

# India-Oman trade deal effective: How this could help cushion impact of West Asia conflict

Despite the small volume of India-Oman trade before the conflict, new opportunities are emerging today and association with Oman holds several advantages for India.

Written by: [Ravi Dutta Mishra](#) 6 min read New Delhi Updated: Jun 7, 2026 06:06 AM IST



Ties with Oman would also be important for India as its trade with the neighbouring UAE has taken a steep hit due to the West Asia crisis. (Magnific)

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The India-Oman free trade agreement (FTA) signed in December last year is set to enter into force today (June 1), at a time when the sustained blockade of the Strait of Hormuz is triggering wider

**macroeconomic worries.** Of particular concern is India's high dependence on imported fuel, fertilisers, and key industrial input items.

While higher freight costs continue to impede trade flows through West Asia, the deal with Oman could offer India a breather. Here is why.

### **Critical location**

By virtue of its location just outside the Strait of Hormuz, Oman is increasingly being seen as a critical gateway if the US-Iran conflict continues. Despite speculation over [a US-Iran deal this week](#), there was little in terms of concrete progress, with Iranian chief negotiator Mohammad Bagher Ghalibaf stating on Sunday that they would not agree to any deal unless Iranian rights were fully secured.



Oman.

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Trade experts pointed out that, unlike most Gulf countries, which rely on shipping through the Strait of Hormuz, much of Oman's coastline is located outside the strait, on the Gulf of Oman and the Arabian Sea. This allows major ports such as the Port of Salalah and Port of Duqm to remain accessible even when traffic through the strait is disrupted.

### **UAE counter**

Ties with Oman would also be important for India as its trade with the neighbouring UAE has taken a steep hit due to the West Asia crisis. After signing a trade deal with the UAE in 2022, Abu Dhabi emerged as one of India's largest trade partners in the Gulf region, with overall trade crossing \$100 billion during the last financial year.

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However, overall trade with the UAE declined by 35% in April this year. This is primarily because only two UAE ports, Khor Fakkan and Fujairah, have managed to avoid operational difficulties amid the blockade.

Trade data also showed that while commerce with West Asian countries has come under pressure since the Strait of Hormuz was closed on March 2, trade with Oman has picked up. Energy imports from Iraq, Qatar and the UAE declined sharply in April, but shipments from Oman jumped 246.42% to \$1.48 billion last month, compared to \$429.58 million in April last year.

In FY 2024–25, India-Oman bilateral trade stood at \$10.61 billion. Before the war, India's trade had been heavily dependent on the UAE and Saudi Arabia. The two countries accounted for 8.4% and 2.7% of India's total exports, respectively, in FY25, while Oman's share stood at just 0.9%. On the import side, the UAE and Saudi Arabia comprised 8.8% and 4.2% of India's total imports, with Oman again at 0.9%, Commerce Ministry data showed.

### **Promise of the deal**

Under the Comprehensive Economic Partnership Agreement (CEPA), Oman has granted zero-duty access across 98% of tariff lines, covering 99% of India's exports, boosting prospects for products ranging from petroleum goods to machinery and steel.

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“The agreement deepens India's energy security by ensuring access to Omani crude oil, LNG, fertilisers, methanol and ammonia, worth over \$7.2 billion in imports in FY2026,” former trade officer and founder of think tank Global Trade and Research Initiative (GTRI), Ajay Srivastava, said.

Although more than 80% of Indian exports entered Oman at a relatively low average tariff of around 5% before the deal, duties on certain products reached as high as 100%, he said. Their elimination is

expected to improve the competitiveness of Indian goods, although export growth will inevitably be constrained by the country's relatively small population (around 5.2 million) and market size.

Currently, 15.33% of India's export value and 11.34% of tariff lines (2022–24 average) enter the Omani market at zero duty under the Most Favoured Nation regime of the World Trade Organisation. With the CEPA, Indian exports to Oman that earlier faced duties of up to 5%, valued at around \$3.64 billion, are expected to gain significantly, the ministry had said at the time of signing.

Oman largely exports crude oil, liquefied natural gas, fertilisers, and chemical inputs such as methyl alcohol and anhydrous ammonia, along with petroleum coke. Indian exports to Oman, largely consisting of machinery and parts, have doubled in the last five years — from \$3 billion to \$6 billion. New [Delhi](#)'s top exports, apart from naphtha and petrol, include aircraft, rice, iron and steel articles, beauty and personal care products, and ceramics.

The ministry had also pointed to Oman's electronics imports, worth \$3 billion in 2024, against India's exports of just \$123 million, indicating clear scope for expansion. Other key import segments include smartphones, photovoltaic cells, telecom instruments and parts.

“India already exports smartphones, static converters, and boards and cabinets, with a relatively stronger presence in the latter two. Import duties are already zero for most electronics, and under the trade deal, remaining items — boards and cabinets, static converters, and television reception apparatus — also move to zero duty, improving tariff certainty,” the ministry had said.

Further, Iran's Deputy Foreign Minister Kazem Gharibabadi said last week that Tehran is working on arrangements to determine what services “Iran and Oman are providing in the Strait of Hormuz”. Iranian Foreign Minister Abbas Araghchi also said Iran was coordinating with Oman on the future management of the strait. This relationship could also help India's ties with the region.

