

## **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. Recently, Morocco and Jordan have applied for the GCC membership which is currently being studied by the GCC Expert Committee.

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 have now recovered and are growing at a fast pace again.

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. Current Secretary General is Dr. Abdullatif bin Rashid Al-Zayani and was appointed in April 2011.

#### **GCC Summit Meeting:**

6. 33rd GCC Summit was held in Bahrain from December 24-25, 2012, under the chairmanship of the His Majesty King Hamad bin Isa Al Khalifa, Emir of Bahrain and current President of the Supreme Council. The Supreme Council is still studying the proposal of transition of GCC member states from the phase of cooperation to union, initially mooted by Saudi King Abdullah in the 32<sup>nd</sup> GCC Summit in Riyadh in December 2011. The 34<sup>th</sup> GCC Summit Meeting will be hosted by Kuwait.

#### **GCC Monetary Union:**

7. 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 Cooperation Council (GCC) as a collective entity has tremendous significance for India. The Gulf constitutes the "immediate" neighborhood of India separated only by the Arabian Sea. India, therefore, has a vital stake in the stability, security and economic well-being of the Gulf. As a group, the GCC has been increasingly determining the economic, political, and security policies of its member States. The GCC countries are moving ahead rapidly with their economic integration efforts. The GCC has emerged as a major trading partner for India; it has vast potential as India's investment partner for the future. The GCC's substantial oil and gas reserves are of vital importance for India's energy needs. The GCC countries are collectively host

to a large Indian expatriate community. In short, the GCC offers tremendous potential for cooperation in trade, investment, energy, manpower, etc.

### **Economic and commercial relations:**

9. India enjoys traditionally cordial relations and cooperation with the GCC. India's old, historical ties with GCC states, coupled with increasing imports of oil and gas, growing trade and investment opportunities, and presence of approximately 6 million Indian workers in the region, are of vital interest to India. India's economic linkages with the GCC have increased steadily especially due to growth in oil imports. These continue to make steady progress to-date. During 2011-12, India's exports to GCC were USD 45.36 billion. The bilateral two-way trade during the period was USD 145.72 billion, marking a 24.13% increase over the previous year, and growing at a steady pace. A table of India's trade with the GCC States during 2009-10, 2010-11 and 2011-12 is given below.

#### **India's trade with GCC countries**

(All figures in USD million)

Country	2009-10			2010-11			2011-12		
	Import	Export	Total	Import	Export	Total	Import	Export	Total
<b>KSA</b>	17,097.57	3,907.00	21,004.57	20,385.28	4,684.40	25,069.68	31,060.10	5,683.29	36,743.40
<b>UAE</b>	19,499.10	23,970.40	43,469.50	32,753.16	33,822.39	66,575.55	35,790.39	35,925.52	71,715.91
<b>Oman</b>	3,499.89	1,032.93	4,532.82	4,002.07	1,086.48	5,088.55	3,329.31	1,322.13	4,651.45
<b>Kuwait</b>	8,249.49	782.45	9,031.95	10,313.64	1,856.01	12,169.65	16,375.37	1,181.41	17,556.78
<b>Qatar</b>	4,648.52	536.97	5,185.49	6,819.87	375.39	7,195.27	12,923.82	807.95	13,731.77
<b>Bahrain</b>	502.86	250.21	753.07	641.25	651.83	1,293.08	876.30	439.99	1,316.28
<b>Total</b>	53,497.43	30,479.96	83,977.40	74,915.27	42,476.50	117,391.78	100,355.29	45,360.29	145,715.59

\* The above figures of Indian imports include imports of crude oil and petroleum products.

[Source: [www.dgft.gov.in](http://www.dgft.gov.in) (as on 29.9.2012)]

### **Strategic relations:**

10. From the strategic point of view, India and GCC share the desire for political stability and security in the region. The common political and security concerns of India and GCC translate into efforts for peace, security and stability in the Gulf region and South Asia. The emerging common security perceptions create further opportunities for GCC-India cooperation in the future. The GCC states are going through important changes and transformation; the process of understanding and integration is coming of age. Along with it the areas for cooperation are also widening beyond investments, trade & commerce and sharing & development of human resources to security.

### **India-GCC Industrial Conference:**

11. The first GCC-India Industrial Conference was held in Mumbai in February 2004. The 4th GCC-India Industrial Conference is scheduled to be held shortly, the dates for which are being worked out by the GCC Secretariat.

### **India-GCC FTA**

12. India and GCC signed a Framework Agreement for enhancing and developing economic cooperation between the two sides in New Delhi in August 2004. Two rounds of talks for finalizing aspects like tariff rules, rules of origin, etc. have been held.

13. **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.

\*\*\*\*\*

**February 2013**