



UAE-INDIA  
CEPA COUNCIL

EXPANDING UAE-INDIA TRADE TIES

# The UAE and Opportunities for Bihar's Agricultural Sector



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This research report examines the potential for agricultural exports from Bihar, India, to the United Arab Emirates (UAE). It discusses current market demand, legal requirements, opportunities to export new agriculture products, and how the Comprehensive Economic Partnership Agreement (CEPA) is helping create new avenues for collaboration.

The report provides strategic recommendations to maximise opportunities for Indian agricultural products in the UAE market. The UAE-India CEPA has the potential to significantly boost Bihar's economy through increased trade and investment with the UAE. In addition to direct economic benefits, the increased demand for Bihar's agricultural products will also help create new jobs and support businesses in the state.





## Introduction

The UAE-India CEPA, which came into effect on 1 May 2022, was the first trade agreement signed by India in over a decade.



The UAE-India CEPA stands to benefit the Indian agriculture sector, opening new markets for Indian products by reducing or eliminating tariffs and other trade barriers. As a major global trading hub, the UAE can serve as a launch pad for Indian agricultural products on the international stage, and support efforts to increase investment and other collaborative opportunities.

## Bihar's Strength in the Agriculture Sector



Agriculture forms the backbone of Bihar's economy, with 76 percent of its population engaged in farming activities. The state ranks as the fourth-largest vegetable producer and the eighth-largest fruit producer in India. Among the key agricultural products produced in Bihar, include rice, paddy, wheat, jute, maize, various oil seeds, sugarcane, potatoes, barley, cauliflower, cabbage, tomatoes, radishes, carrots, litchi, makhana (fox nuts), guava, and okra.

The state already exports commodities like litchi, basmati rice, and snow peas to a number of major international markets and holds a competitive advantage in a range of other agricultural products.

Bihar's agricultural production stability offers ample opportunities for marketing and the development of food processing industries.



Most notably, Bihar accounts for over 85 percent of India’s production of fox nut, popularly known as ‘makhana’. Fox nuts have a range of health benefits, being rich in proteins and fibre, and low in fat. The potential of fox nut exports to the UAE remains untapped. With growing consumer awareness about the health benefits of fox nuts, demand is expected to increase rapidly in the coming years. There is considerable potential for UAE public and private sector entities, in collaboration with Bihar counterparts to conduct export awareness programs for fox nuts. There is

also immense scope for joint investment in promoting production and processing technology for fox nuts.

### Demand in the UAE

The UAE is a dynamic and globalised market with significant opportunities for agricultural exporters. The population of the UAE is increasingly seeking diverse food products, including organic food. The UAE represents an important market for India’s agricultural and processed food market. As noted in Figure 1, the UAE is the second largest destination for India’s processed food market.

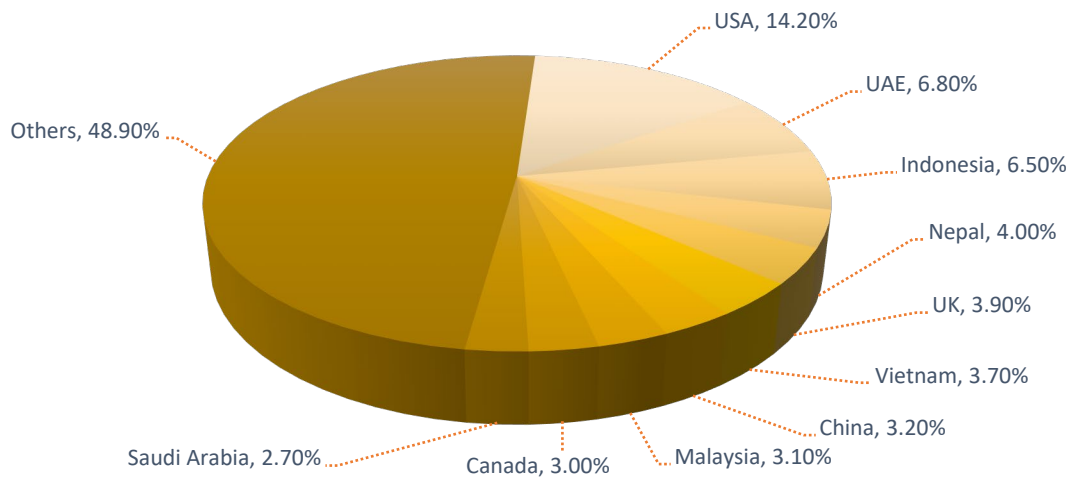


Figure 1: Export Destination of India’s Processed Food for 2020-21

Source: EXIM Bank (2021) quoting data from APEDA

Given the UAE’s climatic and geographic conditions, it imports 85 percent of the food it consumes. In the year 2021-22, India’s total export of agricultural and allied commodities to the UAE was USD 2.62 billion, approximately 35 percent higher than the previous year. Major exports, included sugar, basmati rice, spices, marine products, and fresh fruits, as outlined in Table 1. Furthermore, the UAE is a large global market for dairy products (USD 1.58 billion), fruits (USD 1.18 billion), and cereal preparation

(USD 1.02 billion). Seasonal and cultural factors also influence demand for food, with increased consumption during religious occasions such as Ramadan.

**Table 1: India's Top Agriculture and Allied Exports to the UAE**

S.No	Commodity	2020-21	2021-22	Growth (percent)
1.	Sugar	119.71	288.21	140.75
2.	Basmati Rice	203.59	221.31	8.71
3.	Spices	189.95	218.62	15.10
4.	Fresh Fruits	125.11	147.54	17.93
6.	Miscellaneous Processed Items	83.47	145.64	74.49
7.	Wheat	51.00	136.62	167.86
8.	Cashew	98.55	131.46	33.39
9.	Buffalo Meat	89.46	118.95	32.96

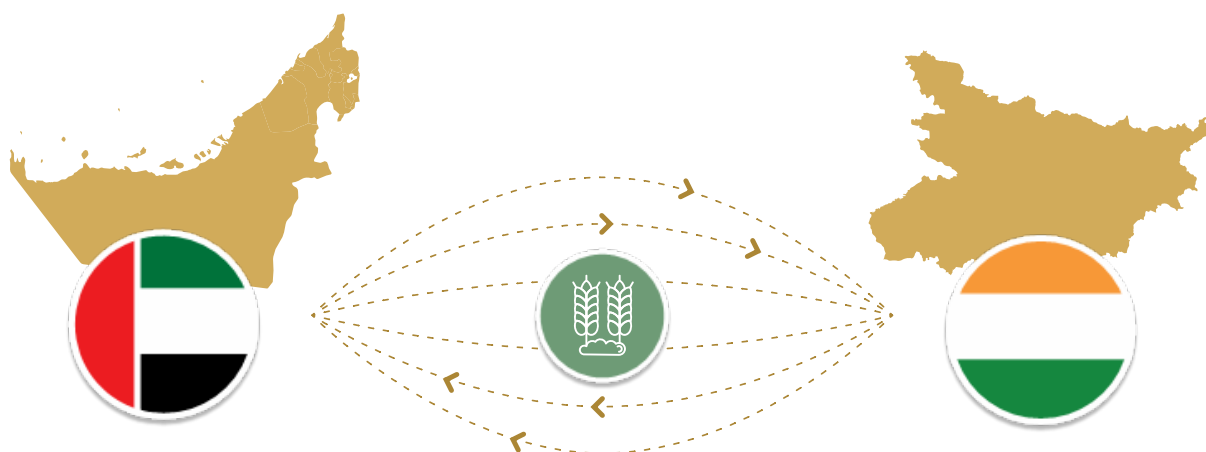
**Source:** Department of Commerce, Government of India (Values in USD)

With a growing population and rising consumption needs, the UAE potentially offers a vast market for Bihar's agricultural products. The UAE market is dynamic and offers numerous opportunities for Indian exporters, despite high levels of competition.

Home to over 200 nationalities, with the Indian expatriate community being the largest, there is robust demand for Indian agricultural products, making the UAE an attractive target market for exporters from Bihar. Bihar exporters can leverage this demographic advantage to cater to the tastes and preferences of Indians living in the region, thereby securing a substantial consumer base.

## CEPA - A Game Changer For Bihar's Agricultural Exports

The UAE -India CEPA can serve as a game changer for the export of agricultural products from Bihar. The UAE-India CEPA has been instrumental in deepening the bilateral relationship between the UAE and India since its implementation on 1 May 2022. As a result, bilateral trade between the UAE and India has increased by 16 percent, with key export sectors registering significant growth. Major Indian export sectors have benefited considerably since the implementation of the CEPA, with the export of fruit and vegetable products, increasing by almost 35 percent over this period.



Under the CEPA, the UAE will eliminate tariffs on 97 percent of tariff lines (7,581 total tariff lines), accounting for 99 percent of Indian exports to the UAE in value terms, which includes the immediate elimination of tariffs on 80.3 percent of tariff lines. The CEPA will support over USD 26 billion worth of Indian products previously subjected to a five percent import duty.

The UAE-India CEPA will ensure unparalleled market access for Bihar's agricultural exporters through tariff reductions and streamlined customs procedures. The state already exports litchi, basmati rice, and snow peas to the UAE. Additionally, it is competitive in maize, rice, and fruits and vegetables like bananas, mangoes, onions, tomatoes, potatoes, and brinjals. All of these are included in the UAE's Schedule of Specific Tariff Commitments and are allowed tariff -free entry into the country.

Beyond just market access to the UAE, Bihar's exporters can also take advantage of the UAE's role as a major international trading hub. This advantageous position, coupled with a business-friendly environment and an extensive network





of trade agreements, presents compelling opportunities for exporters of Bihar seeking a global market for their products. Some specific advantages of the UAE, include:

- **Strategic Location:** Situated at the crossroads of east and west, the UAE boasts unparalleled geographic proximity. With 80 percent of the world's population reachable within an eight-hour flight from Dubai, the UAE offers efficient logistics and expedited access to a vast consumer base.
- **Infrastructure Prowess:** The UAE has prioritised the development of world-class infrastructure specifically designed to facilitate trade. Jebel Ali Port, the world's largest man-made harbour, exemplifies this commitment. Its versatility in handling diverse cargo types, from containers to automobiles, ensures smooth and efficient movement of goods throughout the region, minimising logistical bottlenecks and maintaining competitive costs.
- **Streamlined Business Environment:** The UAE has cultivated a business environment conducive to international trade. Over 40 free trade zones offer a plethora of tax benefits and streamlined regulations, significantly reducing operational burdens for companies. The presence of multiple world-class financial centres facilitates access to capital and fosters investment opportunities. Minimal bureaucratic hurdles expedite business setup processes and streamlines operations, saving companies valuable time and resources.
- **Open Market Access:** The UAE actively pursues international trade expansion through a robust network of over 70 trade agreements already in place or under negotiation. These agreements, such as the Greater Arab Free Trade Agreement (GAFTA), the European Free Trade Association Free Trade Agreement (EFTA), and the Singapore-UAE Free Trade Agreement (SUFTA), dismantle or minimise trade barriers with a wide range of countries. The UAE has also signed a series of Comprehensive Economic Partnership Agreements with multiple countries, including Indonesia, Turkey, and South Korea. This will give Indian businesses the advantage of re-exporting from the UAE to other markets without tariffs.





## Lucrative Opportunities for Indian Agricultural Exporters in the UAE



### Bharat Mart

The ambitious Bharat Mart project, announced in August 2022, is envisioned to become a multifaceted platform for Indian enterprises operating in the UAE. Set to be operational by 2025, Bharat Mart will be 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 and will facilitate Indian exporter 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.

### Abu Dhabi Food Hub

Strategically located at the Khalifa Economic Zone Abu Dhabi (KEZAD), the Abu Dhabi Food Hub is a one-stop integrated ecosystem to facilitate wholesale trade and logistics across all food categories.

It is a future-focused supply chain platform and integral to UAE's food security agenda. Already operational, the Abu Dhabi Food Hub plans to become the largest integrated ecosystem for trading food commodities in the region. Comprised of traders, logistics services providers, value-added service providers, government enablers, and private commercial service providers, the hub will cater to various food products, including fruits and vegetables, meat and poultry, seafood, dairy, dry foods, dry commodities, flowers, and gourmet products.



The Abu Dhabi Food Hub is an ambitious venture that will play an important part in modernising the food trade in the region. Furthermore, the Food Hub is backed by the Abu Dhabi Government, which will offer various incentives and support services to attract and facilitate trade for Indian exporters.

## Legal and Regulatory Framework

### Import Regulations in the UAE

For exporters looking to import agricultural products into the UAE, navigating a regulatory landscape managed by multiple governmental bodies is essential. At the federal level, the primary agencies overseeing food safety and import regulations are the Ministry of Climate Change and Environment, and the Ministry of Industry and Advanced Technology. These Ministries manage the laws and standards for food products within the country.



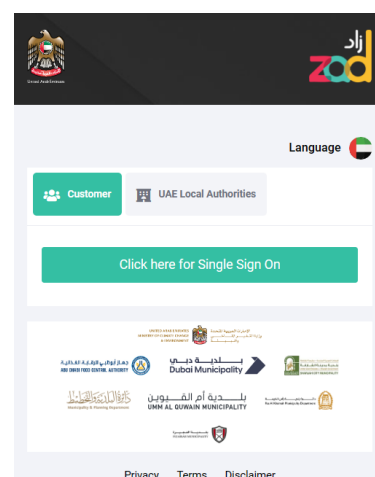
Additionally, other federal entities, such as the Ministry of Health and the Ministry of State for Food and Water Security, also play a crucial role in shaping specific regulations. At the local level, municipalities within each Emirate enforce these federal regulations, ensuring that both imported and domestically produced food items comply with the UAE's food safety laws. Understanding and adhering to these regulations is crucial for Bihar exporters who wish to enter the UAE market successfully. Here's a short overview of the critical requirements and procedures for food importers:

#### 1. Registration and Licensing

- In 2018, the UAE rolled out the "National Scheme for Food Accreditation and Registration," which introduced ZAD, an electronic portal for food registration.

Link to the portal:

<https://zad.gov.ae/Account/Login>





- ZAD is a UAE Federal Government system that can be used for registering products destined for any of the UAE's seven constituent Emirates (Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah, and Umm Al Quwain). This system enrolls all food items prior to their sale in the UAE and verifies product compliance with the country's food laws.
- The registration process requires exporters to apply online and provide a copy of the product's label, packaging, and official certificate from a competent authority in the country of origin confirming the product's health or nutritional claims.

- **Product Registration**

All food products must be registered with the relevant municipality before they can be imported to the UAE

## 2. Food Classification and Barcodes

Every food product imported into the UAE must undergo registration in the Registration and Classification System, which assigns a unique barcode to each item. This critical process is managed by the UAE Ministry of Health and Prevention. Link for the portal:



<https://mohap.gov.ae/en/services/classification-of-a-product>.

This system ensures that all food products meet the required health and safety standards before they enter the UAE market.

## 3. Labelling Requirements

Labels must be in Arabic only or Arabic/English. All stickers must be approved by UAE authorities prior to use and should be included during the label assessment process. The minimum information requirements for the Arabic label or sticker are:



- Product name
- Food ingredients
- Country of origin
- Storage conditions (if applicable)
- Instructions for use (if applicable)
- Nutritional information (if applicable)

The format of the expiry dates is set in the order of day date/month/year. The products that have a shelf life longer than three months can be exempted from the aforementioned format (i.e., only month and year are written)

#### 4. Health and Safety Certifications

- **Halal Certification:** Halal certification is crucial for products derived from animal sources.



- **Health Certificate:** A health certificate issued by the country of origin's relevant government body is mandatory, stating that the food product is fit for human consumption.

#### 5. Documentation

Comprehensive documentation, including invoices, phytosanitary certificate issued by the competent authority of the exporting country, packing lists, copies of the customs manifest, bill of lading or delivery authorisation, and certificates of origin, must accompany all shipments.

#### 6. Customs Clearance

- **Port of Entry:** It is important to determine the correct port of entry for goods, as different ports might have varying capabilities and requirements.
- **Efficient Clearance:** Engaging with a local clearing agent who is well-versed in UAE customs procedures can facilitate smoother and faster clearance of goods.

By understanding and adhering to these requirements, exporters from Bihar - or any other region of India – can ensure their food and agriculture other region products reach the market in compliance with the UAE's local regulations.



## The UAE-India Cooperation on Food Security

In recent years, the UAE has focused on ensuring food security. In 2018, the UAE Government published the 'National Food Security Strategy 2051', which focuses on facilitating the global food trade, diversifying food import sources, and identifying alternative supply schemes. India, being the world's second-largest food producer, is an essential partner in the UAE's food security plans.

The UAE-India food security partnership is a significant initiative to enhance food security for both nations through collaboration and investment in agriculture and food infrastructure. This partnership encompasses various projects and agreements, the most prominent of which are:

- 1. Food Security Corridor:** The UAE and India have fostered cooperation through a USD 7 billion investment in developing a Food Security Corridor, signed on the sidelines of the Comprehensive Economic Partnership Agreement on 18 February 2022. The Food Security Corridor aims to create a seamless and efficient link between Indian farmers and consumers in the UAE. It envisions a streamlined process where agricultural produce moves directly from Indian farms to UAE ports, reducing intermediaries and ensuring faster delivery of fresh, high-quality food products. The Corridor will facilitate increased trade in agricultural products between India and the UAE, benefiting farmers and businesses in both countries. The Food Security Corridor involves various components, including:
  - **Logistics Infrastructure:** The development of warehouses, cold storage facilities, and transportation networks to ensure the efficient movement of agricultural products.
  - **Digital Platforms :** Digital platforms will connect Indian farmers directly with UAE buyers, facilitating transparent transactions and fair prices.
  - **Quality Assurance:** Robust quality control mechanisms will be put in place to ensure that food products meet international standards.
  - **Financial Support:** Financial institutions will provide credit and investment opportunities to farmers and agribusinesses involved in the Corridor.
- 2. Investment in Food Parks:** The UAE has committed a substantial investment of USD 2 billion to develop food parks in India. Food parks are specialised industrialised zones designed to support the food processing industry. They will provide a cluster of infrastructure and services, including processing units, cold storage, warehousing, testing labs, and logistics support. Beyond this, the food parks will help modernise the food processing industry in India, making it more efficient. The food parks are being planned in various locations across India, strategically chosen based on the availability of agricultural products and proximity to markets. These parks will focus on processing various products, including fruits, vegetables, dairy, grains, and meat.

## Opportunities and Strategic Recommendations

- **Enhanced Collaboration in the Agriculture Sector:** There is an immense growth scope of collaboration between Bihar's exporters and the UAE-based companies in the agriculture sector. Working together can facilitate market entry and enhance local market knowledge for Bihar's exporters.
- **Logistics and Supply Chain Management:** Through mutual collaboration and partnership, a robust supply chain and state-of-the-art logistics infrastructure can be created to maintain the quality of perishable goods.
- **Organic Farming:** Bihar can take advantage of the increasing demand for organic products. The Government of Bihar has created an organic corridor in the districts along the banks of the river Ganga to boost organic farming. The organic agri products will provide a competitive edge to Bihar's exporters in the UAE market, adhering to global trends towards health and sustainability.
- **Joint Research Programs:** Establishing joint research programs in organic farming, crop science, pest management, modernization of agricultural practices, use of advanced technology in the agriculture sector, and sustainable farming practices can lead to innovations tailored to the needs of both the UAE and Bihar.
- **Investment in Food Processing Industries:** The UAE investors can collaborate on establishing food processing units in Bihar as part of the UAE-India food security corridor, which would also enhance the value of the raw agricultural products. This will create new employment opportunities and usher in economic prosperity in the region.
- **Agriota:** The Dubai Multi Commodities Centre, the UAE's largest free trade zone, launched Agriota, an agri-trading and commodity platform to link Indian farmers to food companies in the UAE. There is a need to increase awareness about this platform to maximize its benefits for the farmers of Bihar.

Lot	Commodity	Grade	Location	Quantity	Fees & Taxes	Price <sup>M</sup>	Highest Bid	New Bid <sup>M</sup>
LOT5B7E1	Paddy	Grade: G1	Punjab	20	Fees: 8.76% Taxes: 0%	MSP: 18,350.00	Price: 19,800.00	19,900.00
HSN:10081090	Basmati	-/+ G1-G3	Moga	(-/+): 5/20	Fees: 8.76% Taxes: 0%	MSP: 19,700.00	Value: 4,30,689.00	CALCULATE BID
				Values Per New Bid	Fees: 34,884.00	Taxes: 0.00	Value: 4,32,885.00	Advance: 43,288.00
LOT5B7E2	Paddy	Grade: G1	Punjab	23	Fees: 8.76% Taxes: 0%	MSP: 18,350.00	Price: 19,850.00	19,950.00
HSN:10081090	Basmati	-/+ G1-G3	Moga	(-/+): 5/20	Fees: 8.76% Taxes: 0%	MSP: 19,700.00	Value: 4,96,043.00	CALCULATE BID
				Values Per New Bid	Fees: 40,195.00	Taxes: 0.00	Value: 4,99,043.00	Advance: 49,905.00
LOT5B7E3	Paddy	Grade: G1	Punjab	24	Fees: 8.76% Taxes: 0%	MSP: 18,350.00	Price: 19,850.00	20,000.00
HSN:10081090	Basmati	-/+ G1-G3	Moga	(-/+): 5/20	Fees: 8.76% Taxes: 0%	MSP: 19,700.00	Value: 5,18,132.00	CALCULATE BID
				Values Per New Bid	Fees: 42,048.00	Taxes: 0.00	Value: 5,22,048.00	Advance: 52,205.00
LOT5B7E5	Paddy	Grade: G1	Punjab	20	Fees: 8.76% Taxes: 0%	MSP: 18,350.00	Price: 19,750.00	19,850.00
HSN:10081090	Basmati	-/+ G1-G3	Moga	(-/+): 5/20	Fees: 8.76% Taxes: 0%	MSP: 19,700.00	Value: 4,29,602.00	CALCULATE BID
				Values Per New Bid	Fees: 34,777.00	Taxes: 0.00	Value: 4,31,777.00	Advance: 43,178.00





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