



## GULF COOPERATION COUNCIL - ECONOMY

**News:** India and the Gulf Cooperation Council (GCC) held their **inaugural Foreign Ministers meeting** in Riyadh, where they adopted a **Joint Action Plan for 2024-2028**.

### What's the news?

#### About

- This plan encompasses various collaborative activities in **health, trade, agriculture, food security, transportation, energy, and culture**.
- The plan allows for **additional cooperative areas** based on mutual agreement.
- EAM S. Jaishankar also held **separate bilateral meetings** with his counterparts from **Qatar, Saudi Arabia, Oman, Kuwait and Bahrain** on the margins of the India-GCC Ministerial meeting.

#### Gulf Region

- The Gulf Region typically refers to the countries surrounding the **Persian Gulf in the Middle East**.
- It includes nations like **Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates (UAE)**.
- This region is known for its **vast oil reserves**, which have significantly influenced global economics and politics.

#### Gulf Cooperation Council (GCC)

- It is a **political and economic alliance** of **six Middle Eastern countries**—Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman.
- It was established in **1981**.
- It is Headquartered at **Riyadh, Saudi Arabia**.
- It aims to achieve unity among its members based on their common objectives and their similar political and cultural identities, which are rooted in Arab and Islamic cultures.
- Presidency of the council rotates **annually**.

#### Importance of Gulf Region for India

- **India's priorities include** attracting investments to increase economic growth, addressing regional security concerns (including in the Arabian Sea and the Gulf), and enhancing its regional presence and influence.
- **Energy Security:** The Gulf countries are major suppliers of crude oil and natural gas to India.



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- India is highly dependent on Gulf oil for its energy needs, making the region crucial for India's energy security.
- **Remittance:** Remittances from Indian expatriates working in the Gulf contribute significantly to India's economy.
  - Remittance is the non-commercial transfer of money by an individual to his/her home country or family.
- **Security Cooperation:** The Gulf region is strategically important for India's security interests, given its location and influence in the Arabian Sea and Indian Ocean regions.



## India's Relations with GCC

- **Strategic Partnership:** GCC is a major trade and investment partner for India. While India has close economic and political ties with all countries, the strategic partnership exists with only Saudi Arabia, UAE, and Oman.
- **Energy Security:** The Gulf region fulfilled **55.3% of India's total crude oil** demand in 2022–23, compared to 63.9% in 2021–22.
  - However, oil imports from Russia have been declining in 2023–24, and there are signs that India's decreasing dependence on Gulf oil is already reversing.



- **Trade and Investment:** The GCC is **India's largest regional bloc trading partner**. Trade with the GCC comprised **15.8 percent of India's total trade in FY2022-23**, compared to 11.6 percent of total trade with the European Union.
  - The UAE has consistently been India's principal trading partner within the Gulf and is India's third-largest trading partner overall, with Saudi Arabia in fourth place.
  - India also has a significant trade deficit with the GCC which is driven by India's dependence on GCC countries for oil and gas imports.
- **India's regional geo-economic focus** has driven it to engage with the **I2U2 grouping and to join the India–Middle East–Europe Economic Corridor (IMEC)**.
  - The two sides signed an inter-governmental framework agreement on IMEC. However, both initiatives risk being delayed by the Hamas–Israel war.
- **Defence Relations:** India's defence engagements with these countries are gaining significant momentum.
  - The Indian Navy established bilateral exercises with the **UAE in 2018, with Qatar in 2019, and with Bahrain and Saudi Arabia in 2021**.
  - The Indian Army held its first exercises with the UAE and Saudi Arabia in 2024.
  - The UAE is becoming India's key regional defence partner; the **UAE and Oman are the only regional countries** with which India holds army, air force and navy exercises.
  - **India and the UAE** have started trilateral military cooperation with France, holding a maritime exercise in 2023 and an air-force exercise in 2024.

## Challenges Ahead

- **The outbreak of the Hamas–Israel war** and shipping attacks in the Red Sea directly impact India's energy security and economic growth.
  - Yet India remains reluctant to take an active role in the complex politics of the Middle East and is back to its long-standing **balancing act between the Gulf, Iran and Israel**. This could become more difficult if the war escalates further.
- The war has also impacted the **I2U2 minilateral group**, through the continued postponement of a senior-officials meeting since 2023.
  - India has called for economic initiatives such as I2U2 and IMEC to progress despite the conflict.
- Other challenges include **finalising the India–GCC Free Trade Agreement (FTA)**, which was initially delayed due to a change in the GCC's chief trade negotiator.
  - The key issue will be reaching an agreement that satisfies all GCC states.



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- Additionally, India must manage diplomatic relations carefully following Islamophobic comments made by Indian officials in 2022.
  - Any Islamophobic rhetoric from Indian nationals stands in contrast to the growing government-to-government display of religious tolerance between India and the Gulf.

## Way Forward

- **Growing security challenges** are sharpening the need for India to become a key ‘strategic partner’ of the Gulf states and to enlarge its regional presence and influence.
- Increased strategic convergence spanning political, economic and security interests has resulted in a new framework for India–Gulf relations, which, if successfully maintained, will enhance trust levels and enable cooperation to become more ambitious in scope.

**Source :** <https://economictimes.indiatimes.com/news/india/india-gulf-cooperation-council-adopt-action-plan-for-joint-activities-across-sectors/articleshow/113210158.cms?from=mdr>

