

UAE - INDIA BUSINESS COUNCIL - UAE CHAPTER



THE INDIA - UAE ODYSSEY: Echoes of History, CEPA's Melody, and Prospects for Future Harmony

Dec 2024



UIBC
UAE - CHAPTER

About UIBC-UC

Welcome to the UAE India Business Council - UAE Chapter (UIBC-UC), a pioneering initiative sanctioned by the Ministry of Foreign Affairs and International Cooperation of the United Arab Emirates (UAE) and the Ministry of External Affairs of the Government of India. Established under the esteemed supervision of the Federation of UAE Chambers of Commerce and Industry and registered as a legal and financial entity with the Dubai Chamber of Commerce, UIBC-UC stands at the forefront of fostering dynamic partnerships and innovative economic collaborations between the UAE and India.

With a robust network comprising 19 founding members representing the apex Indian and Emirati business organizations, UIBC-UC commands assets exceeding USD 1 trillion, positioning itself as a premier catalyst for shaping the economic trajectory of both nations. Committed to identifying and seizing strategic opportunities, UIBC-UC prioritizes investments in key sectors such as large infrastructure projects, manufacturing, technology, hybrid renewable energy initiatives, IT, tourism infrastructure, shipping, and facilitating Indian businesses to leverage the UAE as a global expansion hub.

At UIBC-UC, we envision a future defined by unparalleled collaboration, innovation, and prosperity, ushering in an era of sustainable economic growth for both the UAE and India.

AMBASSADOR OF INDIA
ABU DHABI



भारत का राजदूत, अबू धाबी
سفير الهند، أبو ظبي

31 December, 2024

FOREWORD

I extend my congratulations to the UAE India Business Council – UAE Chapter on the release of this insightful report on the India – UAE economic relationship, commemorating the second anniversary of the Comprehensive Economic Partnership Agreement. This report captures the multifaceted impact of CEPA on bilateral trade relations. I commend UIBC's good work and wish them best for future endeavours.

(Sunjay Sudhir)

Foreword

UAE-India Business Council - UAE Chapter



Mr. Faizal Kottikollon
Chairman, UIBC-UC

This research paper explores the intricate alliance between India and the UAE, which is rooted in centuries-old trade and economic interactions and yet is decisively forward-looking in its approach to the future.

Recent high-profile visits between the two nations highlight the pivotal importance both attach to this relationship. At present, the India-UAE partnership is defined by deep economic and commercial bonds, underpinned by a strong political commitment to continually strengthen their ties and collectively forge a more resilient and robust alliance.

With landmark agreements like the CEPA and strategic initiatives such as Rupee-Dirham trade, along with active participation in regional groups such as IMEC and BRICS, the two nations are entering a new era of collaboration and mutual growth.

As Chairman of UIBC-UC, I am filled with optimism and unwavering dedication to foster unprecedented progress in this relationship. My commitment lies in actively contributing to steering this alliance towards new heights of growth and achievement.

The "India-UAE Odyssey: Echoes of History, CEPA's Melody, and Prospects for Future Harmony" delves into the growing relationship between India and the UAE, emphasizing historical ties and continued collaboration.

Our nations have shared a close bond since time immemorial, rooted in geographical proximity and cultural affinity. This partnership transcends economic benefits, fostering mutual respect and shared prosperity. Recent years have seen this enduring association deepen, with Honourable Prime Minister of India Shri Modi and the UAE President, His Highness Sheikh Mohamed bin Zayed Al Nahyan making several bilateral visits. The recent engagements at COP28, G20, and Vibrant Gujarat Summit have further strengthened the India-UAE relationship.

Since the operationalisation of The Comprehensive Economic Partnership Agreement (CEPA) in May 2022, bilateral trade between the two nations has witnessed sharp growth reaching USD 84.84 billion in 2022 – 23. Strategic initiatives like Rupee-Dirham trade and the integration of RuPay and UPI systems will further simplify cross-border payments and reduce dependency on conventional foreign exchange methods. As we reflect on this journey, we are optimistic about the future defined by cooperation, interregional connectivity, and commitment to long-term prosperity.



Mr. Rizwan Soomar
Co-Chairman, UIBC-UC



**H.E. Maj. Gen. (Retd.)
Sharafuddin Sharaf**
Vice-Chairman, UIBC-UC

As the world progresses towards a brighter economic future, it is heartening to see the United Arab Emirates and India boost their centuries old trade and commerce relationship into an illustrious trade and economic partnership with the signing of the Comprehensive Economic Partnership Agreement (CEPA), providing the UAE's local firms an opportunity to tap into one of the fastest-growing major economies in the world and participating in India's growth story to emerge as the 3rd largest economy by 2027 / 2028.

We can see the positive impact of CEPA which has become evident within two years of signing the agreement: Indian companies have started utilising the UAE as a strategic distribution center for their products & reaching other regions. This has benefitted them by optimizing their supply chains, reducing costs, and improving their market reach and delivery times to various global destinations. Several Indian companies have invested in the UAE to establish their supply chain & distribution platforms. Indian export products from Small and Medium Enterprises (SMEs) have multiplied multifold & impacted positively to the UAE and India trade growth.

The objective of both the governments has been to ensure that CEPA benefits the common man, manufacturers, traders and society in general in the long run. The reality is that CEPA has succeeded beyond expectations.

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1 Introduction

Historical Depths & Future Horizons of India-UAE Relations

“ The partnership between India and the UAE is not just steeped in a long-standing history of trade and commerce, but also defined by forward-looking mutual interests ”

The partnership between India and the UAE is not just steeped in a long-standing history of trade and commerce, but also defined by forward-looking mutual interests. Over time, the special bond shared by these nations has strengthened significantly. In recent years, high-level visits between the two sides have underscored the significance both countries place on these relations. Presently, the India-UAE relationship is characterised by their strong economic and commercial ties, coupled with a firm political determination to continually enhance their standing and collaboratively build a more robust and resilient partnership.

The historic CEPA agreement, signed on February 18, 2022, navigates through key sectors, from gems to various industries, and fosters robust collaboration and innovation. In just 88 days, India and the UAE laid the groundwork for a transformative partnership, highlighting the UAE's strategic significance as India's third-largest trading partner in 2021. This narrative invites exploration into the unfolding synergy and dynamic possibilities that CEPA unlocks for both nations.

With landmark agreements like the Comprehensive Economic Partnership Agreement and strategic initiatives such as Rupee-Dirham trade, along with active participation in regional groups like IMEC, I2U2, and BRICS, the two nations are entering a new era of collaboration and growth.

In the dynamic realm of global trade, the Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE, effective since May 1, 2022, signifies a commitment to economic collaboration.

UAE President hosts reception for Indian Prime Minister Narendra Modi in Abu Dhabi | The National News





Section 1

India-UAE Ties

This section traces the historical ties between India and the UAE, covering ancient trade to current collaborations. It explores key milestones in economic, cultural, political, defense, security, and tourism relations, along with pivotal initiatives.



Section 1 India-UAE Ties

The deep-rooted relationship between India and the UAE has historical foundations dating back to the Indus Valley Civilisation, when the UAE served as a crucial maritime trade link. In the early 20th century, Mumbai became a key pearl trade centre, aligning with the ascent of the pearl industry in the Trucial States (the seven sheikhdoms of Abu Dhabi, Ajman, Dubai, Ras al-Khaimah, Sharjah, Fujairah and Umm al-Quwain). Thus, deeper economic ties between India and the UAE were initiated in the 1950s, but a pivotal shift occurred in the 1970s with the spurt in UAE's oil export revenues.

In terms of currency, the introduction of the Gulf rupee in 1959 and the transition to the UAE Dirham in 1973 also marked key economic shifts. By the early 1990s, Dubai's emergence as a regional commerce centre, and India's economic liberalization, led to a substantial rise in India's exports to the UAE, solidifying their robust economic partnership.

This section explores the India-UAE relationship from the 1950s to present day, focusing on specific areas of close collaboration.

”
A robust trade and investment alliance founded on longstanding economic, social, political and cultural ties.



Historic Relations: The Bedrock of a Strong Alliance

Ancient Trade

The early foundations of India and the UAE's bilateral relations are deeply intertwined with the UAE's rich history. Dating back to the Indus Valley and Sumerian Civilisations (3300 BC - 1300 BC), the UAE served as a crucial link in maritime trade due to its location at the crossroads of major trade routes, including the Silk Road and the Incense Route. These ancient trade routes connected the Indian subcontinent to the UAE and the rest of the world, thereby facilitating a rapid exchange of ideas and commodities. Around this time, Gulf Arabs and Indians from the west coast predominantly engaged in the trade of spices, perfumes, teakwood, dates, horses, and pearls. The primary trading centres were Sharjah, Ras al-Khaimah, and Dubai, with the Malabar Coast along India's western shoreline serving as the nexus of trade routes.

The evolution of India-UAE ties witnessed by companies with longstanding presence in business

It is because of our ages-old close relationship with India and Indians that we actually feel at home in India. So, in reality, India today is a second home for us. And as such, it is an honour and pleasure for us to upgrade our home, relationships and investments into India. It is the people-to-people relationship, mutual trust between people and leaders of both countries which sustains this relationship & propels our economies.



**H.E. Maj General (Retd.)
Sharafuddin Sharaf**

Vice Chairman, Sharaf Group
Vice Chairman, UIBC-UC



1900s to 1950s: The Pearl Odyssey

During the early part of the 20th century, present day Mumbai became the predominant centre for pearl trade in the region, especially for Parisian and London jewellers. This development was concurrent to the ascent of the pearl industry in the erstwhile Trucial States. The Trucial States' largest pearling bed was located in the sea along Abu Dhabi's coast. Therefore, pearl harvesting was a major business activity in the region during the 19th century and the first few decades of the 20th century. Between the months of June and September, hundreds of Arab pearl divers and haulers would immerse themselves in the waters for pearl fishing. Concurrently, Indian merchants, financiers, and brokers would interact closely with captains, sailors, and Arab merchants, finalising various business deals. Most of the international trade in the region, which predominantly consisted of diamonds, gems and pearls prior to the discovery of oil, passed through Mumbai. During the 19th century, Arab pearl traders, such as Saeed bin Ali Alnooman and Hussain bin Essa, from the Trucial sheikhdoms established residences in Mumbai (erstwhile Bombay). By the early 20th century, the number of seasonal Arab traders in the Indian city reached 500, facilitated by the presence of Moti Bazaar and offices on Mohammed Ali Road.

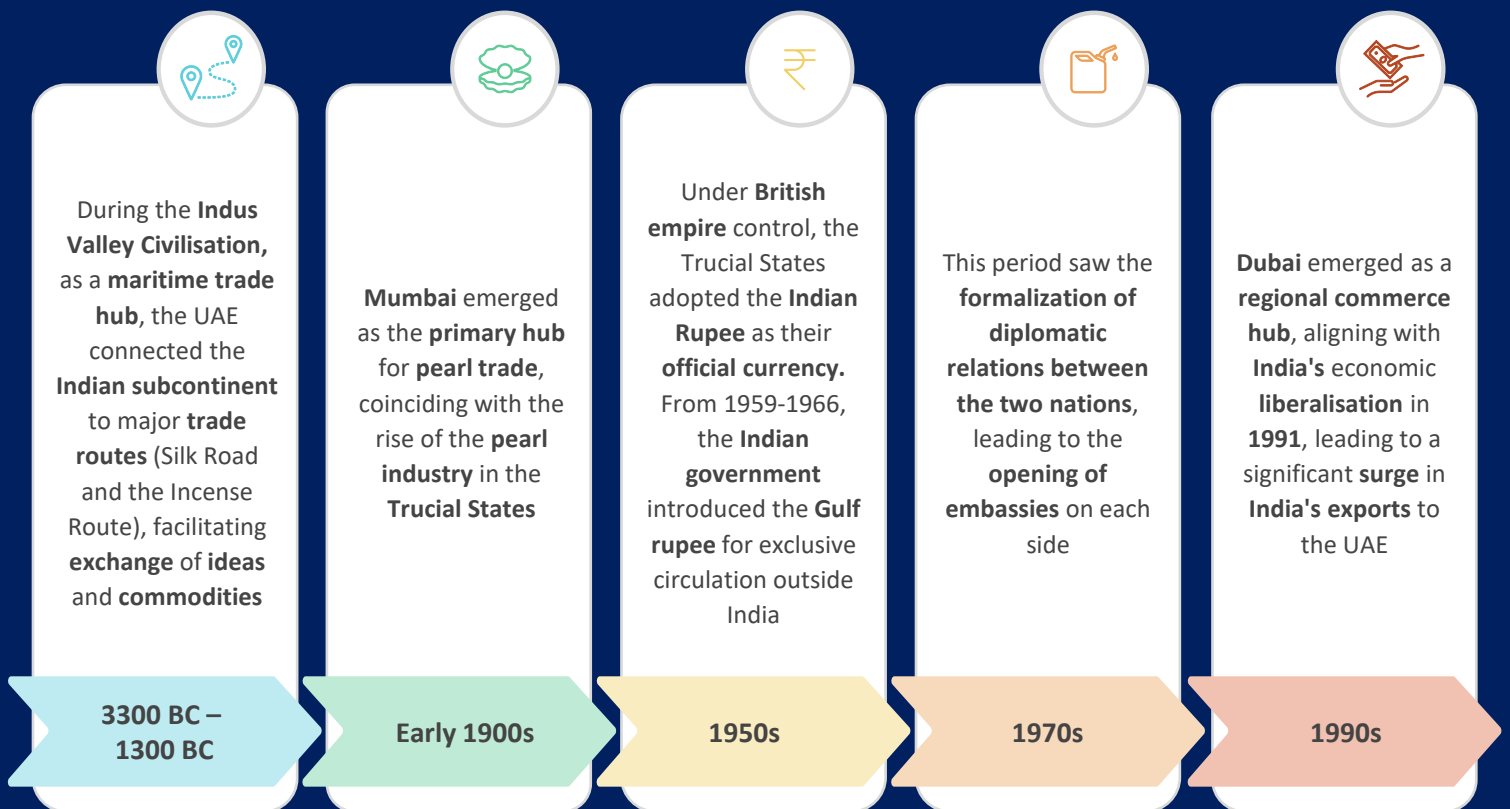


1950s onwards

By virtue of both regions being under the control of the British empire, India and the UAE adopted a shared currency with the Indian Rupee becoming the Trucial States' official tender even after India gained independence. From 1959-1966, the Indian government introduced the Gulf Rupee for exclusive circulation in the British protectorates around the Persian Gulf. Only in 1973 was the UAE Dirham introduced, marking the transition from the Gulf Rupee to the UAE's national currency.

As economic relations between India and the UAE began to take shape in the 1950s, Indian traders established themselves in Dubai. In this decade, corporations such as the Anglo-Persian Oil Company (APOC) and Saudi ARAMCO established hiring offices in Bombay. But the turning point in trade relations came in the 1970s with the surge in UAE's oil exports, leading to a sharp rise in trade between the regions.

With the formation of the UAE as a single state in 1971, India's exports progressively increased. The transformative push occurred in the early 1990s when Dubai established itself as a regional commerce centre, coinciding with India's economic liberalisation process. This period witnessed a substantial rise in India's exports to the UAE, laying the groundwork for the robust economic relationship between the two nations.





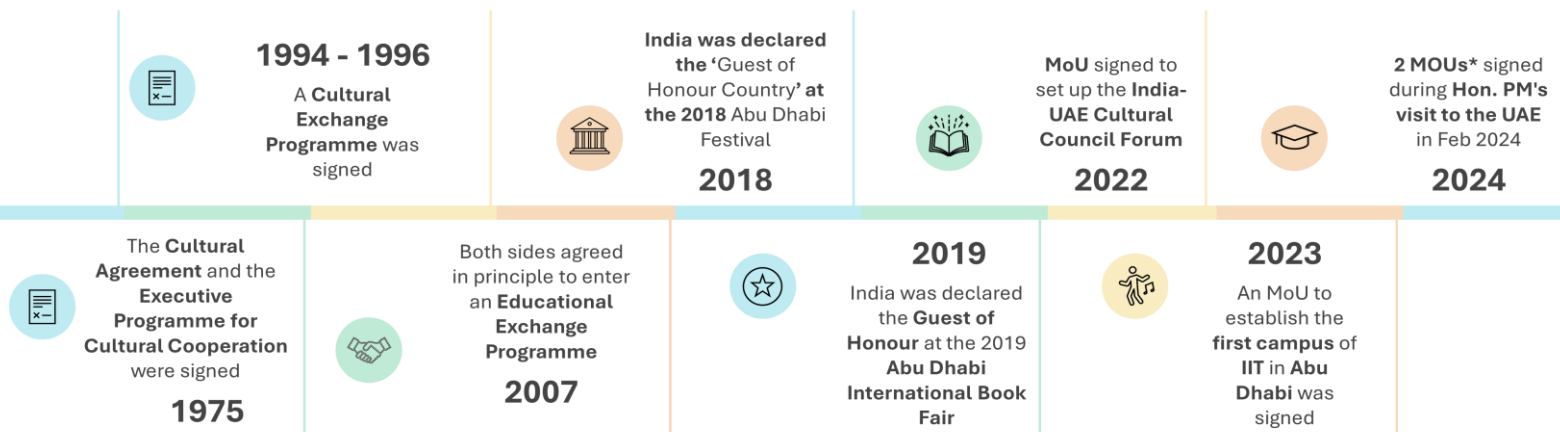
Cultural Relations

India and the UAE share a dynamic cultural relationship that has evolved rapidly over the years. Commencing with the signing of the 1975 Cultural Agreement, the partnership has deepened with milestones like the Executive Programme for Cultural Cooperation, the 1994-1996 Cultural Exchange Programme, and a significant agreement for an Educational Exchange Programme in 2007. Noteworthy cultural events celebrating India were held in the UAE in 2018 and 2019, demonstrating the enduring nature of the relationship. The recognition of Hindi as Abu Dhabi's third official court language in 2019 further underscores the depth of these ties.

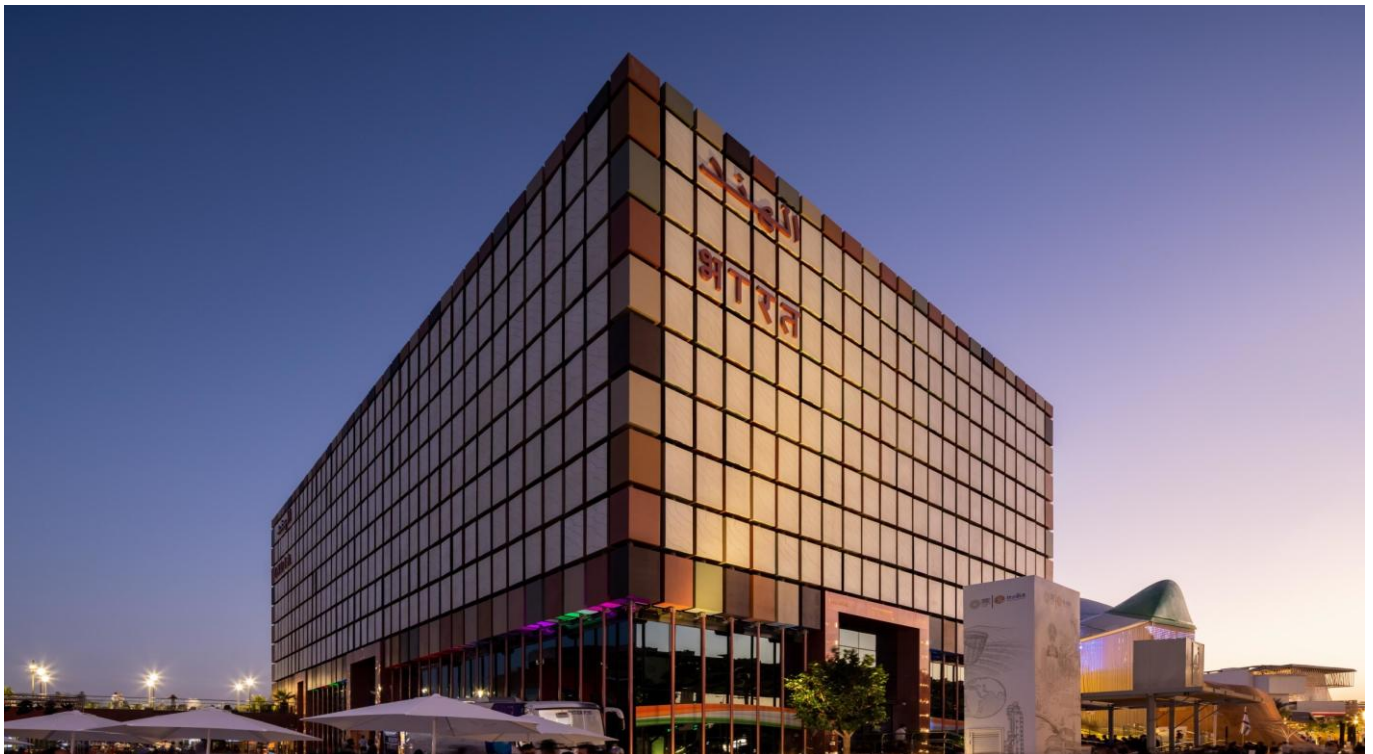
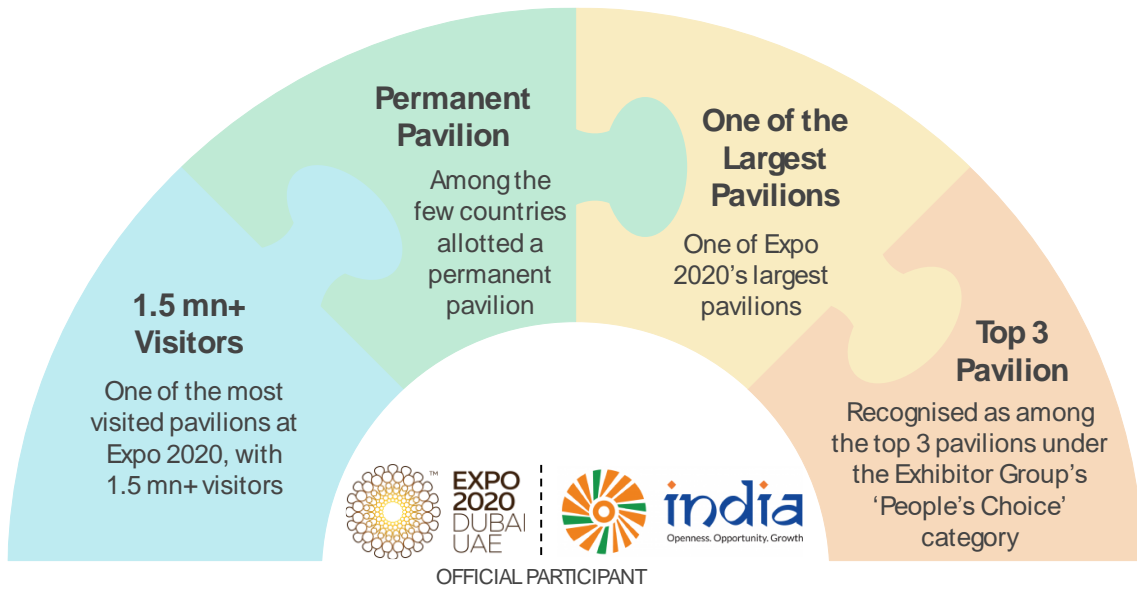
*During Hon. Prime Minister Shri Narendra Modi's visit to the UAE in Feb 2024, two MOUs were signed to deepen cultural ties. The first was a Cooperation Protocol between the National Library and Archives of the UAE and the National Archives of India. This protocol aims to establish broad bilateral cooperation, encompassing the restoration and preservation of archival materials.

The second MOU is on the Development of National Maritime Heritage Complex (NMHC), aiming to foster engagement between the two countries in supporting the Maritime Heritage Complex at Lothal, Gujarat.

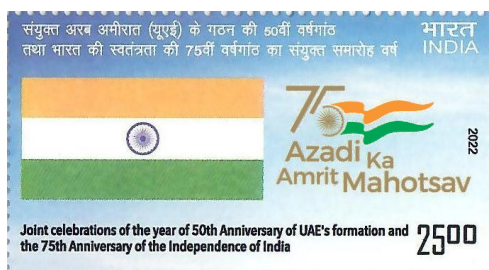
Key Cultural Agreements Between India-UAE



India Pavilion at EXPO 2020



India Pavilion at EXPO 2020 Dubai | Khaleej Times



Joint Commemorative Stamp

In February 2023, Shri Narendra Modi, Hon. Prime Minister of India and H.H. Sheikh Mohamed bin Zayed Al Nahyan, Hon. President of the UAE and Ruler of Abu Dhabi, released a Joint Commemorative Stamp on the 75th anniversary of India's independence and the golden jubilee of the UAE's foundation



Political and Diplomatic Relations

As the respective chairs of the G20 Summit and COP28 in 2023, India and the UAE are harnessing their collective strengths to shape the agenda for a new global order. A key factor for the strengthening relations between the UAE and India has been the endeavors of Indian Prime Minister Narendra Modi, who assumed office in 2014. Notably, PM Modi initiated this strengthening with his inaugural visit to the UAE in August 2015 and subsequent visits in 2018, 2019, 2022, 2023, and 2024. This marks a significant change in strategic policy, considering that before PM Modi's visits, no Indian Prime Minister had traveled to the UAE in 34 years, with the last visit being that of PM India Indira Gandhi in 1981. The current UAE President has so far made 2 official visits to India, and twice so as the Crown Prince of Abu Dhabi.

The Hon. Indian PM Shri Narendra Modi was honoured with the UAE's Highest Civilian Award, the Order of Zayed by the UAE's Hon. President H.H. Sheikh Mohamed bin Zayed Al Nahyan in recognition of his distinguished leadership in promoting relations between the two countries (2019).

Virtually all muslim countries have honoured Narendra Modi with their Highest Civilian Awards | National Herald

1972

Immediately after forming as a single state in 1971, the UAE set up an **embassy in New Delhi** in 1972

1973

India set up an **embassy in Abu Dhabi**

The current UAE President has so far made **2 official visits** to India, and twice so as the Crown Prince of Abu Dhabi

Indian PMs have visited the UAE **8 times**, with **PM Modi alone visiting 7 times** making the UAE his most visited country

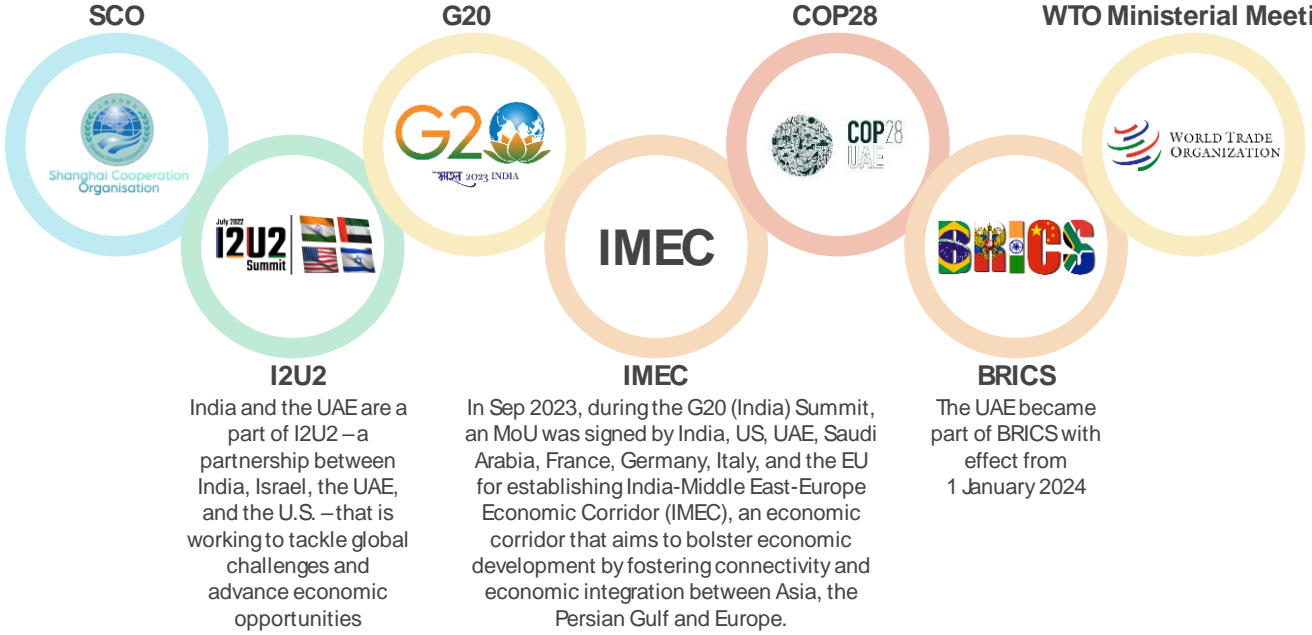


In May 2023, the UAE was granted Dialogue Partner Status in the Shanghai Cooperation Organization (SCO) summit held in Goa, India, where an MoU was signed between H.E. Dr. Abdulnasser Alshaali, UAE's Ambassador to India, and H.E. Zhang Ming, SG, SCO.

Following a gracious welcome, the UAE enthusiastically engaged in the G20 activities hosted by India in 2023, and the UAE President joined other world leaders at the Leaders' Summit.

PM Modi visited Dubai for the 28th Session of the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP28) hosted by the UAE in 2023

In Feb 2024, the UAE hosted the 13th WTO Ministerial Meeting between various world leaders and trade ministers, with HCIM Piyush Goyal representing India at the conference



The UAE praised the initiatives undertaken by the Indian Presidency, hailing it as the most ambitious in the history of the G20. Additionally, the nation expressed appreciation for the collaborative efforts and commitment of the G20 member countries during their meetings. The acknowledgment extended to their cooperation and dedication to shaping a more promising

future through constructive international collaboration in addressing urgent challenges. The attendance of the President of the UAE at the 10th Vibrant Gujarat Summit as the Summit's Chief Guest, along with the signing of various agreements during the summit, emphasizes the consolidation of relations between India and the UAE.



**Vibrant Gujarat Summit
January 2024**



Q

How have visits by prominent dignitaries like H.H. Sheikh Sultan bin Mohamed Al-Qasimi, the ruler of Sharjah, and Dr. APJ Abdul Kalam, the 11th President of India, to the Community Center at Emirates Techno Casting (ETC), influenced relations? Additionally, in what ways have initiatives such as those concerning the Sharjah Research, Technology, and Innovation Park (SRTIP) contributed to shaping relations?

“

As an individual, I have always aimed to give my best to the community where I reside. Together with my wife Shabana, we invested US\$5 million to enrich lives through education and sports at the Community Center at ETC. Our efforts were met with success as people found happiness within the family-oriented culture we cultivated among employees. This caught the attention of His Highness Sheikh Sultan, who visited the center and commended our initiatives.

Dr. Kalam also championed community initiatives. I used to visit him in Delhi, and he planted the seed for the Nadakkavu School project. Dr. Kalam remarked that what we were doing in the valve industry – integrating knowledge with people – was exactly what India needed, not just in education but also in healthcare and other industries. Thus, the government school project in Calicut was born. We all learn from each other, and it is this inspiration that drives me to make the world a better place each day.

Additionally, in 2023, I was appointed to the prestigious board of directors at the Sharjah Research, Technology, and Innovation Park (SRTIP), under the leadership of H.H. Sheikha Bodour Bint Sultan Bin Mohammed Al Qasimi and The American University of Sharjah's Advisory Council of Development and Outreach.

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Mr. Faizal Kottikollon
Chairman, KEF Holdings
Chairman, UIBC-UC





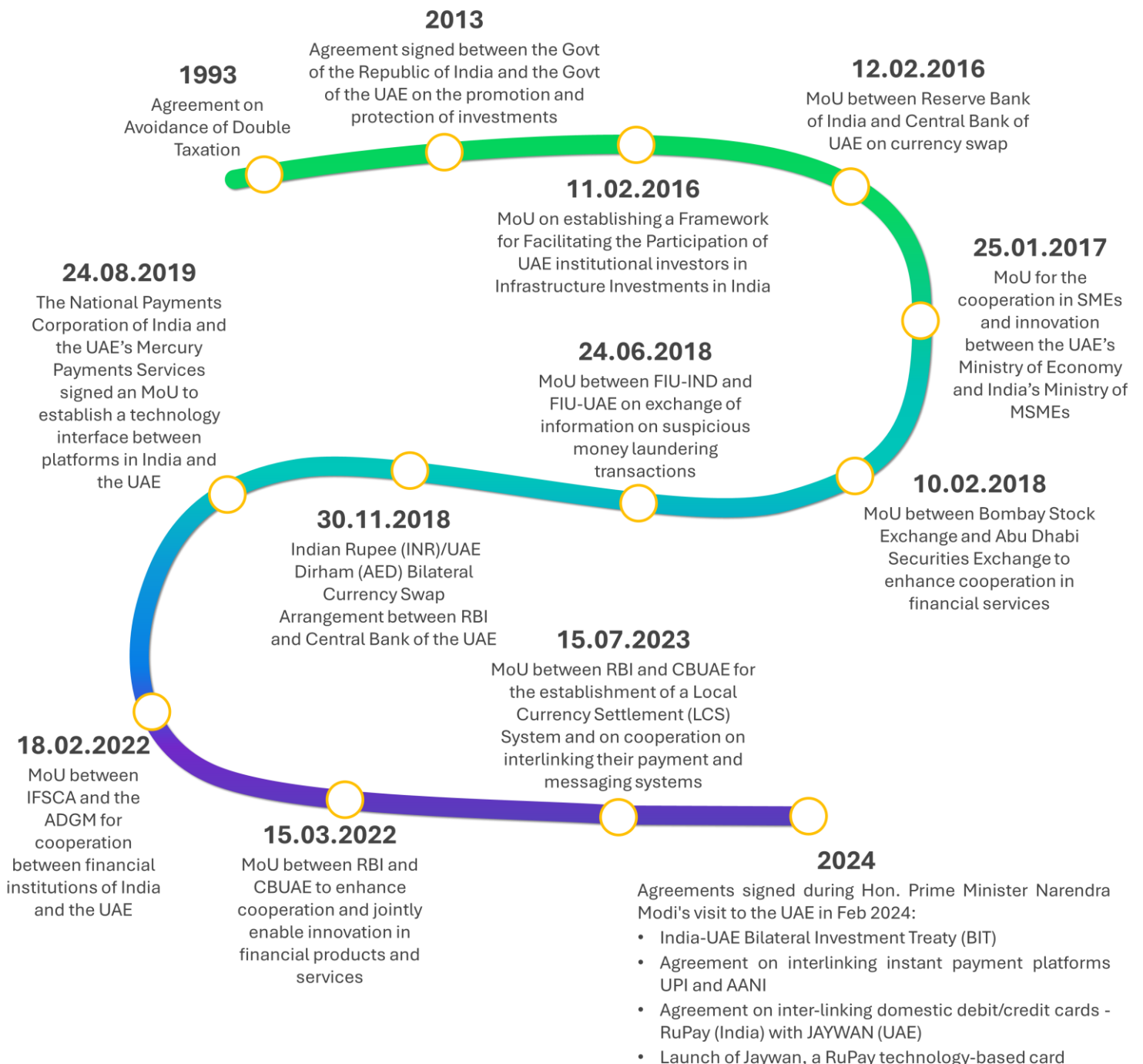
Economic Relations

(a) Economic Agreements

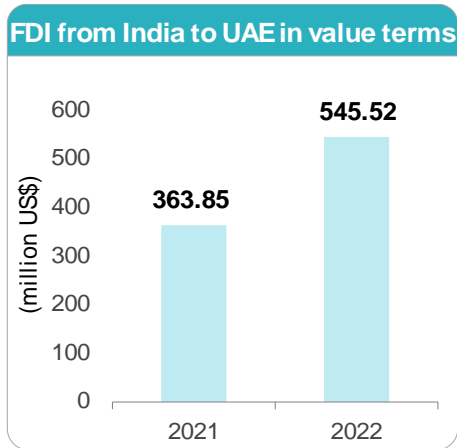
Before executing the Comprehensive Economic Partnership Agreement (CEPA), both nations had previously entered into several vital economic pacts aimed at enhancing trade and investment. These agreements were complemented by the creation of a joint committee and the UAE-India High-Level Taskforce Group on Investment.

These entities played a substantial role in investigating mutually beneficial opportunities and reinforcing economic cooperation across industry, commerce, and trade.

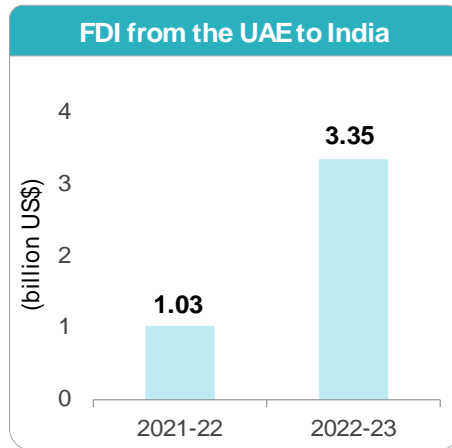
Key Economic Agreements India-UAE



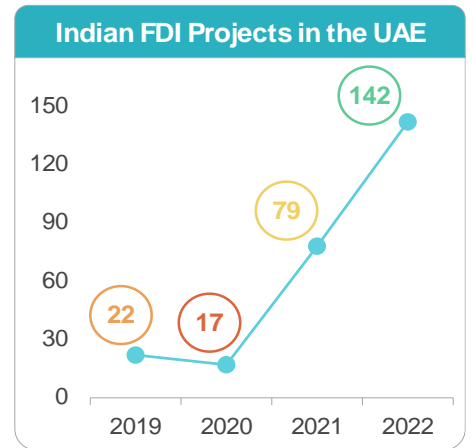
(b) FDI



Source: Money Control

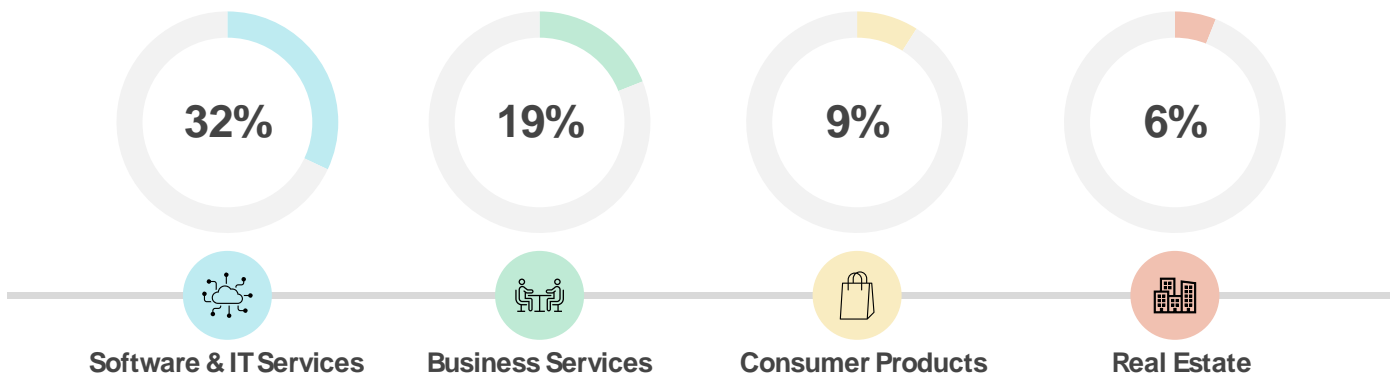


Source: DPIIT



Source: Money Control

Top sectors for FDI projects from India to UAE* in 2022



Source: fDi Markets
Note: *taking Dubai as a proxy



ADIA Becomes First Sovereign Fund to Set up a Base in IFSC GIFT City: During the Vibrant Gujarat Global Summit (Jan 2024), the Abu Dhabi Investment Authority (ADIA) became the first sovereign fund in the world to set up a base in IFSC GIFT City in Gujarat India.

Q What made Sharaf Group choose the UAE as a strategic destination for investment? What specific factors or opportunities in the UAE make it an attractive and preferred choice for Sharaf Group?

“

UAE remains at the forefront of providing the best living experience to its citizens / residents so that they can realise their dreams of building the best country and making its people proud of their contributions to global scenes. UAE is one of the world's most sought-after destination for investment. Its dynamic growth can be attributed to a combination of factors, starting with an agile visionary leadership, its strategic location, world-class infrastructure, business-friendly policies, technological innovations, including a big push in space and eco sciences.

As a result, UAE has become a global business hub, attracting international businesses, fostering trade, and continually expanding its business horizons

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H.E. Major General (Retd.) Sharafuddin Sharaf

Vice Chairman, Sharaf Group

Vice Chairman, UIBC-UC



Q From the standpoint of your family's involvement, how have you observed the growth and evolution of the relationship between India and the UAE, considering both economic and social aspects?

“

We feel that the relationship between India and UAE is seeing new heights with significant investments being made by both countries and the historic CEPA deal which concluded recently. The visits of the leadership of both countries have translated into numerous agreements being entered and this will foster long-term economic growth between the two corridors. We are very bullish with the economic prospects of UAE and India and have been making significant investments in both the countries.

”













Mr. Nilesh Ved

CEO and Chairman, Apparel Group

Board Member, UIBC-UC



Why Indian Investors Prefer the UAE

 <p>Gateway to MENA & Global Markets Natural gateway for Indian businesses to access the MENA region and other global markets</p>	<p>Stable Government & Legal Infrastructure Stable government and increasingly sophisticated legal infrastructure, which enhances investor confidence</p> 
 <p>Flexible Investment Environment Open and flexible commercial environment for foreign investors along with an attractive capital markets regime</p>	<p>Mainland vs Free Zone Options Option to set up businesses in mainland (onshore) or designated free zones</p> 
 <p>Recent Reforms for Foreign Investors Amendments to Commercial Companies Law (Jan 2022) allows 100% foreign-owned companies in most sectors onshore. The requirement for Emirati agents for foreign companies' branches has also been eliminated</p>	<p>40+ Multidisciplinary Free Trade Zones Free zones offer 100% foreign ownership, import/export tax exemptions, and repatriation of capital and profits. Different types of free zones cater to diverse industries</p> 
 <p>Dual Licensing Regime Some free zones allow companies to apply for both free zone and mainland licenses. This facilitates trading in goods and services outside the designated zone</p>	<p>Tech Hub Opportunities DIFC offers innovative licenses for tech entrepreneurs and startups</p> 
 <p>Safety and Diversity The UAE is one of the safest countries globally with a low crime rate. Its cosmopolitan cities are home to people of 200+ nationalities</p>	<p>High Real Estate Returns The UAE offers some of the highest returns on real estate investments globally (average of 7%)</p> 



Mr. Nilesh Ved
CEO and Chairman,
Apparel Group
Board Member,
UIBC-UC



How has Apparel Group leveraged its position to contribute to the economic ties between India and the UAE in the context of FDI?



The Apparel Group's medium to long term strategy revolves around significant investments across UAE and India as part of its growth trajectory. Whilst we started our business in 1996 in the UAE, we were also the first movers in the Indian organised retail journey venturing back in 2001. We have signed several brands from India and brought them to the UAE and GCC Region and likewise taken our home-grown brands in the UAE to India. We also source a significant share of our licensed and home-grown brands from India and will continue to increase the same.



Q

“

In your opinion, why has Lulu Financial chosen the UAE as a strategic destination for investment? What specific factors or opportunities in the UAE make it an attractive and preferred choice for Lulu Financial Holdings?

Lulu Financial Holdings, with its strategic focus on innovation in financial services, is increasingly considering the United Arab Emirates (UAE) as a key investment destination. The UAE's financial sector, especially in the realms of fintech and artificial intelligence (AI), presents an enticing landscape for growth and innovation.

Robust Financial Sector

The UAE's financial sector stands out for its robust regulatory framework and stability. This environment is conducive for Lulu Financial Holdings, offering a secure and reliable platform for expanding their financial and remittance services.

Innovative Fintech and AI Landscape

A defining aspect of the UAE's appeal is its rapidly advancing fintech sector, particularly the integration of AI in financial and remittance services. AI technologies are revolutionising these sectors by enhancing customer experience, improving security, and increasing efficiency in transactions. For Lulu Financial Holdings, this represents a significant opportunity to leverage AI for innovative remittance solutions and financial services, ensuring competitiveness and relevance in a rapidly evolving market.

Government Support for Fintech and AI

The UAE government's commitment to fostering fintech and AI is evident in its policies and initiatives. These include investing in AI technologies, establishing innovation labs, and offering incentives for AI-driven projects. Such a supportive environment encourages Lulu Financial Holdings to invest in AI-based financial solutions, aligning with the nation's vision for a technology-driven financial sector.

Strategic Business Hub

The UAE, as a central business hub in the Middle East, offers Lulu Financial Holdings not just a strategic location but also access to a network of innovators and technologists in the fintech and AI sectors. This facilitates collaborations and partnerships, essential for staying at the forefront of technological advancements.

Conclusion

In summary, the UAE presents a compelling case as an investment destination for Lulu Financial Holdings, particularly due to its dynamic fintech environment and the growing use of AI in financial services. These factors, combined with supportive government policies and the nation's strategic location, position the UAE as an ideal platform for Lulu Financial Holdings' expansion and innovation in the financial sector.

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Mr. Adeb Ahamed

Managing Director, Lulu Financial Holdings
Board Member, UIBC-UC



Indian Investments in the UAE

NIIF Purchases HPPL

India's National Investment and Infrastructure Fund (NIIF) agreed to purchase a 22.5% stake in DP World's wholly owned subsidiary Hindustan Ports Private Limited (HPPL) for US\$300 mn (2022)

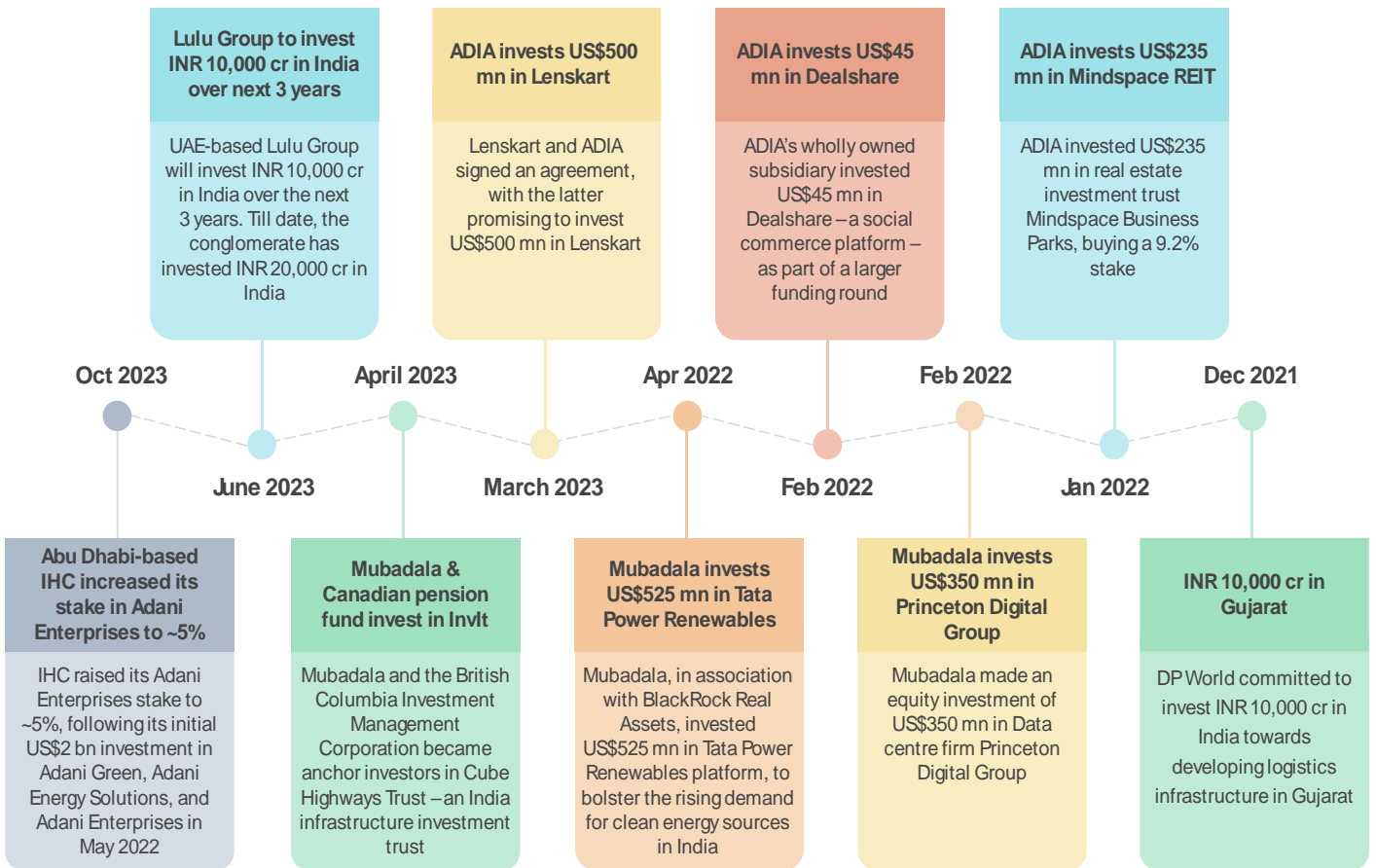
Lower Zakum Concession

A consortium led by India's state-owned Oil and Natural Gas Corporation, including Indian Oil and Bharat PetroResources, were awarded a 10% stake in the Lower Zakum Concession in February 2018 - the first time Abu Dhabi awarded a stake in a functioning oil field to an Indian group

ADNOC agreement with UBPL

In March 2019, ADNOC signed an agreement with India-based UBPL (Urja Bharat Pte. Limited) which is a JV owned by Bharat Petroleum Corporation Limited (BPCL) and Indian Oil Corporation Limited (IOCL), granting a 100% exploration stake in the Onshore Block 1 Concession; to explore, appraise and develop the concession area's hydrocarbon resources

UAE Investments in India



India's Union Budget grants ADIA Tax Exemption

In the 2020 budget, the government had already granted a **tax exemption** on income derived from dividends, interest, and long-term capital gains arising from investments made in Indian companies or enterprises engaged in infrastructure development and maintenance. The budget **explicitly identified the Abu Dhabi Investment Authority (ADIA) and its subsidiaries as beneficiaries of this exemption**. However, for other sovereign wealth funds to be eligible for the same exemption, the Finance Bill stipulated the need for distinct authorization and notification.

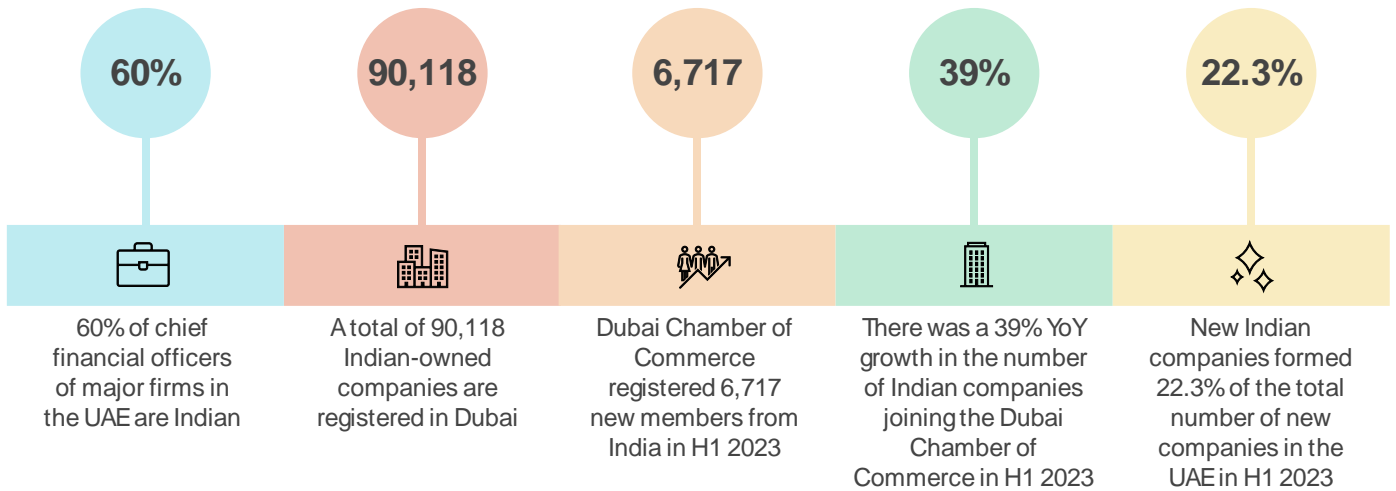
US\$34 bn

Invested in India by Emirati sovereign-wealth funds and other private-equity firms between 2018 and 2022

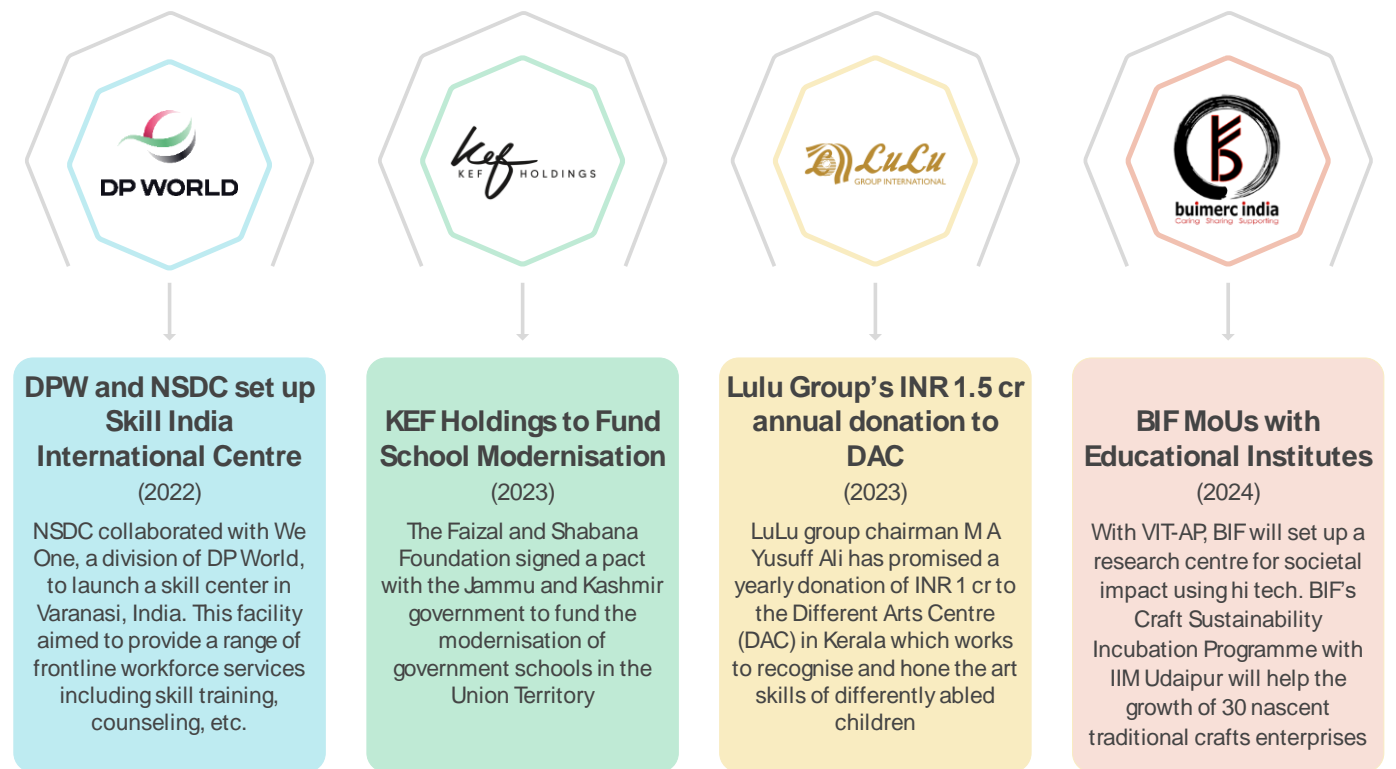
Invested by UAE sovereign wealth fund across renewable energy, telecom, road infrastructure, affordable housing, and startups in India from 2017-2022

US\$10 bn

(c) Indian Businesses in the UAE



SOCIAL IMPACT IN INDIA BY INDIAN-LED UAE BUSINESSES



Beyond Boundaries Initiative is an impactful initiative that leverages DP World's end-to-end network and smart logistics capabilities with the aim of making cricket accessible through our bespoke shipping container. In India, DP World has delivered five bespoke containers and 1,250 cricket kits to aspiring cricket talent. This cricket facility plays a vital role in providing essential cricket gear, offering a space for relaxation and revitalisation, and catering to the needs of aspiring cricket talent, especially women.

Mr. Rizwan Soomar
 CEO & Managing Director (Middle East, North Africa & India Subcontinent), DP World
 Co-Chairman, UIBC-UC



We firmly believe that education serves as a fundamental pillar of any society. The innovative model adopted in J&K, integrating philanthropy into every facet of business activity, has the potential to revolutionise societal development. Our similar initiative in Kerala in 2012 led to the replication of the model in nearly 966 schools. Our current endeavour involves collaborating with local architects and utilising local materials, thereby incorporating indigenous elements into the project.



Mr. Faizal Kottikollon
 Chairman, KEF Holdings, UIBC-UC
 Chairman, UIBC-UC

(d) UAE's Involvement in Regional Groups Strengthening India-UAE Economic Ties

The UAE's active participation in global forums like IMEC, BRICS, I2U2, COP28, and G20 has significantly advanced India-UAE relations. Notable collaborations include an agreement between the UAE's Investment Ministry and India's Renewable Energy Ministry for a 300MW hybrid renewable energy project in Gujarat. The UAE's commitment of US\$2 billion during the 2022 I2U2 summit for integrated food parks in India and cooperation between the UAE Investment Ministry and India's Health Ministry for innovative healthcare projects have further strengthened ties. Agreements, such as DP World and Gujarat Government's collaboration on sustainable ports, showcase the depth of the relationship. The 2023 announcement of the India-Middle East Economic Corridor and the UAE's inclusion in the expanded BRICS grouping signify a truly multilateral dimension to the bilateral relationship.

UAE aims to invest in clean energy in India

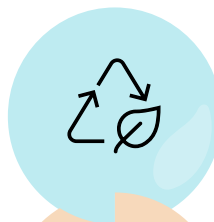
At the COP28 conference held in the UAE in Dec 2023, the UAE unveiled plans to develop 6.6 GW of clean energy in India, including 1,200 MW of wind and solar projects. Financed by the UAE's US\$30 billion clean energy fund, supported by BlackRock, Brookfield, and TPG, this effort aims to establish Alterra, a new investment vehicle. Alterra seeks to raise US\$250 billion globally in six years, fostering a more equitable climate finance system.



I2U2

In a landmark development, India and the UAE joined forces with Israel and the US to establish the I2U2 Group in October 2021, fostering multilateral cooperation. The subsequent I2U2 summit in July 2022, attended by Sheikh Mohammed, Indian PM Modi, US President Joe Biden, and Israeli Prime Minister Yair Lapid, resulted in a joint statement characterized by outcome-driven strategies and significant commitments. Notably, the UAE pledged a US\$2 billion investment for food park development in India, and a US\$330 million project was announced to bolster India's renewable energy capacity by 300 megawatts. Beyond borders, the I2U2 initiative aims to harness the innovation and enterprise of all four nations to tackle global challenges.

I2U2 Strengthening India-UAE Ties



Renewable Energy

UAE's Investment Ministry and India's Renewable Energy Ministry signed an agreement to further I2U2's plan of creating a hybrid renewable energy project in Gujarat with 300 MW wind & solar capacity.



Food Parks

During the 2022 I2U2 summit, the UAE agreed to invest US\$2 bn to develop integrated food parks in India to tackle food insecurity in South Asia and West Asia.

(e) Trade

India and the UAE have deepened their ties since the 1950s, marked by significant milestones such as enhanced cold storage facilities and the discovery of substantial oil reserves in the 1960s and 1970s. Notably, in the 1981-1986 period, around 14% of the UAE's imports comprised key goods like fruits and vegetables from India. Indian craftsmanship played a pivotal role during this time, contributing to approximately 46% of gold jewellery imports in 1986. The UAE primarily exported crude oil, petroleum products, scrap metal, fertilisers, and chemicals to India, ranking India as its eighth-largest trade partner with a total trade volume of US\$180 billion.

Fast forward to 2022-2023, the trade between India and the UAE surpassed US\$85 billion, elevating India to the position of the UAE's second-largest trade partner.

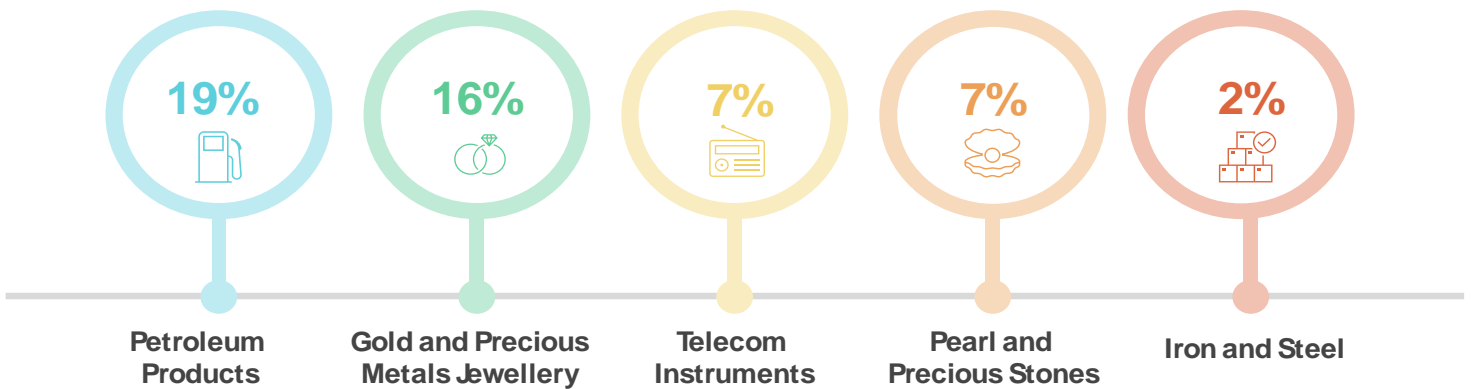
In 2022-23, India imported US\$8.96 billion worth of crude oil from the UAE, solidifying the UAE's status as the first international partner to invest in India's Strategic Petroleum Reserves Program through crude oil.



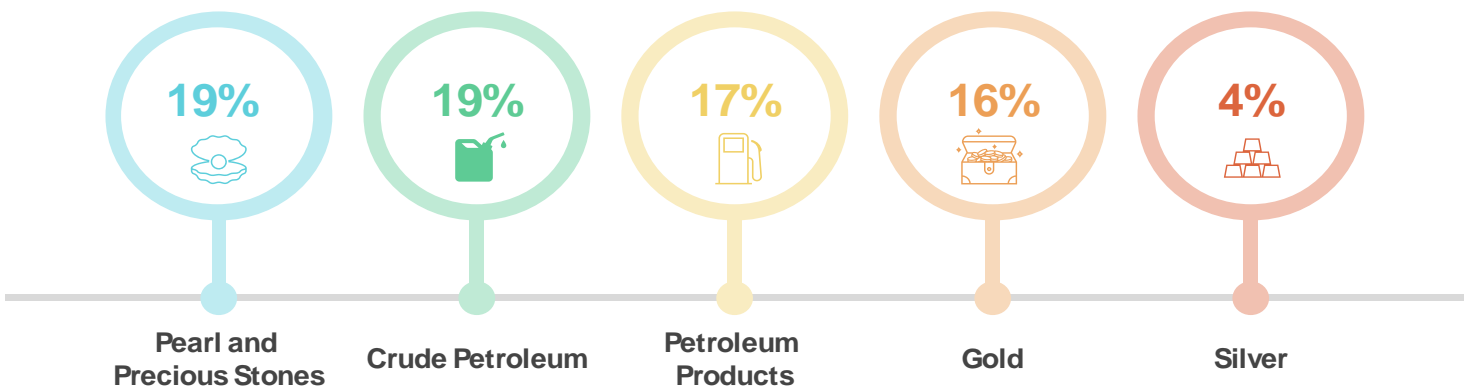
Favourable Trade Balance

The UAE is the only country in the Persian Gulf that India has had a favourable trade balance with, despite it being a substantial source of crude oil for India. From 1996-1997 to 2022-2023, there have been only 2 years with negative trade balance

India's Key Exports to the UAE (2023-24)
% of Total (US\$35.6 bn)



India's Key Imports from the UAE (2023-24)
% of Total (US\$48 bn)



(f) Indian Startups in the UAE

The flourishing presence of Indian startups in the UAE serves as a compelling testament to the robust ties between the two nations. Notably, the UAE has extended substantial support to Indian startups, exemplified by the HUB 71 initiative (powered by Mubadala and backed by strategic partners such as Microsoft and the Abu Dhabi government), which provides enticing incentives to foster the growth of Indian startups. Additionally, a collaborative partnership between India's National Association of Software and Services Companies and Dubai's Internet City further underscores the commitment to encouraging Indian startups to establish themselves in Dubai.

The significance of this collaboration was highlighted at Expo 2020, where the Innovation Hub at the India Pavilion showcased more than 190 startups, vividly illustrating the eagerness of Indian businesses to expand their presence in the UAE. Notable success stories, such as Oyo and FreshToHome, exemplify how startups have thrived with crucial investments from UAE entities.

In essence, the vibrant ecosystem of Indian startups in the UAE signifies a deepening and mutually beneficial relationship between the two countries, marked by collaboration, innovation, and shared economic growth.

India-UAE Startup Bridge

During the opening of the India-UAE Economic Partnership Summit on May 18, 2022, the UAE's Hon. Minister of Economy, H.E. Abdulla bin Touq Al Marri, and India's Hon. Minister of Commerce Mr. Piyush Goyal inaugurated the "India-UAE Startup Bridge." This collaborative platform is designed for small and medium-sized enterprises, offering comprehensive advantages and information essential for companies in both nations. The platform facilitates knowledge exchange, the execution of joint programs, and capacity-building initiatives, aiming to create new investment prospects for companies in both countries and foster their sustainable growth.



Mr. Faizal Kottikollon
Chairman, KEF Holdings
Chairman, UIBC-UC



Key learnings from India as well as the UAE as an Indian entrepreneur based in the UAE



UAE is very process-oriented and exceptionally conducive to doing business. India boasts an incredible business community known for making things happen efficiently, by any means necessary. It is a perfect fit where we complement each other, and there is nothing more rewarding than that.



Support to Indian Startups by the UAE

HUB71

HUB 71

Under HUB 71 initiative, Indian startups will be offered incentives like 100% foreign ownership, 100% repatriation of capital and profits, and exemption from income and corporate taxes for up to 10 years



Innovation Hub Expo 2020

Innovation hub at India Pavilion, Expo 2020 Dubai featured over 190 Indian start-ups



NASSCOM & Dubai's Internet City Partnership

In 2018, India's National Association of Software and Services Companies (NASSCOM) and Dubai's Internet City signed a partnership encouraging Indian start-ups to incorporate in Dubai



FreshToHome Raises US\$121 mn

In 2020, FreshToHome raised US\$121 million from Investment Corporation of Dubai, Investcorp, and other GCC family offices



Oyo

Softbank-backed Oyo entered the GCC via the UAE in 2019. In September 2019, it signed an MoU with SAGIA to invest US\$1 billion to develop the Kingdom's growing hospitality industry



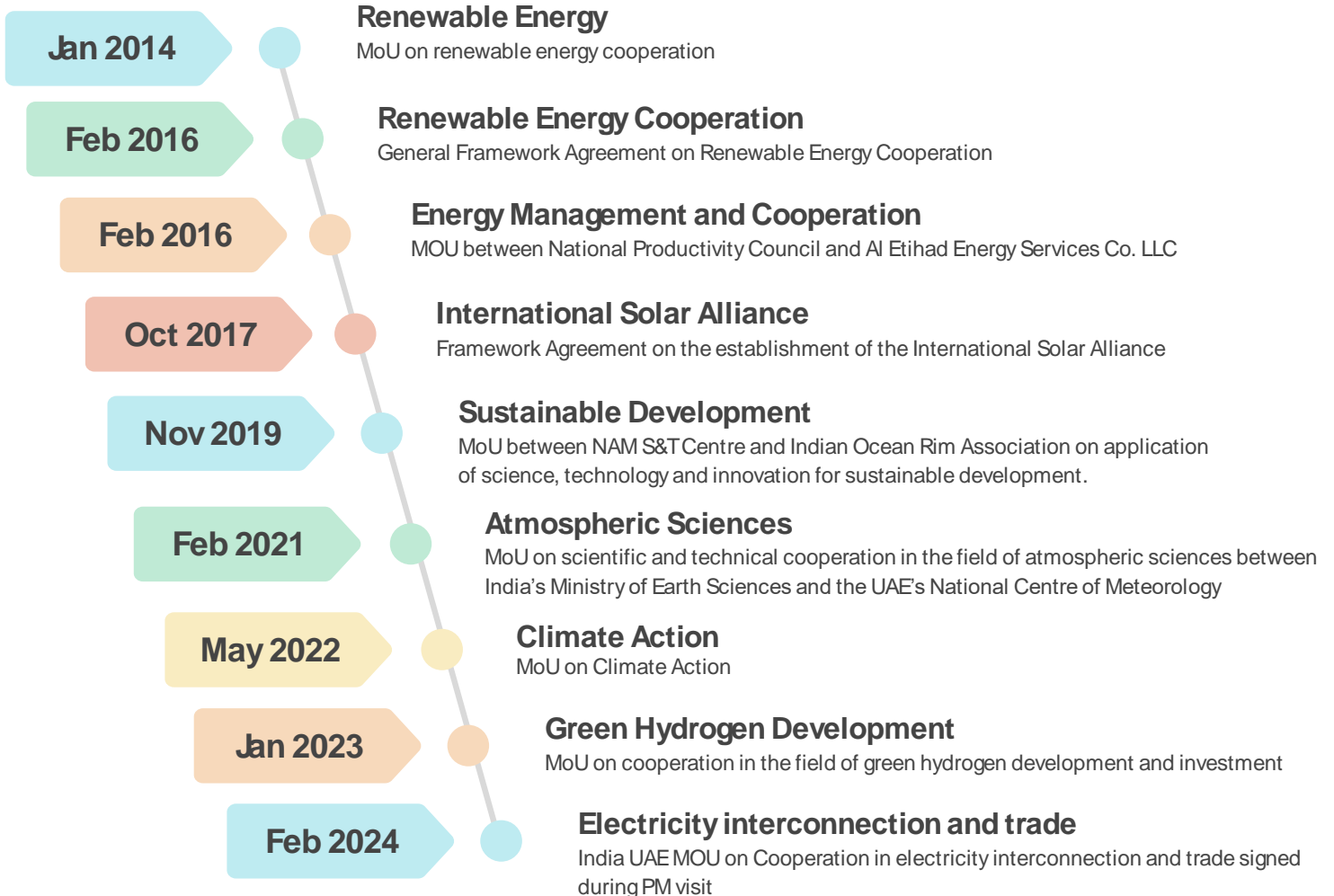
Energy, Space & Technology

India and the UAE have forged robust collaborations in renewable energy, space, IT, and climate action. While collaborative efforts addressing global issues such as renewable energy and climate change were made from 2010 to 2012 on international fora, including the United Nations Framework Convention on Climate Change (UNFCCC). Noteworthy initiatives include the establishment of the International Solar Alliance and multiple agreements on renewable energy cooperation and investment, showcasing a shared commitment to sustainable energy. Notably, the UAE is the only foreign country participating in India's strategic petroleum reserves program. Space exploration agreements in 2016 and 2022 underscore their joint pursuit of peaceful utilisation of outer space. Cooperation for space exploration between the UAE Space Agency and ISRO was cemented with an MoU and the setting up of a Joint Working Group in 2016.

In 2017, the UAE's first nanosatellite, Nayif-1, was successfully launched with the assistance of India's PSLV from Sriharikota, marking a significant milestone in the space cooperation between the two countries. In the IT sector, joint efforts against cybercrime, evidenced through various MoUs, highlight the countries' commitment to digital security. Collaboration in education and scientific research has been a consistent theme, extending to atmospheric sciences. Recognising the pressing need for climate action, India and the UAE signed a MoU in 2022, solidifying their joint commitment. The countries took their partnership a step further in 2023 with an MoU on green hydrogen, emphasising shared visions for sustainable solutions.

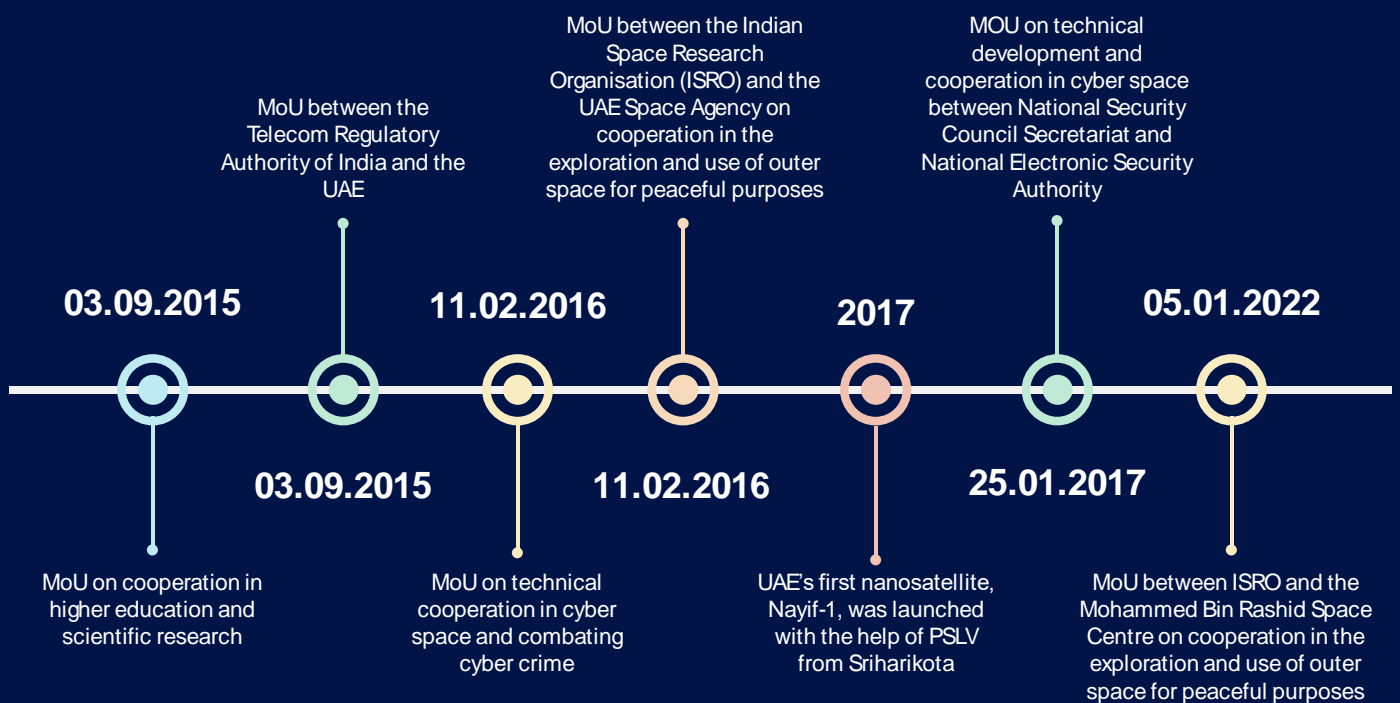
During PM Modi's Feb 2024 visit to the UAE, the two nations also signed an MoU on Cooperation in electricity interconnection and trade, which aims to foster collaboration in energy, including energy security.

Climate, Energy, and Sustainable Development





Space, Science, IT & Telecom






Collaboration during COVID-19

India and the UAE exhibited unwavering support and solidarity with each other during the COVID-19 pandemic, exemplifying a profound friendship in times of crisis. The UAE sent a substantial aid package of 7 metric tonnes of medical supplies to India, providing crucial assistance in its battle against the pandemic. The collaboration continued as India reciprocated by supplying the UAE with its indigenous COVID-19 vaccine Covaxin. This reciprocal gesture not only showcased the depth of their relationship but also highlighted their joint commitment to overcoming the global health crisis.

Additionally, both nations established an air bubble arrangement, ensuring the uninterrupted flow of essential travel and goods between them despite the challenging circumstances imposed by the pandemic. This collective response underscores the resilience and mutual support inherent in the enduring India-UAE friendship.



COVAXIN

The **UAE** was among the **first countries** to receive **India's** indigenous **Covaxin** in **February 2021**

The UAE and India formed an **air bubble arrangement** to **operate flights** amid the pandemic



AIR BUBBLE



MEDICAL SUPPLIES

In **July 2021**, India cleared travel of **medical specialists** to the UAE, to **support efforts** to **fight Covid-19** and bolster caregiving teams in **UAE hospitals**

7 metric tonnes

The UAE sent a substantial aid package of 7 metric tonnes of medical supplies to India during the pandemic



@mofauae | X





Tourism

While trade and energy have long been the cornerstones of bilateral ties between India and the UAE, tourism has now evolved as a substantial contributor, playing a key role in the economic dynamics of the two nations. The burgeoning collaboration in tourism is reflective of their mutual commitment to foster cultural exchange, economic synergies, and people-to-people connections.

The cultural affinity, coupled with strategic initiatives and promotional campaigns, has led to a surge in bilateral tourism, contributing substantially to the economic prosperity of both nations. The tourism industry acts as a catalyst, also enhancing mutual understanding and strengthening diplomatic ties.

Efforts to Enhance Mutual Tourism

Roadshows



In 2023, Department of Economy & Tourism in Dubai (DET) organized road shows in key Indian cities (Hyderabad, Bengaluru, Chennai) to forge connections between Indian travel professions and Dubai's stakeholders (airlines, hotels, etc)

Kochi-Dubai Cruise

Following a collaboration between DP World and Inland Navigation Corporation, an affordable cruise from Kochi to Dubai, covering 4000km, is set to start soon



23%

Rise in visitors
(Between 2019 and 2023)

According to DET, Dubai witnessed a 23% rise in visitor arrivals from India between January-May 2023 compared with the same period in 2019



2.2 mn

Indian visitors to the UAE
(2023)

In 2023, the UAE was among the most preferred destination for Indian tourists, welcoming ~2.2 million visitors



42.45%

Indian national departures to the UAE
(2021)

In 2021, the largest proportion (42.45%) of departures by Indian nationals was destined for the UAE (including transit passengers)

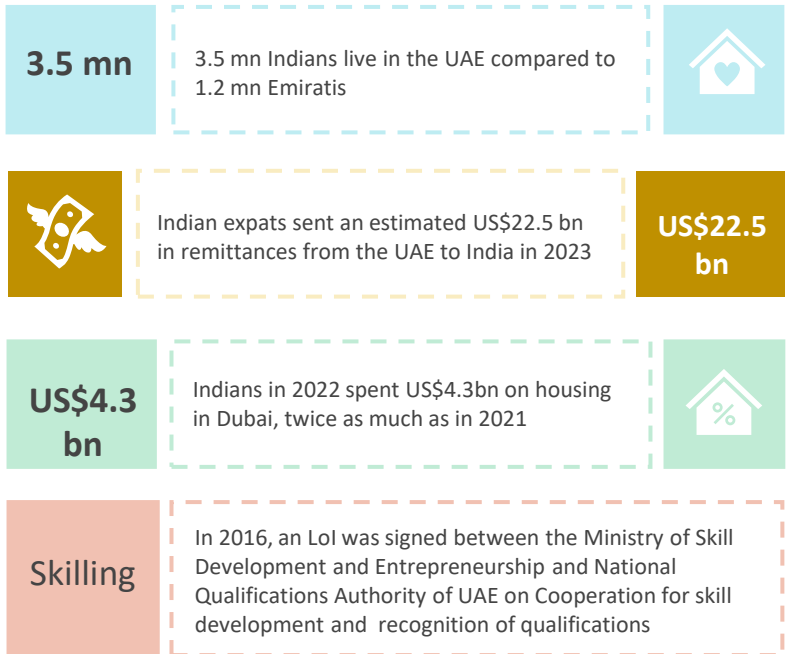


Indian Diaspora in the UAE

The Indian community in the UAE constitutes over a third of the nation's population, standing as the largest expatriate group in the country. This strong people-to-people connection has roots in a migratory movement spanning nearly two centuries, fostering trade, employment, and recreational activities between the Gulf's littoral sheikhdoms and the west coast of the Subcontinent. The movement accelerated during Great Britain's colonial administration of the Trucial states, facilitated through a series of treaties governing the monetary, fiscal, defence, and external relations of the Trucial coast sheikhdoms from 1892 to 1971. The colonial era further catalysed the circulation of British Indian administrative, police, and defence personnel to the region, enhancing the deep historical ties between the Indian expat community and the UAE.

Renowned for its significant contributions, this community has been instrumental in building and staffing the UAE's physical, financial, educational, and health infrastructure sectors. Occupying diverse roles as entrepreneurs, white and blue-collared workers, and labourers, Indians have played a crucial role in the economic advancement of the UAE.

One Indian Community Association and over 15 Indians residing in the UAE have been awarded the Pravasi Bhartiya Samman Award while 8 Indian businessmen in the UAE have been conferred the Padma Shri, signalling the significant progress Indian expats have made in their country of residence.

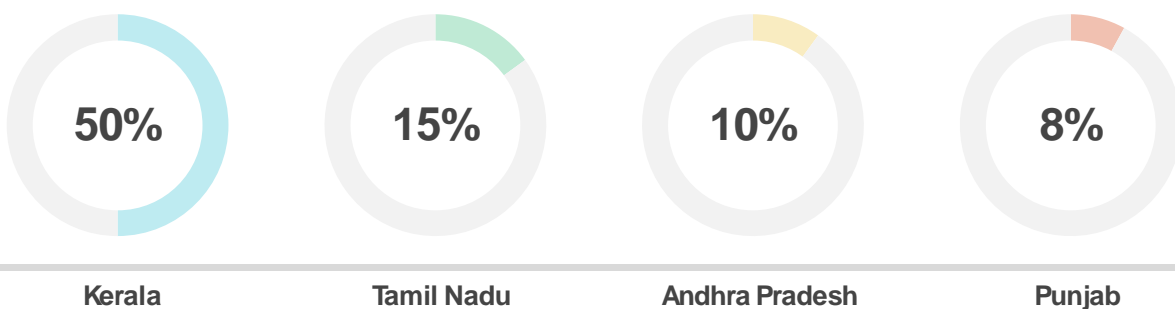


US\$22.5 bn remittances

Indian expats sent an estimated US\$22.5 bn in remittances from the UAE to India in 2023

Source: Indian Express

Remittances Sent From the UAE To India (2021)





Welfare of Indian Expats in the UAE

Amnesty Scheme by the UAE

The UAE announced an amnesty scheme for illegal expatriates from August to December 2018 during which several Indian nationals were issued emergency certificates for a return to India. In some deserving causes, they were also issued with return air tickets from the ICWF



Indian Community Welfare Fund

In 2009, the Indian Embassy established the Indian Community Welfare Fund (ICWF) to provide short-term economic assistance to distressed workers abroad. The UAE has the highest ICWF reserve in the GCC



India-UAE Manpower MOU

India and the UAE signed an MoU on manpower in 2006, which was revised in 2011 and 2018. Both countries actively collaborate to ensure provisions related to authenticating workers' contracts, ensuring protection under UAE labor laws, promoting fair and transparent recruitment practices, and implementing welfare schemes, among other initiatives.

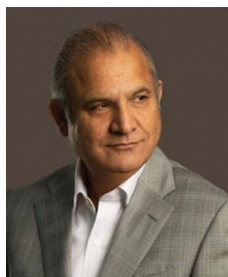


How EFS Facilities' pivotal role in bringing skilled labour from India to the UAE has played a role in strengthening India-UAE ties?



EFS has been at the forefront of facilitating the movement of skilled workers from India to the UAE, playing a pivotal role in strengthening the bonds between the two nations. By providing opportunities to Indian skilled workers over the past 12 years, EFS has contributed significantly to the thriving economy of the UAE. As part of its dedication to worker welfare, EFS established the non-profit initiative Abhaar, which focuses on ensuring the well-being and protection of Indian migrant workers in the GCC. By prioritising rights to decent employment and income, Abhaar aims to support workers in accessing fair living conditions and opportunities across the GCC.

Through these initiatives, the collaboration between India and the UAE continues to strengthen, fostering cultural exchange, trade, and cooperation on multiple fronts



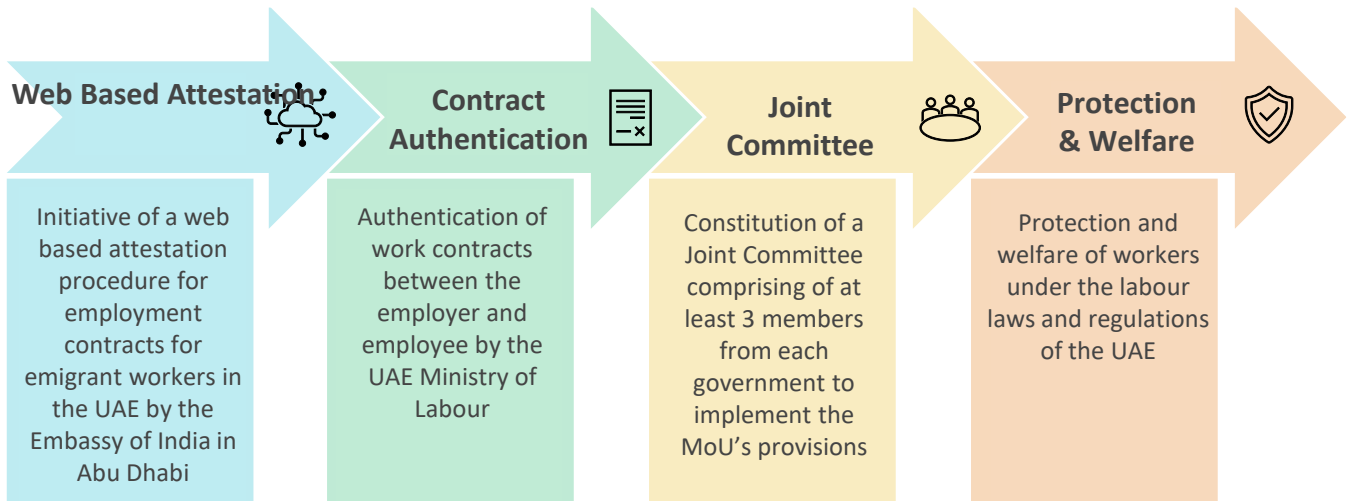
Mr. Tariq Chauhan

Group CEO, EFS Facilities Services Group Ltd
Board Member, UIBC-UC

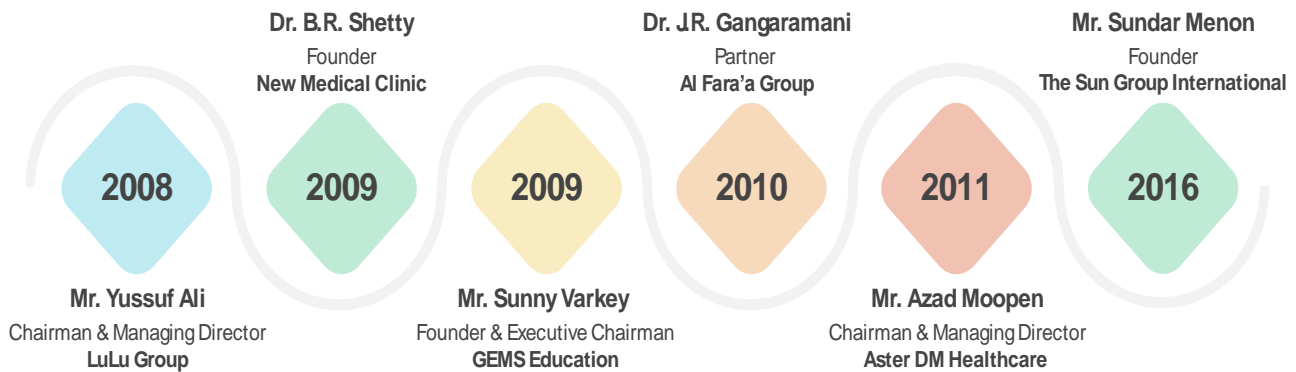


India-UAE MoU on Manpower

Signed in 2006, the MOU was revised in 2011. Key features of the MOU are



Indian Expat Padma Shri Awardees



Siddharth Balachandran
Executive Chairman and CEO,
Buimerc Corporation
Founding Member, UIBC-UC



How Indian expats are contributing to the UAE and its prosperity and India-UAE ties?



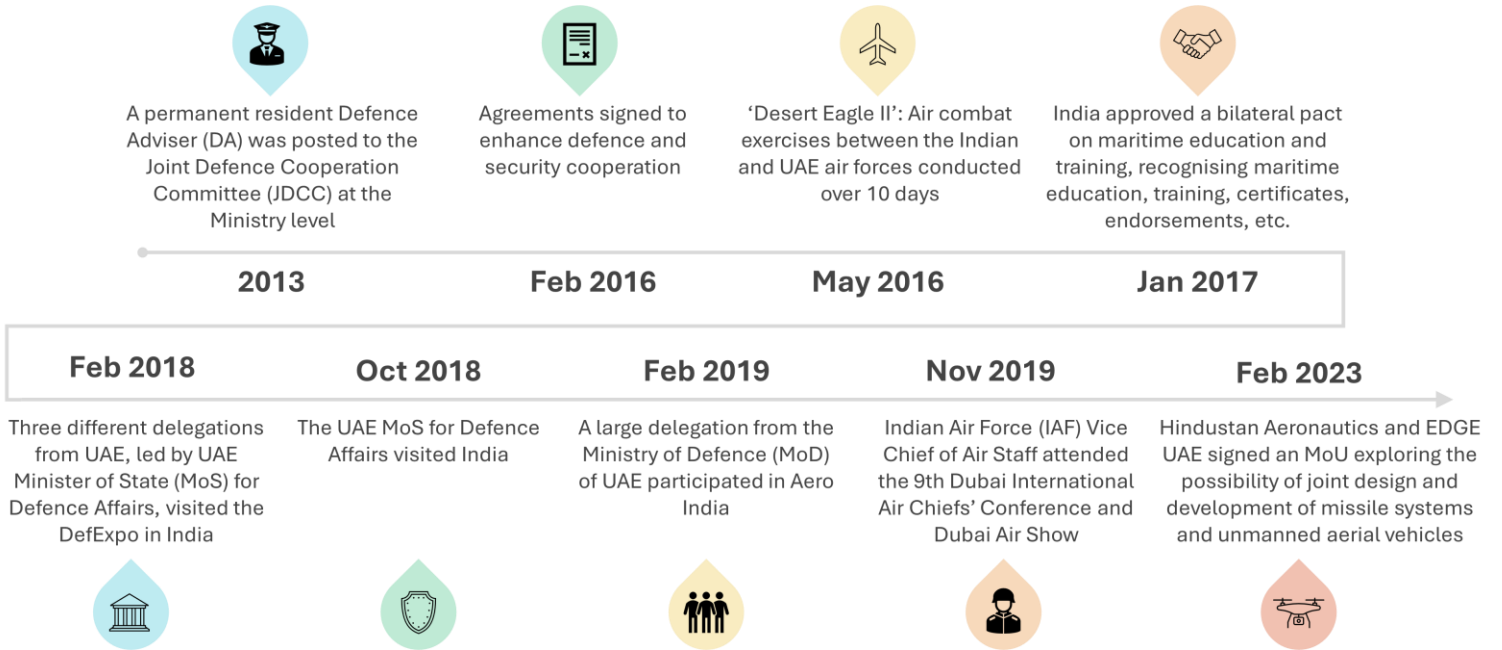
I would like to draw upon a generic comparison to illustrate the relationship of the Indian expatriate (community) to the great nation that is the UAE. If the Indian expatriate is the child, then the parents of this child are UAE and India. It is an intensely positively reinforcing and holistically sustainable relationship between the Indian expatriate and UAE.

The UAE, being one of the most business-friendly nations in the world and one of the safest, provides a stable environment for the Indian expatriate community, who are known for their entrepreneurial resilience, law-abiding nature, educational qualifications and stable temperament, to thrive while investing economic resources back into the country.

Indians in the UAE are one of the largest holders of real estate, which signifies their intent to commit to joining the UAE in its path of holistic sustained excellence. The aspiration of building a home environment away from home is the seed for this positive intent.

In the pursuit of this aspiration to increase the standard of living of one's immediate environment, there is an obvious enhancement of the overall prosperity of the host country, i.e., the UAE. There is also a wide range in terms of economic impact, the categories and capability of the workforce that it covers every requirement of the society at large.

Defence & Security Relations



Defence collaboration is an integral aspect of the relationship between the UAE and India, highlighted by the establishment of the Joint Defence Cooperation Committee (JDCC) in 2003. This initiative encompasses various areas, including training and provision of military resources. In September 2008, the first-ever Joint India-UAE air force exercise took place, and since then, India has regularly participated in the biennial International Defence Exhibition held in Abu Dhabi. Additionally, both nations share maritime security concerns, particularly in the Indian Ocean region, where their interests converge. Recognising the necessity for cooperation, the two countries aim to address both traditional military threats from other states and non-traditional threats such as natural disasters, piracy, maritime terrorism, pollution,

drug trafficking, illegal migration, and unregulated fishing and trading activities. Collaborative efforts in maritime security not only safeguard national interests and identity but also ensure the enforcement of international norms, facilitating secure transportation of goods and services and promoting comprehensive development.

In January 2017, Emirati military forces took part in India's Republic Day parade, marking a significant milestone. They became one of only two foreign military contingents ever to participate in this event. This occurrence not only signifies the elevation of the bilateral relationship on a strategic level but also indicates the overcoming of political inhibitions between the two nations.

UAE-India Joint Military Exercise 'DESERT CYCLONE' | The Brew News



Exercise Desert Cyclone, 2024

45 personnel each from the UAE Land Forces' Zayed First Brigade and the Indian Army's Mechanised Infantry Regiment participated in the Joint Military Exercise 'Desert Cyclone' in Rajasthan from 2nd to 15th January 2024



Bilateral Business Engagement
INDIA-UAE CEPA
(Unlocking the Power of CEPA)
1 | New Delhi



First meeting of the Joint Committee of India-UAE CEPA held in June 2023 in New Delhi | PTI

Section 2

IMPACT OF CEPA ON INDIA-UAE TIES

This section outlines how CEPA deepens economic connections, spur innovation, and bolster bilateral cooperation across various sectors, with the potential to redefine and fortify the strategic alliance between India and the UAE.

INDIA - UAE

Comprehensive Economic Partnership Agreement

New Delhi, 18th February, 2022



India & UAE signing CEPA | Mint

Section 2

Impact of CEPA on India-UAE Ties

Overview of CEPA

The Comprehensive Economic Partnership Agreement (CEPA) is a free trade agreement signed between the Government of the Republic of India and the Government of the United Arab Emirates (UAE), on February 18, 2022. This historic agreement entered into force on May 1, 2022. Within five years, it is anticipated that CEPA would raise the value of bilateral commerce in products to over US\$100 bn and in services to over US\$15 bn. Nearly all tariff lines that are transacted in by the UAE (7581 tariff lines) and India (11,908 tariff lines) are covered by the CEPA.

88 Days

The Agreement was signed in record time after merely 88 days of discussions

1st Comprehensive Agreement in 10 years

This is the first comprehensive Free Trade Agreement that India has signed in the last ten years, even though several others, including ones with the UK, Australia, and the EU, are in the works.

“ The finalisation of the 880-page document in a record time of 88 days is a big achievement for both nations, it will boost economies of India and the UAE and will usher in a new dawn for the people of the two countries

- Mr. Piyush Goyal
HCIM, Government of India

Key Objectives and Benefits of CEPA

1

Tariff Elimination / Reductions for Trade in Goods

CEPA typically involves a commitment to reduce or eliminate tariffs on various goods traded between the participating countries. This helps in promoting free and open trade by lowering the cost of imported goods.

Under CEPA, a sizable portion of origin items will ultimately be exempt from customs charges entirely. Depending on the commodity type, different timetables and schedules for tariff removal or reduction apply.

One of the following three statuses will be applied to UAE products delivered to India that meet with the Rules of Origin (RoO):

- (1) Tariff Elimination Immediate (TEI):** There will be no customs charges on the majority of tariff lines.
- (2) Tariff Elimination Phased (TEP):** Over the course of five, seven, and ten years, customs tariffs will be eliminated, providing benefits to other tariff lines.
- (3) Tariff Reduction (TR):** In comparison to the current rates of customs duties, tariffs will be lowered.

2

Trade in Services

Provisions related to trade in services are common in CEPA agreements.

- Sectors targeted for liberalization typically include finance, telecommunications, and professional services, facilitating cross-border trade in these areas.
- The UAE and India have committed to providing an open, non-discriminatory environment for cross-border trade services rendered by organisations within the other party's territory.
- Efforts are made toward mutual recognition of professional licenses or certificates, in the fields of architecture, engineering, accounting, medicine, and nursing,
- Both parties have also committed not to retain or enact any restrictions on the services rendered by the other party.
- The two countries have also extended market access to one another in several service-related areas including business, communications, construction, and education.

3

Efficient Customs Process & Trade Assistance

CEPA strongly endorses removing redundant administrative and regulatory customs processes and implementing global best practices for customs administration, such as:

- Declaration of origin on invoice for authorised exporters rather than customary certificate of origin
- Collaboration on the Technical Barriers to Trade (TBT) Agreement
- Commitments to work toward putting the Authorised Economic Operator (AEO) mutual recognition agreement into effect
- Consensus on fairness and openness in public procurement
- Terms on intellectual property rights, digital trade, dispute settlement, etc.

It also introduces measures to facilitate cross-border trade of goods and ensure an efficient customs clearance process in line with the WTO's Agreement on Trade Facilitation. These measures include adopting international best practices for customs management techniques, reducing unnecessary regulatory or administrative customs procedures, and issuing customs rulings before import.

Advantages of CEPA's additional measures that will help service providers, exporters, and importers from India and the UAE while also eliminating and reducing tariffs

Increased collaboration on the Agreement on Technical Barriers to Trade	Information sharing between the two tax authorities	Pledges to work toward the implementation of the AEO mutual recognition agreement	Temporary admission of certain goods under specific conditions (e.g., goods meant for fairs, exhibitions, or sporting events)	Encouragement of trade opportunities for small and medium-sized businesses	An agreement on impartiality and transparency in government procurement
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Key Benefits of CEPA

BENEFITS FOR INDIA

Preferential & Diverse Market Access	Service Sector Opportunities	Global Expansion for SMEs	Streamlined Customs Procedures	Job Creation & Visa Facilities
CEPA provides Indian stakeholders with preferential access to 97% of UAE tariff lines, particularly in the gems, jewellery, textiles, and agriculture sectors.	Indian service providers enjoy enhanced access to 111 sub-sectors, spanning construction, education, healthcare, and financial services, fostering growth and collaboration.	The agreement acts as a platform for Indian SMEs to expand internationally by providing access to new customers, networks, and collaborative opportunities, promoting economic growth.	CEPA streamlines cross-border trade, including issuing customs rulings prior to import, facilitating smooth clearance, and adopting invoice declaration of origin, replacing traditional certificates.	CEPA is expected to generate over a million jobs. It commits to issuing 140,000 employment visas to Indian professionals by 2030. Various visa validity periods cater to intra-corporate transferees, business visitors, and contractual suppliers, facilitating smoother collaboration.

BENEFITS FOR THE UAE

Trade Integration & Market Access	Investment Promotion & Growth	Intellectual Property and SME Expansion	Zero-Duty Market Access	Trade and Investment Growth Outlook
CEPA fosters trade integration between the UAE and India by reducing or eliminating tariffs on over 80% of product categories, aligning with the WTO framework.	Through the establishment of the UAE-India Technical Council on Investment, CEPA encourages mutual investments and economic cooperation opportunities, and is expected to boost the UAE's GDP by 1.7% (US\$9 bn) by 2030.	CEPA ensures balanced intellectual property provisions, fostering fair practices and providing a platform for UAE SMEs to expand internationally.	CEPA commits to zero-duty market access for 90% of UAE exports into India, benefiting industries dealing in petrochemicals, aluminum, and copper.	CEPA aims for goods trade to reach US\$100 bn and services trade to surpass US\$15 bn in the next five years, fostering robust economic collaboration built on trust, transparency, and talent.



How does Emirates NBD plan to strategically leverage the UAE-India bilateral relations to facilitate the growth of its newly established branches across India?



- India and the UAE have historically enjoyed strong bilateral relations and commercial and cultural ties. Over the years, the relationship has only strengthened. Taking a step forward, in 2022, the two economies signed the Comprehensive Economic Partnership Agreement (CEPA) with an objective to scale up bilateral trade to US\$100 billion during the next five years.
- The India-UAE bilateral trade, as per Bloomberg, has already reached US\$80 billion in 2022, with UAE (being the) 3rd largest trade partner for India (and India being 2nd largest trade partner for UAE).
- In addition to the strong trade ties highlighted above, Bilateral FDI amounted to ~US\$57 billion as of 2022, driven by investment in sectors such as real estate, oil and gas and financial services projected to reach about US\$100 billion by 2030. Total cumulative investments in the UAE by non-resident Indians are close to ~US\$55 billion. UAE is also home to over ~3.5 million Indians, accounting for almost 30-40% of the population of the UAE. In line with UAE's demographic, about one-third (35%) of the Emirates NBD's customers in the UAE are Indian nationals (+712K). Additionally, ~40% of our staff are also from India (4,000+ employees).
- Over the past decade, establishing a larger international presence has formed the core of Emirates NBD's growth and expansion strategy. Based on the strong people, trade and investment links between the two countries, in line with our strategy to be a leading bank across MENATSA region, we had identified India as key strategically important market to further grow our international operations.
- Emirates NBD (ENBD), being one of the largest banks in UAE, has been at the forefront in leveraging its banking prowess to aid growth of the bilateral trade & commerce between the two countries. ENBD started its maiden Indian branch in Mumbai in 2017 and since then has further expanded its footprint by opening 2 additional branches at Gurugram and Chennai and has well capitalised its India operation through several rounds of capital infusion.
- Indian branches are full scale branches having requisite capabilities to provide whole range of trade, credit and treasury services to facilitate increased trade and commerce between India and the UAE.
- To this end, the Indian branches have developed strong relationships with UAE companies operating in India as well as Indian companies having trades and business links with the UAE and GCC, and have been providing them with investment, financing and other banking services to promote trade and investments.
- ENBD's endeavour has always been to leverage its core strengths and expertise to invest in and enable its Indian operations to further its objective of providing seamless banking services for the growth of the UAE-India corridor.
- With UAE being the home market and India as one of the fastest growing economies in the world, our presence in India is helping our strong local relationships to bank with us with the same familiarity and services as we serve them here in UAE, our strong bond with them has helped in a faster turnaround of the facilities while they settle themselves in India and look for expansion and growth.
- Emirates NBD's presence in India helps us in servicing the large Indian diaspora in the UAE and India with the right banking solutions to promote further free flow of capital between the countries, in the process promoting trade and services.



Neeraj Maikin

Senior Executive Vice President, Group Head - Strategy, Analytics & Venture Capital,
Emirates NBD

Founding Member, UIBC-UC



Q

Could you provide insights into your company's future plans and identify potential opportunities to further contribute to the continued growth and deepening of business collaborations between India and the UAE?

“

Since CEPA is signed, we look forward to upgrade our perception, our vision, our outlook about India and the UAE. India and the UAE with its increasing demographics and the youth segment with its forward aspirations of demonstrating their abilities in the advancement of science and technology can contribute to the growth of innovative ecosystems in both the countries.

Also, with the emergence of business councils like UAE India Business Council, there are more opportunities to network and collaborate between both the countries

”



H.E. Major General (Retd.) Sharafuddin Sharaf
Vice Chairman, Sharaf Group
Vice Chairman, UIBC-UC



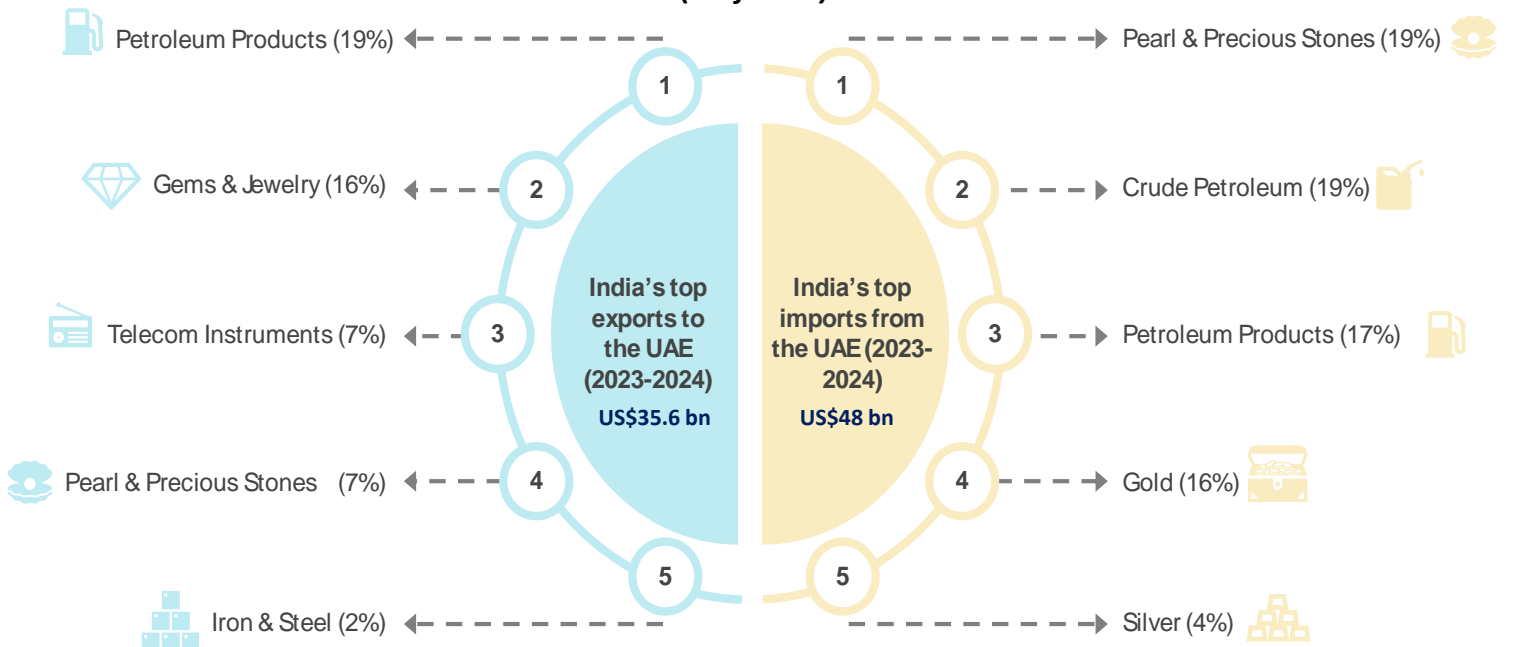


Key Sectors Benefiting from CEPA Rollout

Trade in Services



Trade in Goods - Key Imports and Exports Thriving Post-CEPA (% of Total)





After the implementation of CEPA, the gems and precious stones industry has taken a remarkable leap. How has this impacted Tata Sons' jewels businesses (Tanishq)?



Dubai has long been known for being the Gold capital of the world. Traders and buyers from all over the world congregate here to trade in Gold and Jewellery. Its unique and flourishing market caters not just to residents (which is having a significant Indian diaspora population) but also tourists from all across the world. Its been a \$3bn+ jewellery market and growing and \$10bn worth of jewellery gets imported every year into UAE. India has been a major centre of Jewellery manufacturing specialising in various unique forms in different part of the country. Almost one third jewellery imports into UAE comes from India.

The Comprehensive Economic Partnership Agreement (CEPA) between India and the United Arab Emirates (UAE) signed on 1st May 2022, has been a major step towards bringing the Indian jewellery manufacturers to Dubai market and has therefore positively and significantly impacted the Indian gem and jewellery industry. The gem and jewellery exports from India to UAE rose substantially by around 21% to US\$ 4 billion (37% plain gold, 19% gold studded and polished diamonds 34%) during April-Oct 2023. Overall, India-UAE bilateral trade rose by around 19% to around US\$ 14.06 billion during April-Oct 2023. With the cost of importing Indian manufactured jewellery into UAE coming down with CEPA, the competitiveness of jewellers sourcing products from India has improved. To support even the smaller jewellers from India to come and explore the market, initiative like IJEX has been setup to facilitate non-registered importers for temporary admission.

Tanishq from the house of Tata's is India's largest Jewellery retailer with more than 430 Stores in India. It is a much loved and trusted brand in India, and has vertically integrated operations - which means that all the way from trend spotting to designing to manufacturing to supply chain to retail and after sales support is all inhouse. This gives the brand keep ahead of the market. In 2020, Tanishq chose Dubai as the first location for its venture outside India due to its similarity and closeness to India and supportive ecosystem. The CEPA agreement coming into play has enabled Tanishq with optimising its cost of operations and thereby able to expand fast in the region. In last three years, the brand has already opened 9 stores in UAE alone besides expanding to other markets globally like USA, Singapore, Qatar and Oman, keeping UAE as the hub location.

We see the industry poised for even more growth in the coming years and can confidently record the fact that the CEPA agreement has given tangible impetus to a brighter future for the Indian gem and jewellery industry and therefore we hope that India UAE CEPA shall surpass its originally planned targets as well as become an inspiration for many more such bilateral deals.

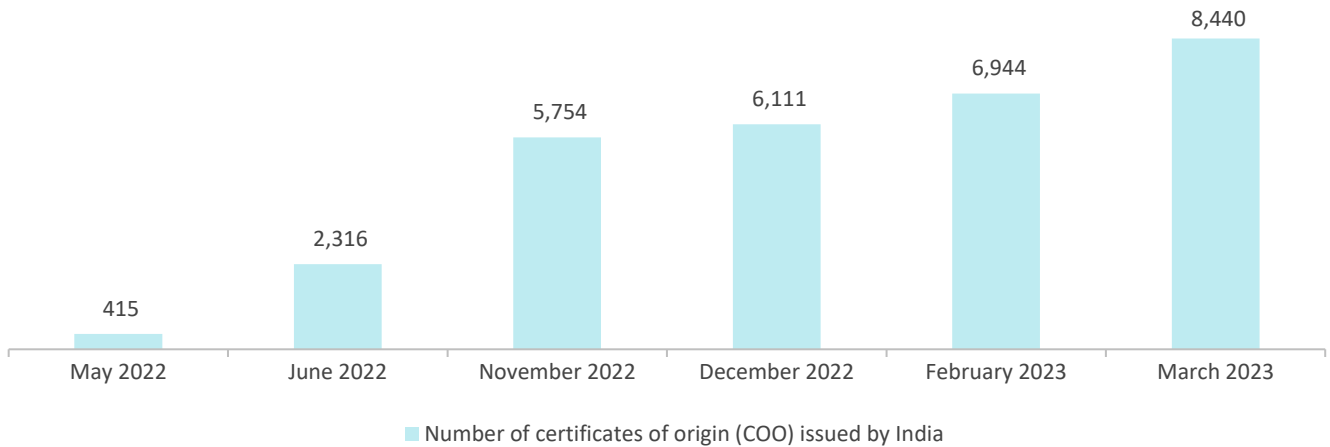


Mr. Aditya Singh

Head - International Jewellery Business, Titan Company Limited
Founding Member, UIBC-UC



Certificates of Origin Issued by India for Exports to UAE (May 2022 – March 2023)



16%
 Within the CEPA Implementation Period, Bilateral trade increased by 16%, from US\$72.9 billion to US\$84.5 billion

US\$72.9 bn

US\$84.5 bn

April 2021 - March 2022

VS

April 2022 - March 2023

Q

Could you provide insights into your company's future plans and identify potential opportunities to further contribute to the continued growth and deepening of business collaborations between India and the UAE?

“

Since CEPA is signed, we look forward to upgrade our perception, our vision, our outlook about India and the UAE. India and the UAE with its increasing demographics and the youth segment with its forward aspirations of demonstrating their abilities in the advancement of science and technology can contribute to the growth of innovative ecosystems in both the countries.

Also, with the emergence of business councils like UAE India Business Council, there are more opportunities to network and collaborate between both the countries

”



H.E. Major General (Retd.) Sharafuddin Sharaf
 Vice Chairman, Sharaf Group
 Vice Chairman, UIBC-UC



Exports from India to the UAE (Value in US\$million)

	April - March 2022 (data for 2021-22)	April - March 2023 (data of 2022-2023)	Growth rate
Goods			
Pearl, Precious and Semi-precious Stones, Gems, and Jewellery	4,953.11	5,772.47	16.54%
Coal, Oil and Gas			
Mineral Fuel, Oil, and Waxes	6,196.05	8,681.78	40.12%
Electrical and Machinery Equipment and Parts	2,757.70	3,650.03	32.36%
Miscellaneous Pharmaceutical Goods	3.97	5.47	37.82%
Petroleum, Crude, and Other Oil	5,702.57	8,047.83	41.13%
Miscellaneous Manufactured Articles	31.86	36.61	14.93%
Food and FMCG (Cereal, Sugar, Edible Fruits & Nuts, Vegetables, Tea, Meat)			
1. Cereal	486.67	655.43	34.68%
2. Sugar and Sugar Confectionary	300.70	303.7	1%
3. Coffee, Tea, Mate and Spices	295.22	376.04	27.37%
4. Meat	164.18	202.55	23.37%
5. Veg.	205.14	267.43	30.37%
6. Fruits and Nuts	292.20	292.99	0.27%
Miscellaneous chemical products	160.81	210.45	30.87%
Transportation			
Vehicles other than Railway or Tramway Rolling Stock, and Parts and Accessories Thereof	504.97	715.94	41.78%
Motor Vehicles for the Transport of Goods	20.87	34.96	67.51%
Cruise Ships, Excursion Boats, Ferry- Boats, Cargo Ships, Barges and Similar Vessels for the Transport of Persons	79.97	212.01	165.10%
Textile and Apparel			
Articles of Apparel and Clothing Accessories, Knitted or Crocheted (Knitted Apparel)	911.82	697.31	-23.53%
Articles of Apparel and Clothing Accessories, Not Knitted or Crocheted (Non-Knitted Apparel)	913.09	531.27	-41.82%
Textile Articles	1.25	2.45	96.30%
Articles of Apparel and Clothing Accessories, of Leather or of Composition Leather	10.62	14.43	35.88%
Fabrics used in apparel as furnishing fabrics for similar fabrics	0.31	0.43	38.65%
Industrial			
Machinery And Mechanical Appliances	902.74	1,074.13	18.99%
Organic chemicals	701.33	637.84	-9.05%
Plastics	498.62	446.09	-10.54%

Sectoral Opportunities for India in the UAE facilitated by CEPA



Oil and Gas

CEPA facilitates collaboration between India and the UAE in the oil and gas sector, allowing Indian companies access to UAE expertise and opportunities in oilfield concessions.



Textiles and Apparel

CEPA eliminates the 5% import duty on ready-made garments from India, strengthening India's position in the UAE's textile market.



Healthcare and Pharmaceuticals

CEPA streamlines approvals, boosting Indian drug exports and positioning India as a hub for pharmaceutical products in the UAE.



Real Estate and Construction

The UAE's dynamic real estate market offers opportunities for Indian construction companies, including investment prospects and tax-free returns.



Gems and Jewellery

CEPA's tariff concessions in gold trade lower input costs, fostering increased gems and jewellery exports to the UAE.



Tourism and Hospitality

CEPA benefits India's travel and tourism sector, allowing Indian hospitality businesses to cater to the growing demand from Indian tourists in the UAE.

Objectives & opportunities Bharat Mart presents for promoting and facilitating the global trade of Indian goods



Bharat Mart will help bring together international buyers and sellers while offering wholesale and retail channels, facilitating physical and virtual trade, and supporting onshore and offshore trading. Its strategic location will enable Indian traders and businesses to reduce the time and cost of shipping goods between India and the UAE, India and Africa, and beyond.

By basing themselves in Bharat Mart, Indian companies will benefit from cost-effective warehouse and retail space options, dual licensing in the free zone and the mainland, a flexible customs regime, and a thriving community of over 10,000 manufacturers, traders, and logistics service providers in JAFZA. This initiative will connect India's vibrant manufacturing sector to newer opportunities, unlocking growth and prosperity.



Mr. Rizwan Soomar

CEO & Managing Director (Middle East, North Africa & India Subcontinent), DP World
Co-Chair, UIBC-UC



Overall Impact of CEPA on India – UAE Ties

The Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE has ushered in a new era of bilateral relations, profoundly impacting various facets of their partnership. Since its inception in May 2022, CEPA has been instrumental in reshaping the dynamics between the two nations, fostering deeper economic integration, strategic alignment, and cultural exchange.

Economically, CEPA has been a catalyst for unprecedented growth in bilateral trade and investment. The agreement aims to elevate bilateral trade to US\$100 billion over the next five years, signaling a strong commitment to expanding economic ties. India's Minister for Commerce and Industry, Piyush Goyal, emphasized the importance of CEPA in harnessing entrepreneurship and fostering cooperation in various sectors such as rupee-dirham trade, digital trade, and green energy.

Already, bilateral trade has surged to a record high of US\$84.5 billion in 2023, with a remarkable 16 percent growth over the previous year. India's exports to the UAE have surged by 12 percent, reaching US\$31.3 billion in the fiscal year 2022-23. CEPA's provisions, including the elimination of tariffs on thousands of goods, have facilitated smoother trade flows and bolstered supply chains between the two countries. Moreover, CEPA has attracted increased Foreign Direct Investment (FDI) flows, particularly in critical sectors such as infrastructure, renewable energy, and logistics, further strengthening economic cooperation.

Strategically, CEPA has deepened the alignment between India and the UAE on regional and global issues emphasizing a rules-based order and mutual interests like energy security. The agreement has deepened multilateral initiatives, such as the India-UAE-France maritime trilateral, enhancing regional stability. Additionally, the agreement underscores the strategic convergence between the two nations, particularly in advocating for a rules-based international order and addressing emerging challenges. The complementarity of their economies, coupled with a shared emphasis on energy security, has further solidified their strategic partnership. Agreements such as the one between the Indian Strategic Petroleum Reserves Ltd (ISPRL) and the UAE's Abu Dhabi National Oil Company (ADNOC) for storing crude oil underscore the strategic importance of the partnership, supported by CEPA's provisions.

Culturally and socially, CEPA has facilitated greater people-to-people exchanges and cultural understanding between India and the UAE. The historical ties between the two nations, dating back to ancient times when Indian traders and merchants traded on the shores of present-day UAE, have been further strengthened. The Indian diaspora in the UAE, one of the largest globally, plays a pivotal role in bridging cultural gaps and fostering understanding between the two societies. Initiatives such as the opening of the first overseas campus of the Indian Institute of Technology in Abu Dhabi in 2024 are expected to deepen educational and cultural ties, fostering greater collaboration and mutual understanding.

In conclusion, CEPA has had a transformative impact on India-UAE ties, elevating their partnership to new heights across economic, strategic, and cultural domains. As CEPA continues to shape bilateral relations, the future holds immense potential for further collaboration and cooperation between India and the UAE, benefiting both nations and contributing to regional stability and prosperity.





Section 3

THE WAY FORWARD

This section provides a forward-looking perspective on the economic collaboration between India and the UAE post-CEPA. It explores how CEPA enhances trade and investment prospects, the potential impact of Rupee Dirham trade on different sectors, collaborative investments in third countries, and the integration of RuPay and UPI in the UAE, indicating promising avenues for future growth and cooperation.



Indian PM Narendra Modi visited the UAE to meet with UAE President Sheikh Mohammed bin Zayed Al Nahyan and discuss bilateral relations | Mint

3 The Way Forward

Impact of India Strengthening Ties with the UAE



Energy Security

- A substantial part of India's energy needs is met by the oil & gas producing Gulf nations
- Strong ties ensure a stable and reliable energy supply critical for India's growing economy
- Growing emphasis on reducing long-term oil dependence aligns with India's energy goals



Economic Cooperation

- Robust Gulf economies present significant investment opportunities for India
- Enhanced infrastructure development and bilateral trade open avenues for Indian businesses
- Gulf investment in India has surged; ongoing Free Trade Agreement (FTA) negotiations hold potential



Remittances and Diaspora

- Millions of Indian expatriates in Gulf nations contribute significantly to India's economy through remittances
- Strengthening ties enhances welfare and protection for Indian workers, fostering labor migration



Geostrategic Importance

- The Gulf's strategic location connecting Europe, Asia, and Africa makes it geopolitically crucial
- Enhanced engagement allows India to shape regional dynamics and participate in key organizations



Cultural and People-to-People Exchanges

- Historical, cultural, and social ties provide a foundation for strengthened relations
- Promoting cultural exchanges, tourism, and people-to-people interactions fosters mutual understanding
- Preserving and promoting shared heritage and values of the Indian diaspora in the Gulf

Q

We notice your strong passion for skill-building, particularly for blue-collared workers. How do you plan to further your initiatives in this area, and in what ways do you see the UAE-India Business Council, UAE Chapter (UIBC-UC) playing a role in supporting and enhancing these efforts?

“

At EFS, our frontline workers make up two-thirds of our staff, and as part of our people-first approach, we firmly believe their development and progression are critical for long-term business sustainability. With a strong commitment to skill-building initiatives, particularly for frontline workers, we have established the Center of Excellence in the UAE and Saudi Arabia and the EFSIM Skills Development Academy in India.

Looking ahead, our goal is to upskill over 5,000 individuals in the next 2 to 3 years, focusing on areas such as soft skills, language and cultural orientation, and technology/digital literacy. The EFSIM Skills Development Academy, with its presence across the country, including its inaugural centre in Aligarh, which is both a Skills Development facility and an authorised Skill Assessment and Certification centre by the Saudi Arabia Takamol Skill Verification Program and the National Skill Development Corporation (NSDC), Government of India, and planned centres in Bhubaneswar, Hyderabad, and Meghalaya, will work in synergy with EFS Group to support the professional growth and employment of Indian workers in India and abroad.

In this endeavour, the UAE-India Business Council, UAE Chapter (UIBC-UC) plays a vital role in supporting and enhancing our efforts. The UIBC-UC serves as a platform for collaboration among industry leaders, government representatives, and other stakeholders who share a common vision of promoting skill development and empowering frontline workers in the following ways.

- Support in demand identification and identifying the manpower needs across various sectors.
- Incubatory environment can assist in making people “work-ready”.
- Support in standardisation of certification systems.
- Evaluate possibilities of internships and practical training for the frontline workforce.
- Influence in formulation of government policy to ensure worker welfare and protection of workers’ rights.

The UIBC-UC's support will contribute to the success of these initiatives and further strengthen the bilateral ties between the UAE and India, with a shared focus on skill development and worker welfare

”



Mr. Tariq Chauhan
Group CEO, EFS Facilities Services Group Ltd
Board Member, UIBC-UC



Q

How do you envision the trajectory of India-UAE relationship moving forward, and which specific sectors do you anticipate being most impacted by this evolving relationship?

“

There is only one way for this ever-evolving relationship, and that is upwards ... this is taking into account the strides made by each of the two countries individually in a variety of spheres, not in the least, the bilateral diplomatic relations, which have further cemented the historical and economic relations that had already existed for many generations. The CEPA is one such strong endeavour that will provide extreme impetus to the engine that is the India-UAE friendship

”

Siddharth Balachandran
Executive Chairman and CEO, Buimerc Corporation
Founding Member, UIBC-UC



How CEPA could be the Driving Force for FTA between the Nations

CEPA UNLOCKED TRADE POTENTIAL

The UAE, home to around 3.5 million Indian nationals, holds significant market potential for Indian goods and services. Despite a decline in Indian exports to the UAE from 2011 to 2021, the CEPA has proven instrumental in reversing this trend. Results were evident immediately post-implementation, with a notable 16.22% surge in Indian exports to the UAE in May-June 2022. The success of CEPA has not only revitalised India's trade with the UAE but also catalysed discussions for broader Free Trade Agreements (FTAs) with other Gulf countries, showcasing its value as a strategic tool for Indian businesses.

CEPA stands as a transformative milestone in the economic relationship between India and the UAE, presenting a multifaceted blueprint for enhanced collaboration. As CEPA unfolds, promising to elevate bilateral trade to US\$100 billion by 2027 and generate a staggering one million jobs in India, its significance reverberates far beyond immediate economic gains. This landmark agreement encapsulates a comprehensive array of interests, ranging from trade in goods and services to the intricacies of the digital economy.

The ambitious reduction of tariffs on a multitude of goods by the UAE, coupled with reciprocal measures from India, signifies a commitment to fostering an environment of open and unrestricted commerce. Furthermore, the CEPA extends its reach to critical domains such as government procurement, investment promotion, and sector-specific cooperation, laying a robust foundation for economic integration. The success of CEPA could serve as a compelling narrative, demonstrating the benefits of closer economic ties and encouraging both countries to embark on a more expansive journey of economic partnership through the establishment of a more comprehensive FTA.

As CEPA unfolds, promising to elevate bilateral trade to US\$100 billion by 2027 and generate a staggering 1 million jobs in India, its significance reverberates far beyond immediate economic gains.



IMPACT OF CEPA'S 'SAFEGUARD MECHANISM'

CEPA could be the driving force for FTA between the nations because of its Safeguard Mechanism

CEPA includes safeguard mechanisms to address concerns related to sudden surges in imports and protect domestic industries, particularly the Micro, Small and Medium-Sized Enterprises (MSMEs).



Bilateral Safeguard Mechanism

Allows India and the UAE to suspend reduction of customs duty or to increase customs duty on specific originating products if a sudden surge in imports causes injury or threat of injury to domestic producers



Trigger for Safeguard Measures

Triggered by a significant and unforeseen increase in imports, this provision is designed to protect domestic industries, especially MSMEs, against sudden shocks from import surges that could harm their competitiveness



Restoration of Customs Duty

If the safeguard mechanism is invoked, the party applying it has the right to restore the applicable duty to the Most Favored Nation (MFN) applied rate, either on the date of the application or the day immediately preceding the date of the CEPA's entry into force



Investigation & Consultations

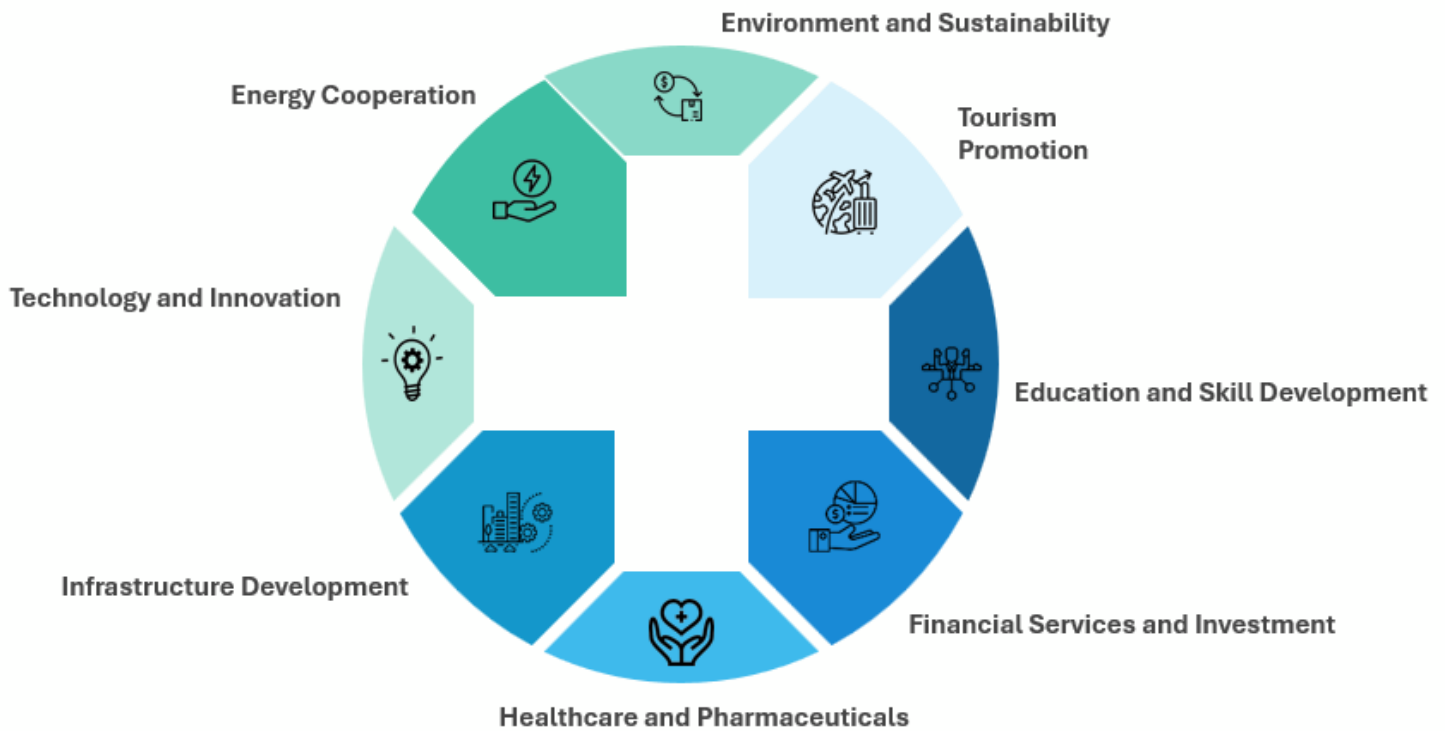
Before applying a definitive safeguard mechanism, a party must investigate through its competent authorities. Additionally, there is a requirement for providing adequate opportunities for consultations with the other party, emphasizing a diplomatic and consultative approach



Consultative Mechanism for Dumped Goods

CEPA includes a consultative mechanism to address concerns related to other countries routing their dumped goods to India through the UAE. This provision aims to safeguard India's anti-dumping measures, ensuring fair trade practices and protecting domestic industries

Potential collaborations between India and the UAE might span various sectors, building upon the foundations laid by CEPA



Q In expanding your portfolio, are you actively seeking collaborations with Indian home-grown brands? How do you envision incorporating them into the Apparel Group's roadmap for the future?

“ We are actively working on this and have recently signed up our JV with Nykaa from India and opened the first store in City Center Mirdif. We have big plans with the expansion of Nykaa in the Middle East and will be launching several stores in the region in addition to the digital business. Further we also signed the agreement with Forest Essentials and have already 4 stores operational in the region with many more to follow.

We are also in active negotiations with few more Indian home-grown brands to bring them to the GCC and additional geographies that we operate. The Apparel Group's strategy roadmap entails significant investment in the GCC Region and India. It also sees the brands that we have developed like R&B expand their footprints across both the corridors. Our plan is also to invest heavily in the homegrown brands of India by bringing them to the GCC and vice versa. We have also significantly invested in lot of the start-ups in India and will continue to do so in the future too

”



Mr. Nilesh Ved
CEO and Chairman, Apparel Group
Board Member, UIBC-UC



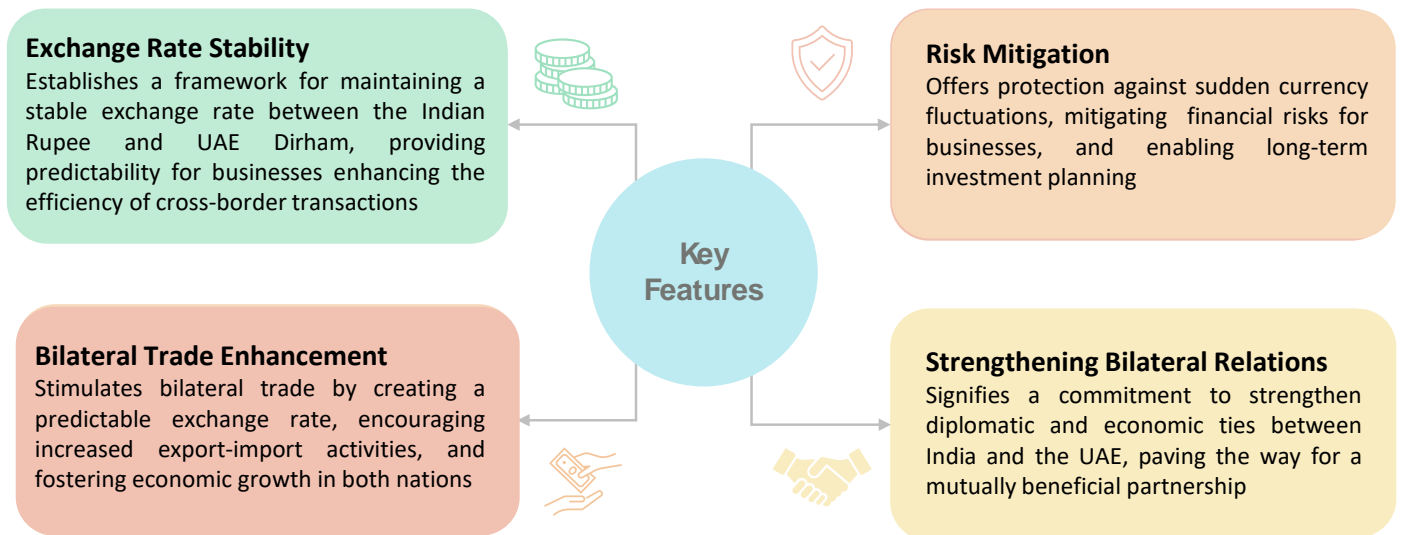
Impact of Rupee-Dirham Trade on India-UAE Relations

The Rupee-Dirham Trade Agreement between India and the UAE marks a significant milestone in their bilateral relations, reflecting a shared commitment to strengthen economic ties and reduce dependency on conventional foreign exchange mechanisms. Both nations, driven by concerns over US sanctions on Russia, have actively advocated for de-dollarization.

With the aim to elevate their bilateral relationship to new heights by simplifying cross-border trade payments, in July 2023, India and the UAE took a groundbreaking step by signing an agreement to utilise local currencies for cross-border transactions. This agreement allows UAE importers to make payments in dirhams at prevailing market exchange rates, while Indian companies can

reciprocate in rupees, eliminating the need for cumbersome currency exchange. The practical implications of this agreement were evident in December 2023 when India made its first payment in rupees for crude oil purchases from the UAE. The accord not only underlines the mutual commitment the two countries share to deepen their economic cooperation but also aligns with their ambitious CEPA goal of achieving US\$100 billion in non-oil trade by 2027. The agreement also provides businesses with increased flexibility and options, ushering in a new era of broader economic collaboration and opportunities between India and the UAE.

The Rupee-Dirham Pact Strengthening India-UAE Relations



Impact of UAE dirham trade on various sectors

1	Tourism	A stable exchange rate reduces uncertainty for travellers and ensures a favourable environment for tourism, increasing tourist activities and boosting the travel and hospitality sectors of India and the UAE
2	Foreign Exchange Market	Reduced currency volatility encourages trade in the UAE Dirham, contributing to the development of a more stable, liquid and efficient foreign exchange market and attracting global investors
3	Bilateral Trade	A stable exchange rate encourages import-export transactions between India and the UAE, stimulates bilateral trade activities and fostering economic growth in both nations
4	Direct Investment	Predictable and stable currency rates incentivise foreign investors to engage in direct investments, especially in the UAE Dirham, by providing a secure environment and supporting long-term investment planning
5	Economic Growth	Enhanced and stable bilateral trade and investment promote economic activities, encouraging businesses to expand and innovate, driving overall economic growth
6	Financial Stability	Reduced currency risk leads to financial stability, attracting global investors and ensuring resilience against external economic shocks
7	Diversification of Sectors	Simplified payment mechanisms encourage diversification in various sectors, and businesses exploring new opportunities in sectors beyond commodities can access the UAE market more efficiently
8	Impact on Traders	<ul style="list-style-type: none"> • The Local Currency Settlement System framework reduces traders' transaction costs • Easier payment mechanisms enhance market access for Indian exporters, increasing export volumes • Stable exchange rates boost confidence for long-term contracts • Reduced currency volatility allows competitive pricing for imported goods, benefiting domestic consumers and industries reliant on imports

The Way Forward with UAE Dirham Trade

The future of the UAE Dirham-Indian Rupee trade, facilitated by the Rupee-Dirham Pact, promises new avenues for growth and collaboration. With the potential expansion of traded commodities, diversification across economic sectors, and the integration of advanced technologies, the India-UAE trade relationship is poised for increased efficiency and resilience.

Continued government initiatives, regulatory developments, and enhanced financial integration may further support the trade dynamics. As the stability of the Rupee-Dirham exchange rate instills confidence, there is an expectation of steady growth in trade volumes, increased market access for businesses, and a sustained boost in tourism between India and the UAE.

The commitment to strengthening diplomatic and economic ties underpins the potential for a robust and mutually beneficial trade partnership in the years ahead.

Continued government initiatives, regulatory developments, and enhanced financial integration may further support the trade dynamics



“

We have looked at **further expanding the rupee-dirham trade**, which has been operationalised with the efforts of the **Central Bank of the UAE and the RBI**

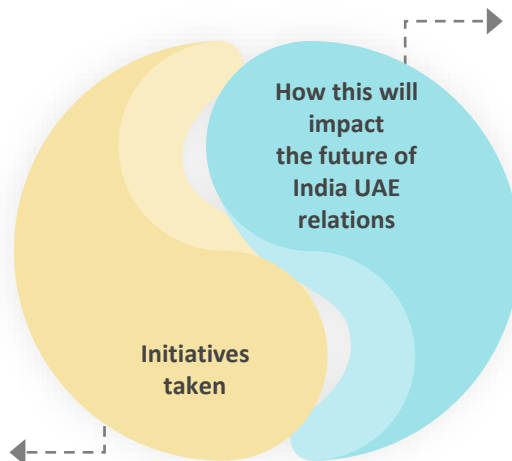
Mr. Piyush Goyal,
Hon. Indian Minister of Trade and Commerce

”



RuPay UPI Integration

- Reserve Bank of India (RBI) and Central Bank of the UAE (CBUAE) have signed an MoU to connect United Payment Interface (UPI) with the UAE's Instant Payment Platform (IPP)
- The MoU also expects collaboration in linking the respective card switches (RuPay switch and UAESWITCH), and exploring the potential integration of payments messaging systems, such as India's Structured Financial Messaging System (SFMS), with the UAE's messaging system



- The interconnection of the two payment systems will enhance the ease, speed, security and cost-effectiveness of cross-border money transfers
- This will strengthen trade and remittance activities between the two countries, providing notable advantages for migrant workers, tourists, small businesses, and enterprises.
- UPI's expanded accessibility will reduce reliance on conventional currency exchange services
- In the broader context, this creates a supportive environment for innovators and regulators to expedite the implementation of efficient digital payment solutions and establishes a secure and encouraging setting for consumers to embrace fintech solutions



India - UAE Collaborating to Invest in Other Countries

On December 4, 2018, the Ministry of Foreign Affairs & International Cooperation of the UAE and the Ministry of External Affairs of India signed an MoU for Development Cooperation in Africa. The MoU entailed the setting up of a framework of cooperation between the two countries for implementing development partnership projects and programmes in Africa, starting with Ethiopia.

This noteworthy agreement represents a pioneering South-South and Government to Government (G2G) bilateral collaboration for undertaking a specific project in Africa. The initial venture involves the creation of an IT excellence center in Ethiopia.

This collaboration leverages India's expertise and the UAE's financial resources to contribute to developmental initiatives and highlights the extension of their joint efforts beyond their respective borders. CEPA has further strengthened these ventures.

Notable collaborative initiatives include joint healthcare delegations visiting countries like Tanzania, where investments are explored in areas like diagnostics centers.

India and the UAE have collaborated to launch projects in Tanzania to explore investment opportunities and discuss potential projects with government officials and private healthcare providers. The delegation, consisting of companies like Medanta, NephroPlus, Dr Lal Path Labs, KEF Holdings, G42 Healthcare, and Tamouh, engaged in detailed discussions with Tanzania's Minister of Health and visited prominent hospitals.

Additionally, a multibillion-dollar plan involving Abu Dhabi-based AD Ports Group and India's Adani Ports aims to transform Tanzania's capital into a transportation and logistics hub.



The UAE and India's participation in the India-Middle East-Europe Economic Corridor (IMEC) project, aligned with G20 initiatives, underscores their commitment to global partnerships and sustainable development. Hosting COP28 in November 2023, the UAE emphasized the importance of initiatives like IMEC, expected to reduce transactional costs by up to 30% and pave the way for an FTA with the GCC.

IMEC aims to bolster economic connectivity and integration, dovetailing with India and the UAE's foreign policy objectives.

The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, approved the Inter-Governmental Framework Agreement (IGFA) signed on 13th February 2024, during a high-level visit between the two countries. The IGFA aims to strengthen bilateral relations, particularly in the Ports, Maritime, and Logistics sectors, with a focus on joint investment and collaboration in developing IMEC.

This collaboration seeks to explore opportunities for exporting electricity and clean hydrogen, enhancing regional supply chains, and mitigating greenhouse gas emissions while prioritizing environmental conservation.



GCC – Gulf Cooperation Council

IMEC

- Collaborative efforts to establish a significant economic corridor connecting India, the Middle East, and Europe
- Aims to reduce transactional costs up to 30% and set the ground for an FTA with the GCC
- Specific Trade Approvals: Instances like the approval of non-basmati white rice exports, showcasing the ongoing efforts to facilitate trade in specific commodities

Saudi Arabian Prime Minister Mohammed bin Salman bin Abdulaziz Al Saud, Prime Minister Narendra Modi and US President Joe Biden during the launch of the Partnership for Global Infrastructure and Investment (PGII) and India-Middle East-Europe Economic Corridor | ANI





How India and the UAE can take things forward

Economic Cooperation Frameworks

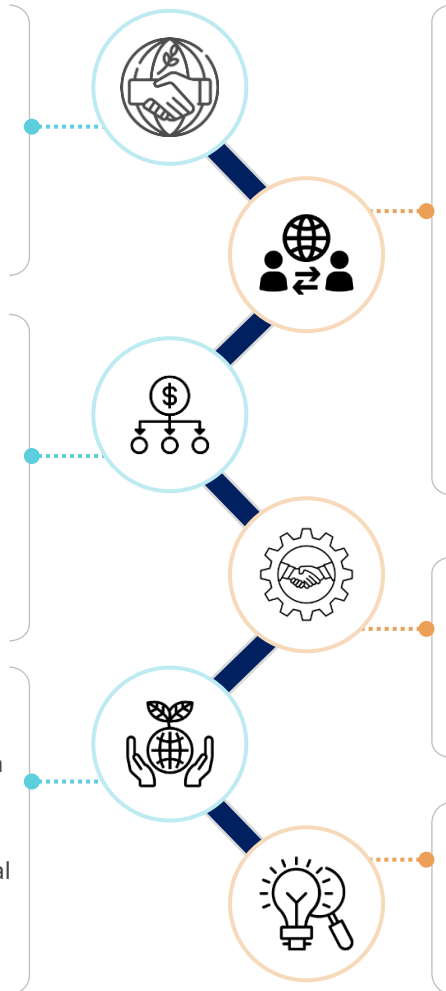
- Establish more bilateral frameworks, such as free trade agreements or preferential trade agreements, to facilitate seamless trade and investment
- Prioritise finalising negotiations on the India-GCC free trade agreement

Diversification of Trade

- Recognise the potential for diversification
- Explore new sectors (renewable energy, technology, healthcare, agriculture)
- Encourage investments in these diverse sectors

Sustainable Development Initiatives

- Collaborate on projects aligning with India and the Gulf nations' shared goals
- Focus on initiatives promoting environmental sustainability, technological innovation, and social development for long-term mutual benefits



Cultural Exchanges and People-to-People Contacts

- Strengthen cultural exchanges and promote tourism to deepen mutual understanding between India and the Gulf
- Facilitate people-to-people contacts through initiatives like cultural festivals, educational exchanges, and tourism promotion to build grassroots connections.
- Foster sister city relationships to enhance cultural ties and create lasting connections

Strategic Agreements

- Build CEPA's success by negotiating similar agreements

Joint Research and Innovation

- Foster joint research and innovation projects in science, technology, healthcare etc. to capitalise on shared expertise



Impact of Emirati banks with Indian presence on the overall future of India-UAE ties

For India-UAE to achieve the ambitious trade and investment targets set, it is critical to have UAE banks like Emirates NBD present in India, which can catalyse trade ties and also provide investment and capital opportunities to clients on both sides.

The Bank will support higher trade by providing infrastructure for capital and payment movement between the two countries, further promoting and enhancing the overall India-UAE relationship in the future and further enhance the same between other ENBD presence countries in the wider MENAT region.



Neeraj Makin

Senior Executive Vice President, Group Head - Strategy, Analytics & Venture Capital, Emirates NBD

Founding Member, UIBC-UC





Indian PM Narendra Modi greeting UAE President Sheikh Mohammed bin Zayed Al Nahyan at the G20 summit | Mashable Middle East



The Way Forward for India-UAE

The future of India-UAE relations is characterised by a deepening and multi-faceted collaboration that boasts of a historical foundation spanning over five thousand years. The long-established strong and robust strategic relations rooted in cultural and economic ties have witnessed a significant boost in recent years.

The signing of MoUs for mutual strategic cooperation in sectors like ports, five-star hotels, shopping malls, shipping, and food parks reflects a commitment to address global challenges together. The strategic importance of the India-UAE relationship is underscored by surging trade and investments, with the UAE emerging as a crucial supplier of oil to India.

Following Prime Minister Narendra Modi's numerous official visits to the UAE, reciprocated by the UAE's chief dignitaries, a new chapter in their relations has unfolded, marked by deeper cooperation and strategic partnership.

The UAE-India relationship is now stronger and broader, evident in the rise in tourist numbers, growing cross-cultural and economic ties, and the significant number of Indian and UAE companies operating in both countries.

CEPA signifies a landmark economic collaboration, aiming to boost trade and investment by reducing barriers. The Dirham-Rupee Trade Agreement further showcases the commitment to enhancing ties, aiming to accelerate progress toward the target of US\$100 billion in non-oil trade by 2030.

In 2022, India-UAE trade, including oil, reached US\$85 billion, making the UAE India's third-largest trading partner and India's second-largest export destination. These developments reflect the thriving investment relations and shared economic interests between the two countries, placing them in active engagement on the global stage through forums like the G20, I2U2 and BRICS to collectively address pressing global issues, including economic stability and development.



UIBC
UAE - CHAPTER

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Glossary of Terms

1. MoU: Memorandum of Understanding
2. CEPA: Comprehensive Economic Partnership Agreement
3. IMEC: The India-Middle East-Europe Economic Corridor
4. I2U2: Group of India, Israel, the United Arab Emirates, and the United States
5. BRICS: A bloc of emerging economies, which includes Brazil, Russia, India, China, and South Africa
6. G20: Group of 20 is an intergovernmental forum comprising 19 sovereign countries
7. WTO: World Trade Organisation
8. FIU-IND: Financial Intelligence Unit – India
9. FIU-UAE: Financial Intelligence Unit – UAE
10. RBI: Reserve Bank of India
11. CBUAE: The Central Bank of the United Arab Emirates
12. IFSCA: The International Financial Services Centres Authority
13. ADGM: Abu Dhabi Global Market
14. IHC: International Holding Company
15. VIT-AP: Vellore Institute of Technology, Andhra Pradesh
16. BIT: Bilateral Investment Treaty
17. UNFCCC: United Nations Framework Convention on Climate Change
18. COP28: 2023 Conference of the Parties of the UNFCCC
19. SCO: Shanghai Cooperation Organisation
20. ADIO: Abu Dhabi Investment Authority
21. SAGIA: Saudi Arabian General Investment Authority
22. NAM: Non-aligned and Other Developing Countries
23. PSLV: Polar Satellite Launch Vehicle
24. JAFZA: Jebel Ali Free Zone
25. FTA: Free trade Agreement
26. IoT: Internet of Things
27. EDGE: One of the world's leading advanced technology and defence groups
28. HAL: Hindustan Aeronautics Limited
29. UPI: Unified Payments Interface
30. AANI: An instant payment platform operated by Al Etihad Payments
31. IFSC: International Financial Services Centre
32. NIIF: National Investment and Infrastructure Fund
33. HPPL: Hindustan Ports Private Limited
34. ADNOC: Abu Dhabi National Oil Company
35. UBPL: Urja Bharat Pte. Limited
36. BPCL: Bharat Petroleum Corporation Limited
37. IOCL: and Indian Oil Corporation Limited
38. DAC: Different Arts Centre
39. BIF: Buimerc India Foundation
40. IIM: Indian Institute of Management
41. GCC: Gulf Cooperation Council
42. ISRO: Indian Space Research Organisation
43. DET: Dubai Department of Economy and Tourism
44. ICWF: Indian Community Welfare Fund
45. JDCC: Joint Defence Cooperation Committee
46. MSMEs: Micro, Small and Medium-Sized Enterprises
47. SFMS: Structured Financial Messaging System
48. NSDC: National Skill Development Corporation

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