

AIR Spotlight - India United Arab Emirates Virtual Summit And The Road Ahead

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panellists discuss issues of importance which can be quite helpful in [IAS exam](#) preparation. In this article, India United Arab Emirates Virtual Summit And The Road Ahead

Participants

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Context:

India and the UAE inked a landmark Comprehensive Economic Partnership Agreement (CEPA) and unveiled a roadmap for expansion of overall ties.

India's Relations with UAE:

- The vision of the historic and friendly relations between India and UAE is significant at a time when,
 - India is celebrating 75 years of its Independence as Azadi Ka Amrit Mahotsav
 - UAE is celebrating the 50th anniversary of its foundation.
- UAE is India's third-largest trade partner, and bilateral trade and investment ties are expected to see significant enhancements.
- UAE hosts a large Indian community which numbers close to 3.5 million.
- During the Covid-19 pandemic, India and UAE collaborated in critical areas of healthcare and food security. Bilateral trade, investment, and energy relations have remained robust.
- The two sides are also strengthening their cooperation in new areas of renewable energy, startups, fintech, etc.
- India is participating with one of the largest pavilions in the Dubai Expo 2020.
- India-UAE "Air Bubble Arrangement" in 2020 during the pandemic has enabled the easy movement of people between the two countries.

India-UAE Comprehensive Economic Partnership Agreement (CEPA):

- The UAE-India CEPA is India's first bilateral trade agreement in the Middle East and North Africa (Mena) region. The formal talks over CEPA started in September 2021.
- The pact is expected to increase bilateral trade from the current \$60 billion to \$100 billion in the next five years.

Major Aspects of India-UAE CEPA:-

- **Greater Market for Indian Goods:** India hopes to gain greater market access in the UAE for items such as textiles & apparels, agriculture and processed food, electronics, gems & jewellery, chemicals & pharmaceuticals and engineering goods.

- **Employment generation:** The agreement will also create 5 lakh jobs in India gems and jewelry, textiles, engineering, pharma and auto sectors, among others. In the UAE, the pact is expected to create over 1 lakh jobs in the next few years.
- **Reduced import duties:** The biggest advantage is that import duties will be brought down on all items exchanged between the two nations.
- **Boost to other FTAs:** The signing of the pact with the UAE would also help to step up India's proposed free trade agreements with Saudi Arabia, Bahrain, UAE, Qatar, Kuwait and Oman.
- **Benefits to gems and jewellery sector:** The deal will push jewellery exports to UAE to the level of \$10 billion by 2023.
- **Duty free exports:** At least 80 percent of India's exports into the UAE will be duty free due to the free trade agreement.
- **Wide coverage of Sectors:** CEPA is also likely to include areas such as digital trade, intellectual property rights, government procurement etc. The two sides are also strengthening their cooperation in new areas of renewable energy, start-ups, fintech, etc.
- **Strengthened Air bubble:** The Air Bubble agreed in August 2020 has helped several Indians to return back for employment and business. This deal will further strengthen this cooperation.
- **Boost to service sector:** Substantial gains in India's areas of interest include computer-related services, audio-visual services, educational services, health services, tourism and travel-related services and professional services.
- **International expansion of SMEs:** The CEPA will also provide a platform for SMEs in both countries to expand internationally by granting them access to new customers, networks, and avenues of collaboration.
- The Indian Business and Professional Council (IBPC) has launched the India – UAE Bilateral Trade and Investment Report.
- **Report Highlights:**
 - Foreign direct investment flows between the two countries is valued at over \$57 billion over the 2003-2021 period.
 - There has also been considerable investment by companies owned or operated by Indians based in the UAE.
 - The UAE is home to over 3.4 million Indians, the largest expatriate community in the country.

What will the CEPA mean for India-UAE relations?

- **More engagement through the West Asia Quad** – that was launched in 2021 by US-Israel-India-UAE as a platform for economic cooperation.
- **Energy:** In 2020, Saudi Arabia at 38 million tonnes and UAE at 22 million tonnes were the 2nd and 3rd largest source of India's oil imports, and constitute about half its crude requirements

- **Remittances:** India's vast migrant labor population to the Gulf – about 8 million in all is another major tie that binds India and the UAE. With about 3.5 million Indians working in the Emirates-
- **Investments:** UAE investments in India are almost \$17 billion compared to \$3 billion in 2014. UAE is India's third-largest trade partner, and bilateral trade and investment ties will see significant enhancements if CEPA comes through.

What are the New areas of cooperation in India-UAE Ties?

- **Defense and Strategic partnerships:** India and UAE signed a comprehensive strategic partnership in 2017, and hold annual defense dialogues. More recently, UAE is a key part of the Indian Ocean Region dialogue. Both sides take part in military exercises with each other and there have been several Military chiefs' visits.
- **Terrorism- extradition and support:** From being seen as a safe have for some of India's most wanted terrorists and underworld figures- most notably Dawood Ibrahim, post 2001, the UAE decided to change policies, and now cooperates with India both on extraditing fugitives and terror suspects as well as intelligence sharing
- **Jammu and Kashmir-** After India's move on Article 370 and bifurcating Jammu Kashmir, the UAE was one of the first countries to offer its support, and has subsequently signed a number of MoUs promising investment and infrastructure in J&K and starting flights. This is significant, as the UAE had traditionally supported Pakistan on the issue.
- **Technology partnerships:** India and the UAE have signed a number of digital innovation, technology partnerships, and also plans for ISRO and UAESA to cooperate on missions like the Red Moon mission. The Emirates has offered "golden visa" residency permits for doctors, engineers, PhD scholars and specialists etc.

What are the areas where India and the UAE face their biggest challenges?

- **Balancing geopolitics-** India with Iran (also played out over Yemen) and UAE with China
- **Energy pricing:** As an OPEC country UAE is on the side of the debate, where India as a major oil consumer is arguing for a cap on prices- this has seen some heated words between oil ministers in the past
- **Treatment of Indian labor-** This frequently flares up as Indians aren't granted citizenship in the UAE, and conditions at Indian labor camps become a matter of concern which became worse during the pandemic.
- **Protests of minorities in India is becoming a big issue-** After the CAA protests, social media controversies, now the Hijab Ban has raised concerns in Gulf countries, and the OIC issued a very strong statement.

The Road Ahead

The UAE and India joint vision statement is a roadmap aimed at ensuring both countries work together more closely to address the shared global challenges, achieve shared objectives and build a robust and resilient relationship that is future-ready.

- **Hydrogen Task force:** As part of the roadmap, India and UAE have agreed to establish a joint Hydrogen Task Force to help scale up technologies, with a special focus on the production of Green Hydrogen.

- **Climate action and renewables:** Both countries agreed to work closely in the contexts of COP, the International Renewable Energy Agency (IRENA), and the International Solar Alliance (ISA).
- **Health cooperation:** UAE and India agreed to collaborate in the research, production and development of reliable supply chains for vaccines and to enhance investments by UAE entities in the rapidly growing health infrastructure in India.
- **Cultural cooperation:** The leaders agreed to set up an India UAE Cultural Council to facilitate and promote cross-cultural exchanges, cultural projects, exhibitions and dialogue between thought leaders of the two countries.
- **Education:** The two countries and realizing the need to establish world-class institutions that encourage and support innovation and technological progress, the leaders agreed to establish an Indian Institute of Technology in the United Arab Emirates.
- **Skills cooperation:** Both India and the UAE agreed to enhance their cooperation in order to develop a mutually agreed professional standards and skills framework which will address the changing needs for the future of work.
- **Food security:** India and UAE will contribute to promoting and strengthening the infrastructure and dedicated logistic services connecting farms to ports to final destinations in the UAE. The leaders directed relevant government agencies and industry partners to initiate and implement pilot projects in both countries.

