



India-UAE relations

Description

Theme:

- India and UAE have built a strong connection over time, and it includes things like their shared history, culture, and economy. As they both deal with the challenges of today's world, their partnership has gotten stronger and brought new chances for them to work together. But it also comes with some difficulties. Let us look at how India and the UAE are connected, what has happened to make their relationship better, and what things are like for them right now.

India-UAE relations:

- India and the UAE have had a long and close relationship. The two countries have been trading with each other for centuries, and there has been a significant Indian presence in the UAE since the 19th century.
- Diplomatic ties between India and the UAE were established in 1972. Since then, the relationship has grown steadily, and the two countries have cooperated on a number of issues, including trade, investment, energy, and security.
- The two countries have also agreed to cooperate on a number of other projects, including the development of renewable energy and the construction of a high-speed rail link between India and the UAE.
- As of 2023, the total number of Indian diaspora in UAE is estimated to be 8 million. This makes up about 30% of the UAE's total population. The Indian diaspora is the largest ethnic community in the UAE, and they have made significant contributions to the country's economy and culture.

Challenges:

- The region of the Middle East is facing increasing geopolitical tensions, which can have a negative impact on India-UAE relations.

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- There are also some labour issues between India and the UAE, such as reports of Indian workers being exploited in the UAE, which could strain relations.
 - Despite being part of a \$2.5 trillion economy, Indian businesses are relatively small in size compared to global conglomerates. This makes it difficult for them to compete with foreign companies in the UAE market.

Current Development:

- India received the second-highest inward remittances from the UAE in FY 2021–22, with 18% of the total remittances amounting to \$16,042.86 million.
- In 2022, the two countries signed a Comprehensive Economic Partnership Agreement (CEPA), which has boosted trade and investment between the two countries.
- The UAE emerges as the 4th largest investor in India.
- FDI from the UAE to India has jumped over 3 times in FY23 to \$3.35 billion from \$1.03 billion in 2021–22.
- India and the UAE have also conducted a number of joint military exercises in recent years. These exercises have helped to improve the interoperability of the two countries' militaries and strengthened their strategic partnership.
- The two countries are working together to address a number of common challenges, such as terrorism, maritime security, and climate change.

Way forward:

- The issue of labour exploitation needs to be addressed promptly and effectively. The Indian and UAE governments should work together to ensure the protection of Indian workers' rights and improve working conditions. Strengthening labour laws, increasing inspections, and implementing stricter penalties for violations can help curb exploitation.
- India and the UAE should focus on increasing their cooperation on security issues. They can work together to promote peace and stability in the region.
- Indian businesses need to be innovative in order to compete with global conglomerates. This means coming up with new products and services, new ways of doing business, and new ways of marketing and selling their products and services.
- One more thing that Indian companies can do is, instead of competing head-on with the top global companies, focus on smaller, more specialised markets. This can give them a competitive advantage, as they will be able to offer products and services that are tailored to the specific needs of those markets.

Conclusion:

The relationship between India and the UAE has grown significantly over the years, marked by extensive trade, investment, and cooperation in various sectors. The signing of the Comprehensive Economic Partnership Agreement and the increase in foreign direct investment from the UAE demonstrate the positive trajectory of bilateral ties. Despite challenges such as geopolitical tensions, labour issues, and competition in the UAE market, both countries are committed to addressing these issues and have shown a willingness to collaborate on multiple

fronts, including military exercises and tackling common challenges. The future looks promising for India-UAE relations as they continue to strengthen their strategic partnership and work towards shared goals.

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References:

- <https://pib.gov.in/PressReleasePage.aspx?PRID=1897036>
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