



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 3rd largest trading partner (after US, China).** Bilateral trade turnover between the two was US\$ 68.4 billion in 2021.
- **FDI:**
 - UAE is the **7th 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](#)

PDF Refernece URL: <https://www.drishtias.com/printpdf/one-year-of-india-uae-cepa>

