions.

6. It is rumored that some Saudi officials would take the opportunity of the Secretary-General's visit to offer specific and practical proposals relating to the Iran-Iraq war. Such proposals would have been endorsed by the GCC countries. The Saudis have tried through the Islamic summit Secretariat, the Arab League and other bodies to at least limit the extent of the war. In addition to their financial leverage with Iraq, the Saudis maintained open lines with Iran mainly through Syria and Algeria.

7. The Saudis have been closely involved in the Lebanese situation mainly through the Saudi businessman of Lebanese origin, Mr. Rafic Hariri, and sometimes through Prince ~~Baydar~~^h, their Ambassador in Washington.

8. The Secretary-General is, of course, aware of Prince Saud Al-Faisal's personal involvement in the Afghanistan issue.

9. Clearly, the outcome of King Fohd's visit to Washington, particularly the Saudi proposals to move on the Arab-Israeli conflict, will be a likely topic.

The Saudi budget for 1985 - 1986 approved by the Cabinet on 20 March is about \$55.56 billion. The allocation for development project was the only allocation increased in that budget, to \$12.5 billion, an increase of 9% over last year. The new budget is part of the fourth five-year plan. The first three, according to Saudi radio, aimed at laying grounds for basic economic structures and enhancing private enterprise.

SAUDI ARABIA

Special Adviser to the King : Dr. Rashad Paharaon

Military Adviser to the King : Gen. Mohammad Al-Esheikh

Chief of the Private Office of the King's Royal Court : Sheikh Mohammad Al-Nawaisser

Adviser to the Crown Prince : Sheikh Al-Mussallam

FOREIGN MINISTRY

Head of the International Organization Department : Amb. Gaafar Allaghany

Head of the Arab Department : Amb. Ismail Al-Shourab

Head of the Islamic Department : Amb. Mohammad Al-Fayez

Note for the Secretary-General

Saudi Arabia

General

The Arabian peninsula (total area 2.5 million square kilometres) is delimited on three sides by sea - on the east by the Persian Gulf and the Gulf of Oman, on the west by the Red Sea and on the south by the Indian Ocean. On its northern side are the deserts of Jordan and Iraq. This isolated territory is divided into several states, the largest of which is Saudi Arabia (total area 2.15 million square kilometres). Along the shores of the Persian Gulf and the Gulf of Oman are Kuwait, with two adjacent patches of "neutral" territory, then after a stretch of Saudi coast, the Islands of Bahrain and the Qatar peninsula, followed by the United Arab Emirates and Oman. The People's Democratic Republic of Yemen (PDRY) occupies most of the southern coastline and to the north-west of PDRY facing the Red Sea lies Yemen Arab Republic (YAR).

The frontiers between all these states and Saudi Arabia are still not well defined. The granting of concessions for petroleum exploration has however led to practical arrangements for sharing these resources between various countries (most recently between Saudi Arabia and YAR) which could eventually lead to a more accurate delimitation of borders.

Estimates of Saudi population vary from as little as 6 million to the United Nations estimate of about 10.4 million in 1983 of which 67 per cent live in urban areas. Immigrant workers (from Egypt, Yemen, Pakistan, Bangladesh, India, Philippines, Korea etc.) who are said to outnumber the local labour force, are estimated at 2.5 million.

Arabian history for the most part, has been the account of small pockets of settled civilization, subsisting mainly on trade, while the vast desert was roamed by nomadic tribes. The first human settlements were established under the flourishing Minean Kingdom as early as the 12th century B.C. As an important trading station between east and west, southern Arabia came into early contact with the Persian and the Roman empires. But by the 6th century the centre of gravity had shifted to the west coast to the cities of Taif, Mecca and Medina. With the advent of Islam around that time, the Arabs emerged from the desert in a spectacular manner to spread their control and influence in less than hundred years over a region extending from northern India to Spain. But with the shift in the centre of Islamic power first to Damascus and later to Baghdad and Istanbul, Arabia itself soon receded once again into obscurity and nomadic life in which state it remained until the 16th century when it came nominally under Ottoman sovereignty.

In the 18th century a puritanical religious reform movement was launched by Abdal Wahab (hence known as the Wahabi Movement) which by the early 19th century swept through the country and established the Wahabi ruling house of Saud in the interior of the country with its capital in Riyadh. By the early

20th century, King Abdal Aziz Ibn Saud had become the master of the whole of central Arabia. During and following the First World War, he campaigned successfully to unify the tribes under his rule and in order to revive the Wahabi ideals, established settlements of "Ikhwan" Brethren throughout his Kingdom, providing the basis for an organized structure for ruling the country. By 1932, King Abdal Aziz had unified the country and consolidated his power to form the Kingdom of Saudi Arabia as we know it today. It is significant to note that it is the only country which derives its name from the name of the founder of its ruling House : King Saud.

Government

Saudi Arabia is an absolute monarchy with a large and hierarchical royal family extending to some 5,000 princes. The country is ruled according to the Sharia - the Islamic law. Despite rapid modernization, the society retains its tribal structure. The King rules through mediation among the tribes and consensus within the royal family. There is no formal institutional structure for public participation in the affairs of Government. But there is a tradition of continuous consultation with the tribes and more or less open public access to the King which enables the royal family to remain in touch with the trends in public opinion. In response to the aspirations of the newly emerging middle class for gradual reform and broadening the participation in Government, King Fahd has on several occasions promised the nomination of a Consultative Council (Majlis-al Shura) consisting of 50-60 members, but so far nothing has been done. In 1980, an eight-member Committee was appointed to draw up a 200 article "system of rule" based on Islamic principles which have yet to come into force. In view of the all pervading influence of Islam in Saudi national life, the religious leaders and scholars enjoy considerable influence and are consulted on most legal and socio-cultural matters.

Although the pace of social change in the country has been unhurried, the rapid economic development and the infusion of great wealth into the economy have generated considerable pressures for change especially through a newly emerging intelligentsia and the middle classes which tend to collide with the powerful traditional forces militating to preserve the existing social order. The Saudi Government has carefully steered a middle course between these opposing forces, thus maintaining the overall balance and stability of the Saudi society. But occasionally these pressures boil over as happened in November 1979 when the Grand Mosque was occupied for two weeks by 250 Sunni extremists who had come to proclaim a Mehdi on the first day of the Islamic year 1400. The Mosque was eventually cleared with considerable loss of lives. Reports of discontent and occasional disturbances also appear periodically among the Shiite population which is concentrated in the Eastern provinces where the largest oil fields are located.

The composition of the Government is as follows :

Head of State : His Majesty King Fahd Ibn Abdul Aziz (acceded to the throne 13 June 1982).

Crown Prince : Abdullah Ibn Abdul Aziz

Important Ministers :

Prime Minister : His Majesty King Fahd Ibn Abdul Aziz
First Deputy Prime Minister and Commander of the National Guard :
HRH Prince Abdullah Ibn Abdul Aziz
Second Deputy Prime Minister and Minister of Defence and Aviation :
HRH Prince Sultan Ibn Abdul Aziz
Advisers to the Minister of Defence and Aviation (with Ministerial rank) : Sheikh Kamal Sindi, Gen. Othman Al-Humaid
Minister of the Interior : HRH Prince Nayef Ibn Abdul Aziz
Minister of Foreign Affairs : HRH Prince Saud Al-Faisal
Minister of Petroleum and Mineral Resources : Sheikh Ahmed Zaki Yamani

Economy

The Saudi economy which had traditionally been based almost entirely on trade and nomadic agriculture, slowly began to modernize with the coming on stream of its oil resources after the Second World War. But the pace of modernization was painfully slow until the 1970s. In 1970, the first five year development plan was launched with a modest target of SR 56 billion (US \$1 = 3.3 Saudi Riyal approximately) of which SR 32 billion were allocated to economic and social development.

After the tremendous increase in oil revenues in 1973-1974, the Saudi economy has made rapid progress. The second plan (1975-80) provided for an almost ten fold increase in expenditure to about SR 500 billion (US \$142 billion). The largest single item in the second plan was defence (SR 78 billion), followed by education (SR 74 billion), urban development (SR 53 billion) and industrial and mineral production (SR 45 billion). A major feature of the second plan was to create two completely new industrial cities : one at Jubail on the Gulf coast and the other on the Red Sea at Yanbu. This single 10-year project was estimated to cost around US \$70 billion. When completed, Jubail is to have three refineries, six petrochemical plants, an aluminum smelter and a steel mill, as well as supporting industries, an industrial port and large scale urban settlements. At Yanbu, two refineries, a gas processing plant, a petrochemical complex, other light industries, a port and urban development are being carried out. When fully in operation the petrochemical plants would account for almost 4 per cent of world output.

Under the third plan (1980-1985) emphasis has shifted further from infrastructure to productive sectors. The plan also stresses manpower training to reduce the reliance on foreign labour. The originally-planned investment was of the order of SR 782 billion (US \$235 billion) but this has had to be curtailed severely following the decline in oil revenues in the last two years. High priority is given in the plan to agricultural development with a view to reducing dependence on imports.

The most recent development report issued by the Saudi Planning Ministry, indicates that between 1970 and 1983 investment reached SR 821 billion representing an annual increase of 45 per cent; GNP grew by 8.9 per cent per

annum. Manufactured exports increased from negligible to \$5 billion, indicating the considerable industrial progress made by the country. Important strides have also been made in education and in physical infrastructure such as roads, electric power, telephones and communications.

Petroleum

Saudi Arabia accounts for almost 40 per cent of OPEC oil reserves and produces one third of the cartel's output. Oil production and revenues jumped dramatically after the 1973 oil crisis to 8.5 million barrels per day (b/d) and \$22 billion respectively in 1974. Production peaked at 9.2 million b/d in 1977. In 1979-1980 with the second round of price increases Saudi Arabia followed other OPEC members to raise prices to \$32 per barrel and its oil revenues jumped to above of \$100 billion. Since then production has gone down rapidly to below 5 million b/d cutting the Saudi oil revenues sharply and causing considerable dislocations in the economy which is now experiencing its first serious recessionary situation. Last year, the Government faced its first budget deficit and had to draw down on the country's reserves of \$150 billion to the tune of \$17 billion to meet the basic defence and public expenditure needs estimated at \$63 billion. Another \$20 billion will have to be drawn during the current year. By next year the Saudi reserves may fall to \$100 billion. There are indications that the Government intends to institute a major austerity programme to reduce the size of the budget by around \$20 billion to \$40 billion in the next few years.

The government expects the slack in oil revenues to be taken up increasingly by the development of the non-oil private sector in the coming years. But for the moment, the private sector development is also experiencing the impact of the economic slow-down. So far it has operated in a highly subsidized and protective environment, but increasingly it will have to organize itself on a more competitive basis. Furthermore, the new Saudi industries are likely to face stiff resistance in international markets as has been shown recently by the imposition of an import surcharge by the EEC on Saudi petro-chemical exports causing the Gulf States to threaten retaliatory action and a trade war. The two sides are at present engaged in negotiations to resolve the problem.

The prospects of economic development will therefore depend increasingly on whether the country can cope with a much harsher and more competitive domestic as well as international economic environment.

Foreign Policy Orientations

Saudi Arabia is the most conservative Arab country with a society steeped in tradition and religion. But it is also a society in the throes of what a senior Saudi Minister has called "an experiment in social transformation". It is a vast country with a small population sitting on a quarter of the world's known oil reserves. While conscious of its geo-political vulnerability, in recent years the country has come to perceive itself as an anchor for the

stability and security of the Persian Gulf region. At the same time, its Arab and Islamic vocations impel it to play a leading role on the larger stage of the Arab and Islamic world. The overriding concern for internal and external security, the desire to preserve its political and social order while achieving rapid economic progress and the need to project itself as the defender of the faith and of the Arab cause constitute the mainsprings of the Saudi foreign policy.

For its security needs, Saudi Arabia relies primarily on the United States and other Western countries. Traditionally, in the Saudi perception, the main threats to its security stemmed from the twin dangers of communism and the spread of radical nationalism in the Arab world. Both the Baath and the Naserite movements were anathema to it. It has always considered Iran as its rival and was deeply suspicious of the Shah's ambitions to dominate and control the Gulf region.

But in response to the growing instability in the Persian Gulf region following the Iranian revolution and the outbreak of hostilities between Iran and Iraq, the Saudi foreign policy concerns have shifted increasingly to ensuring the stability of the Gulf region against the Iranian military threat and the spread of Islamic fundamentalism. It has sought to do so by shoring up the Iraqi war effort with massive financial subsidies and by working closely with the other Arab Gulf countries to strengthen their collective defence capabilities and enhance their self-reliance within the framework of the Gulf Co-operation Council (GCC). It has also adopted an active policy of promoting the revival of traditional Islamic principles and values in the Arab and Islamic countries but shorn of any radicalism.

Relations with the United States

The history of Saudi-American relations dates from the mid-1930s when Chevron was granted a large concession by King Abdal Aziz for the exploration of oil in the eastern and central part of the country. Soon a number of other American companies joined in. In 1938, these companies - later to be known as Arabian-American Oil Company (Aramco) - made the first important oil discovery in the Eastern Province of Saudi Arabia at Dammam. In 1943, in order to meet war-time needs, the United States built an oil refinery at Ras Tanura to process Saudi crude.

This budding Saudi-American partnership for the discovery and development of oil was cemented into a "special relationship" between the two countries when King Abdal Aziz and President Roosevelt held the first meeting between the Heads of State of the two countries in 1945 aboard the USS "Quincy" in the Great Bitter Lake of the Suez Canal. The nub of this special relationship has been an unwritten understanding by the United States to extend a security umbrella over Saudi Arabia in return for an assured role in the oil and gas sector of the country for United States corporations and a basically pro-Western foreign policy stance.

In the past forty years, the ties between the two countries have flourished to encompass security, economic, financial, commercial, technical and cultural co-operation at a level far beyond the original expectations of

the two sides. Despite recent efforts at diversification, United States remains by far the single largest source of arms to the Kingdom. It is also Saudi Arabia's largest trading partner (accounting for 21.4 per cent of its imports and 15.3 per cent of its exports) and the main destination of short and long-term Saudi foreign investments estimated at \$150 billion in 1983. Apart from the oil and gas sector, which still accounts for over 95 per cent of the Saudi economy and where American oil companies have a major stake, United States corporations have played an important role in the execution of Saudi development projects such as the construction of new industrial cities of Jubail and Yanbu and the building of modern transport and communications network.

All this is not to say that their ties have been free from friction or misunderstandings. The greatest and the most constant irritant in their bilateral relations has been their radically different stand on the Palestinian question and the Arab-Israeli conflict. Saudi Arabia, like other Arab countries, is critical of the total and unquestioning United States support for Israel and has always argued that this was against the best American interests in the region. The leadership role played by Saudi Arabia in the Arab oil-embargo imposed following the 1973 Middle East conflict came as a surprise to the United States and had an adverse impact on bilateral relations. It was not until after the United States had helped negotiate the disengagement agreements between Israel on the one hand, and Egypt and Syria on the other, that Saudi-American relations resumed their normal development. In 1978 the Saudi refusal to endorse the Camp David Accords also irked American sensibilities since they had hoped for some understanding from their closest friend on the Arab side. But with the overriding objective of arresting the deterioration in the security climate in the Gulf region, President Carter agreed in that year to supply sixty F-15 war planes to Saudi Arabia despite considerable congressional opposition. In 1981 a major arms package estimated at \$8.5 billion including five AWAC planes, a complex of twenty-two sophisticated electronic air-defence ground stations and air-to-air missiles was agreed upon once again in the face of strong congressional misgivings. Although these two major arms deals went through, the congressional battles and public controversy aroused by them in the United States had a bruising effect on the relationship between the two countries.

During 1983 and 1984, while continuing its arms purchases from the United States (100 M-60 tanks at the cost of \$176 million), Saudi Arabia has struck a major deal with France (estimated at \$4 billion) including low altitude surface-to-air missiles and electronic surveillance equipment. It has also made important arms purchases from the United Kingdom, West Germany and Brazil.

During the recent visit of King Fahd to the United States, no arms agreement was concluded. Fearing another congressional uproar, the United States Administration has temporarily suspended all arms supplies to the Middle East pending a comprehensive review.

King Fahd during the first visit to Washington in 14 years by a Saudi King, pressed the United States to make "more vigorous efforts" to resolve the Middle East problem. In order to speak with some authority on behalf of most Arabs, the King had held extensive consultations with the PLO, Jordan, Egypt,

the Gulf States, Algeria and Iraq before arriving in Washington. The Saudis also let it be known that they regarded the King to be on a historic mission since the ~~moment~~ was opportune for a major new American initiative. They felt that with President Reagan's re-election to a second term, he would have a comparatively free hand to come to grips with the problem. The other factors which augur in favour of a solution, in the Saudi view are : the Jordanian-PLO framework agreement which they feel has opened the way for negotiations; the restoration of diplomatic relations between Egypt and Jordan which has helped to heal the rift between the moderate Arabs; Iraq and Algeria are now pursuing much more moderate policies than in the past thus giving the Arab moderates the upper hand; and Israel with its deep economic difficulties and massive dependence on the United States they feel could be nudged by the United States to the negotiating table.

On arrival in Washington, King Fahd said "The Palestinian question is the single problem that is of paramount concern to the whole Arab nation.... It is the one problem that is the root cause of instability and turmoil in the region." He urged President Reagan to "support the just cause of the Palestinian people." But President Reagan in his response stated that "the security of Israel and other nations in the region and the legitimate rights of the Palestinian people can and should be addressed in direct negotiations". In the joint communiqué issued at the end of the visit, the two sides agreed that "a stable peace in the Middle East must provide security for all States in the area and for the exercise of the legitimate rights of the Palestinian people." The communiqué also showed up the differences between the two sides each insisting on its respective peace plan.

The Saudi officials and news media have termed the Fahd visit as a success. They have pointed out that the King was able to obtain from the United States a recognition of several positive elements in the "unified Arab Peace Plan" initiated by Saudi Arabia and adopted by the Fez Summit.

Relations with Western Europe

In recent years, Saudi Arabia has increasingly looked towards Western Europe to reduce the preponderance of the American political and economic influence in the country. The Saudis, along with other Arabs, also wish Western Europe and the EEC to adopt a positive stance on the Middle East question and exert its influence with the United States for a just settlement. The dependence of Western Europe on OPEC for two thirds of its oil, the Saudi dominance of OPEC and the tremendous expansion of Saudi Arabia as a market for Western European manufactures and technology have made the country a prime target for Western European diplomacy. In the past few years, the leaders of West Germany, the United Kingdom, France and Spain as well as others have made a pilgrimage to Riyadh. The Saudi leaders in turn regularly visit the European capitals.

An indication of the growing Saudi-West European connection is that since 1976 more than 40 per cent of the total Saudi arms purchases have been made from the United Kingdom (21 per cent), France (15 per cent) and other West

European countries. Likewise, West European countries account for around 50 per cent of Saudi foreign trade (FRG 10 per cent, France 9 per cent, the United Kingdom 7 per cent and Italy 6 per cent) although the United States and Japan remain its chief trading partners.

There are signs, however, that economic frictions could develop with Western Europe, as new industries in Saudi Arabia and other GCC countries seek markets in Western Europe and elsewhere to the detriment of the largely inefficient and struggling industries in these countries.

Relations with the Socialist Bloc

Saudi Arabian attitudes towards socialism and communism have been determined by the country's deeply religious and conservative outlook. It has traditionally considered socialism and communism as atheist ideologies which are inimical to the spirit of Islam. It has therefore eschewed direct contacts and relations with the communist countries. It has also exerted its influence within the Islamic world to fight the spread of these ideologies. To this day, it has no diplomatic relations with either the Soviet Union, China or the Eastern European countries. On the other hand, Saudi Arabia maintains important trade relations and technical co-operation with Taiwan and South Korea and in recent years has imported trained manpower from these countries for its development projects. The United States and the Western countries have capitalized on these Saudi attitudes and have tended to encourage them.

In the past few years, however, with the onset of modernization, there has been a subtle change in Saudi attitudes. First of all, the Saudis resent being told by the Westerners what is good and not good for them. Some keen analysts of the Saudi scene have also perceived an internal debate in the ruling elites on the merits and demerits of an opening to the Soviet Union. When Crown Prince Abdallah was recently asked at a press conference whether Saudi Arabia was likely to establish diplomatic relations with the Soviet Union, he responded by saying that King Fahd would do whatever is best for the country. An indication of some flexibility in the Saudi attitude is that Saudi officials have in recent years visited Moscow as part of OPEC delegations. Even more significantly, Prince Saud Al Faisal paid a visit to Moscow in 1983 as part of the Arab League delegation which visited the capitals of the Permanent Members of the Security Council to explain the Arab Peace Plan adopted by the Fez Summit. Saudi Arabia has also favoured the proposal for an international conference on the Middle East with the participation of the Soviet Union.

Relations with the two Yemens

Saudi Arabia has always attached great importance to its relations with Yemen located as it is on its south-eastern and southern flank at the mouth of the Strategic Gulf of Aden and the Red Sea. Historically, relations between the two sides have been based on tribal affiliations and rivalries. The

Saudis have always feared the spread of Yemeni influence into their remote southern provinces. Unlike Saudi Arabia, Yemen has been the cradle of an ancient and rich civilization with a settled and flourishing agriculture. At the best of times, their relations are therefore friendly and correct, but highly sensitive to the slightest change in the balance of power among the tribes.

When civil war broke out in Yemen after the British announcement of gradual withdrawal from Aden in the early sixties, the Saudis supported the royalist side against the republicans who were backed by President Nasser of Egypt. After prolonged conflict, on 24 August 1965, King Faisal concluded an agreement with President Nasser in Jeddah on a peace plan for the Yemen which however remained unimplemented. By 1969, the royalists were driven into exile and the war seemed to have ended by 1970. Following discussions with the republican Sanaa leaders, Saudi Arabia recognised the Yemen Arab Republic (YAR) in 1970. Relations have since been generally friendly with Saudi Arabia providing the major part of the Sanaa Government's financing needs in order to keep it in the Saudi orbit. Despite Sanaa's resentment at Saudi overbearance and extensive oil finds across the frontier, the two sides concluded an agreement to define their respective area for oil exploration. Last year, extensive oil reserves were reported to have been discovered on the YAR side raising the prospect of its financial independence from Saudi Arabia. Also, during a visit to Moscow, President Ali Abdallah Saleh concluded a Treaty of Friendship and Co-operation with Moscow which could not have pleased the Saudis. Future development of relations between the two sides therefore remains uncertain.

Relations with Southern Yemen (now People's Democratic Republic of Yemen - PDRY) have remained tense and difficult since PDRY ~~gained independence~~ in 1967. In December 1969, the two sides fought an extensive battle on the disputed frontier in which Saudi Arabia won easily. Although the two countries have since remained ideological adversaries, diplomatic relations were established in March 1976. Periodically, Saudi Arabia has endeavoured to wean PDRY away from Moscow by providing financial assistance but without much success. Saudi Arabia strongly resents and fears the PDRY's Soviet connection and the Soviet facilities in Aden. Furthermore, although the Saudis have paid lip-service to unity between North and South Yemen, their policy has been designed to keep the two sides apart. They dread the prospect of a united, strong and independent Yemen which could be a thorn in their side.

Relations with Pakistan

Saudi Arabia has traditionally maintained close friendly relations with Pakistan and has supported its pro-Western policies. After the Soviet intervention in Afghanistan, it has extended considerable financial support to the Government of President Zia-ul Haque particularly for the acquisition of arms from the United States. In its turn, Pakistan has provided large numbers of military advisors and personnel to Saudi Arabia. There are an estimated quarter of a million Pakistani workers in Saudi Arabia employed in all sectors of the economy (59 per cent of Pakistani expatriate workers are in Saudi

Arabia). The two countries have important trade and cultural ties which have expanded and flourished in recent years. Pakistan is an important source of food imports (rice, fresh fruit, vegetables) to Saudi Arabia and buys oil from the latter (Saudi Arabia accounts for 9 per cent of Pakistan's exports and meets one third of its oil needs). The two countries enjoy a close political rapport, with both pursuing conservative Islamic policies and a free enterprise economy. The leaders of the two countries frequently exchange visits. They have the same stand on several international issues such as the Middle East, Afghanistan and Kampuchea. On the Iran-Iraq conflict, however, Pakistan does not support the GCC-Saudi stand but takes a more neutral position.

Role in the Arab World

Saudi Arabia was an original member of the Arab League, formed in 1945, and initially played a loyal and inconspicuous part in it. In 1948, King Ibn Sa'ud sent a small force to support the Palestinians fighting against Israel. While Saudi policy towards the Arab countries has been determined by its conservative pro-West foreign policy orientation, it has regarded its role as a mediator between conflicting interests and ideological groupings in the Middle East. In the 1950s, it did not join the United Arab Republic (Egypt and Syria) or the rival Arab Federation (Jordan and Iraq). But during the 1956 conflict, it played a leading role in bringing the Arab countries together in support of Egypt after its nationalization of the Suez Canal. Similarly, in the 1967 and 1973 wars, Saudi Arabia extended political and military support and financial assistance to Jordan, Egypt and Syria. And over the years it has bankrolled the PLO. In 1973 it led the Arab countries in exerting pressure on the Western countries by cutting off oil supplies to those who supported Israel.

During the first two decades after the World War II, Saudi Arabia remained a bastion of Western influence. In the early years after the War, Saudi Arabia pursued a policy of containing the Hashemite Kingdom of Iraq so that it would not revive and pursue its claims over Hijaz, a former Hashemite province which had been conquered by King Ibn Saud in the 1920s. But, with the fall of King Faisal of Iraq, it aligned itself with the conservative monarchies or régimes of Jordan, the Trucial States, Libya, Morocco, Tunisia and the Sudan to stem the tide of radical Arab nationalist movement unleashed by President Nasser of Egypt and the Baathists of Syria and Iraq. As stated earlier, it also supported the royalist side in the civil war in Yemen during the early 1960s. But by the early 1970s its central role in the Arab oil-embargo, its leadership of OPEC and its immense financial clout had earned it a vastly enhanced position and stature in the Arab world. Since then, Saudi Arabia has come to be regarded as one of the key players on the Middle Eastern chess board. It has endeavoured to steer the Arab League to a moderate course without giving up the basic objectives of liberating the occupied Arab territories and enabling the Palestinians to exercise their right to self-determination. An indication of the growth of its stature in Arab affairs was the key role that the country played in bringing about the end to the civil war in Lebanon in 1976 and the reconciliation between Egypt

and Syria. After the Camp David Accords, while it joined the other Arab countries in expelling Egypt from the Arab League, breaking off diplomatic relations and suspending its aid, the Egyptian workers were allowed to remain in Saudi Arabia and flights between the two countries as well as informal contacts were maintained.

Saudi Arabia was one of the leading mediators in the 1981 missile crisis in Lebanon. It has also used its influence in efforts to mediate inter-Arab disputes such as between Morocco and Algeria over the Western Sahara. More recently, it has supported Jordan and the moderate wing of PLO in their struggle with Syria while maintaining friendly relations with the latter, providing considerable financial assistance to it. Although it mobilized support for the readmission of Egypt into the Organization of the Islamic Conference (OIC), it has been reluctant to bring Egypt back into the Arab League.

When war broke out between Iran and Iraq in 1980, after some initial hesitation, Saudi Arabia threw its weight behind Iraq and took the lead in setting up the GCC along with the five Arab Gulf countries. But despite Iraqi efforts to join the GCC, the Saudis and other Gulf countries have not opened the doors of the new organization to Iraq.

In recent years, Saudi Arabia has become increasingly involved in the attempt to find a solution to the whole Arab-Israeli question. The "Fahd Plan" proposed in 1982, was endorsed by the Fez Arab Summit as the basis for the Arab negotiating position. As stated earlier, during his recent visit to Washington, King Fahd made a determined effort to persuade the United States to revive its peace efforts in the Middle East.

Role in the Islamic World

As the guardian of the Holiest Shrines of Islam and the Administrator of the Hajj (the annual pilgrimage to Mecca), Saudi Arabia has always felt a special responsibility towards the Islamic World. In the eyes of Muslims everywhere, this role imparts upon the Saudi Government an aura of religious and moral authority, but also makes it vulnerable to criticism e.g., by the Khomeini régime of Iran. After the fall of Jerusalem in the 1967 War, the liberation of the Holy City became one of the primary goals of Saudi policy. King Faisal declared that it was his deepest desire to pray in the Al Aqsa mosque during his life time. King Faisal was among the moving spirits in the establishment of the OIC in 1969 following the burning of the Al Aqsa mosque and since then Saudi Arabia has been the main pillar of the Organization.

Eversince, Saudi Arabia has exerted a predominant influence over this body and has used it as an instrument for furthering its foreign policy objectives of forging Islamic solidarity based on a policy of moderation, for mobilizing the support of the Islamic world for the Palestinian cause and for bringing an end to the Iran-Iraq conflict. It has worked closely with Pakistan to bring the weight of the OIC to bear against the Soviet intervention in Afghanistan and has lent active moral and material support to

the Afghan guerillas. Saudi Arabian position has also been a decisive factor in the OIC's support for Somalia in its dispute with Ethiopia. The few Islamic countries that have not seen eye to eye with it on some of these questions (Iran, Libya, Syria, PLO, Yemen and to a lesser extent Algeria) have found it difficult to have their weight felt within the Islamic Conference.

Saudi Arabia has also adopted a policy of giving priority to the Arab and Islamic countries in its foreign aid programme which was initiated soon after the first oil price increases in the early 1970s. In the mid-1970s it was providing on an average \$3 billion annually which rose to over \$5 billion in the early 1980s most of it concentrated on such countries as Egypt (aid was suspended after the Camp David Accords), Iraq, Jordan, Morocco, Pakistan, Bangladesh and the small African countries members of the OIC. As a percentage of GNP, Saudi Arabia has been by far the largest donor country in the world. The share of Saudi foreign economic assistance to its GNP has ranged from 7.7 per cent in 1975 to around 5 per cent in 1980. With the decline in its oil revenues in the past few years, the Saudi assistance has been declining both in absolute terms and as a percentage of its GNP. In 1982, it provided \$4.4 billion or 2.82 per cent of its GNP as foreign aid. This trend is likely to continue.

Role in OPEC

Even before the Arab-Israeli war of 1973, Saudi Arabia had warned the West of the possibility of its oil supplies being cut if nothing was done to resolve the Middle East question. After the 1973 war, it led the Arab moves to cut oil production in stages and to impose an oil embargo on some Western countries. But by early 1974, after an intense period of negotiations launched by the United States which led to the disengagement agreements between Israel, Egypt and Syria and following some serious Western attempts at resolving the Middle East question, the oil embargo was lifted. Saudi Arabia henceforth exerted a powerful conservative influence within OPEC. After a fourfold increase in prices, the Saudis felt that any further price escalation could have dangerous repercussions for the world economy. In the face of insistent demands from some other OPEC members (notably Libya, Algeria and Iran), it threatened to increase production dramatically, leave the OPEC and lower prices unilaterally. Reluctantly therefore the OPEC agreed to a price freeze in 1977.

After the second round of OPEC price hikes of 1979-1980, the oil market sagged as the world economy entered a recession, the effects of conservation measures adopted in the major consuming countries began to be felt and as new oil supplies came on stream in the North Sea and in Mexico. As the downward pressure on oil prices mounted, the Saudis worked within OPEC to negotiate price reductions and allocation of production quotas among member countries with a view to stabilizing the oil market. Saudi Arabia accepted a quota of 4.7 million b/d which is far below its potential production level, showing the way to the others. More recently, in order to impose discipline on some of its members, the OPEC has agreed, at Saudi insistence, on monitoring quota arrangements so that countries do not exceed their assigned production levels. The Saudi role has thus been crucial to the so far successful OPEC bid to stem a downward spiral in oil prices.

Role in Africa

After the 1973 Middle East conflict, Saudi Arabia along with other Arab members of OPEC used its financial resources to persuade a large number of African countries to break diplomatic and other relations with Israel and to marshal support for the Arab stand. However, in subsequent years, the African countries which had been severely hit by the escalation in oil prices alleged that the Arab oil exporting countries had not done nearly enough to compensate them for their political solidarity. The OAU generated pressure through Algeria, Egypt, Libya and others on the Arab countries to do more and the two sides agreed to convene a joint Summit Conference on Afro-Arab co-operation which was held in Cairo in March 1977. The Conference agreed upon a \$3 billion development programme for Africa and decided to set up an African-Arab Development Bank with a capital of \$200 million. It also decided to institutionalize co-operation between the OAU and the Arab League and established a Standing Commission for this purpose.

However, this initial phase of co-operation gave way to inertia and decline as Arab financial assistance to Africa has steadily went down. Despite seven sessions of the Standing Commission, the concrete achievements have been minimal.

In response to the challenge posed by the economic crisis in Africa, new efforts have been made to revive Afro-Arab co-operation recently and the first session of the Joint Afro-Arab Conference of Ministers is scheduled to take place on 15-17 April 1985. Apart from the question of immediate financial needs of the African countries, the Conference is expected to examine ways of promoting mutual trade and investments.

Saudi Arabia has taken the main brunt of the African pressure for assistance. But the Saudis have generally preferred to channel the major part of their assistance through such established institutions as the IMF, the World Bank and IFAD. They have concentrated their bilateral assistance mostly on those African countries which are members of the Islamic Conference (Senegal, Niger, Sudan, Chad, Central African Republic, etc.). Apart from some private Saudi investments in Kenya, Sudan, Senegal, Ivory Coast and Morocco, there has been very little flow of investment funds from Saudi Arabia to Africa. This trend in Saudi policy is unlikely to change in the future.

Saudi Arabia and the United Nations

Saudi Arabia is a founding member of the United Nations, having joined on 24 October 1945, and participates in ECWA and all the Specialized Agencies. It also belongs to the Group of 77 and the Non-Aligned Movement.

In the past the Saudi role at the United Nations was largely confined to espousing the Arab cause and the problem of Palestine. In other matters, it preferred to maintain a low-key stance, so much so that for many years it was not represented by a Permanent Representative at the United Nations.

But after the oil crisis of 1973, tremendous demands were placed on Saudi diplomacy and resources. It became active in the North-South dialogue on behalf of the developing countries and was one of the initiators of the Paris Conference on International Economic Co-operation (CIEC) in 1977-78. Within the Group of 77 it led and stoutly defended the OPEC against pressures for concessions on energy prices and supplies. It made large contributions to the IMF, the World Bank and other United Nations development activities, and overnight became one of the major donor countries in the world. It alongwith other OPEC members contributes 40 per cent of the resoures of IFAD.

As a reflection of the growth in its GNP, Saudi Arabia's contribution to the regular United Nations budget has increased manifold in recent years, a fact which is strongly resented by the Saudis who regard the increase in their financial resources as a consequence of the depletion of their finite and non-renewable oil reserves. The Saudis have therefore taken the lead in the Fifth Committee and in the Committee of Contributions to oppose any formula which would result in any further increase in their contribution.

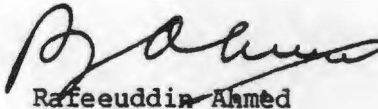
Last year, Saudi Arabia along with the other GCC countries for the first time convened the Security Council when their ships were attacked in the Gulf war between Iran and Iraq.

Conclusion

As the above survey would show, with its predominance within OPEC and immense financial resources, Saudi Arabia has been catapulted in the short span of a few years during the early seventies from international backwaters to a position of pre-eminence on the regional and world scene. Saudi leaders are wooed equally by large and small countries and Saudi influence extends far beyond its regional vicinity or even the Arab and Islamic group.

In the initial stages, the Saudis may have been unprepared for such a role which had been almost thrust upon them and they may have reacted with some hesitation and confusion to the demands placed upon them. But there is increasing evidence of a growing maturity and confidence in the Saudi diplomacy especially since Prince Saud Al Faisal took over as Foreign Minister. At the United Nations, this is signified by the presence of an active and able Permanent Representative.

Saudi Arabia's leadership of the GCC, its active posture in the Arab League, its willingness to take risks over Lebanon and in Middle East diplomacy in general, its predominance in the Islamic Conference and its ability to guide OPEC have lent it credibility as a major player on the international stage. Recent economic setbacks cast a shadow but are unlikely to diminish greatly over the long-run the position of Saudi Arabia in world affairs.


Rafeeuddin Ahmed
21 March 1985

UNITED NATIONS



NATIONS UNIES

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

cc, GP for trip file ✓
RECEIVED

MAR 26

TO: The Secretary-General

DATE: 26 March 1985

THROUGH:
S/C DE:Mr. Virendra Dayal
Chef de Cabinet

REFERENCE: _____

FROM:
DE:Yasushi Akashi
Under-Secretary-General
for Public InformationSUBJECT:
OBJET:Proposed Unic in Riyadh

The possibility of establishing a UNIC in Riyadh, Saudi Arabia, was initially raised in early 1984.

During a visit to Headquarters, the UNDP Resident Co-ordinator stationed in Riyadh reported that Saudi officials had expressed an interest in the matter. After clearance with the Secretary-General, the Under-Secretary-General for Public Information and his staff contacted Saudi officials and, through the Resident Co-ordinator, submitted a proposal detailing the functions and staff requirements for a UNIC in Riyadh. The estimated cost is \$200,000, on the assumption that its premises would be shared with UNDP, whose Resident Representative would serve as the Acting UNIC Director. Another formula would provide for a full-time Director, while premises would be shared with UNDP. As in the case of Bahrain and Tripoli, the proposed budget would have to be fully covered by Saudi Arabia.

Since no response was received in 1984, the Under-Secretary-General for Public Information, during his visit to Saudi Arabia in early March, raised the issue with Saudi Information Ministry officials. The Saudi officials expressed a general interest but avoided making a financial commitment.

The Secretary-General may wish to indicate to Saudi officials the continued willingness of the United Nations to establish a UNIC in Riyadh. The Centre could have a sub-regional dimension, since it would also be accredited to the Gulf Co-operation Council, which is based there.



TO: Mr. Javier Pérez de Cuéllar, Secretary-General
A:

DATE: 27 March 1985

THROUGH:
S/C DE:

REFERENCE: _____

FROM: Jean Ripert, Director-General for Development
DE: and International Economic Co-operation

SUBJECT:
OBJET:

Your visit to Bahrain, Oman, Qatar, Saudi Arabia: economic aspects

Overall:

The countries that you will be visiting have a common characteristic, namely, their heavy dependence on oil exports. Recent world events, especially the recession of 1980-82, combined with energy-saving and diversification measures and declining dollar price of oil, have hit many of these countries quite significantly in comparison to the extraordinary prosperity they enjoyed in the mid and late seventies. Conflicts within OPEC have aggravated their problems. The Iran-Iraq war is having a significant negative economic impact on the countries you are visiting, both on account of direct assistance given to Iraq, and of additional military expenditures.

All of these countries had in the seventies embarked upon ambitious and impressive development programmes, with a strong social component, guided by an overwhelming desire to diversify. Most of them have had to trim their sails lately.

In 1981 Saudi Arabia joined Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman in forming the Gulf Cooperation Council designed to spur regional development by coordinating economic policies and creating a common market. (The Council has a military aspect also.) Measures have been taken to attain the objectives of the Council.

Some detailed notes based on the attached "Country Reports" may be useful:

Bahrain: Some success has been achieved in diversifying the economy, but the economy as a whole has been slackening. Declining oil production. Some attempt is made to industrialize.

Oman: Buoyant economic performance due to increasing oil exports distinguishes Oman from other oil exporters, and the fulfillment of the Development Plan is proceeding smoothly. Heavy dependence on imported food. Rich mineral deposits. High defense expenditures.

Qatar: With considerable difficulties in marketing its oil, austerity is being imposed. Heavy reliance on food imports. Development plan impaired.

Saudi Arabia: Sharp decline in oil exports (less than half the level attained in 1981). Much concern on Iran-Iraq war implications. But diversification in the economy, especially food and industries, makes Saudi Arabia a more balanced economy now. But current account has now moved into deficit.

North/South dialogue

Gulf countries embarked on large programmes of aid to other developing countries in the seventies, but recently such aid has declined. This has affected their contributions to multilateral institutions (see separate notes on IFAD and on Africa).

The Gulf countries take a cautious stand on several North/South issues, especially on money and finance on which they have a rather conservative stand. This can be explained by their massive deposits in western commercial banks and financial instruments. This is one of the factors that explain the Gulf countries' lukewarm support to Global Negotiations. In recent years tensions between the Gulf countries and the rest of the developing countries have not been unknown.

For many years now Saudi Arabia and other oil exporters have been particularly reluctant to discuss in the United Nations, or elsewhere, for that matter, the hard-core issues related to energy, especially prices and supplies in their longer-term aspects. This is unfortunate given the basic importance of the issues to the world economy at large.

OPEC countries are now experiencing serious difficulties. If these are to be resolved, some international discussions on energy would be desirable. The United Nations is well placed to undertake such a process. A good first step would be the undertaking of some studies, for example. But OPEC countries will need to be persuaded!



ABECOR
COUNTRY REPORT

ABECOR is an association of European banks seeking to improve the services that each individual member is able to offer to its customers by developing banking and financial objectives on the basis of mutual co-operation.

DISTRIBUTED BY



BARCLAYS

Saudi Arabia

July 1984

Head of State: H.M. King Fahd bin Abdul Aziz al-Saud

Minister of Finance & National Economy: Shaikh Muhammad Ali Abalkhail

Population: 9.68 million (mid-1982 estimate)

Gross National Product (GNP): US\$111 billion (1983)

Inflation: 1% (12 months ending November 1983)

Exchange Rate: US\$1=3.51 Saudi Riyals (SR) (11 July 1984)

Foreign Exchange Reserves: US\$14.7 billion (April 1984)

Gold: 4.596 million fine troy ounces (April 1984)

Import Cover: 9 months (1983 estimate)

Payments: There are no difficulties with payments for exports to Saudi Arabia.

Present Situation

Reduced oil output and lower oil prices caused by the world oil glut have resulted in a sharp fall in export earnings. In addition, the war between Iran and Iraq is still causing concern in terms of its implications for external security and economic progress in the Gulf states.

Political Situation

After H.M. King Khaled's death on 14 June 1982, he was succeeded both as Head of State and as Prime Minister by the then Deputy Prime Minister H.M. King Fahd. Several other members of the Royal Family hold influential positions in the Government. Close relations exist between the Royal Family and religious leaders, with Islamic law being used as the basis for legislation.

In 1981 Saudi Arabia joined Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman in the Gulf Co-operation Council (GCC). The main aim of the Council is to spur regional development by co-ordinating economic policies and creating a common market, with a unified tariff structure and free movement of goods and people within the area. It also seeks to promote stability and security in the region in accordance with the principle of non-alignment. In late 1983, combined military exercises symbolised the determination of the GCC states to present a joint military front. Important steps have also been taken towards further economic integration. In particular, the Gulf Investment Corporation, funded by all member states, has been established as the leading GCC bank with a view to financing major projects in the area.

The Economy

The oil sector continues to be the mainstay of the economy, generating one-third of GDP, two-thirds of Government revenue and practically all export earnings. A slowing in production to an average of 5 million barrels a day (b/d) in 1983 — half the level of 1981 — has therefore had a perceptible impact on the economy as a whole. Real growth in the non-oil sector, which averaged 14.8% per annum

during the Second Development Plan (1975-1980), gradually slowed to 5% in 1983. However, the Saudi economy is now more better balanced than in the 1970s, and thus capable of sustaining periods of balance of payments and fiscal deficits. At a time of declining Government expenditures, the private sector's role has continued to grow, with the latter accounting for 52% of GDP in 1983.

Although the official cost of living index increased by only 1% in the twelve months to November 1983, with part of the weighting accounted for by subsidised consumer items, this may not represent a wholly accurate measure of inflationary pressures. In the 1982/83 fiscal year, the broadly defined money supply (M3) expanded by 12.5% to SR134.4 billion, compared with an increase of 26.6% in 1981/82. The removal of major infrastructural bottlenecks has been an important factor in bringing price rises under control since the mid-1970s, when the increase in consumer prices exceeded 30% a year.

Since the establishment of the basic infrastructure of a modern industrial state — a transport, communications and power network in the 1970s — many other development projects have been completed and immense financial reserves built-up. During the third Five Year Development Plan (1980-1985), the proportion of funds devoted to physical infrastructure has been reduced to 35% compared with the Second Plan when it received half of total expenditure, with emphasis shifting instead to directly productive investment. An important objective of the current Plan is to restrain the growth in the numbers of expatriate workers.

Oil and Gas

With a quarter of the world's total known reserves, Saudi Arabia is the largest exporter of crude oil. Moreover, its influence on oil markets is strengthened by its ability to vary production over a wide range without either physical or financial constraint. Saudi policy aims to maintain production at a reasonable level and to keep prices sufficiently attractive to ensure that the demand for oil and gas remains relatively stable.

Since the country's oil fields are in the Eastern Province, or close to its shore, shipment of crude oil has hitherto been from Gulf terminals. However, the risk of disruption to exports has been somewhat reduced since the completion in 1982 of a 1200 kilometre pipeline, which has been built across the Arabian peninsula to the new industrial city of Yanbu on the Red Sea coast. Its present capacity of 1.8 million b/d may eventually rise to 3.7 million b/d.

In the hydrocarbons sector, many projects are being undertaken with a view to reducing dependence on exports of crude oil, including the construction of a network of gas/oil separation plants as well as a number of natural gas liquids plants designed to increase the exploitation of the gas associated with oil production. This will be used for domestic fuel and petrochemical feedstock and will also be exported. Other projects include the rapid development of petrochemical industries and refining capacity so that by 1985 total output should reach almost 3 million b/d. Most refineries are owned by the State's General Petroleum and Mineral Organisation (Petromin), while the state partner in joint ventures in petrochemicals and in heavy industry is the Saudi Arabian Basic Industries Corporation (SABIC).

Agriculture and Manufacturing Industry

Agriculture generates only slightly over 1% of GDP, but the sector employs about a quarter of the Saudi work-force. Agricultural policy

aims at raising living standards in the rural areas and securing a strategic level of food production. Remarkable results have already been achieved. Between 1975 and 1983, for example, wheat production rose from 4,000 to 700,000 tonnes. However, farmers receive more than five times the world price for wheat. In 1984, the Kingdom will attain self-sufficiency in wheat and eggs; it is about halfway to self-sufficiency in milk and poultry.

To increase the land under cultivation from the present 6,000 sq.km. to 15,000 sq.km. conservation schemes, a large number of dams, reservoirs, irrigation and drainage projects are under construction in various parts of the country. In addition, subsidies for fertilisers and animal fodders are available together with interest-free loans. Government support is channelled through the Saudi Arabian Agricultural Bank.

The development of non-oil industries is being strongly encouraged by providing conditions favourable to industrial growth. Now that a basic infrastructure has been established, the Saudi Industrial Development Fund (SIDF) offers industrial investors low cost utilities and fuels, tax incentives, tariff exemptions and financial incentives. Interest-free loans of up to 50% of a project's capital, with repayment spread over five years, are also available, although a small commission is also charged.

A recent move to stimulate private sector investment in industry has been the royal decree setting up the National Industrialisation Company (NIC). In each project the NIC will provide 30-40% of the capital, with the balance coming from the private sector or from foreign joint venture partners. Given this stimulus, it is estimated that up to US\$3,000 million could be invested in Saudi industry over the next three years. The establishment of the Gulf Co-operation Council may prove another favourable factor.

Finance

In the fiscal year 1983/84 Government revenues fell 13% short of its originally budgeted amount, reaching only slightly more than half its level in 1981/82, when income from oil was at its peak. However, as can be seen in the table below, an offsetting cut in expenditures prevented the deficit from surpassing the budgeted amount of SR35 billion. According to provisional estimates, actual expenditures in 1983/84 were more than 20% below their 1981/82 peak of SR285 billion.

The budget for the current fiscal year (1984/85) which started on 5 April assumes a 14% increase in revenues, compared with the actual out-turn in 1983/84, reflecting in turn the expectation of higher oil earnings. However, as recently experienced, changes in crude oil markets could well lead to major revisions during the year. In the table shown, actual Government spending was less than the budgeted amount in every year. The projected deficit of SR46 billion (US\$13 billion) is to be financed mainly by a drawdown of Government reserves, estimated to total around US\$130 billion.

The new budget should revive capital spending and also go some way towards bolstering the construction industry, which has gone through a two-year recession. Much emphasis in the programme is on social schemes, particularly education and health, and industry.

Government Expenditures and Revenues (in billion riyals)

| | Expenditures | Revenues | Balance |
|----------------|--------------|----------|---------|
| 1980/81 | | | |
| Budget | 245 | 262 | + 17 |
| Actual | 237 | 348 | +111 |
| 1981/82 | | | |
| Budget | 298 | 340 | + 42 |
| Actual | 285 | 368 | + 83 |
| 1982/83 | | | |
| Budget | 313 | 313 | 0 |
| Actual | 244 | 246 | + 2 |
| 1983/84 | | | |
| Budget | 260 | 225 | — 35 |
| Actual* | 222 | 187 | — 35 |
| 1984/85 | | | |
| Budget | 260 | 214 | — 46 |

* Provisional

External Position

Buoyant prices for crude oil and an exceptionally high level of oil production led in 1980 and 1981 to surpluses on the current account of the balance of payments of US\$39.8 billion and US\$42.6 billion respectively. However, in 1982 export earnings started to decline and in 1983 the cutback in oil production and lower prices resulted in an estimated current account deficit of US\$15 billion. Revenues from the country's extensive overseas assets are the main source of foreign exchange income next to oil. Heavy "invisible" outgoings include payments for services as well as remittances from the many foreign workers in Saudi Arabia. In addition, the Kingdom is one of the largest aid donors in the world.

The Saudi Arabian Monetary Agency (SAMA), which undertakes many of the functions of a central bank, is discouraging the use of the fully convertible Riyal as an international currency and has been successful in keeping the dollar-riyal exchange rate comparatively stable. A strong Saudi controlled banking system has been securely established. As a major creditor to the IMF, Saudi Arabia was invited in 1978 to occupy a seat on the Executive Board of Governors, a position permanently guaranteed.

Outlook

Although in the light of the international economic recovery a gradual rise in world oil demand is now in prospect, Saudi Arabia's crude oil earnings could be constrained in the short term by its acceptance of reduced production levels at the recent OPEC meeting in Vienna. Much will also depend on whether the fighting in the Gulf leads to any disruption of exports. In the medium term, however, the country's new refineries and a rapidly expanding petrochemical industry can be expected to generate additional foreign exchange earnings.

Prepared 11 July 1984

THE ABECOR GROUP COMPRISES:

Members

| | |
|-----------------------------|-------------------------------------------|
| *Algemene Bank Nederland | Bayerische Hypotheken-und Wechsel-Bank AG |
| *Banca Nazionale del Lavoro | (HYPO-BANK) |
| Banque Bruxelles Lambert | *Dresdner Bank AG |
| Banque Nationale de Paris | *Österreichische Länderbank AG |
| Barclays Bank | |
| | Banque Internationale à Luxembourg |

Associated Member

Banque de la Société Financière
Européenne

*Denotes representation for Saudi Arabia

Customers who have specific enquiries on **Saudi Arabia** are invited to telephone Group Economics Department, 54 Lombard Street, London. Telephone: 01-283 8989 Ext: 2419

Economic Reports are available on over 100 countries (Ext: 2565)

This is a joint publication of the ABECOR banks. The above report has been prepared for them by
Algemene Bank Nederland N.V., 32 Vijzelstraat, P.O. Box 669, 1000 ZG Amsterdam

The information is based on sources which we consider reliable, however neither ABECOR nor its Member Banks assume any responsibility for its accuracy.
The contents of this report should not be reproduced in part or in full without prior approval from ABECOR



TO: Au Secrétaire général
A:

DATE: 28 mars 1985

REFERENCE: _____

THROUGH:
S/C DE:

FROM: Jean Ripert
DE:

SUBJECT: Votre visite en Arabie Séoudite et l'initiative de l'Ambassadeur Shihabi
OBJET: en vue de la constitution d'un Groupe de personnalités comprenant le
Ministre des Finances et de l'Economie de son pays.

1. Vous vous rappelerez que depuis un certain nombre de mois, vous avez fait l'objet - personnellement ou par mon intermédiaire - de démarches pressantes de l'Ambassadeur Shihabi. Celui-ci vous suggère de constituer un Groupe de 3 à 5 personnalités, qui, à titre personnel et de façon informelle, pourraient vous conseiller sur des questions relatives à la coopération dans le domaine économique. Parmi ces personnalités devrait se trouver le Ministre des Finances et de l'Economie, M. Ab-Al Khail. J'annexe à la présente note, un cable que je vous avais adressé à ce sujet, le 28 janvier dernier.
2. Vous vous rappelerez aussi que l'Ambassadeur Shihabi a également fortement insisté récemment encore en février, pour que son Ministre soit invité par vous à présider ce Groupe, ceci malgré les arguments reproduits dans le cable mentionné ci-dessus. Je lui ai indiqué, avant son départ pour son pays, que cette question pourrait être évoquée par M. Ab-Al Khail lui-même s'il vous rencontrait à Riyadh, comme cela me paraissait vraisemblable.
3. Le but de la présente note est, en premier lieu, de vous rappeler ces conversations. Je vois bien l'intérêt d'un geste en faveur de ce Ministre, si un tel geste est de nature à influencer l'attitude de son pays à l'égard de l'Organisation, par exemple dans le domaine du soutien financier donné à nos activités (PNUD, Opération d'Urgence en Afrique). Cependant nous n'avons pas d'assurance que ce résultat pourra être atteint et je ne sais pas quels sont les véritables motifs de l'Ambassadeur. J'évoque ces incertitudes, parce que je ne peux pas éviter de penser que la constitution formelle d'un tel Groupe de personnalités, même limité en nombre, risque de nous créer plus de difficultés qu'elle ne nous aidera à en résoudre: choix des participants, explications à donner sur leur mandat, etc.
4. Dans ces conditions, je me permets de vous suggérer une attitude prudente et la recherche de solutions aussi informelles et graduelles que possible. Vous pourriez, en premier lieu, laisser le Ministre des Finances et de l'Economie manifester lui-même son intérêt pour cette initiative. En second lieu, plutôt que de parler immédiatement de la composition d'un Groupe, vous pourriez lui proposer simplement une rencontre, par exemple un déjeuner de travail, lors de son prochain passage à New York. A cette occasion seulement, avec lui et d'autres personnes, pourrait être exploré le processus formel, ou non, par lequel nous pourrions obtenir des avis et conseils.

5. A toutes fins utiles, je vous rappelle que les autres noms qui ont été mentionnés à propos d'un tel Groupe sont:

- M. David Rockefeller, mentionné par l'Ambassadeur Shihabi.
- M. Bognar, Président de l'Académie des Sciences de Hongrie, père de la Réforme économique dans ce pays, mentionné par moi-même.
- A ces deux noms, pourrait être ajouté celui d'un Indien, par exemple M. I. J. Patel, Ancien Gouverneur de la Banque de l'Inde, présentement Directeur de la London School of Economics, ou M. Man Mohan Singh, Ancien Gouverneur de la Banque de l'Inde, présentement Vice-Ministre de la Planification et l'un des conseillers directs du Premier Ministre de l'Inde.

28 janvier 1985

Cable au Secrétaire général de la part de
Jean Ripert, Directeur général, DIEC

Suite nos conversations précédentes, j'ai rencontré il y a quelques jours Ambassadeur Shihabi (Arabie Séoudite). Il a insisté à nouveau sur le fait que, en demandant à M. Ab-Al Khail, Ministre des Finances et de l'Economie de son pays, de faire partie d'un Groupe de 3 à 5 personnalités qui, à titre personnel, et de façon informelle, pourraient nous conseiller sur des questions relatives à la coopération internationale dans le domaine économique, nous pourrions ainsi non seulement recevoir de bons avis mais contribuer à changer l'attitude de son gouvernement à l'égard de l'Organisation, attitude présentement caractérisée par la méfiance ou le scepticisme. Mon interlocuteur, très insistant sur ce dernier point, a suggéré d'inclure dans le même esprit, dans le Groupe, M. David Rockefeller. Dans ses propos, l'Ambassadeur a indiqué plusieurs fois que son Ministre pourrait présider le Groupe. Je n'ai pas relevé cette proposition mais pense que, s'il s'agit d'un groupe de 3 à 5 personnes au maximum, le problème de la présidence pourrait être réglé par les intéressés eux-mêmes.

Je suis impressionné par les arguments de l'Ambassadeur et pense que nous devrions explorer davantage sa suggestion. Il s'agirait en bref de réunir de temps en temps, par exemple deux fois par an, au cours d'un déjeuner de travail, précédé de réunions de travail où je vous représenterais, un Groupe de personnalités chargées de donner à titre personnel, au Secrétaire général et au Directeur général, des avis sur des problèmes relatifs à la coopération économique internationale, tels qu'ils se posent actuellement ou pourront se poser ultérieurement.

Si une telle initiative vous paraissait envisageable, je pourrais explorer les modalités d'application avec MM. Dayal et de Soto, qui partagent mon sentiment. Nous pourrions chercher d'autres noms à vous soumettre à votre retour. Je pourrais enfin parler en votre nom à l'Ambassadeur Shihabi qui souhaite pouvoir sonder son Ministre à ce sujet. Comme il doit se rendre en Arabie Séoudite au début de février, il apprécierait pouvoir envoyer une communication avant son départ de New York. Ceci explique que nous n'attendions pas votre retour pour évoquer cette question. Respectueusement. Jean Ripert.

DEPARTMENT OF POLITICAL AND

SECURITY COUNCIL AFFAIRS

Political Affairs Division

CONFIDENTIAL

PAS:NI:sf

5 March 1985

KINGDOM OF SAUDI ARABIA

KINGDOM OF SAUDI ARABIA

Area: 2,331,000 sq. km.

Capital: Riyadh

Population: 9.3 million (1981)

GNP per capita: US\$11,260 (1980)

I. Relationship to the United Nations.

Saudi Arabia is an original member of the United Nations (24 October 1945). It is also a member of all the intergovernmental organizations except GATT. While Saudi Arabia is known to maintain a rather low-key presence in the political organs of the UN, it has an important contribution in financing various UN development programmes. Currently, Saudi Arabia is a member of ECOSOC (represented in the Committee on Aid Food Policies and Programmes), the Preparatory Committee for the UN Conference for the Promotion of International Co-operation in the Peaceful Uses of Nuclear Energy (member of INTELSAT), the Governing Council of UNDP and the Board of Trustees of UNITAR. At the 1984 UN Pledging Conference for Development Activities held at headquarters in November 1984, Saudi Arabia pledged the following contributions: US\$3 million to UNDP; US\$1 million to UNICEF; US\$1 million to the UN Industrial Development Fund; US\$500,000 to the UN Environment Programme; US\$50,000 to the UN Trust Fund for Drug Abuse Control; US\$30,000 to the UN Fund for Population Activities; and US\$72,834 to UNITAR.

Saudi Arabia values highly the role of the United Nations in the resolution of the major problems of international peace and security. At the thirty-ninth session of the General Assembly, the Saudi Arabian Foreign Minister said that the role of the United Nations acquires greater importance against the increased gravity of world problems. In his opinion, the capacity of the UN to serve as "a safety-valve" for the preservation of international peace and security, and for the establishment of a just basis for co-operation among States in the political, economic and social fields, depends to a great extent on its ability to find effective solutions to the problems that confront Member States and those that threaten international peace and security.

Saudi Arabia is an active participant in various regional political and economic Arab organizations such as: the League of Arab States, the Organization of the Islamic Conference (with its headquarters at Riyadh), the Gulf Co-operation Council, the Organization of Arab Petroleum Exporting Countries (OAPEC). It plays also an active role in the Organization of Petroleum Exporting Countries (OPEC). Saudi Arabia participates in the activities of the Non-aligned countries.

As of 1 January 1985 there were three Saudi Arabian nationals employed in the UN Secretariat in posts subject to geographical distribution (desirable range 16-30). The highest of these is at the P-4 level.

For the regular UN budget, Saudi Arabia is assessed at 0.86 per cent for 1983-1985.

The Permanent Representative of Saudi Arabia to the UN is Ambassador Samir SHIHABI.

II. Foreign Policy on Questions before the UN

The Saudi Arabian representatives at the United Nations place particular emphasis on the Middle East situation. In his statement at the last General Assembly session, the Foreign Minister of Saudi Arabia stated that the Palestinian problem represents "the most serious example of international political injustice". He condemned Israel's attitude for its "flagrant defiance" of the resolutions adopted by the United Nations, which confirm the right of the Palestinian people to their homeland and the Arab character of Jerusalem. Saudi Arabia supports Arab insistence that Israel must withdraw from all Arab-occupied territories. It supported a peaceful resolution of the Arab-Israeli conflict but rejected the Camp David accords as inadequate to achieve a comprehensive political situation that would ensure Palestinian rights and adequately address the status of Jerusalem. In 1981 then Crown Prince Fahd promulgated eight principles that could, in his view, serve as the basis for a peaceful settlement in the Middle East. The plan caused concern in several Arab countries because it recognized implicitly the legitimacy of Israel, a fact reluctantly admitted by Saudi Arabia. Following President Reagan's plan in September 1982, Saudi Arabia joined other Arab League members at Fez, Morocco, in putting forth an Arab peace plan. Recently, Saudi Arabia welcomed the Jordanian-Palestinian agreement, and during King Fahd's visit to Washington, the United States was urged to step up efforts to bring peace to the Middle East.

In regard to the situation in Lebanon, Saudi Arabia considers that preventing Israel from interfering in the internal affairs of Lebanon and the total unconditional withdrawal of Israeli forces from all Lebanese territory are two necessary prerequisites for the normalization of conditions in Lebanon and for the rededication of efforts aimed at the realization of a just and total peace in the Middle East.

In the opinion of Saudi Arabia, the war between Iraq and Iran is "a meaningless and totally unjustifiable war". It said that the "positive" stand displayed by Iraq "should be matched" by Iran" and an end brought to this "bloodshed" between two neighboring Islamic countries. Saudi Arabia views the conflict between Iran and Iraq not only as a factor causing instability in the region but also as endangering its own security. Initially, it supported Iraq, but later came to fear that Iranian retaliation might take the form of stirring up Saudi Arabia's Shi'a minority.

Saudi Arabia denounces and condemns South Africa for its racist policies. In its view, the persistence of South Africa in rejecting solutions to the problem of Namibia is not a constructive factor in helping it to perceive the consequences of negating the rights of the Namibian people in their own territory.

The problem of disarmament is also an issue of much concern to Saudi Arabia. It views the arms race as an important factor causing increased tension all over the world. Saudi Arabia expressed its appreciation for the initiatives and resolutions taken by the United Nations in the field of disarmament and the endeavors made to implement them. It proposed an embargo on armaments for Israel and South Africa.

Particular attention is paid by Saudi Arabia to world economic issues which, in its opinion, are among the major causes of international tension. It considers that the great discrepancy among States with regard to the size and kind of natural and material resources they possess renders co-operation between the peoples of the developed and developing countries an imperative requirement. Saudi Arabia believes in the necessity of positive action to achieve the objectives of total development and genuine progress and prosperity for all the peoples of the world. To this end, it calls for development assistance both to continue and to increase and for the strengthening of existing developmental organizations, which should be capable to play a more effective and realistic role in meeting the demands of the present critical stage. It also believes that industrialized countries of both the West and East should shoulder their responsibilities fully and meet financial obligations under the International Development Strategy and the targets of official development assistance defined therein. The Kingdom of Saudi Arabia supports the idea of global economic negotiations and finds no sound alternative for reaching a fair comprehensive solution of international economic problems that will prove stable and durable. It underlines that the world community is called upon to reinforce confidence in the institutions and mechanisms of international economic co-operation and especially in the programmes of the United Nations and its specialized agencies.

III. Internal Situation - Government Policies

The central institution of government is the monarchy. There is no formal constitution. Political parties and national elections are unknown. Law is the expression of the will of the monarch as limited by tribal customs and religious rules embodied in the Islamic law (Sharia). Legislation is by royal decree or, in minor matters, by ministerial regulations. Assisting the King as head of state and Prime Minister is the royal cabinet. The powers of the King are not defined, but practically are limited by the fact that he must retain a consensus of the Saudi royal family, the religious leaders (ulema), the chiefs of the important tribes, the armed forces and the bureaucracy. The responsible members of the royal family choose the King from among themselves with the sanction of the ulema. The King acts as the highest court of appeal and has the power of pardon.

The kingdom is divided into 6 major and 12 minor provinces. The major provinces which include the principal urban centers and the economically important eastern province, are generally governed by royal princes or close relatives of the royal family. All governors are appointed by the King. Provincial regulations provide for the establishment of provincial councils. Larger urban areas elect municipal councils.

Despite rapid economic progress, Saudi Arabia continues to uphold its traditional and religious values. The King's policy is to encourage gradual modernization of the Saudi society within the framework of Islam.

Basic foreign policy objectives are to maintain Saudi Arabia's security and its position in the Arabian peninsula, to defend general Arab interests, to promote solidarity among Muslim governments, and to maintain co-operative relations with other oil-producing and oil-consuming countries.

Saudi Arabia is co-operating with all neighboring countries to preserve stability in the Persian Gulf. In May 1981, it joined five other Gulf States in setting up the Gulf Cooperation Council, ostensibly a pact for economic co-operation, but also carrying the potential of a military alliance and collective security pact. In spite of its preoccupation with security, Saudi Arabia was one of the leading mediators in the negotiations aimed at finding solutions to the crisis in the region. It plays an increasingly prominent role in the International Monetary Fund, the World Bank, and Arab and Islamic financial and development assistance institutions. It is one of the largest aid donors in the world.

Saudi Arabia has a special relationship with the United States. Although strained at times by differences over the Arab-Israeli conflict, US-Saudi Arabian relations remain strong. Besides their shared security goals in the region, close consultations between the two parties have developed on international economic and development issues. Saudi Arabia and the United States are parties to over 37 treaties and agreements covering cultural relations, defense, desalination, economic and technical cooperation, investment guarantees, military missions, and trade and commerce. US interests in Saudi Arabia are extensive and Saudi Arabia is the largest customer of American goods and services in the Middle East. Reportedly, a great number of US citizens are working in Saudi Arabia, many of them being involved in the defense sector. As assessed by President Reagan, the recent trip to the United States of King Fahd was "a very worthwhile visit for both countries". The communiqué issued on this occasion stressed that both leaders agreed that a stable peace in the Middle East must provide security "for all States in the area and for the exercise of the legitimate rights of the Palestinian people". The communiqué also underscored the continuing differences between the two States on how to achieve those goals.

KINGDOM OF SAUDI ARABIA

List of Principal Government Officials

King

Prime Minister

Dep. Prime Minister

2nd Dep. Prime Minister

Min. of Agriculture and Water

Min. of Commerce

Min. of Communications

Min. of Defense and Aviation

Min. of Education

Min. of Finance and National Economy

Min. of Foreign Affairs

Min. of Health

Min. of Higher Education

Min. of Industry and Electricity

Min. of Information

Min. of Interior

Min. of Justice

Sa'ud, Fahd bin 'Abd al-'Aziz Al

Sa'ud, Fahd bin 'Abd al-'Aziz Al

Sa'ud, 'Abdallah bin 'Abd al-'Aziz Al

Sa'ud, Sultan bin 'Abd al-'Aziz Al

Al al-Shaykh, 'Abd al-Rahman 'Abd
al-'Aziz Hasan

Solaim, Soliman Abdulaziz

Mansuri, Husayan Ibrahim al-

Sa'ud, Sultan bin 'Abd al-'Aziz Al

Khwaytir, 'Abd al-'Aziz 'Abdallah a

Aba al-Khayl, Muhammad 'Ali

Sa'ud, Sa'ud al-Faysal Al

Alhagelan, Faysal 'Abd al-'Aziz

Al al-Shaykh, Hasan ibn 'Abdallah

Zamil, 'Abd al-'Aziz ibn 'Abdallah a

Sha'ir, Ali Hasan al-

Sa'ud, Nayif bin 'Abd al-'Aziz Al

Al al-Shaykh, Ibrahim ibn Muhammad
ibn Ibrahim

UNITED NATIONS



NATIONS UNIES

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

TO:
A:

Mr. Virendra Dayal, Chef de Cabinet,
Executive Office of the Secretary-General

DATE: 22 March 1985

REFERENCE:

THROUGH:
S/C DE:

FROM:
DE:

Louis-Pascal Nègre, Assistant
Secretary-General for Personnel Services

SUBJECT:
OBJET:

Secretary-General's visit to Oman, Saudi Arabia,
Bahrain and Qatar

As requested by your office, I am pleased to send you herewith statistical data and lists of nationals from Oman, Saudi Arabia, Bahrain and Qatar employed by the United Nations Secretariat and other organs including their levels, functional titles and duty stations.

Please bear in mind that a recruitment mission is going this month to Bahrain to identify candidates.

I should be grateful if the Secretary-General could take the opportunity of his visits to Oman, Qatar and Saudi Arabia to emphasize the recruitment efforts made by the Secretariat and to request the Governments of these Member States to co-operate in achieving the goals set forth by the General Assembly in Resolutions 39/243 and 39/245 "to accelerate the recruitment from unrepresented Member States and to increase the number of staff from underrepresented Member States".

SAUDI ARABIA

Nationals of Saudi Arabia on geographical and non-geographical posts with the United Nations and some other UN organs

1. There were 4 nationals of Saudi Arabia on geographical posts at the United Nations Secretariat as of 31 January 1985, as compared with a desirable range for the country of 18-30. Saudi Arabia is therefore underrepresented in the Secretariat.
2. In addition there were, as of 31 January 1985, 11 Saudi Arabia nationals employed by UNDP*, 3 by UNICEF and 1 by UNHCR. The total number of staff in the above-mentioned organizations therefore equals 19.
3. Attached is a table containing statistical data on Saudi Arabia's representation in the United Nations Secretariat for the last 10 years, as of 30 June of each year, which is the end of the year for the purpose of reporting to the General Assembly. This table also indicates the most recent data available for 30 June 1984. Attached as well is a list of 19 nationals of this Member State within the UN Secretariat and other organizations. This list shows the names, levels of posts encumbered, functional titles, offices and duty stations where the staff members were employed as of 31 January 1985.

*The current information on the local staff of UNDP is unavailable at this time due to technical reasons and as a result, the data provided for some local staff members might be out of date. The data on the international staff, however, is reasonably up to date.

21 March 1985

Division for Policy Co-ordination
Office of Personnel Services

STAFF MEMBERS WHO ARE NATIONALS OF
SAUDI ARABIA
IN POSTS SUBJECT TO GEOGRAPHICAL DISTRIBUTION
1975-1984*

| | <u>USG</u> | <u>ASG</u> | <u>D-2</u> | <u>D-1</u> | <u>P-5</u> | <u>P-4</u> | <u>P-3</u> | <u>P-2</u> | <u>P-1</u> | <u>Total</u> | <u>Desi- rable range</u> | <u>Contri- bution</u> | <u>Weighted range</u> | <u>Weighted Staff Position</u> |
|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|----------------------------------|---------------------------|---------------------------|----------------------------------------|
| 1975 | - | - | - | - | - | - | - | 2 | - | 2 | 2-7 | 0.06 | 54-165 | 31.6 |
| 1976 | - | - | - | - | - | - | - | 3 | - | 3 | 2-7 | 0.06 | 153-233 | 47 |
| 1977 | - | - | - | - | - | - | - | 2 | - | 2 | 6-11 | 0.24 | 190-339 | 38 |
| 1978 | - | - | - | - | - | - | - | 3 | - | 3 | 6-11 | 0.23 | 185-335 | 57 |
| 1979 | - | - | - | - | - | - | 2 | 1 | - | 3 | 6-11 | 0.23 | 185-334 | 67 |
| 1980 | - | - | - | - | - | - | 2 | - | - | 2 | 12-17 | 0.58 | 382-532 | 48 |
| 1981 | - | - | - | - | - | 1 | 1 | 1 | - | 3 | 13-25 | 0.58 | 519-958 | 93 |
| 1982 | - | - | - | - | - | 2 | - | 2 | - | 4 | 13-24 | 0.58 | 512-952 | 125 |
| 1983 | - | - | - | - | - | 2 | - | 1 | - | 3 | 18-30 | 0.86 | 718-1157 | 101 |
| 1984 | - | - | - | - | - | 2 | - | 1 | - | 3 | 18-30 | 0.86 | 720-1160 | 101 |

| | <u>Staff at beginning of year</u> | <u>A P P O I N T M E N T S</u> | | | <u>S E P A R A T I O N S</u> | | | <u>Adjust- ments</u> | | <u>Staff at end of year</u> |
|------|-------------------------------------------|--------------------------------|------------------------|--------------|------------------------------|------------------------|--------------|--------------------------|----|-------------------------------------|
| | | <u>Career</u> | <u>Non- career</u> | <u>Total</u> | <u>Career</u> | <u>Non- career</u> | <u>Total</u> | | | |
| 1975 | 2 | 1 | - | 1 | 1 | - | 1 | - | - | 2 |
| 1976 | 2 | 1 | - | 1 | - | - | - | - | - | 3 |
| 1977 | 3 | - | - | - | - | - | - | - | -1 | 2 |
| 1978 | 2 | - | 1 | 1 | - | - | - | +1 | -1 | 3 |
| 1979 | 3 | - | - | - | - | - | - | - | - | 3 |
| 1980 | 3 | - | - | - | - | 1 | 1 | - | - | 2 |
| 1981 | 2 | - | 1 | 1 | - | - | - | - | - | 3 |
| 1982 | 3 | - | 1 | 1 | - | - | - | - | - | 4 |
| 1983 | 4 | - | - | - | - | 1 | 1 | - | - | 3 |
| 1984 | 3 | - | - | - | - | - | - | - | - | 3 |

*as of 30 June 1984

SAUDI ARABIA

NAME S BIRTH GRADE A PREFIX FUNCT.TITLE OFFICE DUTY STATION EODUN CTR EXPIRY
X DATE S TYP REVIEW

SECRETARIAT
GEOGRAPHIC

| | | | | | | | | | | | |
|----------------------|---|--------|-----|---|--------|--------------|--------|----------|--------|-----|--------|
| AL-BASSAM, SULAFA | F | 180945 | P-4 | G | | PROGRAMME OF | IESA | NEW YORK | 021271 | PER | |
| ALMANA, FATIMA | F | 010147 | P-2 | G | ASSOCT | ECONOMIC A O | ECWA | BAGHDAD | 010881 | FIX | 311085 |
| HEGELAN, ABDELAZIZ S | M | 300451 | P-3 | G | | LIAISON OFFR | REGCOM | NEW YORK | 151084 | FIX | 141085 |
| OBAID, THORYYA AMED | F | 010345 | P-4 | G | | SOCIAL AFF O | ECWA | BAGHDAD | 011176 | PER | 021282 |

4

4

4

UNDP
NON-GEOGRAPHIC

| | | | | | | | | | | | |
|----------------------------|---|--------|-----|---|--|----------|------|----------|--------|-----|--------|
| AL DARSOUNY, ABDULLAH NASS | M | 010135 | G-2 | D | | DRIVER | UNDP | RIYADH | 230178 | FIX | 310782 |
| AL SEGEIHI, S | M | 010141 | G-3 | D | | MECHANIC | UNDP | RIYADH | 010573 | PER | 031083 |
| AL-DOUSARY, MOBARK, M | M | 300645 | G-2 | D | | DRIVER | UNDP | RIYADH | 170178 | FIX | 300482 |
| AL-FAISAL, AWAD, S | M | 010138 | G-2 | D | | DRIVER | UNDP | RIYADH | 021176 | FIX | 300482 |
| AL-SALOUM, F M | M | 010139 | G-5 | D | | CLERK | UNDP | RIYADH | 041162 | PER | |
| AL-SERAHEED, OMER, A | M | 010144 | G-3 | D | | | UNDP | RIYADH | 211276 | FIX | 310382 |
| BAFAYAB, MOHAMED | M | 300660 | G-2 | D | | DRIVER | UNDP | RIYADH | 010880 | FIX | 301081 |
| HAMADEH, LINA | F | 230646 | P-4 | B | | UNKNOWN | UNDP | NEW YORK | 170275 | PER | 010282 |
| KHUZAYIM, ABDULRAHMAN | M | 151229 | D-1 | B | | UNKNOWN | UNDP | TUNIS | 090466 | PER | |
| PHILBY, KHALED | M | 090650 | P-2 | B | | UNKNOWN | UNDP | NEW YORK | 040983 | FIX | 030986 |
| WALI, WALI-SHAH | M | 250730 | D-1 | B | | UNKNOWN | UNDP | NDJEMENA | 101166 | PER | |

11

11

UNHCR
NON-GEOGRAPHIC

| | | | | | | | | | | | |
|---------------------|---|--------|-----|---|--------|--------------|-------|--------|--------|-----|--------|
| SHEIKH EL ARD, LANA | F | 030655 | P-1 | H | ASSTNT | PROGRAMME OF | UNHCR | GENEVA | 150883 | FIX | 140285 |
|---------------------|---|--------|-----|---|--------|--------------|-------|--------|--------|-----|--------|

1

1

22/03/85

NATIONALS IN UN
(31 JANUARY 1985)
PDU01612

PAGE 4

SAUDI ARABIA

NAME S BIRTH GRADE A PREFIX FUNCT.TITLE OFFICE DUTY STATION EODUN CTR EXPIRY
X DATE S REVIEW

UNICEF
NON-GEOGRAPHIC

| | | | | | | | | | | | |
|--------------------------|---|--------|-----|---|--------|--------------|--------|--------|--------|-----|--------|
| AL SAUD,PRINCE TALAL | M | 150630 | ASG | C | | SPECL ADVISR | UNICEF | RIYADH | 010480 | FIX | 310384 |
| AL-JEAID, GHAZA MOHAMMED | M | 150351 | G-5 | C | | PUBLIC ADM O | UNICEF | RIYADH | 011280 | FIX | 310185 |
| SELIM,OLA ABD-EL-HAMID | F | 150452 | G-5 | C | SENIOR | SECRETARY | UNICEF | RIYADH | 010181 | FIX | 311284 |

3

3

15

19

OMAN (UN member since 7 October 1971)

1. The Sultan Qabus is a modest ruler of one of the oldest and most strategic and populous countries in that region. He has just completed an annual internal tour during which he drives his jeep across various parts of the country to meet his subjects. The Sultan would gladly offer his impressions on that tour if asked.

2. Omani officials avoid public display of luxury or outside appearance. They pride themselves on achieving visible progress while maintaining their tradition. Construction laws require the maintenance of Omani style architecture even in the most modern buildings.

3. The progress achieved during the last decade, which coincides with the rule of Sultan Qabus includes construction of comprehensive neighborhoods and impressive highways which are usually displayed to visitors.

4. Sultan Qabus will be the host of the heads of States of the Gulf co-operation Council next November. He will be glad to submit proposals to that summit in support of ideas that may be proposed by the Secretary-General during his visit.

5. As the arrival in Oman will be at the Sultan's special airport, not the commercial one, no intensive media presence is expected. The official television will be there and only a brief statement is expected. A press

conference in the official guesthouse could be arranged, if deemed desirable. A toast speech by the Secretary-General may be expected during an official function given by the Sultan or the Foreign Minister.

6. There is polite skepticism in Oman on the usefulness of some United Nations development "experts" some of whom have been there for 6 - 7 years. The idea of an international expert is to help set-up or stimulate a project, then leave. An internal discussion in Oman centers on a comparative cost-effectiveness between the multilateral and bilateral experts.

Note for the Secretary-General

OMAN

General

The Sultanate of Oman is the second largest country after Saudi Arabia on the Arabian Peninsula with an area estimated at 300,000 square km. Oman's territory includes the tip of the strategically important Rás Musandam, which juts into the Strait of Hormuz in the north and the Masirah Island in the Arabian sea along its eastern coast.

Oman is bordered on the north-east by the Gulf of Oman, on the east and south by the Arabian sea, on the south-west by Peoples Democratic Republic of Yemen (PDRY), on the west by the Ar-Rab'al-Khali (Empty Quarter or the desert region where frontiers remain undefined) and Saudi Arabia and on the north-west by the United Arab Emirates (UAE).

Apart from a portion of the border with PDRY which has been officially demarcated, Oman's frontiers with its neighbours remain undefined.

A census has never been held in Oman. The population is estimated at 864,000 and the United Nations projects it to increase to 1.2 million in 1990.

Oman has an ancient history. The descendents of Joktan (mentioned in Genesis 10:26-30) immigrated as far as Dhofar (Sephar). The area was already a commercial and sea-faring centre in Sumarian times. The population was converted to Islam in the life time of Prophet Muhammad. Oman soon became the centre of the Ibadhi sect which believed that any pious muslim could become caliph or Imam and the Imam should be elected. Omani tribes elected their Imams for centuries thereafter. The first Sultanate was established in Muscat in 1775 while the tribes in the interior continued to elect their Imam resulting in constant strife between the Sultan and the Imam. The British arrived in the last quarter of the eighteenth century and tried to establish their influence in the country with the aim of securing their sea route to India. In 1798, the British concluded the first of a series of Treaties of Friendship, Commerce and Navigation with the Sultan of Muscat (1891, 1939, 1951). By the early nineteenth century the Sultan had become almost entirely dependent on that country. Although there was no treaty-obligation on Britain to give military support to the Sultan, British forces always helped the Sultan in his almost perpetual conflict with the Imam, who controlled to a greater or smaller degree the interior of the country. Muscat lost control of the interior in the early years of the twentieth century and in 1920 the Treaty of Seeb was signed between the Sultan of Muscat and the Imam of Oman which led to a peaceful period until 1954. On the death of the Imam of Oman in that year, the Sultan tried to succeed him with the help of the Muscat and Oman Field Force (MOFF) organized by Petroleum Development (Oman) Ltd, the British Oil Company, under an agreement with the Sultan. Another period of strife ensued but in 1959 the Imam's supporters were finally defeated and he was exiled in Saudi Arabia.

In March 1962, the Sultanate of Muscat was declared by the British to be an independent and Sovereign State in accordance with international law. Egypt and several other Arab States charged, however, that the United Kingdom was maintaining a colonial presence in Muscat and Oman. In 1965 and repeatedly thereafter the United Nations called for the elimination of the

British presence. Oman finally joined the United Nations in 1971, a year after Sultan Said had been ousted by his young son, Sultan Qaboos who changed the name of the country from Muscat and Oman to the Sultanate of Oman. Around the same time an insurgency broke out in the Dhofar province in the south-west of the country bordering PDRY. which was finally put down in 1976 after a prolonged conflict. Trouble has erupted off and on in the province in subsequent years and the area has been pacified only very recently with massive injections of development funds and subsidies.

Government

Oman is an absolute Monarchy. The Sultanate has no constitution or legislature. In 1970, Sultan Qaboos appointed a cabinet of ministers, but he has retained the portfolios of finance, defence and foreign affairs for himself. A State Consultative Assembly was established in 1981 (17 government representatives, 17 representatives of private sector and 11 regional representatives). Members of the Assembly are appointed by the Sultan. Its role is confined to comments on economic and social developments and recommendations on government policies in these areas.

Composition of the Government :

Head of State: Premier and Minister of Foreign Affairs, Defence and Finance: Sultan Qaboos Bin Said (assumed power 24 July 1970)

Important Ministers:

Deputy Premier for Security and Defence: Sayyid Fahar Bin Taimour Al-Said.
Deputy Premier for Legal Affairs: Sayyid Fahad Bin Mahmoud Al-Said.
Deputy Prime Minister for Financial and Economic Affairs: Qais Abdul Munim Al-Zawawi.
Special Adviser to the Sultan and Governor of Muscat: Sayyid Thuwaini Bin Shihab Al-Said.
Minister of State for Foreign Affairs: Yousef Al-Alawi Abdullah.

Economy

Oman's location at the entrance to the Persian Gulf made it for centuries an entrepot for trade including a substantial traffic in arms and slaves. But this commercial economy declined in the nineteenth century when traditional trade patterns were disrupted by the domination of the European nations over Asia. Oman's economy then became predominantly agricultural. Some 70 percent of the labour force is still engaged in agriculture.

Oil was discovered in 1964, production began in 1967 and by the mid-seventies the economy was almost entirely oil-based with output averaging around 350,000 b/d. By 1981 oil revenues reached \$4.4 billion providing most of government income and all the country's foreign exchange. In the past two years despite the falling oil prices oil revenues have been maintained by an increase in production to 400,000 b/b. Omani oil is attractive to the companies since it can be delivered outside the Strait of Hormuz. Oman has therefore had no difficulty in marketing its increased output.

In 1983 GNP was estimated at \$5 billion and per capita income had reached \$7,000 up from only \$566 in 1973.

Foreign Policy Orientations

Historically, Oman has been closely linked to the United Kingdom through treaty relations and security arrangements. The Sultan has also relied heavily on British arms and military officers on contract to quell constant internal rebellions. Before the discovery of oil, United Kingdom provided considerable financial and technical support to the Omani government. Furthermore, British oil companies have enjoyed extensive concessions in the country. This heavy dependence on Britain when seen together with the Sultan's deep concern with external and internal threats to his rule and Oman's strategic location on the southern side of the Strait of Hormuz at the mouth of the Persian Gulf where the Western world has vital strategic interests have severely limited Oman's foreign policy options. It is not surprising therefore that Oman is perhaps the most pro-west nation in the region.

In recent years, Oman has increasingly turned towards the United States although the traditional military and political links with the United Kingdom have been retained despite the British withdrawal from the Gulf region which began in the sixties and culminated in the withdrawal of British forces from Masirah Island in 1977.

This generally pro-west orientation has inevitably coloured Oman's position on most issues affecting the region. Oman was the only Arab country, apart from the Sudan, which supported the Camp David Accords and never broke diplomatic relations with Egypt. It has been traditionally allied with the conservative and moderate régimes of the Arab world. Not only this, it has been a strong advocate of a Western presence in the region as an assurance for the security and stability of moderate countries.

At the first GCC Summit held in Abu Dhabi in May 1981, Oman proposed that GCC countries should co-operate militarily with the United States to ensure the security of the Strait of Hormuz and the Gulf. Sultan Qaboos has consistently maintained that while the GCC's own defence efforts were laudable and necessary, in the end analysis, the Gulf could not be defended against outside forces without US support and military involvement.

Relations with the United States

After the departure of the British from the region, the United States has increasingly come to fill the power vacuum by deploying new naval forces around the Gulf and by establishing close political and security ties with Oman. In June 1980, the two countries signed an agreement whereby, in exchange for United States military and economic aid and a commitment to Oman's security, Oman would grant the US the use of port and air base facilities in the Gulf, including Masirah Island. Early in 1981, the United States set up a communication's centre in Oman and pledged more than \$200 million for 1981-1983 to develop port and airport facilities in return for the right to stockpile supplies in Oman for possible use by the United States Rapid Deployment Force. United States forces were permitted to make landings in Oman during the "Bright Star" military exercises held in the region in December 1981. Oman thus enjoys a key position in the United States Strategic planning for the defence of Western interests in the Gulf.

At the political level, the two countries have regular consultations and exchange of visits but their economic ties have not developed as much as could be expected. United States is in the fourth place as a trading partner of Oman after Japan, the United Kingdom and the UAE.

Relations with the United Kingdom

As stated earlier, Oman has been historically linked with the United Kingdom in a close political and security relationship since the end of the eighteenth century which has survived the independence of the country. The Omani armed forces are largely British trained and British military officers and equipment have been the backbone of the country's security. British oil companies have a major interest in the country's oil sector and Britain is its second largest trading partner after Japan. Although the United States has taken over the British security role in the Gulf region, the British interests and influence in Oman are to this day well-entrenched.

Relations with the Neighbouring Countries

Historically, Oman's relations with its neighbours in the Gulf have never been easy. During the reign of Sultan Said, even the moderate countries such as Saudi Arabia, Kuwait and UAE viewed with disfavour Oman's isolationist policies and its dependence on Britain military forces. But with the accession of Sultan Qaboos, and more specially since the defeat of the Dhofar insurgents in 1975 in which assistance from Saudi Arabia, Iran, UAE, Jordan and Pakistan played a significant part, Oman's relations with its moderate neighbours have improved considerably.

After the establishment of the GCC, Oman has come to rely on financial support from its more affluent partners: Saudi Arabia, Kuwait and UAE despite the continuing differences of perception about the security needs of the region. Oman has participated in joint military exercises with other GCC countries and has assumed the major responsibility in GCC arrangements for the security of the Strait of Hormuz. But Oman's newly established security relationship with the United States and its agreement to provide facilities to the U. S. Rapid Deployment Force continues to rattle its neighbours, especially Kuwait and the UAE. There have been reports that Kuwait had offered Oman \$1.2 billion to drop the United States military facilities. When Sultan Qaboos was queried about it he denied that any such offer was made and added that any way Omani diplomacy was not for sale.

As regards relations with the Peoples Democratic Republic of Yemen, (PDRY) political and ideological differences, combined with border problems with that country have contributed to difficult and at times tense bilateral relations. In the 1970's PDRY was reported to back the Popular Front for the Liberation of Occupied Arabian Gulf and its ally the National Democratic Front for the Liberation of the Occupied Arab Gulf who were fighting against the Sultan in the Dhofar province. In 1972, the Omani forces attacked the border area of PDRY in pursuit of the insurgents. But after the defeat of the rebels in 1975, relations between the two countries improved. In 1981, in response to a possible resurgence of the rebels, Oman closed its borders with PDRY and Omani forces on the border were put on alert. But with Kuwaiti and UAE

mediation talks opened in 1982 and in October of that year, Oman and PDRY had re-established diplomatic relations and signed an agreement on "normalization" of relations.

The two countries have also agreed to discuss their border problem with the help of the GCC and a Joint Border Committee has been set up with the participation of Kuwait and UAE. The Committee has held three meetings so far, the latest being in Oman in January 1985. Although movement has been slow, Kuwaiti sources have reported that some progress has been made.

Relations with Yemen Arab Republic have been more smooth, with no major problems between the two countries.

Relations with Iran under the Shah were close and warm. Iranian forces helped the Sultan in quelling the Dhofar rebellion. But after the Iranian revolution Oman has joined the GCC against the perceived Iranian security threat and the spread of radical Shiite influence.

With Pakistan, relations are deeply rooted in geography, history, trade and ethnic affiliations. Geographically, Oman is Pakistan's closest Arab neighbour. The racial stock of the population on the southern coast of Pakistan is similar to segments of the Omani population (Mekranian and Baluchi) and in history there has been constant to and fro movements of population. Nearly 80 percent of the 150,000 foreign workers in Oman are from Pakistan and India. Local trade, and fishing have also flourished. Until the 1950s, Oman owned the enclave of Gwader with its fishing port on the Arabian Sea coast of Pakistan when it was purchased by Pakistan for about US\$ 10 million. With their common pro-Western outlook, the two countries enjoy a close political and security relationship. Oman enjoys the right to recruit a limited number of personnel for its armed forces from Baluchistan and Pakistan provides advisers and officers for the Omani forces.

Oman has similar socio-cultural links and political rapport with Egypt. It relies on Egyptian personnel for manning its administrative services. The two countries also have a security understanding since 1980 under which Egypt is pledged to come to Oman's assistance in case of a threat to its security.

As regards the radical Arab countries, in the past they have viewed Oman as a colonial outpost in the region and even to this day consider it to be a conservative and reactionary régime which toes the Western line. Oman's support for the Camp David Accords and its recent welcome of the Jordanian move to restore diplomatic relations with Egypt are seen as evidence of this policy.

Relations with the Socialist Countries

Oman does not have diplomatic or trade relations with the Soviet Union and other East European countries. But it has diplomatic and trade ties with China. An indication of the growing relationship between the two countries is the first visit to Oman of a Chinese military delegation headed by the Deputy Chief of Staff of the People's Liberation Army, General He Zengwen, in December 1984.

Oman and the United Nations

Oman joined the United Nations on 7 October 1971 after a long period of controversy about its independent status.

In 1960, ten Arab countries led by Egypt had placed the "question of Oman" on the agenda of the General Assembly despite British objections. The question was considered in the Special Political Committee between 1960 and 63 and although the Committee recommended draft resolutions these could not obtain a majority in the Assembly. In 1963 following a discussion in the Fourth Committee, an Ad Hoc Committee on Oman was set up to examine the question. Allegations were made by the Imam (supported by many Arab countries) about British colonial oppression under the nominal rule of the Sultan. The Committee noted the unanimous view of the people in Muscat and Oman that as a prerequisite of any solution, the British presence in any form must come to an end. It called for early negotiations to settle the question on the basis of the legitimate aspirations of the people of Muscat and Oman. Between 1965 and 1970 General Assembly adopted several resolutions, under which it recognised the right to self-determination of the people of Oman and called for the elimination of British domination in any form. Opposition to the country's admission to the United Nations was softened with the coming to power of Sultan Qaboos in 1970, and Oman was admitted a year later.

Oman is a member of ECWA and all the specialized agencies except IAEA, ILO and WIPO. It is also a member of the Group of 77, the Non-aligned Movement, the Arab League and the Islamic Conference.

Oman has played a low-key role at the United Nations pronouncing itself mainly on such political issues as the Middle East question, Afghanistan and the Iran-Iraq war. In general, it has followed the GCC stand on these issues. Within the Asian group, Oman has been active on behalf of the Arab group as well as the smaller Asian countries to increase their share of representation in United Nations bodies.

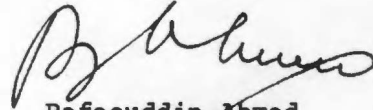
Conclusion

Oman has come a long way since the sixties when even its independent status was questioned and internal strife and rebellion was a constant feature of its national life. In particular, after Sultan Qaboos took over and successfully overcame the Dhofar rebellion, the country has made considerable progress towards the goals of modernization, reducing its over-dependence on the United Kingdom, and building a structure of friendly relations with its neighbours.

The Sultan has initiated ambitious programmes for the spread of education and for the health and welfare of the people including the payment of stipends, scholarships and subsidies to a large number of families particularly in the hinterland and in the tribal regions which have had an important impact in pacifying the country. At the same time, a programme of Omanization has been underway. In November 1984, the first Omani national,

Major General Naseed Bin Haman, was appointed as the Army Chief so that all three armed services are now headed by Omanis. The number of British Officers has been reduced to a few hundred and reliance on other foreign personnel in both the civil and military fields is being steadily reduced.

The country today enjoys peace and considerable prosperity at home, relative calm on its borders and good relations with its neighbour. Much of the credit for this situation goes to Sultan Qaboos, who has adopted generally forward looking policies.



Rafeeuddin Ahmed
22 March 1985



ABECOR
COUNTRY REPORT

ABECOR is an association of European banks seeking to improve the services that each individual member is able to offer to its customers by developing banking and financial objectives on the basis of mutual co-operation.

DISTRIBUTED BY



BARCLAYS

Oman

March 1984

Head of State: His Majesty Sultan Qaboos bin Said

Population: 950,000 (mid-1982 estimate)

Gross Domestic Product (GDP): US\$7.2 billion (1982)

Inflation: 8.5% (1982 estimate)

Exchange Rate: US\$1 = Oman Riyals (OR) 0.3454 (fixed)

Foreign Exchange Reserves: US\$1,320 million (October 1983)

Gold: 286,000 fine troy ounces (October 1983)

Import Cover: 6 months (1982 estimate)

Payments: There are no difficulties with payments for exports to Oman.

Present Situation

Economic performance remains relatively buoyant in comparison with that of many other oil producers. Oil production has been raised and realisation of the 1981-85 Development Plan thus seems assured. The external position remains strong.

Political Situation

Sultan Qaboos bin Said is Head of State, Prime Minister and Minister of Foreign Affairs, Defence and Finance. The highest executive authority is a 22-man Council of Ministers which is directly responsible to the Sultan. A 45 member Advisory Council, set up in the autumn of 1981, meets four times a year to debate and make recommendations to the Sultan.

Relations with other Arab states continue to strengthen. Oman was a founder member of the Gulf Co-operation Council formed in May 1981 with a view to encouraging regional co-operation in several areas; the other members are Saudi Arabia, Bahrain, Kuwait, Qatar and the United Arab Emirates.

The Iran-Iraq war continues to cause concern in terms of its implications for Oman's external security, as around 16% of the non-communist world's oil supplies pass through the partly Omani-controlled Straits of Hormuz. In addition to American military and economic aid financial assistance for defence is received from other Gulf Council members.

Economic Situation

Oman remains heavily dependent on oil production. Despite efforts to diversify the economic base, petroleum generates 96% of exports and re-exports, 92% of Government revenues and 62% of GDP. Economic activity, therefore, is closely related to the fortunes of the oil industry. The high GDP growth rates achieved in 1979 and 1980, for example, were attributable to the sharp rise in oil prices in these years.

The 1981-85 Development Plan sets an annual average growth rate of 13%, considerably lower than the rate of 20% a year achieved in the previous plan 1976-80. Although great importance is placed on diversifying the economy, the petroleum sector is the Plan's main focus, and in the first year of the plan the sector achieved real growth of 16%. Industrial development in particular is being encouraged, with the Government aiming to assist the private sector to establish

small-scale industries which have export potential and which make use of domestic raw materials. During the period 1980-82 real non-oil GDP is estimated to have increased by 10-15%.

Notwithstanding a fall in petroleum earnings last year, stemming from the continued weakness in world oil prices, the authorities have made it clear that development investment is not to be cut back; the latter is planned to reach US\$9.6 billion under the current programme, of which US\$6.2 billion will be spent by the Government. However, current budgetary expenditure for 1983 was revised downwards by some 6% to US\$4.5 billion. Military spending was allocated 40% of the total. Government revenue in 1983, at US\$3.4 billion, was expected to be 11% above the 1982 figure but, because of growth in net official lending and equity participation, last year's realised deficit will exceed the budgeted amount of US\$1.1 billion. This year the deficit is expected to be reduced to some US\$600 million due to an improvement in revenues.

Oil and Gas

Oman is one of the smallest Arab producers of oil. The country is not a member of OPEC although it does not diverge far from OPEC pricing policy. Output averaged about 320,000 barrels a day (b/d) in 1982 but the need to increase revenues led to an increase in the production ceiling last year to 360,000 b/d and to 400,000 b/d for 1984.

At the end of 1982 reserves were estimated at 2.98 billion barrels, double the 1976 estimate as a result of increased exploration, and equivalent to about 20 years' supply at the present production rate. The main production areas are in the central desert area and in Northern Dhofar but two recent discoveries are at Karim West in the South and Russaya in the North.

Petroleum Development Oman (PDO), in which the Government has a 60% stake, is the major oil producer and is to invest US\$2.6 billion during the 1981-85 Plan. A large proportion of this amount is assigned to the country's first oil refinery at Mina al-Fahal which began operations in November 1982. With initial production of 20,000 b/d and an overall capacity of 50,000 b/d, the refinery is to supply the home market, thereby reducing imports of refined products. A second refinery of 200,000 b/d is under consideration and would be built under the auspices of the Gulf Co-operation Council.

With a view to extending the life of the oilfields, the use of natural gas is being encouraged as a substitute. Proven natural gas reserves are estimated at 6.3 trillion cubic feet (cu. ft.), of which 1.5 trillion cu. ft. is associated gas. This gas, found with oil, was once flared off but higher energy prices have now made its collection economic. Over the next 40 years 3 trillion cu. ft. of gas will be required to cover domestic and industrial consumption with a further 4 trillion cu. ft. needed for enhanced oil recovery. This is in excess of known reserves but it is estimated that a further 4.7 trillion cu. ft. of gas reserves could be tapped by shallow drilling and that deeper drilling will produce even more.

Agriculture and Fishing

Agriculture and fishing were the mainstays of the economy until the discovery and exploitation of hydrocarbons. As a result of the growth of the petroleum sector, its contribution to GDP has fallen from 34% in 1967 to only 2% in 1980. Nevertheless, at least 50% of indigenous Omanis still derive their principal source of income from agriculture and fishing. Although the total

cultivable area amounts to only about 83,400 hectares, 0.3% of the whole territory, a shortage of water for irrigation has restricted crop growing to currently about 40,000 hectares. Date palms cover about half the cultivated area but the Government is seeking to substitute other more profitable cash crops, better suited to mechanised farming methods. Other crops include lucerne, wheat, mangoes, limes and bananas. Near more populated areas, vegetable production is becoming an important source of income.

Poor agricultural productivity has made Oman increasingly reliant on imported food. The aim of attaining self-sufficiency by the end of the century is highly optimistic, not least because this would require the reclamation of more than 100,000 hectares of land. The main emphasis at present is on expanding production in existing areas through water conservation and the introduction of new crops. An important move is the repair of the complex "falaj" irrigation system of underground tunnels and channels, on which most of Oman's agriculture depends. The major part is privately-owned, making repairs to the whole system difficult without government assistance. Some US\$64 million is being spent on rebuilding the damaged parts, while another US\$11 million has been earmarked for developing an entirely new irrigation system in the interior and the south of the country.

The sea off Oman's 1700 kilometres of coastline is a rich source of several varieties of fish. The total catch in 1982 was estimated at about 84,000 tonnes. The Oman National Fisheries Company established in 1980 and owned 60% by private investors, 20% by the government and 20% by individual fishermen, is the country's first large commercial fishing enterprise. The company operates four deep-sea trawlers and an industrial complex at Muttrah.

Mining and Industry

Oman is relatively rich in materials with extensive deposits of copper, manganese, lead, iron, zinc, chrome, asbestos, phosphates, coal, gold, silver and nickel. A major problem, however, is that many of the deposits are located in very inaccessible areas. Copper, mined by Oman Mining Company is the most important mineral; production at the copper smelter near Sohar began in 1983 and the first refined copper shipment of 500 tonnes has been exported. Annual output is eventually expected to reach 16,000 tonnes, although reduced world demand and start-up problems will limit this to about 7,000 tonnes initially. Saudi Arabia is the company's principal market.

Industrial activity remains very limited owing to the small size of the domestic market, the lack of trained Omani manpower and limited export possibilities. Nevertheless, incentives offered under successive Development Plans have led to a considerable increase in the number of registered companies, mainly small-sized service firms, and several measures, including tax incentives, have been introduced to encourage the development of private industry. In addition, a 90-hectare industrial estate is being established in Rusail. By the end of 1983 only a small number of industries had been established in the

estate but it is planned eventually to make 109 fully-serviced plots available for letting.

Finance

Oman's financial status has changed radically in the last few years, largely because of its oil discoveries and the increase in world oil prices in the late 1970s. Unlike other Gulf producers, Oman is favourably situated to export oil outside the troubled Gulf waterway, and this has helped to maintain demand despite the worldwide downward trend in 1982 and 1983.

On the expenditure side, the cost of supporting the country's military and security forces continues to rise. As a result of increased military facilities in the Musandam peninsula, defence expenditure in 1981 and 1982 was even higher than planned. Civil expenditure rose in 1982 to OR605 million, of which current spending amounted to about OR300 million.

Although Oman contributes to several aid funds abroad, it does itself receive substantial loans and aid from the Arab world and from Europe. In June 1983 Oman signed its first commercial loan agreement for four years. Totalling US\$300 million, this is to be used to finance a number of development projects.

Oman has no comprehensive cost of living index. According to an index for a few basic foodstuffs, price increases in 1979 averaged 8.5%, rising in both 1980 and 1981 by 10% and by 8.5% in 1982.

Trade and Payments

Despite higher Government expenditure and a fall in oil revenues the current account is thought to have remained in surplus in 1983 although sharply below the level of the previous two years. In 1982, the current account was in surplus by US\$357 million compared with US\$1,178 million in 1981. Expenditure on services and private transfers increased considerably but the deterioration in the current account balance mainly reflected a worsening in the trade position caused by a rise in imports at a time of decreasing oil revenues.

Oman has an extremely liberal trade regime. Imports more than doubled between 1978 and 1982 from OR327 million to OR927 million. Machinery and transport equipment remained the principal import category in the first quarter of 1983. Crude oil normally accounts for over 96% of export earnings, which amounted to OR1,412 million in 1982. The two main non-oil export items are fish and dry limes.

Outlook

The country's ability to export oil and gas from terminals located outside the Gulf waterway is giving Oman a competitive advantage over its neighbours and helping its financial situation, even though world oil prices are expected to remain at a low level in the first half of 1984. In view of the worsening situation in the Iran-Iraq conflict, defence expenditures will remain high.

Prepared 14 February 1984

THE ABECOR GROUP COMPRISES:

Members

| | |
|-----------------------------|-------------------------------------------|
| Algemene Bank Nederland | Bayerische Hypotheken-und Wechsel-Bank AG |
| *Banca Nazionale del Lavoro | (HYPO-BANK) |
| Banque Bruxelles Lambert | *Dresdner Bank AG |
| Banque Nationale de Paris | *Österreichische Länderbank AG |
| Barclays Bank | |
| | Banque Internationale à Luxembourg |

Associated Member

Banque de la Société Financière
Européenne

*Denotes representation for Oman

Customers who have specific enquiries on Oman are invited to telephone Group Economics Department, 54 Lombard Street, London.
Telephone: 01-283 8989 Ext: 2419

Economic Reports are available on over 100 countries (Ext: 2565)

This is a joint publication of the ABECOR banks. The above report has been prepared for them by
Algemene Bank Nederland N.V., Vijzelstraat 32, 1000 Amsterdam.

The information is based on sources which we consider reliable, however neither ABECOR nor its Member Banks assume any responsibility for its accuracy.
The contents of this report should not be reproduced in part or in full without prior approval from ABECOR.

DEPARTMENT OF POLITICAL AND
SECURITY COUNCIL AFFAIRS

Political Affairs Division

CONFIDENTIAL

PAS:SY:sf

4 March 1985

SULTANATE OF OMAN

SULTANATE OF OMAN

Oman is located in the southeastern corner of the Arabian Peninsula. The eastern side of Oman borders on the Gulf of Oman and the Indian Ocean. Its territory includes the tip of the strategically important Musandam Peninsula, which is separated from the rest of Oman by the United Arab Emirates. This peninsula overlooks the Strait of Hormuz, the passageway for about 17 per cent of the world's daily oil production. Oman's land borders with Saudi Arabia and the United Arab Emirates are still undefined, while the border with the People's Democratic Republic of Yemen (South Yemen) is in dispute.

Area: 212,500 sq. Km.

Capital: Muscat

Population (1982 est.): 1.5 million

GNP per Capita: US \$6,900 (1981 est.)

I. Relationship to the United Nations

Oman became a member of the United Nations on 7 October 1971. It is a member of ECWA, UNCTAD, UNEP and most of the specialized agencies. It was a member of the Governing Council of UNEP (1982-84) and a member of the Governing Board of WHO (1979-82). It is a member of the Ad-Hoc Committee on the Indian Ocean. It was a member of the Advisory Committee for the International Year of Disabled Persons (1978-1982). Oman participates in the Activities of the Non-aligned countries and Group of 77:

Oman is a member of the Arab League, the Organization of Islamic Conference, and the Gulf Co-operation Council. Oman is not a member of the Organization of Petroleum Exporting Countries Organization (OPEC) or the Organization of Arab Petroleum Exporting Countries (OAPEC).

For the regular UN budget, Oman's scale of assessment for 1983-1985 stands at 0.01 percent. At the 1984 UN Pledging Conference for Development Activities, Oman pledged US \$75,000 to UNDP, US \$50,000 to UNICEF, US \$1,2000 to Industrial Development Fund, US \$10,000 to Decade of Women, \$10,000 to UNFPA, and US \$25,000 to UNRWA.

II. Foreign Relations and its positions on questions before the UN

The treaty of friendship (with the United Kingdom) has given the United Kingdom traditionally close relations with Oman. Sultan Qaboos has established relations with most Arab countries, and with the major West European states. Oman does not have relations with most of the socialist countries, however, China has had an ambassador resident in Muscat since 1979.

Oman has supported the Camp David accords and was one of three Arab League states, along with Somalia and Sudan, that did not break relations with Egypt after the signing of the Egypt-Israel peace treaty in 1979. It welcomes the recent Palestinian-Jordanian rapprochement as a positive step toward mobilizing Arab efforts to achieve a political solution to the Middle East problem. It endorses the Geneva Declaration, calling for the convening of an international peace conference on the Middle East, to be attended by all parties concerned.

Oman is concerned with the escalation of hostilities between Iran and Iraq in the Gulf region and the threat to the security of navigation in the Gulf area. It calls for the compliance with Security Council resolution 552 (1984), which expressed the concern of the international community for ensuring freedom and safety of navigation in the region. Oman welcomes the acceptance by both Iraq and Iran of the Secretary-General's proposal, calling for an end to attacks against all cities in the two countries.

Another area of Oman's concern is the Indian Ocean. Oman is a member of the UN Ad-Hoc Committee on the Indian Ocean. It urges an end to the escalation of competition between the super-Powers for spheres of influence in this region and calls upon the Committee to intensify its efforts to conclude its preparatory work for convening the Conference during the first half of 1985.

Oman has maintained, since 1833, a treaty of friendship and navigation with the United States. The treaty was replaced by the Treaty of Amity, Economic Relations and Consular Rights, signed in 1958. In 1980, Oman concluded two agreements with the United States; one providing the US forces access to Omani military facilities under agreed conditions; and the other, establishing a Joint Commission for Economic and Technical Co-operation.

III. Government and Politics

Absolute Monarchy

Constitution: none

Government Branches: Executive - Sultan; Legislative - none:
Judicial - traditional

Islamic judges and a nascent civil court system

Except for a brief period of Persian rule, the Omanis have remained independent since 1650. Muscat and Oman (as the country was called before 1970) was the object of Franco-British rivalry throughout the 18th century. The British developed a paramount position in 1798 through an agreement of friendship. The traditional relationship with the United Kingdom was confirmed in 1951 by a new treaty of friendship, by which the UK recognized the sultanate as a fully independent state.

Sultan Qaboos Bin Said assumed power on July 24, 1970 in a palace coup directed against his father. He is an absolute monarch, who rules with the aid of ministers. The sultanate has no constitution nor legislature. The judicial system is based mainly on Sharia - the Koranic laws and the oral teachings of Muhammad. In November 1981, the Sultan formed the Consultative Council for the State in an effort to increase public participation in the government. The Council, the members of which are drawn from the government, the business community and the outlying regions, focuses on economic and social development and makes recommendations to the Sultan.

In 1964, a separatist revolt began in Dhofar Province. The separatists formed the Popular Front for the Liberation of Oman and the Arab Gulf (PFLOAG) whose intention was to overthrow all traditional regimes in the Persian Gulf. Sultan Qaboos defeated the insurgency in 1975. The PFLO threat appeared to diminish with the establishment of diplomatic relations in October 1983 between Oman and the People's Democratic Republic of Yemen (South Yemen).

SULTANATE OF OMAN

| | |
|--------------------------------------------------------|---------------------------------|
| Sultan | Said, Qaboos bin |
| Prime Minister | Said, Qaboos bin |
| Dep. Prime Minister for Financial and Economic Affairs | Zawawi, Qais Abdul Munim al |
| Dep. Prime Minister for Governance of the Capital | Said, Thuwayni bin Shihab Al |
| Dep. Prime Minister for Legal Affairs | Said, Fahad bin Mahmoud Al |
| Dep. Prime Minister for Security and Defense | Said, Fahr bin Taimur Al |
| Min. of Agriculture and Fisheries | Rajab, Abdul Hafidh Salim |
| Min. of Commerce and Industry | Ghazali, Salim al-, Col. |
| Min. of Communications | Busaidi, Salim bin Naser Al |
| Min. of Defense | Said, Qaboos bin |
| Min. of Diwan Affairs | Hamoud, Hamad bin |
| Min. of Education and Youth Affairs | Mantheri, Yahya Mahfudh al |
| Min. of Electricity and Water | Wahaibi, Khalfan bin Nasser al- |
| Min. of Environment | Said, Shabib bin Taimur Al |
| Min. of Finance | Said, Qaboos bin |
| Min. of Foreign Affairs | Said, Qaboos bin |

OMAN

Nationals of Oman on geographical and non-geographical posts with the United Nations and some other UN organs

1. There were 2 nationals of Oman on geographical posts at the United Nations Secretariat as of 31 January 1985, as compared with a desirable range for the country of 2-14. Oman is therefore within its desirable range in the Secretariat.
2. In addition there were, as of 31 January 1985, 6 Oman nationals employed by UNDP* and 1 by UNICEF. The total number of staff in the above-mentioned organizations therefore equals 9.
3. Attached is a table containing statistical data on Oman's representation in the United Nations Secretariat for the last 10 years, as of 30 June of each year, which is the end of the year for the purpose of reporting to the General Assembly. This table also indicates the most recent data available for 30 June 1984. Attached as well is a list of 9 nationals of this Member State within the UN Secretariat and other organizations. This list shows the names, levels of posts encumbered, functional titles, offices and duty stations where the staff members were employed as of 31 January 1985.

*The current information on the local staff of UNDP is unavailable at this time due to technical reasons and as a result, the data provided for some local staff members might be out of date. The data on the international staff, however, is reasonably up to date.

21 March 1985

Division for Policy Co-ordination
Office of Personnel Services

STAFF MEMBERS WHO ARE NATIONALS OF
OMAN
IN POSTS SUBJECT TO GEOGRAPHICAL DISTRIBUTION
1975-1984*

| | <u>USG</u> | <u>ASG</u> | <u>D-2</u> | <u>D-1</u> | <u>P-5</u> | <u>P-4</u> | <u>P-3</u> | <u>P-2</u> | <u>P-1</u> | <u>Total</u> | <u>Desi- rable range</u> | <u>Contri- bution</u> | <u>Weighted range</u> | <u>Weighted Staff Position</u> |
|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|----------------------------------|---------------------------|---------------------------|----------------------------------------|
| 1975 | - | - | - | - | - | - | - | - | - | - | 1-6 | 0.02 | 34-152 | - |
| 1976 | - | - | - | - | - | - | - | - | - | - | 1-6 | 0.02 | 35-152 | - |
| 1977 | - | - | - | - | - | - | - | - | - | - | 2-7 | 0.02 | 71-220 | - |
| 1978 | - | - | - | - | - | - | - | - | - | - | 2-7 | 0.01 | 65-215 | - |
| 1979 | - | - | - | - | - | - | - | - | - | - | 2-7 | 0.01 | 65-214 | - |
| 1980 | - | - | - | - | - | - | 1 | - | - | 1 | 2-7 | 0.01 | 65-215 | 24 |
| 1981 | - | - | - | - | - | - | 1 | - | - | 1 | 2-14 | 0.01 | 84-523 | 31 |
| 1982 | - | - | - | - | - | - | 1 | - | - | 1 | 2-14 | 0.01 | 84-523 | 31 |
| 1983 | - | - | - | - | - | - | 1 | - | - | 1 | 2-14 | 0.01 | 84-523 | 31 |
| 1984 | - | - | - | - | - | - | 1 | - | - | 1 | 2-14 | 0.01 | 84-523 | 31 |

| | <u>Staff at beginning of year</u> | <u>A P P O I N T M E N T S</u> | | | <u>S E P A R A T I O N S</u> | | | <u>Adjust- ments</u> | | <u>Staff at end of year</u> |
|------|-------------------------------------------|--------------------------------|------------------------|--------------|------------------------------|------------------------|--------------|--------------------------|---|-------------------------------------|
| | | <u>Career</u> | <u>Non- career</u> | <u>Total</u> | <u>Career</u> | <u>Non- career</u> | <u>Total</u> | | | |
| 1975 | - | - | - | - | - | - | - | - | - | - |
| 1976 | - | - | - | - | - | - | - | - | - | - |
| 1977 | - | - | - | - | - | - | - | - | - | - |
| 1978 | - | - | - | - | - | - | - | - | - | - |
| 1979 | - | - | - | - | - | - | - | - | - | - |
| 1980 | - | - | 1 | 1 | - | - | - | - | - | 1 |
| 1981 | 1 | - | - | - | - | - | - | - | - | 1 |
| 1982 | 1 | - | - | - | - | - | - | - | - | 1 |
| 1983 | 1 | - | - | - | - | - | - | - | - | 1 |
| 1984 | 1 | - | - | - | - | - | - | - | - | 1 |

*as of 30 June 1984

NATIONALS IN UN
(31 JANUARY 1985)
PDU01612

OMAN

| NAME | S | BIRTH | GRADE | A | PREFIX | FUNCT.TITLE | OFFICE | DUTY | STATION | EODUN | CTR | EXPIRY |
|-------|---|-------|-------|---|--------|-------------|--------|------|---------|-------|-----|--------|
| | X | DATE | | S | | | | | | | TYP | REVIEW |
| ***** | | | | | | | | | | | | |

[illegible][illegible][illegible]