India-GCC FTA

Why in news?

India and the Gulf Cooperation Council (GCC) have agreed to pursue a free trade agreement (FTA) between the two regions and resume negotiations.

What is GCC?

- The Gulf Cooperation Council (GCC) is a regional political and economic alliance of six countries in the Gulf region - Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain.
- Head-quartered in Riyadh, Saudi Arabia, the GCC was established by an agreement concluded in 1981 in Riyadh.
- Its aim is to achieve ever closer union between the energy rich Gulf countries.



What is the significance of GCC to India?

- The GCC is the largest trading bloc of India.
- According to data from the Commerce Ministry of India, India's exports to the GCC countries grew by 58.26% to about $44 billion in 2021-22 against $27.8 billion in 2020-21.
- Bilateral trade in goods has increased to $154.73 billion in 2021-22 from $87.4 billion in 2020-21.
- Services trade between the two regions was valued at around $14 billion in 2021-22, with exports at $5.5 billion and imports at $8.3 billion.
- **Oil** - GCC countries contribute almost 35% of India's oil imports and 70% of its gas imports.

- India's overall crude oil imports from the GCC in 2021-22 were about $48 billion, while LNG and LPG imports in 2021-22 stood at about $21 billion.

Is this the first negotiation?

- In 2004, India and GCC signed a Framework Agreement for enhancing and developing economic cooperation between the two sides.
- Two rounds of talks (2006 and 2008) for finalizing aspects like tariff rules, rules of origin, etc have been held.
- But these were stopped because of some reasons. So, the current negotiation for India-GCC FTA is a significant move.
- Similar to this FTA, India is also negotiating a trade agreement with Australia. To know more about the India-Australia ECTA, click here.

References

1. The Hindu | India, GCC agree to pursue FTA
2. Embassy of India | India-GCC relations
3. Reuters | India and GCC to resume free trade talks covering food, energy security

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