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THE ROAD MAP TO MUSSORRIE...

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INDIA-UAE RELATIONS

SYLLABUS:

GS 2 > International relations > India and Global Powers > India & West Asia

REFERENCE NEWS:

- Dr. S Jaishankar's recent visit to the UAE marks his **third trip to the region** since his reappointment as India's External Affairs Minister, emphasizing the consistent and high-level engagements between India and the UAE.
- This pattern of frequent visits is further highlighted by **Prime Minister Narendra Modi's seven visits to the Emirates during his tenure**, underlining the strategic importance attached to the UAE in India's foreign policy framework. Together, these visits reflect the **deepening bilateral relations** and the ongoing commitment to enhance collaboration across various sectors between the two nations.

MORE ON NEWS:

- During his visit, Jaishankar participated as the Chief Guest at the **Raisina Middle East Dialogue**, emphasizing India's commitment to addressing regional issues through dialogue. Meetings with prominent UAE leaders, including the President and the Foreign Minister, underscored mutual interests in strengthening diplomatic and economic ties.
- The relationship between India and the UAE has grown stronger, with both nations sharing a **common vision on a "negotiated solution" for the Israel-Palestine conflict**. This approach aligns with their mutual interest in promoting peace and stability in the Middle East.
- Additionally, collaborative initiatives such as the **India, Israel, UAE, and USA quadrilateral group (I2U2)** and the **India Middle East Europe economic corridor (IMEEC)** further cement this partnership. These initiatives not only enhance diplomatic ties but also create frameworks for economic and technological cooperation, facilitating shared growth and stability in their respective regions.

WHY IS THE UAE IMPORTANT TO INDIA?

- **Remittances:**
 - The **country hosts at least 3.5 million Indians** who work in diverse sectors of the economy of the Emirates and provides it with vital manpower support at all levels.
 - The **remittances from the UAE in the first half of 2020 accounted for USD 21 billion**.
- **Strategic considerations:**
 - The UAE, due to its strategic location, has emerged as an important economic centre in the world and is also a **major re-export hub for India**.

- Further good relations with the **UAE are imperative to counter China's influence in the Middle-east region.**
- For instance, the UAE plays a crucial role in the **India-Middle East-Europe Economic Corridor (IMEC)**, which aims to enhance connectivity and serve as a viable alternative to China's Belt and Road Initiative.
- **Security of the region:**
 - The **Middle-east region is still witnessing a lot of conflicts** in Syria, Iraq etc.
 - Good relations with UAE are imperative to give India a core place in discussion surrounding the Middle-east region.
 - Further UAE can support India in **strengthening the security of the Indian Ocean region** especially along the western coast of Somalia that is prone to piracy.
 - India-UAE have been collaborating closely to **counter terrorism as well.**
- **Gateway to Africa:**
 - Engagement with the UAE will pave the way for India to **leverage UAE's easy access to the African market** and its various trade partners.
 - This can help India to become a part of the supply chain **especially in handlooms, handicrafts, textiles and pharmaceuticals.**
- **Entry into regional groupings:**
 - UAE commands a significant respect in **regional groupings like OIC** (Organization of Islamic Cooperation) and **GCC.**
- **India's Soft Power:**
 - Good relations with UAE are a sine qua non for **enhancing India's Soft power in the Middle-east region.**
 - A recent progression of it was witnessed in **2021 when both Abu Dhabi and Dubai celebrated Diwali.**
- **Post-pandemic recovery:**
 - It is understood that UAE as part of its post pandemic recovery plans is **planning to revitalise its trade links** with the region from the Mediterranean coast to Turkey on one hand and India and South Asia on the other.
- **Diversification plan of the Emirates:**
 - In recent years, the UAE, through its 'Vision 2021', has sought to diversify its economy and **reduce its dependency on oil.**
 - This provides an opportunity for India to engage with it in **new areas of renewable energy, start-ups, fintech, etc.**

AREAS OF COOPERATION:

- **Economic:**
 - **Bilateral trade:**
 - India-UAE trade, valued at USD 180 million per annum in the 1970s, reached **USD 85 billion in 2022-23** making UAE, **India's third largest trading partner** for the year 2022-23 after China and US.

- Moreover, **UAE is the second largest export destination** of India (after the US) with an amount of nearly USD 31.61 billion for the year 2022-23. Conversely, India stands as the **UAE's second-largest trading partner** overall and the largest in terms of exports.
- In February 2022, India became the first country with which the UAE signed a **Comprehensive Economic Partnership Agreement or CEPA**.
- India and the UAE signed the **Comprehensive Economic Partnership Agreement (CEPA)** aimed at increasing **non-oil trade to USD 100 billion** within five years from USD 45 billion in 2021. The agreement is expected to generate **1 million jobs** in sectors like textiles, gems & jewellery, and automobiles. Since its inception on May 1, 2022, bilateral trade has already seen a 15% increase.
- **Investment:**
 - The UAE's investment in India totals approximately **USD 20-21 billion**, with USD 15.5 billion as FDI and the rest as portfolio investment from April 2000 to March 2023. In the fiscal year 2022-2023, **the UAE was the fourth-largest FDI investor in India**. Additionally, the UAE has committed to invest **USD 75 billion in India's infrastructure sector** over time.
- **Energy Cooperation:**
 - UAE has in the last four years emerged as the **3rd major exporter of Crude oil to India**.
 - The UAE is **the first international partner** to invest by way of crude oil in **India's Strategic Petroleum Reserves Program**.
 - The countries are also **collaborating in the renewable energy sector** as seen by mutual participation in the **International Solar alliance**.
 - In September 2024, India and the United Arab Emirates (UAE) signed a significant Memorandum of Understanding (MoU) **for civil nuclear cooperation**.
 - The foundation for this cooperation was established **during Prime Minister Narendra Modi's visit to the UAE in August 2015**, where India and the UAE agreed to collaborate on the peaceful use of nuclear energy. This involves the **Nuclear Power Corporation of India Limited (NPCIL) and the Emirates Nuclear Energy Company (ENEC)**, focusing on the operations and maintenance of the **Barakah Nuclear Power Plant**, marking the first nuclear cooperation of its kind between the two nations.
 - Alongside the nuclear MoU, a **long-term LNG supply agreement** was signed between ADNOC and Indian Oil Corporation Limited.
- **Western QUAD:**
 - **India, Israel, the United Arab Emirates, and the United States** have established a new quadrilateral economic forum, informally referred to as the **Western Quad or Middle East Quad**. This forum, also known as **I2U2**, was formed to enhance economic cooperation among the four countries, focusing on areas like water, energy, transportation, space, health, and food security.
 - The formation of this group reflects a **strategic alignment** among the nations to tackle global challenges through joint investments and initiatives.

- **Bilateral Agreements:**
 - India and the UAE have signed a number of Agreements and MoUs from time-to-time in different sectors providing an institutional framework for cooperation in those sectors.
 - For instance, in 2023, India and the United Arab Emirates signed pacts on the **use of local currencies for cross-border transactions** and the setting up of a campus of the prestigious **Indian Institute of Technology in Abu Dhabi**
- **Institutional Structure for Dialogue:**
 - **Annual Foreign Office Consultations** are held at the Secretary level.
 - **India-UAE Joint Commission Meeting (JCM) for Economic and Technical Cooperation** deals with issues related to trade and commerce.
- **Pandemic Management:**
 - Both sides had agreed on an **Air Bubble Arrangement in 2020 during the pandemic** which has enabled the movement of people between two countries despite the challenges posed by COVID-19.
 - The UAE was among the **first countries to receive India's indigenous Covaxin in February 2021.**
- **Defence Cooperation:**
 - With the signing of MoU on **Defence Cooperation in 2003 and setting up of Joint Defence Cooperation Committee (JDCC)** regular exchange of dialogue is taking place between the two countries.
 - With the UAE, India has **In-UAE BILAT (bilateral naval exercise)** as well **Desert Eagle-II (bilateral air force exercise).**
 - Navies of India and the United Arab Emirates have conducted bilateral exercise '**Zayed Talwar**' off the coast of **Abu Dhabi in August 2021**, aimed at enhancing the maritime cooperation between two naval forces.
- **Indian Diaspora:**
 - The Indian expatriate community of approximately **3.5 million is the largest ethnic community in UAE** constituting roughly about **35 percent of the country's population.**
 - The nation has been a **consistent provider of jobs to Indian people.**
- **Sports:**
 - The collaboration among the two countries in the domain of sports is also rising. This is testified by the **occurrence of IPL 2020 and the last T20 world cup in UAE.**
- **Cultural Cooperation:**
 - In a significant display of religious tolerance, the UAE authorized the construction of the **BAPS Hindu Mandir in Abu Dhabi, the region's first traditional Hindu temple.** Inaugurated on February 14, 2024, the temple serves as a cultural and spiritual oasis, enhancing India-UAE bilateral ties and underscoring their commitment to a diverse and inclusive society.

AREAS OF CONCERN:

- **Non-Tariff Barriers (NTBs) to trade:**
 - Non-Tariff Measures (NTMs) have mostly been covered by **Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT).**

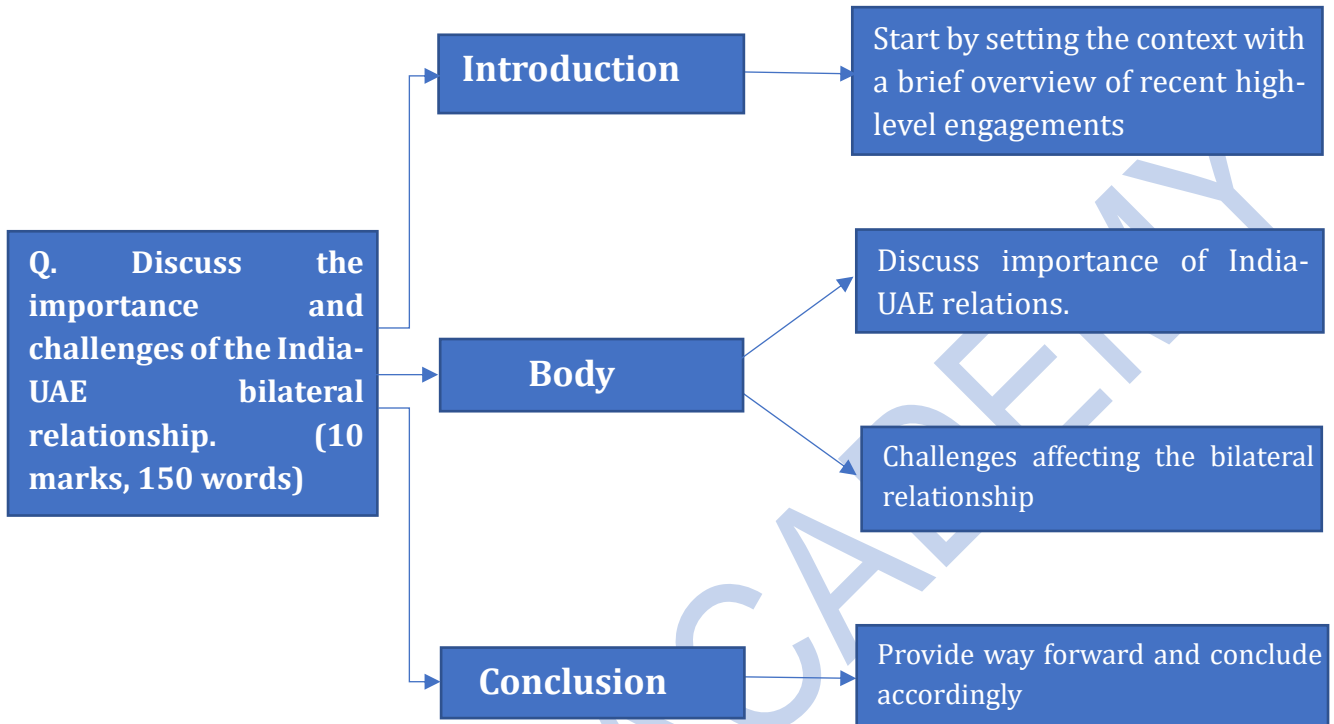
- The **UAE has 451 SPS notifications and 534 TBT notifications**. The SPS notifications are mainly related to live poultry, meat, and processed food.
- In addition, the TBT notifications are mainly related to fish, food additives, meat, rubber, electrical machinery, etc. These measures **hamper India's exports to UAE**.
- **Arab- Iran Conflict:**
 - The differences between Iran and the Arab world hinder India's engagement in the Middle-east region.
 - **Balancing the relationship** sometimes results in **reluctance of some strategic agreements**.
- **Kafala System:**
 - The **inhuman conditions** imposed by the **Kafala system on immigrants** sometimes create differences between the two countries.
- **Pandemic shock**
 - Remittances from UAE marginally affected in 2020 when large number of Indian workers returned home because of pandemic related economic distress.
- **Religious polarization in India's domestic politics:**
 - Experts criticized that the **recent comments on Prophet Muhammad** reflect the religious polarization that exist in India's domestic politics and such incidents may **adversely impact the cordial relation with Gulf countries** including UAE.

WAY FORWARD:

- **Establish more strategic dialogues:** Both countries should establish more strategic dialogues between them like the **2+2 dialogue**.
- **Reducing non-tariff barriers:** India-UAE must try to bring **more transparency and predictability in the use of NTBs** so that their compliance becomes less cumbersome.
- **Focus on migrant population:** India should actively engage with the UAE to **reform the Kafala system**. A reference of Qatar can be given who has promised to remove the inhuman conditions of the system. India must also make joint efforts with UAE to extend **social security benefits to Indian migrant population**.
- **Strengthen defence cooperation:** Potential areas of bilateral cooperation in the defence field include Production and development of defence equipment, Joint exercises of armed forces, particularly naval exercises etc.

PRACTICE QUESTION:

Q. Discuss the importance and challenges of the India-UAE bilateral relationship. (10 marks, 150 words)

APPROACH:**MODEL ANSWER:**

The strategic significance of the India-UAE bilateral relationship is exemplified by the regular high-level diplomatic interactions, such as External Affairs Minister **Dr. S Jaishankar's frequent visits and Prime Minister Narendra Modi's seven trips during his tenure**. These engagements underscore the commitment both nations have towards strengthening their partnership across multiple sectors.

Importance of India-UAE Relations

The relationship between India and the UAE has deepened due to several key factors:

1. **Strategic Location and Economic Hub:** The UAE's strategic location and status as a major economic hub enhance its importance to India's economic and strategic interests.
2. **Collaborative Initiatives:** Joint initiatives like I2U2 and IMEEC demonstrate the alignment of geopolitical interests, promoting regional stability and economic growth.
3. **Cultural and People-to-People Ties:** The large Indian diaspora in the UAE strengthens cultural ties and contributes significantly to bilateral relations through remittances and cultural exchange.
4. **Energy Security:** The UAE is a critical supplier of oil to India, which is vital for India's energy security.
5. **Investments and Development:** Significant UAE investments in India's infrastructure and other sectors like renewable energy signify the economic interdependence of the two nations.

Challenges Affecting the Bilateral Relationship

Several challenges pose threats to the robustness of this partnership:

1. **Non-Tariff Barriers:** Trade barriers such as SPS and TBT notifications complicate the trade landscape, impacting sectors like agriculture and manufacturing.
2. **Regional Geopolitics:** The complex political dynamics of the Arab-Iran conflict and the broader Middle Eastern instability impact bilateral engagements.
3. **Labor Issues under the Kafala System:** The conditions faced by Indian workers in the UAE under the Kafala system raise human rights concerns and require urgent attention.
4. **Religious and Cultural Sensitivities:** Incidents of religious polarization in India can occasionally strain relations, reflecting the need for careful management of cultural and religious interactions.
5. **Security Concerns:** Persistent regional conflicts and issues like piracy along the western coast of Somalia necessitate strong security cooperation between India and the UAE.

Way Forward

Strategic measures are needed to address these challenges and bolster the bilateral relationship:

- **Enhanced Dialogue and Cooperation:** Strengthening institutional dialogues like the 2+2 framework can address strategic and security issues effectively.
- **Trade Facilitation:** Both countries should work on reducing non-tariff barriers to ease the flow of goods and enhance economic cooperation.
- **Labor Reform Collaboration:** Joint efforts to reform labor laws could improve conditions for the Indian diaspora in the UAE.
- **Cultural and Religious Harmony Initiatives:** Programs that promote cultural exchange and mutual respect can help manage sensitivities and enhance bilateral ties.
- **Security Partnership:** Expanding security cooperation, especially in maritime security and counterterrorism, can help protect mutual strategic interests.

The India-UAE relationship, while robust and strategic, faces challenges that need careful navigation through enhanced cooperation and dialogue. Addressing these issues will not only strengthen ties but also ensure long-term stability and mutual benefits, reinforcing the strategic framework that underpins this important partnership.