

India, Gulf Cooperation Council group likely to start free trade pact negotiations next month

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By [PTI](#)

NEW DELHI: India and the Gulf Cooperation Council (GCC) member countries are expected to start negotiations for a free trade agreement next month with an aim to boost economic ties between the two regions, an official said.

GCC is a union of six countries in the Gulf region -- Saudi Arabia, UAE, Qatar, Kuwait, Oman and Bahrain.

"Terms of reference for the agreement are being finalised and we expect to launch the negotiations next month," the official said. India has already implemented a free trade pact with the UAE in May this year.

According to experts, the GCC region holds huge trade potential and a trade agreement would help in further boosting India's exports to that market.

Rakesh Mohan Joshi, Director, Indian Institute of Plantation Management, Bangalore, said the GCC market is unexploited by domestic exporters and it holds huge potential.

"GCC is a major import dependent region. We can increase our exports of food items, clothing and several other goods. Duty concessions under a trade agreement will help in tapping that market. It will be a win-win situation for both sides," Joshi said.

Mumbai-based exporter and founder chairman of Techno-craft Industries India, Sharad Kumar Saraf said the GCC has emerged as a major trading partner for India and there is huge potential for increasing investments between the two regions.

"FTA will have a major benefit for both the sides," Saraf said.

Sharing similar views, Federation of Indian Exports Organisation (FIEO) Vice Chairman Khalid Khan said sectors like chemicals, textiles, gems and jewellery and leather will get a major impetus by this agreement.

India imports predominately crude oil and natural gas from the Gulf nations like Saudi Arabia and Qatar, and exports pearls, precious and semi-precious stones; metals; imitation jewellery; electrical machinery; iron and steel; and chemicals to these countries.

India's exports to the GCC increased by 58.26 per cent to about USD 44 billion in 2021-22 against USD 27.8 billion in 2020-21, according to data of the commerce ministry.

The share of these six countries in India's total exports has risen to 10.4 per cent in 2021-22 from 9.51 per cent in 2020-21.

Similarly, imports rose by 85.8 per cent to USD 110.73 billion compared to USD 59.6 billion in 2020-21, the data showed.

The share of GCC members in India's total imports rose to 18 per cent in 2021-22 from 15.5 per cent in 2020-21.

Bilateral trade has increased to USD 154.73 billion in 2021-22 from USD 87.4 billion in 2020-21.

Besides trade, Gulf nations are host to a sizeable Indian population. Out of about 32 million non-resident Indians (NRIs), nearly half are estimated to be working in Gulf countries.

These NRIs send a significant amount of money back home.

According to a November 2021 report of the World Bank, India got USD 87 billion in foreign remittances in 2021. Of this, a sizeable portion came from the GCC nations. Saudi Arabia was India's fourth-largest trading partner last fiscal.

From Qatar, India imports 8.5 million tonnes a year of LNG and exports products ranging from cereals to meat, fish, chemicals, and plastics.

Kuwait was the 27th largest trading partner of India in the last fiscal, while the UAE was the third-largest trading partner in 2021-22.

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