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New Era of Indo-UAE Relationship Earmarks Another Dawn of Bilateral Trade



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Over the past years, India and United Arab Emirates (UAE) has developed a multifaceted strategic interdependence partnership. Both the nations have witnessed India-UAE bilateral relationship and signing of bilateral treaties including the participation of our Hon'ble Minister for External Affairs as Guest of Honour at the Organisation of Islamic Countries Foreign Ministers' meeting hosted by Abu Dhabi; announcement of the UAE's highest civilian honour, Zayed Medal to our Hon'ble Prime Minister Shri Narendra Modi; India participating as Guest of Honour at Abu Dhabi International Book Fair; launch of Gandhi-Zayed Digital Museum; foundation stone of the first Hindu temple in Abu Dhabi; wonderful gestures on re-election of Hon'ble Prime Minister Narendra Modi; and celebration of International Yoga Day on the iconic Adnoc building, reflects the true strength of the bond between the two nations

In a growing trend of trade relations, during the Hon'ble Prime Minister Narendra Modi's visit to the UAE in February 2018, both the nations signed a landmark currency swap agreement to conduct trade directly in their local currencies eliminating the need for US dollars which would significantly boost trade. The swap is for an amount of two billion UAE dirham or 35 billion Indian rupees (US\$495 million), according to the Indian Embassy in Abu Dhabi.

UAE is now looking beyond Europe and the US and trying to strengthen its bilateral economic ties with India, whilst India on the other hand is trying to transform its economic growth, primarily by exporting goods to the UAE, in order to capitalize on its economic dominance. Both the nations are working on enhancing bilateral cooperation for mutual benefit of the people of both the countries and also for peace, prosperity and stability in the region.

In the recent past we have witnessed rounds of bilateral meetings between the Crown Prince of Abu Dhabi and the Ruler of Dubai and our Hon'ble Prime Minister, wherein our Hon'ble Prime Minister has also delivered the key note address on the theme - "Technology for Development"- at the sixth World Government Summit in Dubai, where India was invited as the Guest of Honour. Both leaders have also set an ambitious target

of US\$100 billion in bilateral trade by the year 2020.

Abu Dhabi Investment Authority (ADAI) is among the most active foreign investors in India which has deployed its funds in private equity, real estate and backed two of the largest renewable energy companies in India, investing over \$400 million in ReNew Power and Greenko. DP World, the Dubai-based port operator, and National Investment and Infrastructure Fund (NIIF) have planned to jointly invest up to \$3 billion in ports, terminals, transportation and logistics businesses in India.

Our Hon'ble Prime Minister Narendra Modi has conveyed to the UAE Foreign Minister his resolve to step up cooperation with the Gulf country in key sectors such as trade and energy. As per the available records, UAE is India's third largest trade partner and fourth-largest energy supplier. The country is also home to a 3.3 million-strong Indian community, largest in the Gulf region. India emerges as a top new investment destination for the oil-rich nation, which is boosting the relationship between the two countries.

Several prominent private and public sector Indian companies and banks are also operating in the UAE. Major Indian companies such as HCL, Larsen & Toubro, ICICI, Indian Oil Corporation, Mahindra, ESSAR, Dodsai, Punj Lloyd, Engineers India Ltd., TCIL, the Oberoi group etc. have been able to obtain significant number of contracts in UAE.





Trade Relations

The India-UAE trade relations have expanded by energy cooperation, trade and investments by UAE in India and vice versa. In the energy sector, UAE accounts for 8 percent of India's oil imports and is the fifth largest supplier of crude oil to India. Both the nations have geared up the relationship to transform from a buyer-seller relationship into strategic partnership.

India-UAE trade which was valued at US\$ 180 million per annum around 1970, is currently around US\$ 60 billion during financial year 2018-19 making India the second largest trading partner of UAE, while UAE is India's third largest trading partner (after China and US). Moreover, UAE is the second largest export destination of India which grew by 7 percent to US\$ 30.13 billion during the year 2018-19 whereas UAE's exports to India surged by 37 percent to reach US\$ 29.78 billion. India has

set a diversified exports market in the UAE. India's major export items to the UAE are: Precious Metals, Stones, Gems & Jewellery, Minerals, Food Items (Cereals, Sugar, Fruits & Vegetables, Tea, Meat, and Seafood), Textiles (Garments, Apparel, Synthetic fiber, Cotton, Yarn) and Engineering & Machinery Products and Chemicals and on the other hand the major items of import from the UAE are: Petroleum and Petroleum Products, Precious Metals, Stones, Gems & Jewellery, Minerals, Chemicals, Wood & Wood Products. There is an estimated US\$ 8 billion UAE investments in India of which US\$ 5.96 billion (upto September, 2018) is in the form of Foreign Direct Investment, while the remaining is portfolio investment leading to UAE being the tenth biggest investor in India in terms of FDI. UAE's investments in India are concentrated mainly in five sectors: Services Sector (9.44%), Power (8.97%), Construction Development: Townships, Housing, Built-Up Infrastructure and Construction-Development Projects (8.81%), Air Transport (Including Air Freight) (7.42%), Hotel & Tourism (7.29%). ADIA and NIIF announced US\$ 1 billion investment in NIIF's Master Fund for investing in the Infrastructure sector in India. ADIA has



also committed to invest US\$ 1 billion in India in focused affordable housing fund launched by HDFC and US\$ 500 million into renewable energy and highways. UAE has also shown interest in extending joint cooperation with India in Africa and Afghanistan. During the visit of the EAM in December 2018 both the countries signed an MoU for developmental cooperation in Africa.

According to the Dubai Land Development Department Reports, it has been indicated that Indians were the largest foreign investor in Dubai real estate. Over 2 million Indian migrants are estimated to be living in the UAE, which is over 27 percent of the total population of the UAE. As per the latest data, there are more than 1000 direct flights per week between various destinations of India and the UAE.

Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)

India and UAE have not only joined their hands for trade developments or cultural relationships, but has also jointly organised the first ever India and UAE medical partnership conference in New Delhi. The conference witnessed the opening of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) wherein UAE welcomed the ancient Indian principle to be combined with conventional medicine to provide patients in the UAE with holistic wellbeing.

Security, Defence and Space Cooperation:

Both the nations have signed an MOU on Cooperation in the Exchange of Financial Intelligence related to Money Laundering, Associated Predicate Offences and Terrorist Financing. They are also working on further deepening cooperation in combating transnational crimes and establishing institutional mechanism for cooperation to combat drug-trafficking. Both the nations have agreed to renew their commitment to work closely to strengthen maritime security in the Gulf and the Indian Ocean region, which is vital for the security and prosperity of both countries and join hands in the identified areas of remote sensing, space science,



satellite navigation, launching services, academic cooperation and industry interactions.

Cultural Relations:

India and UAE have even worked on the cultural frontiers. India was the 'Guest of Honour' country at the UAE's prestigious month-long annual cultural festival in March 2018, the Abu Dhabi Festival (ADF), which showcased diverse cultural wealth of India to the World bringing top level performances from India. This helped sustain visibility for India right after the visit of PM in February.

Middle class Indians in the UAE have established a network of cultural associations such as the India Club, Indian Association, Goan Cultural Society and numerous Keralite associations support cultural networks of the Indian sub-communities in the UAE. Moreover, schools such as the Abu Dhabi Indian School and The Indian High School, Dubai provide Indian curricular education to expatriate students. Dubai is the only emirate in the UAE with a Hindu temple and Sikh Gurudwara.

Indian Community

As per the data published by the International Organization of Migration it may be noted that the Indian population in UAE has grown to 3.3 million, making it the largest concentration of Indian

nationals outside India. Professionally qualified personnel constitute about 15 - 20 percent of the community, followed by 20 percent white-collar non-professionals (clerical staff, shop assistants, sales men, accountants etc.) and the remainder 65 percent comprises blue-collar workers. The country has a significant business community from India which plays a major role in the economic development of the UAE.

UAE is now focussed on developing efficient grievance-redressal mechanisms for the Indian workers in the UAE. Both the nations have signed a MoU in the field of Manpower Sourcing in December 2006 and another MOU to streamline the admission

of Indian contract workers by way of an electronic contract registration and validation system was signed on April 4, 2012.

The Indian Embassy in UAE has set up Indian Community Welfare Fund (ICWF) for short-term economic assistance (food, shelter, passage expenses etc.) to destitute workers/housemaids in distress. Indian Workers

Resource Centre (IWRC) with a 24-hour helpline is operating in Dubai since November 2010.

An online web based portal called E- migrate system has been put in place for recruitment of Indian workers including Indian nurses from 1st June 2015. It is now the start of a new era of Indo-UAE trade developments and valuable strategic ties in a business-friendly environment. We are hopeful that this Indo-UAE partnership will definitely help both the nations in achieving US\$100 billion in bilateral trade by the year 2020. ■■■



About The Author

Mr. Sunil Kumar Gupta is an entrepreneur par excellence, a philanthropist and a great visionary. He is the leader of Indo European Business Forum (IEBF), India; the Founder Chairman of SARC Associates; Life Member of Delhi & District Cricket Association (DDCA) and National Sports Club of India (NSCI). He is also a Fellow Member of the Institute of Chartered Accountants of India (ICAI); Fellow Member of the Indian Council of Arbitration; Full Member of the Institute of Certified Public Accountants of Uganda (CPA-U). He has over 33 years of experience in diverse fields such as statutory and internal assurance services, corporate planning, finance, taxation, banking, education, investments, oil & gas and project implementations.

In keeping with the spirit of dissemination and to share the knowledge acquired through his experience, Mr Gupta has also authored many books namely 'Make in India', 'Window to Success-An Insight into MSME Sector', 'North East-The Land of Rising Opportunities', 'A practical guide to 'The Prohibition of Benami Property Transactions Act, 1988', 'Big Business India Guru-Know How to Make in India'.