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6. India-Oman Cepa - Gateway to Gulf and Strategic Trade Partnership – International Relation

The India-Oman Comprehensive Economic Partnership Agreement (CEPA) came into force on 1 June 2026, creating one of India's most comprehensive trade agreements in the Gulf region. Bilateral trade between India and Oman reached $11.18 billion in FY 2025-26, up from $10.61 billion in FY 2024-25. India becomes only the second country after the United States to secure a comprehensive bilateral trade pact with Oman. The agreement provides duty-free access on 99.38% of India's exports and opens 127 service sub-sectors — the most comprehensive offer by any GCC country to India.

1. What is a CEPA?

Definition

1. Goes beyond traditional Free Trade Agreement (FTA)
2. While traditional FTAs focus narrowly on goods, CEPA links two economies with broad commitments
3. **Covers -**
    1. Preferential trade in goods
    2. Liberalization of services
    3. Investment protection
    4. Intellectual property rights
    5. Competition policy
    6. Government procurement

India's Other CEPAs

1. India-UAE CEPA (2022) - First CEPA in Gulf region
2. India-South Korea CEPA (2010)
3. India-Japan CEPA (2011)
4. India-Singapore CEPA (2005)

2. Key Features of India-Oman CEPA

Massive Market Access for Indian Exports

1. Duty-free access on 99.38% of India's exports (compared to only 15.33% under MFN regime)
2. Significant expansion from current preferential access
3. Oman - India's second-largest trading partner in Gulf region
4. Strategic gateway to wider GCC market through advanced port infrastructure

Strong Services Liberalization

1. Oman opened **127 service sub-sectors** (most comprehensive offer by any GCC country to India)
2. **100% FDI** for Indian companies in major services sectors in Oman
3. Sectors benefiting - IT, healthcare, education, professional services, logistics

Trade Facilitation Measures

1. Oman will accept certificates issued by India's Export Inspection Council (EIC)
2. Reduces testing delays
3. Lowers transaction costs for exporters
4. Streamlines customs procedures

3. Significance of India-Oman CEPA

Strategic Location of Oman

1. Unlike most Gulf countries depending on shipping through Strait of Hormuz, Oman's coastline lies directly on Arabian Sea and Gulf of Oman
2. Ports like Salalah and Duqm remain accessible even when Hormuz traffic is disrupted
3. Geopolitical insurance against West Asia tensions
4. Alternative maritime route reducing supply chain vulnerability

Gateway to GCC and East Africa

1. Oman's logistics hubs at **Sohar, Duqm, Salalah** giving Indian exporters enhanced access to -
   1. Wider GCC markets (Saudi Arabia, UAE, Kuwait, Bahrain, Qatar)
   2. East African markets (Kenya, Tanzania, Mozambique)
2. Oman as regional re-export hub

India's Gulf Strategy

1. India becomes only **second country after United States** to secure comprehensive bilateral trade pact with Oman
2. Deepening India's strategic engagement across Gulf region
3. Complementing India-UAE CEPA (2022) creating dual Gulf trade anchors

MSME and Employment

1. Calibrated liberalization approach protecting sensitive sectors
2. Supporting MSMEs, labour-intensive industries
3. Region-wide export growth opportunities
4. Employment generation in export-oriented manufacturing

4. Measures Taken by India to Boost Exports

RoDTEP (Remission of Duties and Taxes on Exported Products)

1. Refunds embedded taxes, duties to exporters
2. Improving competitiveness of Indian products in international markets
3. Replacing earlier MEIS scheme

Export Promotion Mission

Supports exporters through -

1. Affordable trade finance
2. Certification assistance
3. Market access initiatives

Districts as Export Hubs

1. Promotes export-oriented manufacturing at district level
2. Employment generation at grassroots
3. Identifying district-specific export products

Foreign Trade Policy (FTP) 2023

1. Targets merchandise, services exports of USD 2 trillion by 2030
2. Provides framework for export incentives, market diversification
3. Emphasis on e-commerce exports, FTA utilization

5. India-GCC Relations

GCC Overview

1. Gulf Cooperation Council - Saudi Arabia, UAE, Kuwait, Bahrain, Qatar, Oman
2. India-GCC trade - ~$180 billion annually

3. Indian diaspora in GCC - ~9 million (largest expatriate community)
4. Remittances - India's largest source from GCC (~$40 billion annually)

India's Gulf Trade Agreements

1. India-UAE CEPA (May 2022) - First comprehensive Gulf agreement
2. India-Oman CEPA (June 2026) - Second comprehensive Gulf agreement
3. India-GCC FTA negotiations - Ongoing (comprehensive agreement with all 6 GCC countries)

6. Conclusion

India-Oman CEPA entering force June 1, 2026 marks landmark in India's Gulf trade strategy providing duty-free access on 99.38% Indian exports (versus 15.33% under MFN), opening 127 service sub-sectors with 100% FDI, and streamlining trade through EIC certificate acceptance. Oman's strategic location — coastline on Arabian Sea and Gulf of Oman bypassing Strait of Hormuz — with logistics hubs at Sohar-Duqm-Salalah provides geopolitically resilient gateway to GCC and East African markets. India becoming second country after US securing comprehensive Oman trade pact deepens Gulf engagement complementing India-UAE CEPA (2022). Export promotion measures — RoDTEP refunding embedded taxes, Export Promotion Mission, Districts as Export Hubs, FTP 2023 targeting USD 2 trillion by 2030 — alongside CEPA create comprehensive framework for India's export-led growth leveraging Gulf's strategic, economic, and diaspora connections protecting MSME-labour intensive industries while expanding market access.

Source - https -//economictimes.indiatimes.com/news/economy/foreign-trade/india-oman-trade-pact-to-come-into-force-from-june-1-check-whats-inside-tariff-concession-agriculture-service-sector-gulf-fta/articleshow/131421586.cms?from=mdr