

India-Oman free trade agreement faces 'Omanisation' policy hurdle

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The proposed India-Oman comprehensive economic partnership agreement (CEPA) is stuck over the Gulf country's 'Omanisation' policy, which encourages employment of Omani nationals in the private sector, sources said.

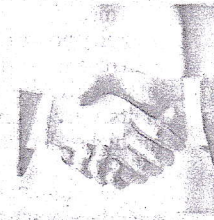
India wants that the regulations on compulsory employment of Omanis in various sectors be frozen at the current level for India, and not increased after the India-Oman CEPA is signed.

"Omanisation policy is the only issue that remains to be ironed out. They have various percentages for compulsory recruitment of Omanis in various professions. We want that to be frozen. We don't want a situation where after the FTA, more restrictions are put," a source tracking the matter told *businessline*.

Oman is India's third

KEY PARTNER

- New Delhi wants Oman to freeze requirement for compulsory recruitment of Omanis in various sectors at the current levels
- Oman is India's third largest trading partner in the GCC group of Gulf countries
- In the services sector, India hopes to send more professionals to Oman



largest trading partner in the GCC group of Gulf countries, with bilateral trade around \$8.9 billion in FY24.

Indian goods worth \$3.7 billion like gasoline, iron and steel, electronics and machinery may get a significant boost in Oman, once both sides reach a comprehensive free trade agreement, according to the think tank, Global Trade Research Initiative.

These goods mostly face a 5 per cent import duty in Oman. In the services sector, India hopes to send more

professionals to Oman and hence does not want increased restrictions related to employment of expats.

The India-Oman CEPA negotiations began in November 2023, and there were expectations that it would be wrapped up by the first half of 2024.

TRICKY ISSUES

However, talks stalled over market access demands from Oman for certain items, including petrochemical products.

"Most tricky issues have

now been resolved. Once an agreement is reached on the 'Omanisation' policy, the pact can be signed," the source said. In the Gulf region, India already has a free trade agreement with the UAE. The India-Oman CEPA is also important for its strategic value as it can widen India's access to West Asia, fostering economic and strategic ties in a region of critical importance, the source said.

India's key imports from Oman include petroleum products and urea. These account for over 70 per cent of imports. Other important items are propylene and ethylene polymers, pet coke, gypsum, chemicals and iron and steel.

India's main exports to Oman include petroleum products, iron and steel, rice (particularly basmati), processed minerals, ships, boats and floating structures, electrical machinery, machinery parts, tea, coffee, spices, fruits and meat products.