NEW FRONTIER OF TRADE OPENING THROUGH

INDIA-OMAN BILATERAL CEPA

RIS
Research and Information System for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

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Preface

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India's aspiration to join the ranks of advanced nations, as enshrined in the *Amrit Kaal Vision 2047*, places international trade at the centre of its growth strategy. Over the past decade, India has progressively deepened its economic engagement across the Indo-Pacific and the Gulf region through its *Look West policy* and broader Indo-Pacific strategy. The successful implementation of the Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates, the conclusion of CEPA negotiations with Oman, and the ongoing discussions with the Gulf Cooperation Council (GCC) for similar Agreement underline India's systematic approach to strengthening economic, trade, and strategic cooperation with West Asia. India is also linked with several key regional economies, including Iran, Yemen, Oman and the United Arab Emirates, under the framework of the Indian Ocean Rim Association (IORA). The India-Oman CEPA is expected to further reinforce these longstanding regional linkages and expand India's participation in a more dynamic and diversified West Asian economic space.

The conclusion of CEPA negotiations between India and Oman represents a significant milestone for both countries, especially at a time of prolonged economic uncertainty in the global trading environment. This agreement is designed to support seamless bilateral integration across multiple sectors, including critical supply chains for hydrocarbons, fertilisers, minerals, and industrial products, chemicals, alongside cooperation in ports, logistics, shipping, services trade, and Special Economic Zones. These complementarities reflect a natural fit between India's fast-growing industrial and services ecosystem and Oman's strategic geographic position, diversified resource base, and growing industrial infrastructure.

The CEPA has been finalised amid a period of heightened geo-economic tension, escalating tariff measures and a deepening global trade war. The U.S. administration has pursued stringent unilateral trade measures, triggering widespread disruptions, recessionary pressures, and trade diversion as affected economies seek alternative partners and safer trade destinations. In this context, regional groupings such as IORA, ASEAN, and Pacific economies represent a substantial opportunity for fostering uninterrupted trade flows independent of large-power distortions. Additionally, emerging connectivity initiatives such as the India–Middle East Economic Corridor (IMEC) and the International North-South Transport Corridor (INSTC) are gaining prominence. These corridors have the potential to reshape global value chains, and their long-term success will depend heavily on the participation and support of GCC economies, including Oman.

For India, the bilateral CEPA with Oman is viewed as a strategic and meaningful step toward its broader regional economic architecture. Finalised in August 2025, the agreement is expected to come into force before the end of the year. Its implementation will offer valuable insights for policymakers, academics, business communities, and trade practitioners in understanding how a modern CEPA can enhance bilateral economic welfare, create more resilient supply chains, and open new avenues for investment and sectoral cooperation.

I am confident that this study will serve as a timely reference for understanding the economic potential embedded in the India–Oman CEPA and for evaluating its contribution to strengthening bilateral relations, improving trade competitiveness, and promoting sustainable development pathways for both countries.

This study has been jointly conducted by Prof. S. K. Mohanty and Dr. Pankhuri Gaur. I wish to acknowledge and extend my thanks to Shri Surendra Kumar and Shri Sachin Singhal for their dedicated role in ensuring the successful publication of this study.

Sachin

Sachin Kumar Sharma

Acknowledgement

India's regionalism strategy is poised to gain a fresh distinction with the signing of the India–Oman CEPA. Building on the 'second wave' of regionalism launched in 2018, bilateral FTAs have strengthened India's FTA framework and expanded its global trade footprint. Over the past few years, India has entered into new-generation FTAs with partners such as Mauritius, Australia, EFTA, the UAE, and the UK, while several more remain in the pipeline. These agreements vary in design, reflecting India's effort to engage with emerging sectors and prepare for complex negotiations ahead, notably with the European Union and the United States under 'Mission 500.' Such high-quality FTAs, modelled on mega-regional standards, are expected to deliver substantial benefits in trade, investment, and technology. Against this backdrop, the India–Oman CEPA holds particular importance as a timely addition to India's evolving regionalism strategy.

The conclusion of the bilateral CEPA marks a significant milestone in strengthening India's strategic footprint across West Asia, extending the momentum of the India–UAE CEPA that successfully advanced trade integration with Gulf economies. These agreements reflect India's 'Look West Policy' and consolidate its broader aspiration to integrate more closely with West Asia, Africa, and Central Asia. They are also consistent with the Amrit Kaal Vision 2047, which seeks to position India as a developed nation with a strong global presence in trade, investment, maritime affairs, and the blue economy. West Asia, as a high-income region with growing demand for integration into global value chains, offers considerable promise. Oman and the wider Gulf region stand out as trusted partners for deepening economic engagement. India's ambitions extend to participation in major trade corridors such as the India-Middle East Corridor (IMEC), the Suez Canal, and the International North-South Transport Corridor (INSTC), among others. Strengthening ties with Oman can provide India with a strategic opening to the region.

Regional economies in the Gulf are actively pursuing diversification strategies, moving into non-oil and technology-intensive sectors. This creates substantial opportunities for new investments. India has particular interest in sectors such as fertilisers, base metals, and industrial chemicals in Oman, and outward FDI is expected to grow with the inclusion of a Bilateral Investment Treaty (BIT) under the India-Oman CEPA. Furthermore, India's market could open to wealth fund inflows from the region, supporting diverse sectors and reinforcing long-term economic cooperation. The bilateral relationship between India and Oman has traditionally been marked by excellence, and the conclusion of the CEPA elevates these ties to new heights. Both nations are poised to explore fresh avenues of economic cooperation, including potential legislative frameworks on immigration for the sizeable Indian diaspora in Oman. Such initiatives could serve as model templates for India's future CEPA engagements with the GCC and other advanced 21st-century agreements.

The negotiations for the India–Oman CEPA were successfully concluded in less than two years, with RIS playing an active role even before their formal commencement, in close collaboration with the Ministry of Commerce and Industry. We wish to place on record our sincere appreciation to Mr Fahad Ahmed Khan Suri, Deputy Secretary in the West Asia and North Africa (WANA) Division, Department of Commerce, Government of India, for facilitating our involvement during the formative stages of this significant trade dialogue with Oman.

This report provides a timely assessment of the India–Oman trade relationship on the eve of the CEPA's signing. The benchmark study offers valuable guidance for shaping future bilateral economic cooperation and for understanding how trade, investment, and services are likely to expand both before and after implementation of the agreement.

We express our sincere gratitude to Professor Sachin Kumar Sharma for his encouragement and timely support in the completion of this report. We are also thankful to Professor Prabir De for his insightful suggestions on the draft, which significantly enriched its quality. We gratefully acknowledge the excellent academic assistance provided by Dr Rana Amanat Singh and Ms Divyanjana in the course of this study. Finally, we extend our deep appreciation to Mr Sachin Singhal and Mr Surendra Kumar for their elegant efforts in bringing this report to publication

List of Abbreviations

AST	Average Simple Tariff
BIT	Bilateral Investment Treaty
CEPA	Comprehensive Economic Partnership Agreement
CII	Confederation of Indian Industry
EFTA	European Free Trade Association
FDI	Foreign Direct Investment
FTP	Foreign Trade Policy
GAFTA	Greater Arab Free Trade Area
GCC	Gulf Cooperation Council
GCF	Green Climate Fund
GDP	Gross Domestic Product
GS	Gross Savings
ICWF	Indian Community Welfare Fund
IIT	Intra-Industry Trade
IMAC	Information Management and Analysis Centre
IMEC	India–Middle East Economic Corridor
INSTC	International North-South Transport Corridor
IORA	Indian Ocean Rim Association
IPOI	Indo-Pacific Oceans Initiative
IWT	Import-Weighted Tariff
LNG	Liquefied Natural Gas
MoPSW	Ministry of Ports, Shipping, And Waterways
MRA	Mutual Recognition Agreement
MTFP	Medium-Term Fiscal Plan
NTB	Non-Tariff Barriers
OMIFCO	Oman India Fertiliser Company
OPEC	Organization of the Petroleum Exporting Countries
PTAs	Preferential Trade Agreements
TIS	Trade in Services
TRQs	Tariff-Rate Quotas
VAT	Value Added Tax
WITS	World Integrated Trade Solution

Executive Summary

The proposed India–Oman CEPA embodies India's broader Indo-Pacific trade strategy, extending the path charted by the India–UAE CEPA. The agreement aims to reinforce India's economic presence in the GCC, broaden bilateral trade patterns, and enhance sectoral competitiveness. India has increasingly used FTAs to reduce structural trade imbalances and secure preferential market access. Long-term visions outlined under India's Amrit Kaal/Viksit Bharat 2047 framework and Oman's Vision 2040 emphasise export-led growth, investment intensification, and economic diversification. Under India's Foreign Trade Policy 2023, a $2 trillion export target has been set for 2030, supported by strong goods trade and record services exports in 2024. Ongoing modernisation of maritime and logistics systems will be central to driving this trajectory forward. Oman remains a strategically positioned partner with high trade openness but has faced macroeconomic instability since the 2014 oil price decline, leading to current account deficits and liquidity pressures. These vulnerabilities have reinforced the need for structural diversification and FTA-driven external stability. A CEPA will expand Omani exports, encourage Indian investment in gas fields, strengthen re-export capabilities, and deepen Indo-Pacific connectivity amid a more uncertain global trading environment.

Macroeconomic Dynamics of Oman

Oman's economic performance has been shaped by a sustained dependence on hydrocarbons, leaving growth closely tied to global oil-price movements. Periods of buoyant prices produced temporary expansions in GDP, while collapses in 2008–09, 2014–16, 2020 and 2023 generated volatility in output, fiscal balances and foreign-exchange reserves. Despite substantial reserves, Oman did not fully capitalise on earlier booms because of OPEC-plus production constraints, weak construction activity and limited non-hydrocarbon dynamism. Prolonged reliance on a single sector generated Dutch Disease pressures, weakening real per capita income and constraining medium-term growth prospects. To address these structural risks, the government adopted a diversification strategy centred on infrastructure, transport and utilities to attract investment and promote private-sector participation, although FDI inflows and domestic savings–investment balances remained unstable. Inflation patterns shifted from a sharp increase in 2008 to a low-inflation or briefly deflationary environment, supported by VAT, subsidies, price regulation and fiscal–monetary measures under the Medium-Term Fiscal Plan (MTFP). With trade-to-GDP ratio exceeding 80 per cent, Oman's trade flows mirror global demand and oil cycles, reducing domestic consumption during downturns. Labour mobility with India is significant, generating large remittances but also prompting regulatory cooperation on welfare, skills and recruitment.

Transformation in Trade Policy

The upcoming CEPA between India and Oman holds significant strategic value for India, complementing the India–UAE CEPA and ongoing GCC, FTA negotiations. For India, the agreement will support four core objectives such as reliable access to energy and fertiliser supplies, enhanced maritime connectivity, improved labour mobility for expatriate workers, and a stronger Indo-Pacific economic presence. For Oman, the CEPA represents a structured framework for expanding trade, attracting foreign investment and advancing Vision 2040 goals aimed at reducing fiscal dependence on hydrocarbons. With strong manufacturing performance, high unemployment and national priorities in logistics, tourism, fisheries and mining, Oman benefits from a deeper partnership with India. Existing bilateral linkages are substantial, with more than 6,000 joint ventures and an active Joint Investment Fund driving financial cooperation. As a modern agreement, the CEPA is expected to include tariff liberalisation, services, labour mobility, trade facilitation, procurement, digital trade, regulatory cooperation and dispute avoidance mechanisms. Oman maintains a liberal tariff structure, though many sectors continue to face a standard 5 per cent import-weighted tariff. Reducing this band to zero would enhance India's export competitiveness, especially in processed foods and industrial sectors such as metals, machinery, chemicals and gems and jewellery.

Oman's Trade with the World

Oman's external sector has generally performed strongly, registering a trade surplus from 2002 to 2023, though periodic collapses in global oil prices exposed macroeconomic vulnerabilities. Export activity expanded until 2013 but contracted during the oil shocks of 2014–16 and again during 2020–23, reducing export earnings and creating fiscal pressures, even as import demand remained resilient because of high-income characteristics and structural consumption patterns. The trade surplus was narrowest between 2015 and 2017, but improved again in 2022 and 2023, along with a stronger current account balance. Oman's capacity to exploit non-oil potential has been constrained by middle-income trap and Dutch Disease effects. Revenue from hydrocarbons enabled the government to avoid personal income taxes and sustain subsidies, though geopolitical uncertainty, domestic tensions, global pandemic shocks and the Russia–Ukraine conflict increased volatility. Declining export earnings forced the government to pursue domestic fiscal consolidation under the Medium-Term Fiscal Plan and to increasingly explore bilateral FTAs to reduce external vulnerability and diversify export activity. Hydrocarbons accounted for 73.5 per cent of 2023 exports, manufacturing for 21.7 per cent and agriculture for 4.8 per cent, while imports were dominated by manufacturing goods. The UAE remains Oman's primary import source, and India, China and GCC economies constitute its main trading partners.

India-Oman Bilateral Trade

Global trade dynamics have significantly shaped Oman's external sector, allowing the country to maintain a consistent trade surplus between 2002 and 2023, though oil-price volatility periodically weakened this position. Export earnings contracted during severe shocks in 2014–16 and again in 2020–23, weakening fiscal stability, while imports continued to rise due to income-driven consumption patterns. Export volatility narrowed the global trade surplus during 2015–17 and 2020, but trade balance recovery became visible following price corrections, even though structural constraints linked to Dutch Disease and middle-income trap limited Oman's non-oil diversification. Bilateral trade with India has been cyclical, alternating between deficits and surpluses, with notable surpluses for Oman in 2022 and for India in 2016. Crude and petroleum volatility has made bilateral exports more unstable than Oman's overall global export performance. A bilateral FTA could help stabilise these fluctuations and promote deeper complementarities in hydrocarbon and emerging non-hydrocarbon domains. India exports a diversified portfolio of manufactured and agricultural goods to Oman, while Omani exports to India are heavily concentrated in hydrocarbons and related sectors, indicating the need for improved market access and broader trade diversification.

Trade Potential

As tariff barriers have fallen and Non-Tariff Barriers (NTBs) gained prominence, trade negotiations have increasingly prioritised price competitiveness rather than simple tariff reduction. In line with the Vinerian framework, trade creation reflects competitive pricing advantages, and modern analytics identify sectoral potential using highly disaggregated six-digit product data. This study applies a modified trade creation framework that incorporates partial-equilibrium dynamics and real-economy constraints, recognising both natural competitiveness and policy-driven cost advantages. India's export potential in Oman is estimated using 2023 bilateral data from the UN ComTrade, with price competitiveness at the most disaggregated HS level guiding sectoral prioritisation. India's potential exports to Oman are valued at $1.23 billion across 2,218 HS products, narrowing to $869.5 million for non-oil products. The sectoral interest of India is highly concentrated: minerals, base metals, machinery, vehicles, prepared foodstuffs, chemicals, fruits and vegetables, and plastics together account for 86.6 per cent of potential exports. Other priority sectors, such as live animals, jewellery, textiles, miscellaneous manufacturing, fats and oils, wood pulp and construction materials, contribute another 11.9 per cent, while a few remaining sectors account for just 1.5 per cent. Oman's non-oil export potential to India, estimated at $541.9 million across 1,877 HS products after applying supply constraints, are concentrated in six sub-sectors, such as machinery, automobiles, chemicals, base metals, plastics and jewellery, with limited agricultural potential.

Importance of the India–Oman CEPA

The India–Oman CEPA will gradually reduce or remove customs duties on a wide range of products, improving India's export competitiveness and widening Oman's access to India's large consumer market for energy and industrial goods. It is expected to lift bilateral investment in manufacturing, ports, green zones and industrial clusters, drawing on complementarities between India's Viksit Bharat 2047 Agenda and Oman's economic modernisation plans based on vision 2040. Energy cooperation remains central, with India securing more reliable long-term supplies of oil, Liquified Natural Gas (LNG) and petrochemicals, and Oman gaining predictable demand and deeper joint ventures in green hydrogen and other low-carbon projects. Provisions on labour mobility will reinforce the role of Oman's large Indian diaspora by sustaining remittances, encouraging skill transfers and supporting complementary workforce deployment. Complementarities span multiple sectors, including India's strengths in manufacturing, pharmaceuticals, healthcare and IT-based services, which match Oman's advantages in logistics, energy, food security, infrastructure and industrial re-export platforms, including agriculture and blue-economy activities. As both economies pursue diversification, modernisation and supply-chain resilience, the CEPA offers a balanced and forward-looking growth corridor that deepens trade, supports cross-border investment and anchors India's broader economic integration with the Gulf.

1 Introduction

The proposed Comprehensive Economic Partnership Agreement (CEPA) between India and Oman should be viewed as part of a broader shift in India's trade and strategic priorities. After concluding a CEPA with the United Arab Emirates (UAE), India is now using the upcoming Oman CEPA to strengthen its presence in the Gulf region and to prepare for deeper engagement with other Gulf Cooperation Council (GCC) members. For India, free trade agreements have become an important policy tool to address trade imbalances and to improve the quality of trade relations compared with non-FTA partners (Mohanty, 2024). Both countries have identified similar targets in their vision documents, which helps them shape trade policies that match their own ambitions as well as shared goals. India has set an interim trade target for 2030 and has outlined its development vision for 2047 through the Amrit Kaal/Viksit Bharat framework. Oman's Vision 2040 also lays out ambitious goals for making strong progress on the trade front (Government of Oman, 2024). The Government of India has set an export target of $2 trillion by 2030 under the Foreign Trade Policy (FTP) 2023 (MoCI, 2023). This export target is to be divided equally between the merchandise and services sectors, at $1 trillion each. Various institutions have provided detailed analyses of the feasibility of these targets for 2030 (CII, 2022). India has already reached a total trade of $1.73 trillion, including exports of $823 billion and imports of $908 billion, in the financial year 2025. Merchandise trade is further supported by record services exports amounting to $387.5 billion in 2025 (NITI Ayog, 2025). These macroeconomic goals are reinforced in achieving India's Amrit Kaal Vision 2047, which aims to drive economic growth through export-led and investment-led strategies. In this development path, the maritime and logistics system is expected to play a key role in boosting the performance of the external sector (MoPSW, 2023). In this context, an India–Oman CEPA can support India's high growth momentum by expanding and stabilising bilateral trade links.

This emerging partnership is also in line with India's "Look West Policy" and forms part of the larger framework of its Indo-Pacific strategy, which is being pursued through several regional initiatives, such as the Indian Ocean Rim Association (IORA), the SAGAR doctrine, and the Indo-Pacific Oceans Initiative (IPOI). Similarly, Oman has set an ambitious Vision to move beyond the current development constraints and is consciously working to diversify away from hydrocarbons to avoid the risks associated with 'Dutch Disease' (Hassan, 2024; Al Musalami, 2016), while India is also trying to reduce its dependence on petroleum supplies from Russia and the United States. With the global environment unsettled by the new trade policy stance under Trump 2.0, both countries now have strong reasons to widen their partnerships and reduce strategic and economic vulnerability. An India–Oman CEPA can therefore be understood as a mutually reinforcing approach to ensure long-term trade flows, strengthen structural change in both economies, and add to broader regional stability across West Asia and the Indo-Pacific.

Oman is located in a highly strategic area, where the Persian Gulf, the Arabian Sea, and the Indian Ocean meet. It lies close to one of the world's most critical oil chokepoints, the Strait of Hormuz, which is situated within the Gulf of Oman. A defining feature of Oman, compared with its GCC counterparts, is its ability to provide safe passage and uninterrupted maritime access during a regional crisis. This makes Oman a dependable logistical and maritime hub in the region for facilitating trade in goods, including energy supplies. India and Oman have successfully concluded negotiations on a CEPA, which focuses on liberalisation in trade in goods, services, investment, and other critical areas that are typical of 21st-century FTAs. The signing has been delayed due to certain procedural requirements, even though India has completed its internal clearances for the draft CEPA and is now waiting for Oman's official endorsement. According to the legal practices in the Sultanate of Oman, ratification of trade and economic agreements is reported through the Royal Decree, which is published in the Official Gazette. Similar procedure was followed in the Oman-Iran Preferential Trade Agreement in 2025 (Muscat Daily, 2025).

With bilateral trade reaching nearly $12.3 billion in 2024 and continuing to grow, Oman stands as one of India's key trading partners. India depends on Omani supplies of urea, ammonia, and crude oil, while its exports to Oman mainly consist of intermediate products, finished goods, and technology-intensive commodities. Large ventures, including the Oman India Fertiliser Company (OMIFCO)'s investment of close to $1 billion in a urea–ammonia facility at Sur, are of strategic importance for India. The establishment of the Oman–India Joint Investment Fund further strengthens bilateral economic relations by encouraging investor participation from both sides. The earlier Bilateral Investment Treaty between India and Oman, signed in 1997, was unilaterally terminated by India in 2017. India is now negotiating new-generation BITs, and whether they will be included within the CEPA will become clear once the final agreement is made public. Oman has been a priority for India in the Gulf region, not only because of its economic importance but also due to its geostrategic location and strengths in maritime connectivity.

Oman has long been recognised for its neutral and balanced approach to diplomacy, often taking on the role of mediator in regional and international conflicts. The country's credibility as a facilitator has been repeatedly shown by its ability to maintain cordial relations with a wide range of actors, including Iran, the United States, and neighbouring GCC states. A notable example of this mediating role was Oman's crucial involvement in arranging negotiations between the United States and Iran, which eventually led to the Joint Comprehensive Plan of Action (JCPOA) (Bahgat, 2023). The West Asian crisis that broke out in 2017 was settled amicably in 2021, with Oman playing an important part in the resolution process. Implementation of CEPA with two prominent GCC members - Oman and the UAE - may give India a strategic advantage in moving towards an amicable, region-wide 21st-century FTA with the GCC, and could serve as a template for India's future FTA negotiations.

However, Oman's economy has, from time to time, experienced periods of turbulence, driven partly by global shocks following prolonged recessions and partly by the re-emergence of Dutch Disease symptoms. During years of global buoyancy, Oman recorded high growth rates, which were temporarily interrupted by the global recession and then resumed in the early phase of the subsequent recovery. The 2014-2016 was a watershed period for the country, as it faced difficult times and financial stress due to a sharp slump in global oil prices. As the recession persisted, global petroleum prices became highly volatile, and such fluctuations turned into a regular feature of the world economy. Several oil-dependent economies, including Oman, experienced serious macroeconomic imbalances because of falling export earnings. Global oil prices declined steeply during 2014-16, and Oman's current account balance shifted suddenly from a surplus to a deficit of -13.9 per cent of GDP. This adverse situation persisted for three consecutive years (2015–2017), and a similar pattern reappeared during the pandemic year. Global oil prices again fell to rock-bottom levels in 2020 and, more recently, in 2023. These developments demanded urgent policy attention to contain the mounting financial pressures facing Oman.

Oman is an important economy in the Gulf region, characterised by high per capita income and substantial trade openness, yet it has shown signs of financial stress due to prolonged downward pressure on global oil prices since 2014. To salvage the situation, Oman is making broad-based efforts, including negotiating FTAs, to provide some cushion to its liquidity-starved economy. It has also used its good offices to mediate in the Gulf political crisis that erupted in 2017. Oman, in collaboration with the United States, helped in resolving the West Asian crisis in 2021. As an outcome of these efforts, attempts were made by Saudi Arabia, the UAE, and Qatar to extend financial support to Oman to help it overcome short-run financial difficulties during 2014–16. China deepened its financial engagement with Oman through three Memoranda of Understanding, notably with China Asset Management Co. (ChinaAMC) and Templewater, launching an Energy Transition Fund worth about $700 million in 2025. Such proposals may offer only short-term, stop-gap relief, while the country continues to grapple with long-term challenges, particularly the problem of 'Dutch Disease', which needs to be tackled. In addition, the country appears to be caught in a 'middle-income trap', which may constrain its future growth prospects. These factors may be among the reasons for Oman's interest in pursuing an FTA with India, as a way to help shield its economy from future financial crises. In 2025, Saudi Arabia and Oman signed agreements to strengthen financial cooperation and expand trade in order to build a long-term partnership (Al Mamariyah, 2024).

Oman maintains strong trade ties with its neighbours in the region and with a limited number of partners outside the region. India is one such partner, with a stable trade relationship that spans both oil and non-oil sectors. As a rapidly expanding economy, India enjoys the status of having a large domestic market, while at the same time remaining an energy and fertiliser-dependent economy. Even though India consistently runs a trade deficit with the rest of the world, its total trade has exceeded $1.5 trillion in recent years. India's growing engagement with the GCC and its CEPA with the UAE have motivated both India and Oman to consider a similar agreement for an enduring economic partnership. After the financial crisis, Oman adopted a range of austerity measures, and rising prices of essential goods have created growing unrest within the domestic economy. The government's priority has been to lower inflation, and India can assist Oman by supplying competitively priced agricultural and manufactured products with assured continuity of supply.

Oman can also make use of India's large domestic market to expand its exports, particularly in non-petroleum products. With a comprehensive trade agreement in place, Oman could attract greenfield investments, especially in its newly developed gas fields. India negotiated with Oman on several key issues, including better working conditions for the expatriate Indian workforce, improved access to the pharmaceutical market, opening government procurement at various levels, protecting cross-border data flows, and exploring how to leverage the Oman–US FTA for accessing the United States market, even though India's trade presence in Oman is currently limited (Zorob, 2013). Because of its strategic location, Oman can be developed into an export and re-export hub, similar to the UAE. These are some of the pressing issues that India has addressed in order to complete the CEPA negotiation process with Oman in less than two years (Maini, 2024).

Both countries have set trade policy priorities that focus on diversifying their trade towards multiple destinations so as to shield themselves from the current phase of global economic instability. The trade policy approach of the Trump 2.0 administration has generated significant uncertainty in the global economy, contributing to an artificially high-risk environment for trade and investment worldwide. Over time, a broader global consensus is forming among many nations to use trade diversion as a key policy response to the Trump 2.0 tariff strategy and the trade war between the United States and China. Within the current United States trade policy regime, Oman enjoys a relatively favourable position than India, facing an average tariff of 10 per cent in the U.S. market, while India has faced a sharply higher tariff of 50 per cent since August 2025. Through the India–Oman CEPA, Oman can strengthen its ability to export more to the United States under the Oman–US CEPA by making effective use of Indian joint ventures established in the country. Given that both countries have substantial influence in shaping trade and investment flows in Asia and can also contribute significantly to developments in the Indo-Pacific, their long-term goal is to deepen regional trade and enhance dynamism in maritime connectivity. A bilateral CEPA can serve to draw the two countries closer in economic terms and indirectly strengthen their ties with the broader GCC region.

The Report is structured as follows: Chapter 2 reviews Oman's macroeconomic dynamics during the last two decades. Chapter 3 examines the key elements of trade policy restructuring within the CEPA framework. Chapter 4 assesses how Oman is linked to the world economy through trade. Chapter 5 presents an empirical analysis of India's trade relationship with Oman. Chapter 6 explores the nature of trade potential between India and Oman in each other's markets, and the final chapter concludes with the main findings of the study and related policy recommendations.

2 Oman: Regionalism and Economic Landscape

2.1 Oman and Regionalism

Like India, Oman has entered regionalism relatively late, but its trade policy now places strong emphasis on regional integration to push the economy onto a high-growth path, as set out in Vision 2040. Oman's journey into regionalism began in 1998, when it joined the Greater Arab Free Trade Area (GAFTA). It advanced this regional engagement by working directly with regional groupings such as GAFTA, with individual countries like the United States, Iran and India, and through the Gulf Cooperation Council (GCC) as a regional bloc. Oman has explored different modalities to strengthen its trade profile with the rest of the world, including preferential trade agreements (PTAs), free trade agreements (FTAs), and comprehensive economic partnership agreements (CEPAs). The wider region of GCC has also entered into trade agreements such as PTAs and FTAs with several external partners to deepen economic ties. Across these different agreements, the pace and depth of trade negotiations have varied. Oman has found that direct trade agreements often deliver greater benefits than pursuing the same objectives through the GCC process. Over time, the scope of economic engagement has expanded from trade in goods alone to include investment, trade in services, rules of origin and related disciplines. Under the broader umbrella of the GCC, Oman has engaged with several regions and countries, including the European Union (EU), among others. These agreements are aligned with the wider objective of diversifying the economy away from an excessive reliance on the hydrocarbon sector, as envisaged in Vision 2040.

Oman has concluded bilateral FTAs and PTAs with several regions and countries, beginning with its accession in 1998 to the GAFTA. In 2003, it entered into a Customs Union arrangement within the GCC, introducing a common external tariff at the GCC's borders. The Oman–European Free Trade Association (EFTA) on Free Trade Agreement was signed in 2009 and entered into force on 1 July 2014. Oman signed a Preferential Trading Arrangement (PTA) with Iran in 2025, covering goods, services, and investment, and brought it into force in the same year. With India, negotiations on a Comprehensive Economic Partnership Agreement (CEPA) were completed in August 2025, covering areas such as tariffs, services, investment, and rules of origin, and the agreement is expected to enter into force in December 2025 with several features typical of 21st-century trade arrangements. Such bilateral deals allow faster implementation, more targeted tariff preferences, and closer alignment with national diversification priorities under Vision 2040.

The GCC's proactive approach to regionalism has, since 1988, enabled member economies, including Oman, to pursue a coordinated regional trade and integration strategy through the bloc. The 1988 EU–GCC Cooperation Agreement establishes a structured forum for dialogue on trade and broader cooperation, even though it does not amount to a full free trade agreement (Eissa, 2014). The GCC–EFTA FTA, signed in 2009 and in force since 2014, covers trade in goods, services and investment, intellectual property rights, government procurement, and competition policy. In 2013, the GCC also brought into force a comprehensive free trade agreement with Singapore, encompassing trade in goods and services, investment, government procurement, competition rules, and intellectual property rights. In the year 2015, the GCC's agreement with EFTA Panama entered into force, covering trade in goods and services, investment flows, and broader forms of economic cooperation.

Ongoing GCC-led free trade negotiations with major economies—including China, South Korea, Turkey, Australia, New Zealand, and Pakistan—provide Oman with collective bargaining strength and wider market access prospects. However, progress at the bloc level is often slower, as agreement must be reached among all six member states, and Oman's specific sectoral interests may not receive the same prominence as in its bilateral arrangements. By pooling market access and harmonising concessions, GCC-wide agreements expand scale, deepen market penetration, and generate higher strategic gains for resource-based exports such as petrochemicals, fisheries, and energy products. By pursuing a dual strategy that combines direct bilateral agreements with GCC-wide frameworks, Oman is well placed to increase its overall gains and make fuller use of its regionalism-driven approach. Bilateral accords support focused cooperation and more precise sectoral or regulatory outcomes, while bloc-wide agreements broaden the reach of market access, strengthen Gulf-wide competitiveness, and support Oman more firmly in value chains that link Asia, Europe, and the wider Arab region. For India, a careful assessment of Oman's economic structure and policy direction is essential to advance a CEPA that can raise the scale of trade and investment and improve economic outcomes for both countries.

2.2 Macroeconomic Dynamics of Oman

Oman recorded strong economic growth during its buoyant phase, which lasted until 2008. It was a time India experienced a slowdown in the pace of its Gross Domestic Product (GDP) growth due to the global economic crisis. However, Oman started showing a decline in its growth performance during the period of recession, unlike that of India and was also deeply affected during the year of the pandemic. The country showed sluggish growth performance during the last few decades on account of export earnings from petroleum and natural gas, along with precious metals. Trade could have been the engine of wealth creation for the country, but the whole process was derailed due to variations in global prices of hydrocarbon products. Although endowed with significant oil and natural gas reserves, the nation struggled to maintain efficient resource flows.

Together with its GCC counterparts, Oman benefited from recurring surges in global oil prices, driving robust growth in certain regional economies. However, its growth remained subdued due to production rationalisation by Organization of the Petroleum Exporting Countries (OPEC)-plus, moderate growth in the non-hydrocarbon sector, the slow-moving construction sector, etc. To salvage the situation, the economic diversification strategy has already been pressed into action, where the development focus is shifted from the oil and gas sectors. The changed focus is on developing non-oil sectors such as finance, real estate, tourism, etc., among others (Government of Oman, 2020). The key focus of policy action has been on infrastructure development in strategic areas such as transportation, communication and utility services. Rapid infrastructure growth has strengthened connectivity at home and abroad, thereby boosting FDI inflows into the country.

2.2.1 The Growth Trajectory

At times, Oman's growth performance slowed, reflecting the adverse impact of the global recession. It has had a lagged impact on Oman's GDP. Several economies face a loss of revenue cushion due to persistent fluctuations in the global oil price and a persistent gap between the revenue and expenditure of the government. Since the country is highly dependent on oil revenue, the instability in global oil prices, particularly during 2014-16, 2020 and 2023, caused serious damage to its macroeconomic stability of the county at the beginning of the crisis. Several attempts were made to attain stability in the respective years. Oman, like most of the GCC countries, experienced the symptoms of the "Dutch Disease" on account of the excessive dependence on a monolithic hydrocarbon sector for substantial economic activities, as discussed earlier (Hassan, 2024; Al Musalami, 2016). Variations in the growth performance impacted the real per capita income of the region. This has forced Oman to plunge into the 'middle-income trap'. In this context, the path to becoming a developed nation is likely to take considerable time, as additional macroeconomic factors have also played a role in shaping this trend.

The GCC region's growth profile reveals sustained high performance during the global buoyancy period, supported by significant oil wealth accumulation (Saboori, Zaibet, & Boughanmi, 2022). This gave rise to the economic diversification of sectors, easy access to finance and a large inflow of investment. These factors contributed to a spurt of growth in the region during the period. However, all countries in the region could not benefit similarly, and Oman is an exception to this trend. The country grew at the rate of 2 per cent in 2004, and the pace of economic growth picked up continuously up to 2008. But, the situation changed dramatically with the onset of the Great Recession as the global economic structure started crumbling. The reflection of the global economic crisis was felt in the performance of the country, and growth performance remained volatile during 2009-11. The country maintained high growth intermittently in 2012 at the end of the first phase of the global recession. During the period of recession, the country registered a sluggish growth performance several times in the past, including in 2014 and during 2017-20, 2023, as shown in Figure 1. But it grew at a slow pace until the present time. The medium-term growth forecast of the country is not that alluring. To ensure economic stability during challenging times, the country must strengthen cooperation with dynamic partners such as India (Varghese, John & Qatroopi, 2016).

Unlike Oman, India's growth rate showed greater consistency throughout the years 2003–2024. The growth performance of India dwindled significantly in 2020. To ensure unstained economic development across the GCC region, economic integration emerged as a strategies necessities (Mishrif, 2021). Oman and other GCC member countries evolved a joint strategic for forming a Customs Union amid a regional political crisis among member countries centred in Qatar (Nasim, Shamim, & Ali, 2023). However, a complete reconciliation among member countries of the GCC is yet to be reached. It may be noted that India's growth was slower than Oman's in four instances, especially in 2008, 2012, 2020 and 2023. The formation of an FTA between India and Oman would benefit both countries in enhancing their overall economic welfare.

Through prudent economic policies, Oman has supported improved growth performance, attracted foreign investment, fostered local entrepreneurship, and invested in education and training to develop a balanced workforce of blue- and white-collar professionals alongside its migrant labour force.

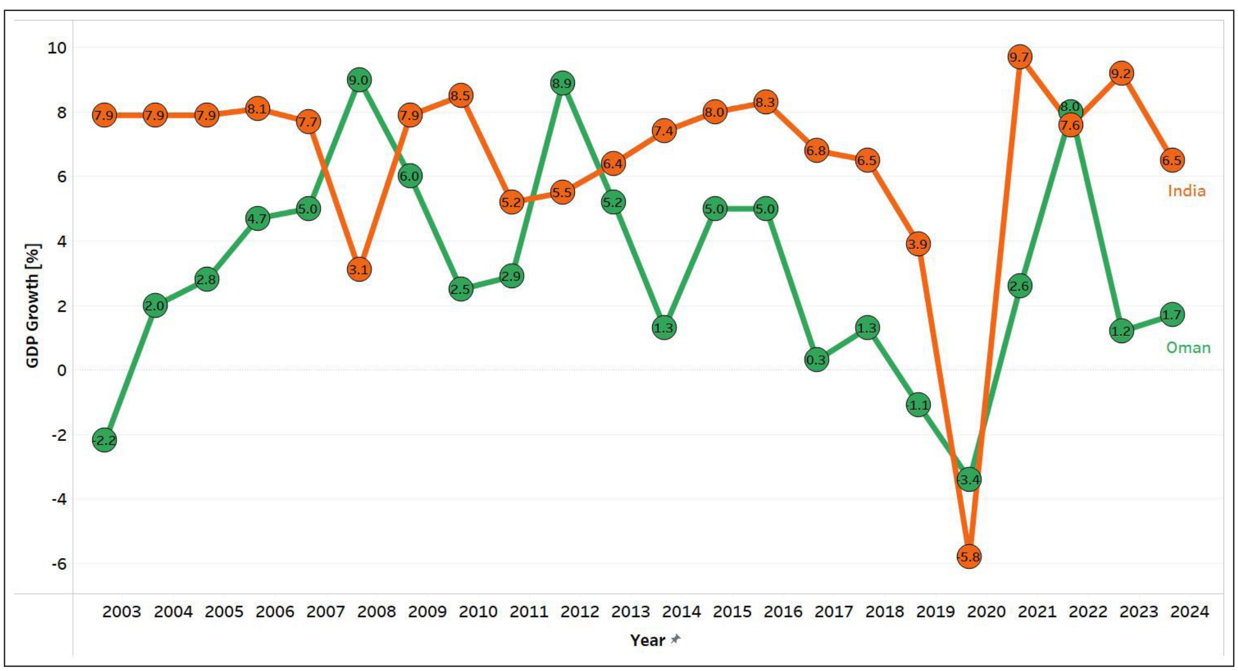
2.2.2 The Inflationary Situation in Oman

Growth-inducing inflationary policies implemented by the government supported Oman's moderate economic performance. The introduction of Value Added Tax (VAT) in 2022 was seen as a contributing factor to inflationary pressures in the country; however, other studies presented contrasting evidence (Elshqirat, 2024). The government's proposal to introduce personal tax increased the prospects of an inflationary spiral through rational expectations. During the last two decades, the GCC region has passed through a low to moderate level of inflationary regime. The inflationary rate for the region was at its peak at 11.9 per cent in 2008 because of several developments at the international and domestic levels. Oman was no exception to this trend. It posted an inflationary rate of 12.4 per cent in 2008. The global oil and food prices reached an all-time high in 2008, affecting food imports to Oman. This caused supply disruptions, increased demand from emerging economies and speculation in the international commodity markets. Several infrastructure projects continued despite a drop in crude oil prices in Oman. The combined impact of these factors pushed inflation in Oman to unprecedented levels in 2008.

As inflation entered a transitory phase, it declined to below 4 per cent during 2009–2012 and fell further to 1 per cent or less between 2013 and 2024. Incidentally, it turned out to be negative (i.e., -0.4 per cent) in 2020. To stabilise the inflationary situation, the Government of Oman introduced a range of policies to manage domestic situations through monetary and fiscal policies. Such an array of policies, including subsidies for basic goods

Figure 1: Contrast in growth performances: India and Oman, 2003-24

(GDP growth rate, per cent)



Source: Authors' own based on World Development Indicators 2025, World Bank.

and services, price regulation mechanisms, infrastructure investment and public services, is supportive of arresting inflationary situations in the region (Hakro & Omezzine, 2016). Both fiscal and monetary policies were invoked to bring government expenditure in line with government revenue. Oman's inflation remained subdued during 2014–2024, as falling oil prices from reduced global demand and austerity policies under MTFP 2020–2024 shaped economic conditions.

2.2.3 Resource Imbalance Following the Divergence between Savings and Investment

With its vast reserve of natural resources and elevated per capita income, Oman has successfully maintained a high savings rate. In many developing countries, maintaining a high savings rate persistently is a difficult proposition. The shortfall in the form of a savings gap is generally covered by the investment ratio to keep going with high growth performance. It is generally observed that the average savings-GDP ratio of Oman has been above 30 per cent of its GDP, which is fairly large for any country. On the other hand, the average investment ratio of the region has been lagging behind the average savings rates. There is some space for Oman to improve its growth performance in future, provided other macroeconomic indicators are within safe limits. During the period of global buoyancy (2003-07), the gross savings (GS) GDP ratio of the country grew rapidly and unstoppably until 2008, but the phase of contraction started with the onset of the global recession. Despite the recession, the GS-GDP ratio continued to be robust until the end of the first phase of the global recession in 2014. In the second phase of the global recessionary cycle, in 2015, the GS-GDP ratio continued to be volatile, and the average ratio for the region declined sharply during the period 2014-24 to 10.9 per cent in 2020 but bounced to 29.2 per cent in 2023. The GS-GDP ratio was highly volatile in the current phase of the global recession. It was more precarious during 2020-24 due to scores of factors, including the prolonged recession, the crisis of the pandemic, the burden of economic reforms undertaken by the country with severe austerity measures and continuous disruption in the international market. The high savings ratio initially served as a vital safeguard for the economy, but its protective space narrowed in subsequent years. Signs of recovery, however, are now emerging.

Over the last two decades, Oman's Gross Capital Formation (GCF) ratio has been notable, progressively aligning with the gross savings ratio, especially until the beginning of the second phase of the global recession. The average GCF ratio for Oman started picking up in stages, but it coincided with the changing sequence of the global business cycle. With the deepening of the global recession, the average GCF ratio became consolidated in different regimes of the business cycle and surpassed the average gross savings ratio in recent years. During the period of buoyancy (2003-08), the average GCF ratio was 34.5 per cent, which later reduced to 30.4 per cent during the first phase of the recession (2009-14). The government revenue also passed through various phases during this period, with volatile global oil prices. The situation was sliding towards a phase of crisis during 2015-21, when the average GCF ratio was recorded at 30.4 per cent, whereas the average gross savings ratio was at 31.6 per cent. The new situation was contrary to the past trend of the country's savings-investment management. The macroeconomic crisis of Oman was looming large just before the COVID-19, and the country was gradually inching towards a payment crisis. As a peace broker in the GCC region, it played a critical role in bridging the trust deficit between Qatar on the one side and Saudi Arabia, Iran and the UAE, on the other. Since the West Asia crisis was resolved in 2021 with the intervention of the United States, Oman can access the $1 billion financial support that was offered by Qatar in 2020. Moreover, collective efforts across the GCC are underway to help Oman navigate and resolve its present financial challenges.

Strengthening the investment ratio through FDI inflows is crucial to the country's overall growth performance. The level of inflow of FDI to GDP ratio has been volatile in Oman, reaching nearly 4.2 per cent in 2008, followed by a decline in the ratio with the negative ratio at -2.8 per cent in 2015 and then again regaining ground to reach 8.1 per cent in 2024. The global situation changed after the COVID-19 pandemic, where the declining global demand led to a fall in global oil prices, a reduction of economic activities and a significant reduction of inflows of liquidity, both in terms of export proceedings and FDI increased government deficit. The inflow of FDI is a major source for enriching the investment ratio. The divergence between savings and investment would present a poor reflection on the financial health of the region. FDI inflows and remittances are critical in narrowing the gap. The Omani economy needs to improve its investment ratio to narrow the level of resource gap by improving the domestic investment climate, increasing public investment in infrastructure investment projects, promoting FDI and implementing crowding-in policies for private sector investment in the domestic sector. Oman is into domestic reform to bring in orderly policy reforms in both monetary and fiscal policy spaces. Several forward-looking policy measures are periodically amended in response to fluctuations in oil revenues, reflecting evolving global oil price scenarios.

Oman's growth performance was shaped largely by the savings–investment dynamic in the early years and by oil price fluctuations in the later period. During 2003-05, the investment ratio was lower than the critical level, thus keeping the level of economic growth at a low level. There was a surge in the investment and savings ratios, for which GDP growth rates became moderately high during 2006-09. The investment and the savings ratios were high during 2012-16. They together pushed the economy on a high growth trajectory. Although investment and savings ratios remained high, the country's growth performance was adversely affected by sharp declines in global oil prices in 2018, 2020, and 2023.

2.2.4 Remittances and Labour Laws

The interlinkages between remittances, migration, and ageing are complex, carrying significant implications for policy formulation and planning. The repatriation of remittances from migrants to their home state is much-needed to support their family members and also contributes to resource mobilisation of the domestic economy. Migration is often argued for countries that are experiencing a demographic shift and the growing size of the ageing population. The rising demand for migrants from the Gulf region, including Oman, is primarily not because of the ageing population, but owing to the demand for certain activities for which the domestic workforce is not enough. Some of these activities are construction, domestic work, hospitality, healthcare and other service providers. However, high demand for skilled labour is also required for oil production, the healthcare sector, nursing facilities, the manufacturing of metals, fertilisers and export sectors. Oman offers higher wages than India because of its high per capita income (Azhar, 2016). Over the past two decades, India's annual inflow of personal remittances has fluctuated between $18.4 billion and $137.7 billion.

In line with prevailing practices across Gulf countries, Oman maintains standard labour policies that do not extend permanent residency to migrant workers. It provides only short-term contracts for such a workforce. Therefore, it becomes difficult for migrants to get permanent resident status even after a long period of service in a country. There are incidents of maltreatment for such workers, including low wages, poor working conditions, limited legal protection, etc., in the Gulf region. Despite such challenges, attractive salary packages, due to a higher standard of living, lure millions of migrants to the region. Indian workers in Oman are not different from others in facing similar difficulties. Labour laws in Oman are often criticised as exploitative, with workers experiencing poor working conditions, limited scope for taking legal advice, etc. (Lagger, 2023). To improve labour conditions in the Gulf region, India has been active in supporting Indian workers in several ways. India signed several bilateral agreements with Gulf countries, particularly with Qatar, Saudi Arabia and the United Arab Emirates, to improve the working conditions of Indian labour in those countries. The agreement is expected to cover several issues, including labour contracts, minimum wages, working hours, health conditions and safety standards.

The Government of India has introduced comprehensive policy reforms aimed at strengthening support for Indian migrant workers overseas. Under the Emigration Act, 1983, recruitment agencies are required to register and impart counselling to workers on various issues (Gaur, 2019). The Indian Community Welfare Fund (ICWF) was created by the government of India to support migrant workers who are in distress abroad and can be provided with various financial assistance. Under the e-migrate system, Ministry of External Affairs (MEA) is to streamline the recruitment procedures to facilitate placements with a proper database and agents (Gaikwad, 2025). There are several unfinished tasks that may be looked into to improve the welfare of Indian migrants in Oman. In the absence of a bilateral Mutual Recognition Agreement (MRA), Indian degrees, such as degrees from Indian Institute of Technology, Indian Institute of Management and All India Institute of Medical Sciences, etc., are not recognised in Oman. In the absence of such a provision, skilled labourers are not getting proper jobs and are working at a sub-optimal level. The rank of a worker is not only linked to the level of salary but also associated with their status as a worker in Oman to access certain local privileges. Besides, the operations of agents in India for placement services are to be streamlined to facilitate the outflow of migration. Similarly, the skilling of unskilled and skilled workers may be strategised for better placement of workers in the Gulf States, particularly by understanding the nature of jobs available there. There are several other policy gaps that need to be addressed through stakeholder consultations.

2.2.5 The Trade Sector

Trade is the driving force for the country's most economic activities. Oman recorded trade openness in the range of 82 per cent to 113 per cent during 2003-23, showing the exposure of the country as one of the most outward-oriented countries in Asia. The exposure of the country to the world was mostly in the primary commodity segment, which is highly vulnerable to global conditions, particularly to the volatility of crude prices. The resurgence of Asia has given rise to the growing demand for hydrocarbons, which is an attractive factor for the country's export growth. But the persistent conflict in the GCC region, coupled with the intermittent eruption of exogenous shocks, crippled the growth prospects of the country. Trade openness of the country declined from 112.5 per cent in 2013 to 91.9 per cent in 2020, with the spread of the pandemic in 2020, but experienced a rise to 105.9 per cent in 2023 despite the crash in crude prices in 2020 and recent global disruptions. Commodity price variations affected the GCC region dearly. However, the impact on Oman's exports was not as much as the share of imports, given that the export share in GDP increased from 47.1 per cent in 2020 to 61.1 per cent in 2023. In the case of imports, the country saw a fall in the share from 44.8 per cent in 2020 to 42.5 per cent in 2022, which again reached the same level as 2020 because of several austerity measures under MTFP 2020-24. Multifaceted political turmoil surrounding the region, particularly conflicts between different pairs of countries such as Iran-Saudi Arabia, Qatar-GCC, Yemen, Syria, etc., has weakened the integration process of the region in recent years.

The country is also politically, militarily and economically linked to the West Asian crisis. Oman's exports were also affected due to the decline in oil prices during 2014-16. The total exports of the country stood at $57 billion in 2014, which fell to $31 billion in 2016. A slight jump in 2018 was followed by a slide in exports, which continued till the pandemic year to touch the level of $35.7 billion in 2020. After the fall in the level of exports, the country witnessed a surge in the sector, reaching $64.7 billion in exports in 2023 with political upheavals in East Europe leading to a global shortage in the oil and petroleum sector. The import situation was rather more precarious than exports during the same period, where imports shrank from $37.9 billion in 2014 to $34 billion in 2020. Though it again rose to $47.4 billion in 2023, it never matched the rise of exports. The contraction of trade went to such an extent that it had a disastrous effect on the consumption pattern of people in the country.

As the country is dependent on exports for most of its economic activities, the dependence of the country on certain forms of trade in services (TIS) is paramount. It is invariably seen that the size of the TIS was buoyant when the country was thriving with increased oil prices, and a reverse trend was seen during the period of economic downturn. The TIS was in the range of 11 per cent to 19.3 per cent of GDP, depending on the growth scenario of the region. During the entire period of global buoyancy and also the initial phase of the global recession, the size of the TIS sector was expanding faster relative to its GDP. The share of TIS in the region's GDP grew during 2003-09, but with the continued global recession, it has been volatile. Following a brief slowdown, the share of TIS in GDP started improving from 2013 until 2019, including during the period of the oil shock. Oman has an interest in certain service sectors for imports; many of them are found to be competitive in India. India has to focus on these sectors for better market access in Oman.

2.6 Foreign Exchange Reserves

Oil price volatility has been the key factor in the foreign exchange reserves situation in Oman. It was almost swinging with the global prices of petroleum products. The level of government revenue was growing consistently during 2003-16 with minor fluctuations, but started declining with the intermittent recurrence of crude price shocks. The reserve position of the country started growing from $3.6 billion in 2003 to $20.3 billion in 2016 before it fell in 2017. Forward movement in foreign exchange reserves started again in 2018, but it was short-lived due to the deteriorating global economic situation and the outbreak of the COVID-19 pandemic in 2020. Respite came to the sector following improvements in global petroleum prices and the pandemic situation in the country.

Several regional economies suffered from the 'Dutch disease' because of the infusion of the access money supply due to the generation of 'quasi-rent' in the form of receiving access money flow during the petroleum price boom. Noticing the adverse effects of the 'Dutch disease', most nations engaged in the diversification of their economic activities and sucking out excess liquidity from the domestic monetary market by forming several 'Sovereign funds' in each regional economy. Each GCC member country has created multiple 'Sovereign Funds' for this purpose and invested the excess funds in other countries. By doing so, the monetary authorities of these countries could insulate their economies from the oversupply of liquidity flows and hence moderate the adverse effects of 'Dutch disease' on the domestic economy. Taking into account the liquidity crunch situation in Oman, expectations for a 'Sovereign Fund' facility from the country could be a far-fetched one, but they can help in supporting the move in favour of India in the region. In the event of an India-GCC FTA, the former can take advantage of the 'Sovereign Fund' existing in other countries. Because of pressure on oil prices in recent times and the increasing liquidity crisis in the domestic economy, Oman needs more funds to sustain imports and maintain macroeconomic stability in the country.

The Omani economy is at a crossroads, where macroeconomic instability has loomed large in recent years. The liquidity-starved economy is looking for substantial financial support to adjust its macroeconomic anomalies in the domestic economy. The regional political crisis around Qatar is a major hurdle to receiving comprehensive support from the regional economies. In recent years, the country has been strongly engaged with China in trade and investment. China has been the largest trading partner of Oman, outside the GCC region, and has substantially invested in the infrastructure sector. To revive the present economic impasse, the country may look for financial assistance from China or the IMF, in case the desired support is not extended by the Gulf nations. The neutrality of Oman in the region has been its greatest asset in maintaining regional political stability and mustering pressure on the region to secure resources from the region. At this juncture, the proposal for the India-Oman FTA is an appropriate initiative to shape the agreement in favour of India. By entering into a CEPA with India, Oman stands to secure enduring contracts in oil, gas, and fertilizers, expand freight flows to build its maritime hub, ensure a diverse labour force to complement domestic workers, and draw significant inflows of FDI to finance hydrocarbon and related greenfield projects. These developments would provide meaningful support to Oman's Vision 2040 objectives.

3 Protection under Bilateral CEPA

3.1 Relevance of the Bilateral CEPA

At a time when India has already implemented a CEPA with the United Arab Emirates and is pursuing a similar agreement with the GCC, moving towards finalising CEPA negotiations with Oman assumes significant importance. Among various considerations, this agreement is crucial for India on four major fronts. For an emerging economy like India, securing reliable energy and fertiliser supplies is essential for sustaining its high growth trajectory, ensuring balanced development between agriculture and manufacturing, and maintaining food security. In hydrocarbons, Oman represents a reliable and long-term supplier of crude oil and LNG, supporting India's energy security requirements. In the fertiliser sector, India can secure strategic products such as urea and ammonia from Oman under stable supply arrangements and with appropriate investment safeguards. OMIFCO, a joint venture located in Sur, currently supplies almost its entire output to India, meeting close to half of India's urea import requirements (Kumaraswamy, Quamar, and Hameed, 2020). Secondly, Oman can act as a strategic gateway for India to strengthen its commercial linkages with West Asia, Africa, and Central Asia through access to major Omani ports such as Duqm, Sohar, Salalah, Port Sultan Qaboos, Khasab, and Qalhat. The country enjoys a long and strategically positioned coastline stretching from the Strait of Hormuz to the Red Sea, which connects India to vital maritime zones, including the Persian Gulf, the Gulf of Oman, Chabahar port, the Arabian Sea, and the Indian Ocean. Oman could also serve as a complementary maritime alternative to the IMEC trade corridor, advancing India's broader maritime and connectivity interests. Thirdly, Oman hosts a substantial Indian immigrant community engaged across a wide spectrum of skilled, semi-skilled, and professional occupations, which contributes to the Omani economy given its relatively limited domestic labour force. Due to the presence of such a large Indian diaspora, the net remittance inflows to India have been consistently significant over the years. Several issues related to expatriate welfare, labour rights, recruitment governance, and mobility are expected to be negotiated under the CEPA to support and protect the interests of this large Indian community residing in Oman. Finally, India's Indo-Pacific initiative focuses on maintaining security, economic, and energy stability, and Oman forms an essential pillar of this broader framework through the 'Look West Policy'. A modern and comprehensive FTA with Oman can introduce greater momentum into a wide range of Indian sectors, including green hydrogen, ammonia, pharmaceuticals, agriculture, and IT/ITES, among others. Therefore, the India-Oman CEPA has implications that extend well beyond India's immediate economic interests in West Asia.

For Oman, the bilateral CEPA provides a systematic framework to promote trade, investment, and the inflow of both skilled and unskilled labour in line with the objectives of Vision 2040 (Government of Oman, 2024). The CEPA could be a useful instrument for ensuring economic stability, especially by reducing fiscal vulnerability arising from a heavy dependence on hydrocarbon exports. The country remains highly dependent on exports of oil and gas, although the manufacturing sector recorded a robust growth rate of 8.3 per cent in 2024 (World Bank, 2025). A renewed partnership with India could help Oman moderate fluctuations in oil prices, reduce unemployment levels that have reached nearly 20 per cent, and advance its strategic aim of trade diversion (Calabrese, 2018). Oman's Vision 2040 document highlights the potential of leveraging deep-sea ports in the Indian Ocean, the Arabian Sea, the Oman Gulf, and the Persian Gulf to position the country as a major international logistics hub by 2040 and its relevance is also recognised by the United States (US Department of Commerce, 2024). The ambitious targets set for 2040 also emphasise diversification into tourism, manufacturing, mining, and fisheries, where India can extend meaningful support through the CEPA. India could be a reliable market for Omani exports of crude oil, LNG, fertilisers, and certain chemicals. The CEPA can also enhance the investment environment, where both countries have already developed strong linkages. It is important to note that more than 6,000 Indian joint ventures are active in sectors such as manufacturing, logistics, tourism, healthcare, and education in Oman. Since 2010, the Oman India Joint Investment Fund (OIJIF), backed by the Omani sovereign wealth fund and the State Bank of India, has been functioning as a private equity fund. Following the implementation of the CEPA, Oman can attract additional FDI from India in critical sectors such as ports, industrial estates, and services (Ahmed and Soni, 2017). The bilateral CEPA negotiations were completed in a relatively short period of time, with discussions commencing in 2023 and reaching a conclusion in 2025. This reflects the shared priority of both nations to advance their partnership and generate rapid gains for trade and investment.

3.2 Provisions under India-Oman CEPA

The India–Oman CEPA is likely to emerge as a comprehensive 21st-century trade agreement, expected to include several provisions that go beyond the traditional Singapore Issues. The complete features of the CEPA will become clearer once the final text is made public. The agreement is expected to address areas such as trade and investment, trade facilitation, government procurement, competition policy, trade in services including digital trade, dispute-settlement mechanisms, and regulatory cooperation, among other subjects that would form part of the wider CEPA structure. Many of these provisions are similar to those found in agreements that India has concluded recently with the UAE, EFTA, and the United Kingdom (UK), among others. In the trade domain, India's major interest lies outside the fuel sector. India has substantial commercial interest in sectors such as textiles, engineering goods, pharmaceuticals, gems and jewellery, processed foods, machinery, and transport equipment, and the CEPA is likely to promote significant tariff reductions in several of these areas, thereby enabling improved market access for Indian exports in Oman. Likewise, India may have to reciprocate by agreeing to meaningful tariff reductions in sectors such as petrochemicals, aluminium, steel, fertilisers, and chemicals, which would allow Omani exports deeper access to the Indian market. To prevent a sudden surge in imports in either market, tariff-rate quotas (TRQs) are expected to be introduced for sensitive agricultural and industrial products. Trade in services is likely to be a dominant part of the CEPA since the sector holds major economic relevance for both India and Oman.

Bilateral services trade is expected to be complementary rather than competitive, which enhances the potential for mutual gains. India may seek regulatory relaxation for the movement of natural persons in sectors such as IT, healthcare, engineering, education, and construction. Oman is expected to place requests in areas such as logistics, shipping, tourism, and selected financial services. Cooperation on digital trade - covering interoperability, e-payments, and data protection - is also likely to feature prominently in the final CEPA text. FDI from India is expected to be a critical component of the newly negotiated agreement. For the benefit of investors from both sides, national treatment and non-discrimination commitments are likely to form a core part of the CEPA. Oman has strong expectations of attracting Indian FDI in select sectors, particularly those linked with hydrocarbons and their derivative industries. India, on its part, is likely to advocate incorporating the revised model of the bilateral investment treaty (BIT) within the CEPA framework. The CEPA is also expected to promote dispute-avoidance mechanisms, thereby limiting the need for arbitration and providing an orderly process for conflict resolution. Since Indian investors are expected to participate in large-scale projects such as refineries, petrochemicals, food-processing estates, and green-energy ventures, integrating the BIT into the CEPA could be a significant step toward strengthening investor confidence and enhancing effectiveness.

3.3 Structure of Tariff in Oman

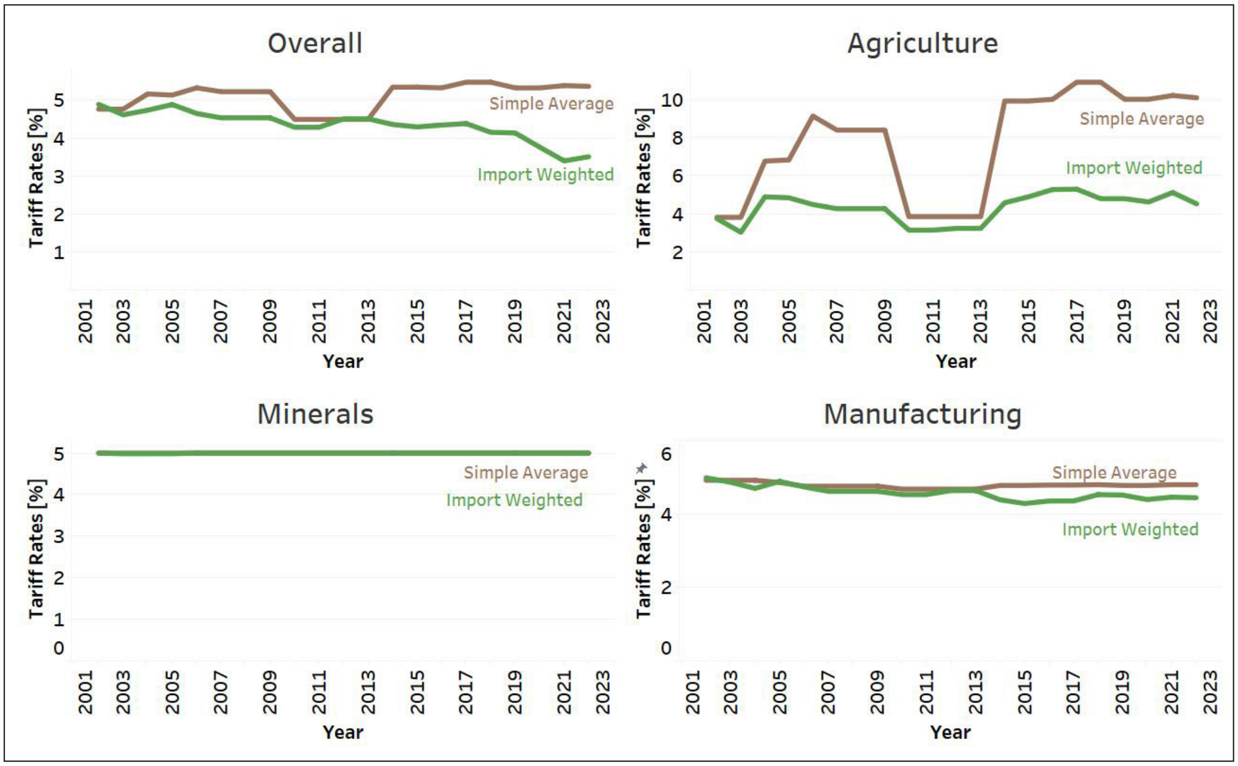
Oman has maintained a relatively liberal tariff regime since 2003, transitioning from an earlier period of high protection. For any meaningful analysis of trade protection, it becomes important to examine different indicators of tariff protection. Conceptually, there is a significant difference between the average simple tariff (AST) and the import-weighted tariff (IWT). While the average simple tariff reflects the level of protection embodied in the tariff schedule at the policy level, the import-weighted tariff indicates the effective degree of trade protection in practice and is also linked to the efficiency of revenue collection. For a sound and effective tariff administration, the gap between simple average tariffs and import-weighted tariffs should ideally remain small. When the IWT is lower than the AST, it may indicate that products with high import values are subject to relatively low tariff rates. In the case of Oman, the trends in these indicators have diverged over time, with the import-weighted tariff declining while the simple average tariff has remained broadly flat after a certain period.

The downward movement in IWT indicates that tariff rates applied to major bulk import items have been progressively lowered, as shown in Figure 2. Even though MFN tariffs were modified at various points during the second phase of the recession (2014–22), the overall tariff regime for bulk products remained relatively liberal. India figures among the principal suppliers of bulk products to Oman, including key agricultural commodities and a range of manufactured items. Such a liberal trade policy framework may help sustain and possibly enhance India's bilateral trade with Oman, even after the FTA comes into force. At the same time, the trajectory of tariff liberalisation has differed across sectors, with some sectors experiencing deeper reforms than others.

In the mineral sector, the overlapping trend lines indicate that AST and IWT have stayed at broadly similar levels over the last two decades, with only modest deviations in recent years. Between 2000 and 2003, there was little

Figure 2: Trends in sectoral tariff protections in Oman: The divergence between AST and IWT, 2003-23

(Tariff Rates, per cent)



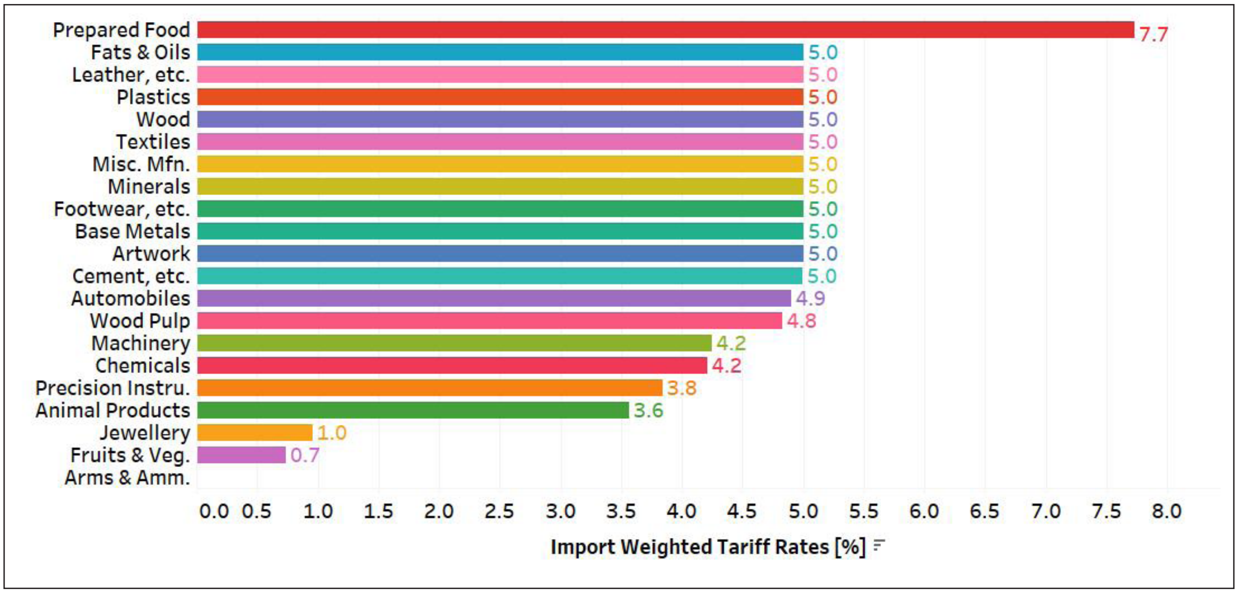
Source: Authors' estimation based on TRAINS WITS, 2025, World Bank.

movement in the AST, but in 2003, several high-volume mineral products were brought under a more highly protected tariff regime. As a result, AST and IWT converged and have been positioned at the same level since 2003. The mining sector is thus marked by an almost flat AST, signalling an absence of noteworthy tariff policy revisions in this sector. In comparison, trade policy in the manufacturing sector has been relatively more liberal than in most other sectors. In 2002, the degree of protection in manufacturing rose quickly but then fell sharply in 2003. In that year, both AST and IWT were at the same level, before diverging once again from 2005 onwards. The two indicators converged again in 2006 and 2007. A similar episode occurred in 2013 and 2014, although IWT remained below AST throughout the entire period from 2005 to 2012. This continuing divergence between AST and IWT has remained a notable feature of the manufacturing sector. In the second phase of the global recession, IWT followed an upward path but consistently stayed below AST. This evolution indicates that Oman gradually tightened its tariff regime in response to the persistence of protectionist policies in different parts of the world.

The agricultural sector presents a different pattern, with AST showing greater volatility than IWT over the period 2000-2023. In 2003, high agricultural protection reflected in IWT declined to a more stable level, resulting in both IWT and AST remaining aligned. While IWT remained almost unchanged during 2003–23, AST experienced noticeable variability throughout the same period. Between 2004-11 and 2015-23, AST stayed above IWT for most years. The two indicators ran in parallel during 2012-14. The tariff assessment indicates that

Figure 3: Sectoral priorities in the level of protection: IWT, 2023

(Tariff Rates, per cent)



Source: Authors' own based on TRAINS WITS, 2025, World Bank.

no significant shifts took place in agricultural tariff policy, particularly for major agricultural commodities. Hence, it may be inferred that substantial tariff policy adjustments have had limited influence on the level of implicit tariff protection in the country.

There is a clear heterogeneity in IWT across sectors in Oman, reflecting varying levels of tariff protection. When the existing tariff pattern is viewed across broad industrial classifications, four distinct tariff bands emerge - below 3 per cent, 3-4 per cent, 4-5 per cent, and 5 per cent and above - as depicted in Figure 3. A substantial number of industries face an IWT of 5 per cent at the HS Section level. Out of the 21 sectors examined, 11 show a uniform IWT fixed at 5 per cent in 2023. In agriculture, the tariff profile points to significant variation in protection levels, especially within the prepared foodstuffs category. This segment is highly protected with an IWT of 7.7 per cent, followed by fats and oils at 5 per cent, live animals and animal products at 3.6 per cent, while fruits and vegetables stand out as the most liberalised group with an IWT of 0.7 per cent in the same year. From India's perspective, agricultural tariffs in Oman should ideally lie in the low-to-moderate range. Currently, agricultural tariffs in Oman are lower than in India, indicating an opportunity for India to expand its processed food exports if appropriate market access commitments are secured through CEPA negotiations. In addition, several non-agricultural sectors - such as base metals, minerals, machinery, chemicals, and gems and jewellery - also face low to moderate tariff levels, which closely match India's established export strengths in the region. The bilateral CEPA is expected to substantially lower tariffs in the 5 per cent bracket, which would provide India with expanded market access in numerous commodity categories.

3.4 Trade Facilitation

The India–Oman CEPA positions trade facilitation as a cornerstone of sustained economic growth and integration. By simplifying procedures, harmonising standards, and embracing digital systems, trade barriers are lowered, and enterprises gain the assurance of predictable policy environments (Chaturvedi, 2006). These reforms expand market opportunities, restore confidence among investors and traders, and enable the seamless flow of goods and services between the two nations (Banerjee, 2009). The improvements steered in by CEPA are expected to yield measurable dividends, including lower transaction costs, sharper competitiveness, and stronger connectivity across sectors.

Trade facilitation under CEPA is not merely administrative; it is also strategic. Streamlined border procedures and regulatory transparency reduce cross-border transaction costs that often more than compensate tariffs, while predictable fee structures and simplified documentation cut administrative burdens. Enhanced customs clearance will reduce storage and demurrage charges, directly benefiting trade operators. Institutional reforms such as advanced publication of rules, digital transformation of processes, electronic payments, single-window systems, and paperless trade platforms, etc., will strengthen export competitiveness and support firms more deeply into regional supply chains. By lowering barriers and costs, these measures will also open new avenues for SMEs, ensuring inclusive participation in cross-border commerce and reinforcing CEPA's role as a catalyst for economic integration.

Oman has adopted a broadly liberal tariff framework, signifying a structural departure from its prior protectionist stance since 2003. A comparative assessment of tariff indicators highlights an important divergence between the average simple tariff (AST), which signals policy design, and the import-weighted tariff (IWT), which captures effective protection. Over time, Oman's falling Import-Weighted Tariffs (IWT), coupled with a largely stable Average Simple Tariff (AST), highlight sustained reductions on high-value bulk imports, reaffirming the nation's commitment to open trade. Nevertheless, the pace of tariff liberalisation has varied significantly across different sectors. The mineral sector has remained largely unchanged, with AST and IWT converging since 2003, signalling limited policy intervention. Manufacturing tariffs have displayed greater dynamism, with periodic divergence between AST and IWT suggesting selective tightening during global downturns, while maintaining an overall liberal approach. Agricultural tariffs exhibit limited effective reform, as IWT has remained largely unchanged. Sectoral tariff structures display marked variation, with many industries concentrated around the 5 per cent band.

From India's perspective, Oman's low-to-moderate tariff regime, especially in processed foods, minerals, chemicals, machinery, and metals, closely complements India's export strengths. The India-Oman CEPA is expected to yield substantive gains, both through liberalisation of tariffs and, more importantly, through improvements in trade facilitation mechanisms. The combination of simplified customs processes, digitalisation, regulatory transparency, and reduced transaction costs is expected to foster deeper supply chain integration, broaden SME participation, and consolidate CEPA's role as a long-term mechanism of bilateral economic resilience.

4 Trade of Oman with the World

The external sector of Oman has been a high-performing one in the Gulf region, consistently posting a trade surplus from 2002 to 2023. However, the continuation of the persistent trade deficit on account of the successive slump in global oil prices had its downside risks in managing the macroeconomic stability of the country. During the phase of global buoyancy and the early phase of the global recession, the Omani economy could withstand the pressure of fluctuations in global petroleum prices. The oil shocks during 2014-16 and 2020-23 could adversely affect the export earnings of the country, causing serious fiscal imbalances. As a high-income country, the import curve of the country continued to rise despite intermittent import controls from time to time. During the past two decades, the country's export sector has been rather more volatile than its import sector.

The rising trend of the country's exports continued until 2013 despite the global recession set in 2008, but it started receding persistently since the beginning of the second phase of the global recession. Figure 4 shows the rise and fall of the country's exports and imports in different trade regimes and their divergent growth paths during 2002-23. The export sector is highly susceptible to external shocks, which continued to grow steadily until 2013. In the face of declining exports in the subsequent years, the trade gap was narrowing sharply, leaving little room for a trade surplus to continue for the country until 2016. Following the fall in exports, the country again experienced a rise in trade surplus with a sudden increase in exports in the subsequent two years. However, Oman also could not exploit its full potential from the domestic export sector on account of the country's struggle with other pressing issues, including the 'middle-income trap' and 'Dutch Disease'.

The country has been a vibrant trade surplus nations during the past two decades. Because of the mounting trade surplus for the country based on petro-dollars, there was low provision for income tax in the country (Maashani et al, 2025). The state was in a position to maintain a subsidy regime for a long time. With the onset of the global recession, the trade surplus declined in 2007 and 2009 but revived again in the subsequent years. The country recorded the highest trade surplus in 2012 and 2022, valued at $26.51 billion and $27.50 billion, respectively. Trade surplus declined largely during the period of the oil crisis, spanning the period 2014-16, but the trade balance remained positive. This was the period of the massive oil shock, when the trade surplus narrowed substantially to the bare minimum level. With the rise in domestic political tensions, the West Asia crisis, the global pandemic and the Russia-Ukraine conflict, Oman experienced fluctuations in trade surplus from time to time. The glory of an oil-rich country was suspended, and a financial crisis ensued (Doshi, 2023). The country's trade surplus reduced to an unsustainable level during 2015-17 and in 2020.

After major oil price shocks, the trade surplus situation improved from time to time. With the gradual increase in imports, the required cushion through export surplus was substantial, which can also be observed in 2022. The Omani economy was confronted with a serious situation and the need for domestic reforms (Ennis & Al-Saqri, 2021). External support was warranted to overcome the domestic financial and payment crisis. In the face of declining export revenue, the state was compelled to undertake comprehensive austerity measures. The strategy was outlined in the MTFP 2000-24 policy document in 2000 (Government of Oman, 2020). At this point, Oman is compelled to undertake several measures, including signing of FTAs with a few countries to control its import bill, augment exports in non-oil sectors and mobilise liquidity to overcome the present financial crisis. China has taken advantage of being the largest trading partner of the country in terms of securing price concessions in oil from the country (Chen, 2011). India should examine the areas where it can optimise its economic interest in specific trade and non-trade sectors, including working conditions of the Indian workforce, accessing better terms in the pharmaceutical sector, etc.

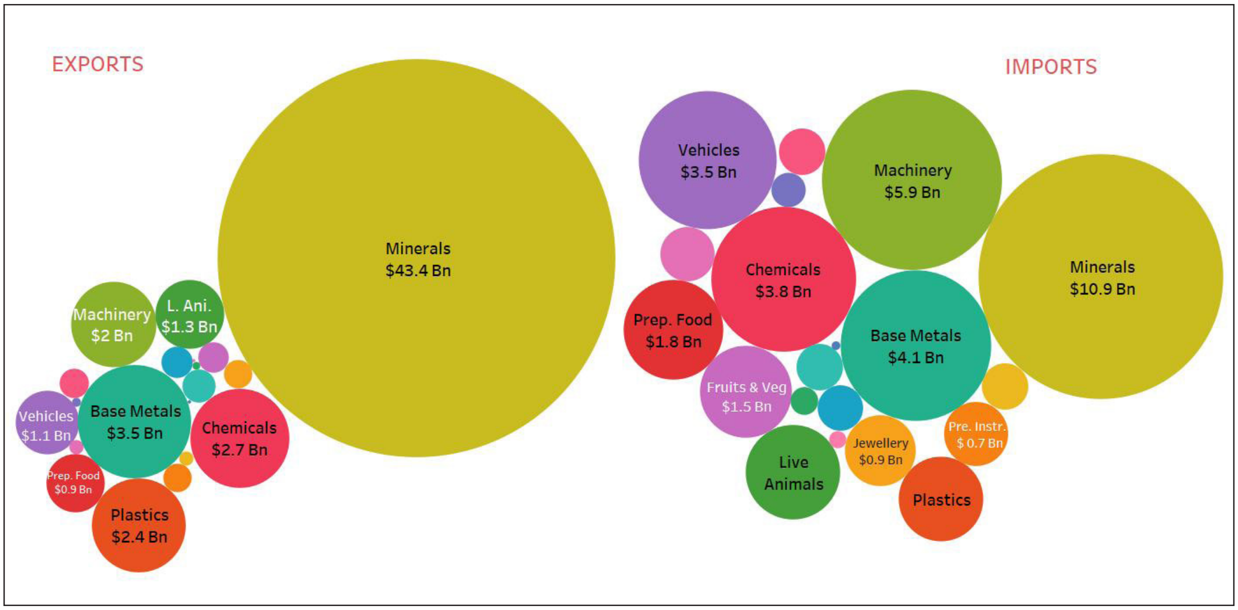
The mineral is the dominant sector in the country, mostly led by the petroleum sector (Alshubiri, Tawfik & Jamil, 2020). Domestic production sectors are linked to the hydrocarbon sector. Therefore, specific production sectors like urea-based chemicals, plastic, etc., are developed

Figure 4: Volatile Exports and Steady Rise of Omani's Imports to the World

($ billion)

Source: Authors' own based on Comtrade, WITS, World Bank 2025.

Figure 5: Oman's Sectoral Trade with the World in 2023



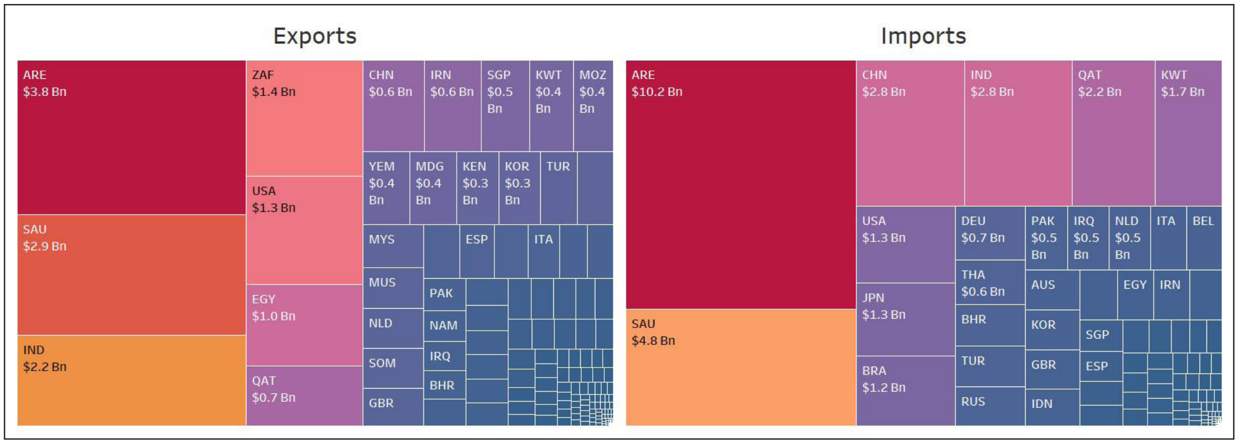
Source: Authors' own based on Comtrade, WITS, World Bank 2025.

in the country around the hydrocarbon sector. Because of the large petrochemical sector in the domestic economy, a few production sectors are seen, and this syndrome is known as "Dutch Disease" (Hassan, 2024; Al Musalami, 2016). Several of these economies resort to large imports in diversified sectors for domestic consumption. Therefore, the export basket of the country has been different from its import basket, as presented in Figure 5. In the export basket of Oman to the world, the petroleum sector and other related sectors, such as urea-based chemicals and plastics, dominate. There are several high-ranking sectors from non-oil sectors found in the export basket of the country, and most of them are in the manufacturing sectors, such as base metals, machinery and automobiles in 2023.

From the total of $59 billion of exports of the country in 2023, 73.5 per cent of it was contributed by the mineral sector. The manufacturing sector also shared $12.8 billion worth of exports, which amounted to 21.7 per cent of the country's total exports. In terms of the value of export proceedings from the manufacturing sector, the most important sub-sectors were base metals, petrochemicals, plastics, automobiles and mechanical appliances in order of their contribution. The size of the agricultural export was small, but it contributed $2.7 billion worth of exports in the same year. The sector shared 4.5 per cent of the country's total exports, where most of the broad agricultural export sectors participated in the export activities, including prepared foodstuffs, animal products, fruits & vegetables and fats & oils. However, in most of these sub-sectors, imports were substantially large.

Following the 2020 petroleum price crash, the situation improved in the subsequent years. The trade balance of Oman improved with the correction in global oil prices. The import structure of the country has been more equitable than the export sector, due to the dominance of natural resources in the monolithic hydrocarbon sector (Charabi, Al-Awadhi & Choudri, 2018). The total import bill of the country stood at $38.7 billion, where the lion's share was with the manufacturing sector, with 57.9 per cent of the total in 2023.

Figure 6: Oman's Major Trading Partners, 2023



Source: Authors' own based on Comtrade, WITS, World Bank 2025.

The agriculture and mineral sectors accounted for 13.8 per cent and 28.2 per cent of total imports, respectively. In the manufacturing imports, important sectors were machinery and mechanical appliances, base metals, automobiles and pharmaceutical products. In terms of HS sections, the largest import sector was minerals, showing the domestic requirement for non-oil minerals for various manufacturing activities. In the agricultural sector, the value of imports was mostly similar for fruits and vegetable products, prepared food & beverages and animal products. The import requirements for the country have been relatively low for animal fats and vegetable oils. These eight sectors from a total of 21 sectors constituted around 85 per cent of the total import bill of the country in 2023. The country had a trade surplus in two sectors, namely, minerals and plastic products. Most of the sectors are directly linked to the hydrocarbon sector in the country. The rest 19 trade sectors experienced a negative trade balance in the year. The trade surplus in the mineral sectors in the same year balanced out the trade deficit in all other sectors, making the country a trade surplus economy.

The recent trade trends indicate that the major destinations of GCC countries have been the GCC region (Eskandar, 2022), and Oman is not an exception, as shown in Figure 6. It is estimated that the intra-regional trade ratio was 8 per cent in 2000, increased to over 10 per cent since 2015, but declined to 9.2 per cent in 2023. It is evident from the IRT statistics that integration between GCC countries has been picking up significantly, but has been adversely affected due to the recent global disruptions.

The major export destinations of Oman include countries from the GCC region like the United Arab Emirates, Saudi Arabia and Qatar. Other than these three GCC countries, India, South Africa, the United States, and Egypt are also major export destinations of Oman. The export destinations are more diversified across the globe than the import destinations. However, in the case of its imports, the destinations are quite limited. Nearly 26.3 per cent of its total imports in 2023 were accounted for by the United Arab Emirates. The GCC countries together accounted for nearly half of Oman's total imports in 2023. China and India were the second-largest exporting countries, contributing 7.2 per cent each to Oman in 2023, followed by the United States with a share of 3.4 per cent in the same year. It is observed that China has risen as an important import destination for Oman in the past few years (Yenigun, & Maashani, 2020).

4.2 Trade in Services

Trade in services constitutes a pivotal pillar of the India–Oman Comprehensive Economic Partnership Agreement (CEPA), extending bilateral engagement well beyond traditional goods trade and enabling deeper economic integration. High-value service sectors such as information technology, finance, logistics, healthcare, education, and professional consultancy are increasingly central to growth in both economies, generating skilled employment, innovation, and investment opportunities. By addressing regulatory barriers, easing market entry, and strengthening digital connectivity, CEPA creates the institutional conditions needed to expand cross-border service delivery. Digital platforms and harmonised regulatory practices can significantly reduce transaction costs, enabling enterprises—particularly knowledge- and skill-intensive firms—to scale operations regionally. Stronger service linkages also complement goods trade by supporting logistics, finance, and after-sales services, thereby improving the overall competitiveness of bilateral supply chains. Services trade under CEPA also supports economic diversification in both countries. For India, it reinforces strengths in IT-enabled services, professional expertise, and healthcare delivery. For Oman, it aligns with national objectives to move toward a knowledge-based and service-oriented economy. As service flows deepen, they will attract investment, facilitate technology transfer, and support both countries more firmly within regional and global value chains. Services play a vital role in Oman as it accounts for the largest share of its GDP and play a vital role in the country's diversification strategy (Boughanmi and Riyami, 2019).

Table 1 presents an empirical examination of sectoral global competitiveness between India and Oman, with comparative insights from selected GCC countries. The study evaluates broad sectors and their sub-sectors to identify patterns of specialisation among participating economies. India exhibits distinct competitiveness in manufacturing services, other services, and personal, cultural, and recreational services. Oman, meanwhile, demonstrates clear strength in the travel sector and its associated sub-sectors. Areas of shared competitiveness—such as sea transport, air transport, construction, and telecommunications indicate limited bilateral trade opportunities, as both countries already perform strongly in these domains. The analysis, conducted in the pre-CEPA context, also considers the competitive positioning of other GCC economies vis-à-vis global markets. Within the travel sector, India and Oman each hold unique advantages, while in certain sub-sectors, they jointly demonstrate competitiveness.

Oman's external sector has long been one of the Gulf's strongest performers, consistently generating trade surpluses during the last two decades. These surpluses, however, have relied heavily on hydrocarbon exports, leaving the economy exposed to fluctuations in global oil prices. Oman showed resilience during periods of global growth and the early stages of recession, but successive oil price shocks during 2014-16 and 2020–23 showed serious vulnerabilities. Export earnings declined, fiscal imbalances widened, and overall macroeconomic stability was under pressure. Despite occasional import controls, Oman's high-income status ensured imports continued to rise, making exports more volatile than imports over the past two decades. Exports grew steadily until 2013, even after the 2008 recession, but then entered a prolonged decline during the prolonged recession. This contraction sharply reduced the trade surplus by 2016, though a brief recovery followed as exports rebounded. Structural challenges—including dependence on hydrocarbons, symptoms of Dutch Disease, and difficulty escaping the middle-income trap, limited diversification and constrained domestic production potential (Hakro and Pandow, 2019). Oman posted

Table 1: India–Oman Services Trade Competitiveness (RCA): A Comparative Perspective in 2022

Sl	Sector	Competitiveness for			Remarks
		India	Oman	Both	
1	Manufacturing Services on physical inputs owned by others	-goods for processing	-None		None from GCC
2	Maintenance and repair services	-None	-None	-None	None from GCC
3	Transport	-Sea transport -Sea transport, Passenger, freight, other -Air transport -Air transport, freight, other -Transport, freight, other, postal	-Overall -Sea transport, other -Air transport -Air transport, passenger, other -Transport, passenger, other, postal	-Sea transport, other -Air transport Transport, other	-Sea transport, other (KWT) -Air transport (KWT)
4	Travel	-None	-Overall -Other travel business, personal		
5	Other Services	-India has	-None		
6	Construction	-In the reporting country, abroad	-Overall, abroad	-Abroad	-Overall, reporting country
7	Insurance and pension services	-Direct insurance	-Overall	-None	-Overall (KWT, direct insurance) Overall (QAT)
8	Financial services	-None	-None	-None	-Overall (SAU)
9	Charges for intellectual property	-None	-None	-None	
10	Telecom, Computer & info. Serv.	-Overall, telecom	-Telecom	-Telecom	-Overall, telecom (KWT)
11	Other business services	-Management consulting services	-trade-related other services		
12	Personal, cultural recreational	-Audio-visual, other cultural, recreational	-None	-None	
13	Government Goods & Services	-None	-None	-None	

Source: Authors' estimation based on Balance of Payments Statistics, International Monetary Fund, Washington, DC.

Note: The Revealed Comparative Advantage (RCA) Index above one indicates that a country has a comparative advantage in a particular sector. In this Table, KWT stands for Kuwait, QAT for Qatar and SAU for Saudi Arabia.

record surpluses in 2012 and 2022, supported by favourable oil prices. By contrast, periods such as 2015–17 and 2020 saw decline in surpluses to near unsustainable levels amid geopolitical tensions, regional instability, pandemic, and global uncertainties. Petroleum continues to dominate Oman's production and trade profile. Hydrocarbon linkages have shaped certain industries such as petrochemicals, plastics, and urea-based chemicals, while supporting import dependence in consumer goods. Manufacturing exports were led by base metals, petrochemicals, plastics, automobiles, and machinery, while agriculture contributed a modest share. Imports were more diversified, dominated by manufactured goods, followed by minerals and agriculture. GCC trade integration has improved, but weakened slightly after recent global disruptions. Oman's exports are relatively diversified, reaching GCC partners, India, the United States, and Africa, while imports remain concentrated in the UAE, China, and India. Overall, the trade surplus remains structurally tied to hydrocarbons, highlighting the need for diversification to secure long-term stability.

Comparable overlaps are observed in construction, telecommunications, and computer and information services. At the same time, both countries reveal weaknesses in manufacturing services, maintenance and repair, financial services, intellectual property services, and government goods and services. These deficiencies highlight the importance of leveraging support from GCC partners and external economies to facilitate effective regional trade. Kuwait is emerging as a competitive player in sea and air transport, direct insurance, and telecommunications; Qatar in insurance and pension services; and Saudi Arabia in financial services. The preliminary evidence suggests that the India-Oman CEPA could generate significant benefits for bilateral services trade. Furthermore, it offers a potential template for India in shaping a regional India-GCC CEPA, designed to optimise collective competitiveness and maximise regional gains in trade in services.

Within the CEPA framework, trade in services has emerged as one of the most promising and structurally synergistic pillars. The agreement positions India's strong comparative edge in knowledge- and skill-intensive services alongside Oman's growing competitiveness in transport, logistics, tourism, and energy-related services. India contributes globally recognised, cost-effective capabilities in IT, business process management, engineering, professional consulting, and niche financial services. CEPA may offer Indian firms easy access to Oman's public and private sectors, opening pathways for advanced solutions in cloud migration, cybersecurity, and digital government initiatives across Omani free zones.

Oman demonstrates significant strength in services trade through its strategic maritime position and sustained investments in Salalah, Sohar, and Duqm ports. It's expanding tourism and private healthcare sectors, coinciding with India's established expertise in affordable tertiary care, medical tourism, and wellness services. Financial services and fintech emerge as another area of convergence. With regulatory reforms and investment facilitation, particularly under the new BIT agreement, Oman's diversification agenda in services may be accelerated. However, the full potential of these complementarities hinges on overcoming critical constraints, notably standards harmonisation, transparent procurement, and robust data governance.

Oman has emerged as one of the Gulf's most resilient economies, with its external sector consistently generating surpluses supported by hydrocarbon exports. Over 2002–2023, this surplus ensured prolonged fiscal stability and enabled effective macroeconomic management. At the same time, the economy's structural dependence on petroleum revenues rendered it highly vulnerable to fluctuations in global oil prices. During periods of global buoyancy and the early phases of economic slowdown, Oman demonstrated a degree of resilience in absorbing price volatility. However, successive oil price shocks, most notably during 2014-16 and 2020-23, exposed macroeconomic fragilities of the economy. These shocks triggered sharp contractions in export earnings, widening fiscal imbalances, and a significant narrowing of the trade surplus to near unsustainable levels. Although temporary rebounds occurred after oil price adjustments, the longer-term pattern revealed a clear imbalance, with exports exhibiting significantly greater volatility than imports. As a high-income economy, Oman experienced sustained growth in import demand, which persisted despite periodic control measures and ultimately accentuated structural asymmetries in its trade profile.

Persistent symptoms of Dutch Disease and the country's difficulty in escaping the middle-income trap further constrained economic diversification. The dominance of hydrocarbons shaped the production structure, encouraging the development of downstream industries such as petrochemicals, plastics, and urea-based chemicals, while limiting the expansion of broader manufacturing activities. Trade surpluses were confined largely to the mineral and plastic sectors, while most other industries recorded persistent deficits. Over time, Oman has consolidated its trade linkages within the GCC; however, global shocks in recent years have disrupted the intensity of intra-regional exchanges. Export markets of Oman remain relatively diversified across GCC partners, India, Africa, and the United States, whereas imports are heavily concentrated, particularly from the UAE, China, and India. In this context, trade liberalisation and strategic economic partnerships have assumed growing importance. The India-Oman CEPA holds particular significance, especially through its strong emphasis on services trade. By aligning India's comparative advantage in knowledge-intensive services with Oman's expanding capabilities in logistics, transport, tourism, and energy-related services, CEPA could offer a wider scope for trade diversification, investment expansion, and deeper integration into regional and global value chains.

5 India-Oman Bilateral Trade in Goods and Investment

5.1 Trends in Bilateral Goods Trade

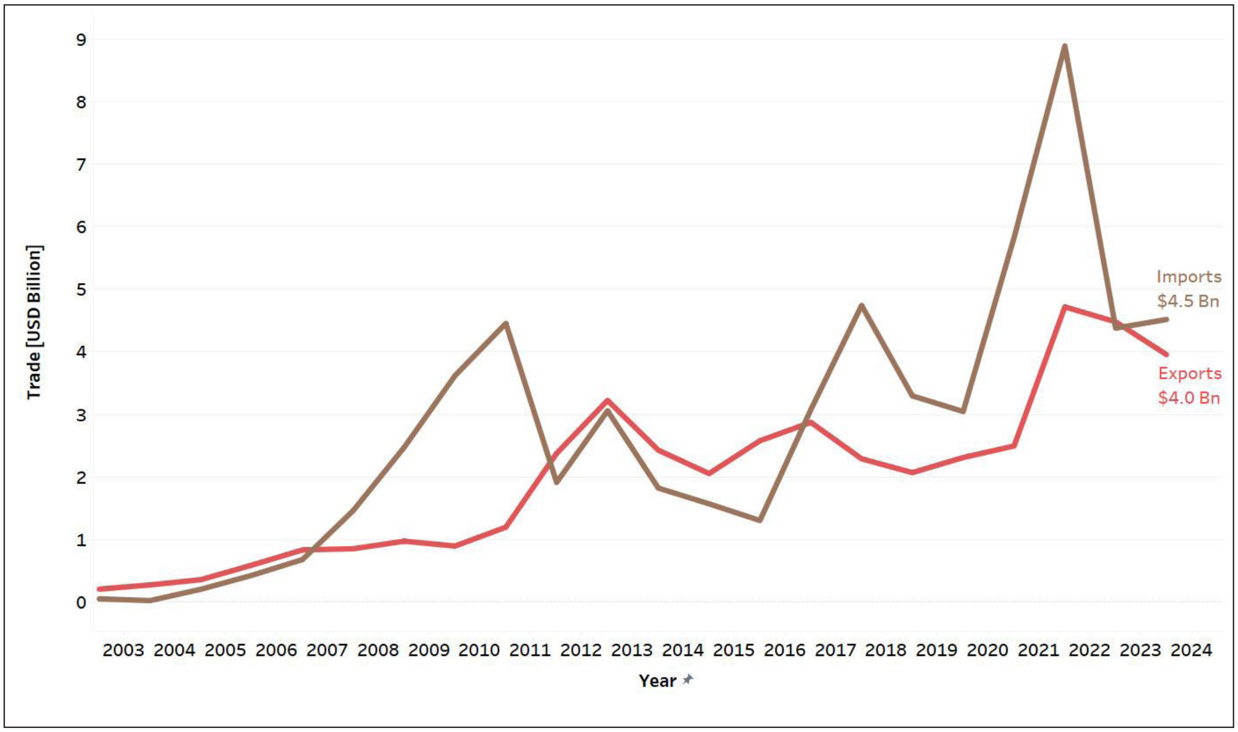
Global trade regimes have significantly influenced Oman's trade with India and the world. Oman has been registering a trade surplus with the global economy over the last two decades, with varying intensity, while experiencing fluctuations in both directions during the same period. In certain periods, the bilateral trade balance was positive, and in certain other periods, it turned out to be negative. Figure 7 presents India's goods trade with Oman over the past two decades. The pattern of trade is similar between India and the world in both exports and imports, barring some years in the case of exports. As far as imports of Oman from India are concerned, the sector was rising during buoyancy and continued to increase in the first phase of the global recession. The imports were relatively more volatile in the second phase of the recession in the case of both India and the world.

The imports of Oman in recent years, i.e., 2019-22, have experienced a consistent rise with India and the world. A notable difference can also be seen in terms of the difference in scale. India accounts for only 7.2 per cent of Oman's imports and 3.7 per cent of its exports to the world in 2023. With the world economy, Oman has been maintaining a trade surplus regularly. The country faces mounting challenges when the trade surplus is reduced under the influence of the price crash of petroleum products (Ennis, & Al-Saqri, 2021). The country is comfortable when the trade surplus with the world goes up to a double-digit level in billion dollars. Similar situations occurred in different years/ periods such as 2008, 2010-14, 2018-19 and 2021-23. The country was in trouble when the trade surplus declined below the threshold level, and several financial anomalies cropped up in different forms, particularly during 2015-17, 2020.

There is no such stylised trade pattern of Oman with India. It has been observed during the last two decades that a phase of bilateral trade surplus is followed by another phase of trade deficit between the two countries, and this process has repeated itself twice in the past. Oman posted a trade deficit with India during the periods 2003-07, 2012-16 and 2023 and a trade surplus during the periods 2008-11 and 2017-22. Oman registered the largest trade surplus with India in 2022, with $4.17 billion, whereas India posted the largest trade surplus of $1.27 billion in 2016. This trend indicates that both countries can complement each other based on their strength in both the petroleum and non-petroleum sectors.

Figure 7: Broad trends in Oman's trade with India and the World: 2003-2024

(USD billion)



Source: Authors' own based on Comtrade, WITS, World Bank 2025.

Oman's export trends with India are mostly dependent on crude and petroleum products, and the global factors influence the pattern of trade in these sectors (Varghese, John, & Qatroopi, 2016). Exports to India are more volatile than exports to the world. However, the pattern of trade continued to be similar for both India and the world, except in 2009 when India's imports from Oman reported an increase as compared to the world, where it fell significantly in the aftermath of the global financial crisis and also in 2012 when Oman's exports to India fell vis-à-vis its overall exports to the world. The proposed free trade agreement may bring parity in the existing trade patterns with Oman and may become favourable for India.

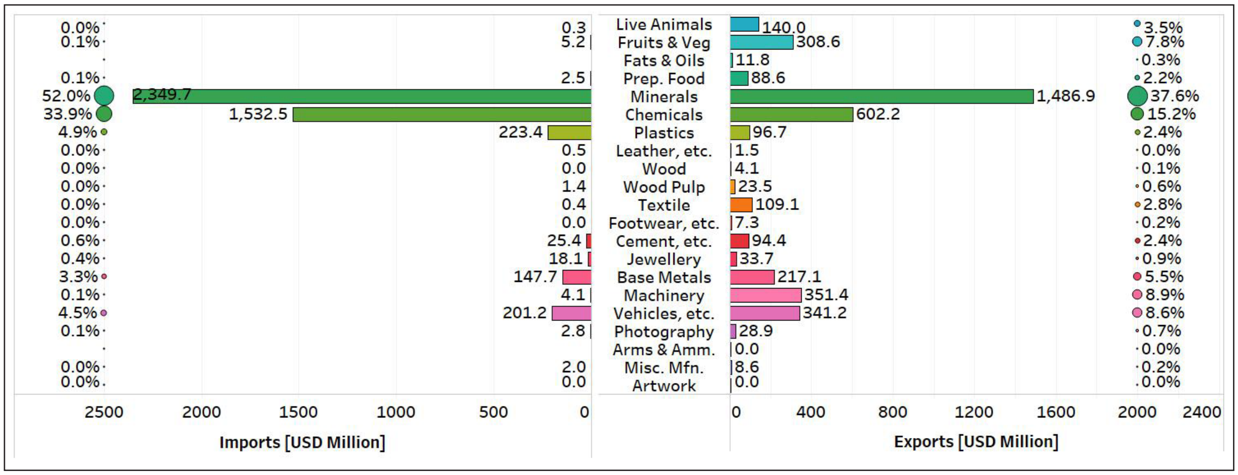
5.2 The Composition of Bilateral Trade in Goods

India's exports to Oman are diverse and cover more sectors than what it imports from the country. The mineral trade is the most important sector for bilateral trade for both exports and imports, as shown in Figure 8. A majority of India's exports to Oman are spread over six HS sections, including minerals, chemicals, vehicles, machinery, fruits and vegetables, and base metals, constituting nearly 83.6 per cent of India's total exports to Oman in 2024. On the other hand, India is heavily dependent on Oman in four sections, i.e., minerals, chemicals, vehicles and plastics. Mineral products covered almost two-thirds of India's imports, and minerals combined with chemicals, vehicles and plastics formed 95.3 per cent of bilateral imports in the same year.

Within the mineral sector, it is HS chapter 27 concerning mineral fuels and oils that dominates bilateral trade with a large number of products. Its share in India's exports and imports from Oman accounted for 37.2 per cent and 41.2 per

Figure 8: Structure of India's bilateral trade with Oman in 2024

(USD million)



Source: Authors' own based on Comtrade, WITS, World Bank 2025.

cent, respectively, in 2024. Mineral oil exports of India to the country were $1.4 billion, which is mostly in the refined oil sector in 2024. Besides hydrocarbons, India exports other minerals at a minuscule level. Chapter 88 (aircraft, spacecraft and parts thereof) is also an important export sector for India, and the sector has shown the presence of intra-industry trade (IIT), as shown in Figure 9, between India and Oman, implying simultaneous exports and imports of similar products by both contracting parties.

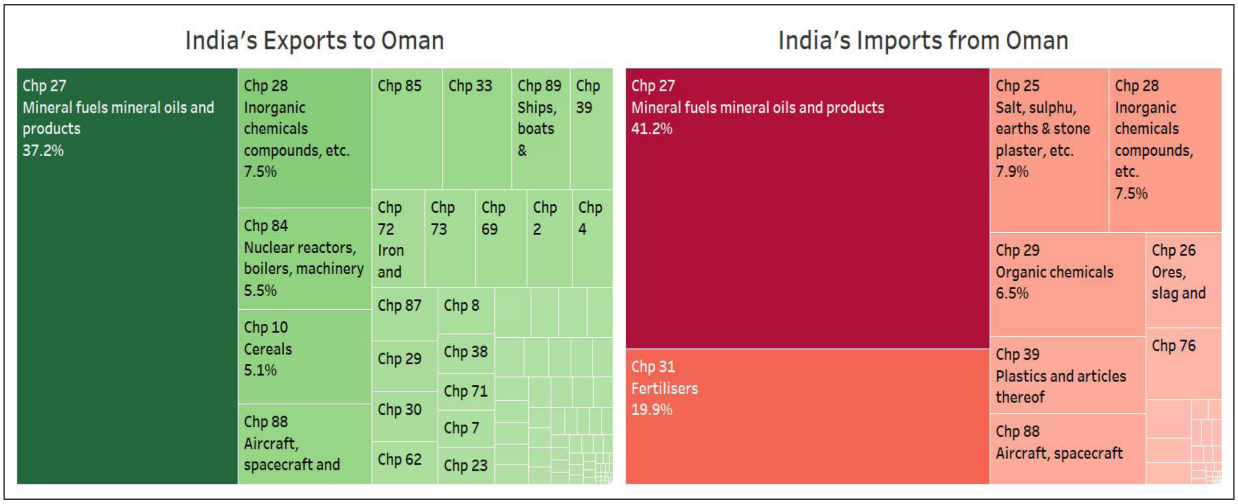
In the machinery sector, exports of electrical products are becoming a primary driver. The export of goods in the chemical sector is led by both inorganic and organic chemical sub-sectors, accounting for nearly 8.8 per cent of total exports to Oman. Other important segments of Indian exports include aircraft and spacecraft parts, essential oils & resinoids, plastics, metals, such as iron & steel. Besides, India's agricultural export interest in Oman includes products from cereals, edible vegetables and fruits, meat, dairy produce, coffee, tea, and sugar. In the current disposition with Oman, the Indian export sector has been in the driving seat, but it has culminated in a low level of exports to the country in recent years (Kumaraswamy, Quamar, & Hameed, 2020). Some efforts are needed through the trade negotiations to invigorate the process of exports more effectively.

In comparison with exports to the region, India's bilateral import basket has been concentrated in a few selected sectors. For this reason, analysis at a disaggregated level could be useful for understanding bilateral import dynamics with Oman. The narrow import basket is dominated by mineral fuel, mostly crude (Chapter 27). Besides hydrocarbons, the import of fertilisers (Chapter 31) is the second largest import segment from Oman, amounting to nearly 20 per cent in 2024. Other than fertilisers, organic (Chapter 29) and inorganic (Chapter 28) chemicals account for nearly 14 per cent of total imports from the country. India is also importing aircraft, spacecraft and parts thereof (Chapter 88) and plastic products (Chapter 39) from Oman. Besides, some imports are also taking place in the agricultural and other manufacturing sectors.

Since Oman is gradually moving out of the hydrocarbon sector and focusing on the manufacturing sector (Kumaraswamy, Quamar, & Hameed, 2020), India may find it

Figure 9: Structure of India's disaggregated imports and exports to Oman, 2024

(per cent)



Source: Authors' own based on Comtrade, WITS, World Bank 2025.

appropriate to import non-oil products from the region. It is evident from Figure 10 that both countries are engaged in the export of fossil fuels to each other in different forms. India is also a major supplier of fuel to Oman. Both countries can vigorously trading in other non-hydrocarbon sectors besides mineral fuel. It does not matter much if the hydrocarbon sector will be put outside the purview of the bilateral trade inquisition.

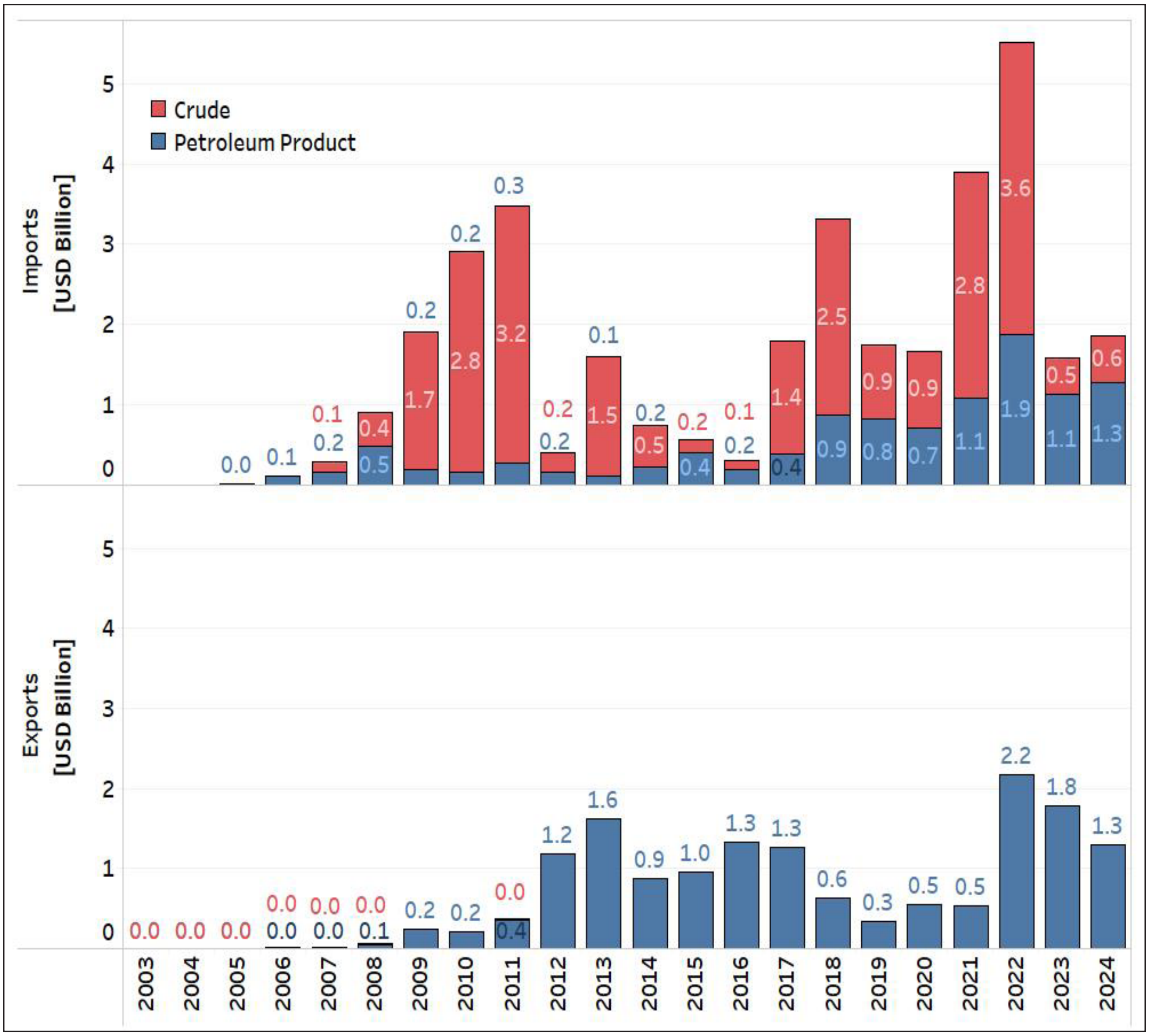
5.3 Bilateral Crude Trade

Mineral fuel is not a monolithic sector so far as trade is concerned. The sector is further disaggregated into crude and petroleum products, where the trade response has been different among different stakeholders. India's exports and imports of petroleum products and crude with Oman during 2003-24 are shown in Figure 10. In the fuel sector, trade linkages with Oman have been mostly for imports of crude (Hameed, Quamar & Kumaraswamy, 2022). India hardly exports crude to the country. Therefore, imports from the crude sector turn out to be a net trade deficit for India. In this segment of crude petroleum, India's imports from Oman fluctuated from $0.1 billion in 2006 to $3.6 billion in 2022. In the petroleum product segment, India has an intra-industry trade (IIT) with Oman, as it has been exporting petroleum products to Oman since 2006. Petroleum exports to Oman have reached an all-time high of $2.2 billion, over 4 times higher than the previous year in 2022. However, it has further reduced in the last two years and reached to $1.3 billion in 2024.

It is a great concern that India's export market in Oman has been shrinking gradually over the last couple of years (Kumaraswamy, Quamar, & Hameed, 2020), especially during the period 2018-21 and again in 2023-24. Though the exports bounced back in 2022, the volatility in exports of petroleum products is visible in India's bilateral export trends during the last two decades. In this regard, the United Arab Emirates is a more dependable partner of India in both exports and imports of petroleum products (Goyal, & Vajid, 2016). India has been importing petroleum products regularly from Saudi Arabia and is also exporting similar products substantially to the country (Alzahrani & Salah, 2020). However, India has been gradually losing its market access in Saudi Arabia in recent years and has to look for new markets to maintain its market share in the region. All-around efforts are to be made

Figure 10: India's Bilateral Trade with Oman in the Hydrocarbon Sector: 2003-2024

(USD billion)



Source: Authors' own based on Comtrade, WITS, World Bank 2025.

to regain access to the market. In this product segment, India is making substantial imports from Qatar but has not been able to make similar levels of exports to the country. The export surge of India to Oman in petroleum products in 2022 is an eye-opener for the country to explore market opportunities in Oman and other Gulf countries. India's trade potential in the sector needs to be explored in Oman and other Gulf countries to evolve a long-term trade strategy for the Gulf region.

5.4 Trade Prospects in the Agricultural Sector

Agriculture has emerged as a key sector in the India–Oman CEPA negotiations, reflecting the complementary economic structures of both nations and their longstanding partnership across oil and non-oil trade, including agriculture. India is a global supplier of diverse agricultural commodities, including cereals, beverages, fisheries, processed foods, and horticulture, while Oman contributes significantly to niche agro-products such as dates, saffron, and processed foods. Bilateral engagement in agricultural trade is further reinforced by India's strong diaspora presence in Oman and the wider region.

The CEPA is expected to reduce Omani tariffs to near zero across most agricultural products, with India reciprocating through comparable market access. This framework provides an opportunity to optimise agricultural trade flows and establish bilateral value chains specific to mutual needs. India's strengths in production and food processing, combined with Oman's strategic role as a distribution and re-export hub to the Middle East, Africa, and Central Asia, create a natural division of labour. Joint ventures will be instrumental in realising this division of labour.

In the Post-CEPA period, India is likely to secure expanded market access, while Omani exporters will benefit from reciprocal concessions to tap into India's large consumer base. Food value chains can be designed to address consumer preferences in both markets; for instance, India's substantial demand for dates can be met through Omani supply, processed domestically for local consumption. Similar models can extend to other food processing sectors.

To institutionalise these opportunities, a joint working group on agriculture could be established to identify value chain linkages in cereals, horticulture, fisheries, and processed foods. Leveraging India's technological expertise in mechanisation and irrigation can reduce production costs, while Oman can focus on branding and regional distribution. Trade facilitation measures such as digital customs systems and harmonised standards will further lower transaction costs and enhance predictability.

Capacity-building initiatives for MSMEs and farmers will be critical to ensure compliance with international standards and to expand market access beyond bilateral boundaries. Ultimately, the CEPA can strengthen food security, diversify production in high-value commodities, and deepen economic integration, aligning with the long-term strategic visions of both India and Oman.

5.5 India and Oman Bilateral Investment Trends

Over the decades, India and Oman have transformed their historic maritime and cultural ties into a thriving investment partnership. This collaboration highlights the complementarities between the two economies, with each nation leveraging its areas of specialisation to strengthen bilateral engagement. Oman has emerged as a leading investor in India, particularly in petrochemicals, infrastructure, and related industries (Kumaraswamy, Hameed and Quamar, 2023). Meanwhile, India has taken the forefront in Oman, investing in manufacturing, healthcare, and construction. The presence of more than 6,000 Indian companies in Oman, coupled with active Omani enterprises in India, demonstrates a strategic synergy and mutual trust that continues to deepen economic cooperation.

India benefits from Oman's geographic advantage as a gateway to the Gulf region and Africa, while Oman gains access to India's expansive market. Oman's diversification strategy, moving beyond hydrocarbons, has created opportunities for Indian ventures in advanced sectors such as green hydrogen, shipbuilding, healthcare, agriculture, and construction. At the same time, Oman has expanded its investments in India's hydrocarbon and allied industries (Quamar, 2024). The India-Oman Joint Investment Fund, established in 2010, institutionalised this cooperation, providing a structured mechanism for joint ventures and sustained capital flows. The forthcoming CEPA is poised to formalise this collaboration at a time of global economic uncertainty. With tariff tensions reshaping trade dynamics, India and Oman's commitment to diversification and South-South cooperation positions them as dependable partners.

Trends in India Bilateral FDI with Oman

India's bilateral foreign direct investment (FDI) relationship with Oman reveals distinct patterns across the phases of the global recession, as shown in Table 2. Between 2008 and 2016, representing the early global recessionary period, India's outward FDI (OFDI) to Oman displayed fluctuations yet remained consistently stronger than inward FDI (IFDI) from Oman, with an exceptional surge in 2011. During this phase, India's OFDI registered a compound annual growth rate (CAGR) of 23.8 per cent, compared to a modest 7.4 per cent CAGR for IFDI. Overall, OFDI expanded 5.5 times, while IFDI grew by less than twofold.

Table 2: Bilateral FDI flows of India with Oman

(USD million)

Year	FDI	
	Outward	Inward
2008	36.5	31.7
2009	18.0	7.7
2010	140.5	2.5
2011	15.7	267.8
2012	135.0	9.3
2013	101.0	10.8
2014	179.1	4.7
2015	156.8	13.2
2016	202.1	55.8
2017	41.5	22.9
2018	299.2	34.7
2019	49.2	34.9
2020	8.7	21.2
2021	28.2	10.7
2022	23.2	29.8
2023	16.7	3.6
2024	83.7	8.0

Source: Authors' compilation based on Overseas Investment Data, Reserve Bank of India and FDI Newsletter Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry

In the subsequent phase of the global recession (2017–2024), the pace of India's OFDI to Oman slowed but remained positive, registering a CAGR of 10.5 per cent. In contrast, IFDI contracted sharply, recording a negative growth rate of –14 per cent. The post-COVID period witnessed renewed momentum in India's OFDI, whereas IFDI from Oman failed to recover. Both OFDI and IFDI declined significantly during this second recessionary phase, a trend likely influenced by the Bilateral Investment Treaty (BIT). Although India withdrew from the BIT in March 2017, OFDI spiked to $299.2 million in 2018 before falling substantially in subsequent years.

Broad Sectoral Trends in India's OFDI

India's OFDI in Oman has exhibited a pronounced imbalance across sectors since the global recession. Investment flows have occurred both within and outside the BIT regimes in Oman, with sustained growth during 2010 and 2012–2016, when the BIT was active. This momentum was briefly disrupted, though sharp spikes emerged in 2018 and 2024. The renewed vigour in recent years appears closely tied to CEPA negotiations launched in late 2023. Sectoral distribution highlights a disproportionate concentration in industry, which has consistently dominated inflows over the past decade and a half. Agriculture has attracted minimal interest, aside from a notable surge in 2010, with only marginal flows thereafter, as shown in Table 3. Services have drawn intermittent but occasionally significant investments from India, while industry has remained the principal focus for Indian capital regardless of broader trends. Within the industry, manufacturing initially lagged during the early phase of recession but gained momentum following the BIT's withdrawal, a trajectory sustained by expectations surrounding CEPA. Services continue to register modest flows, though with a degree of regularity. Manufacturing, however, has emerged as a robust driver of OFDI, particularly during the second phase of recession. Looking ahead, CEPA is poised to expand opportunities in manufacturing, aligning with Oman's Vision 2040 and reinforcing the sector's strategic importance.

India's FDI in the industrial sector has primarily flowed into manufacturing, construction, and the utilities encompassing electricity, gas, and water. Between 2008 and 2017, a significant share of Indian investment in Oman was directed toward the construction sector. However, in the post-BIT regime, the focus shifted toward manufacturing, a trend that continued until recently. The electricity, gas, and water segment has consistently remained unattractive to Indian investors in Oman and within the services sector, finance, insurance, and business services stood out as the most attractive areas, receiving sustained investment throughout the BIT period. Other sectors, including transport, storage, communication, wholesale and retail trade, and hotels, also benefited from moderate flows. In recent years, Indian investment has begun to appear in community, social, and personal services, marking a diversification of focus.

Performance of Selected Companies in Broad Sectors

Between 2008 and 2024, Indian companies have actively contributed to Oman's economy across diverse sectors. Their presence is particularly strong in industrial activities, with dominance in manufacturing and construction, while

Table 3: India's Outward FDI to Oman

(USD million)

Year	Agriculture and Mining	Manufacturing	Construction	Electricity, Gas and Water	Finance, Insurance and Business Services	Transport, Storage and Communication Services	Wholesale, Retail Trade, Restaurants and Hotels	Community, Social and Personal Services
2008	0.5	4.6	28		1.4		1.6	0.5
2009	2.6	1.6	2		0.5	1.2	10	
2010	59.4	1.8	65.3		13.8		0.2	
2011		1.4	10.7	0.4			3.1	0.1
2012	0.9	35.4	78.8		18.7	0.9		0.3
2013	0.8	6.2	93.2		0	0	0.5	0.4
2014	0	18.9	130.4		28.4	1		0.3
2015	0.2	2.4	150.8		0.2	3.1		0.1
2016		0.2	156.9		44.4		0.5	0.2
2017		6.1	25.8		8.6	1	0	
2018		270.3	26.9		0.6	0.1	1.2	0
2019	0.3	37.6	2.7		0	0.2	4.5	3.9
2020	0.1	7.9			0	0.3	0.2	
2021	0.3						0	27.9
2022	0.1	3.9	18.5		0.2	0.1	0.2	0.1
2023		12.7	0.4	0.2	0.8		0.2	2.5
2024	2.1	67.4	5.5	1.3	4.4	0	0.7	2.3

Source: Authors' compilation based on Overseas Investment Data, Reserve Bank of India the services sector has been led by finance, insurance, and business services. The largest agricultural investment was made by Shivani Oil and Gas Exploration, with a combined OFDI of $63.5 million during 2008–2013. In the industrial sector, manufacturing has attracted a substantial number of Indian firms, followed closely by construction. Leading manufacturing companies include Acme Global Green Hydrogen Pvt. Ltd, Deepak Nitrite Ltd, Hind Aluminium Industries Ltd, IOT Infrastructure & Energy Services Ltd, and Blue Star Ltd. In construction, India's footprint has been significant, represented by firms such as NCC Limited, Simplex Infrastructures Ltd, Nagarjuna Construction Co. Ltd, VA Tech Wabag Ltd, and L&T Hydrocarbon Engineering Ltd. In the services sector, finance and allied services have played a pivotal role, with major investors including Bahwan Cybertek Pvt. Ltd, TQ CERT Services Pvt. Ltd, and Amity Global Varsity Pvt. Ltd. Other service-related contributions are evident in wholesale and retail trade, hospitality, and community services.

India's bilateral OFDI and IFDI flows with Oman have steadily evolved over the years, registering significant progress. However, these investment flows faced considerable strain due to the prolonged global recession and India's withdrawal from the BIT agreement in 2017. Negotiations for the CEPA commenced in late 2023 and were successfully concluded in record time by August 2025. The launch of CEPA in December 2023 signalled the beginning of a new chapter in bilateral FDI relations between the two nations. The inclusion of a new BIT within the trade framework is expected to catalyse large-scale investments across diverse sectors. Early indications of this resurgence have been evident since 2024, and the full implementation of CEPA is expected to amplify the scale and diversity of investment flows even further.

Oman's external trade performance reveals contrasting trends with consistent global surpluses and fluctuating bilateral outcomes with India. Between 2019 and 2022, imports rose steadily from both India and the world, though the scale of engagement remained uneven. Globally, Oman has consistently maintained a trade surplus, largely dependent on petroleum prices. High surpluses in 2008, 2010–14, 2018–19, and 2021–23 provided fiscal strength, while downturns in 2015–17 and 2020 exposed vulnerabilities, reflecting the economy's sensitivity to hydrocarbon cycles. However, bilateral trade with India has been cyclical rather than stable, alternating between surplus and deficit over the past two decades. Oman's surpluses peaked at $4.17 billion in 2022, while India's largest surplus of $1.27 billion came in 2016. These shifts reflect commodity price movements and sectoral dependence rather than structural balance, yet they point to underlying opportunities for complementarity across petroleum and non-petroleum sectors. The volatility in India-Oman trade is closely linked to commodity composition. Oman's exports to India remain heavily concentrated in crude oil and petroleum products, making them more vulnerable to global price volatility than its overall exports. India's export basket, by contrast, is far more diversified, spanning minerals, chemicals, machinery, vehicles, base metals, plastics, aircraft parts, and select agricultural goods. In 2024, six HS sections accounted for over 83 per cent of India's exports to Oman, while imports were dominated by minerals, fertilisers, chemicals, vehicles, and plastics, together exceeding 95 per cent of the total. Within this framework, mineral fuels dominate bilateral flows, though refined petroleum and a few other sectors show signs of intra-industry trade. Despite diversification, India's market share in Oman has weakened, with contractions in 2018–21 and 2023–24. The petroleum surge of 2022 underscores untapped potential between both countries. As Oman advances its post-hydrocarbon diversification strategy, a prospective FTA with India could foster trade, enhance resilience, and broaden sectoral complementarities.

India-Oman investment relations have progressed into a mutually reinforcing partnership, marked by shared strengths and an expanding scope of sectoral cooperation. While Oman has consolidated its role as a key investor in India's petrochemicals and infrastructure sectors, Indian companies have established a substantial presence across Oman's manufacturing, healthcare, construction, and services landscape. The operation of thousands of Indian firms in Oman, alongside the growth of Omani investments in India, highlights the depth of bilateral trust and the evolving institutional framework of economic partnership. Oman's Vision 2040 has further accelerated this agenda by opening new avenues for Indian participation in high-potential sectors such as green hydrogen, shipbuilding, healthcare, agriculture, and construction, reinforcing the transition beyond hydrocarbon dependence. The creation of the India-Oman Joint Investment Fund in 2010 provided an enduring platform for joint ventures and long-term capital mobilisation.

Investment flows have experienced cyclical instability, moulded by worldwide recessions and shifts in regulatory regimes. India's outward FDI to Oman remained resilient during 2008–2016 but slowed during the subsequent recessionary phase, while Omani inflows contracted sharply following the withdrawal of the Bilateral Investment Treaty in 2017. Despite these disruptions, industrial investment, particularly manufacturing, has retained dominance, reflecting sustained strategic interest. The successful conclusion of CEPA negotiations in August 2025 marks a turning point in bilateral relations, signalling renewed investor confidence and laying the groundwork for a more diversified and stable India–Oman investment partnership amid an uncertain global economic environment.

6 Trade Potential of India and GCC

With the reduction of tariff protection globally and its replacement by Non-Tariff Barriers (NTBs), the strategies for trade negotiations have undergone significant change. As the emphasis on policy-induced trade liberalisation is becoming a back burner, trade negotiations have increasingly focused on price competitiveness as the main plank of trade negotiations. This is also known as 'trade creation' effect in the Vinerian sense (Viner, 1950). The concept of trade creation is also understood in the Smithian sense (Smith, 1776), focusing on the absolute cost advantage to identify competitive products and the estimation of their trade potential by considering prices offered by other suppliers in the importing country, making labour cost comparison. With the passage of time, trade negotiations are becoming more complex and new features are added to make the trade model more robust. The methodology for the identification of competitive products and their trade potential at 6-digit HS is estimated for both India and Oman, taking into account supply constraints faced by each partner country. Details of the methodology used in the study are discussed in the following section.

6.1 Methodology for Competitiveness

Export competitiveness is estimated using modified trade creation, based on Viner (1950). In a partial equilibrium framework, export competitiveness is estimated based on the ground realities existing in the global economy. Price competitiveness, whether naturally acquired or policy-induced, is the basis for the estimation of trade potential.

For the estimation of price competitiveness, each product is considered separately at a disaggregated level (i.e., at 6-digit HS level). In this approach, the export price of each product from the j^{th} country is compared with the corresponding prices offered by its competitors in the k^{th} importing country. In this analysis, the trade potential of the j^{th} country (i.e., India) is estimated in the k^{th} country (i.e., Oman).

Competitive Products: Trade Creation

Let us assume that j^{th} country exports i^{th} product to the world at a given price (P_{xiw}). Importing country k has several suppliers for the i^{th} product, i.e.,

Suppliers_{ik} = 1, 2, 3, …., j,…., …., l, …, m, ….,r, ….s,…..,n (1)

Consider another competing supplier s also exporting the same product to country k at a different price (P_{xisk}), where P_{xiw} denotes the export price of j^{th} country, for the i^{th} product in the global market, P_{xirk} represents the export price of the i^{th} product of the s^{th} competitor in k^{th} market. Country j may prefer to maintain its global price in the k^{th} market to maintain its competitiveness, and if this is the case, then $P_{xiw} = P_{xij}$.

For the i^{th} product, if j^{th} country has price competitiveness over a few other competitors in the k^{th} market, then the export price of j^{th} country should be lower than those of other competitors in the k^{th} market. In such a case, the condition may be:

$$P_{xij} < P_{mik} \quad \dots\dots \quad \dots \quad \dots \quad \dots \quad (2)$$

This is the case of the i^{th} product where the j^{th} country has absolute price competitiveness over some suppliers in the k^{th} country. Like i^{th} commodity, all those products where the j^{th} country has competitiveness in the k^{th} country would be j^{th} country's competitive products based on trade creation.

If j^{th} country has price competitiveness in one product, it does not mean that all the competitors in that product category necessarily have higher prices than those of j^{th} country. For a given product, some of the competitors may also offer lower prices than j^{th} country. In that case, j^{th} country must look at the market share of those competitors, whose export prices are higher than that of j^{th} country. The export market share of j^{th} country's inefficient competitors may be considered as its export potential. Viner referred to such trade potential as the trade creation effect of the j^{th} country in a regional trading arrangement.

Suppose j^{th} country exports i^{th} product, while another r number of suppliers are also present for the same product segment in the k^{th} market. Each competitor holds some portion of the market share (Sh_{irk}) in the import of the i^{th} product in the k^{th} market. Therefore, all the suppliers cover a total market share of the k^{th} market for the i^{th} product. It implies the following.

$$\sum Sh_{ikj} = 100 \quad \dots \quad \dots \quad \dots \quad \dots\dots \quad (3)$$

where Sh_{irk} stands for the market share of the r-number of exporters of the i^{th} product to the k^{th} market.

Suppose j^{th} country has price competitiveness over a few competitors (but not all of them) in the export of i^{th} product, in that case, the j^{th} country effectively enters the k^{th} market as a supplier, and the combined market share of uncompetitive competitors (assuming the sum of ratios as α), may be treated as j^{th} country's potential export share.

$$0 < \alpha < 1 \quad \dots \quad \dots \quad \dots \quad \dots\dots \quad (4)$$

where, α denotes the proportion of the market for the i^{th} product, which is covered by the export of less competitive competitors of the j^{th} country in the market of the k^{th} country.

The export potential of the j^{th} country (POT_{ij}) in the exports of i^{th} product in the k^{th} country may be estimated as:

$$POT_{ij} = \psi M_{ij} \quad \dots \quad \dots \quad \dots \quad \dots \quad (5)$$

where M_{ij} stands for total imports of the i^{th} product by k^{th} country from all sources. If ψ is less than 1, it means that the j^{th} country has a price edge over a few competitors and a part of the k^{th} import market (i.e., ψ) will constitute the j^{th} country's potential export. If ψ is equal to 1, it means that the entire import of the i^{th} product by the k^{th} market would be a potential export of the j^{th} country.

Often, trade creation or trade diversion is not fully absorbed by the exporting countries for several reasons, including measurement errors of export/import prices of commodities, data reporting errors, difficulties relating to units of products, data error of reporting countries, quality consideration of products, traditional relationship with the importer vis-à-vis other competing countries, etc., among others. For these reasons, the complete realisation of export potential does not happen fully in the medium term (Mohanty, 2013). Hence, the achievable potential is estimated as:

$$APOT_{ij} = \beta POT_{ij} \ldots \ldots \quad \ldots \quad \ldots \quad (6)$$

where $APOT_{ij}$ is a proportion of the total potential of country j of product i. In this analysis, we have used β as 0.05, based on the experiences of some developing countries. A sum of all products of the j^{th} country in the k^{th} market may, therefore, present the total export potential of country j in market k. This trade potential may be considered as a modified trade creation effect of a regional trading arrangement (Mohanty, 2013; Mohanty, Gaur, Fernandez, & Sikri, 2019). Additionally, there are cases where the export potential of countries, which are smaller in size and production capacities, is to be determined in the market, which is relatively larger in size and production capabilities. In such instances, methodology applies special supply constraints on the exporting country while evaluating the export potential vis-à-vis a larger economy where the export potential is restricted by a certain percentage of its supply of the world. Such a scenario has been used in the case of Oman, where 40 per cent of its total supply to the world has been used as a supply constraint while estimating its export potential in India.

6.2 India's Sectoral Interest and Export Potential in Oman

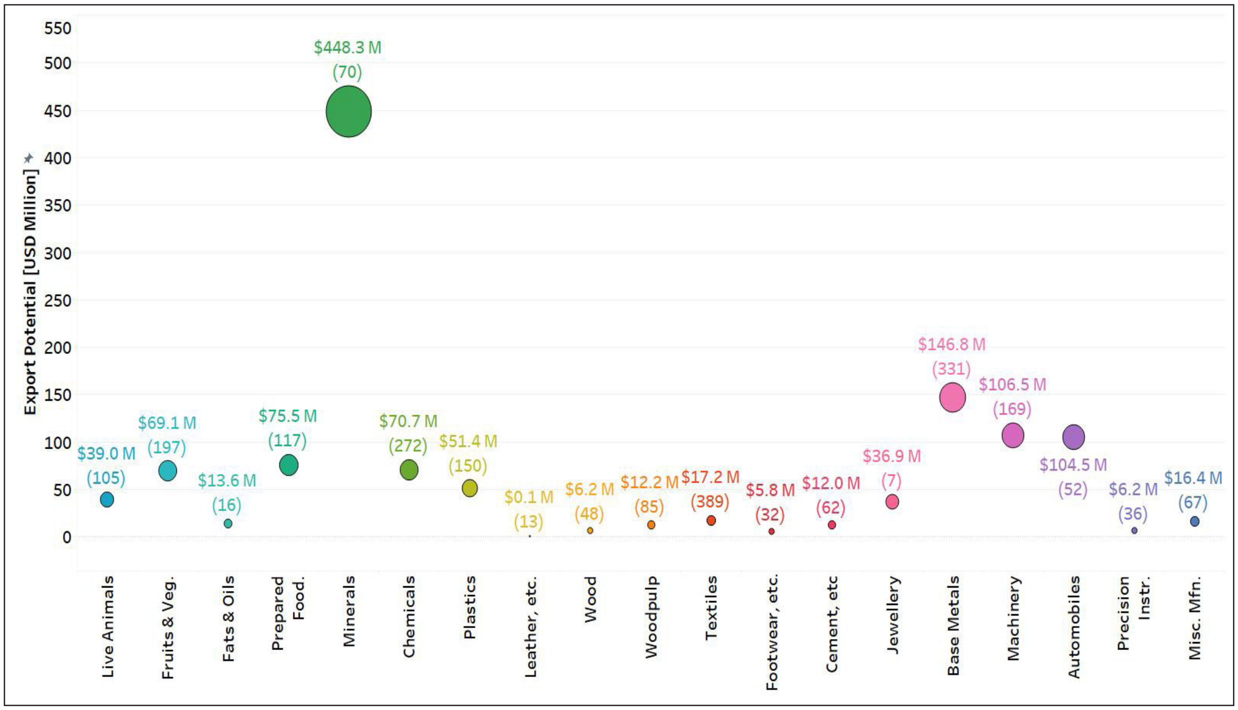
For estimating the trade potential of India in Oman, the modified Viner's 'trade creation' approach is used, arising from its export competitiveness at the most disaggregated product level at the HS 2022 nomenclature. The data for the year 2023 is used, considering the year as a normal one, for examining India's export potential in Oman. Cross-section bilateral data at 6-digit HS is collected from the ComTrade database, World Integrated Trade Solution (WITS), World Bank. India's export potential in Oman is estimated to be around $1.23 billion, which is spread over 2218 unique HS products at 6-digit classification. For the non-oil products, the export potential reduces to $869.5 million. The price competitiveness of India at the disaggregate level is the basis for the identification of competitive products and estimation of trade potential. Empirical evidence shows that among GCC countries, India's export potential is the lowest in Oman. India has already signed a free trade agreement with the United Arab Emirates and has the largest trade interest with the country. India has sectoral trade interests in Oman. Export sectors where India has export potential in Oman can be divided into three groups.

Group 1 includes sectors where India has export potential of more than $50 million and is considered a high preference sector. Such sectors with high preference from India are minerals, base metals, machinery, vehicles, prepared foodstuffs, chemicals, fruits & vegetables and plastics, which constitute around 86.6 per cent of its total export potential in Oman, as shown in Figure 11. Group 2 includes those sectors where the export potential of India is between $10-50 million. This group consists of sectors such as live animals, jewellery, textiles, miscellaneous manufacturing, fats & oils, wood pulp and articles of stone, plaster and cement, amounting to about 11.9 per cent of the total export potential in Oman. Group 3 includes sectors where the export potential is lower than $10 million. These sectors, namely, precision instruments, wood, footwear, headgear and umbrella and raw hides & skins, leather, etc., constitute 1.5 per cent of the total export potential of India in Oman.

Trade potentials are based on products having price competitiveness in the Omani market. Several products having export potential in Oman vary from one sector to another (Pradhan, 2009). In the textiles and base metals, India has a large number of competitive products. The Modified Viner's model could identify 389 products in the textile sector, and 331 products in the base metal sector, which are

Figure 11: India's Export Potential in Oman: Distribution in HS Sections. 2023

(USD million)



Source: Authors' own based on Comtrade, WITS, World Bank 2025.

identified at the 6-digit HS level. The number of competitive products is relatively smaller than in other sectors. There are certain other sectors, like minerals with 70 products and automobiles with 52 products, which are lesser in number but with a high value of export potential. A detailed chapter-wise estimation is shown in Appendix 1. With variations in the level of export potential in different sectors, India may prioritise sectors for trade negotiations based on the level of export potential in Oman.

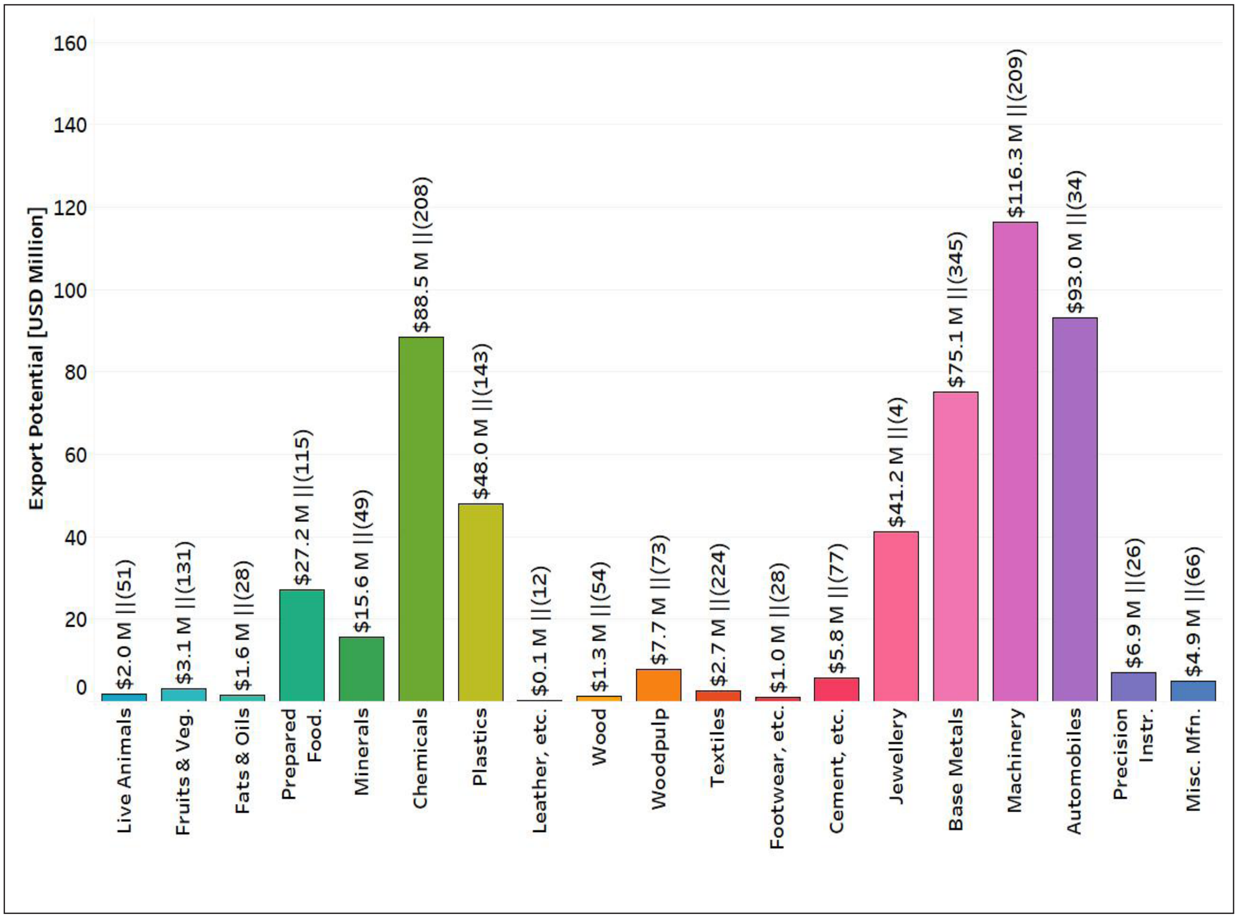
6.3 Oman Export Potential in India: Non-Oil Sectors

In comparison with India, Oman's export potential for non-oil sectors is estimated at around $541.9 million. The export potential of Oman to India includes 1,877 unique non-oil products at the 6-digit level. To maintain comparability, the same database has been used from which India's export potential in Oman has been estimated. However, given the size of the economy, an adequate supply constraint has been put into examining its export potential in India. The trade interest of Oman in India is shown in Figure 12. Sectoral priority sectors in exports of the country is highly inequitable with India, where Oman's export potential in India is concentrated in just 6 out of 21 sectors. These priority sectors include select manufacturing sub-sectors, which constitute the bulk, nearly 85.3 per cent of Oman's export interest in India. Such sectors are machinery, automobiles, chemicals, base metals, plastics and jewellery.

Though the country has export capabilities in the area of agriculture, it is majorly limited to prepared foodstuff sectors, amounting to $27.2 million, with 115 unique products in the sector. Export prospects of the country in other agricultural sectors are limited together accounting for $22.2 million. In the manufacturing sector, non-traditional

Figure 12: Oman's Export Potential in India in 2023

(USD million)



Note: The value in parentheses denotes the number of unique HS commodities at 6 digits having export potential in Oman. Source: Authors' estimation based on Comtrade, WITS, World Bank 2025.

Source: Authors' own based on Comtrade, WITS, World Bank 2025.

sectors, sub-sectors like machinery, base metal, chemicals, plastics and automobiles dominate Omani export interest in India, whereas traditional export sectors such as textiles are relatively low. A detailed estimation of the export potential of Oman in India at the HS chapter level has been provided in Appendix 2.

In sum, India's sectoral export potential in Oman has been assessed through a trade-creation approach, utilising highly disaggregated bilateral data for 2023. Product-level price competitiveness serves as the basis of the methodology for measuring trade potential. India's total export potential in Oman is estimated at around USD 1.23 billion, of which USD 869.5 million derives from non-oil items. India's export potential is comparatively lowest in Oman among GCC economies, owing to deeper trade integration and the existing FTA with the UAE, which diverts a larger share of trade flows. India's export interests in Oman fall into three priority groups, namely high-value sectors exceeding USD 50 million, including minerals, base metals, machinery, vehicles, prepared foods, chemicals, fruits and vegetables, and plastics, constituting 86.6 per cent of the potential. India's export profile reveals deep competitiveness in textiles and base metals, contrasted with minerals and automobiles, which, despite a limited product range, contribute higher individual value. Oman's non-oil export potential in India is estimated at USD 541.9 million across 1,877 products, but is concentrated in six manufacturing sectors including machinery, base metals, chemicals, plastics, jewellery and automobiles, which account for 85.3 per cent of its potential. Agricultural exports are narrow, mainly in prepared foodstuffs. Such variations reveal the strong potential for sector-based prioritisation to be reflected in the final text of the India–Oman CEPA.

7 Conclusion and Recommendations

The India–Oman CEPA represents a major step forward in bilateral economic ties, establishing a structured and mutually advantageous framework for sustained economic integration. Framed as a 21st-century, high-standard FTA, it undertakes phased reductions and eliminations of customs duties across a wide spectrum of sectors, likely to bolster India's export competitiveness in textiles, engineering, pharmaceuticals, medical devices, IT services, and processed foods. Correspondingly, Oman is expected to gain preferential or duty-free entry into India's vast and growing consumer market for petrochemicals, metals, fertilisers, aluminium, fishery products, and a range of energy-linked industrial goods, reflecting its comparative export strengths. Recognising the sensitivities inherent in key sectors, tariff liberalisation adopts a carefully sequenced approach—combining tariff rate quotas with phased reductions—to preserve the capacity for domestic adjustment. India negotiated to protect key agricultural sectors such as dairy, cereals, and poultry, whereas Oman negotiated gradual tariff reductions on metals, chemicals, dates, and seafood to maintain domestic market stability.

A core benefit of the CEPA lies in tariff rationalisation that reduces trade costs, complemented by efforts to improve maritime and shipping connectivity, thereby easing logistics bottlenecks and widening trade flows. The framework for tariff concessions rests on rigorous rules of origin and anti-dumping provisions, ensuring protection against import surges, unfair competitive practices, and trade diversion from non-participating states. Complementing merchandise trade, the CEPA opens wider avenues in services, promotes regulatory alignment across logistics, ports, infrastructure, manufacturing, and information technology, and enhances the bilateral environment for cross-border investment. Labour mobility constitutes a central pillar of bilateral economic engagement, shaped by the presence of Oman's substantial Indian expatriate workforce.

At the broader strategic level, the CEPA holds important relevance for India as it deepens Gulf-region economic integration alongside its existing CEPA with the UAE and ongoing negotiations with the GCC. For India, diversification of energy supply sources remains a long-term priority, particularly with respect to crude oil, LNG, petrochemicals, urea and ammonia. Existing long-term arrangements, most notably through the OMIFCO joint venture, already account for nearly half of India's urea imports, indicating a long-standing energy-security linkage between the two economies. Oman's deep-sea port network further reinforces India's maritime diversification, enabling more efficient access to West Asian, African and Central Asian logistics routes and contributing to supply chain resilience.

The CEPA aligns closely with Oman's Vision 2040, supporting economic diversification, raising non-hydrocarbon productivity, and improving conditions for sustained investment. Despite robust resource endowments, Oman's macroeconomic growth has historically been constrained by persistent dependence on hydrocarbon, weak construction performance, OPEC-driven production adjustments and limited dynamism in non-hydrocarbon sectors. Over time, structural indicators have reflected middle-income trap characteristics, Dutch Disease pressures and stagnant real per capita income. The CEPA therefore provides a mechanism to accelerate diversification in manufacturing, fisheries, logistics, industrial re-export and tourism, while attracting Indian investment into ports, industrial clusters, green zones and petrochemicals. With over 6,000 Indian joint ventures already active in Oman and a bilateral investment fund functioning since 2010, the agreement builds upon existing institutional collaboration.

Oman's liberal tariff structure characterised by moderate average tariffs and a standard 5 per cent band for manufactured goods, offers strong market access potential for Indian exporters upon full tariff elimination. Bilateral trade profiles reflect complementarities: India exports minerals, chemicals, machinery, base metals and foods, while Oman exports crude petroleum, fertilisers, chemicals and plastics. Modified Viner model estimates indicate substantial non-oil trade potential valued at approximately $869.5 million for India and $541.9 million for Oman. Some sector-specific policy recommendations are as follows:

Trade

- Establish a dedicated India-Oman Joint Working Group on Agriculture to oversee GVC integration and CEPA implementation.
- Harmonise SPS and quality standards and fast-track mutual recognition mechanisms to reduce compliance costs.
- Promote joint investments in agro-processing and cold-chain infrastructure in Oman, targeting GCC, Central Asia and African markets.
- Leverage Omani ports as regional export gateways for perishable agricultural products through integrated logistics and digital trade facilitation platforms.
- Strengthen capacity-building and technology transfer programmes for SMEs, farmers, and agri-enterprises in both countries.
- Acknowledge the cyclical pressures on bilateral trade and the risks posed by petroleum price volatility, and the CEPA must serve as a stabilising framework to integrate instruments such as long-term supply contracts, indicative trade corridors, and periodic review clauses.
- Incorporate enhanced tariff liberalisation, simplified rules of origin, and fast-track customs procedures for manufacturing, chemicals, engineering, agri-processed foods, and plastics, to mitigate the trade concentration in mineral fuels and promote diversification into non-hydrocarbon sectors.
- Promote transition of Oman to a manufacturing-led economy by focusing bilateral cooperation on fertilisers, chemicals, plastics, machinery, automotive components, and electrical equipment through preferential market access and industrial collaboration.

- Facilitate joint ventures, co-production arrangements, and regional value chain integration in sectors where intra-industry trade exists, such as petroleum products and aircraft components, for deeper production and trade integration.
- Address non-tariff barriers, technical standards, and conformity assessment procedures to ensure predictable market access for Indian and Omani exporters by notifying sector-specific annexes.
- Establish a permanent bilateral trade observatory to monitor sector-wise trade flows, identify early warning signals of trade imbalances, and support timely policy interventions.

Services Trade

- Form sector-specific services working groups, particularly in IT, logistics, healthcare, and fintech, to foster collaboration and strengthen cross-border partnerships.
- Establish pilot projects in free zones and ports, particularly through shared service centres, logistics hubs, and health corridors, to provide a controlled environment to test scalable models for trade facilitation.
- Encourage harmonised data governance and digital trade standards to foster international cooperation and expand opportunities for cross-border service delivery.
- Encourage the upholding of transparent procurement and competitive neutrality to enable CEPA commitments to foster long-term services growth across partner economies
- Expedite mutual recognition of qualifications and standards for IT and professional services to reduce regulatory barriers and enhance the competitiveness of cross-border service providers.

Foreign Direct Investment

- Integrate a modern Bilateral Investment Treaty (BIT) within CEPA to restore investor confidence and catalyse flows.
- Encourage Indian firms to expand beyond manufacturing and construction into under-invested sectors such as agriculture, utilities, and community services.
- Support Omani investments in India's emerging industries (renewables, advanced manufacturing, healthcare, and IT services).
- Prioritise joint ventures in green hydrogen, shipbuilding, and renewable energy to align with Oman's Vision 2040 and India's sustainability goals.
- Address the imbalance between India's outward FDI (OFDI) and Oman's inward FDI (IFDI) by incentivising reciprocal investments.
- Expand the role of the India–Oman Joint Investment Fund to cover new sectors and provide risk-sharing instruments.
- Build on India's strengths in finance, insurance, and education services to deepen Omani market penetration.
- Promote Omani enterprises in India's service economy, particularly in logistics, hospitality, and retail.

Trade Facilitation

- Expedite the harmonisation of single-window systems, electronic payment mechanisms, and paperless trade platforms to reduce transaction errors, enhance efficiency, and ensure predictability in cross-border trade flows.
- Prioritise the harmonisation of standards, customs procedures, and documentation requirements to lower compliance costs and ensure seamless movement of goods and services.
- Ensuring the timely publication of trade regulations, fee structures, and procedures to reduce uncertainty, lower compliance

risks, and enable firms to plan investments with policy predictability.

- Simplify procedures, reduce compliance thresholds, and establish dedicated SME help desks to ensure that smaller firms can fully leverage market access and engage in cross-border trade.
- Strengthening risk-based inspection systems and scaling trusted trader programmes to reduce clearance times for compliant firms, enhance efficiency, and allow customs authorities to target high-risk shipments more effectively.

As a comprehensive 21st-century agreement incorporating digital trade, government procurement, competition policy, services, labour mobility and dispute avoidance, the CEPA is expected to reinforce predictability, unlock complementarities, stabilise bilateral trade patterns and deepen long-term, sustainable economic integration between India and Oman.

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Appendices

Appendix 1

India's Export Potential in Oman in Different HS Chapters

Sec/Chp	Description	Trade Creation ($Mn)	No. of HS
1	**Live Animals and Animal Products**	**38.98**	**105**
1	Live Animal	3.98	2
2	Meat and edible meat offal	10.88	19
3	Fish & crustaceans, molluscs	3.32	66
4	Diary produce: birds, eggs	20.00	16
5	Products of animal orgin	0.81	2
2	**Vegetable Products**	**69.05**	**197**
6	Live trees and other plants bulb	0.58	13
7	Edible vegetables & certain roots	11.86	53
8	Edible fruits & nuts: peel or melon	17.32	44
9	Coffee, tea, mate and spices	6.07	31
10	Cereals	29.93	15
11	Products of the milling industry	2.02	21
12	Oil seeds and leoginous fruits	0.93	12
13	Lac; gums, resins & other vegetable	0.32	5
14	Vegetable plaiting materials	0.02	3
3	**Animal or Vegetable Fats & Oils**	**13.64**	**16**
15	Animal or vegetable fats & oils	13.64	16
4	**Prepared Foodstuff, Beverages, etc.**	**75.50**	**117**
16	Preparations of meat and fish	3.79	15
17	Sugars and sugar confectionery	7.89	13
18	Cocoa & cocoa preparations	3.67	5
19	Prep. of cereals, floor, starch, etc.	19.48	17
20	Prep. of vegetables, fruit, nuts, etc.	9.54	27
21	Miscellaneous edible preparations	5.48	12
22	Beverages, spirit & vinegar	2.11	13
23	Residues & waste from food industries	6.49	10
24	Tobacco & manufactured tobacco	17.06	5
5	**Mineral Products**	**448.33**	**70**
25	Salt, sulphu, earths & stone plaster, etc.	5.00	40
26	Ores, slag and ash	71.00	10
27	Mineral fuels mineral oils and products	372.33	20
6	**Products of Chemicals**	**70.69**	**272**
28	Inorganic chemicals compounds, etc.	17.01	58

29	Organic chemicals	1.50	63
30	Pharmaceutical Products	3.26	9
31	Fertilisers	0.60	8
32	Tanning or dyeing extracts	5.46	32
33	Essential oils and resinoids	20.32	23
34	Soap, organic surface-active agents, etc	6.74	20
35	Albuminiodal substance; modified	1.48	9
36	Expolosives: pyrotechnic products	0.14	5
37	Photographic or cinematographic goods	0.22	3
38	Miscellaneous chemical products	13.95	42
7	**Plastics & Articles thereof**	**51.36**	**150**
39	Plastics and articles thereof	38.87	94
40	Rubber and articles thereof	12.49	56
8	**Raw Hides & Skins, Leather, etc.**	**0.13**	**13**
41	Raw hides & skins (other than furskin-43)	0.08	9
42	Articles of leather, saddlery & ham	0.05	4
9	**Wood & Articles of Wood**	**6.17**	**48**
44	Wood & articles of wood	6.12	42
45	Cork and articles of cork	0.01	2
46	Manufactures of straw, of esparto, etc.	0.03	4
10	**Pulp of wood or of other Fibers**	**12.20**	**85**
47	Pulp of wood or of other fibrous materials	0.00	2
48	Paper and parperboard	11.69	73
49	Printed books, newspapers, pictures	0.50	10
11	**Textile & Textile Articles**	**17.19**	**389**
50	Silk	0.00	2
51	Wool, fine or coarse animal hair	0.00	4
52	Cotton	0.15	37
53	Other vegetable textile fibers; paper	0.03	9
54	Man-made filaments	0.24	29
55	Man-made staple fibres	0.44	38
56	Wadding, felt and non-wovens; special	1.24	28
57	Carpets & other textile floor covering	0.59	12
58	Special woven fabrics; tufted textile	0.07	16
59	Impregnated, coated, textile fabrics	0.36	13
60	Knitted or crocheted fabrics	0.32	29
61	Articles of apparel & clothing knitted	7.70	75
62	Articles of apparel & clothing not knitted	3.70	65
63	Other made-up textile articles	2.35	32

12	**Footwear, Headgear and Umbrella**	**5.78**	**32**
64	footwear, gaiters & like; parts of article	5.02	21
65	Headgear & parts thereof	0.63	5
66	Umbrellas, sun umbrella, walking-stick	0.00	1
67	Prepared feathers & down & articles	0.13	5
13	**Articles of Stone, Plaster, Cement**	**11.95**	**62**
68	Articles of stone, plaster, cement, etc.	2.95	22
69	Ceramic products	5.68	13
70	Glass and glassware	3.33	27
14	**Natural or cultured pearls, Jewellery**	**36.94**	**7**
71	Natural or cultured pearls, Jewellery	36.94	7
15	**Base Metals & Articles of Base Metal**	**146.81**	**331**
72	Iron and steel	50.95	116
73	Articles of Iron or steel	51.53	79
74	Cooper and articles thereof	25.02	31
75	Nickel and articles thereof	0.54	6
76	Aluminiumand articles thereof	11.36	27
78	Lead and articles thereof	0.37	4
79	Zinc and articles thereof	2.14	6
80	Tin and articles thereof	0.24	3
81	Other base materials; cermets; articles	0.02	6
82	Tools, implements, cutlery, spoon, etc.	0.82	34
83	Miscellaneous articles of base metal	3.83	19
16	**Machinery & Mechanical Appliances**	**106.48**	**169**
84	Nuclear reactors, boilers, machinery	51.11	107
85	Electrical machinery & equp & parts	55.37	62
17	**Vehicles, Aircraft and Vessels**	**104.49**	**52**
86	Railway or tramway locomotives	0.01	3
87	Vehicles other than railway or tram	99.04	47
88	Aircraft, spacecraft and parts therof	5.45	2
18	**Optical, Photograph & Cinematography**	**6.24**	**36**
90	Optical, photographic, cinematgraph, etc.	6.07	24
91	Clocks and watches and parts	0.12	4
92	Musical instruments; parts & access	0.05	8
20	**Miscellaneous Manufactured Articles**	**16.41**	**67**
94	Furniture; bedding, mattresses	8.55	23
95	Toys, games & sports, requisite	1.39	19
96	Miscellaneous Manufactured articles	6.47	25
Total		**1238.32**	**2218**

Appendix 2

Oman's Export Potential in India in Different HS Chapters

Sec/ Chp	Description	Trade Creation ($Mn)	No. of HS
1	**Live Animals and Animal Products**	**1954.16**	**51**
1	Live Animal	0.18	2
2	Meat and edible meat offal	50.41	7
3	Fish & crustaceans, molluscs	1231.87	24
4	Diary produce: birds, eggs	671.62	17
5	Products of animal orgin	0.09	1
2	**Vegetable Products**	**3140.95**	**131**
6	Live trees and other plants bulb	328.39	7
7	Edible vegetables & certain roots	161.68	21
8	Edible fruits & nuts: peel or melon	617.97	35
9	Coffee, tea, mate and spices	499.35	24
10	Cereals	1137.92	10
11	Products of the milling industry	115.40	17
12	Oil seeds and leoginous fruits	129.82	12
13	Lac; gums, resins & other vegetable	144.08	3
14	Vegetable plaiting materials	6.33	2
3	**Animal or Vegetable Fats & Oils**	**1571.53**	**28**
15	Animal or vegetable fats & oils	1571.53	28
4	**Prepared Foodstuff, Beverages, etc.**	**27151.17**	**115**
16	Preparations of meat and fish	9.66	4
17	Sugars and sugar confectionery	925.41	14
18	Cocoa & cocoa preparations	726.86	9
19	Prep. of cereals, floor, starch, etc.	1837.16	17
20	Prep. of vegetables, fruit, nuts, etc.	1007.88	35
21	Miscellaneous edible preparations	3207.65	14
22	Beverages, spirit & vinegar	329.82	11
23	Residues & waste from food industries	17717.62	5
24	Tobacco & manufactured tobacco	1389.11	6
5	**Mineral Products**	**15574.69**	**49**
25	Salt, sulphu, earths & stone plaster, etc.	1047.56	33
26	Ores, slag and ash	13979.42	7
27	Mineral fuels mineral oils and products	547.71	9
6	**Products of Chemicals**	**88461.13**	**208**
28	Inorganic chemicals compounds, etc.	1967.07	29

29	Organic chemicals	43292.33	40
30	Pharmaceutical Products	367.65	7
31	Fertilisers	13141.14	11
32	Tanning or dyeing extracts	6168.74	29
33	Essential oils and resinoids	12615.96	22
34	Soap, organic surface-active agents, etc	3696.09	23
35	Albuminiodal substance; modified	832.02	6
36	Expolosives: pyrotechnic products	7.09	1
37	Photographic or cinematographic goods	13.30	2
38	Miscellaneous chemical products	6359.75	38
7	**Plastics & Articles thereof**	**48036.11**	**143**
39	Plastics and articles thereof	44341.00	96
40	Rubber and articles thereof	3695.11	47
8	**Raw Hides & Skins, Leather, etc.**	**144.27**	**12**
41	Raw hides & skins (other than furskin-43)	131.91	8
42	Articles of leather, saddlery & ham	12.36	4
9	**Wood & Articles of Wood**	**1290.75**	**54**
44	Wood & articles of wood	1274.40	47
45	Cork and articles of cork	11.18	2
46	Manufactures of straw, of esparto, etc.	5.17	5
10	**Pulp of wood or of other Fibers**	**7716.52**	**73**
47	Pulp of wood or of other fibrous materials	1631.20	4
48	Paper and parperboard	4390.87	64
49	Printed books, newspapers, pictures	1694.45	5
11	**Textile & Textile Articles**	**2734.84**	**224**
51	Wool, fine or coarse animal hair	0.14	1
52	Cotton	209.88	17
54	Man-made filaments	191.97	8
55	Man-made staple fibres	67.61	9
56	Wadding, felt and non-wovens; special	210.92	20
57	Carpets & other textile floor covering	265.42	15
58	Special woven fabrics; tufted textile	1.46	6
59	Impregnated, coated, textile fabrics	72.45	8
60	Knitted or crocheted fabrics	188.99	13
61	Articles of apparel & clothing knitted	831.38	56
62	Articles of apparel & clothing not knitted	332.18	36
63	Other made-up textile articles	362.43	35
12	**Footwear, Headgear and Umbrella**	**959.51**	**28**
64	footwear, gaiters & like; parts of article	862.31	19

65	Headgear & parts thereof	53.24	4
66	Umbrellas, sun umbrella, walking-stick	1.96	3
67	Prepared feathers & down & articles	42.00	2
13	**Articles of Stone, Plaster, Cement**	**5805.29**	**77**
68	Articles of stone, plaster, cement, etc.	1000.20	35
69	Ceramic products	1657.14	14
70	Glass and glassware	3147.95	28
14	**Natural or cultured pearls, Jewellery**	**41198.26**	**4**
71	Natural or cultured pearls, Jewellery	41198.26	4
15	**Base Metals & Articles of Base Metal**	**75116.87**	**345**
72	Iron and steel	12212.57	106
73	Articles of Iron or steel	14926.30	98
74	Cooper and articles thereof	8344.18	30
75	Nickel and articles thereof	235.57	6
76	Aluminium and articles thereof	35101.37	30
78	Lead and articles thereof	623.48	4
79	Zinc and articles thereof	653.57	5
80	Tin and articles thereof	38.91	1
81	Other base materials; cermets; articles	46.47	5
82	Tools, implements, cutlery, spoon, etc.	1355.71	36
83	Miscellaneous articles of base metal	1578.76	24
16	**Machinery & Mechanical Appliances**	**116257.85**	**209**
84	Nuclear reactors, boilers, machinery	43735.98	128
85	Electrical machinery & equp & parts	72521.87	81
17	**Vehicles, Aircraft and Vessels**	**93019.78**	**34**
87	Vehicles other than railway or tram	90651.24	32
88	Aircraft, spacecraft and parts therof	2368.55	2
18	**Optical, Photograph & Cinematography**	**6918.59**	**26**
90	Optical, photographic, cinematgraph, etc.	6693.68	20
91	Clocks and watches and parts	164.42	4
92	Musical instruments; parts & access	60.49	2
20	**Miscellaneous Manufactured Articles**	**4884.62**	**66**
94	Furniture; bedding, mattresses	3923.03	28
95	Toys, games & sports, requisite	319.14	15
96	Miscellaneous Manufactured articles	642.45	23
Total		**541936.89**	**1877**

RIS
Research and Information System for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

RIS specialises in issues related to international economic development, trade, investment and technology. It is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on global and regional economic issues. The focus of the work programme of RIS is to promote South-South Cooperation and collaborate with developing countries in multilateral negotiations in various forums. Through its following centres/forums, RIS promotes policy dialogue and coherence on regional and international economic issues.

The word "DAKSHIN" (दक्षिण) is of Sanskrit origin, meaning "South." The Hon'ble Prime Minister of India, Shri Narendra Modi, inaugurated DAKSHIN – Global South Centre of Excellence in November 2023. The initiative was inspired by the deliberations of Global South leaders during the Voice of the Global South Summits. DAKSHIN stands for Development and Knowledge Sharing Initiative. Hosted at the RIS, DAKSHIN has established linkages with leading think tanks and universities across the Global South and is building a dynamic network of scholars working on Global South issues.

AIC at RIS has been working to strengthen India's strategic partnership with ASEAN in its realisation of the ASEAN Community. AIC at RIS undertakes research, policy advocacy and regular networking activities with relevant organisations and think-tanks in India and ASEAN countries, with the aim of providing policy inputs, up-to-date information, data resources and sustained interaction, for strengthening ASEAN-India partnership.

CMEC has been established at RIS under the aegis of the Ministry of Ports, Shipping and Waterways (MoPS&W), Government of India. CMEC is a collaboration between RIS and Indian Ports Association (IPA). It has been mandated to act as an advisory/technological arm of MoPSW to provide the analytical support on policies and their implementation.

FITM is a joint initiative by the Ministry of Ayush and RIS. It has been established with the objective of undertaking policy research on economy, intellectual property rights (IPRs) trade, sustainability and international cooperation in traditional medicines. FITM provides analytical support to the Ministry of Ayush on policy and strategy responses on emerging national and global developments.

BEF aims to serve as a dedicated platform for fostering dialogue on promoting the concept in the Indian Ocean and other regions. The forum focuses on conducting studies on the potential, prospects and challenges of blue economy; providing regular inputs to practitioners in the government and the private sectors; and promoting advocacy for its smooth adoption in national economic policies.

FIDC, has been engaged in exploring nuances of India's development cooperation programme, keeping in view the wider perspective of South-South Cooperation in the backdrop of international development cooperation scenario. It is a tripartite initiative of the Development Partnership Administration (DPA) of the Ministry of External Affairs, Government of India, academia and civil society organisations.

FISD aims to harness the full potential and synergy between science and technology, diplomacy, foreign policy and development cooperation in order to meet India's development and security needs. It is also engaged in strengthening India's engagement with the international system and on key global issues involving science and technology.

As part of its work programme, RIS has been deeply involved in strengthening economic integration in the South Asia region. In this context, the role of the South Asia Centre for Policy Studies (SACEPS) is very important. SACEPS is a network organisation engaged in addressing regional issues of common concerns in South Asia.

Knowledge generated endogenously among the Southern partners can help in consolidation of stronger common issues at different global policy fora. The purpose of NeST is to provide a global platform for Southern Think-Tanks for collaboratively generating, systematising, consolidating and sharing knowledge on South South Cooperation approaches for international development.

DST-Satellite Centre for Policy Research on STI Diplomacy at RIS aims to advance policy research at the intersection of science, technology, innovation (STI) and diplomacy, in alignment with India's developmental priorities and foreign policy objectives.

— Policy research to shape the international development agenda —

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