

If delay in FTA talks, GCC nations can join India-UAE trade deal

SHREYA NANDI

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The other member countries of the six-nation Gulf Cooperation Council (GCC) will have the option to join the India-United Arab Emirates (UAE) trade deal on the same terms and conditions, if the launch of the free-trade agreement (FTA) negotiations between New Delhi and the GCC is further delayed, said people aware of the matter.

In the India-UAE free-trade agreement, the two have kept a clause that if both nations agree, a third country or a group of nations shall have the option to be a party to the trade pact. This means that the country would have to offer India the same concessions that the UAE had offered, if the latter agrees, they said.

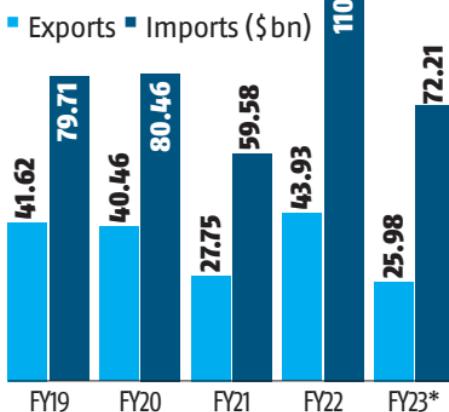
“Any country, group of countries or Customs territory (hereinafter referred to as ‘acceding party’) may accede to this agreement, subject to such terms and conditions as may be agreed between the acceding party and the parties to this agreement, and following approval in accordance with the applicable internal legal procedures of the acceding party and the parties to this agreement. Such accession shall be effective sixty (60) days from the date of deposit of the instrument of accession with the joint committee,” according to the India-UAE Comprehensive Economic Partnership Agreement (CEPA).

The clause was added to the agreement to encourage other countries to join the pact, making it a regional agreement, the sources said.

The GCC countries — Bahrain,



INDIA'S TRADE WITH GCC NATIONS



*Apr-Sep

Source: Department of Commerce

Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE) — and India were supposed to launch the FTA negotiations last week.

However, government officials said the timeline has been moved further as they are still working on the terms of reference and both sides are caught up, simultaneously negotiating trade deals with other countries.

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Despite increasing volatility, prices have been on a downward trajectory. The Indian basket of crude oil represents a derived basket comprising sour grade (Oman & Dubai average) and sweet grade (Brent dated) of crude oil processed in Indian refineries in the ratio of 75:25 during 2019-20. However, the Russian oil share in India's import basket climbed to 22 per cent in October from just 1 per cent before the Ukraine war.

FTA...

Currently, the GCC and India are separately negotiating trade deals with a bunch of countries. The GCC is currently negotiating with China, Pakistan, South Korea, and the United Kingdom. Similarly, India is negotiating FTAs with the United Kingdom, Canada, and the European Union at the moment. Experts said that finalisation of the trade deal with GCC could be tricky, considering the differences between some of the nations of the regional, intergovernmental political-economic union.

"The GCC negotiations may take some time to start, given some differences among two members of the group, which will have to be resolved before embarking on negotiations. The negotiations are expected to take more time than the India-UAE FTA, which was concluded in record time," Jayant Dasgupta, former WTO ambassador said. "Meanwhile, some members of the GCC who are interested, could accede to the India-UAE FTA, which has a provision for accession by third countries, by making and

receiving offers from India for market access on a bilateral basis. Such accession agreements for the expansion of the India-UAE FTA could build up on the existing India-UAE FTA provisions and could be concluded rather quickly. This will help in providing greater economic opportunities to all the countries through faster economic and trade integration and would be a win-win deal", Dasgupta said.

Arpita Mukherjee, professor, Indian Council for Research on International Economic Relations, said: "When two countries sign a trade agreement and they are also engaged in trade deals in more than one platform (India has a bilateral agreement with the UAE and will now negotiate with the UAE under GCC), then such a clause of allowing a group of countries to join it at a later stage is put in, subject to certain terms and conditions."

The GCC is currently India's largest trading partner bloc with the bilateral trade in 2021-22 valued at over \$154 billion, including exports worth \$44 billion. Imports are largely dominated by crude oil. Non-oil imports were worth \$37.2 billion. The GCC countries account for almost 35 per cent of India's oil imports and 70 per cent of gas imports. India's crude oil imports from the GCC in FY22 were about \$48 billion, while LNG and LPG imports in 2021-22 were about \$21 billion.

FM...

Apart from Sitharaman, the other budgetmakers who attended this and other meet-