



## One Year of India- UAE CEPA

**For Prelims:** CEPA, [India-UAE CEPA](#), [India-UAE trade relations](#)

**For Mains:** India and its Neighbourhood, Bilateral Groupings & Agreements, India-UAE Relations

### Why in News?

- Recently, the [India-UAE Comprehensive Economic Partnership Agreement \(CEPA\)](#) completed one year of implementation.

### What is CEPA?

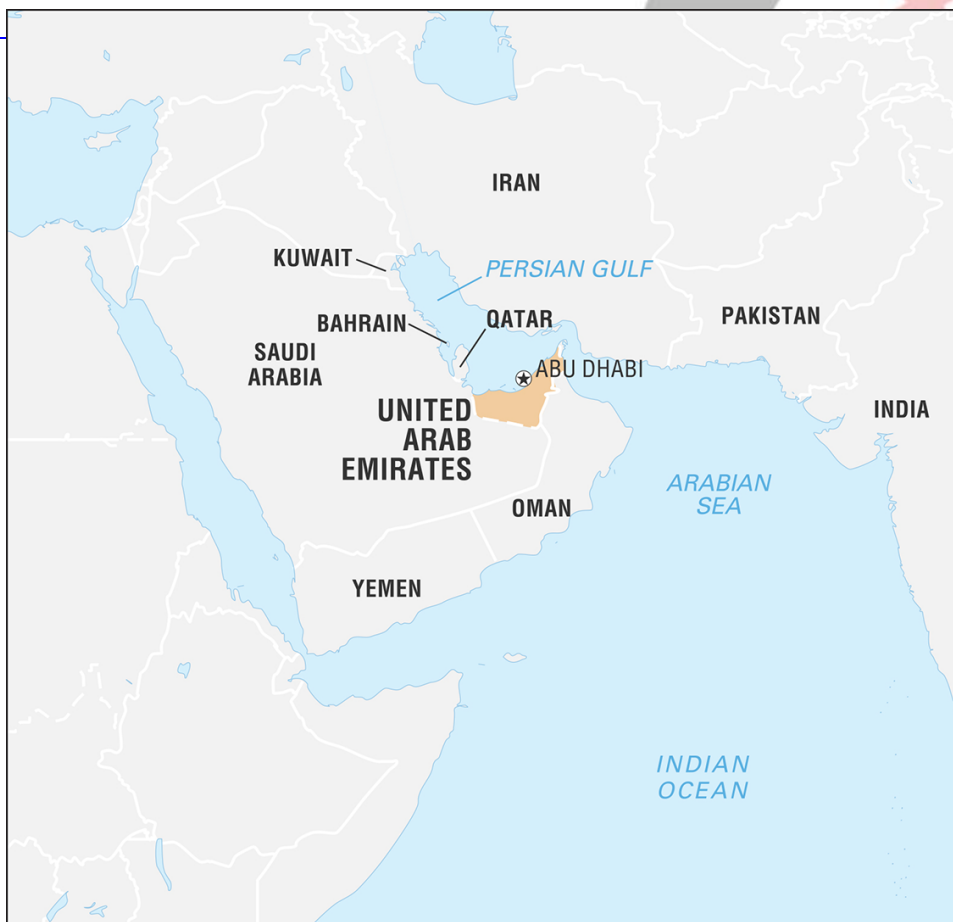
- It is a kind of free trade pact that **covers negotiation on the trade in services and investment, and other areas of economic partnership.**
- It may even consider negotiation in areas such as **trade facilitation and customs cooperation, competition, and IPR.**
- Partnership agreements or cooperation agreements are more comprehensive than Free **Trade Agreements.**
- CEPA also looks into the regulatory aspect of trade and encompasses an agreement covering the regulatory issues.

### What is the India-UAE CEPA?

- **About:**
  - The India-UAE CEPA is a landmark [free trade agreement \(FTA\)](#) between the two countries. It covers **trade in goods, services, investment, and other areas of economic cooperation.**
  - The CEPA entered into force on **May 1, 2022** and is expected to increase the **total value of bilateral trade in goods to over USD 100 billion** and trade in services to over USD 15 billion **within five years.**
  - The **CEPA is the first deep and full-fledged FTA signed by India** with any country in the past decade.
- **Salient Features:**
  - **Trade in Goods:**
    - The CEPA provides for preferential market access for over **80% of products traded between India and the UAE.**
    - India will benefit from the **reduction or elimination of tariffs on its exports to the UAE**, especially in sectors such as gems and jewellery, textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering products, medical devices and automobiles.
  - **Trade in Services:**

- The CEPA covers **11 broad service sectors and more than 100 sub-sectors**, such as business services, communication services, construction and related engineering services, distribution services, educational services, environmental services, financial services, health related and social services, **tourism and travel related services, recreational cultural and sporting services and transport services**.
- Both countries have offered enhanced market access for each other's service providers across these sectors.
- **Investment:**
  - The CEPA provides for a **liberal and non-discriminatory regime for cross-border investment between India and the UAE**.
  - It also includes provisions on, dispute settlement and cooperation on investment facilitation.
- **Some Other Areas of Cooperation:**
  - Protection and promotion of investments
  - Technical barriers to trade (TBT)
  - [Sanitary and phytosanitary \(SPS\) measures](#)
  - Dispute settlement
  - Movement of natural persons
  - Pharmaceutical products
  - [Intellectual property rights \(IPR\)](#)
  - Digital trade

## How are India-UAE Trade Relations?



- **Trade:**
  - **UAE is India's 3<sup>rd</sup> largest trading partner (after US, China)**. Bilateral trade turnover between the two was US\$ 68.4 billion in 2021.
- **FDI:**

- UAE is the **7<sup>th</sup> largest investor in India** with cumulative [FDI inflows](#) of US\$ 15,179 million from **April 2000 - September 2022**.
- **Exports:**
  - Major Indian exports to UAE are **petroleum products, gems and jewellery, machinery and instruments, chemicals, iron and steel, textiles and garments, cereals, meat and meat products**, etc.
- **Imports:**
  - Major Indian imports from UAE are **crude oil, gold, pearls and precious stones, metal ores and metal scrap, chemicals, electrical machinery**, etc.
- **Impact of India-UAE CEPA on Trade Ties:**
  - **Bilateral Trade:**
    - Bilateral trade between India and the UAE **reached historic highs during FY 2022-23**; increased from USD 72.9 billion (FY 22) to USD 84.5 billion (FY 23), **registering an increase of 16%**.
  - **Indian Exports to the UAE:**
    - Indian exports to the UAE increased from USD 28 bn to USD 31.3 bn (same period as above); **an 11.8% year-on-year growth in percentage terms**.
    - During the same period, growth in India's global exports was 5.3%, excluding the UAE, India's global exports grew at 4.8%.
  - **Sectors that Witnessed Significant Export Growth:**
    - Mineral Fuels
    - Electrical Machinery (particularly telephone equipment)
    - Gems & Jewellery
    - Automobiles (Transport vehicles segment)
    - Essential Oils/Perfumes/Cosmetics (Beauty/Skin care products)
    - Other Machinery
    - Cereals (Rice)
    - Coffee/Tea/Spices
    - Chemical Products

**[Source: PIB](#)**

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