Feature Article

INDIA-UAE
COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT

The India-UAE Comprehensive Economic Partnership Agreement (CEPA), one of the biggest bilateral trade pact between the two major economies, came into force in May 2022.

About

- The agreement was signed on February 18 between the two sides with the aim of increasing bilateral merchandise trade to **$100 billion by 2030.**
- The India-UAE CEPA marks the **first trade agreement India** has made with a **major trading partner** in **over a decade.**
  - The last major FTA India signed was with Japan in 2011.
  - India earlier signed the CECPA with Mauritius in February 2021.
- India is negotiating trade pacts with "complementary economies" and the negotiations are currently underway with the U.K., Israel, the European Union, and Canada.

Significance of the trade agreement

Post Covid Recovery:

- **Timing and focus on Post Covid recovery:** The India-UAE CEPA is the first of the major bilateral trade pacts that India had been negotiating to **kickstart international trade in the post-COVID-19 scenario.**

Economic

- **A step towards the 2030 Exports target:** The agreement is the first in a series of FTAs that India is pursuing to boost exports sharply to **1 trillion dollars** each in merchandise and services **by 2030.**
  - The FTA covers **90 percent of Indian exports to the UAE** and is expected to stimulate **export-oriented industries in India**, especially in the MSME sector.
- **Job Creation:** It is expected to generate "**an additional 10 lakh jobs**" in India.
- **Strengthening the domestic industries and MSMEs**: Key domestic sectors that are set to benefit include, gems and jewellery, textiles, leather, footwear, sports goods, engineering goods, automobiles and pharmaceuticals.
- **Increased Remittances:** It is expected that Indian investments in the UAE, spurred by the FTA, will see more remittances flowing into the country.

A NEW DAWN IN BILATERAL TIES

At a virtual summit between PM Narendra Modi and Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed Al Nahyan, India and UAE unveiled a roadmap for expansion of ties

ABOUT THE DEAL

The comprehensive economic partnership agreement, or CEPA, is India's first such pact in a decade

WHAT IT ENVISIONS

$100BN bilatural trade expected to grow to in the next five years India's trade with the UAE is worth $60 bn right now – making it India's third largest trade partner

$15BN worth additional trade in services also expected in five years

It provides benefits such as enhanced market access and reduced tariffs, and also opens up Arab and African markets to the Indian side

A QUICK DEAL

Negotiation for the deal was one of the shortest in recent years. The two sides began work on the pact in Sept last year and finalised it in less than three months

AREAS OF FOCUS

India and UAE also issued a joint vision statement that outlined the future course of ties and highlighted areas of focus, including enhanced maritime cooperation, joint steps to fight terrorism among others.

"This agreement reflects the deep friendship, shared vision and trust between the two countries. I am sure this will usher in a new era in our economic relations and our business will grow from $60 billion to $100 billion in the next five years." **—NARENDRA MODI, Prime Minister**