India gets zero-duty access on over 99% exports to Oman

Second Cepa with a Gulf nation; labour-intensive sectors to get full benefit

SHREYA NANDI
New Delhi, 18 December

India and Oman on Thursday signed a Comprehensive Economic Partnership Agreement (Cepa), giving India zero-duty access to 98.08 per cent of tariff lines, covering 99.38 per cent of shipment.

India has offered liberalisation on 77.79 per cent of its tariff lines, covering 94.81 per cent of the country's imports from Oman by value. This is India's first trade deal with a Gulf nation after the agreement with the United Arab Emirates in February 2022.

The pact, which comes after two years of talks, was signed in Muscat by Commerce and Industry Minister Piyush Goyal and his Oman counterpart Qais Mohammed Al Yousef in the presence of Prime Minister Narendra Modi and Sultan Haitham bin Tarik. "Today, we are taking a historic step forward in India-Oman relations, whose positive impact will be felt for decades to come," Modi said on X.

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"TODAY, WE ARE TAKING A HISTORIC STEP FORWARD IN INDIA-OMAN RELATIONS, WHOSE POSITIVE IMPACT WILL BE FELT FOR DECADES TO COME"

Narendra Modi
Prime Minister

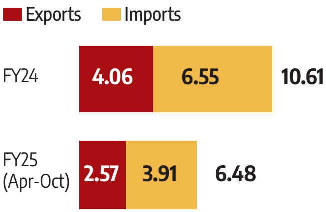
Union Commerce and Industry Minister Piyush Goyal and his Omani counterpart Qais Mohammed Al Yousef sign the trade pact in the presence of Prime Minister Narendra Modi and Sultan Haitham bin Tarik in Muscat on Thursday

PHOTO: PTI

The trade story

- Negotiations for a trade deal launched in November 2023
- Signed on December 18, 2025
- To kick in next year as soon as procedural formalities are over
- All zero-duty concessions apply after the deal takes effect

India-Oman bilateral trade in $ bn



Win-win deal

- 100% duty-free market access for exports, covering 97.97% of Oman's tariff lines
- Exports worth $3.64 billion, facing 5% import duty in Oman now, will move to 0% duty
- Strong gains expected in sectors like textiles, animal products, transport equipment, precision instruments, processed food, gems & jewellery
- India offers duty concessions on 77.79% of tariff lines, covering 98.4% of imports from Oman
- Sensitive value-chain industries like rubber, leather, textiles, footwear, petroleum oils, and mineral-based products in exclusion category
- Transport equipment, major chemicals, cereals, fruits & vegetables, spices, coffee & tea, and animal-origin products also shielded
- Goods such as alcohol, tobacco outside the pact

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- India, Oman explore possibility of trade in local currencies

Given our scale and complexity, recovering from such a situation in a short time is a testament to our teamwork and the strength of our operating principles. Now, we focus on three things – resilience, root-cause analysis, and rebuilding," he said.

Elaborating on "resilience", Elbers said fog-related weather disruptions started this week, and the focus was to solidify the operations and minimise the impact of the external factors on operations and customers. "It's always a challenging period for us."

On December 9, the DGCA asked IndiGo to cut 10 per cent of its domestic flights for the entire winter schedule to help stabilise operations. The cancellations have been implemented on high-frequency routes in India, not on 600-odd domestic routes where IndiGo is the sole operator.

India's 99% exports to Oman to become duty-free

"The Comprehensive Economic Partnership Agreement will energise our ties in the 21st century. It will give new momentum to trade, investment and open new opportunities across different sectors. The youth of both nations will greatly benefit," the PM said.

Goyal said the deal expanded Oman's commitment on services in key high-growth sectors, and it ensured greater mobility for Indian professionals.

Officials said the deal would come into effect in three months, with the completion of Customs and the procedural-related formalities in the two countries. Under the deal, India's exports worth $3.64 billion, currently facing an import duty of 5 per cent in Oman, will move to zero per cent, according to calculations by the Department of Commerce.

The pact is set to benefit all major labour-intensive sectors that receive full tariff elimination. They include sectors such as gems and jewellery, textiles, leather, footwear, plastics, furniture, agricultural products, engineering products, pharmaceuticals, medical devices, and automobiles.

During FY25, India exported goods worth $4.1 billion to the West Asian nation and imported stuff worth $6.6 billion, leading to a trade deficit of $2.5 billion.

India has offered liberalisation based on only tariff-rate quotas (TRQ) for sensitive products imported from Oman. Under that, only a fixed quantity of imports is allowed at a lower (or zero) tariff while a much higher tariff applies once that quota is exhausted.

For instance, a cap has been imposed on food items such as dates. Similarly, in the case of polyethylene and polypropylene intermediates used to manufacture plastics; medical devices; electronics; and automobile components, India has agreed on TRQs, along with phased tariff reduction.

"To safeguard its interest, sensitive products have been kept in the exclusion category by India without offering any concessions. This includes items like agricultural products including dairy, tea, coffee, rubber, tobacco products; gold and silver bullion; jewellery; other labour-intensive products such as footwear, sports goods; and scrap of many base metals," the department said in a statement.

In the case of trade in services, Oman has undertaken a broad market-access commitment in 127 sub-sectors such as legal, accounting; taxation; architectural engineering; integrated engineering; urban planning and landscape architecture; medical, nursing and midwifery services; audio-visual services; and tourism and travel-related services.

India will also get expanded "entry and stay rights" for intra-corporate transferees, business visitors, and independent professionals. The cap on intra-corporate transferees has been raised from 20 per cent to 50 per cent (of the total strength), which will enable companies to deploy a larger share of managerial, executive and specialist staffers, exceeding its commitments in trade deals with other countries. The formal commencement of India-Oman free-trade negotiations started in November 2023. Negotiations on the text of most of the chapters were concluded by January 2024, and the idea was to sign the agreement after the Lok Sabha elections in India in June last year. However, fresh demand from Oman for a revised offer and greater market access for items such as polyethylene and polypropylene and India's reservations regarding Oman's policy aiming to replace foreign workers by local ones delayed the finalisation of the deal by more than a year.

Oman is India's 28th largest export partner but the third-largest export destination among the six countries of the Gulf Cooperation Council.

Ajay Srivastava, founder of the Global Trade Research Initiative, said the deal strengthened India's economic and geopolitical presence at the mouth of the Gulf, deepened Indian firms' role in Oman's logistics and supply chains, and supported India's wider strategy on energy, services and regional connectivity.

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