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2. India-Oman Cepa 2026- International Relation

The India-Oman Comprehensive Economic Partnership Agreement (CEPA) officially came into effect on June 1, 2026, originally signed in December 2025. This landmark agreement makes India only the second nation after the United States to secure a comprehensive bilateral trade treaty with the Sultanate of Oman. Total bilateral trade grew to $11.18 billion in FY 2025-26 (from $10.61 billion previously), and Oman has eliminated import taxes on 99.38% of Indian goods by value — a dramatic leap from the previous 15.33% standard coverage under MFN regime.

1. Key Outcomes of India-Oman CEPA

Immediate Duty Clearance

1. Oman dropped import taxes to zero on 99.38% of Indian goods by value
2. Covering 98.08% of all product lines
3. Major leap from previous 15.33% standard (MFN regime)

Fast Track for Medicines

1. Medical treatments, vaccines already approved by global regulators (USFDA, European EMA) securing Omani marketing permits within 90 days
2. Eliminating repeated testing, reducing time-to-market for Indian pharma

Better Corporate Movement Rules

1. Limit for moving employees internally within multinational companies: 20% → 50%
2. Corporate specialists can stay up to 4 years
3. Business visitors get 90 days

Mutual Standard Approvals

1. Oman accepting inspection paperwork from India's Export Inspection Council (EIC)
2. Recognizing India's National Programme for Organic Production (NPOP) — India's official organic certification system implemented by APEDA
3. Recognizing India's domestic halal certificates — confirming products follow Islamic dietary standards
4. Reducing testing duplication, lowering compliance costs

Services Liberalization

1. Open access across 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

2. About CEPA

Definition

1. All-inclusive, deep-integration bilateral trade pact modernizing economic cooperation
2. Moves far past simple product tax reductions
3. Establishes shared regulatory framework covering:
    1. Smooth trade of physical goods, materials
    2. Open access across 127 service sub-sectors
    3. Clear mobility rules for skilled workers, professionals
    4. Joint cooperation on business rules, standardizations

Distinction from FTA

1. FTA focuses narrowly on goods (tariff reduction)
2. CEPA covers goods + services + investment + intellectual property + competition policy + government procurement
3. Deeper integration, broader coverage

3. About India-Oman Economic Relations

Trade Volume

1. Total trade: $10.61 billion (FY 2024-25) → $11.18 billion (FY 2025-26)

India's Export Mix ($3.64 billion)

1. Refined energy items: Petrol ($781 million), naphtha ($746 million)
2. Iron, steel, machinery
3. Basmati rice

India's Import Mix ($7.20 billion)

1. Raw crude oil ($1.6 billion)
2. Liquefied natural gas ($1.2 billion)
3. Fertilizers ($843 million)
4. Chemical feedstocks
5. **Trade deficit:** ~$3.56 billion in India's disfavour

4. Significance of CEPA for India

Alternative Trade Route

1. Omani ports Salalah, Duqm located directly on open Indian Ocean
2. Alternative trade route for energy, cargo movement WITHOUT depending on sensitive Strait of Hormuz during regional tensions
3. Geopolitical insurance against West Asia conflicts disrupting Gulf shipping

Support for Textile and MSME Sector

1. Oman removed 5% import duty on all 945 textile, garment, handicraft products
2. Helping Indian MSMEs, artisans, small businesses access Oman's $598 million clothing market

Protection of Sensitive Sectors

1. India kept highly sensitive sectors outside agreement: Dairy, grains, fresh fruits, vegetables, spices
2. Safeguarding domestic farmers, rural livelihoods

Promotion of 'Brand India'

1. Agreement recognizes Geographical Indications (GIs)
2. Improving global visibility, market value of authentic Indian handlooms, handicrafts
3. Protecting Indian traditional products from imitation

Gateway to GCC and East Africa

1. Oman's logistics hubs (Sohar, Duqm, Salalah) providing Indian exporters enhanced access to wider GCC markets (Saudi Arabia, UAE, Kuwait, Bahrain, Qatar) and East African markets

5. Challenges That May Arise

Limited Consumer Market

1. Oman population: ~55 lakh (relatively small)
2. GDP: ~$110 billion
3. Limiting growth potential for consumer goods exports

Weak Presence in Luxury Markets

1. India's jewellery sector presence in Oman: Only $25.78 million in $1.07 billion market

2. Indian firms needing to build new retail networks from scratch

Strong Foreign Competition

1. Indian engineering, electronics companies facing competition from established China, Italy, Turkey suppliers
2. Already dominating Omani infrastructure projects

Pending Social Security Agreement

1. Social Security Agreement (SSA) still pending finalization
2. Indian companies facing potential double financial contributions for workers until SSA finalized
3. Increasing operational costs for Indian firms in Oman

6. Way Forward

1. **Develop production hubs:** Indian businesses establishing long-term manufacturing in Oman's free zones (Sohar, Duqm)
2. **Use Oman as regional gateway:** Secure launch point accessing larger GCC, East African markets
3. **Fast-track Social Security Agreement:** Speed up negotiations reducing operational costs for Indian firms
4. **Leverage pharma fast-track:** Indian pharmaceutical companies capitalizing on 90-day marketing approval
5. **Promote GI-tagged products:** Artisans, weavers accessing Omani market with authentic products

7. Conclusion

India-Oman CEPA 2026 combining 99.38% duty-free access, 127 services sub-sectors liberalization, pharma fast-tracks, mutual standard recognition, and Strait-of-Hormuz-bypassing maritime access through Salalah-Duqm ports represents India's most comprehensive Gulf trade agreement — positioning Oman as both strategic trade partner and regional gateway to GCC and East Africa amid ongoing West Asia tensions.

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