

# India-UAE CEPA enters into force

written by iasexam.com | 02/05/2022



## [GS Paper 2 - Bilateral Trade, International Relations]

**Context** - The Comprehensive Economic Partnership Agreement (CEPA) between India and the United Arab Emirates came into force on May 1, 2022.

The agreement allows no customs duty to be levied on various products. It was signed between the two nations on February 18, 2022.

### Key Developments

- Recently, the Commerce Secretary BVR Subrahmanyam flagged off the first consignment of goods under the agreement from India to the UAE. The consignment, comprising jewelry products, will reach Dubai later in the day and will now attract zero customs duty under the agreement between the two nations.
- CEPA is expected to increase the total value of bilateral trade in goods to over USD 100 billion and trade in services to over USD 15 billion within five years, the [Ministry of Commerce and Industry](#) said in a statement.
- India will benefit from preferential market access provided by the UAE on over 97 percent of its tariff lines, which account for 99 percent of Indian exports to the UAE in value terms, particularly from labor-intensive sectors such as gems and jewelry,

textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering products, pharmaceuticals, medical devices, and automobiles.

## About CEPA

- India-UAE CEPA was signed on 18th February 2022, during the India-UAE Virtual Summit.
- The Agreement is expected to enter into force on 1st May 2022. CEPA provides for an institutional mechanism to encourage and improve trade between the two countries.
- The India-UAE CEPA will further cement the already deep, close and strategic relations between the two countries and will create new employment opportunities, raise living standards, and improve the general welfare of the peoples of the two countries.
- CEPA is a kind of free trade pact that covers negotiation on the trade in services and investment, and other areas of economic partnership.
- It may even consider negotiation in areas such as trade facilitation and customs cooperation, competition, and IPR. Partnership agreements or cooperation agreements are more comprehensive than Free Trade Agreements.