

## India-UAE free trade pact comes into force

### Synopsis

The CEPA, which was signed in February, is expected to increase the total value of bilateral trade in goods to over \$100 billion and trade in services to over \$15 billion within five years.



The trade pact will help in taking the two-way trade to \$100 billion in five years from the existing \$60 billion.

The Comprehensive Economic Partnership Agreement ([CEPA](#)) between [India](#) and the [UAE](#) came into effect on Sunday, allowing most of the country's exports a duty-free access to [the Emirates](#).

The CEPA, which was signed in February, is expected to increase the total value of bilateral trade in goods to over \$100 billion and trade in services to over \$15 billion within five years.

gems and jewellery sector here.

In a symbolic gesture for operationalising the agreement, commerce secretary BVR Subrahmanyam handed over Certificates of Origin to three exporters from the

These consignments to Dubai will not attract any [customs duty](#) under the pact.

“Today, the CEPA between India and the UAE is coming into force. We are sending the first consignment from India to UAE, which will benefit from this agreement,” Subrahmanyam said, adding that the UAE is a gateway to the middle east, North Africa, Central Asia and sub-Saharan Africa.

The Central Board of Indirect Taxes and Customs and the Directorate General of Foreign Trade also issued the relevant notifications for the operationalisation of the agreement from May 1.

The trade pact will help in taking the two-way trade to \$100 billion in five years from the existing \$60 billion.

“\$100 billion is just a starter. As we go along, it will become \$200 billion and then \$500 billion in the years to come,” he said, adding that 99% of “our exports will go to zero duty in UAE”.

Overall, India will benefit from preferential market access provided by the UAE on over 97% of its tariff lines (or goods), which account for 99% of Indian exports to the UAE in value terms-particularly from labour-intensive sectors such as textiles, leather, footwear, sports goods, plastics, furniture, and engineering products.

The government is analysing a lot of trade pacts and trying to correct them.

“We are planning to summarise, simplify the agreement (with UAE for the industry) and put them in easy bundles so that everybody can know where do I have the benefit if I go through this FTA. We will do that before the end of May,” he said.

Subrahmanyam said that exports of goods and services account for about 22-23% of India's GDP and the vision is to take it up to 25-30%.

The secretary added that the commerce department would be recast.

“You will change in the next few months. We will be setting up a huge trade promotion wing,” he said.