

The growing salience of India's state governments in expansion of India-UAE ties

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A growing area of cooperation between India and the UAE is agriculture. UAE has committed to setting up three food parks in India - in the states of Haryana, Gujarat and Madhya Pradesh - at an estimated cost of \$2 billion to address the issue of food security as both countries had also agreed to set up a food corridor.



By Tridivesh Singh Maini Aug 03, 2024

Image



UAE minister visit to Tamil Nadu (Photo: Twitter)

The CEPA (Comprehensive Economic Partnership Agreement) which came into force on May 1, 2022 has given a significant boost to bilateral trade between India and UAE. While in 2021-2022, bilateral trade between both countries was estimated at \$72.9 billion, in 2022-2023 bilateral trade between India and UAE was estimated at \$84.5 billion; and CEPA aims to lift bilateral trade to \$100 billion. Some of the key sectors that have witnessed a rise in exports from India are; Gems & jewellery, agri-products and automobiles. Total direct investments of UAE in India are estimated at 17 billion as of September 2023. India's investments in the UAE are estimated at \$8 billion.

UAE Minister of Economy, Abdulla bin Touq Al Marri, who visited Tamil Nadu with a 30-member delegation to attend the Investopia Global Talks in Chennai, acknowledged the rise in trade as well as the increasing investments. Several Indian state governments have also been reaching out to the UAE and are seeking to benefit from the CEPA. In recent years,

several chief ministers, among them Kerala CM Pinarri Vijayan, former Haryana CM Manohar Lal Khattar, former Odisha CM Naveen Pattanaik and current Tamil Nadu Chief Minister MK Stalin.

West Bengal Chief Minister Mamata Banerjee had also visited UAE in October 2023 and highlighted the close economic linkages between both countries. Banerjee met with UAE Minister of State for Foreign Trade Thani bin Ahmed Al Zeyoud and a Lulu Group International delegation.

Several high-level delegations from the UAE have visited India. In January 2024, UAE President Sheikh Mohamed bin Zayed Al Nahyan visited India and attended the Vibrant Gujarat Global Summit. UAE's envoy to India, Abdalnasser Alshaali, has also been interacting closely with state governments to give a push to economic linkages. The UAE set up its fourth consulate in India in Hyderabad in May 2023.

UAE minister in TN

Abdulla bin Touq Marri met with senior officials including CM Stalin. "Tamil Nadu is one of the biggest states that we are focusing on, in the UAE. We are coming with a delegation of more than 30 members from the business community of the UAE, building a relationship specifically here in Tamil Nadu, Chennai and the region beyond the region as well."

After his meeting, CM Stalin tweeted: "...we discussed business and investment partnerships in sectors such as logistics, retail, affordable housing, and food processing, with a particular focus on MSMEs and job creation"

Expansion of ties UAE's economic and people-to-people links have strengthened significantly in recent years and are no longer restricted to a particular sphere. Several of India's states are trying to benefit from the CEPA signed between both countries

India-UAE links in agriculture

A growing area of cooperation between India and the UAE is agriculture. UAE has committed to setting up three food parks in India - in the states of Haryana, Gujarat and Madhya Pradesh - at an estimated cost of \$2 billion to address the issue of food security as both countries had also agreed to set up a food corridor. UAE companies are also showing interest in Indian agricultural start-ups and in the setting up of an agri-trading platform – Agriota - which provides Indian farmers an opportunity to connect with the food industry in the UAE. Maharashtra, an important agricultural state, is seeking to set up a trade corridor with UAE. Punjab has also been pushing for close linkages between the UAE and India in agriculture and food processing. It would be pertinent to point out that during the recent Lok

Sabha election campaign, the issue of greater air connectivity between Amritsar and the Gulf countries was flagged so that Punjab – especially Panjabi farmers-- could harness economic opportunities in the Gulf nations.

The India-UAE relationship is only likely to strengthen with growing synergies between both countries. India's state governments are likely to emerge as important stakeholders and the visit of a UAE minister to Tamil Nadu is a strong reiteration of the same. State governments need to tap opportunities arising out of the CEPA and also growing synergies between India and UAE in the agriculture sector that will benefit both countries.

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