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India-Oman CEPA — Expanding Trade, Jobs, and Strategic Partnership

 **INDIAN EXPRESS**1 June 2026 · **IR** · **ECONOMY** · **GS2** · **GS3**

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India-Oman CEPA — Expanding Trade, Jobs, and Strategic Partnership

 **The Indian Express** 1 June 2026 **GS2** **GS3**

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INTERVIEW ANGLE

"CEPAs are often sold on trade numbers but the real test is implementation — rules of origin enforcement, service-provider mobility, and investment dispute resolution. How should India design its CEPA architecture to capture real benefits?"

The India-Oman CEPA (June 1) grants 100% duty-free access on 98% of tariff lines, benefiting MSMEs, textiles, pharma, and marine. It preserves agricultural protection and complements India's strategic interests in the Gulf.

THE ARGUMENT IN ONE LINE

The India-Oman CEPA is **strategically well-designed** — but the real test is **implementation** (CAROTAR, logistics, MSME export-readiness), not the tariff schedule.

WHAT CHANGES FROM DAY ONE

- **98.08% of Oman's tariff lines** → **zero duty** for Indian goods (up from 15.33%).
- Beneficiaries: engineering, pharma, textiles, marine, agri/processed food, gems.
- Agricultural protection maintained — no blanket opening of dairy or grains.

THE STRATEGIC LAYER

- Strait of Hormuz (Indian crude) + Port of Duqm (Indian naval berth) + Oman-Iran dialogue track = **more than a trade deal.**

UPSC RELEVANCE

PAPER	RELEVANCE
GS2	India-Oman bilateral; Gulf strategy; CEPA architecture
GS3	Trade policy; MSME export; rules of origin; CAROTAR

Sources: *Indian Express, Ministry of Commerce*

Source: India-Oman CEPA — Expanding Trade, Jobs, and Strategic Partnership — Ujyari.com | Free UPSC & State PCS Editorial Analysis

• KEY ARGUMENTS AT A GLANCE

The India-Oman CEPA (effective June 1) provides 100% duty-free access on 98% of tariff lines for Indian goods, substantially benefiting MSMEs, textiles, pharma, and marine products while preserving protection for sensitive agricultural commodities, and strengthens India's Gulf trade diversification strategy.

✓ SUPPORTING

- The jump from 15.33% MFN access to 98% duty-free represents a step-change for Indian exporters, particularly in engineering, pharma, gems, and marine — sectors where price competitiveness is decisive.
- Oman's strategic geography — overlooking the Strait of Hormuz, hosting the Duqm SEZ with an Indian naval berth, and maintaining diplomatic relations with Iran — makes it more than a trade partner.
- The CEPA preserves India's agricultural sensitivities, preventing politically damaging import surges in dairy, grains, and processed food that have stalled other negotiations (e.g., RCEP).

⚠ COUNTER

Critics note that trade deals benefit large organised-sector exporters more than MSMEs, that implementation (CAROTAR enforcement, logistics) will determine actual gains, and

that Oman's small market size (GDP ~\$115 bn) limits the scale of the prize.

→ **WAY FORWARD**

Operationalise CAROTAR rigorously to prevent circumvention; build logistics capacity (direct shipping lines Oman-India); support MSME exporters with export-readiness programmes; and use the Oman gateway to expand India's re-export platform in the Gulf.

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MAINS ANSWER FRAMEWORK

QUESTION

"India's Gulf CEPA strategy is as much about strategic geography as about trade economics." Critically examine with reference to the India-Oman CEPA. (250 words)

INTRODUCTION

India's second Gulf CEPA — with Oman, effective June 1, 2026 — follows the UAE CEPA's template of fast-tracked negotiations and comprehensive coverage. More than a tariff schedule, it reflects a multi-dimensional Gulf strategy connecting trade, energy security, and maritime access.

BODY

The deal's numbers are compelling: the shift from 15.33% MFN duty-free access to 98% across Oman's tariff lines fundamentally changes the export economics for Indian engineering goods, pharmaceuticals, textiles, and marine products. MSMEs — which often operate on thin margins — stand to gain the most from tariff removal, provided CAROTAR enforcement prevents third-country goods (routed via Oman) from eroding the preference.

The strategic dimension is equally important: Oman overlooks the Strait of Hormuz, through which India's crude oil imports transit; the Port of Duqm SEZ hosts an Indian naval berth; and Oman's traditional diplomatic contacts with Iran give it a role in Gulf stability that India values. Agricultural protection has been maintained, avoiding the RCEP trap.

The next challenge is implementation: direct shipping services, logistics infrastructure, and export-readiness support for Indian MSMEs in the Gulf market.

CONCLUSION

The India-Oman CEPA is a well-structured deal — comprehensive on market access, careful on agriculture, strategically situated. Its actual value to Indian exporters and the economy will be measured not in tariff schedules but in implementation quality: CAROTAR enforcement, logistics linkages, and whether MSMEs can navigate the opportunity.

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