

The traditionally close and friendly India-United Arab Emirates relations have evolved into a significant partnership in the economic and commercial spheres, as recently, the relations between the two countries have witnessed unprecedented improvement, with leaders

# *India & UAE Closer Ties*



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*from both sides visiting each other's country and signing crucial agreements in various sectors in a bid to improve relations and trade. The strategic decisions taken would go a long way to help each other grow enormously*

***AE*** *Coming  
han Ever*



## *Building Strategic Bridges on Pillars of Mutual Growth*

India's growing engagement with the UAE has created a new robust strategic partner on the other side of Arabian Sea. The UAE's willingness to extend hand meets its strategic need to find partners from the East, which would help it in its economic growth while staying away from the turmoil in West Asia. The landmark visit of Prime Minister Narendra Modi in August 2015, the

return visit of the crown prince in February 2016, and the recent visit of Narendra Modi in February 2018 have resulted in securing confidence and various sets of agreements. Clearly, both have moved on to a Strategic Partnership from just bilateral relations. During Modi's visit to the UAE in 2015 itself, both the countries had decided to boost trade by 60% over the next five years.

*"BOTH - INDIAN PRIME MINISTER AND CROWN PRINCE OF ABU DHABI - HAVE AGREED TO FURTHER STRENGTHEN THEIR ECONOMIC AND COMMERCIAL TIES ESPECIALLY IN THE INDUSTRIES OF TRADE, ENERGY, CLIMATE AND CIVIL AVIATION"*

Modi's second visit has decisively paved a new path for India-UAE trade, as both the countries agreed to further strengthen their economic and commercial ties especially in the industries of trade, energy, climate, civil aviation, railways, manpower and financial services.

### **CHANGING DYNAMICS**

The recent upsurge in relations between the two countries is a reminder that both countries have leapfrogged in terms of global reputation and foreign policy. Here are some factors that have contributed to the changing dynamics of the relationship:

**Diversification in the UAE economy:** Before the end of the oil era boom, foreign trade between the two countries was mainly based on oil and gas sectors; however, as India chose to buy oil from other sources and found

its own pools in the country, the UAE found that an aggressive strategy of diversifying its bilateral relations and exploring other sectors of trade with India would be more beneficial.

**Common goal of fighting terrorism:** Both the UAE and India have been making efforts in their own way towards fighting terrorism and the spread of hatred, as both are moderate nations and victims of terror. Their respective regions have shown consistent unrest and have often given opportunities to their opponents to create extremism. Understanding each other's position, needs and a hard stance against terrorism, both have decided to come together to intensify their security and defence cooperation to ensure peace and stability.

**Economic goals:** India has been growing as the fastest major economy in the world and so are its opportunities. Under the current government, stock market has been performing impressively and various structural reforms have also been introduced such as GST and ease of doing business. After the announcement of the creation of \$75-billion fund by Modi and Sheikh Mohammed bin Zayed, their economic goals complement each other.

**Strategic partnership:** By developing common goals on several fronts, both the countries have all the more reasons to go deeper in their relations, and already a rigorous structure of various committees has been set up following numerous high-level visits from both sides. As both sides have graduated to a Strategic Partnership from just bilateral relations, these high-level committees have been working in parallel to create better opportunities for each other. Before a Committee on Strategic Dialogue was set up during the last visit of Sheikh Mohammed bin Zayed, which meets twice a year and looks into all matters relating to bilateral trade, two Committees existed already. One is the Joint Committee presided by the foreign ministers of both countries, Sheikh Abdullah Bin Zayed Al Nahyan and Sushma Swaraj, and the other is the Joint Investment Task Force chaired by Sheikh Hamed Bin Zayed Al Nahyan, Chairman of the Abu Dhabi Crown Prince's Court,

from the UAE and Suresh Prabhu, the Minister of Commerce & Industry and Civil Aviation from India.

Annual meeting of these committees to look at investment opportunities in both countries and how foreign direct investments between both nations can be increased, has expedited the progress in resolving bilateral issues and improving relations substantially.

Various public and private forums have also started playing a significant role at various international platforms in the past three years, including the UAE-India Economic Forum and the Asian Business & Social Forum (ABSF) to work towards creating a high-level networking Platform of Excellence (PoE) for increased investment and growth of both nations.

**Greater people movement:** The Indian Diaspora in the UAE is the largest in the world as they constitute 3.3 million people, and are still growing. This calls for an increased to and from movement as business or professional interests and families are in different countries, and the number of tourists in each country has also increased. This has resulted in a record 1,076 flights every week between the UAE and India.

Considering this as an opportunity, the UAE has significantly eased visa norms for Indians, and in addition those carrying US visas or Green Cards as well as UK or EU visas or residency now get visas on arrival in the UAE.

#### **DETAILS OF AGREEMENTS**

Nine agreements were signed during the visit of Crown Prince in February 2016 and 14 during the current visit for strengthening cooperation in the field of cyber security, infrastructure investment, renewable energy, space cooperation and other areas.

An MoU between the Indian Consortium (OVL, BPRL & IOCL) and the Abu Dhabi National Oil Company (ADNOC) was signed for the acquisition of a 10% participating interest in the Abu Dhabi's offshore Lower Zakum Concession, and the concession will be for 40 years from 2018 to 2057, with 60% of the participating interest retained by ADNOC and remaining 30% awarded to other international oil companies.

To cooperate in the field of manpower, India and the UAE have signed another MoU to institutionalise the collaborative administration of

## **Highlight of India-UAE Trade**

Trade figures for 2017-18 financial year

India has renewed, revised and revamped its ties with the UAE because now India has become the world's fastest growing major economy and the third-largest consumer of oil, while the UAE has sovereign funds with a corpus of over a trillion dollars. So their improved ties are just a natural reaction from both sides.

**\$16,982 million**

*India's Exports to UAE in  
Apr-Oct 2017*

**\$12,926 million**

*India's Imports from UAE  
in Apr-Oct 2017*

**\$29,908 million**

*India-UAE Total Trade*

*Source: Department of Commerce, Govt. of India*

## BI-LATERAL TIES

contractual employment of Indian workers in the Gulf country. As per the clauses of the MoU, both sides will work to integrate their labour-related e-platforms for ending the existing malpractices, combat trafficking and organise collaborative programs for education and awareness of contractual workers.

The MoU signed between the two sides for technical cooperation in railways aims at cooperation in infrastructure sector and will facilitate development of joint projects, knowledge sharing, joint research and technology transfer in the railways sector. The MoU envisages formation of a Joint Working Group (JWG) for institutionalising the cooperation mechanism.

Bombay Stock Exchange and Abu

Dhabi Securities Exchange have also signed an MoU to deepen bilateral cooperation in the field of finance, aiming at enhancing cooperation between both the countries in financial services industry, to facilitate investment in financial markets by investors from both the countries.

Even the Government of Jammu and Kashmir and DP World signed an agreement to establish multi-modal logistics park and hub in Jammu comprising warehouses and specialised storage solutions.

### PLAIN FACTS & FIGURES

The existing and growing strength in India-UAE relations would be better understood through statistics. India's total imports from the UAE amounted to USD 17593 million and India's

total exports to the UAE amounted to USD 23347 million from January to September 2017. And so, bilateral trade value between both the countries stood at USD 40940 million in the said period.

The United Arab Emirates is the 10th largest investor in India in terms of FDI (Foreign Direct Investment).

Bilateral trade between India and the UAE amounted to about USD 53 billion in 2016-17. India ranks 2nd among countries that import products from the UAE, which accounted for a value of USD 11255 million.

The UAE is also India's second largest destination for its exports, accounting for about 11.5% of the total imports by the UAE from India. The trade between the UAE and India largely comprises import and export of natural or cultured pearls & precious stones and mineral fuels & oils. India first buys crude petroleum oil from the UAE, and then supplies petroleum products to the UAE. Since 2013, the figures of India's total exports to the UAE have been more or less similar till September 2017; however, the relations, opportunities and scope have increased manifold. The total value of India's exports to the UAE in year 2013 and 2014 stood at above USD 30000 million, while in 2015, the figures recorded USD 29989 million. And the year 2016 recorded trade value of goods that were exported by India to the UAE USD 30041 million. Till September 2017, the figures of India's exports to the UAE have crossed USD 23000 million.

### SOME ANALYSIS

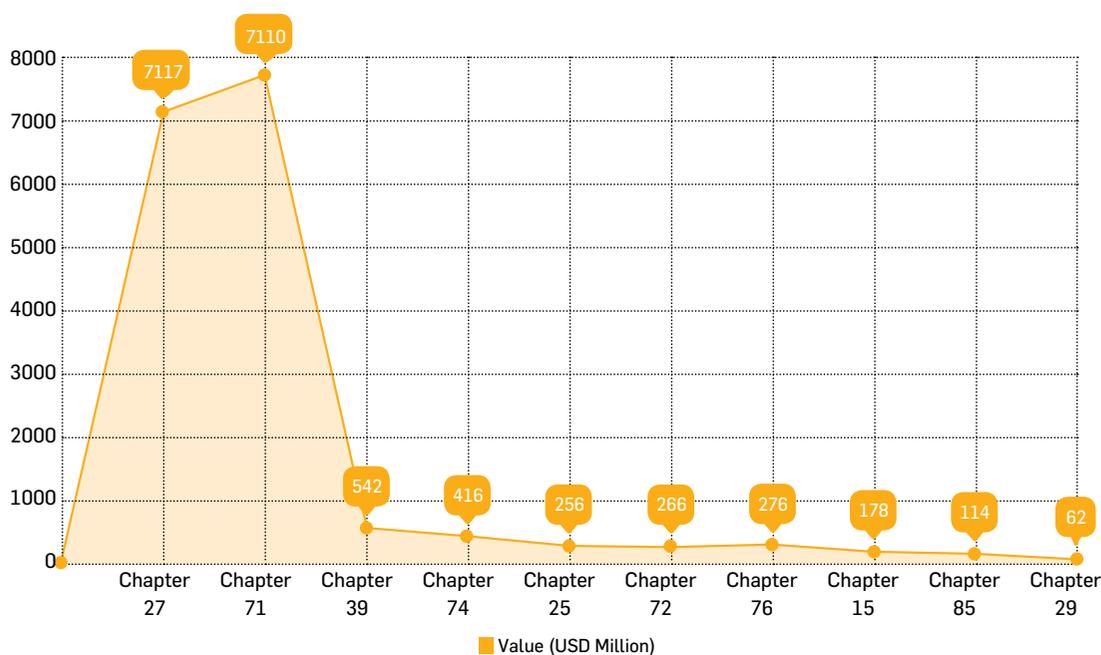
India and the United Arab Emirates enjoy strong bonds of friendship based on age-old cultural, religious and economic ties between the two nations; however, Modi's two visits have created a huge positive impact on India-UAE ties.

Modi's visit is important as he is only the second Indian Prime Minister to visit the UAE after a long period of 34 years, as in 1981 Indira Gandhi had visited the UAE.

India has renewed, revised and revamped its ties with the UAE because now India has become the world's fastest growing major economy and

*"TRADE PUNDITS ARE EXPECTING THAT THE TRADE BETWEEN INDIA & THE UAE WOULD HIT USD 100 BILLION BY 2020. INDIA IS CONSIDERED TO BE THE UAE'S PRIMARY TRADE PARTNER, ACCOUNTING FOR ABOUT 9.8% OF ITS TOTAL NON-OIL TRADE"*

## India's Top 10 Imports from UAE



(All chapters are according to HS Coding System)

Source: Department of Commerce, Govt. of India

HS Code	Product Description	Value (USD Million)
27	Mineral Fuels & Oils	7117
71	Natural or Cultured Pearls & Precious Stones	7710
39	Plastics	542
74	Copper	416
25	Salt, Sulphur & Plastering Materials	256
72	Iron and Steel	266
76	Aluminium	276
15	Animal or Vegetable Fats & Oils	178
85	Electrical Machinery & Equipment	114
29	Organic Chemicals	62

Table: List of 10 largest India's import items from UAE in 2017 (All chapters are according to HS Coding System)



the third-largest consumer of oil, while the UAE has sovereign funds with a corpus of over a trillion dollars. So their improved ties are just a natural reaction from both sides.

As India is considered to be the UAE's primary trade partner in both oil and non-oil trade, and also in both imports and exports, trade pundits have already predicted that the trade between India and the UAE is likely to hit USD 100 billion by 2020.

Another notable reason of strong Indo-UAE economic ties is huge expatriate Indian population in the UAE. The more than 3 million Indian

expatriates currently living and working in the UAE, comprise more than 30 per cent of the national population and constitute the Emirates' largest expatriate group. They are not only contributing to the UAE's economy, but are also contributing to the Indian economy.

Since Modi's first visit, in the past three years, there have been three more high-level visits by the leadership of the UAE and India. His Highness Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, visited India

in February 2016 and January 2017, first on a state visit and the second as the Chief Guest at Indian Republic Day celebrations.

While warm relations between the UAE and India go back to centuries, the current momentum is unprecedented, scoring high on both symbolism and substance.

With the growing economic and commercial relations, both India and the UAE would work towards establishing long-term valuable, stable and strong bilateral relations. The current bilateral trade volume tells that this is exciting time in the history of the UAE-India economic relations.

In addition to trade, investment in India by the UAE has also witnessed a significant growth in recent years, as the UAE has invested over USD 5 billion in India through FDI (Foreign Direct Investment) and FII (Foreign Institutional Investors) routes, making it one of the top investors in India.

The major UAE companies that have invested in India are DP world,

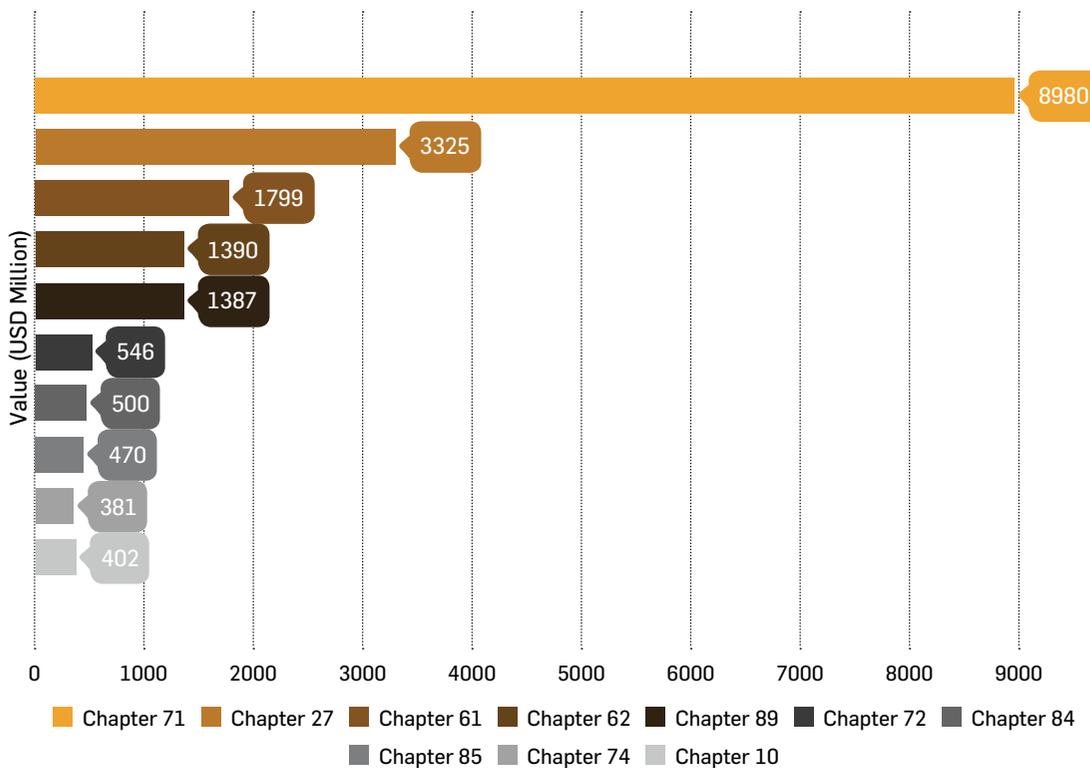


**HE Dr Ahmed Al Banna,**  
UAE Ambassador to India

*"If we go back to 1982, foreign trade figures between the UAE and India were at \$182 million.*

*In 2016-17, those numbers stood at \$53 billion. The focus of bilateral relations has now diversified to include many new sectors after the official visits of Sheikh Mohammad Bin Zayed and Narendra Modi – such as IT, space tech, tourism, defence manufacturing and renewable energy."*

## India's Top 10 Exports to UAE



Source: Department of Commerce, Govt. of India



**Dr A.K. Pasha,**  
 Director of Gulf Studies  
 Programme at the School  
 of International Studies in  
 Jawaharlal Nehru University in  
 New Delhi

*“India now is not only a growing economic power, but also an aspirational power. In the 1980s, India was seen as aligned with the Soviet Union – now we have multidimensional relations with almost all countries. That certainly helps recalibrate our relations with the UAE. We are seen as a country which will not interfere in domestic or regional disputes but has a vision for peace, security and stability.”*

Emaar Group, Al Nakheel, ETA Star Group, SS Lootah Group, Emirates Techno Casting FZE, RAK Investment Authority, Damas Jewellery and Abu Dhabi Commercial Bank.

India has been reciprocating proportionally, as it is the third-largest investor in the UAE. Indian companies like L&T, Punj Lloyd, Hinduja Group, Pioneer Cement, Oberoi Group of Hotels, have initiated projects in the UAE. As the UAE has established itself as a major re-export centre, Indian companies have also set up their stations in the free trade zones in the UAE, such as Jebel Ali FTZ, Sharjah Airport, Hamriyah Free Zone and Abu Dhabi Industrial City.

### FINAL SAY

Bilateral relations are always made on a backbone of trade and commerce. The UAE is not only India's leading trade partner in West Asia but also its third-largest after China and the United States while India is the UAE's top foreign trade partner. Notably, the UAE is the only country in the Persian Gulf with which India has a favorable trade balance despite it being a substantial source of crude oil for India. As the two sides had agreed in 2015 to further expand bilateral trade by 60 percent in the next five years, it must be noted that impressive advancements have already been made with the help of India-UAE Business

*“UNITED ARAB EMIRATES HAS INVESTED OVER USD 5 BILLION IN INDIA THROUGH FDI (FOREIGN DIRECT INVESTMENT) AND FII (FOREIGN INSTITUTIONAL INVESTORS) ROUTES, WHICH MAKES UAE ONE OF THE TOP INVESTORS IN INDIA”*

Council and regular meetings through various business and investment forums.

Holding large sovereign funds and acute business acumen, UAE is also a strong source of Foreign Direct Investments (FDIs). The establishment of US\$ 75 billion fund to be invested in infrastructure development in India, as agreed during Modi's visit in 2015 has offered new strength to their relations. In the last two years only, the overall FDI inflow in India has grown by 36 percent to reach \$40 billion in which the UAE's contribution has been \$4.3 billion.

If we consider the period of 2014 to 2016, FDI had increased nearly three-fold - from \$350 million to \$1 billion - though it was much under the real potential, and recognizing

this, both countries started making stronger efforts. This needs to be further strengthened. As MoUs have been signed by both countries towards cooperation in the road transport and highways sectors, it would boost relations further, and over a period of time, both countries would enhance their infrastructure, logistics capabilities and with continued success would also strengthen their direct and institutional investment mechanisms in all sectors.

Moreover, the UAE is looking for improved relations with the entire Asia, and India is searching for countries that would invest in its economy so it may expedite its growth and development. Thus, the UAE has exponentially increased its foreign trade with China and India over the last decade, while its trade with Europe has come down. Trade between UAE-China was \$35 billion in 2011 and grew to \$54 billion in 2014. While it slightly decreased to \$48 billion in 2015 owing to low oil-prices, it reached up to \$60 billion in 2016 and crossed \$80 billion in 2017. Similarly, its trade with India has grown significantly in the last decade from \$13 billion in 2005-06 to \$49.7 billion in 2015-16. After the Narendra Modi government came to power in 2014, India has increased its efforts considerably on attracting foreign investments and it sees the Gulf countries as a major source.

As mentioned above, not only the government, several businesses and corporate houses (URS Media and AsiaOne are notable among them) have intensified their efforts to establish a strong footprint in the UAE. The Jebel Ali Free Zone (JAFZA) and Hamriyah Free Zone are examples in the UAE, which have helped leading Indian companies to establish their businesses. The entire

region is assumed to be spending more than \$4 trillion in developing economic infrastructure suitable for nurturing non-oil business activities. Very significantly, Expo 2020 is going to be held in Dubai, which is the world's third-largest global event after the Olympics. It is greatly expected to boost infrastructure-related activities in the UAE, opening immense opportunities for Indian investors. More opportunities for almost every kind of business would also be part of this grand Expo 2020.

India and the UAE have also started to explore their mutual opportunities in the energy sector, as the UAE accounts for 8 percent of India's oil imports and is the fifth-largest supplier of crude oil to India.

The recent disturbances in the West Asia, and the changes in policies by the United States under President Donald Trump, which have left the UAE sincerely looking for better tie-ups and relations with stable and growing Asian economies, while India's growing interest in the Gulf region because of immense opportunities to fuel its economic ambitions, coupled with the fact that more than 7 million Indians live in the Gulf and more than 3 million in the UAE, are important reasons for both India and the UAE to enhance their engagement. If we consider the UAE in the entire Gulf region, it must be given a special preference over other Gulf countries because of its business-friendly atmosphere and the willingness to invest in the Indian economy. This can be well understood by the fact that in the last three years, three high-level visits between India and the UAE have already taken place, as both sides have shown interest and the will to accelerate their economic growth while making efforts to support each other in maintaining regional

peace.

Also, both have come together at an opportune time when both need as much help from each other as possible against the threat of terrorism and extremism.

Their agreements, joint statements criticising terrorist activities on each other's soil, and sharing intelligence inputs by establishing close contacts between their National Security Councils have reinforced their partnership in countering terrorism, combating radicalization and preventing terror finance. This is more evident when we take specific examples, as the UAE supported India after the Uri attack by making a very clear public statement suggesting India to take decisive action against perpetrators of the attack. Similarly, the UAE supported India after the



**Shobana Kamineni,**  
President of Confederation  
of Indian Industries (CII) and  
Executive Chairperson of  
Apollo Hospitals

*"The growing opportunities for jobs in India, along with the appreciating rupee, booming stock market, structural reforms such as GST, ease of doing business have all helped prepare a solid foundation for its growth. That's why the IMF has forecast India as the fastest growing economy. More than 100 million aspirational Indians are a great commercial opportunity. Air travel has grown by 100 per cent. So better connectivity leads to better relations."*

Year	Value (USD Million)
2013	33980
2014	32919
2015	29989
2016	30041
2017 (Till Sept)	23347

Table: India's Top Exports to UAE in 2017

## BI-LATERAL TIES

Pathankot attack too.

As the two sides have made greater efforts to enhance their bilateral relations, already a good platform is existent between the two countries as there are no outstanding issues or disputes between them. Nevertheless, there are some challenges to be overcome in order to realize the full potential and promises of the growing relations. As far as investments are

concerned, the systemic problem faced due to slow implementation from Indian side is a major obstacle. For example, the UAE agreed to invest in India's infrastructure projects through formation of a \$75 billion investment fund during Modi's visit in August 2015; however, after about three years, no major decisions or actions have been taken.

Thus, India needs to step up its efforts

to tie the loose ends, and must expedite the approvals and implementation of projects, while ensuring the required expertise is attached with each project. The UAE lacks heavily on human resources, so the UAE can maintain India's interest by offering funds, and it should be India's responsibility to keep the UAE interested by offering it skilled labour, expertise and a market where it can invest. The UAE can also help Indian companies operating in the UAE by offering clarity in all aspects of commercial regulations, labor laws and transparency in businesses.

Both should also explore further opportunities and untapped potentials where they can tie with each other, such as the Indian health industry and medical sector, where India has strong expertise, while the UAE can offer India the necessary infrastructure, facilities and world-class medical care in the medical sector. Medical tourism can be an important point of mutual interest for both nations. Same goes for renewable energy. Solar energy in the UAE is a priority for its government, and Indian companies holding expertise can invest in the renewable energy sector in the UAE. India can improve its solar energy sector with guidance and investments from the UAE.

India's market is huge and it must invite the UAE businesses in automobile industry, services sector, agriculture and allied industries, while improving its ease-of-doing-business score.

A similar scope and potential is existent in the education and training sector, as India can boast of some of the best higher education institutions in engineering and management fields. India's IITs, IIMs and medical institutes such as AIIMS also churn out one of the best engineers, managers and doctors, offering a very cost-effective and world-class education, and can be a major attraction for students not only from the UAE but the entire Gulf region. People-to-people contact through forums such as ABSF is also a great initiative.

Yes, India-UAE ties are definitely on the up, and to keep the momentum on, both India and the UAE need to continue making concerted efforts.



**Dr. Farooq Wasil**  
Global Head, Affordable Schools,  
GEMS Education, Dubai

*Indo-UAE relations are bonds of harmony!*

*The relationship of India and the UAE finds its roots in history which dates back to almost five millennia when Indian sailors migrated their way to the Arabian Peninsula in the name of trade. The Indus Valley merchants laid the foundation of a strong and resilient connection that began with the trade of timber, spices, grain, copper and pottery which has culminated into an enduring and shared vision of security, peace, prosperity, growth and development.*

*The leaders of the UAE invest more than 10 million dollars with a promise of 75 million in future infrastructure progress. Not only are the ties between the UAE and India based on a symbiotic diplomatic relation, they go much deeper, which is evidenced by the fact that the Indian diaspora in UAE accounts for 30% of its entire population and today almost 3.3 million Indians call UAE 'home'. The Indian community in UAE finds resonance with*

*its culture, language and cuisine as all of them share a common origin perhaps due to its age old trade connections. Indians and Emiratis share a special bond cemented by age-old cultural ties, which are nurtured by Indian expertise and entrepreneurship in the UAE and where people of both nations have together embarked on a journey of progress and prosperity over several decades.*

*Many Indian entrepreneurs have not only found their fortunes in a foreign land but have also significantly contributed towards its booming economy by creating a lasting impact in every field, be it retail, electronics, shopping, education, textile, energy, banking, IT, hospitality or health care. The desire to do business has long been present; its history visible along the old creek in Dubai. Old merchants still remember trading in Indian rupees so closely was business linked with India.*

*This relationship has been further elevated to a Comprehensive Strategic Partnership following Modi's visit to the UAE in August 2015 and His Highness Sheikh Mohammed and Crown Prince, Mohammad bin Zayed Al Nahyan's visit to India as the Chief Guest at the Republic Day parade in 2016. The two countries have signed Memoranda of Understanding based on shared values and objectives in the areas of greater regional security and stability, partnership in clean energy and advanced technology and greater economic prosperity with a range of possibilities.*

*UAE is a country for free trade, openness, security and predictable rules and this has turned this country a choiced destination for many around the globe.*



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