

## Gulf Cooperation Council (GCC)

### Background and objectives:

The Gulf Cooperation Council (GCC) was established by an agreement concluded on 25 May 1981 in Riyadh, Saudi Arabia among Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE in view of their special relations, geographic proximity, similar political systems based on Islamic beliefs, joint destiny and common objectives. Presently it encompasses a total area of 2,672,700 sq.km. The official language is Arabic.

2. The GCC Charter states that the basic objectives are to have coordination, integration and inter-connection between Member States in all fields, strengthening ties between their peoples, formulating similar regulations in various fields such as economy, finance, trade, customs, tourism, legislation, administration, as well as fostering scientific and technical progress in industry, mining, agriculture, water and animal resources, establishing scientific research centres, setting up joint ventures, and encouraging cooperation of the private sector.

3. The GCC members and Yemen are also members of the Greater Arab Free Trade Area (GAFTA). This is unlikely to affect the framework of the GCC in a major way as the GCC has a more prioritized timeframe as compared to GAFTA and it seeks greater integration.

4. GCC comprises of some of the fastest growing economies in the world, mainly due to an increase in oil and natural gas revenues coupled with a building and investment boom backed by reserves etc. Most of these economies which were affected during recent economic downturn has now recovered and growing at fast pace again. According to the IMF's latest forecast the region's dollar GDP growing by 30 percent to 1.4 trillion in 2011.

5. **Organization Structure:** The structure of the GCC consists of the Supreme Council, the Ministerial Council and the Secretariat General. The Secretariat is located in the city of Riyadh. The constitution of the GCC precisely reflected the importance of seeking ways to make the unity of Arab States a reality. The constitution required the organization to provide "the means for realizing coordination, integration and cooperation" in economic, social and cultural affairs.

a) The **Supreme Council** (the highest authority of the GCC) comprises the Heads of State of the six member countries. The Supreme Council meets once a year in ordinary session. Emergency sessions can be convened at any time by the heads of any two Member States. The chairmanship of the Supreme Council is held by each Member State in turn. Resolutions are carried by majority vote. The Supreme Council is responsible for determining the overall policy of the GCC and for ratifying recommendations presented to it by the Ministerial Council or the Secretariat General.

b) The **Ministerial Council** comprises the Foreign Ministers of the six member countries. The Ministerial Council meets once every three months in ordinary session. Emergency sessions can be convened at any time by the

Foreign Ministers of any two Member States. The Ministerial Council draws up policies and makes recommendations on means of developing cooperation and coordination amongst Member States in the economic, social and cultural spheres.

c) The **Secretariat General** prepares reports, studies, accounts and budgets for the GCC. It drafts rules and regulations and is charged with the responsibility of assisting Member States in the implementation of decisions adopted by the Supreme and Ministerial Councils. The Secretary General is appointed for a three-year term (renewable) by the Supreme Council on the recommendation of the Ministerial Council.

6. **32<sup>nd</sup> GCC Summit**-32<sup>nd</sup> GCC Summit was held in Riyadh from December 19-20, 2011 under the chairmanship of the Custodian of the Two Holy Mosques, the current Chairman of the Supreme Council. The Summit voiced support against terrorism, pledged support to all regional and international efforts aimed at combating terrorism. The Supreme Council expressed satisfaction over the achievements in the field of defence integration among the GCC countries, stressing the continuation of efforts to build a common defence system.

7. **GCC Monetary Union:** GCC Monetary union is ratified by Saudi Arabia, Kuwait, Qatar and Bahrain. Oman had opted out of it in 2006 and UAE did so in May 2009. Although on March 15, 2010 UAE reiterated that it is committed to the concept of a single currency however the free trade in the region should precede single currency realization. Riyadh is selected as the location for the monetary council and the future central Bank. Nevertheless 30th GCC summit had established a Joint Monetary Council (JMC) who would take necessary steps to issue the GCC single currency. GCC Monetary Union thus remained a long term goal to be preceded by monetary and fiscal policies and creation of an effective regional central bank.

### **India and GCC- Contours of cooperation**

8. The Gulf region has historical, political, economic, strategic and cultural significance for India. The GCC countries, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE, are moving ahead with their economic integration efforts and offer tremendous potential for cooperation in trade, investment, energy, manpower etc. India has traditional and friendly relation with all GCC member states. With a bilateral trade estimated at USD 113 billion during 2010-11, GCC is now our largest trading partner in the world. This region hosts nearly 5.5 million Indians who are contributing immensely to the economic development of both India and the countries they reside and work in. GCC countries have mutually beneficial complementarities with India in the field of investments which has already started from these countries both through FDI and FII.

9. Nearly 40 % of India's crude oil import is met from GCC countries. Gulf region plays a crucial role in our energy security and pace of economic growth. India has successfully bid for oil blocks in Qatar and Oman. Efforts are ongoing to set up joint ventures in downstream petrochemicals, fertilizer and energy intensive industries in the GCC countries and in India. The OMIFCO fertilizer plant in Oman and the Essar steel plant in Qatar are good examples.

10. With increasing economic and international profile of India, the engagement with the Gulf is on the increase. There has been intensification of high-level interactions. Increasing number of Agreements and MoUs has been signed in last few years in wide ranging areas.

11. The Gulf countries provide an excellent market potential for India's manufactured goods and services, especially in project services exports. The trade and investment flows between the two have increased substantially. The oil-rich Gulf States with their massive oil revenues are engaged in an ambitious economic development and modernization programme, which has created a demand in GCC States for skilled manpower and labour. India, with its surplus manpower resources is a major source of supply.

12. Chairing the Trade & Economic Relations Committee (TERC), Hon'ble Prime Minister Dr Manmohan Singh said, "The Gulf region, like South-East and South Asia, is part of our natural economic hinterland. We must pursue closer economic relations with all our neighbours in our wider Asian neighborhood. India has successfully pursued a Look East policy to come closer to the countries of South-East Asia. We must, similarly, come closer to our western neighbors in the Gulf."

13. **Visit of Secretary General of GCC to India:** H.E. Mr Abdulrahman bin Hamad Al-Attiyah, Secretary General, Gulf Cooperation Council (GCC) visited New Delhi in February 2004 as part of his tour to India. He held wide-ranging discussions with External Affairs Minister and also met Deputy Prime Minister, Deputy Chairperson of Rajya Sabha among others. The Secretary General participated in the first India-GCC Industrial Conference in Mumbai on February 17-18, 2004. The Secretary General voiced GCC's appreciation for the Indian community in all the Gulf countries for their constructive role and positive contribution based on their skills, expertise, and sense of discipline, integrity and law-abiding nature.

14. **India-GCC Political Dialogue:** The first-ever landmark India-GCC Political Dialogue involving EAM with the GCC Chairman, the Secretary General and Ambassadors/representatives from GCC countries was successfully held on the sidelines of the UNGA on September 26, 2003. Both sides recognized the significance of this dialogue, which marked "a new era" in India- GCC relationship. The very first dialogue focused on topical issues like Iraq, Middle East, terrorism, UN reforms, multilateralism, NAM and OIC. The GCC Chairman stated that UN Security Council should be expanded and India should be a member of the Security Council. The 6th Round of India-GCC Political Dialogue was held in New York on 26th September 2011 on the margins of UNGA. Indian side was led by EAM while the GCC side was represented by its troika of UAE Foreign Minister as current Chair of

GCC, Saudi Deputy Foreign Minister, and GCC Secretary General. Wide ranging issues including terrorism, UN reforms were discussed.

15. **India-GCC Industrial Conference:** The first India-GCC Industrial Conference comprising ministerial and business delegations from the six member states of the Cooperation Council for the Arab States of the Gulf –Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE – and India was held in Mumbai in February 2004. The Conference was co-chaired from Indian side by Minister of Commerce and Industry and from the GCC side by Minister of Trade and Industry of Kuwait. The Conference focused on trade, investment, industrial and technological cooperation. It issued a 'Mumbai Declaration'. Second India- GCC Industrial Conference took place in Muscat-Oman in March 2006 and the 3rd Industrial Conference took place in Mumbai in May 2007 with focus on two way investment. This session approved holding regular Senior Officials Meeting (SOM) as a mechanism to discuss develop and bolster cooperation in the field of industry and investment.

16. **Framework Agreement on Economic Cooperation and India-GCC FTA Negotiations:** Giving a boost to commercial and economic ties, India and Gulf Cooperating Council signed on August 25, 2004 a Framework Agreement on Economic Cooperation to explore the possibility of a Free Trade Area between them. A 3-member GCC negotiating team visited India and held discussions on November 19, 2004 on a broad range of issues, including the possibility of initiating negotiations towards a FTA and non-tariff barriers affecting Indian exports to the region. The 3rd round of negotiations were held in January 2009 at Riyadh.

17. Ministry of External Affairs under the aegis of India-Arab Cooperation Forum supported and facilitated the 2<sup>nd</sup> India-Arab investments project conclave from 8-9 February 2010 at New Delhi. The event was organized by FICCI. Nine Trade and Industry Ministers and over 280 delegates from 21 GCC and Arab countries and Iraq comprising Government officials, business leaders and investment houses participated with over 250 Indian businesses. Indian investable projects of around USD 11 billion were tabled. It is expected that the interactions during the conclave with Ministerial level delegations as well as between business to business delegation regarding investment projects would lead to enhanced business and investment relations between India and the GCC among others.

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