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UAE-India CEPA

Published On: 07-05-2023

Why in News: On the occasion of the first anniversary of the implementation of the India-UAE Comprehensive Economic Partnership Agreement (CEPA) recently, Commerce Secretary Shri Sunil Barthwal congratulated the people of India and the UAE on the milestone and talked about CEPA's role as a growth engine for India-UAE bilateral trade over the past 11 months.

A brief about India-UAE Economic Relation

The India-UAE partnership was forged first on the trade of traditional items, and then strengthened with oil.

It found a formal dimension after the creation of the UAE Federation in 1971, and then accelerated in the 1990s, when a liberalised India embraced the opportunity to export to the UAE and markets beyond.

The emergence of the UAE as India's third-largest trading partner has only underlined the positive outlook the two countries share towards economic cooperation.

India- UAE CEPA: Key Features

The India-UAE CEPA marks the first trade agreement India has made with a major trading partner in over a decade.

The Comprehensive Economic Partnership Agreement is a bilateral trade pact that will cover over a period of time 90% of India's exports

This will include leather, processed agriculture and dairy products, handicrafts, gems and jewellery, furniture, pharmaceuticals, food and beverages, engineering products and nearly the entire spectrum of items produced by the Indian economy.

Apart from the goods sector, it will also include the services sector. Indian officials said that they expect the services sector to boom by \$15 billion in the coming five years.

Commerce and Industries said that the deal has strong anti-dumping measures integrated into it which will prevent any country from dumping its products into the Indian market by using the route of the UAE.

Benefit of CEPA

India-UAE economic ties are marked by the flow of remittances from the oil rich Gulf country to India. The country hosts at least 3 million Indians who work in diverse sectors of the economy of the Emirates and provides it with vital manpower support at all levels.

According to a study, 82% of India's total remittances originated from seven countries that included Gulf countries like the UAE, Saudi Arabia, Oman and Kuwait. In 2019, India received \$83 billion from the Gulf region. The figure was marginally affected in 2020 when large number of Indian workers returned home because of pandemic related economic distress.

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The India-UAE economic relation at present is shaped by the remittances that remain much greater than the \$60 billion bilateral trade.

The remittances are expected to rise with full economic recovery of the UAE's post-pandemic economy.

Commerce Secretary Mr. Subrahmanyam said the FTA will also increase remittances as Indian investments in UAE will bring Indian employees into the Gulf country.

Benefits of India- UAE CEPA to Startups

The UAE-India CEPA is unleashing the spirit of entrepreneurship that exists in both countries, inspiring innovators and investors, and catalysing SMEs, startups, and India Inc alike to make decisive inroads into new markets. The agreement is benefiting from the partnership's experience in unlocking growth, mobilising capital and talent, and policy engineering to create a new paradigm of deeply complementary and synergistic trade.

The UAE-India CEPA is also a strategic catalyst in addressing vital developmental challenges. Giving a trade lens to tackle issues as diverse as energy and food security, agriculture, and sustainability, it adds greater import to the presence of India and the UAE in regional blocs and multi-laterals such as the I2U2 and UFI.

The UAE-India CEPA owes its success not only to the legacy of the India-UAE relationship, but also to our shared values. The UAE looks forward to the opening of the IIT-Delhi campus in Abu Dhabi next year; positive outcomes are expected from the MoU in academic cooperation signed between Anwar Gargash Diplomatic Academy (AGDA) and O P Jindal Global University. In September last year, the UAE and India signed an MoU to establish the Emirati India Cultural Council.

The UAE-India CEPA and our strong people-to-people multicultural fabric have created a highly favourable business environment.

It is an opportune moment, in particular, for India's dynamic startup ecosystem, its unicorns and innovators, to explore growth and diversification into the Emirati market, and from there to the Middle East, Africa, and Europe.

Giving them access to a powerful enabling ecosystem of investors and fellow entrepreneurs, the India-UAE Startup Bridge will also enable them to attract investment from venture capitalists and angel investors. The corridor will further CEPA's vision for startups and embolden them to scale and strengthen their position in the global market.

Conclusion

Seen together, these initiatives give a glimpse of the deal's fullest role — as the heart of strategic alignments and common interests, leading our nations to build competitive, resilient, sustainable, and vibrant economies.