



India-UAE
Comprehensive
Economic Partnership
Agreement (CEPA)
Overview and potential

September 2022

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Foreword



H.E. Dr. Ahmed A.R. Albanna
UAE Ambassador to India

At the outset, I would like to applaud the efforts of the UAE-India Business Council for playing a pivotal role in connecting businesses from both the sides and strengthening the bilateral economic relations.

We are at the start of a new era of strategic relations between the UAE and India – the 'Golden Era'. During a virtual summit on 18 February 2022, in the presence of His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE, and Shri Narendra Modi, Prime Minister of India, the UAE and India signed the game changer agreement – Comprehensive Economic Partnership Agreement (CEPA). The deal was finalised in a record time of 88 days.

I firmly believe that this pact will boost investment, trade, and technological partnerships, and create endless employment opportunities across a diverse range of sectors. It is set to transform and lead to a paradigm shift in the bilateral economic ties. It will open up emerging trade routes between Africa and Asia, promote global trade liberalisation, and propel economic growth in a post-COVID world.

The UAE-India CEPA is yet another testimony of convergence of economic interests of both our countries that will have a spillover effect on each aspect of our ever-growing relations.

The UAE-India CEPA, which came into effect on 1 May 2022, is the first bilateral trade accord concluded by the UAE. This landmark agreement has set out the bilateral trade target of US\$100 billion, to be achieved in the next five years.

Besides trade in goods, the CEPA covers 11 service sectors and more than 100 sub-sectors, which include business services, telecommunications, construction services, educational services, financial and insurance services, social and health services, and travel and tourism services.

The UAE and India are poised to diversify and deepen the economic partnership to support start-ups and cooperate in other areas, such as climate action, emerging technologies, skills and education, healthcare, innovation, and digitalisation.

As our countries look towards the economic recovery in a post-pandemic world, I firmly believe that this agreement has provided the much-needed optimism, along with creating a new narrative of openness. The CEPA has unlocked infinite opportunities for businesses from both the sides to collaborate and cooperate with each other, rather than compete.

Lastly, I hope this study would be informative and instrumental in unleashing new prospects for businesses from both the sides.

Together, let's create a shared future – a future driven by endless possibilities and unmatched mutual growth!

Foreword



H.E. Sunjay Sudhir
Ambassador of India to the UAE

I am glad to note that the UIBC has commissioned a special report titled “India-UAE CEPA – Overview and potential” that highlights the status of the India-UAE bilateral economic relationship. The report also focuses on the potential opportunities offered by the India-UAE Comprehensive Economic Partnership Agreement (CEPA) through enhanced and preferential market access to businesses on both sides.

The UAE is the third-largest trading partner of India. The Emirates is also India’s second-largest export destination. Our economic and commercial engagement with the UAE continues to be exceptional. Bilateral trade between India and the UAE has registered an impressive growth over the past few years – today, it stands at US\$72 billion. There is a strong commitment from both sides to further enhance their trade and economic relationship. The quick conclusion and signing of the CEPA is a testimony to this commitment.

I congratulate the UIBC for its initiatives to strengthen bilateral economic relationship between India and the UAE.

Foreword



Maj Gen (Retd.) Sharafuddin Sharaf
Chairman, UAE-India Business Council
(UIBC)

The UAE and India, including their governments, people, industrialists, and business houses, are keen to see the two nations bound together to deliver the best results for their people, environment, and neighbourhoods.

We know that the UAE and India have a historical and deep-rooted relationship, nurtured and sustained through close cultural and civilisational affinities, vibrant people-to-people linkages, and mutual trust amongst people, and the leadership of both sides. Another significant step towards nurturing and enhancing this relationship is the recently signed CEPA between the UAE and India. It came into force on 1 May 2022. The initial response has been quite encouraging, and the positive **trade and economic** trend **continues to indicate that the CEPA's capitalisation benefits would surpass expectations.**

The India-UAE comprehensive strategic partnership is the cornerstone of our multi-faceted bilateral relations. The trade between the two countries stands at about US\$60 billion. At present, the UAE is India's third-largest trade partner and second-largest export destination. In context of the Foreign Direct Investment (FDI), the UAE is the ninth-largest investor in India. It invested about US\$12.2 billion in India from April 2000 to March 2022, in the absence of the CEPA.

The agreement that has been signed in a record time reflects the deep political ties, shared vision, and the trust between the UAE and India. It will achieve significant economic benefits for both the countries. This important agreement will further cement the already deep, close, and strategic relations between the two countries. It will transform bilateral economic and investment ties, open up emerging trade routes between Africa and Asia, promote global trade liberalisation, and propel economic growth in a post-COVID world.

I believe that the bilateral initiatives being taken by both the governments in the realms of trade, tourism, culture, amongst other sectors, will further deepen our mutual interest and understanding.

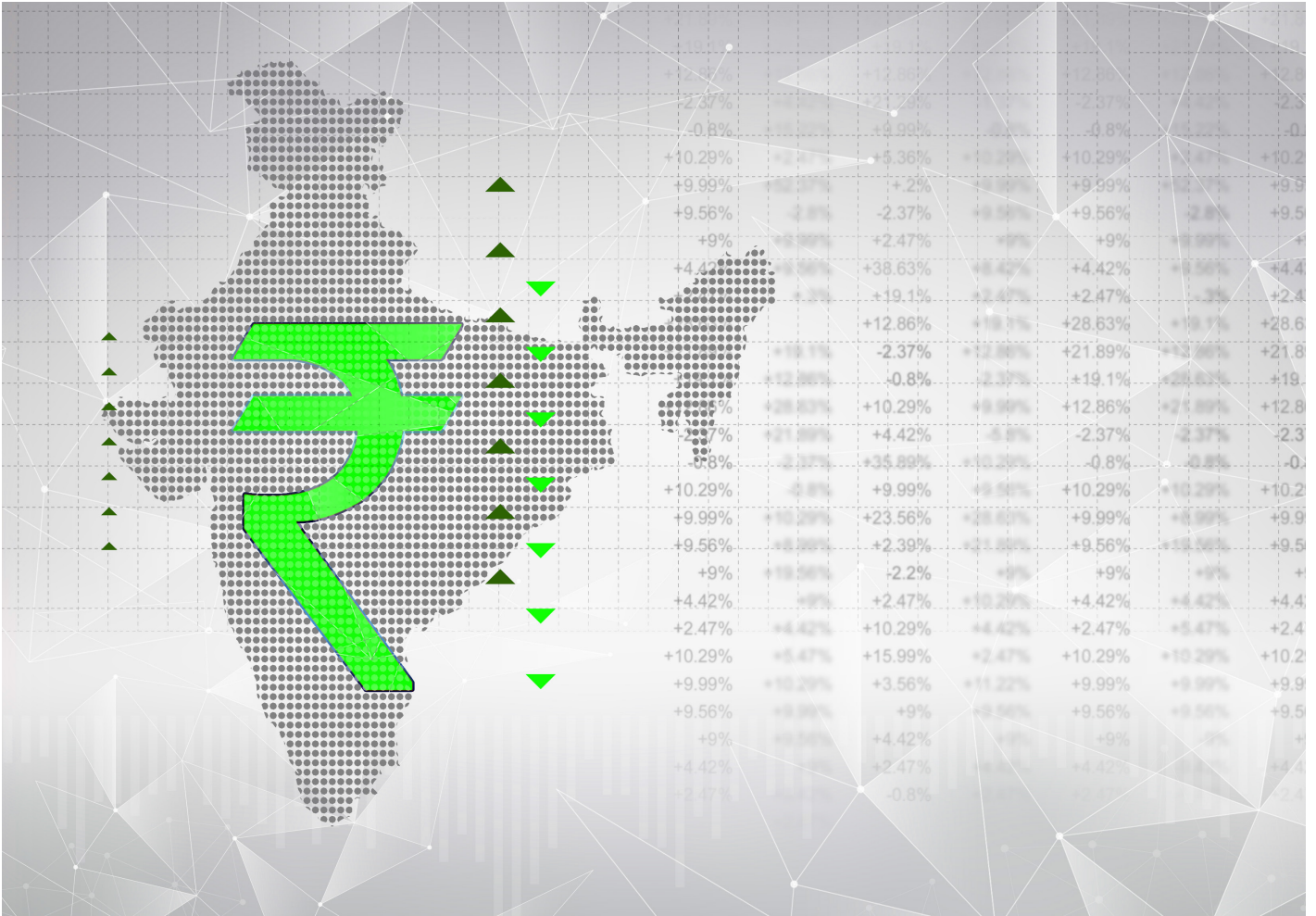
The UIBC, the joint business council set up by both the governments in 2015, is committed to further enhancing this partnership and looks forward to working together towards an inclusive bilateral trade environment between the UAE and India.

Our endeavour at the UIBC would be to help, assist, and guide you to make your investments successful.

A big thank you to those who have worked hard to create this special report on "India-UAE CEPA - Overview and potential", that presents the current bilateral trade status between the UAE and India and highlights the prospects of enhancing it in the future. It also shares an assessment of other areas of economic cooperation between the two countries under the CEPA.

Wishing you success!





Overview of the Indian economy

India aims to be a US\$5 trillion economy by FY2027. To achieve this ambitious target, the country must enact reforms and initiatives that drive trade, strengthen investor confidence, and enhance the economy's competitiveness. Growth has to be broad-based with contributions coming from each sector and industry and investments from the government, the private sector, and foreign investors.

The role of international investment and trade in accelerating India's growth prospects is likely to be of immense importance.¹ Foreign capital must form an integral part of the growth model as domestic savings may not suffice to meet investment needs. Besides, it also brings in knowledge and best practices that

improve efficiency and productivity. Trade creates a virtuous circle in income and employment and the government believes export's share in GDP must rise to at least 20 percent for India to become a US\$5 trillion economy.

Recognising this, the country has been making steady efforts to strengthen its exports and expand its list of trade partners. After a decade, India is on a free trade deal signing spree and has been signing multilateral and preferential trade agreements with many countries. One of the latest, significant, and ambitious partnerships has been the Comprehensive Economic Partnership Agreement (CEPA) with the UAE to foster economic, trade, and cultural ties between the two nations.

The historic bond between the two countries

India and the UAE have always had strong bilateral relations and commercial and cultural ties. The diplomatic relations between the two nations commenced in 1972. Soon after, the UAE set up an embassy in Delhi in 1972, while India established one in Abu Dhabi the next year.

Over the years, the two countries have seen multiple cross-border delegation visits that have only strengthened their relationship. Indian Prime Minister Narendra Modi’s visit to the UAE in Aug 2015 marked the beginning of a new strategic partnership between the two nations. Subsequent leadership visits between the two countries upgraded their bilateral relations. These resulted in greater cooperation in the fields

of infrastructure, IT and IT-enabled services, health care, pharmaceuticals, biotechnology, science and space technology, renewable energy, etc. The two economies have also set a target to increase bilateral trade to US\$100 billion over the next five years (from about US\$68 billion currently), which led to the signing of the CEPA.

The pact signed between the two economies during a virtual meeting was concluded in just 88 days. The constitutional and legal procedures were accelerated and completed within 60 days of the signing of the deal. Finally, the agreement came into effect on 1 May 2022.

Economic relations between the UAE and India

Bilateral trade

The India-UAE bilateral trade expanded considerably to US\$72 billion in FY2022, from US\$180 million in the 1970s (Chart 1). In 2021, India was the UAE’s largest trading partner in non-oil exports accounting for 14 percent of the total exports globally.ⁱⁱ

For India, the UAE is the third-largest trading partner. During FY2022, India’s exports to and imports from the UAE were valued at US\$28 billion and US\$44 billion, respectively. These numbers underline the growing importance of this crucial trade partnership.

Chart 1: India-UAE bilateral trade

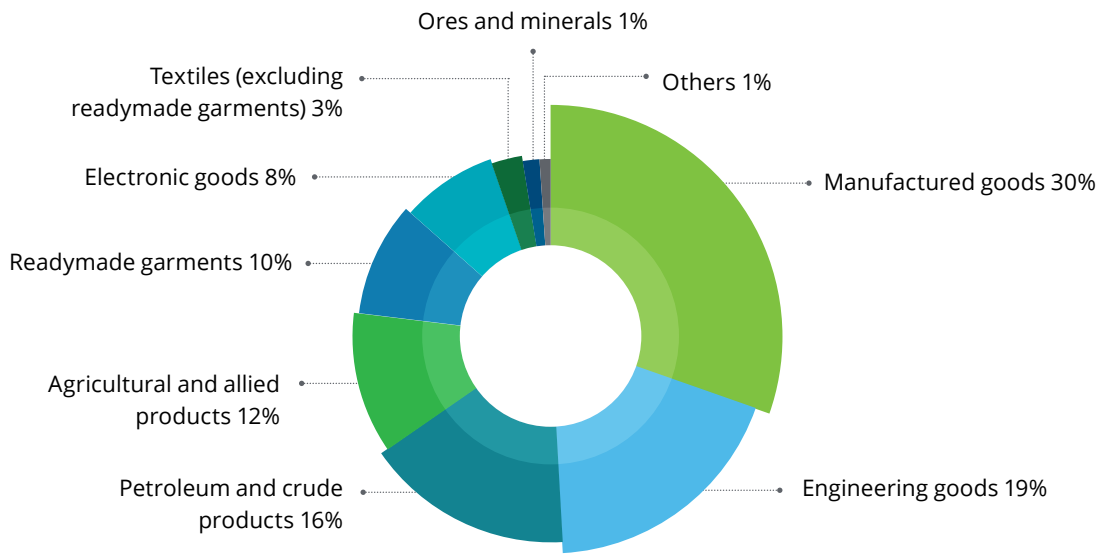


Source: Centre for Monitoring Indian Economy

India's exports to the UAE mainly comprise value-added and finished goods, while its imports from the UAE are largely raw materials. As of 2021-22, India's top three export items to the UAE were manufactured goods, engineering items, and petroleum and crude products (Chart 2). India also exported agricultural and allied products, readymade garments, electronic goods, textiles, ores, and minerals to the UAE. India's

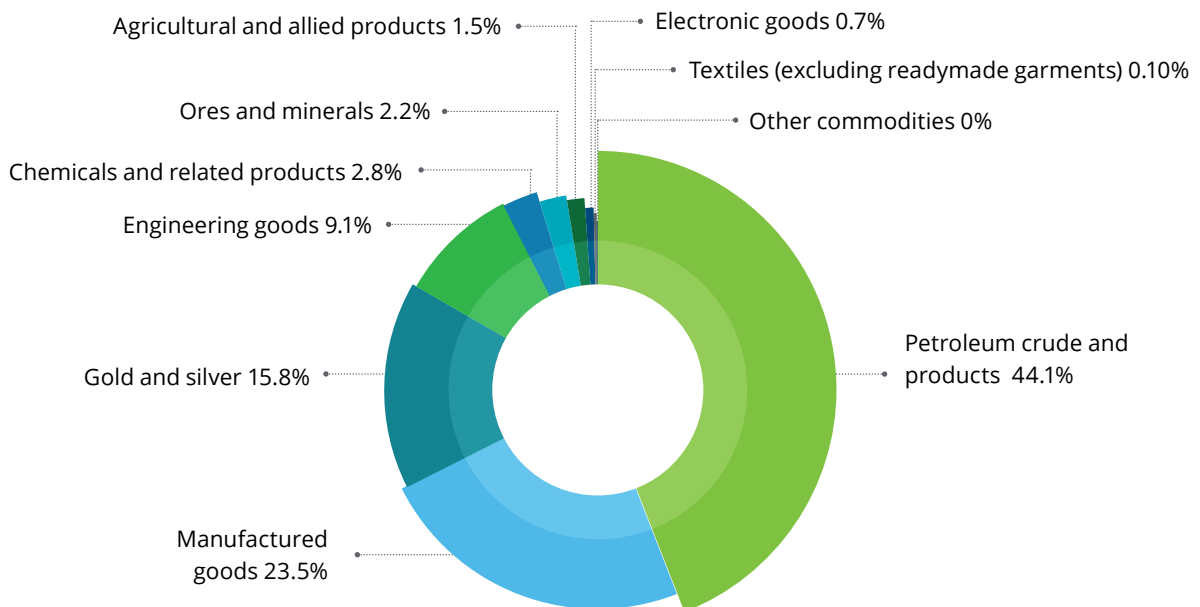
top three import items from the UAE comprised petroleum and crude products, manufactured goods, and gold and silver (Chart 3). In addition to these, India imported engineering goods, chemicals and related products, ores and minerals, and agricultural and allied products from the UAE.

Chart 2: Chief exports from India to the UAE



Source: Centre for Monitoring Indian Economy

Chart 3: Chief imports of India from the UAE



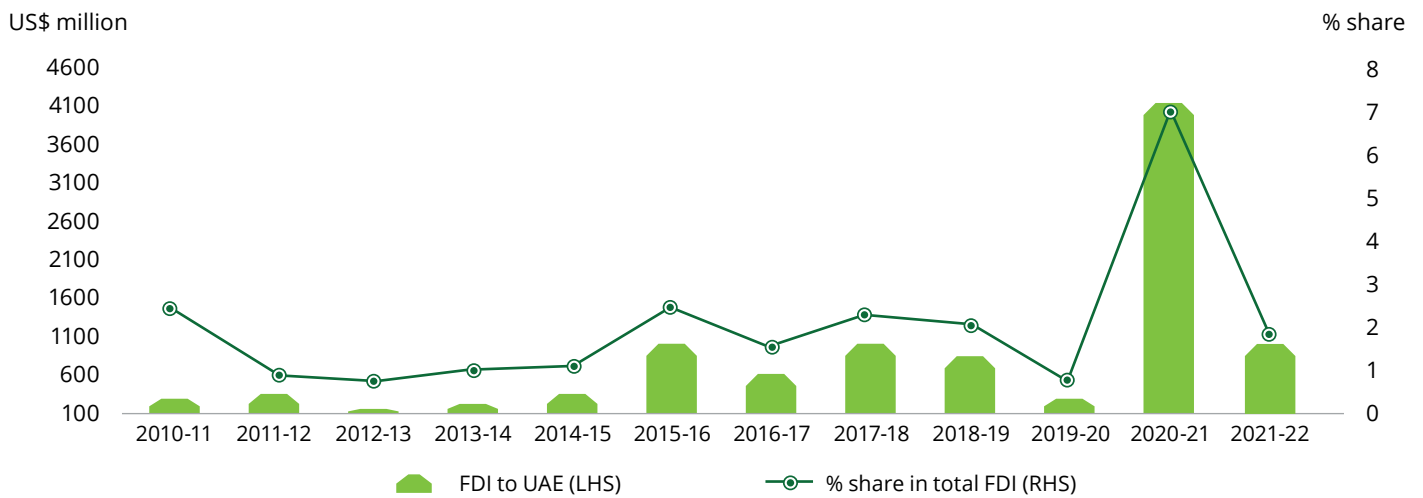
Source: Centre for Monitoring Indian Economy

Foreign investment flows

With an investment of US\$1 billion in FY2022 (Chart 4), the UAE was the seventh-largest foreign direct investor in India. The Emirates primarily invested in the construction and infrastructure, services, and sea transport sectors in India.

Prominent UAE companies in India include DP World, Sharaf Group, Lulu Group, and Emaar Properties. Some prominent Indian companies operating in the UAE include L&T, ONGC, PetroResources, Oberoi Group, and Adani Group.

Chart 4: FDI inflow trend to India from the UAE

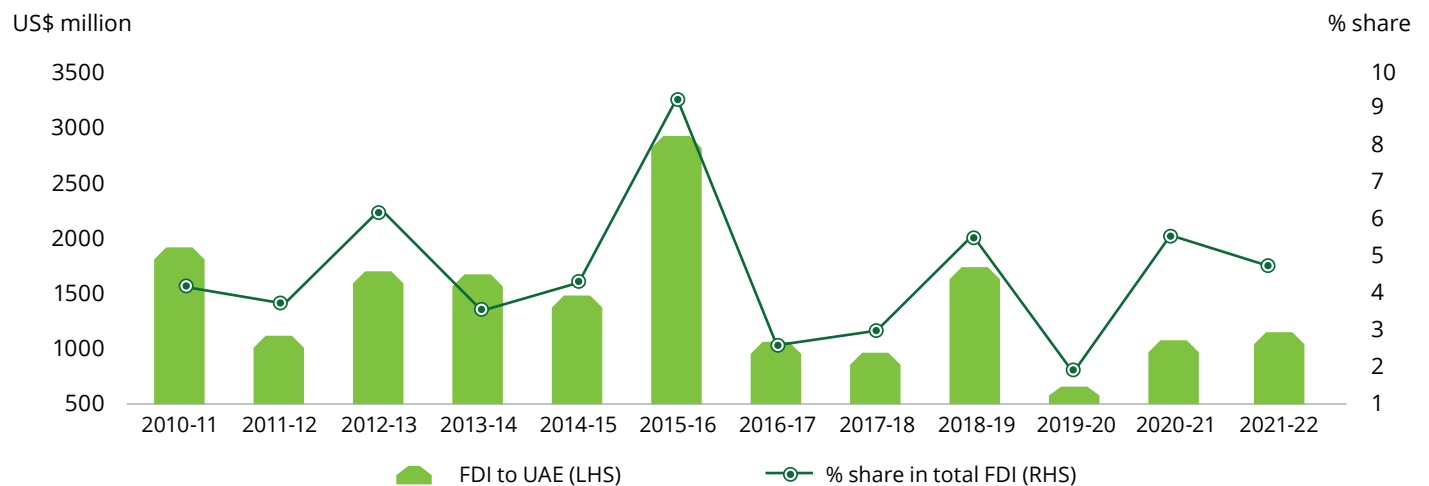


Source: Centre for Monitoring Indian Economy

Globally, the UAE remains an attractive destination for FDI. The UNCTAD World Investment Report 2021 ranked the UAE as the 15th-largest global recipient of FDI inflows. India invested US\$1.2

billion in the real estate, manufacturing, wholesale, and retail trade sectors in the UAE (Chart 5).

Chart 5: FDI inflow trend from India to the UAE



Source: Centre for Monitoring Indian Economy



CEPA

Unleashing a new era of trade and investment, the CEPA promises accelerated growth in both nations with goods trade projected to reach US\$100 billion and trade in services to over US\$1.5 billion in the next five years. Built on three pillars of trust, transparency, and talent, the agreement is likely to mutually benefit both nations.

Benefits for India

- Preferential market access provided by the UAE on more than 97 percent of its tariff lines will account for 99 percent of the Indian exports to the UAE in value terms.
- Enable preferential market access for labour-intensive goods. These products include textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering goods, pharmaceuticals, and automobiles. The services sector comprising computer-related services, health, tourism, travel, engineering, and accountancy will also get preferential market access to the UAE economy.

- Creation of more than one million jobs for the Indian workforce through enhanced trade liberalisation and market access
 - The UAE has committed to issuing 140,000 employment visas to skilled Indian professionals by 2030.
 - It shall enable a three-year visa for intra-corporate transferees and a 90-day visa for business visitors and contractual suppliers from India.

Benefits for the UAE

- Giving a boost to the UAE's GDP (US\$9 billion) by 1.7 percent by 2030, according to market estimatesⁱⁱⁱ
- Ensuring zero-duty market access for 90 percent of exports from the UAE into India, benefitting UAE commodity exporters of petrol chemicals, aluminum, and copper

Areas of cooperation and partnership

Under the preferential trade agreement, the two economies may benefit from sharing knowledge and best practices in several areas of mutual interest:



Energy: The Indian economy is heavily dependent on crude oil imports to meet its domestic requirements. The current geopolitical tensions between Russia and Ukraine and shrinking supplies from Iran are further affecting macroeconomic fundamentals. These turbulences suggest that India must work towards decreasing its energy dependence by exploring alternative fuels and diversify its crude oil suppliers to ensure undisrupted supply.

Under the India-UAE energy partnership, the UAE commits to meet India's energy requirements at competitive rates. The Emirates has promised to assist the Indian economy in building strategic petroleum reserves; developing the upstream and downstream petroleum sectors; and conducting training and taking human resource development initiatives in the energy sector. This will help India become more self-reliant in energy.

- **Climate action and renewables:** Under the CEPA, the two economies have agreed to cooperate in adopting environment-friendly policies and focus on energy transition opportunities to reduce pollution and carbon emissions. The countries have agreed to cooperate in implementing the Paris agreement that includes public-private partnerships in renewable energy, solar technology, agriculture efficiency, green hydrogen, sustainable finance, and carbon market development. The two nations also signed a Memorandum of Understanding (MoU) on climate actions. These measures are in sync with India's ambition to generate 450 gigawatts of renewable energy by 2030 and align with the aspiration to expand zero-carbon energy capabilities.^{iv}



Digitalisation: The CEPA plans to harmonise digital trade and e-commerce between India and the UAE. Digital trade facilities will cover paperless trading, personal data protection, and cross-border information flow. The cooperation may be extended to upcoming areas, such as fintech lending and embedded financing.



Skills: The Indian expatriate community of more than 3.4 million^v people comprises nearly 30 percent of the UAE's population. The two economies have decided to extend cooperation in the skill training of their workforce (in areas such as health care, energy, and technology). Indians intending to work in the UAE will be imparted training to align with the needs of upcoming job prospects. A similar arrangement will be extended to the UAE workforce migrating to India



Education: There are nearly 108 Indian schools in the UAE with ~200,000 students from families of Indian expatriates.^v The two economies have decided to share expertise in the field of education. India plans to set up a branch of the Indian Institutes of Technology (IIT) in the UAE to support innovation and technological progress.



International affairs, and defence and security: India and the UAE have agreed to support each other in international areas of mutual interests, including the defence and security sectors. The two countries will work together to counter terrorism, build maritime security, improve cyber security, undertake joint exercises in the training of the military force, cooperate in the production of defence equipment, and conduct joint defence exhibitions.



Food security: The UAE government launched the National Food Security Strategy 2051 to achieve zero hunger by ensuring access to safe, nutritious, and sufficient food throughout the year across the world. The strategy also aims to implement resilient agricultural practices that increase productivity and production, and help maintain ecosystems.^{vi} Bilateral cooperation in trade and foreign investments in the food and agrarian sector is likely to continue as the UAE works towards achieving its strategy. In fact, the UAE plans to invest US\$2 billion in the construction of food parks in India to maximise crop yields and in turn ensure food security in their country.



Health: India and the UAE have decided to collaborate on the research, production, and development of vaccines to manage and minimise the pandemic's impact. Furthermore, UAE entities plan to invest in building health infrastructure in India. Opportunities are high for the UAE to invest in India where seven mega parks for the pharmaceutical sector and medical devices have been announced in 2020.



Cultural exchange: Regular high-level delegation visits and cultural exchanges have further boosted the already-strong bilateral relations between India and the UAE. Cultural exchanges include celebrating the International Day of Yoga, building a Hindu temple in Abu Dhabi, and participating in Abu Dhabi International Book Fair 2019. The CEPA aims to further promote mutual trade fairs, exhibitions, cross-cultural exchanges, and joint cultural projects.



Sectoral opportunities for partnership

The areas of cooperation mentioned above create tremendous investment and trade opportunities for sectors with competitive advantages in both countries. For instance, the UAE serves as a central location for global trading activities. Its free trade zones can benefit prospective Indian traders and Indian exporters can consider setting up their international trading businesses in the region.

Sectoral opportunities for India

The UAE continues its journey to diversify away from oil and therefore, invites foreign investment with business-friendly policies and procedures. With tax-friendly policies, well-developed economic and social infrastructure, and free trade zones, the economy remains lucrative for foreign investors. It has also eased visa restrictions, provided incentives to Micro, Small, and Medium Enterprises (MSMEs), permitted 100 percent foreign ownership in companies in many sectors, and promised job creation.

A few sectoral opportunities for India in the UAE are mentioned below:



Oil and gas: The UAE is the third-largest oil-producing country in the Organization of Petroleum Exporting Countries (OPEC). It has considerable expertise in the fields of petroleum and petroleum-related activities.^{vii} Indian companies can benefit from the knowledge and technology transfers by collaborating with UAE experts in the field of oil and gas. Indian companies can also increase their presence in the UAE oilfield concession. In March 2019, a consortium of two Indian oil companies was awarded the exploration rights for an onshore block in Abu Dhabi. The CEPA provides India an opportunity to collaborate with the UAE and get guidance on building its strategic petroleum reserves, and the upstream and downstream petroleum sectors. The agreement will also enable increased employment opportunities for the Indian workforce in the gulf region and contribution to India's remittance earnings.



Textiles and apparel: The UAE is a prominent export destination for Indian textiles and apparel because of the competitive position it enjoys. The UAE accounts for a 12 percent share in total apparel exports from India; 32 percent of the UAE's imports are from India. Under the CEPA agreement, the UAE will drop the 5 percent import duty on Ready-Made Garments (RMG) from India, therefore giving India an edge over China.^{viii} The agreement is expected to strengthen the presence of RMG in the UAE. It will also help strengthen several initiatives of the Indian government that include making the country a global manufacturing hub of textiles and apparel, and augmenting employment generation in the sector. The Ministry of Textiles of India has also invited UAE investors to invest in India's textile value chain and promote exports to the UAE through various expos (World Expo Dubai) and fairs (International Apparel and Textile Fair). These will help India tap into varied export destinations for Indian manufactured textiles and garments through the UAE route.



Health care and pharmaceuticals: COVID-19 has increased the demand for health care professionals and infrastructure, pharmaceutical products, and medical devices. The Indian economy has the competitive advantage of skilled healthcare professionals and doctors. Indian medicines have demonstrated cost advantages, product quality, and credibility over the years. The CEPA agreement will likely give a boost to Indian drugs and generic medicine exports in the UAE. The Emirates has agreed to provide market access to medicines or medical products approved by developed countries in a time-bound manner for the first time. The agreement contains a separate annexure on pharmaceuticals to facilitate access to Indian pharmaceutical products. It will help fast-track product approvals, and enable automatic registration and market authorisation of Indian generic formulations in just 90 days. It may function as a trading hub to export Indian drugs to Gulf countries and the European and African continents. Besides, after the CEPA, India can approach other trading partners (such as the UK, Canada, Australia, and the EU) with greater confidence in pursuing negotiations and export opportunities in the pharma sector.



Real estate and construction: The UAE boasts of several architectural marvels and is considered one of the most dynamic real estate markets in the world. The rapidly growing real estate and construction sector has created employment in the fields of development, property management, and brokerage. The expanding economy has also created massive scope in the construction sector, including the infrastructure development and logistics segments. The CEPA identifies real estate and consultancy as a sector for mutually beneficial ties. The growing real estate sector in the UAE provides investment opportunities for Indian construction companies given the former's tax-free returns, strong capital appreciation on investment, and limited foreign exchange fluctuations as the currency is pegged to US\$. Besides, it provides employment opportunities for Indian construction companies and talent, such as Indian architects and civil engineers.



Gems and jewellery: The UAE is regarded as a global gold trade hub. The economy is a leading exporter of gold to the world. On the other hand, India is one of the biggest importers of gold. The CEPA agreement gives immense opportunities to trade at competitive prices. Tariff concessions offered to the UAE in gold will lower input costs, boosting exports to the UAE. Besides, India has competence in jewellery making and design; the two countries can gain from sharing their expertise and adding value in the field of gems and jewellery. The Union Commerce and Industry Minister expects gems and jewellery exports to the UAE to reach US\$10 billion (about INR 74,000 crore) in 2023.^{ix}



Tourism and hospitality: According to Emirates News Agency, the UAE is the top destination for tourists from India.^x Indians travel to the UAE not only for tourism but for business and to visit family. This has created a huge demand for restaurants and hotels that cater to Indian tourists in the Emirates, providing the Indian hospitality sector an opportunity to tap into the potential. Many Indian food and restaurant franchises are already doing business and many more are exploring opportunities in the UAE. With the CEPA's impetus to cross-border trade in services providing India the 'most favoured nation treatment', the nation's travel and tourism sector, including hospitality and recreational services, will benefit from increased interaction with the UAE.



IT: Both the UAE and India have been quick to embrace new and upcoming areas of digital innovation, e-commerce, fintech lending, and embedded financing. India is known for its technology services competencies. Recent successes in creating digital identities and enabling digital payments at a rapid pace in a cost-effective manner for one of the world's largest populations suggest that the Indian IT industry has a great potential to export services in these fields. The CEPA agreement encompasses IT and IT-related services with an aim to enhance competitiveness, accelerate the pace of adopting advanced technology, and stimulate the growth of a digital economy. The two countries can collaborate and Indian IT companies can help the UAE in developing tech and financial solutions by exporting services.





Agriculture: Given its arid climate, the UAE depends on imports to meet its domestic agricultural requirements. India has traditionally been an agrarian economy and is one of the biggest exporters of agricultural items to the UAE. For the past few years, Indian businesses have been building a massive food corridor to ensure food security in Gulf states. The CEPA can further strengthen this relation as India perceives an additional increase in agricultural products projected at US\$850 million over the next five years.^{xi} The agreement will provide the food processing sector a significant boost as well. The CEPA will also help increase India's market access and the possibility of accessing the Middle East market will be enhanced.

Sectoral opportunities for the UAE

India is one of the leading economies in Asia and expected to be the fastest-growing economy in the world over the next couple of years at least.^{xii} Supported by an environment marked by pro-growth policies and a stable political framework, India retains its position as a preferred investment destination in the world. To attract investment, the government of India has raised foreign investment limits, enabled single-window clearances for prospective businesses, offered tax and non-tax incentives, subsidised land prices, low-interest loans, etc. These give the UAE an immense opportunity to tie up with Indian industries in areas of their expertise. The CEPA will further open up a few sectoral opportunities for the UAE in India as under:



Chemicals: Two big chemical producers entered into a joint venture that aims to construct and operate a chlor-alkali, ethylene dichloride, and polyvinyl chloride production facility in the UAE. The UAE has been pushing the 'Make it in the Emirates' agenda and such a collaboration with India could be the first step towards greater collaboration in this industry and beyond between the two nations. The CEPA could provide circumstances to begin further collaboration in the sector; reduced non-tariff and tariff barriers will increase bilateral trade in such chemicals mentioned above. The CEPA would additionally entail the UAE with enhanced market access to India for its key exports, such as petrochemicals.



Infrastructure and logistics: The government of India is aggressively investing in the country's infrastructure and logistics facilities. The UAE is home to the state-of-the-art infrastructural facilities; and the CEPA gives the two countries a framework to collaborate as the UAE can provide expertise and finance to India in building world-class infrastructure. Last year, India and the UAE entered into a Memorandum of Understanding (MoU) whereby the UAE committed US\$75 billion towards infrastructure development in India. Further, in October 2021, the Government of Dubai signed an MoU with the Jammu and Kashmir administration for real estate development, including industrial parks, IT towers, multipurpose towers, logistics, medical college, and super specialty hospital.^{xiii} The CEPA also enables several UAE enterprises to invest in India, mainly in setting up cold storage, sorting, and transport facilities.

Advantages of the India-UAE CEPA

- **Ease of doing business** – The trade agreement is likely to enhance the ease of doing business by fast-tracking approvals, enabling preferential market access, offering tax holidays, etc. A sector-specific review is as under:
 - The CEPA enables automatic registration and marketing authorisation of Indian generic medicines into the UAE market within 90 days from approval in developed countries.
 - Textiles and apparel are an important component of the India-UAE trade basket. The UAE shall give preferential access to Indian garment manufacturers with a 5 percent cut in import duties.
 - According to the bilateral agreement, India has been promised duty concessions on gold imports from the UAE, while Indian jewellery exporters shall avail zero duty access to the UAE market.
- **Access to free trade zones** – Indian investors in the UAE may set up offices in free trade zones, which offer 100 percent repatriation of profits, and exemption from taxes and customs duties. These zones with well-built infrastructure and services will benefit Indian traders and manufacturers in the UAE.
- **Widening of export destination** – The trade agreement is likely to help Indian exporters intending to attain better access to the UAE's neighbouring regions, especially the GCC states (including the Commonwealth of Independent States, the European Union, the wider Middle East beyond the GCC, and North African countries).
- **Preferential market access with cuts in tariffs** – India and the UAE have promised preferential treatment to each other's traders with cuts in tariff barriers. This shall enable imports at competitive rates in comparison with imports from other countries.
- **Growth and job creation** – Supporting cross-border trade will widen growth prospects for the two economies. Furthermore, the UAE has promised employment opportunities for skilled Indians in the country.

Prevention of misuse of the CEPA

Policymakers in India and the UAE have taken necessary precautions to prevent the misuse of the preferential trade agreement. These precautions include compliance with the rules of origin, prevention of treaty abuse, and protection of domestic industries.

- **Rules of origin** – The rules of origin laid out per the India-UAE CEPA prevent non-member countries from realising the benefits of the trade agreement. These rules mandate 40 percent value addition or substantial processing of up to 40 percent on export items and a certificate of origin from local government authorities.
- **Prevention of treaty abuse** – The UAE region is a global trans-shipment centre facilitating cross-border trade amongst many countries. The CEPA has developed a safeguard mechanism that will be triggered following a sudden rise in imports. The mechanism will adhere to the country of origin and prevent products from other countries from moving via the CEPA route.
- **Protection of domestic industries** – India's sensitive sectors that are prone to dumping from foreign countries, such as agrarian products, including dairy, fruits, vegetables, cereals, tea, coffee, and sugar, have been excluded from the CEPA. Furthermore, manufacturing sectors covered under India's PLI schemes are on the negative list of the trade pact as building the country's manufacturing capabilities is imperative. However, mobile phones that are part of the PLI scheme are not excluded from the CEPA as India intends to leverage on mobile manufacturing to gain market share in the UAE. That said, the number of international mobile phone manufacturing companies approved under the mobile phone segment is restricted as of now. These companies are expected to promote exports, investment, and employment over the next five years and domestic value addition is expected to grow from the current 15-20 percent to 35-40 percent.^{xiv}

Customs and taxation aspects

Although the CEPA aims to boost bilateral trade (export and import together), the agreement covers aspects such as a concessional rate of goods on cross-border trade, rules of origin, value-addition requirements, product-specific rules, trade-in service, digital economy, intellectual property, MSMEs, and government procurement.

Further, the introduction of various notifications and related regulations indicates that both the countries are looking forward to this agreement to give the necessary thrust to their respective economies.

Some key features of the agreement signed between India and the UAE from the customs and taxation perspectives are highlighted below:

Trade in goods

The CEPA covers almost all the tariff lines dealt in by India (11,908 lines) and the UAE (7,581 lines). In the agreement, about 10 years have been proposed for gradually eliminating or reducing tariff duties in an effective manner.

• Annexure 2A of CEPA – Exemption/concession of duty on India's import from the UAE

- The goods to be imported into India from the UAE have been broadly bifurcated into three categories based on which duty exemption/concession shall be granted per the notification dated 30 April 2022. A brief of these categories and the duty exemption/concession available is mentioned in the table below:

Category of goods	Exempted/concessional duty of customs as applicable under the CEPA
I	<ul style="list-style-type: none"> – The duty leviable on imported goods shall be the effective duty of customs (i.e., Basic Customs Duty or BCD) as mentioned in Table I of the notification. – Table I includes a majority of the goods (10,887 tariff line items), subject to complete elimination or reduction of BCD. – It includes goods such as personal computers, mobile phones, SIM cards, beverage vending machines, digital camera, metal detector, air purifiers, beer made from malt, scotch whisky, bulletproof/laminated glass for vehicles, aircraft, and vessels.
II	<ul style="list-style-type: none"> – The duty leviable on imported goods shall be the effective BCD and Agriculture Infrastructure and Development Cess (AIDC) as mentioned in Table II. – Table II includes 53 tariff items. – It includes goods such as edible oils, beverages, and precious metals.
III	<ul style="list-style-type: none"> – The duty leviable on imported goods for which “tariff rate quota quantity” has been specified shall be the effective BCD and AIDC as mentioned in Table III. – Table III includes 15 tariff items. – It includes goods such as plastics and articles of plastics, precious metals, and cooper and articles of cooper.

- To protect its domestic industry, India has kept items such as dairy, tea, coffee, vegetables, cereals, spices, sugar, and tobacco out of the trade pact with the UAE.

• Annexure 2B of the CEPA – Exemption/concession of duty on the UAE's import from India

- Similarly, the UAE would reduce its customs duties on items exported from India. Tariff will be immediately eliminated on goods such as perfumes (liquid or solid), specific articles of

plastics, jewellery and natural pearls, domestic and kitchen articles, portable automatic data-processing machines, telephones for cellular networks, and motor vehicles.

- For other products, such as wallpaper base, articles of iron and steel, and articles of aluminum, tariff will be reduced in a phased manner over a span of 10 years.

Trade in services

The CEPA would provide the much-needed boost to the services sector, which will be one of the interest areas for India. India has offered market access to the UAE. In turn, the UAE has provided India access to 11 broad service categories, including telecommunication, computer-related, audio-visual, financial, educational, health, tourism, travel-related, and professional services.

The agreement prescribes the provisions related to 'digital trade', wherein the two countries shall continue the current practice of not imposing customs duties on electronic transmission between them.

The CEPA also highlighted the importance and benefits of 'digital and electronic invoicing' and 'digital and electronic payment'.

Rules of origin

- For a product to be eligible for duty benefit, it shall meet one of the following origin criteria:
 - Wholly obtained or produced in the territory of the contracting party (for example, live animals, plant-based products grown and harvested in the respective country, and mineral products extracted from the respective country's soil or seabed)

Undergone sufficient working or production in the territory of the contracting party. Such conditions have been laid down in the agreement as the Product Specific Rules (PSR), along with specified value addition (3 percent, 3.5 percent, 6 percent, 7 percent, 40 percent, or 45 percent)

- The agreement also specified the two methods for computing value addition in terms of PSR.
- To determine the origin, the guidance is provided on the criterion where non-originating material may be considered as originating for duty benefit, minimal or insufficient operations or processes, non-qualifying operations, packages and packing materials, accounting treatment, etc.
- The agreement also provides the statutory provisions for making an application for Certificate of Origin (CoO), the means to furnish the proof of origin, validity, issuing authority, certification procedure, and obligation of the exporter or producer or manufacturer, etc.
- A CoO will be operationalised as a paper copy in the electronic or hard copy format, an e-certificate exchanged by a mutually developed electronic system or an origin declaration made by an approved exporter, as may be specified in the agreement.

- The exporter or producer will file an application to furnish the minimum information required in the prescribed format, along with the documents prescribed for the issuance of a CoO. The authority issuing the CoO shall retain such minimum required information and supporting documents for a period of five years from the date of issue of the certificate.
- The CoO will be valid for 12 months from the date of issue. It can also be issued retrospectively, but not beyond 12 months from the date of shipment.
- The rules of origin under the CEPA stipulate the conditions, requirements, and obligations for the purpose of availing benefit under the said FTA. These rules shall be complied with by the importer of goods, along with Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR 2020).

Other important aspects

- The agreement lays down the provision for trade remedies in terms of 'anti-dumping, countervailing, and bilateral safeguard measures' for cases where goods import poses a serious threat to the domestic industry.
- The provision lays down the requirement and functionality of 'review and/or appeal' for each country in case a decision on any customs matter is issued and needs to be challenged.
- The agreement also prescribes the provision for imposing criminal, civil, or administrative penalties for violation of the concerned countries' customs laws and regulations or customs procedures.
- The agreement also establishes the provisions for 'dispute settlement' concerning the interpretation and application of the agreement with a view to reach a mutually agreed solution.
- Guidelines are provided for the issuance, presentation, and verification of the CoO. These guidelines cover aspects such as maintenance and preservation of records, consultation, data interchange by the notified authorities under the CEPA, and restoration or suspension of benefits. The help manual and FAQs issued by DGFT also clarify other aspects pertaining to the process for registration, application submission, documents requirement, or raising grievance.

India-UAE discovering the next level of their friendship



Jehil Thakkar
Partner, UAE Corridor Leader,
Deloitte India

Although the CEPA will take India closer to its dream of becoming a US\$5 trillion economy in the next five years, the treaty's success would depend on its effective implementation in both countries. The increasing trade between the two countries (to US\$60 billion in 2018-19 from US\$180 million in 1970s) bears testimony to the strong relationship between them. According to cumulative FDI (from April 2000 to March 2022), the UAE is the ninth-largest FDI investor in India, with an estimated investment of about US\$12-13 billion.^{xv}

The CEPA will amplify the connection between the two countries to create greater value for both the economies. It will give a huge stimulus to the India-UAE economic ties, bringing the two countries closer.

Indian talent getting opportunity to contribute to the UAE's knowledge economy: Within just five decades of its independence in 1971, the UAE made it to the list of the world's most developed countries. Since that time, the country has seen a miraculous increase in its GDP, from US\$1,462 million in 1971 to US\$402.9 billion in 2021,^{xvi} driven by a clear vision and pioneering economic policies of its leaders. The UAE aspires to become a knowledge hub of the world. The Emirates acknowledges that Indian workers are critical to fuel its growth aspirations. To create a welcoming environment for the finest minds in the world to come and contribute to the country's knowledge economy, the UAE implemented the Golden Visa scheme in 2019. Knowledge workers from India and other countries can apply for these visas to live, work, and study in the UAE without the need of a national sponsor and with 100 percent ownership of their business on the UAE's mainland. Investors, entrepreneurs, specialised talent (doctors, specialists, scientists, inventors, as well as creative individuals in the field of

culture and art), and researchers in various fields of science and knowledge are eligible to apply for these long-term visas (5-10 years).^{xvii}

The CEPA, along with the Golden Visa scheme, will make the Indian talent a crucial part of the UAE's talent base.

The UAE strategically positioned to invest into India and its domestic markets: The FTA signed between the two countries gives the UAE an easy access to explore India's extremely large and rapidly growing domestic market. The CEPA is a well-timed move for the Emirates as the Indian government is taking the necessary actions to improve the ease of doing business. For example, it recently proposed discontinuing a contentious law that taxed companies retrospectively. The move is likely to resolve multiple existing tax payment disputes that will boost investor confidence. The expected investments from the UAE will result in gains in productivity and innovation, and new direct and indirect jobs.^{xviii}

The UAE becoming a staging point for Indian companies: This FTA will give Indian companies an opportunity to enter a large global market and scale rapidly. The UAE's ease of doing business and a place in the Gulf Cooperation Council (GCC) makes it an attractive proposition for Indian companies, especially start-ups. The Emirates' keen interest in fostering Indian start-ups, by providing them with an ecosystem and financial support, can act as a boon for these innovation-oriented, disruptive companies. The CEPA offers Indian start-ups the opportunity to gain access to additional GCC countries (Bahrain, Kuwait, Oman, Qatar, and Saudi Arabia), while also accelerating their growth pace.

The CEPA will support the UAE's growth aspirations to become a trading, talent, and business hub of the world. The agreement intends to broaden bilateral trade in products and services of competitive advantage, enable preferential market access, and share best practices, expertise, and knowledge. It will also enhance cross-border cultural and people-to-people exchanges. These exchanges have tremendous soft benefits and spark great initiatives and ideas.

The UAE is an extremely welcoming country for Indian companies, whereas India's large consumer base offers an untapped opportunity for UAE companies. Both the economies should ensure proper implementation and adherence to the treaty to bring about overall economic growth and protect domestic industries.

Industry leaders' take on the UAE-India CEPA

India-UAE trade deal spurs opportunities for Indian manufacturers



Abdullah Al Hameli
Chief Executive Officer of Economic Cities
& Free Zones, AD Ports Group



مجموعة موانئ أبوظبي
AD PORTS GROUP

The strong economic ties between the UAE and India can be witnessed through the large presence of Indian companies, along with a thriving Indian business community, in the UAE. Many of these companies are located within the economic cities and free zone cluster of AD Ports Group, due to their strategic location, access to major markets, robust infrastructure, competitive costs, and an established business ecosystem with unmatched access to all major markets. The UAE has also been at the forefront for investing substantially in India's booming economy and the countries continue to be amongst the most committed economic partners over the past several decades.

The landmark India-UAE CEPA, signed in February and effective from 1 May, lays the groundwork to propel the existing bilateral relations even further. Finalised over a record 88-day period, the swift collaboration reflects the long-standing ties between India and the UAE and is a testament to the two nations' collective vision for trade prosperity. We believe that the India-UAE CEPA will further boost opportunities for businesses at an unprecedented scale and trigger new cross-border investments across multiple sectors.

The UAE is already home to some of the most successful Indian companies, serving the local, regional, and global markets. We believe that the CEPA opens further avenues for Indian and UAE businesses to collaborate for not only serving the global markets, but also the large and lucrative domestic Indian market. The UAE has a host of specific advantages for Indian manufacturing companies, such as:

- Availability of clean and green electricity at a low cost
- Access to a global talent pool through a liberal and established labour market
- Exceptional infrastructure with multiple options to scale up per business needs
- Preferential market access to major regional and global markets through FTAs and multi-modal connectivity
- Availability of base input materials due to the UAE's status as a major trading hub across commodities and augmented by a large capacity of local manufacturing in polymers, chemicals, metals, etc.
- A mature financial market with access to multiple funding options
- Strong investment and policy support from the government, especially in priority sectors
- Industry-friendly regulations with simplified and automated compliance requirements
- Option to operate in zero, tax-free zone or a low tax domestic regime
- Hundred percent foreign ownership with tax-free capital and profit repatriation

Being India's first bilateral trade agreement in the Middle East and North Africa (MENA) region, the deal covers a large variety of key industrial sectors and presents a promising new chapter for Indian businesses within the UAE where they can develop rewarding expansion strategies that focus on the UAE and the wider regional market.

Strategic location and industrial infrastructure

The UAE's capital, Abu Dhabi, is a bridge to the world for many local, regional, and international organisations operating across AD Ports Group's economic cities & free zones ecosystem. They benefit from its strategic location, advanced infrastructure, and integrated commercial ecosystem, which together offer unmatched global access.

Located at the crossroads between the East and the West, and with access to more than 4.5 billion consumers across Europe, Africa, the Middle East, and Asia, AD Ports Group offers a globally competitive, sustainable, and cost-effective opportunity for ambitious Indian manufacturers looking to reap the rewards of this pioneering agreement.

Indian businesses can leverage our wide product portfolio in the free zone and domestic areas, including pre-built warehouses, modular factories, industrial showrooms, serviced land offerings, dedicated marketplaces, and shared and dedicated office spaces. The offerings are further complemented by providing value-added services, such as direct access to natural gas, staff accommodation, and foreign labour services for customers to help them focus on their core and expand their business.

Due to easy set-up options within its one-stop-shop business ecosystem, combined with its capacity to offer the region's lowest utility rates, AD Ports Group's integrated trade, logistics, and industrial hub, KEZAD, is an ideal location for ambitious Indian businesses looking to expand and succeed.

Enhancing the CEPA – Key industrial sectors

The India-UAE agreement aims to enhance cross-border trade and investment across sectors of competitive advantage. As part of this process, the UAE is encouraging Indian exporters to establish a central base from where they can boost their global trading activities. Sectoral opportunities identified in the agreement include textiles, pharmaceuticals and health care, agriculture and food, chemicals, and construction.

As an example of potential cooperation, the UAE is positioning itself to function as a trading hub for exporting Indian pharmaceuticals to Gulf states, and onward to Europe and Africa. It could also provide an advantageous hub for food and agricultural players, who will directly benefit from the fraternal nation's shared mission of enhancing food security across the region.

Facilities are already in place to support businesses in key industrial sectors. KEZAD has created dedicated parts for polymers and life science companies, where these companies not only have access to the support and services they require, but they also benefit from proximity to other businesses in adjacent sectors. KEZAD is also developing dedicated

ecosystems within its regional food hub trade and logistics zone.

Swift access to key raw materials within KEZAD and the ability to ship faster to market (with support from the world-class infrastructure offered by AD Ports Group) offer a major advantage for Indian manufacturers across a full range of sectors.

Already serving a variety of India's major export categories, such as plastics, food, transport, and pharma processing, KEZAD's one-stop-shop business ecosystem is primed to welcome new business from the sectors identified in the India-UAE agreement. To further expand trading opportunities, strategic partnerships have been established with industry leaders, such as Shrinath Flexipack Pvt Ltd., LuLu International, the Confederation of Indian Industry (CII), and All India Plastics Manufacturers' Association (AIPMA), to name a few.

Future growth and access to cross-border trade benefits

The India-UAE trade deal comes at a time when the UAE is steadfast in its ambition to boost productive trade relations and solidify its position as the main gateway for global trade and investment under its 'Projects of the 50' initiative, which will drive the launch of new economic agreements with eight important global markets, including India.

Abu Dhabi has also announced a bold industrial strategy, which will see the Emirate invest AED10 billion (US\$2.7billion) across six industrial initiatives to more than double the size of its manufacturing sector by 2031.

The deal with India truly serves as a leading example of how such agreements can boost the growth of companies, committed to issuing 140,000 employment visas to skilled Indian professionals by 2030 (for example), and enabling three-year visas for intra-corporate transferees and a 90-day visa for business visitors and contractual suppliers from India.

Setting this standard is paramount as it is expected that the pioneering UAE-India agreement will prompt similar initiatives with neighbouring GCC countries, enhancing Abu Dhabi's strategic location and providing Indian businesses with even better access to the MENA region through AD Ports Group's operational and logistics infrastructure.

A humble welcome

We look forward to welcoming new Indian businesses to Abu Dhabi and KEZAD, to realise their expansion plans and benefit from improved operational efficiency. With KEZAD's world-class infrastructure and AD Ports Group's world-class logistics capabilities, the capital offers an unmatched gateway for businesses to grow regionally and internationally, harnessing the full potential of the UAE-India trade deal.



Tushar Ved
President
Apparel Group India Pvt. Ltd.



As the world progresses towards a brighter economic future, it is heartening to see countries collaborate to work together for building newer economic destinations that support employment for youth and GDP growth.

After noticing the benefits of the CEPA firsthand, I am extremely grateful to the Indian and UAE governments for further solidifying their long-standing relationship. With rich histories spanning the course of decades as well as equally rich heritages, the CEPA is ground-breaking. This partnership will not only create better facilitation of trade regulations, but also provide growth opportunities to industrialists from both the UAE and India.

In India, Apparel Group is the prime destination for retail-related solutions. With premier international brands (such as Aldo, Aldo Accessories, Bath & Body Works, Beverly Hills Polo Club,

Call it Spring, Charles & Keith, Inglot, R&B Fashion, Victoria's Secret, and Victoria's Secret Pink), we cater to a wide audience in the apparel, footwear, and beauty industries. We are already exporting several items, such as paper bags, garments, and other footwear and beauty products to the UAE. We expect to see two-three times increase in growth.

The CEPA will benefit us in innumerable ways in terms of reduced or no duty, bigger markets, and more opportunities to export to the UAE. This will significantly boost industries' growth. India as well as the UAE will benefit from several duty exemptions. Apparel Group is also looking into bringing in home-grown brands from the UAE to India.

With the plan to set up a branch of India's premier Institute, IIT, in the UAE, India has now extended its boundaries to knowledge sharing, in addition to exports, trade, retail, and countless other areas. The agreement will create employment and enable sharing of knowledge and business practices between both the countries. The setting up of such premier institutes in foreign lands will in turn help shape Indian and UAE leaders of tomorrow.

The CEPA will create endless opportunities for the business community and strengthen ties between the two nations.



Dr. Azad Moopen
Founder Chairman and Managing Director
Aster DM Healthcare

Aster
We'll Treat You Well



The historic CEPA, signed between India and the UAE, is the Emirates' first comprehensive strategic partnership with any country and India's first FTA in 10 years. With a focus on collaborative trade, the respective governments have set the tone for economic growth and development. This holds an array of opportunities for the business community at large, especially for emerging technological sectors, including fintech and the services industry (such as health care and education).

The UAE and India have been strong trading partners even before the CEPA. Trade between the two countries was about US\$4 billion in 2003-04 that increased to US\$41 billion in 2020-21. The CEPA is expected to take this number to US\$100 billion in the next five years. With the UAE looking at diversifying its economy, the agreement has also opened up a doorway to limitless exchange of ideas, business opportunities, and knowledge. It is estimated to create 200-250,000 jobs, with opportunities in several sectors. The CEPA is in fact a wide platform for businesses to come together and create endless opportunities.

Opportunity for the health care sector

The pandemic taught us the value of collaboration amongst nations and building upon strengths. For the health care industry, it was crucial to step up and do everything possible to treat the millions of patients across the world. At Aster DM Healthcare, we were the first health care organisation to bring

in 80+ nurses from India to support the UAE government's pandemic efforts and could build on the ties between India and the UAE. Our E-ICU model was also introduced during the peak of the pandemic and the lockdown. It ensured that our best critical care experts across countries could come together as a central expert hub and provide the best medical care to critically ill COVID-19 patients. Similarly, during the second surge in India, more than 100 Aster doctors from the GCC came forward to provide free teleconsultation to India-based COVID-19 patients who had no means of accessing medical care. If a collaboration of this kind can be made possible during the pandemic, the CEPA will surely further catalyse cooperation in the health care sector. The agreement will lead to the exchange of experiences and businesses in both the countries. This was also discussed recently, when H.E. Abdul Rahman bin Mohamed Al Owais, Minister of Health and Prevention, UAE, and Dr. Mansukh Mandaviya, India's Minister of Health and Family Welfare, met in Dubai. They deliberated on various ways to develop prospects for relations in health care and enhanced coordination between health institutions in the two countries.

It was also discussed that the two countries should boost cooperation in the field of pharmaceutical products, exchange experiences, and take advantage of the specialised medical staff. This could materialise swiftly through the CEPA, where both sides have agreed to a separate annex on pharmaceuticals. The move will facilitate access to Indian pharmaceutical products, especially automatic registration and marketing authorisation in 90 days for products meeting specified criteria.

There is also an opportunity to boost health care research, innovation, training, and technology. With the UAE's increasing focus on innovation and digital technology and India's fast emergence as a technology focused start-up hub, there is massive opportunity for both the countries to benefit from mutual collaboration.

Sustainable business relations between the UAE and India

The UAE economy is now highly focused on the service industry. Both the countries' service sectors will benefit from the government procurement chapter of the CEPA. The UAE can also become a hub for sourcing India's capital goods and intermediates for further value-added exports to other destinations in Africa and Europe. Similarly, India will also benefit from the preferential market access provided by the UAE, especially for labour-intensive sectors. Many doors have opened up with import duty exemption, especially for high-value

products, such as gold and diamond jewellery manufacturing and export. There is likely to be exponential growth in such sectors over the next few years.

In the UAE, the federal and local governments are quite welcoming to businesses and people who seek investment opportunities. The country is home to more than 3.4 million Indians. Many initiatives, including 100 percent business ownership, long-term residency (such as the Golden Visa scheme), and the recent introduction of green residence visa have provided huge encouragement for Indian investors to

further expand their investments in the UAE. With the CEPA, many corridors for trade, investment, services, and employment will open up reciprocally.

The leaders of both the countries share an amicable bond, and this is just another step towards strengthening the ties and relationship between the two countries. The CEPA will further cement the already deep, close, and strategic relations between the two countries; create new employment opportunities; raise living standards; and improve general welfare of the people of the two countries.



Sultan Al Nuaimi

Vice President, Regional Supply Chain
Asia South, Borouge



With its favourable demographics and strong economic growth prospects, India is one of the most attractive polyolefin markets in the world. Powered by a large domestic workforce that is growing in affluence and a highly influential and successful diaspora of business leaders spread across the globe, India is well placed to sustain high growth.

India has been an important market for Borouge since the commencement of operations of “Borouge 1” polyethylene (PE) plants in 2002. The company has since grown through the “Borouge 2”, “Borouge 3”, and “PP5” expansions in 2010, 2016, and 2022, respectively. India has always been one of the key markets for Borouge and continues to be instrumental to the company’s growth journey. Since its inception, it has formed many partnerships with polyolefin converters in India. Several Indian nationals have contributed to shaping Borouge into a leading international business.

Borouge serves many industrial sectors in India. Since the commencement of its operations, Borouge has been supplying its proprietary PE100 pipe products to partners in India. The PE100 pipe has become the benchmark of high-quality pressure pipes in India and throughout the world.

The “Borouge 2”, “Borouge 3”, and “PP5” expansions added Low-Density Polyethylene (LDPE) and Cross-Linked Polyethylene (XLPE) and introduced Borstar® Polypropylene (PP). LDPE and XLPE provide solutions for the wire and cable, agriculture, and health care sectors, whereas PP supports the rigid and flexible packaging, piping, and mobility sectors.

We foresee favourable growth in the next few years and will continue to collaborate with customers in delivering solutions that create value for the long term.

Benefits of the CEPA

Borouge is a significant player in the Indian polyolefin market due to its strong techno-commercial ability, geographical proximity, and efficient business operations. With the CEPA in place and on the back of the economic growth expected in India, Borouge aims to continue expanding its business in the country in the near future. This will strengthen the access of local Indian converters to advanced materials and technologies, supporting the Make-in-India initiative. The benefits to India include high-quality raw materials imports, resulting in enhanced domestic production capabilities that further enabled export opportunities.

As an active polyolefin supplier to India, Borouge collaborates with multiple value-chain partners, including one of India’s largest wafer and snacks manufacturers, on packaging solutions and a mulch film manufacturer, to facilitate efficient solutions for the fast-growing agriculture industry in the country.

With the completion of the ongoing “Borouge 4” expansion in 2025 that will add two world-scale polyethylene plants and one XLPE plant, sales to India are expected to grow significantly. The polyethylene plants will provide additional capacity to grow in the pipe infrastructure segment, as well as advanced packaging solutions.

Borouge’s business in India is driven by four key factors: 1) domestic consumption growth driven by strong economic development, 2) increased finished goods export opportunities as India emerges as a global manufacturing hub, 3) the ability to provide solutions for several growth segments (packaging, energy, infrastructure), and 4) technological advantage and ability to innovate.

Some technological advantages offered by Borouge PE and PP solutions include the following:

- PE100 for a leak free, durable, and reliable water distribution system
- High purity and scorch-free XLPE insulation for cables, resulting in ease of installation and shorter production lead times; other benefits include long-term safety and reliability to power grids

- Diffused light PE solutions, helping farmers to achieve higher volumes and quality harvest, tackle water scarcity in dry farming regions, and extend planting cycles for better returns with precision farming solutions
- A PP portfolio that enables weight reduction and production efficiency across the household goods, food, and industrial packaging sectors.
- Recyclable mono-material solutions developed for the Fast Moving Consumer Goods (FMCG) sector, serving as an important step towards a circular economy for the packaging value chain

With reduced import tariffs, both India and the UAE stand to benefit from greater market access and significant economic benefits. Borouge's differentiated portfolio gains

competitiveness in the market, paving the way for even deeper partnerships with Indian manufacturers. In addition to lower import tariff, the partnership between the UAE and India gives confidence that the ease of doing business between the two countries will remain strong and even improve in the future.

Conclusion

Borouge views the CEPA positively as the agreement has the potential to conduct mutually beneficial business with partners in the fast-growing Indian economy. The proximity of the UAE to India, both geographically and on trade policy matters, will allow Borouge to continue to enhance its relationships with Indian partners while remaining a responsible, reliable, and trusted supplier of leading-edge solutions.

CEPA creates a future full of possibilities for logistics in India



Rizwan Soomar
CEO and Managing Director
DP World Subcontinent



- Signed in February 2022, the CEPA came into force in May 2022 and aims to increase bilateral trade between India and the UAE to US\$100 billion in the next five years.
- The agreement eases tariffs and trade opportunities for a variety of goods and aims to cut tariffs on 10,000+ tariff lines in 10 years.
- The CEPA's provisions will boost logistics and infrastructure spending in India, making the country's exports more globally competitive.
- The agreement also includes provisions for smoother trade in services and a particular focus on bilateral cooperation in the pharmaceuticals sector.

India and the UAE signed the CEPA at the India-UAE Virtual Summit on 18 February 2022 and the landmark agreement officially came into force on 1 May 2022. As the name suggests, the CEPA offers a comprehensive architecture to improve bilateral trade between the two nations from US\$60 billion to US\$100 billion within the next five years.

The agreement eases tariffs and offers trade opportunities for various goods traded between the two nations. It aims to cut tariffs on more than 10,000 tariff lines within the next 10 years. The move will have a major positive impact on trade between India, the UAE, and the wider Gulf Cooperation Council (GCC) region.

According to 2021-22 data, bilateral trade between the two countries stands at US\$72.9 billion, making the UAE the third-largest trading partner for India. The UAE's investment in India is estimated to be about US\$17-18 billion. Of these, US\$11.67 billion is in the form of FDI, while the remaining is portfolio investment. It is the ninth-biggest investor in India in terms of FDI. The UAE is also India's second-largest export destination. Today, India is the UAE's top trade partner for non-oil exports, amounting to 14 percent of the total UAE exports to the world. Additionally, about 40,000 Indian-owned companies are currently registered in the UAE.

The agreement makes commitments to cooperate in multiple areas, such as trade in goods, rules of origin, trade in services, customs procedures and trade facilitation, trade remedies, digital trade, economic cooperation, government procurement, Intellectual Property Rights (IPR), investment, and trade. This will help deepen the penetration of Indian products in the UAE and open the Africa-Asia trading corridor.

The logistics sector also benefits from the provisions set out in the CEPA. Developing various ports and their supporting infrastructure in both the countries; setting up industrial areas, Free Trade Warehousing Zones (FTWZs), and business hubs; and modernising these ports and business hubs with the latest technological support, have made logistics one of the fastest-emerging sectors in both the countries. Investors from the UAE are also keen on investing in India in areas such as renewable energy, ports, logistics, and warehousing. These areas will receive a boost under the CEPA terms.

Facilitating trade, the CEPA way

The agreement's positive effect will be felt across sectors, including business services, telecommunications, education, construction and development, finance, tourism, health, environment, air transport, and hospitality. Being a major redistribution centre and hub of global trade, the UAE provides ease of access, which will open new markets for Indian manufacturers and MSMEs. It will help increase their visibility across the globe. The agreement aims to speed up the free flow of goods, reconstruct supply networks, increase trade volumes, and open new investment and joint venture opportunities.

Through the CEPA, Indian exporters and manufacturers will now have a gateway to the largely unexplored market of Africa. A significant part of the UAE's exports to Africa is routed through Dubai, and the FTA will encourage the setting up of warehousing and/or distribution centres in the region for these exports.

Furthermore, trading with Central Asia, Russia, countries of the Commonwealth of Independent States (CIS), and other East European nations will also be made easier with their strong trade routes with Dubai and the UAE. The agreement will present more opportunities to Indian exporters to expand their business in these new and emerging markets.

The CEPA's marquee benefit comes in the form of lower tariffs on goods trade. The agreement enables greater market access in both the countries through preferential tariff rates offered after reducing or eliminating customs duties on goods.

Under the FTA, a significant amount of goods will eventually be subject to 0 percent customs duties. Some tariff lines (such as petroleum oils, liquified propane, unsorted diamonds, and some types of jewellery and transmission apparatus) have already seen customs duty elimination upon the agreement coming into force. There is also a provision for the elimination of customs duties on other products phased over a period of 5, 7, and 10 years, while nearly all remaining products will see a reduction in customs duties compared with existing rates.

However, some tariff lines may be excluded from the preferential treatment altogether, depending on the nature of the goods.

In addition, the CEPA introduces measures to facilitate cross-border trade of goods and ensures efficient customs clearance, such as issuing customs rulings before import, facilitating cross-border clearance for economic operators, reducing unnecessary regulatory or administrative customs procedures, and adopting international best practices of customs management techniques. This framework has been based on the Agreement on Trade Facilitation by the World Trade Organization (WTO).

In addition to the standard certificate of origin, the CEPA adopts the invoice declaration of origin for approved exporters. The UAE and India have agreed to negotiate and implement future provisions to enable their respective customs authorities to recognise the invoice declaration of origin made by authorised exporters, removing the need to issue a traditional certificate of origin. By including provisions on digital trade, CEPA also harmonises digital trade and e-commerce between India and the UAE, providing seamless operations for the logistics sector.

Forging a stronger India-UAE relationship

At the virtual summit, apart from the CEPA, two other MoUs signed between Indian and UAE entities were also announced. One of them is the MoU between the Agricultural and Processed Food Products Export Development Authority (APEDA) and DP World and the Al Dahra Agricultural Company. This MoU supports the establishment of a food security corridor where DP World will provide logistics support and supply chain solutions, and possibly explore investments in logistics facilities for food and food product exports.

This MoU is just one example of the closer ties between India and the UAE enabled by the CEPA. Apart from trade in goods, the agreement has provisions for smoother trade in services and a particular focus on bilateral cooperation in the pharmaceutical sector.

Implementing tariff cuts, customs procedures, rules of origin, and other technical standards will lower costs and enhance efficiencies in the supply chain between the two nations. Considering these measures set out in this forward-looking agreement, we, the members of the Indian logistics industry, are confident to exceed expectations towards fulfilling the Indian government's vision for the logistics ecosystem.



Sharad Agarwal
CEO - India
Emirates NBD Bank PJSC



The CEPA signed by the UAE and India will significantly enhance global value chain participation for India and, in turn, boost trade finance opportunities for the Emirates' financial service players.

An important transit point for goods and the people, the UAE continues to serve as a strategic trade gateway to the wider Middle East, North Africa, central Asia, and sub-Saharan African regions.

The new pact is expected to stimulate Indian exports to Africa, in particular, which is predicted to emerge as a leading market and anticipated to hold a lucrative demand outlook for consumer and capital goods.

The UAE's banking sector plays a key role in the efficient functioning of interconnected value chains and trade finance is a major contributor to growth of international trade.

Growth in global value chain activity has been one of the most important drivers in deepening trade and investment relationships worldwide and increasing interconnectedness of the global economy.

In fact, World Bank statistics show that global value chains account for about two-thirds of the total world trade in goods and services.^{xii}

However, a 2020 study by the Indian Council for Research on International Economic Relations (ICRIER) noted India's limited participation in global value chains, particularly in the manufacturing sector, and its low rankings on the Global Value Chain (GVC) index, and other international logistics performance

and efficiency indices. This is constraining the US\$3.1 trillion economy's competitiveness in the global market and placing it behind many of its competitors such as China, Thailand, and Vietnam.^{xii, xii}

The GVC index, which considers both goods and services, displays a country's integration into the global value chain. It is the sum of backward (when a country uses inputs from another country for domestic production) and forward (when a country supplies inputs used for production in another country) linkages, divided by the total exports.^{xii}

India's growth in global value chains is crucial to its economic growth. The CEPA will empower businesses across India to expand their exports, most significantly with the potential launch of an 'India Mart' in Dubai. The mart will serve as a dedicated trade market for Indian goods and provide market access to the wider Gulf region and Africa.^{xii}

Similar to China's Dragon Mart in the UAE, the idea, pitched by Indian Union Commerce and Industry Minister Piyush Goyal, would act as a one-stop shop for both retail and wholesale customers. It could gather scattered production across India and decrease cost of supply chains.

The trade between India and Africa can grow manifold. However, as India is a wide market and a vast country, African importers have been limited to working with a smaller number of select businesses.

If marketplaces are condensed and confined to a particular geography or central location, such as Dubai, which offers seamless aviation connectivity, they will have a better chance at showcasing their products. These marketplaces can become a base for businesses to expand across the Middle East, Africa, and other parts of the world.

Minister Goyal previously said Dubai's India Mart has the potential to become a US\$10 billion opportunity for India and is an opportunity to showcase brand India on the global stage.^{xii}

More Indian companies are setting up manufacturing or trading facilities, and offices in the UAE. Our banking community will benefit significantly from working with those clients and traders, extending them working capital or other trade facilities required to do business in the Middle East, Africa, and Turkey.

Reducing tariffs to zero for 90 percent products (including engineering goods, pharma products and medicines, and building materials and agriculture products) exported by India to the UAE will mean further integration into local manufacturing value chains. This would drive growth across the UAE's pharmaceutical, agriculture, and steel and aluminium sectors.

With the UAE's status as a major global trade hub, our financial services sector continues to facilitate the flow of capital and investment globally.

The CEPA's target to increasing bilateral non-oil trade between India and the UAE from US\$60 billion to US\$100 billion in the next five years, infers that with increasing trade flows, the volume and scale of transactions passing through the banking sector will also increase, creating a multiplier effect for everyone.

Financial services and access to capital remain integral throughout the lifecycles of businesses and within global value chains. Our sector's deep expertise in facilitating international trade and economic activity, alongside the UAE's world-class

infrastructure, robust regulatory framework, and advanced logistics capabilities, make it well positioned to support the influx of new business.

At Emirates NBD, two more branches are being set up in India; they are scheduled to open in Gurugram and Chennai by the next quarter. These branches will help us cater to North India, West India, and South India.

As the UAE-India relationship continues to strengthen with this progressive agreement, we expect to see greater demand for trade finance and working capital across these three big Indian sub-markets. Our banking community is also supporting the CEPA's trade targets and helping further cement growth between the two nations.



Yusuff Ali M. A.
CMD, Lulu Group



As we know, both the UAE and India share a long-standing and strong relationship deeply rooted in history. Today, both India and the UAE are amongst each other's top trading partners. The world looks at both the nations as countries supporting peace, stability, and prosperity. In 2015, the first historic UAE visit of honourable Indian Prime Minister Narendra Modi, the only Indian prime minister to visit the UAE after a period of 34 years, moved the bilateral, cultural, economic, and commercial relationship of both the countries to the next level. The joint statement of both the leaders of India and the UAE at that time showed the depth of our relationship to the world. This was followed by an historic Indian visit of H.H. Sheikh Mohammed Bin Zayed Al Nahyan, the then crown prince of Abu Dhabi and deputy supreme commander of the UAE Armed Forces and the current president of the UAE in 2016. In the next year i.e., 2017, His Highness was also the chief guest at the Indian Republic Day celebration. Since then, there has been a regular exchange of high-level visits from both the countries to take this relationship forward. The trade and economic relations between both the countries are historical. These relations have provided valuable stability and strength to the bilateral relationship of our countries. Millions of Indian nationals living and working in the UAE form a vibrant community. They are living peacefully and earning their livelihood with utmost dignity and respect in the UAE. In fact, the Indian diaspora in the UAE makes up the largest expatriate community in the country. Thousands of weekly direct flights connect India and the UAE and ensure that the people of both the countries continue to engage in trade, study, and tourism. There are no limits to the association between both our countries. As both the countries are important partners, the CEPA will strengthen this relationship and leverage our shared ambition to use trade as a catalyst for economic growth and prosperity.

The CEPA is the first bilateral trade agreement signed by the UAE and the first trade agreement in the MENA region signed by India. Its direct benefits are clear as it has the potential to boost

bilateral trade between both the countries by US\$ 100 billion over the next five years. After signing the CEPA, a high-level UAE delegation under H.E. Abdulla Bin Touq Al Marri, Minister of Economy, visited India. I was also a member of that delegation; it had highly successful meetings that discussed bilateral trade and investment relations. This further strengthened the already close and dynamic ties between the two countries. The visit also included interaction with key investors of both sides, opening various opportunities for both the private and public sectors.

The UAE-India CEPA represents a turning point in their economic trajectories. It will benefit consumers, producers, and companies alike by opening new markets for businesses, bringing better jobs and higher wages for people, and lowering prices when consumers need it most. The CEPA is expected to create 5 lakh jobs in India in different sectors and over 1 lakh jobs in the UAE in the next few years. The COVID-19 situation has pushed countries to become more self-reliant. However, at the same time, the unprecedented challenges have also made nations realise the power of economic and strategic cooperation. It was at the peak of the pandemic, both the UAE and India worked together to minimise supply chain disruptions through the exchange of medical supplies and professionals, thereby helping protect the lives and livelihoods of people.

The CEPA will further ensure access to global markets through safe, secure, and reliable supply chains. It will also enhance the efficiency and sustainability of these supply chains both to accelerate the free flow of trade and secure a stronger, more resilient global economic future. In the UAE, our Lulu Group is one of the leading retailers. We are also one of the leading importers of food and non-food products from several countries, including India. We are privileged to be chosen by the UAE government to be a part of the country's food security initiatives. In India, we are one of the leading exporters of several food and non-food products, including fruit, vegetables, pulses, silk, and sarees. We have also made significant investments in the retail, hospitality, IT, and food-processing sectors. The CEPA brings greater opportunities to our businesses both in India and the UAE. It establishes simple customs procedures by either eliminating or reducing customs duties, removing non-tariff barriers to trade, and strengthening the use of international standards. Our customers in the UAE will benefit by gaining improved access to a wider range of competitively priced goods and services as the CEPA will lead to lower prices, more product varieties, and higher quality products. The deal is likely to benefit US\$26 billion worth of Indian products that face 5 percent import duty by the UAE. The signing of the CEPA is yet another golden page in the long history of both the countries. The pact has brought in a new era in the bilateral economic relations of both the countries. This is a win-win situation for both the countries and its people. The CEPA is indeed a milestone for both the UAE and India. I am sure this landmark agreement will bring in a period of greater progress and prosperity for both the countries.

I am certain that the world will continue to witness greater achievements in the UAE-India partnership in the near future.

Opportunities that the CEPA brings to the banking sector



Madhav Nair

Country Head and CEO India, International Banking Group, Mashreq Bank



India has had long-standing trade links with the Middle East. In particular, India and the UAE enjoy strong bonds of friendship based on their age-old cultural and economic ties since the creation of the UAE Federation in 1971. Their bilateral relations are at unprecedented levels and continue to strengthen. Amongst the countries in the MENA (Middle East and North Africa), the UAE is the largest trading partner for India. It is also the largest investor in India from the region.

In 2017 when H.H. Sheikh Mohamed bin Zayed Al Nahyan attended India's Republic Day parade as the chief guest, the same day marked the signing of a strategic partnership agreement that elevated bilateral relationship between the two countries. The UAE-India Business Council is the sole joint business chamber set up by the governments of the UAE and India to promote economic synergy. It was formally launched by H.H. Sheikh Abdullah bin Zayed Al Nahyan, UAE Minister for Foreign Affairs, and late Smt. Sushma Swaraj, Minister of External Affairs of India, in 2015.

The UAE and India signed the CEPA on 18 February 2022. As the name suggests, it is a comprehensive agreement covering every trade and investment deal between the UAE and India, and facilitating free movement of goods, services, and people between the two nations. The UAE's Minister of Economy, H.E. Abdullah Bin Touq Al Marri, noted that the CEPA was signed in a record time, with negotiations taking less than three months to conclude.

This agreement is significant because it is the first bilateral trade agreement signed by the UAE. It is also the first trade agreement signed by India with any country in the MENA region. The agreement aims to boost bilateral trade opportunities by US\$100 billion over the next five years. For context, trade between the two countries that was about US\$180 million in 1970s reached US\$59 billion in 2019-20. This made the UAE the third-largest trading partner of India and India the second-largest trading partner of the UAE.

Representatives from Mashreq and other UAE companies operating in India met the UAE's Minister of Economy, Minister of State for SME, and the UAE ambassador to India in May 2022, to discuss the opportunities that signing of the CEPA now offers.

The CEPA's key benefits include providing market access for key services sectors, such as financial, environmental, transportation, construction, health, and tourism services. It also ensures reduced barriers to trade in goods through simpler customs procedures, lower or zero tariffs, and modern rules to trade. The CEPA shall also facilitate digital trade by ensuring consumer protection, free flow of data, and use of digital technologies while protecting intellectual property rights. In addition to trade, it aims to encourage greater partnership and cooperation on global areas, such as new technology development, environmental policies and practices, agriculture, forestry, and fisheries.

Access to new markets and business opportunities - Merchandise and services trade

For India, the CEPA presents an opportunity to improve the domestic manufacturing market by incentivising the production of electrical machinery, pharmaceutical, cereals, fisheries, fruits, vegetables, etc., and giving the country easier access to the Middle Eastern and African regions.

For the UAE, the agreement presents an opportunity for local firms to tap into one of the fastest-growing major economies in the world. This can be done by making policies that ease business, set up processes, and accelerate investment flows in key areas, including prepared food, chemicals, plastics, polyethylene, glass and glassware, electrical and mechanical, mineral fuels, aluminium, iron and steel, and copper.

The agreement also includes provisions to regulate cross-border trade in services and offers service providers a transparent and non-discriminatory environment for cross-border trade. It covers a total of 11 service sectors and more than 100 sub-sectors, including business services, telecommunication services, construction and related services, educational services, environmental services, financial and insurance services, health and social services, tourism and travel-related services, and transport services.

Lowering tariffs

The CEPA envisages lower tariff barriers, which will boost exports from India. With India being a major global redistribution centre, the move will help establish the UAE as a gateway to the Middle Eastern and Africa regions for Indian exporters. These exports are incentivised to set up warehousing and distribution centres in the UAE.

The agreement is expected to create additional 1 million jobs in India's labour-intensive sectors and about 250,000 jobs in the UAE's non-oil sectors.

Both the countries have committed about 100 sub-sectors in services each, in sectors ranging from business services to communication, construction and engineering, environmental, financial, and others. This is significant given that the services sector accounts for up to 60 percent of both the countries' GDP.

Digital trade and IPR support

In addition to promoting trade and manufacturing, a significant aspect of the CEPA is its focus on digital trade with an aim to foster a conducive environment for such trade to happen and promote information flow by simplifying transaction processes. The agreement is looking to shape up rules for digital trade covering IPR issues between India and the UAE, in a bid to ensure that IPRs are protected and enforced to promote technological innovation benefiting both the countries. Both the nations can work together to create such an enabling ecosystem to benefit from the growth and development of digital trading at a global scale.

Opportunities for Mashreq and the banking sector

We see India as a strategically important market because of its fast-growing economy and increasing purchasing power of its

people. Rising investment and trade flow also presents unique opportunities for banks such as Mashreq to facilitate such transactions for both sides.

We see huge growth opportunities in areas such as pharma, retail, and engineering, with increased trade flow in these areas. The CEPA endeavours to create an environment that is conducive to significant investment by businesses in both the countries. With Mashreq being uniquely positioned with client relationships on both sides, we can facilitate such investment ideas and flows.

After starting operations in India in 1980, Mashreq is the oldest UAE bank operating in India and supporting clients across the corporate and financial services business from its Mumbai office. We have also invested significantly in talent by setting up a 1,600-strong centre of excellence in Bengaluru that has helped design and develop some of our most popular and powerful tools and services.

We anticipate significant growth in remittance flow given the expected rise in employment opportunities in both the UAE and India, not to mention an increase in business and leisure travel. With services such as NRI banking (through our partner banks in India, and Mashreq's digital banking platform NeoPay, which offers seamless integration with payment systems in India), we believe we are well positioned to serve these sectors.

The CEPA is a historically significant agreement that is expected to open the doors to significant cross-border investments.

For the banking sector, the CEPA is an immense opportunity to expand its respective customer base in the UAE-India corridor and support trade flow with powerful and innovative financial solutions.

It is a committed agreement that benefits everyone, allowing the UAE and India to use their strengths to play a larger, more significant role in the global economy.



Yaseer Zaghoul
Group CEO, NMDC



شركة الجرافايت
البحرية الوطنية
NMDC

NPCC

شركة البنية التحتية البحرية
NMDC Group

"NMDC Group is thankful to both the nations' leaders for negotiating and concluding this historic FTA in a record-breaking 88 days, making it one of the first of its kind."

The FTA, which came into effect on 1 May 2022, is a symbolic gesture of the historic relationship between the UAE and India.

As a result of the agreement, the UAE will gain improved market access to India for major exports, such as petrochemicals, metals, and dates. With India on track to overtake China as the world's third-largest economy in the early part of the next decade, possibilities for Emirati companies in the oil and non-oil sectors in India are likely to rise significantly over the next decade.

India is the UAE's top non-oil trading partner, accounting for 14 percent of the total UAE exports to the world, while the UAE is

India's third largest trading partner, accounting for 40 percent of its trade with Arab countries. The CEPA is expected to contribute to the two countries' non-oil trade that will reach US\$100 billion in the next five years.

We hope that by implementing the CEPA, both countries will have more opportunities for deeper and broader cooperation.

The agreement will ensure that the two countries collaborate even more closely to address common global challenges, achieve shared goals, and build a strong, resilient, and future-ready relationship. The CEPA will also foster new trade, investment, and innovation dynamics, as well as strengthen bilateral engagement in a variety of areas.

Apart from trade benefits, the agreement will provide the UAE's major infrastructure companies with opportunities to invest in civil engineering, marine offshore and onshore, oil and gas, and renewable energy projects.

NMDC Group and its wholly owned subsidiary NPCC anticipate that the inclusion of the following clauses in this symbolic agreement will result in increased opportunities in the fields of reclamation, dredging, marine civil construction, and offshore-onshore oil and gas.

01. Tariff concession agreed by the government of India for importing marine equipment, such as dredgers, barges, boats, and other auxiliary items.
02. The CEPA will ensure that standards, technical regulations, and conformity assessment procedures do not create unnecessary obstacles to trade.
03. With this agreement, the parties involved will ensure that their customs laws and customs procedures shall be transparent, non-discriminatory, and consistent; they should also avoid unnecessary procedural obstacles to trade.



Piruz Khambatta
Chairman, Rasna Pvt Ltd



India and the UAE are like two families living at a flight distance of maximum three hours. Given the volume of air traffic between India and Dubai, there is little doubt in anybody's mind that these are two separate countries. In fact, from Ahmedabad more people travel to the UAE than metros such as Kolkata or Bengaluru. The UAE has been an integral part of the Indian economy since the time when Dubai started as a trading hub and Macca for businessmen across GCC and the Middle East. I still remember my first visit to Dubai when I could see that the

city has become the marketing office of Indian manufacturing companies; it is still the same.

Today, we have to look at the post-pandemic world and global realignment especially because of the tension in Europe. I think with this tension, India is at the forefront of becoming a major economy and manufacturing powerhouse. For this, we salute the honourable prime minister of India's vision of signing win-win FTAs with various countries. I believe India's free trade treaty will be a role model for future FTAs. As I mentioned earlier, it is a win-win situation for both the parties. Given the synergy between the Indian economy and the UAE economy, this FTA would offer multiple benefits in terms of:

01. India becoming a bigger manufacturing destination using Dubai's marketing efforts in the UAE and the world
02. The UAE leveraging India's strength to develop its service sector economy
03. Synergies between the countries in the finance, hospitality, health, and education sectors
04. Better employment opportunities both for UAE and Indian residents

To summarise, I can say that the FTA will benefit the common man more than the businessman in the long run. I think that is what the government should look at, how the man on the street can be benefitted with the economy. For any business, the country's growth is of no use until its benefits reach the common man.



Maj. Gen. (Retd.) Sharafuddin Sharaf
Vice Chairman, Sharaf Group



Visionary leaders of the UAE and India have put their trust and reliance on each other on display in the public domain by outlining their vision of a new pathway to boost trade and economy for the two nations and signing the CEPA. In this respect, the agreement is a historic milestone.

This landmark trade pact would strengthen economic ties, and open new trade and investment opportunities for both the nations. It will provide significant benefits, including enhanced market access and reduced tariffs, to Indian and UAE businesses.

The UAE is already India's third-biggest trading partner, while India is the second-largest trading partner of the UAE, with trade volumes amounting to about US\$60 billion in 2019. The CEPA was long awaited as India-UAE trade relations have a huge potential to grow. The pact is the big trigger to promote upward mobility throughout the economic value chain, resulting in hundreds of thousands of jobs and business opportunities in both the countries. The CEPA is expected to lead to an increase in bilateral trade from the current US\$60 billion to US\$100 billion in the next five years. This ground-breaking agreement will also facilitate the free flow of goods, services, capital, technology, and people, as well as mutually beneficial collaborations.

India and the UAE's long-standing economic relationship and mutually attractive investment opportunities have led to substantial bilateral FDI flow over the past decade. This bilateral trade agreement between the UAE and India will open new doors for many ventures across both the nations and expand cooperation on critical technologies. It will also promote e-business and e-payment solutions.

The UAE is one of India's major energy suppliers. It is the first international partner to invest in India's strategic petroleum reserves programme through crude oil. The agreement provides the UAE enhanced market access to India for its key exports, such as petrochemicals, metals, dates, and consumer products. India is projected to become the world's third-largest economy in the early part of the next decade. Opportunities for UAE companies both in the oil and non-oil businesses in India are expected to increase exponentially over the next decade.

UAE commodities, such as aluminium, copper, and petrochemical products are set to benefit from the removal of tariffs. Moreover, the UAE's advanced multimodal transport and logistics infrastructure can be of huge benefit to the Indian industry (to use as hubs for trade with Africa and Europe). The UAE can become the display window for Indian products that can be stored duty free and further distributed within the UAE and other regions, including Africa.

Sharaf Group complements the vision of both the countries' leaders by investing in the supply chain infrastructure in rail, road, customs, and warehousing in both India and the UAE.

This pact's key benefit is that both the UAE and India can remain immune to supply chain disruptions that could happen in the future. The current COVID-19 crisis has taught us a big lesson that shorter supply chains within the region will enable easy accessibility to markets and provide uninterrupted supply of goods and services to consumers.

Benefits of the CEPA are expected to affect about US\$26 billion worth of Indian products that are currently subject to an import duty of 5 percent by the UAE. The agreement will eliminate 80 percent tariffs on Indian and Emirati goods within a period of 10 years. It will give beneficial duty access to 90 percent of India's exports to the UAE.

The CEPA will benefit India's labour-intensive industries, such as gems and jewellery, textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering goods, pharmaceuticals and medical devices, and automobiles. The services sector, including computer-related services, audio-visual, education, health, tourism, travel, nursing, engineering, and accountancy, will also benefit from the pact. This will provide significant inflationary buffer for consumer products in both the countries.

Today, the hearts, minds, and souls of both the countries and their people are under one roof, one house, and one commitment i.e., "to create increased value under every head/subject of the CEPA" and extend socio-economic benefits, health security, and happiness to residents in the UAE/India.

The CEPA is expected to take bilateral relations between the two countries to a new high. Indian and UAE businesses will receive significant benefits, including enhanced market access, and reduced tariffs. The pact will also help create global brands for both the nations that can be marketed across the globe.

The two nations recognise the importance of upskilling to increase workforce productivity and have agreed to step up their collaboration to create a set of professional standards and skills framework. They have also agreed to promote and strengthen infrastructure and dedicated logistics services that connect farms to ports and to final market destinations in the UAE.

The UAE and India have agreed to increase UAE investments in India's rapidly expanding health infrastructure, including research that will be beneficial to the citizens of both the countries and others in the region.

The CEPA will continue to evolve and transform the lives of millions of people in the two countries. It will strengthen bilateral cooperation in multilateral areas to promote economic infrastructure and people-to-people cooperation.



Madhukant Dani

Assistant General Manager - Projects and Business Development, Hind Terminal

HIND TERMINALS

.....Moving India Ahead

In February 2022, India and the UAE signed the CEPA aimed at boosting the merchandise trade between the two countries to US\$100 billion over the next five years. It came into force on 1 May 2022.

The CEPA will pave the way for a new era of joint economic growth and prosperity in the two countries and broader prospects, improve mutual access to markets, and enhance economic and investment opportunities.

The agreement is expected to increase the total value of bilateral trade in goods to more than US\$100 billion and services to more than US\$15 billion within five years.

The Indian economy is on the upswing. It has become the fastest-growing economy in the world, and endeavours to become a US\$5 trillion economy by 2026. With regards to the logistics sector, India is committed to spending US\$1 trillion on various infrastructure in the next five years. The move will bring in efficiency and reduce cost in the sector. Logistics is an important component of the economy, and its role in manufacturing and exports can hardly be undermined. Logistics cost in India is about 14 percent GDP, as against the international benchmark of 8-9 percent. However, the government's focus on addressing cost through various measures has already started yielding results. The government is implementing the dual Bharatmala (road network) and Sagarmala (waterways network) projects to improve the logistic backbone. The UAE has made significant progress in upgrading technology in customs and the logistics sector. It looks forward to supporting India in its mission of transforming the logistics sector. Indian logistics companies should form strong partnerships with

UAE companies and take advantage of the technical expertise available in the region.

With the CEPA in effect, India will benefit from preferential market access provided by the UAE on over 97 percent of its tariff lines. This accounts for 99 percent of the Indian exports to the UAE in value terms particularly from labour-intensive sectors, such as gems and jewellery, textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering products, pharmaceuticals, medical devices, and automobiles. With regards to trade in services, Indian service providers will have the enhanced access to about 111 sub-sectors from 11 broad service sectors.

The UAE's advanced multimodal transport and logistics infrastructure can benefit the Indian industry that can use these as hubs for trade with Africa and Europe. The UAE can become the show window for Indian products that can be stored duty free and further distributed within the Emirates and other regions, including Africa.

Under the CEPA, about 90 percent of the products exported and 80 percent of the lines of trade from India and to the UAE will attract zero duty – a significant benefit for Indian exports facing increased competition. The UAE is India's third-largest trading partner and second-largest export destination. India is the UAE's second-largest trading partner and largest partner in terms of exports. The UAE-India CEPA will benefit from about US\$26 billion of Indian products, subject to a 5 percent import duty by the UAE. As the UAE is a major global redistribution centre, especially with exports to Africa being routed through it, the CEPA will drive warehousing and distribution centres in the UAE for Indian exporters.

New investment in logistics infrastructure, removal of trade barriers, etc., will certainly boost logistics requirements for both the countries especially India. The CEPA is expected to accelerate FDI inflow from the UAE into India. It will create additional jobs and improve the work environment for the large Indian workforce in the UAE. The agreement is likely to generate one million jobs in various labour-intensive businesses.

The CEPA will enhance the ease of doing business by enabling automatic registration and marketing authorisation of Indian generic medicines in 90 days upon their approval in developed countries. India has given duty concessions on gold import from the UAE, while Indian jewellery exporters will have zero duty access to the UAE market. This is significant as their trade is 16 percent of the global diamonds, gold, and jewellery trade. This, in turn, will bring immense opportunity to the industry player for enhancing existing logistics services and infrastructure in India.

Comprehensive partnership in several areas

- **Cultural cooperation:** The CEPA sets up the foundation for an India-UAE cultural council to promote cross-cultural exchanges, cultural projects, exhibitions, and dialogue between thought leaders.
- **Energy partnership:** The UAE is one of India's key energy providers and has shown its commitment to meeting India's energy demand.
- **Climate action and renewables:** Both the nations will cooperate on the implementation of the Paris Agreement, working closely in the contexts of Conference of the Parties (COP), the International Renewable Energy Agency, and the International Solar Alliance.
- **Hydrogen taskforce:** India and the UAE have agreed to establish a joint hydrogen taskforce to help scale up technologies, with a special focus on producing green hydrogen.
- **Emerging technologies:** The UAE and India shall expand cooperation and collaboration on critical technologies and mutually promote e-businesses and e-payment solutions.
- **Skills cooperation:** Both the nations agreed to work together to meet the UAE's talent needs. Per the CEPA, the skills that the Emirates' UAE labour market needs from India will be found through workforce access and training programmes.
- **Food security:** Both the nations agreed to expand cooperation through enhanced bilateral food and agriculture trade and responsible foreign investments in agriculture and food systems.
- **Health cooperation:** It was agreed to collaborate on the research, production, and development of reliable supply chains for vaccines and enhance investments by UAE entities in the rapidly growing health infrastructure in India.
- **Education:** Both the countries agreed to establish world-class institutions to drive innovation and technological progress. The first-ever IIT overseas will be set up in the UAE.
- **Cooperation in international affairs, and defence and security:** The UAE and India agreed to support each other in international affairs, and defence and security to maintain peace in the region.

Going beyond the economic relations between the UAE and India, the CEPA is expected to take bilateral relations between the two countries to a new high. The trade pact will provide significant benefits to Indian and UAE businesses, including enhanced market access and reduced tariffs, and creation of global brands for both the nations.

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About UIBC

The UAE India Business Council (UIBC) is the official Joint Business Chamber set up by both the governments for promoting economic synergies between the UAE and India. The council is intended to create an inclusive bilateral trade environment between the UAE and India by bringing together the respective business communities of the UAE and India to discuss issues of mutual interest, particularly ways to strengthen the economic and commercial ties between the two countries and communicate their joint recommendations to the UAE and Indian governments.

UIBC aims at organising activities that promote and strengthen the co-operation between Indian and Emirati businesses in the fields of business and commerce. For that purpose, UIBC organises seminars, business gatherings, bilateral meetings, and roundtables. UIBC collaborates with its counterparts in the UAE, Embassy of the UAE in India, and various industry and commercial bodies in both the countries to elicit information of commercial value to its members.

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