

NEWSLETTER



ISSUE ONE



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MESSAGE FROM THE DIRECTOR



It is a pleasure to share the first edition of the UAE-India CEPA Council (UICC) quarterly newsletter. Since the Council's launch in January 2024 at the UAE-India Business Summit on the side-lines of Vibrant Gujarat, rapid progress has been made in ensuring UAE and Indian businesses tangibly benefit from the Comprehensive Economic Partnership Agreement (CEPA).

Our first business roundtable event, held in collaboration with the Confederation of Indian Industry (CII) in Chennai on 28 February, was a great success allowing Indian businesses both large and small to engage directly with myself and key UAE private sector stakeholders to discuss how to best leverage the range of business, investment, and trade opportunities engendered within the bilateral UAE-India relationship.

As we look to the future, it is clear that the Council will take an even larger role in shaping the course of the UAE-India economic partnership. We have an exciting calendar of events planned for 2024, with our next roundtable scheduled to take place in Jaipur on 24 April.

I welcome you all to engage closely with the Council. We are deeply committed to supporting your business goals, and to providing advice and guidance in overcoming any challenges or obstacles you may face. I look forward to working directly with you, and ensuring the UAE's relationship with India maintains its current positive trajectory.

Ahmed Aljneibi

Director



THE CEPA: DRIVING THE BILATERAL PARTNERSHIP



The economic relationship between the UAE and India entered an exciting new era with the signing of the CEPA in February 2022. Finalised amid a number of significant global trade challenges and rising protectionism, the CEPA demonstrated what could be achieved through genuine cooperation and trust.

The CEPA is a comprehensive agreement in the truest sense, covering the widest possible array of subjects. From government procurement to the digital economy, the agreement sets the UAE and India on a path towards ever closer economic, investment, and trade cooperation.

Highlights of the Agreement

- Signed on **18 February 2022**
- Entered into force on **1 May 2022**
- Negotiated in **88 days**
- Will generate **1 million jobs in India** across multiple labour-intensive sectors
- India will benefit from preferential market access provided by the UAE on **97 percent** of its tariff lines, while the UAE will benefit from preferential market access provided by India on **90 percent** of its tariff lines.
- Covers **11 broad service sectors**
 - Market access provided to India by the UAE in **111 sub-sectors**
 - Market access provided to UAE by India in **100 sub-sectors**
- The amount of bilateral trade that will be unlocked in five years
 - **USD 100 billion** in goods
 - **USD 15 billion** in services



The signing of CEPA has ensured a multitude of benefits across both countries, including the:

- elimination and reduction of custom duties;
- removal of non-tariff barriers to trade;
- granting of preferential access to each other’s markets;
- introduction of robust and transparent regulations that support rules-based competition; and
- setting up of an effective, efficient dispute settlement system.

Since the implementation of the agreement, the UAE has become India’s

- fourth-largest investor
- third-largest trading partner
- second-largest export destination

Sectors most positively impacted in India

- Gems and Jewellery
- Textiles
- Leather
- Footwear
- Sporting Goods
- Plastics
- Furniture
- Agricultural and Food Products
- Engineering Products
- Medical Devices
- Automobiles

Sectors most positively impacted in the UAE

- Prepared Food
- Chemicals
- Pharmaceutical Products
- Plastics and Articles
- Glass and Glassware
- Electrical and Mechanical Products
- Mineral fuels
- Aluminium
- Iron and Steel
- Polyethylene
- Copper

Service Sectors Covered Under the Agreement





LAUNCH OF THE COUNCIL



The 10th Vibrant Gujarat Global Summit was held from 10 to 12 January 2024, in Gandhinagar, Gujarat, under the theme of 'Gateway to the Future'. The Summit, inaugurated by Shri Narendra Modi, Prime Minister of India, included the participation of 34 partner countries and 16 partner organisations. The Summit served as an opportunity to further witness the close ties shared between the UAE and India with HH Mohamed bin Zayed Al Nahyan, President of the UAE, invited as the Chief Guest of Honour. On the sidelines of the Summit, multiple Memoranda of Understanding (MoUs) were signed between UAE and Indian entities. These MoUs covered a wide array of subjects, including renewable energy, innovative healthcare, and port infrastructure, amongst others.

The inaugural session of the India-UAE Business Summit was also held on the sidelines of Vibrant Gujarat, under the theme of 'Two Nations, One Vision'. The highlight of the event was the official launch of the UAE-India CEPA Council (UICC) by Shri Piyush Goyal, the Indian Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution, and Textiles, HE Dr. Thani bin Ahmed Al Zeyoudi, UAE Minister of State for Foreign Trade, and Shri Bhupendra Rajnikant Patel, Chief Minister of Gujarat.





Among its core objectives, the UICC seeks to not only grasp the opportunities engendered within the CEPA, but also to leverage the close and constructive strategic partnership that has developed at an ever-rapid pace over recent years between the Governments of the UAE and India.

Beyond the unveiling of the UICC, the Summit provided the opportunity for participants to take part in a range of focused sessions on trade finance, investment facilitation, the UAE-India startup ecosystem, and the gems and jewellery trade.

These discussions culminated in the signing of an MoU between the Confederation of Indian Industry (CII) and the Abu Dhabi Department of Economic Development, as well as the public release of the 'CII India-UAE Start-Up Initiative - Unlocking Opportunities: India-UAE Startup Ecosystem Convergence', which provides a comprehensive outline of the immense potential for collaboration between the two countries in the startup sector.



"Infrastructure and logistics will unlock new future growth for both the UAE and India under the CEPA. USD 3 billion will be invested to develop world-class integrated logistics infrastructure for India."

- H.E. Sultan Ahmed bin Sulayem, CEO of the DP World



"The UAE will construct India's biggest food park in Gujarat. Lulu Group will soon begin construction of a logistics and food processing centre in this park."

- Yusuf Ali MA, Managing director of Lulu Group



"CEPA collaboration has expanded to cover MSMEs. Startups can utilize this conducive atmosphere to build solutions not just for our countries but also for third countries."

- R. Dinesh, President of CII



"The CEPA forms a very important framework for startups. Indian businesses invested USD 1 billion in UAE startups. The UAE invested USD 20 billion into Indian startups."

- Kunal Bahl, Co-founder – Snapdeal



"The UAE is the most frequented destination for Indian businesses. The CEPA is a testament of the shared vision of our leaders and mutual respect."

- Chandrajeet Banerjee, Director General of the Confederation of Indian Industry



OBJECTIVES AND FUNCTIONS OF THE COUNCIL

At its core, the UICC will further expand the opportunities borne through the signing of the CEPA. The Council provides a dynamic new outlet for the business communities of the two countries to tangibly deepen their already significant and constructive commercial ties.



The specific objectives of the UAE-India CEPA Council are to:



Encourage inclusive and diverse partnerships across all levels of the two countries' business communities, with a strong emphasis on critical spheres such as startups, women's entrepreneurship, micro-, small- and medium-sized entrepreneurs (MSMEs), and the services sector.



Facilitate a range of events that bring the two communities together in a manner that supports trust, dialogue, and open engagement.



Provide the UAE and Indian business communities with the tangible resources and support they need to truly succeed, and fully unlock the benefits and opportunities of the CEPA.



"The launch of the UAE-India CEPA Council underlines the strength of our economic partnership. The Council is a testament to the shared vision of creating a dynamic and resilient economic relationship, driving sustainable growth, and prosperity for both our nations"

– HE Dr. Thani bin Ahmed Al Zeyoudi



"The launch of the UICC is a significant step in providing a structured framework to businesses keen to explore bilateral trade opportunities, thus strengthening economic cooperation between the UAE and India."

– Piyush Goyal



CHENNAI BUSINESS ROUNDTABLE



The UAE-India CEPA Council (UICC) held its inaugural business roundtable in Chennai on 28 February, 2024. Hosted at the Taj Coromandel, this was the first in a series of roundtables to be organised by the Council, which will be held across India over the coming year. The event, co-hosted by the Confederation of Indian Industry (CII), saw the presence of several Chennai-based exporters representing varied industries, with a mix of large and medium companies, MSMEs, and start-ups. The inaugural address of the session was delivered by Mr. TT Ashok, CII National Council and Past Chairman of the CII Southern Region, and Managing Director of Taylor Rubber. Mr. Ashok noted the growing strategic ties between India and the UAE and highlighted the huge potential the two markets hold for each other.

The keynote address of the event was delivered by Mr. Ahmed Aljneibi, Director of the UICC. In his address, Mr. Aljneibi underlined the achievements of the CEPA, and highlighted the role and objectives of the UICC in enabling Indian businesses to expand their investment, economic, and trade ties with the UAE.



During the roundtable, presentations were conducted by Mr. Sameer Nawani, Chief Representative in India, Dubai Chamber of Commerce and Industry, and Col. Shubhransh Srivastav, Vice President of Corporate Affairs Subcontinent, DP World. Mr. Nawani underlined the important services and support that the Dubai Chamber could offer Indian firms looking to expand their reach to the UAE, while Col. Srivastav provided participants with an overview of the recently launched Bharat Mart, highlighting its benefits for Indian exporters.

The event concluded with an insightful interactive session, moderated by Mr. Prasanna Rajagopalan, Co-Chairman, Global Linkages Sub-Committee of the CII Southern Region, whereby business owners were provided an opportunity to enquire about the potential opportunities for expansion into the UAE market. The Director of the UICC, alongside roundtable guest speakers, addressed these points and provided answers and solutions to participants in order to better support and inform their future growth plans.



Bharat Mart

The ambitious Bharat Mart project is envisioned to become a multifaceted platform for Indian enterprises operating in the UAE. Announced in August 2022, the work on the project has been accelerating at an ever-rapid pace, with the facility expected to be operational by 2025. Designed to handle a wide range of goods ranging from perishables to heavy machinery, Bharat Mart is set to become a globally significant distribution hub that will support the export of Indian products worldwide, offering a combination of retail showrooms, warehouses, offices, and other support services to exporters.



This will particularly benefit Indian companies planning to expand their operations into Africa, Europe, and the United States, reducing the time and costs associated with the shipment of goods to these countries and regions. Situated in Dubai at the Jebel Ali Free Zone (JAFZA), Bharat Mart will benefit from the strategic geographical advantages provided by the city. Ranked number one globally in foreign passenger traffic, Dubai is connected to over 300 cities directly via sea, air, and road. By providing a dedicated space in such a strategic location, Bharat Mart will facilitate Indian exporters to access a market of 3.5 billion consumers. This will be complemented by a tax-free, duty-free, and risk-free commercial environment, on account of its location in the UAE's largest Free Trade Zone. Bharat Mart is particularly significant in the context of CEPA, as it will assist in achieving the target of doubling non-oil trade between the two countries to USD 100 billion by 2030.

India UAE Rupee-Dirham Direct Trade



An MoU was signed between the Reserve Bank of India and the Central Bank of the UAE in July 2023, to establish a Local Currency Settlement System (LCSS) to promote the use of the Indian Rupee (INR) and the UAE Dirham (AED) for cross-border transactions. The framework will allow exporters and importers of both countries to invoice and pay in their respective domestic currencies, ensuring a stable mutual exchange rate. This arrangement will reduce uncertainty for businesses, promote smoother cross-border transactions, further enable cost savings, increased market access, and facilitate long-term agreements between traders of both countries.



BUSINESS IN FOCUS: DHRUVA SPACE



As part of its continual efforts to promote the crucial role the businesses both large and small play in supporting the broader UAE-India partnership, each issue of the Council newsletter provides an in-depth overview of a UAE or Indian company that is making a positive contribution in driving the bilateral relationship forward.

In this issue of our Business in Focus series, the Council is pleased to introduce Dhruva Space, an Indian private aerospace manufacturer headquartered in Hyderabad, Telangana. For a number of years, Dhruva Space has been engaging closely with UAE counterparts on a range of important space-related programs, pushing the bilateral partnership to exciting new frontiers.

The global market presence of full-stack space companies encompasses a diverse landscape characterized by a multitude of entities operating across various segments within the space industry. These companies demonstrate comprehensive capability in addressing end-to-end solutions, spanning satellite manufacturing, launch services, ground infrastructure, and data analytics—given the growing demand for satellites and satellite-enabled services. One of the few full-stack space engineering companies in the global market, Dhruva Space was founded in 2012 with the intention to lead the privatization of India’s space industry. Being a payload and application-



agnostic space company, Dhruva Space focuses on

designing and developing satellite platform structures and subsystems, as well as deployers (mechanisms which send satellites into orbit from launch vehicles), and Earth stations (which communicate with and track satellites).

A key to commercial success in the space industry is the flight heritage of the systems. Having qualified three classes of deployers, the company’s flagship CubeSat platform and, more recently, the nanosatellite platform and its subsystems,

Dhruva Space has clocked orders for satellite missions till 2025, including a joint satellite mission with the French company, Kinéis. Dhruva Space is also a hosted payload provider, with the company’s first mission of this kind slated with an Australian company in the period ahead.



As Dhruva Space scales up operations and paves the way for mass manufacturing and building of full-stack space technologies, the company is in the process of setting up the critical infrastructure necessary for the realisation of full spacecraft systems in Hyderabad. Over the next five years, Dhruva Space will be setting up a 26,000 square-metre spacecraft manufacturing facility to significantly increase the production of satellite missions, serve global markets, and generate exports. Dhruva Space is open for business across the globe.



Dhruva Space and the UAE

Dhruva Space has long been proactive in exploring business opportunities in the UAE. The company is part of the Mohammed Bin Rashid Space Centre (MBRSC) Space Ventures program, providing Dhruva Space with exposure to, and engagements with, the global space community. It is worth pointing out that the application-agnostic technologies of the company could potentially cater to UAE's future programs, including Earth observation, communication satellites, manned spaceflight, and interplanetary missions.

In light of Dhruva Space's ongoing engagements with the UAE market, the company is actively exploring the prospect of establishing a tangible operational footprint in the UAE. Dhruva Space anticipates that the realization of this opportunity will be facilitated through strategic investments or contractual agreements that will empower progress in this direction.

Three key considerations for such a transition would be:

1. Adaptation of the local UAE ecosystem for the products that Dhruva Space is developing.
2. Local capacity to develop Dhruva Space's product in a long-term and sustainable manner within the UAE.
3. The ability of UAE regulatory framework to support the activities and objectives of Dhruva Space.

Essentially, it boils down to capacity-building and technology development within those ecosystems. Dhruva Space is optimistic for what is ahead, and the continued deepening of its ties with the UAE will only help take the two nations' space synergies from strength to strength.