2. India-Oman- International Relation

India-Oman trade and investment ties deepen amid strong economic momentum. India and Oman have signed a historic Comprehensive Economic Partnership Agreement (CEPA), granting significant duty-free access to goods and enhancing investment and professional mobility. This agreement, the first for Oman since 2006, strengthens strategic ties and diversifies economic relations beyond hydrocarbons, complementing India's existing pact with the UAE.

Context and Significance

Historic Agreement- India and Oman have officially signed the Comprehensive Economic Partnership Agreement (CEPA).

Strategic Milestone for Oman- This marks the first bilateral agreement Oman has signed with any country since its agreement with the United States in 2006.

Regional Precedence- This follows India's similar agreement with the UAE (another GCC member) which came into effect in 2022, signaling India's growing economic integration with the Gulf region.

Major Highlights of the CEPA

Free Trade Agreement (FTA) Framework

Negotiation Timeline- Official negotiations for the agreement commenced in 2023.

Core Objective- The FTA aims to significantly reduce or eliminate customs duties on the maximum number of goods traded between the two nations.

Scope- Beyond goods, the agreement eases norms to promote trade in services and attract cross-border investments.

Tariff Liberalization and Market Access

The agreement ensures substantial duty-free access for goods, though the degree of liberalization varies between the two partners.

Feature	Oman's Commitment	India's Commitment
Tariff Lines Covered	Offered zero-duty access on 98.08% of its tariff lines.	Offered tariff liberalization on 77.79% of its total tariff lines.
Trade Coverage	Covers 99.38% of India's exports to Oman.	Covers 94.81% of India's imports from Oman (by value).

Negative List (Exclusion from CEPA)

To safeguard domestic interests, India has placed sensitive products in an exclusion category, meaning they will not face tariff reductions.

1. Agricultural Products- Includes dairy, tea, coffee, rubber, and tobacco.
2. Precious Metals- Gold and silver bullion, as well as jewellery.
3. Labour-Intensive Sectors- Items such as footwear and sports goods.
4. Industrial Scraps- Scrap of various base metals.

Enhanced Mobility for Professionals- A standout feature of this CEPA is the focus on the movement of Indian professionals.

Intra-Corporate Transferees- Oman has committed to increasing the quota for transferees from 20% to 50%, facilitating easier movement of employees within companies.

Contractual Service Suppliers- The permitted duration of stay has been significantly extended Previous Limit 90 days. New Limit-Two years, with a provision for a further two-year extension.

Investment and Services

100% FDI- The agreement allows for 100% Foreign Direct Investment (FDI) by Indian companies in major service sectors in Oman through commercial presence.

Strategic Goal- This enables the Indian services industry to expand operations and establish a stronger footprint in the Gulf region.

Boost for Traditional Medicines (AYUSH)

First-of-its-Kind Commitment- Oman has extended commitments on Traditional Medicine across all modes of supply.

Significance- This represents the first such comprehensive commitment by any partner country, creating a major platform for India's AYUSH and wellness sectors to showcase their strengths in the Middle East.

India-Oman Bilateral Relations

Diplomatic History

Formalization- Diplomatic relations were established in 1955.

Elevation- The relationship was upgraded to a Strategic Partnership in 2008.

Economic and Trade Ties

Rank- Oman ranked as India's 28th largest trading partner in FY 2023-2024.

Trade Growth- Total bilateral trade surged from US$ 6.70 billion (2017-18) to US$ 10.61 billion (2024-25).

Non-Oil Trade- India is Oman's 4th largest source of non-oil imports. 3rd largest destination for non-oil exports. Significance This underlines a successful diversification of ties beyond just hydrocarbons.

Investment Landscape

Joint Ventures- Over 6,000 India–Oman joint ventures are currently operating in Oman.

Capital Outlay- These ventures account for an estimated US$ 7.5 billion in capital.

Inflows into India- Between 2000 and 2025, Oman's cumulative FDI equity inflows into India totaled US$ 605.57 million.

Defence Cooperation- India and Oman maintain robust defence ties with regular biennial exercises across all three military services.

Service	Name of Bilateral Exercise
Army	Al Najah
Air Force	Eastern Bridge
Navy	Naseem Al Bahr

Strategic Maritime Cooperation

Strait of Hormuz- Oman sits at the gateway of this critical choke point, through which India imports **one-fifth** of its oil.

Duqm Port Access- In 2018, India signed a pact to gain access to the Port of Duqm.

Location- Southeastern seaboard of Oman, overlooking the Arabian Sea and Indian Ocean.

Strategic Value- It acts as a logistics hub for India and is located in close proximity to the Chabahar Port in Iran, enhancing India's maritime reach.

About Gulf Cooperation Council (GCC)

Definition- A political and economic alliance of six Middle Eastern countries.

Member States- Saudi Arabia, Kuwait, United Arab Emirates (UAE), Qatar, Bahrain, and Oman.

Establishment- Founded in 1981.

Objective- To achieve unity among members based on common objectives and similar political/cultural identities rooted in Arab and Islamic cultures.

Leadership- The presidency of the council rotates annually.

Way Ahead

Future Drivers- The relationship is moving towards diversification, sustainability, and long-term strategic alignment.

CEPA Impact- The agreement is projected to- Boost bilateral trade and exports. Generate employment opportunities. Strengthen supply chains. Open new avenues for deeper economic engagement.

Source- https-//ddnews.gov.in/en/india-oman-trade-and-investment-ties-deepen-amid-strong-economic-momentum/