



Gold Jewellery Exports to UAE up 42%

For Prelims: Types of Trade Agreements, Different forms of Trade Agreements

For Mains: India-UAE CEPA

Why in News?

India's gold jewellery exports to the **United Arab Emirates (UAE)** rose by a sharp **42%** in two months of a **Free Trade Pact** coming into effect in May 2022.

- Overall exports to the UAE in May-June, 2022 touched USD 5.4 billion, a 17% growth from a year ago.

What benefited the Growth of Jewellery Export?

- Indian exporters were facing **tough competition in gold jewellery from countries like Turkey**, and Indian exports were showing a decline before the FTA.
- The free trade pact came into effect in May 2022 with its **offer of duty-free access on jewellery to the Gulf nation**. This removal of **duties has benefited exports**.
- India got zero duty access to the UAE market for jewellery exports, **which attracted 5% duty earlier**, potentially **facilitating entry of Indian products in the North Africa, West Asia and Central Asia** markets.
- India in turn **allowed 1% duty concession on gold imports from the UAE for up to 200 tonnes of shipments** under the **Comprehensive Economic Partnership Agreement (CEPA)**.

What will be the Benefits of India-UAE CEPA?

- **Trade-in Goods:**
 - India will benefit from preferential market access provided by the UAE, especially for all labour-intensive 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:**
 - Both India and UAE have offered each other market access to the broad service 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'.
- **Trade-in Pharmaceuticals:**
 - Both sides have also agreed to a separate Annex on Pharmaceuticals to facilitate access to Indian pharmaceuticals products, especially automatic registration and marketing authorisation in 90 days for products meeting specified criteria.

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.
- India has signed **CEPAs with South Korea and Japan.**

What are other Types of Trade Agreements?

- **Free Trade Agreement (FTA):**
 - It is an agreement in which two or more countries agree to provide preferential trade terms, tariff concession etc. to the partner country.
 - India has negotiated FTA with many countries e.g. Sri Lanka and various trading blocs as well e.g. **Association of Southeast Asian Nations (ASEAN).**
 - **Regional Comprehensive Economic Partnership (RCEP)** is a Free Trade Agreement (FTA) between the ten member states of the ASEAN and the five countries (Australia, China, Japan, South Korea, and New Zealand) with which ASEAN has existing FTAs.
- **Preferential Trade Agreement (PTA):**
 - In this type of agreement, two or more partners give preferential right of entry to certain products. This is done by reducing duties on an agreed number of tariff lines.
 - Tariffs may even be reduced to zero for some products even in a PTA. India **signed a PTA with Afghanistan.**
- **Comprehensive Economic Cooperation Agreement (CECA):**
 - CECA generally covers negotiation on trade tariff and TRQ (Tariff Rate Quotas) rates only. It is not as comprehensive as CEPA. **India has signed CECA with Malaysia.**
- **Bilateral Investment Treaty (BIT):**
 - It is a bilateral agreement in which two countries sit together and decide the conditions for private investments by citizens and firms of the two countries.
- **Trade and Investment Framework Agreement (TIFA):**
 - It is a trade pact between two or more countries which establishes a framework for expanding trade and resolving outstanding disputes between countries.

What are the Trade Agreements India had signed with other countries?

S. No.	Name of the Agreement
1	India-Sri Lanka Free Trade Agreement (FTA)
2	Agreement on South Asian Free Trade Area (SAFTA) (India, Pakistan, Nepal, Sri Lanka, Bangladesh, Bhutan, the Maldives and Afghanistan)
3	India-Nepal Treaty of Trade
4	India-Bhutan Agreement on Trade, Commerce and Transit
5	India-Thailand FTA - Early Harvest Scheme (EHS)
6	India-Singapore Comprehensive Economic Cooperation Agreement (CECA)
7	India-ASEAN CECA - Trade in Goods, Services and Investment Agreement (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam)
8	India-South Korea Comprehensive Economic Partnership Agreement (CEPA)
9	India-Japan CEPA
10	India-Malaysia CECA
11	India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA)
12	India-UAE CEPA

In addition, India has signed the following 6 limited coverage Preferential Trade Agreements (PTAs):

S.No.	Name of the Agreement
1	Asia Pacific Trade Agreement (APTA)
2	Global System of Trade Preferences (GSTP)
3	SAARC Preferential Trading Agreement (SAPTA)
4	India-Afghanistan PTA
5	India-MERCOSUR PTA
6	India-Chile PTA

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. The term 'Regional Comprehensive Economic Partnership' often appears in the news in the context of the affairs of a group of countries known as (2016)

- (a) G20
- (b) ASEAN
- (c) SCO
- (d) SAARC

Ans: (b)

Q. With reference to the 'Trans-Pacific Partnership', consider the following statements: (2016)

1. It is an agreement among all the Pacific Rim countries except China and Russia.
2. It is a strategic alliance for the purpose of maritime security only.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

Exp:

- In 2005, trade agreement between a small group of Pacific Rim countries comprising Brunei, Chile, New Zealand, and Singapore led to the formation of Trans-Pacific Partnership (TPP) consisting of 12 nation states.
- TPP is an economic partnership **covering elimination or reduction of tariffs, liberalization of services trade, investment rules, e-commerce guidelines, intellectual property protections, and labour and environmental standards** and many other aspects of global trade. **Hence, statement 2 is not correct.**
- TPP includes **Japan, Vietnam, Brunei, Malaysia, Singapore, Australia, New Zealand, Canada, Mexico, Peru, Chile, and the USA (withdrew from TPP in early 2018).** **Hence, statement 1 is not correct.**
- After withdrawal of US, remaining eleven signatories, known as the TPP-11, continued talks and their efforts led to the formation of Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which was signed in March 2018. It has already been ratified by a majority of members and entered into force for those countries on December 30, 2018.
- **Therefore, option (d) is the correct answer.**

Source: MINT

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