

# INDIA–OMAN CEPA COMES INTO FORCE

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## 1. A Strategic Milestone

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The entry into force of the India–Oman Comprehensive Economic Partnership Agreement (CEPA) on 1 June marks more than the operationalization of another free trade agreement. It represents a significant strategic milestone in India’s growing economic engagement with the Gulf and reinforces Oman’s ambition to position itself as a diversified logistics and investment hub under Vision 2040.

At a time when global trade is being reshaped by geopolitical uncertainty, supply chain disruptions and inward looking policies, the India–Oman CEPA provides both countries with a framework that extends beyond tariffs and merchandise trade. It creates opportunities in services, investments, logistics, digital economy, manufacturing and connectivity, while laying the foundation for a broader India–GCC economic architecture.

## 2. Deepening a Trusted Partnership

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For India, Oman has long been one of its trusted partners in the Gulf. Bilateral relations have traditionally rested on energy cooperation, maritime ties and a strong people-to-people connection. The CEPA now elevates the relationship into a more comprehensive economic partnership.

Under the agreement, Indian exporters gain duty-free access to almost the entire Omani market, providing a major boost to sectors such as engineering goods, pharmaceuticals, textiles, food products, chemicals and gems and jewellery. For Indian manufacturers seeking markets beyond traditional destinations, Oman offers a stable and strategically located gateway to the Middle East and Africa.

## 3. Geography and Supply-Chain Resilience

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Oman occupies a unique geographical position with direct access to the Arabian Sea and the Indian Ocean without being dependent on Strait of Hormuz. Ports such as Duqm, Sohar and Salalah have increasingly emerged as critical logistics assets. As geopolitical tensions continue to affect shipping routes and energy markets, these ports offer India an important degree of supply chain resilience and strategic flexibility.

## 4. Energy and Food Security

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The agreement also strengthens India’s long-term energy and food security objectives. Oman remains an important supplier of petrochemicals and fertilizers and possesses the potential to become a partner in emerging sectors such as green hydrogen and renewable energy. Economic integration under the CEPA is expected to encourage investments and joint ventures in these areas.

## 5. Vision 2040 and Investment Opportunities

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For Oman, the agreement aligns closely with the country’s Vision 2040 agenda, which seeks to reduce dependence on hydrocarbons and transform the Sultanate into a diversified economy driven by logistics, manufacturing, tourism and services. Indian investments are likely to find increasing opportunities in Oman’s industrial zones and free trade areas, particularly around Duqm, Sohar and Salalah.

The CEPA is expected to stimulate new investments, create employment opportunities and strengthen the role of small and medium enterprises in both countries. Indian companies looking to serve African, Gulf and West Asian markets may increasingly view Oman as a regional base for manufacturing and re-exports.

## 6. Toward a Broader India–GCC Architecture

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Beyond the bilateral relationship, the agreement carries wider implications for India–GCC relations. Following the implementation of the India–UAE CEPA, the Oman agreement represents another important building block in India’s “Act West” policy. Together, these agreements are creating the contours of a new economic ecosystem linking South Asia with the Gulf.

The timing is particularly significant. Discussions on an India–GCC Free Trade Agreement have regained momentum and the India–Oman CEPA could serve as a useful template for future arrangements. Regulatory cooperation, trade facilitation and investment frameworks established under the agreement may eventually contribute to a broader harmonized economic relationship between India and the six-member Gulf Cooperation Council.

The agreement also complements larger strategic initiatives such as the India–Middle East–Europe Economic Corridor (IMEC). As countries seek secure and efficient supply chains connecting Asia, the Gulf, Africa and Europe, Oman is well positioned to become a critical node within these emerging networks.

## 7. Outlook

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The significance of the India–Oman CEPA lies not merely in tariff concessions or trade volumes. It reflects the evolution of the India–Gulf relationship from one centred primarily on energy dependence and expatriate communities to one increasingly driven by investments, logistics, technology and strategic connectivity.

The Gulf is emerging as one of India’s most consequential economic neighbourhoods, and Oman, with its geographic advantages, political stability and long-standing goodwill towards India, is likely to occupy a special place in that transformation.

### **The Bigger Picture**

Looking ahead, the India–Oman CEPA should be viewed not simply as a trade agreement, but as part of a larger strategic architecture that has the potential to reshape economic linkages between India, the GCC and the wider Indian Ocean region.

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