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India and Gulf Cooperation Council Sign Terms of Reference to Start Free Trade Agreement Talks

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India and the Gulf Cooperation Council (GCC) signed the **Terms of Reference (ToR)** to begin formal talks on a Free Trade Agreement (FTA).

The ToR sets **the scope and framework for how the FTA negotiations will proceed.**

Who Are the GCC Members

The Gulf Cooperation Council (GCC) includes six countries: **Saudi Arabia, United Arab Emirates (UAE), Qatar, Kuwait, Oman & Bahrain**

Why This Is Important-

Restarting Long-Stalled Talks

Talks for an India-GCC FTA were first explored more than two decades ago.

Earlier negotiations were held in 2006 and 2008 but then paused.

Signing the ToR restarts the process and formally begins the negotiation phase.

Boosting Trade and Investments

The FTA is expected to strengthen economic and strategic ties between India and the Gulf region.

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It can increase trade, investment, and cooperation in sectors like food processing, infrastructure, petrochemicals, and technology.

Economic Significance

Strong Trade Relations

India-GCC bilateral trade was around \$178.56 billion in 2024-25.

India mainly imports crude oil and gas from the GCC, and exports goods like metals, machinery, and gems to the region.

Large Indian Diaspora

About 10 million Indians live and work in GCC countries, contributing to strong people-to-people and economic bonds.

What This Means Moving Forward

Signing the **ToR does not mean the FTA is final**; it **starts negotiations**.

The talks will work out the actual terms of the trade deal, including tariffs, market access, and rules.

If finalized, the FTA could lead to greater growth in trade and investment for both India and the GCC region.