



INDIA - UAE RELATIONS - GS II MAINS

Q. India and the UAE navigate the challenges and opportunities of the 21st century with their shared values positions and acting as key partners in shaping regional and global dynamics. Elucidate (15 marks, 250 words)

News: *Prime Minister Modi Highlights India-UAE Relations With Arabic Speech At 'Ahlan Modi' Event*

What's in the news?

- Prime Minister Narendra Modi delivered a brief speech in Arabic at the 'Ahlan Modi' event in Abu Dhabi, emphasizing the strong bonds between India and the UAE.

Key takeaways:

- He underscored the historical and linguistic connections between the two nations, stating, "India and the UAE are scripting a better destiny."
- The gesture symbolizes India's commitment to strengthening ties with the UAE, fostering mutual respect and understanding.

Recent Heights in India - UAE Relations:

1. India-UAE CEPA:

- India and the UAE Comprehensive Economic Partnership Agreement (CEPA) came into force on May 1, 2022.
- CEPA has led to slashing of tariffs on more than 80% of goods and gives zero duty access to 90% of India's exports to the UAE.
- It has led to an increase in the value of trade. The non-oil trade has reached US\$50 billion between May 2022, and April 2023. The target of non-oil trade hitting \$100 billion by 2030 seems an imminent possibility.

2. Launch of India-Middle East-Europe Economic Corridor (IMEC):

- UAE is a vital cog in the India-Middle East-Europe Economic Corridor (IMEEC) that would boost connectivity and act as a credible alternative to China's Belt and Road Initiative.

3. Launch of I2U2 Initiative:

- I2U2 is a grouping launched by India and UAE along with Israel and the United States.
- This grouping aims to deepen technological and private sector collaboration in the region to tackle transnational challenges in areas like water, energy and transportation.



4. Rupee-Dirham Deal:

- Reserve Bank of India (RBI) and the Central Bank of the UAE have agreed to establish a framework for enabling the use of their local currencies for cross-border transactions.
- This will reduce the reliance on US Dollars and promote the Internationalisation of Indian Rupee.

5. Convergence on Politically Sensitive Issues:

- UAE has been deeply understanding towards India's politically sensitive issues such as Kashmir and has stood with India on Abrogation of Art 370.

6. Religious Freedom:

- UAE has shown great religious acceptance and allowed the construction of the first ever temple on its Land- the BAPS Hindu Mandir Abu Dhabi.

Significance of India - UAE Relations:

1. Security:

- The Middle-east region is a theatre of warfare like the Israel-Hamas war, Conflicts in Syria, Iraq, Yemen etc. These conflicts have several security implications in India.
- For example, Rise of ISIS recruitments from Kerala. Hence, India-UAE relationship becomes significant to bolster internal and external security of both the nations.

2. Countering Piracy and Terrorism:

- Better India-UAE relations are necessary to strengthen the security of the Arabian Sea and Indian ocean region, that is prone to piracy.
- Also India and UAE have been collaborating in joint exercises to counter terrorism. For example, Desert Cyclone (Military), Zayed Talwar (Naval) and Desert Eagle (Air force).

3. Energy Security:

- UAE is one of India's key energy providers (6th largest exporter of crude oil to India). UAE is also the first international partner to invest in India's Strategic Petroleum Reserves Program.

4. Close Cooperation in International Forums:

- UAE supports India's bid for entry in the UNSC. Also, India and UAE have been collaborating closely in UNFCCC, ISA, I2U2 and IMEC etc.

5. Countering China's Influence in the Middle East:

- China has been increasing its influence in the middle east through initiatives like BRI, brokering of peace talks between Saudi and Iran. India must improve its relation with UAE to counter the Chinese growing Influence in the middle east.

6. Better Coordination with Regional Groupings Antagonistic to India:

- UAE commands a significant respect in regional groupings like OIC (Organization of Islamic Cooperation) and GCC (Gulf Cooperation Council). An improvement in relation will open India's door for an OIC membership and India-GCC FTA.

7. Remittances:

- UAE is the second home to 3.5 million Indian nationals. UAE is one of the top sources of remittance inflow in India.



8. Trade and Investment:

- UAE is India's third-largest trading partner, with the trade volume close to ~\$60bn. The CEPA agreement aims to increase the non-oil trade to \$100 bn by 2030.
- UAE's investment in India is estimated to be around U.S.\$11.67 billion, which makes it the ninth-biggest investor in India. Indian companies have set up manufacturing units either as JVs or in Special Economic Zones for cement, building materials, textiles, engineering products, consumer electronics.

9. Gateway to Africa:

- Engagement with the UAE paves the way for India to leverage UAE's easy access to the African market and its various trade partners (GCC and Greater Arab Free Trade Area (GAFTA) Agreement).
- This can help India to become a part of the supply chain especially in handlooms, handicrafts, textiles and pharma.

10. Protection of interests of Indian Diaspora:

- Good India-UAE relationship is crucial to protect the economic and socio-cultural interest of 3.5 million large expatriate community, as of 2021.
- For example, Opening of First ever Hindu Temple in Abu Dhabi.

11. Enhancement of India's Soft Power:

- Good relations with the UAE are a sine qua non for enhancing India's Soft power in the Middle-east region.
- For example, Abu Dhabi and Dubai celebrating Diwali.

India-UAE relations have traversed a remarkable journey from historical trade ties to a comprehensive strategic partnership. The diplomatic engagements, economic collaborations, and people-to-people connections underscore the depth and resilience of this relationship. As both nations navigate the challenges and opportunities of the 21st century, their commitment to mutual growth, security, and shared values positions India and the UAE as key partners in shaping regional and global dynamics. The future prospects hold immense promise for further collaboration across diverse sectors, contributing to the well-being and prosperity of their respective populations.