



UNITED ARAB EMIRATES
MINISTRY OF ECONOMY

The India-UAE

Comprehensive Economic Partnership Agreement

www.moec.gov.ae/cepa



The background of the slide is a blurred image of a financial market floor. It features multiple large electronic displays showing stock market data, including line charts and numerical price feeds. The lighting is dim, with the primary light sources being the glowing screens, which create a professional and high-tech atmosphere.

CONTENTS

- 1 Strategic Case
- 2 Overall Objectives
- 3 Consultations on Trade Negotiations
- 4 Economic Impact

A satellite view of Earth from space, showing the curvature of the planet and the dark silhouette of a landmass in the foreground. The background is a deep blue space filled with stars.

STRATEGIC CASE

STRATEGIC CASE

Introduction

A Comprehensive Economic Partnership Agreement with India is part of delivering the UAE's strategy to adapt to an increasingly complex and fast-changing environment by strengthening our economy and driving the global post-COVID 19 recovery through international trade. The UAE's ambition is to expand our bilateral trade ties with like-minded nations to enhance our global competitiveness, increase foreign direct investment, continue to attract some of the world's top human capital, and position the country as a global hub for business, investment and innovation.

International trade will play an integral role in the UAE's efforts to double the size of our economy in the coming decade. Today, the UAE's non-oil economy represents more than 70 percent of our GDP, and our logistics network extends to more than 400 global cities. Our near-term aim is to boost exports by 50 percent in the next few years. Our CEPA model is central to our efforts to stimulate long-term, sustainable economic growth and cement the UAE's position as a global center for business.

India is already an important partner for the UAE and our CEPA is an opportunity to strengthen this relationship and leverage our shared ambition to use trade as a catalyst for economic growth and prosperity. The UAE-India CEPA is the first bilateral trade agreement to be signed by the UAE and the first trade agreement in the MENA region to be signed by India. The direct benefits of our CEPA are clear as it has the potential to boost bilateral trade by USD 100 billion over the next five years.

The UAE-India CEPA represents a turning point in our nation's economic trajectory. It will benefit consumers, producers and companies alike by opening new markets for business, bringing better jobs and higher wages for people, and lowering prices when consumers need it most. The UAE is committed to creating new economic opportunities for the future and ensuring our CEPA with India works for everyone.

Economic Recovery

Trade has always been vital to our nation. Not just the movement of goods such as spices, pearls or barrels of oil, but the movement of people, capital, services and ideas. As we emerge from the pandemic, we must remain open to that continuous exchange.

Today, the COVID-19 pandemic has pushed countries to become more self-reliant, but the unprecedented challenges have also made nations realize the power of economic and strategic cooperation. At the peak of the pandemic, the UAE and India worked together to minimize supply chain disruption through the exchange of medical supplies and professionals – helping to protect the lives and livelihoods of our people.

The UAE-India CEPA will further ensure access to global markets through safe, secure and reliable supply chains as well as enhance the efficiency and sustainability of those supply chains – both to accelerate the free flow of trade but also to secure a stronger, more resilient global economic future.



UAE and India Key Allies

The UAE-India CEPA is as much an economic partnership agreement as it is a testament to the longstanding friendship our two countries have enjoyed since the establishment of our diplomatic relationship in 1972. In fact, the start of our bilateral relations predates our diplomatic engagement, with a history of commerce dating back centuries.

Today, millions of Indian nationals living and working in the UAE form a vibrant community that has become an inseparable part of our national fabric. 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 our peoples continue to engage in trade, study, and tourism.

Strong economic relations underpin the UAE's deep friendship with India. In 2021, the total value of the UAE's non-oil trade with India amounted to over USD 45 billion, reflecting a 60 percent growth compared to 2020 and an eight percent growth compared to 2019. Additionally, India ranks as the UAE's number one trading partner for non-oil exports, accounting for nearly 14 percent of the UAE's total non-oil exports globally.

With shared interests and common values, the UAE and India are continuing to work together to promote the development of trade, investment and innovation and address shared global challenges. From security and trade to climate action, healthcare and education, the UAE's partnership with India is helping build a better future.

Strong economic relations underpin the UAE's deep friendship with India. In 2021, the total value of the UAE's non-oil trade with India amounted to over USD 45 billion, reflecting a 60 percent growth compared to 2020 and an eight percent growth compared to 2019. Additionally, India ranks as the UAE's number one trading partner for non-oil exports, accounting for nearly 14 percent of the UAE's total non-oil exports globally.

Reinforcing UAE's Position as Global Hub for Business

Our deal with India, the world's fifth biggest economy and its second most populous country, is the first of what will be a transformational network of agreements that will unlock a wealth of opportunity not just for our respective nations but for the region as a whole.

In India, we see a natural partner. A friend and a strategic ally with whom we can enhance investment, boost growth and secure a new era of opportunity in a post-pandemic world. Equally the UAE offers a unique platform for growth for India's manufacturers and exporters, whether it's our internationally competitive legal and business environment, 100 percent foreign ownership laws and efficient set-up procedures, our free zones, world-class ports and airports, or our high-caliber, multi-national human resources.

As the UAE looks to unlock the possibilities of a post-COVID future, the next 50 years of success begins here. Our CEPA with India and our other forthcoming deals will ignite a growth path that will shape the future of modern trade, breathe greater life into the south-south corridor, help unlock the new Asian future, and reinforce the UAE as a trade hub linking Asia, Africa and Europe.

Opportunities for Entrepreneurs, Businesses and Investors

The UAE-India CEPA is a milestone for both the UAE and India – one that builds on decades of enterprise and exchange to establish a new era of progress and prosperity for people in both countries.

Key benefits of our CEPA:

- **Providing certainty and market access for UAE services businesses** by securing commitments from India on access to its market and fair competition in key UAE services sectors, such as financial, environmental and transport services, as well as construction, health and tourism services. The CEPA also sets clear and transparent rules to trade, improving the ease of doing business for UAE service sector companies looking to expand to India and export services abroad.
- **Reduced barriers to trade in goods** through simpler customs procedures, lower or zero tariffs, and modern rules to trade. The CEPA will enable the UAE's new or existing exporters to India to trade more easily and at lower costs, while also benefitting UAE consumers.

- **Shaping the rules for digital trade** to ensure online consumer protection, allow for the free flow of data, and enable the use of digital technologies in business while still protecting intellectual property rights. The UAE is prioritizing a digital-first economy and this CEPA will reduce obstacles for UAE companies operating in the digital economy, helping to stimulate investment in new technologies and accelerate digital transformation in the UAE.
- **Promoting collaboration on shared global challenges** through stronger economic ties. Our CEPA with India encourages greater partnership and cooperation on global issue areas such as new technology development, environmental policies and practices, and agriculture, forestry and fisheries.
- **Enabling SMEs to export goods and services to India.** SMEs are fundamental to our modern, knowledge-based economy. The sector accounts for 95 percent of the companies operating in the UAE and contributes more than 50 percent of the UAE's GDP. This CEPA will provide a platform for SMEs based in the UAE to expand and grow into new exciting markets, with enhanced access to new customers, networks, avenues of collaboration and mechanisms to scale at speed.

Unlocking new opportunities for UAE businesses:

- For the first time, in many sectors, UAE firms are now able to compete for some of India's government purchases on a nondiscriminatory basis.
- Many exports now benefit from duty-free treatment, including prepared food, chemicals, pharmaceutical products, paper and paperboard, carpets and rugs, glass and glassware, among others.
- Our CEPA also secures better market access for trade in services sectors such as logistics, hospitality, financial services, and construction.

\$100 BILLION

The value of bilateral trade the CEPA may unlock within five years

An aerial, top-down view of the deck of a large container ship. The ship's hull is a light blue-grey color. The deck is filled with numerous shipping containers stacked in rows. The containers are in various colors: red, blue, yellow, orange, and purple. A large white crane is positioned in the center of the deck, near the bow. The ship is moving through dark, choppy water. The text "OVERALL OBJECTIVES" is overlaid in large, white, bold, sans-serif capital letters on the lower half of the image.

OVERALL OBJECTIVES

OVERALL OBJECTIVES

For the UAE, the primary goal of our CEPA with India is to champion the private sector by reducing barriers to UAE exports, protecting UAE interests competing abroad, and ensuring fair and transparent rules of trade. Through our CEPA, UAE businesses can now enter and compete more easily in India's market and export their products and services to India at lower costs.

Our CEPA also aims to strengthen the longstanding UAE-India economic partnership and build upon our close cultural ties and shared commitment to economic development and human prosperity. The comprehensive strategic partnership established with India in 2017 paved the way for this CEPA, which will transform bilateral economic and investment ties, open up emerging trade routes between Africa and Asia, promote global trade liberalization and drive economic growth in a post-COVID world.

Recent global and regional economic downturns has propelled the UAE to diversify our trade. Our ambition for our CEPA with India is to increase the resilience of our supply chain, securing our future economy from supply chain disruptions and economic shocks. At the same time, the UAE is actively working to improve supply chain efficiencies for global trade through new technologies and best-in-class logistics value chain capabilities.

While our CEPA with India governs the rules of trade between our two nations, it takes into consideration the UAE's constitutional arrangements and obligations and builds on the UAE's existing international commitments. Most importantly, the goal of this CEPA is to achieve our trade and investment objectives without compromising on our high level of standards and protections for UAE consumers.

agreed rules are based on compound criteria of change in tariff classification (CTC) of the good plus a minimum percentage value added.

- Sets special qualifying rules for gold, steel and copper sectors to reflect the actual capabilities of those industries in the UAE.

Customs and Trade Facilitation

Creating greater efficiency and better border procedures

- Closely aligns with the WTO's Agreement on Trade Facilitation (TFA).
- Contains specific provisions to increase efficiency in customs procedures affecting the movement of cross-border trade, such as issuing customs rulings prior to import, facilitating cross-border clearance for economic operators, and adopting international best practices of customs management techniques.
- Enhances cooperation in the exchange of information with the objective of lowering trade costs and reducing unnecessary regulatory or administrative customs procedures to better facilitate trade.

Technical Barriers to Trade

Reducing non-tariff barriers to trade

- Ensures that standards, technical regulations, and conformity assessment procedures do not create unnecessary barriers to trade.
- Promotes international best standards as a basis for technical regulations.
- Clarifies cooperation mechanisms on technical regulations and conformity assessment procedures.
- Establishes a sub-committee to facilitate technical discussions and monitor the implementation and operation of technical barriers to trade measures.

OVERVIEW OF EACH CHAPTER

Trade in Goods

Improving market access for goods

- Provides UAE exporters greater access to the Indian market through tariff elimination or reduction on more than 80 percent of goods.
- Establishes a robust legal framework on technical regulations, standards and conformity assessment procedures to ensure the smooth flow of trade in goods.
- Prevents the use of export subsidies on Indian products destined for the UAE.
- Establishes a mechanism for consultations on non-tariff measures that may create barriers to trade.
- Sets preferential rules of origin that govern the criteria for which traded goods are eligible for tariff reduction or elimination. The

Sanitary and Phytosanitary Standards

Protecting Human, Animal and Plant Life

- Establishes a detailed mechanism on sanitary and phytosanitary measures that protects human, animal and plant health while ensuring such measures do not create unjustified barriers to trade.
- Enhances transparency and understanding of the application of the UAE and India's sanitary and phytosanitary measures.
- Encourages the development and adoption of science-based international standards, guidelines, and recommendations.
- Establishes clear rules on Audit, Certification and Import Checks.

Trade in Services

Facilitating market access for the services sectors

- Contains legal provisions to regulate cross-border trade in services and offers service providers with an open and non-discriminatory environment for cross-border trade.
- Ensures that each party receives national or most-favored-nation treatment.
- 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-related and social services, Tourism and travel-related services, and Transport services.

Digital Trade

Empowering modern technology and the digital economy

- Establishes a framework that will help to promote consumer confidence in digital trade and foster an environment conducive to the advancement of digital trade, including e-commerce and the digital transformation of the global economy.
- Ensures customs duties are not imposed on electronic transmissions.
- Enables the UAE and India to revisit the Digital Trade chapter in the future to address the changes in the digital era.

Investment

Promoting and facilitating investment

- Refers to the UAE-India Bilateral Investment Treaty and any subsequent amendments.
- As such, this chapter does not cover investment protection, as this is covered by the BIT.
- Encourages mutual investments through establishing the UAE-India Technical Council on Investment with the objective of promoting, facilitating and monitoring the investment activities, as well as identifying new opportunities for investment.
- Excludes chapter from dispute settlement mechanism but affirms the rights for the disputes under the BIT.

Intellectual Property

Protecting innovation and creativity

- Strengthens the protection and enforcement of intellectual property rights to promote technological innovation and to transfer and disseminate technology.
- Ensures intellectual property provisions are balanced with existing UAE laws, regulations and the UAE's international commitments.
- Aligns intellectual property commitments with the WTO on TRIPS and Public Health, affirming the rights of countries to take measures to promote public health.

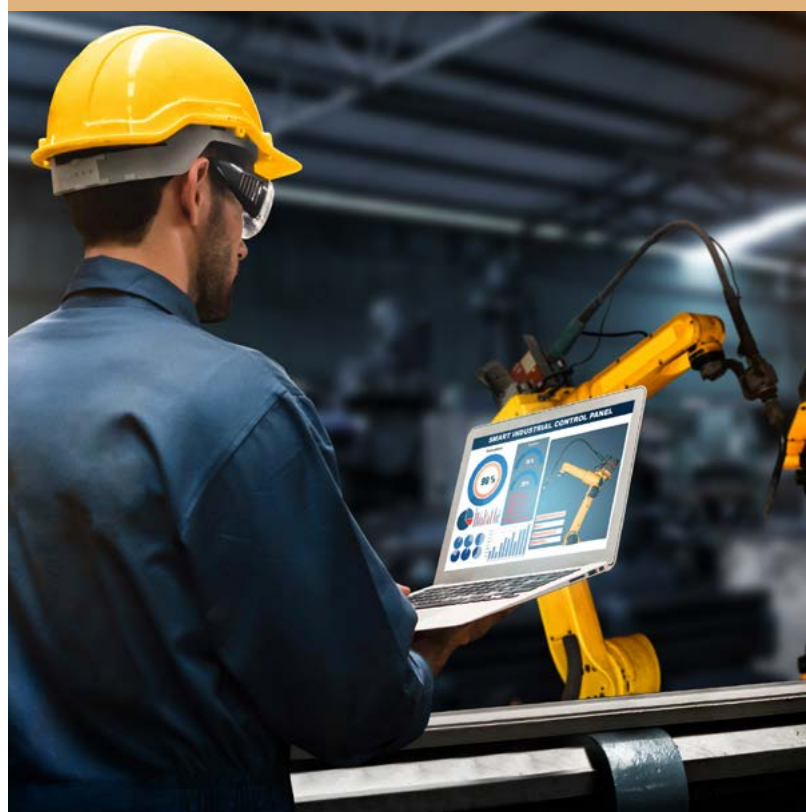
Government Procurement

Opening the doors to public-sector contracts

- Secures access to India's government procurement and grants a price preference of 10 percent in favor of national companies, SMEs and green companies in tenders for goods and services covered by the agreement.
- Strengthens partnership and cooperation frameworks to enable both countries to benefit from the experiences and expertise of the other in managing government procurement.
- Enables the UAE to benefit from products and services currently not available in its local market.
- Facilitates and accelerates the communication channels between the UAE and India regarding government procurement.
- Creates opportunities for UAE suppliers to participate in the bids offered by India's government agencies.

AED3 TRILLION

Foreign trade will help double the size of the UAE economy by 2031



Trade Remedies

Ensuring domestic industries remain strong

- Enables consultations before the initiation of a trade remedy investigation.
- Establishes a mechanism for bilateral safeguard measures if imported products from India under tariff elimination increase to such quantities as to cause or threaten injury to the UAE's domestic industry.
- Ensures that UAE products will not be subject to India's antidumping investigations where such products are merely transhipped.
- Establishes a sub-committee on trade remedies to discuss related issues with the objective to find a mutually satisfactory solution to trade remedy investigations.

Dispute Settlement

Creating mechanisms to resolve disputes

- Establishes a consultation mechanism to avoid disputes concerning the interpretation and application of this CEPA with a view of finding a mutually satisfactory resolution of any matter.
- Establishes a timely and effective dispute settlement mechanism, as the panel shall deliver its final report to the UAE and India within one hundred and twenty (120) days of the date of composition of the panel.
- Provides rules on the temporary remedies in the case of non-compliance with the panel report.
- Establishes rules for a mutually agreed solution that the parties may reach at any time with respect to any dispute.

Small and Medium-Sized Enterprises

Championing the bedrock of the private sector

- Provides a platform for SMEs in the UAE to expand internationally by granting them access to new customers, networks, and avenues of collaboration.
- Provides a mechanism for information sharing in relation to all trade-related aspects, including laws, regulations, procedures, business registration, technical regulations, standards and SME programs.
- Establishes an SME committee with clear functions to enable SME engagement and provide them with tools to benefit from the opportunities provided in the CEPA.

Economic Cooperation

Encouraging future collaboration in new areas

- Encourages future cooperation in areas not covered in other chapters, such as: tourism, information and communication, media, energy, environmental goods and services and human resource development.
- Enables consultations and cooperation on important areas of interest for UAE including competition policy, environmental cooperation and air service cooperation.
- Establishes a special committee for the purpose of monitoring the effective implementation of this chapter based on an annual program to be adopted by the Joint Committee, which supervises the implementation of the CEPA.

General Provisions


Enabling a flexible CEPA framework

- References the Enabling Clause as a legal basis for Trade in Goods, allowing the UAE to benefit from the special and differential treatment in its relations with India as well as within the WTO framework.
- Excludes the Energy Sector from all aspects and provisions of the agreement, including dispute settlement obligations and related procedures.
- Allows the Joint Committee to assess, revise and propose amendments to the agreement, including improving market access, in the light of the experiences gained during the application of this Agreement and its objectives.

\$9 BILLION

CEPA's expected contribution to the UAE's GDP by 2030





CONSULTATIONS ON TRADE NEGOTIATIONS

CONSULTATIONS ON TRADE NEGOTIATIONS

Introduction

The UAE implemented a whole-of-government approach in our CEPA negotiations with India. Our trade negotiation team is led by the Ministry of Economy and includes members from numerous UAE government and private sector entities who have a stake in the UAE's future. Our trade negotiation process involves an economic feasibility analysis of a potential CEPA with a partner country, consultations with private sector stakeholders, an agreed upon scope and terms of reference with the partner country, and rounds of negotiation working group sessions across every CEPA chapter.

Our CEPA with India covers 18 chapters, 11 annexes and three side letters, all of which are available on our Ministry of Economy website at www.moec.gov.ae/en/cepa_india. Throughout the negotiation process with India, we consulted with our private sector and received feedback on chapter provisions and market access offers/requests from companies across a range of industries. These consultations helped us to safeguard our economic interests in India and secure the best deal for UAE businesses.

CEPA Governance

The UAE Cabinet approves the mandate and members of the UAE Trade Negotiation Higher Committee and ratifies all final CEPAs.

The UAE Trade Negotiation Higher Committee reviews final terms of the CEPA and manages strategic matters and sensitive issues.

The UAE Trade Negotiation National Committee reviews and approves final CEPAs, manages partner country relations, develops a CEPA strategy for each partner country, and supervises the CEPA process and strategic communications.

The UAE trade negotiation team is comprised of experienced economists, trade analysts, legal and public relations experts from various government and private sector entities.

Next Steps

- The UAE will continue to consult with stakeholders through formal and informal mechanisms as we develop our independent trade policy further and work to expand our network of CEPAs.
- Upon entry into force of our CEPA with India on May 1, 2022, we encourage private sector companies to share any feedback on issues that arise or barriers to trade in leveraging the benefits of this CEPA with our team at cepa@economy.ae.



A photograph showing a person in a yellow and black striped shirt holding a small cardboard box. In the foreground, there are large sacks filled with a bright yellow powder. A person in a pink shirt is visible in the background. The scene appears to be a market or a distribution point for goods.

ECONOMIC IMPACT

ECONOMIC IMPACT

Overview

Our CEPA with India has the potential to increase the total value of non-oil bilateral trade to over USD 100 billion in the next five years. The CEPA will accelerate the exchange of goods and services between the UAE and India and facilitate greater investment flows, leading to economic gains for both nations. For UAE industries and manufacturers doing business with India, the CEPA will create a predictable and transparent trading environment and result in more economic opportunities by:

- Eliminating or reducing customs duties
- Removing non-tariff barriers to trade
- Strengthening the use of international standards
- Granting preferential access to the Indian market
- Reinforcing the competitiveness of the UAE industry
- Clarifying the rules of trade with India
- Creating tools to offset any harmful effects to UAE industry from a sudden surge of imports
- Establishing an effective and efficient dispute settlement system
- Enabling access to India's government procurement market

Examples of Sectors Most Positively Impacted

UAE goods

- Prepared food
- Chemicals
- Pharmaceutical products
- Plastics and articles (including paper and paperboard, carpets and rugs, certain steel articles)
- Glass and glassware
- Certain electrical and mechanical products
- Mineral fuels
- Aluminum
- Iron and steel
- Polyethylene
- Copper

India goods

- Electrical machinery
- Pharmaceutical products
- Gold and jewelry
- Cereals
- Fish and crustaceans
- Fruits and vegetables

Examples of Services Sectors Positively Impacted

The CEPA will bring new opportunities for UAE and Indian companies in the services sectors. The agreement improves market access for services such as:

- Business (including professional, computer, real estate, rental and leasing services)
- Communications
- Construction and engineering
- Distribution
- Education
- Environment
- Finance and insurance
- Healthcare
- Tourism and travel
- Recreation, culture and sports
- Transport

Benefits for Consumers

Consumers in the UAE and India will benefit in many ways. Most notably, consumers will gain improved access to a wider range of competitively priced goods and services as the CEPA will lead to:

- Lower prices
- More product varieties
- Higher quality products

Benefits for Small Businesses

International trade enables small businesses to compete in the world economy. Our CEPA will help UAE small businesses expand to the Indian market and diversify their consumer base by:

- Ensuring access to information on export rules and requirements
- Establishing simple customs procedures
- Creating opportunities to network with commercial partners in India



Website

www.moec.gov.ae/cepa

Email

cepa@economy.ae

