

Explained | India - Oman Bilateral Relationship

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India Oman Bilateral Relationship Latest News

- The India-Oman Comprehensive Economic Partnership Agreement (CEPA), signed in December 2025, has come into force amid disruptions in West Asia caused by the continuing [Strait of Hormuz](#) crisis.

India Oman Bilateral Relationship

- India and Oman share one of the oldest maritime and commercial relationships in the Indian Ocean region.
- Their partnership has evolved into a comprehensive strategic relationship encompassing trade, energy, defence, connectivity, and people-to-people ties.

Political and Strategic Relations

- India and Oman maintain close diplomatic engagement through regular high-level visits and institutional dialogue mechanisms. Key features include:
 - Oman is **India's oldest strategic partner** in the Gulf region.
 - The two countries cooperate closely in maritime security and counter-piracy operations.

- Oman provides logistical access to the strategically important Duqm Port, enhancing India's presence in the western Indian Ocean.
- Both countries support regional stability and freedom of navigation in maritime routes.

Economic and Trade Relations

- Oman is among India's important trading partners in the Gulf region. **Bilateral trade between India and Oman reached USD 11.18 billion in FY 2025-26.**
- India imports crude oil, liquefied natural gas (LNG), fertilisers, methanol, and ammonia from Oman, while exporting machinery, petroleum products, iron and steel goods, rice, ceramics, and engineering products.

Indian Community in Oman

- With **nearly 700,000 Indians living and working in Oman**, the Indian diaspora is the Sultanate's largest expatriate community.
- The community serves as an important bridge between the two nations.

India-Oman Comprehensive Economic Partnership Agreement (CEPA)

- The CEPA is a comprehensive free trade agreement aimed at deepening economic integration and expanding bilateral trade. Major provisions include:
 - Oman has granted **zero-duty access on 98% of tariff lines**, covering approximately **99% of India's exports**.
 - The agreement provides improved market access for Indian goods, including engineering products, petroleum products, textiles, machinery, and chemicals.
 - It aims to enhance investment flows and strengthen supply chain integration.
 - The agreement seeks to diversify trade beyond traditional energy cooperation.
- The CEPA is expected to significantly improve the competitiveness of Indian exports in the Omani market.

News Summary

- The implementation of the India-Oman CEPA comes at a time when disruptions in the Strait of Hormuz have raised concerns regarding global trade and energy supplies.
- The Strait of Hormuz is one of the world's most important maritime chokepoints through which a substantial portion of global oil and gas trade passes.
- The continuing regional conflict has increased freight costs and disrupted trade flows across West Asia.
- In this context, Oman has emerged as a strategically important partner for India.
- Unlike many Gulf countries whose ports depend heavily on access through the Strait of Hormuz, a significant portion of Oman's coastline lies outside the strait along the Gulf of Oman and the Arabian Sea.
- As a result, major ports such as **Salalah** and **Duqm** remain accessible even during disruptions in the strait.

Declining Trade with the UAE

- The crisis has adversely affected India's trade with several Gulf countries, particularly the UAE.
- India-UAE trade, which had crossed **\$100 billion** during the previous financial year, reportedly declined by approximately **35% in April 2026** due to operational disruptions at regional ports.

Energy Security Benefits

- One of the most significant advantages of the CEPA is its contribution to India's energy security.
- According to trade experts, the agreement strengthens India's access to:
 - Crude oil, Liquefied Natural Gas (LNG), Fertilisers, Methanol, Ammonia
- These imports were valued at more than **\$7.2 billion in FY 2025-26**.
- At a time when India remains heavily dependent on imported fuel and industrial inputs, stable access to Omani supplies can help reduce vulnerabilities arising from geopolitical tensions.

Export Opportunities for India

- The agreement also creates new opportunities for Indian exporters.
- Prior to the CEPA, although many Indian products faced relatively low tariffs in Oman, some goods attracted duties of up to **100%**. The elimination of these tariffs is expected to improve the competitiveness of Indian products.
- Sectors likely to benefit include:
 - Machinery and engineering goods
 - Petroleum products
 - Steel and iron products
 - Rice and agricultural products
 - Consumer goods and personal care products
 - Electronics and electrical equipment
- The agreement is particularly significant because Oman's electronics imports are estimated at around **\$3 billion annually**, while India's exports in this segment remain relatively modest, indicating considerable scope for expansion.

Source: IE

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