

Presentation

on

**India-UAE Comprehensive and Economic Partnership Agreement
&
India – Australia Economic Cooperation and Trade Agreement**

for the

**Stakeholders' Outreach Programme
Focus State – Tamil Nadu**

Sh. Santosh Sarangi

Director General of Foreign Trade, Ministry of Commerce & Industry

Background of Bilateral Relations

India-UAE

- **For India, UAE is**
 - **3rd largest trading partner** – Bilateral trade in goods of US\$ 59 billion in FY2019-20
 - **2nd largest export destination** - Exports of US\$ 29 billion for FY2019-20.
- **For UAE, India is**
 - **2nd largest trading partner** for the year 2019 &
 - **1st largest export destination for the year 2019.**
- UAE is the **9th largest investor** in India with an FDI of US \$ 11.38 billion for the period April 2000-June 2021.
- UAE, a **strategic partner of India**, also pledged to invest around US\$ 75 billion in India in various sectors.
- **Indian nationals (about 35 lakhs)** comprise over 1/3rd of the UAE population of 95 lakhs. They remit over **US\$ 20 billion** annually to India.

India-Australia

- Both nations are part of the **Commonwealth**.
- Similar legal systems, parliamentary democracies.
- Australia is an important **strategic partner** of India.
- Bilateral Trade in Goods stood at **US\$ 22 billion** in 2021
 - India's exports to Australia – US\$ 6.9 billion
 - India's imports from Australia – US\$ 15.1 billion
- Australia is the 17th largest trading partner of India and India is Australia's 9th largest trading partner.
- At almost **700,000, Australia's Indian diaspora**, makes a significant contribution to Australia's society and economy.
- Indian diaspora are the **second highest taxpaying diaspora**, behind the British.

Macroeconomic & Trade Indicators

| | Indicators | India (2019) | UAE (2019) | Australia (2019) |
|----------|---|--|--|--|
| 1 | Population | 1.36 Billion | 9.77 Million | 25.3 Million |
| 2 | GDP | US \$ 2.87 Trillion | US \$ 417.22 Billion | US \$ 1.39 Trillion |
| 3 | GDP Per Capita, PPP (US \$) | US \$ 6,997 | US \$ 71,150 | US \$ 51,748 |
| 4 | Global Merchandise Exports | US \$ 324 Billion (World Rank 13) | US \$ 280 Billion (World Rank 15) | US \$ 272 Billion (World Rank 19) |
| 5 | Global Merchandise Imports | US \$ 484 Billion (World Rank 8) | US \$ 262 Billion (World Rank 14) | US \$ 214 Billion (World Rank 24) |
| 6 | Total Trade in Goods and Services with World | US \$ 1200 Billion | US \$ 687 Billion | US \$ 629 Billion |

Source: World Bank and WTO

India-UAE Trade

| Value in US\$ Million | | | | | | |
|-----------------------|-------------------------|---|-------------------------------------|----------------------|------------------|-------------|
| Year | UAE's Import from India | UAE Exports to India (% of Total Exports) | | | | Total Trade |
| | | Crude Petroleum** | UAE's direct Non-Oil Exports | UAE's Re-Exports | Total exports | |
| 2017 | 20,245.80 | 6,538.51 (31.02%) | 5,253.56 (24.92%) | 9,287.41 (44.06%) | 21,079.48 | 41,325.28 |
| 2018 | 23,082.83 | 8,899.89 (40.90%) | 4,874.34 (22.40%) | 7,986.02 (36.70%) | 21,760.25 | 44,843.08 |
| 2019 | 26,753.52 | 9,868.84 (40.20%) | 6,527.72* (26.59%) | 8,149.82 (33.20%) | 24,546.38 | 51,299.90 |

- **During 2019-20, India exported US\$ 2,932.34 million to UAE and imported US\$ 6,086.40 million services from UAE.**
- **UAE is the 9th and 4th largest export and import market for India respectively in trade in Services.**
- ***Out of which, Gold exports are valued at US\$ 3,008.76 million while other direct exports are US\$3,518.96 million.**

India-Australia Trade

| Trade (US \$ Billion) | Goods* | Services** | Total |
|---|-------------|-------------|-------------|
| India's Exports to Australia | 6.9 | 3.6 | 10.5 |
| India's Imports from Australia | 15.1 | 1.9 | 17.0 |
| Total | 22.0 | 5.5 | 27.5 |
| Deficit(-)/Surplus(+) | -8.2 | +1.7 | -6.5 |
| <i>*DGCI&S, **RBI Data estimated for services for CY 2021</i> | | | |

- **India's imports** from Australia
 - **primarily (96%) of Raw materials & Intermediate Goods**
 - **highly concentrated**, primarily in **Coal (74%** of Australia's exports to India) out of which 71.4% is coking coal
- **India's exports to Australia:**
 - are broad-based and dominated by **finished products** (consumer goods)
 - India spends **\$ 4 bn** approx. each year on **education** of students in Australia

Scope of the Agreements

Full and deep Agreements, largely covering all areas of economic cooperation including :

Common in Both Agreements:

- **Trade in goods; and Trade in Services;**
- **Rules of origin;**
- **Technical Barriers to Trade; and Sanitary and Phytosanitary Measures;**
- **Customs Procedures & Trade Facilitation;**
- **Trade Remedies; and Dispute Settlement;**

India-Australia ECTA:

- **Temporary Movement of Natural Persons;**
- **Transparency;**

India-UAE CEPA

- **Digital Trade;**
- **Government Procurement;**
- **Intellectual Property;**
- **Investment and Trade;**
- **Micro, Small and Medium-Sized Enterprises (SMEs);**

India-UAE CEPA -India-Australia ECTA– Trade in Goods

- Likely to benefit about US\$ 32.9 billion worth of Indian products subjected to import duty by UAE and Australia.
- Immediate market access at **zero duty** accounting for
 - **90% of India's exports** in value terms to **UAE**
 - **98.3%** of tariff lines accounting for **96.4% of India's exports** in value terms to **Australia**
- Overall, **duty elimination on**
 - **Over 97%** of its tariff lines accounting for **99% of Indian exports** to **UAE in value terms.**
 - **100%** of its tariff lines exported to **Australia**
- Immediate Duty free access covers all labour-intensive sectors such as
 - **Gems and Jewellery; Textiles and Apparel; Agricultural and Fish products,**
 - **Leather, Footwear, and Sport goods; Pharmaceuticals and Medical devices, Engineering products.**
- Main products in **Exclusion category** :
 - **Agricultural products, especially Dairy, Tea, Coffee, Rubber, and Tobacco products; Most Jewellery and Medical devices**
 - **Most Automobiles; Plastics; Footwear, Sports goods ; TVs & picture tubes;**
- India offered tariff concessions on lines of interest to partner countries mostly with TRQs
 - UAE – dates, Petroleum products (crude, LPG, Naptha etc.), Petrochemicals (PE/PPE/PVC), Metals (Aluminium, Copper, Iron & Steel etc.), minerals
 - Australia – Some Agri products, metals, minerals, wine, coking and thermal coal

Benefits-Trade in Services

India-UAE CEPA

- Market access commitments **by the UAE in 111 out of total 160 sub-sectors.**
- Substantial gains in **India's key areas of interest such as Computer Related Services, Audio visual services, Education services, Health Services, Tourism & Travel related services, professional services** (Nursing, engineering, accountancy etc.), and Other Business Services.
- Market access offered for **Business Visitors, Intra Corporate Transferees, and Contractual Services Suppliers** from India.

IndAus ECTA

- Australia has committed its schedule in **negative list** and has made wide ranging **commitments** in around **135 sub sectors** with **MFN** in around **120 sub-sectors**
- **Annual Quota** of **1800** for **Yoga teachers** and **Indian Chefs.**
- **Post study work visa (18 months – 4 years)** for Indian students. Will benefit more than 100,000 Indian students.
- **Work and Holiday Visa** arrangement for young professionals.
- Commitment to pursue **Mutual Recognition Agreements(MRA's) in professional services** in 12 Months.

Key Features in the Agreements

- **Stringent rules of origin criteria** that reflect the requirement for substantial processing
 - **Up to 40% for most of the products and Wholly obtained criteria for agricultural products – India-UAE CEPA**
 - **Value Addition of 35% + Change in Tariff Sub Heading (CTSH) – India-Aus ECTA**
- **Condition of “melt and pour” as Product Specific Rule for Steel products for first time in Indian FTAs**
- **Bilateral Safeguard Mechanism in case of surge in imports**
 - **Permanent in India-UAE CEPA; Available for 14 years in India-Australia ECTA**
- **India-UAE ECTA: Special clause on Compulsory time bound Review: to enable either country to request Review parts of Agreement after 15 years**
- **Mutual Recognition Annex on Pharmaceuticals is there to facilitate automatic registration and marketing authorisation of Indian generic medicines.**
 - **Within 90 days in case of India-UAE CEPA**

India - UAE CEPA Sectoral Gains – Immediate Duty Free Access

| | Sector | Ref. yr Exports from India to the UAE (US\$ million) | Projected Additional Increase in Exports over 5 year horizon (US\$ million) | Projected Incremental Employment Generation (Direct & Indirect) |
|---|-------------------------------|---|--|--|
| 1 | Gems & Jewellery | 9,433 | ~ 4,500 | ~ 400,000 |
| 2 | Engineering Goods | 4,424 | ~ 4,800 | > 100,000 |
| 3 | Plastic products | 418 | ~ 1,274 | > 100,000 |
| 4 | Agri. products | 1,820 | ~ 850 | > 100,000 |
| 5 | Textiles and Apparel | 1,170 | ~ 2,000 | > 200,000 |
| 6 | Automobiles | 164 | ~ 160 | ~ 10,000 |
| 7 | Leather & Footwear | 130 | ~ 130 | ~ 15,000 |
| 8 | Pharmaceuticals | 321 | ~ 680 | ~ 25,000 |
| 9 | Other Sectors | | | ~ 50,000 |
| Total expected Employment Generation | | | | 10 Lakhs |

IndAus ECTA Sectoral Gains-Immediate Duty Free Access

| S. No | Sectors | India's Global Exports (US\$ Million) | India's exports to Australia (US\$ Million) | Share of Dutiable exports in Total (%) |
|--|--------------------------|---------------------------------------|---|--|
| 1 | Minerals and Metals | 97,249 | 890 | 62.6% |
| 2 | Chemicals | 63,694 | 682 | 21.7% |
| 3 | Textiles | 23,835 | 333 | 70.2% |
| 4 | Clothing | 15,205 | 273 | 97.1% |
| 5 | Transport Equipment | 24,712 | 261 | 88.4% |
| 6 | Non-electrical machinery | 24,307 | 239 | 81.2% |
| 7 | Electrical machinery | 18,426 | 191 | 47.3% |
| 8 | Leather, footwear etc. | 9,373 | 179 | 94.1% |
| 9 | Cereals and preparations | 14,397 | 124 | 32.4% |
| 10 | Other Sectors | | | |
| Total Expected Employment Generation-~ 10,00,000 in 5 years Additional Exports of \$ 10 bn in 5 years | | | | |

Inclusive FTA Negotiation Process

- Whole of Government Approach – Inter-Ministerial Involvement in the FTA Negotiation Process
- Extensive and multiple Industry Consultations
- Focus on consensus building
- Incorporation of Learnings from anecdotal evidences and experiences from earlier FTAs

Tamil Nadu's Export to Australia

Value in US \$ Million

| S. No. | Commodity | 2019-20 | 2020-21 | 2021-22 (Apr-Feb) |
|---|------------------------------------|----------------|----------------|----------------------|
| 1 | Cotton Including Accessories | 62.2 | 67.2 | 77.8 |
| 2 | Cotton Fabrics, Made ups | 15.8 | 24.6 | 27.2 |
| 3 | Products of Iron And Steel | 11.2 | 10.0 | 19.0 |
| 4 | Injecting and Molding Machinery | 16.3 | 12.7 | 14.9 |
| 5 | Other Construction Machinery | 6.3 | 11.9 | 14.3 |
| 6 | Electronics Instruments | 1.0 | 8.0 | 13.0 |
| 7 | Industrial Machinery for Dairy | 8.2 | 8.3 | 11.8 |
| 8 | Two and Three Wheelers | 5.2 | 8.6 | 11.3 |
| 9 | Electric Machinery and equipment's | 13.5 | 10.2 | 11.1 |
| 10 | Coir And Coir Manufacturers | 9.0 | 11.2 | 10.5 |
| 11 | Textile Material | 10.4 | 10.3 | 10.2 |
| 12 | Footwear and Leather Goods | 7.7 | 6.1 | 7.9 |
| 13 | Drug Formulations, Biologicals | 3.9 | 5.7 | 6.9 |
| Tamil Nadu's Total Export to Australia | | 276.3 | 308.5 | 349.7 |
| Tamil Nadu's Global Export | | 30014.6 | 26151.7 | 31523.0 |

Tamil Nadu's Export to UAE

Value in US \$ Million

| S. No. | Commodity | 2019-20 | 2020-21 | 2021-22 (Apr-Feb) |
|----------------------------------|---------------------------------------|---------|---------|-------------------|
| 1 | Gold and Other Precious Metal Jewelry | 192.9 | 190.8 | 394.5 |
| 2 | Cotton Including Accessories | 169.5 | 137.8 | 160.5 |
| 3 | Motor Vehicle/Cars | 252.9 | 161.8 | 158.8 |
| 4 | Textile Materials | 63.0 | 51.4 | 55.0 |
| 5 | Paper, Paper Board and Product | 43.9 | 30.0 | 52.0 |
| 6 | Auto Components/Parts | 94.0 | 37.1 | 50.5 |
| 7 | Spices | 12.7 | 28.1 | 41.1 |
| 8 | Auto Tyres And Tubes | 26.0 | 24.4 | 34.4 |
| 9 | Cotton Fabrics, Made-up etc. | 15.2 | 21.7 | 32.6 |
| 10 | Products Of Iron And Steel | 22.5 | 17.6 | 25.9 |
| 11 | Marine Products | 49.9 | 32.7 | 22.5 |
| 12 | Pumps Of All Types | 11.8 | 23.1 | 22.4 |
| 13 | Injecting Molding Machinery | 30.8 | 32.3 | 20.5 |
| Tamil Nadu's Total Export to UAE | | 1329.1 | 1065.3 | 1420.5 |
| Tamil Nadu's Global Export | | 30014.6 | 26151.7 | 31523.0 |

Thank You