

NEXT IAS

**DAILY EDITORIAL
ANALYSIS**

TOPIC

India -UAE: Towards Greater
Partnership

www.nextias.com

INDIA -UAE: TOWARDS GREATER PARTNERSHIP

In News

- The India-UAE Business Summit was held to strengthen bilateral ties between India and the United Arab Emirates (UAE) as part of the Vibrant Gujarat Global Summit 2024.

India and UAE ties: Overview

- India and the United Arab Emirates (UAE) established diplomatic relations in 1972.
- **Plurilateral/Multilateral Cooperation:** India and the UAE are currently part of several plurilateral platforms such as I2U2 (India-Israel-UAE-USA) and UFI (UAE-France-India) Trilateral, etc
- **India-UAE trade rose** to USD 85 billion in 2022, making the **UAE India's third-largest trading partner** for the year 2022-23 .
- In February 2022, India became the first country with which the **UAE signed a Comprehensive Economic Partnership Agreement (CEPA)**.
- Bilateral trade has increased by approximately 15% since the entry into force of the CEPA on 1 May 2022.

Latest Developments

- The **UAE-India CEPA Council (UICC)** was launched to encourage close partnerships and tangible cooperation across all levels of the UAE and Indian business communities
 - ♦ The council will emphasise on critical industries such as start-ups, women entrepreneurs, micro, small, and medium-sized enterprises (MSMEs), and the services sectors.
- Both the countries have finalised four agreements in **food processing and renewable energy** to strengthen bilateral ties.
- The Joint Military exercise '**Desert Cyclone**', between India and UAE is underway in Rajasthan.
 - ♦ The exercise aims to enhance interoperability by learning and sharing best practices in operations.
- The **Reserve Bank of India (RBI)** and the Central Bank of the UAE agreed to establish a framework for enabling the **use of the two countries' local currencies for cross-border transactions**
- The **United Arab Emirates' recent membership of BRICS**—Brazil, Russia, India, China and South Africa—grouping, which was supported by the Indian government, will serve to further catalyse our bilateral ties, and qualitatively expand our mutual desire to promote peace and prosperity at the global level.
- The **UAE-India Business Summit: It** is another step towards accelerating India-UAE bilateral economic relations for mutual growth and prosperity.
 - ♦ It facilitated a focused discussion session for further cooperation in areas such as trade finance, investment facilitation, and sectoral collaboration.

Importance

- Over the course of the year, UAE has risen to the position of India's **fourth-largest investor, third-largest trading partner** and **second-largest export destination**, further underlining the transformative influence of the CEPA.
 - ♦ CEPA has helped reduce tariffs on more than 80% of product lines, eliminate barriers to trade and create new pathways for investment and joint ventures.
 - ♦ The two countries are fast moving towards the target of US\$100 billion non-oil trade by 2030.
- India's support throughout the **United Arab Emirates' presidency of CoP-28**, and that of the UAE of India's G20 presidency, are indicative of the importance that both our countries place upon this partnership.

Challenges

- Peace in West Asia is a priority for India. This energy rich region is the lifeline to **India's crude and natural gas needs**, and an important trade and strategic partner.

- With the **Israel– Hamas conflict** , concerns are growing over its potential to expand and destabilise the West Asia region.

Conclusion and Way Forward

- The UAE -India relationship is one of the region's most dynamic partnerships.
- The recent development in partnership will provide a dynamic new outlet for the business communities of two countries to tangibly deepen their already significant and constructive commercial ties.
- It is an opportune moment for India's dynamic startup ecosystem, its unicorns and innovators, to explore growth and diversification into the Emirati market, and from there to the Middle East, Africa, and Europe.
- Developments in West Asia are giving birth to new challenges.
 - ♦ India is condemning the dastardly terror attack on Israel and urging for a restrained response along with dialogue and diplomacy.
- There is a need for open, consistent and constructive dialogue; visionary leadership; and mutual respect.

DAILY MAINS QUESTION

UAE-India ties serve as a model for other countries seeking to build a long-lasting and multidimensional relationship. Discuss

