



India & Gulf Countries

For Prelims: Types of Trade Agreements, India & Gulf Countries

For Mains: India and its Neighbourhood, Bilateral Groupings & Agreements, Significance of Indian-Gulf Relations

Why in News?

Recently, Indian Vice President visited **Qatar**, which is one of the **Gulf Cooperation Council (GCC) Countries (Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, and the UAE)**, where he highlighted the **strength of India-Qatar ties and called for building an enabling environment and forging more collaborations** for mutual benefit.



What are the Key Highlights of the Vice President's Visit to Qatar?

- **India-Qatar Start Up bridge:**
 - The Vice President launched the "India-Qatar Start Up bridge" that **aims to link the start-up ecosystems of the two countries.**

- India has emerged as the **3rd largest ecosystem for startups globally**, with over 70,000 registered Startups.
- India is home to 100 unicorns with **a total valuation of over USD 300 billion.**

▪ **Environment and Climate Change:**

- India has been making sustained efforts for the protection of environment and combating climate change.
- He recalled **India's leadership in establishing the [International Solar Alliance \(ISA\)](#)** and increasing the thrust on renewable energy.
- He invited Qatar, as **India's trusted partner in its energy security**, to be a partner in this journey for sustainability and join the ISA.

▪ **Joint Business Council Between Business Chambers:**

- He expressed happiness that a Joint Business Council between Business Chambers of India and Qatar has been established and that a Joint Task Force on Investments would take its work forward.
- He also complimented Invest **India and Qatar Investment Promotion Agency for entering into a partnership of guiding and assisting businesses** on both sides to tap new and emerging opportunities.

▪ **Collaborations at Multilateral Forums:**

- He called for more collaboration between India and Qatar at multilateral forums like the **[Inter Parliamentary Union \(IPU\)](#)**, Asian Parliamentary Assembly, and others.

Why is the Gulf Region Crucial for India?

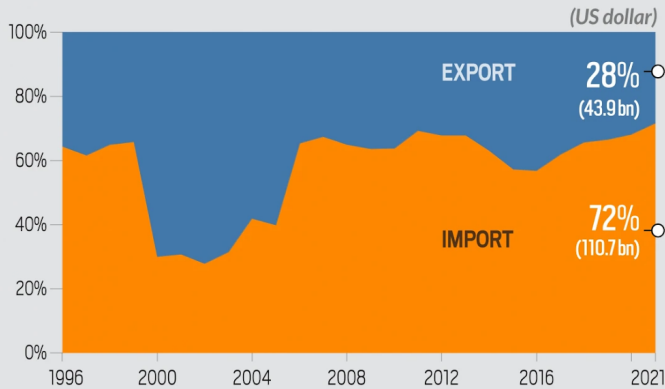
- India has enjoyed **centuries of good relations with countries like Iran, while smaller gas-rich nation Qatar is one of India's closest allies** in the region.
- India shares good relations with most of the countries in the Gulf.
- The **two most important reasons for the relationship are oil and gas, and trade.**
- Two additional reasons are the **huge number of Indians who work in the Gulf countries, and the remittance** they send back home.

How much trade does India do with countries in this region?

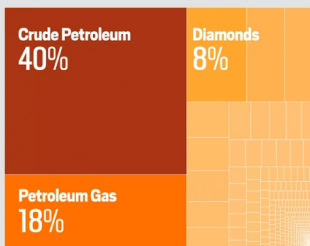
▪ **UAE:**

- The UAE was **India's third largest trading partner in 2021-2022**, and second largest for both exports (USD 28 billion) and imports (USD 45 billion) when these are counted individually.
- In terms of total trade volume, the UAE (USD 72.9 billion) was **behind the United States (USD 1.19 trillion) and China (USD 1.15 trillion).**
- The UAE accounted for **6.6% of India's total exports and 7.3% of imports in the last financial year**, up 68.4% since the previous year when international trade was impacted by the pandemic.

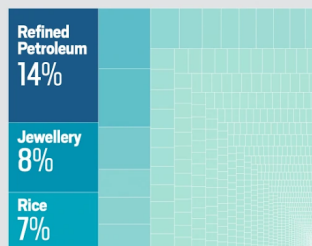
INDIA'S TRADE WITH GULF COOPERATION COUNCIL



INDIA'S TOP 3 IMPORTS



INDIA'S TOP 3 EXPORTS



▪ Saudi Arabia:

- At a total volume of USD 42.9 billion in 2021-22, **Saudi Arabia was India's fourth largest trading partner.**
- While exports were low at USD 8.76 billion (2.07% of India's total exports), imports from **Saudi Arabia were the fourth largest at USD 34.1 billion (7%),** up 50% from the previous year. Most of it was crude oil.

▪ Iraq:

- It was **India's fifth largest trading partner** in 2021-22 at USD 34.3 billion.

▪ Qatar:

- The total trade was USD 15 billion, accounting for just 1.4% of India's total trade, but the country is India's most important supplier of natural gas.
- Qatar accounts for **41% of India's total natural gas imports.**
 - The UAE accounts for another 11%.

▪ Oman:

- For Oman, India was the 3rd largest (after UAE and China) source for its imports and 3rd largest market (after UAE and Saudi Arabia) for its non-oil exports in 2019.
- Major Indian financial institutions have a presence in Oman. Indian companies have invested in Oman in sectors like iron and steel, cement, fertilisers, textile etc.

How much oil does India import?

- The 239 million tonnes of oil petroleum imports were worth USD 77 billion and accounted for **nearly one-fifth of the country's total imports in 2021.**
- The share of Persian Gulf countries in **India's crude imports has remained at around 60%** over the last 15 years.
- In 2021-2022, the **largest exporter of oil to India was Iraq**, whose share has gone up from 9% in 2009-2010 to 22%.
- Saudi Arabia has accounted for 17-18% of India's oil imports for over a decade. Kuwait and UAE remain major oil exporters to India. Iran used to be the second largest oil exporter to India in 2009-2010, its share went down to less than 1% in 2020-21, due to US sanctions.

What is the Scenario of Indians in the Gulf and the Remittances?

- More than 13.46 million Indian citizens work abroad. If [Persons of Indian Origin](#) (those who have taken up citizenship of other countries, and their descendants) are added, this number goes up to over 32 million.
- Counting only the 13.4 million **non-resident Indians (NRIs)**, the Gulf has the largest numbers.
 - The UAE (3.42 million), Saudi Arabia (2.6 million) and Kuwait (1.03 million) together account for over half of all NRIs.
- In terms of remittances from abroad, **India was the largest recipient in 2020 at USD 83.15 billion**, according to World Bank data.
 - This was nearly **twice the remittances to the next highest recipient**, Mexico, at USD 42.9 billion.
- The largest contributor is the **huge Indian diaspora in the Gulf**.
 - The UAE accounted for 26.9%, Saudi Arabia for 11.6%, Qatar for 6.4%, Kuwait for 5.5% and Oman for 3%. Beyond the GCC, remittances from the US accounted for 22.9%, second only to the UAE.

What are Recent Developments?

- Recently, India and Oman signed a [Programme of Cooperation \(POC\)](#) in the fields of Science and Technology for the period 2022 – 2025.
 - The POC for Cooperation in the fields of Science and Technology was signed in pursuance of the Agreement for Cooperation in Science and Technology (S&T) concluded on 5th October, 1996 between Oman and India.
- In September 2021, India and the UAE [formally launched negotiations on the India-UAE Comprehensive Economic Partnership Agreement \(CEPA\)](#).
- In 2021, the Indian External Affairs Minister met the Foreign Minister of the Kingdom of Saudi Arabia, where both countries discussed **bilateral cooperation in multilateral forums such as the [United Nations](#), [G-20](#) and [Gulf Cooperation Council \(GCC\)](#)**.
- In 2021, India and Bahrain agreed to strengthen their **historic ties, including in areas of defence and maritime security**.
- In 2020, the legal and legislative committee of Kuwait's National Assembly approved the **draft expat (expatriate) quota bill**.
 - According to the bill, **Indians should not exceed 15% of the population and if it is enacted into law**, over 8 lakh Indians could be forced out of Kuwait.

Way Forward

- There is a **need to focus on the new and long-term possibilities for economic cooperation with the Gulf countries**, which is looking at a future beyond oil.
 - The Gulf states have embarked on massive economic diversification and are investing in a variety of new projects including renewable energy, higher education, technological innovation, smart cities, and space commerce.
- With the rise of Khaleeji capitalism, the **Gulf countries today deliver economic and security assistance to friendly states**, build ports and infrastructure, acquire military bases and broker peace between warring parties and states.
 - The UAE currently chairs the [Indian Ocean Rim Association \(IORA\)](#) and has been eager to work with India in developing joint infrastructure projects.
 - India **needs to bring scale and depth to its regional initiatives** on connectivity and security in the Indian Ocean.

UPSC Civil Services Examination, Previous Year Question

Q. Which of the following is not a member of 'Gulf Cooperation Council'? (2016)

- (a) Iran
- (c) Oman
- (b) Saudi Arabia
- (d) Kuwait

Ans: (a)

Exp:

- The Gulf Cooperation Council (GCC) is an alliance of 6 countries in the Arabian Peninsula – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Iran is not a member of the GCC.
- It was established in 1981 to promote economic, security, cultural and social cooperation between the members and holds a summit every year to discuss cooperation and regional affairs.
- Hence, option (a) is the correct answer.

Source: IE

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