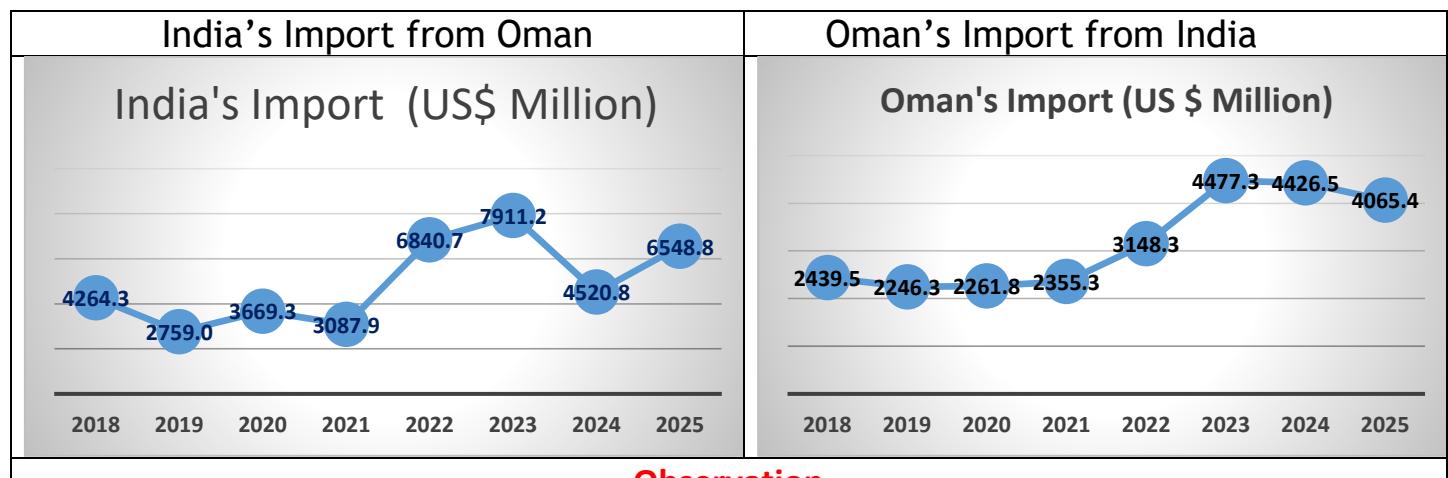


## India- Oman CEPA Signed...The Road Ahead

### 1. Background

India and Oman share one of the oldest trade relationships in the Indian Ocean region, dating back over two millennia through maritime commerce. Post-independence, bilateral trade formalized with a strong focus on energy cooperation, as Oman became a key supplier of crude oil and LNG to India. Institutional frameworks such as the DTAA (Double Taxation Avoidance Agreement) and investment protection agreements in 1997 strengthened economic engagement. The relationship deepened further with India's strategic access to Oman's Duqm Port in 2018.

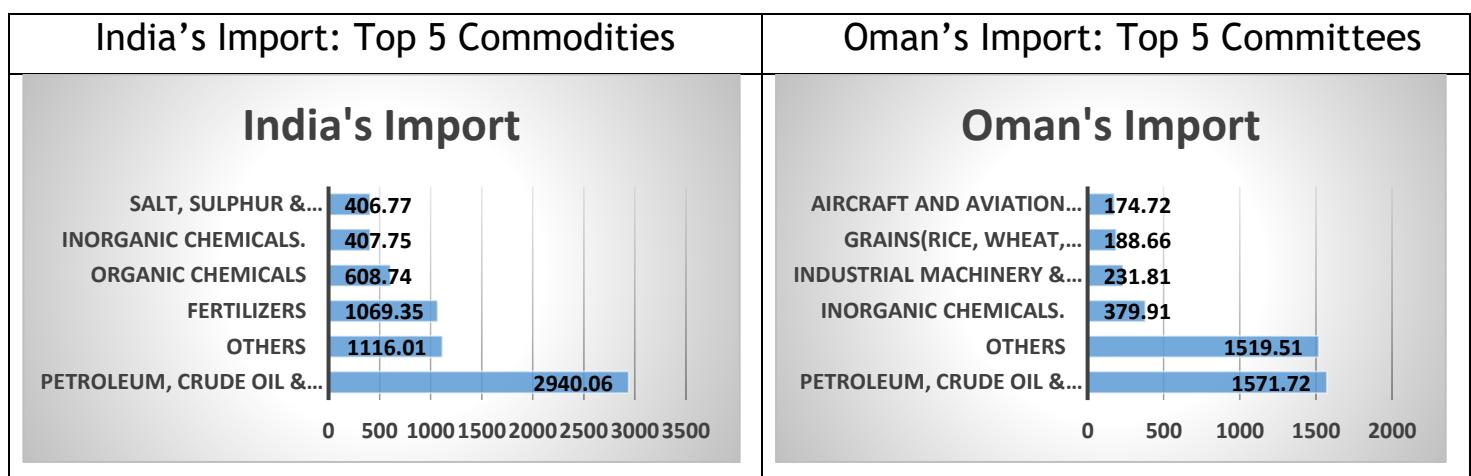
### 2. Trade Dynamics: Who is Gaining?



#### Observation

India's imports from Oman are consistently much higher than Oman's imports from India, indicating a sustained trade imbalance. India's imports are volatile, while Oman's import from India shows a steadier upward trend, especially after 2022. Overall, trade has expanded, but gains remain uneven in Oman's favour.

### 3. Top 5 commodities Imports between the two countries



#### Observation

India's imports from Oman are heavily concentrated in petroleum and crude oil, followed by fertilizers and chemicals, underscoring India's energy and input dependence. In contrast, Oman's imports from India are more diversified, led by petroleum products, inorganic chemicals, machinery, and food grains. This highlights a fuel product driven export profile for Oman, while India supplies a broader mix of value-added goods.

#### 4. Trade Deficit: in favour of Oman due to Oil



- Heavy Dependence on Energy Imports
- Export volumes remain modest compared to the scale of energy imports.
- Fluctuations in global crude oil and gas prices significantly affect India's oil import bills from Oman.
- Oman's exports to India are less of manufacturing and more of oil products and concentrated in fuels and minerals.

#### 5. Comprehensive Economic Partnership Agreement (CEPA) signed on December 18, 2025 Muscat.

Major Announcement	Key Implications
Near-complete duty-free access for Indian exports – Oman to eliminate customs duties on 98.08% of tariff lines, covering 99.38% of Indian exports by value.	Boost to Indian exporters, especially labour-intensive and manufacturing sectors (textiles, leather, gems & jewellery, engineering goods, pharmaceuticals). Lower costs make Indian products more competitive in Omani markets.
Tariff liberalisation by India – India to reduce tariffs on 77.79% of its tariff lines covering 94.81% of imports from Oman by value.	Better market access for Omani products (e.g., mineral fuels, fertilisers), but India retains exclusions or tariff-rate quotas for sensitive sectors (dairy, tea, tobacco, precious metals, footwear, sports goods).
Services sector liberalisation – Opening of multiple services segments including IT, professional mobility, education, healthcare, R&D, business services, etc.	Expansion of trade in services, allowing Indian firms to tap Oman's \$12.5 bn services market; potential for increased digital, health, and education exports.
Professional mobility and labour provisions – Increased intra-company transfer quotas; longer permitted stays (From 90 days to 2 years) with a possibility of a further 2-year extension.	Enhanced mobility for Indian professionals benefiting IT, consultancy, healthcare and allied sectors; supports Indians working abroad and eases deployment of skilled personnel.
Foreign direct investment (FDI) access – Indian companies can hold 100% FDI in key services sectors in Oman.	Encourages investment flows; Indian firms can expand presence in Omani markets across services and infrastructure.
Implementation timeline – Agreement expected to be operational within 3 months of signing.	Quick activation accelerates commercial benefits and reduces uncertainty for exporters and investors.
Oman's commitment on Traditional Medicine extended across all modes of supply representing the first such comprehensive commitment made by any country.	This creates a significant opportunity for India's AYUSH and wellness sectors to showcase its strength in the Gulf Region.
Tariff-rate quotas (TRQs) on sensitive items – Certain goods liberalised via quotas rather than full duty elimination.	Protects domestic industries in both countries while still allowing some market openness.
Strategic and broader cooperation mentions – New avenues in energy (including green hydrogen), infrastructure, logistics and maritime cooperation.	Strengthens geopolitical and economic ties, supporting India's wider Gulf strategy and energy diversification while boosting Oman as a trade and logistics hub.

## 6. Comprehensive Economic Partnership Agreement (CEPA) & Future Trajectory:

### Looking way forward:

*India has for longer sought a comprehensive trade agreement with the six-member Gulf cooperation Council (GCC)- Kuwait, Saudi Arabia, Oman, Qatar, the UAE and Bahrain- to build a stable and reliable export market in West Asia. While negotiation at the bloc level have faced delays, India's strategy of concluding bilateral agreements has gained traction. With trade pact already in place with the UAE and now Oman, the momentum towards a broader India-GCC agreement has strengthened, improving the prospects of deeper regional economic integration.*

*Signed amid rising US tariff barriers, the trade deal is expected to boost India's services exports to Oman, which presently account for about 5% of overall services exports.*

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