

INDIA-UAE STRATEGIC PARTNERSHIP: INTERNATIONAL RELATION

NEWS: India-UAE Partnership Eyes Nuclear Energy and Advanced Technology as Next Breakthrough Sectors

WHAT'S IN THE NEWS?

India and the UAE are rapidly expanding their strategic partnership beyond traditional trade, focusing on energy, innovation, and defense, supported by milestones like the CEPA, nuclear cooperation, and digital payment integration. Despite this deepening relationship, both nations face challenges including geopolitical complexities, trade diversification needs, and regulatory and labor issues.

India-UAE Strategic Partnership: Evolution and Expansion

The strategic partnership between India and the United Arab Emirates (UAE) is rapidly deepening, moving beyond traditional trade to encompass future-focused cooperation in energy, innovation, and sustainability.

Economic Milestones and Trade Integration:

- **Bilateral Trade:** Bilateral trade has surged to **more than \$100 billion**, achieving this five years ahead of the set target.
 - The UAE is now **India's third-largest trade partner**, following China and the US.
 - This growth is largely attributed to the **Comprehensive Economic Partnership Agreement (CEPA)**.
 - The **Virtual Trade Corridor**, a key component of CEPA, serves as a pillar for the broader **India–Middle East–Europe Economic Corridor (IMEEC)**.
- **Investment Momentum:**
 - Total UAE investments in India have reached **\$23 billion**.
 - A significant **\$4.5 billion** of this was committed in 2024 alone, indicating accelerated investment.
 - The **Bilateral Investment Treaty**, finalized in 2023, has provided a stable and predictable legal framework, encouraging this increase in capital flows.
- **Digital Payment Integration:**
 - **Jaywan Card:** The UAE's national payment card is built upon **India's Rupee card stack**, showcasing technological collaboration in financial services.
 - **UPI-Aani Integration:** This initiative is scheduled for November 2025 and aims to enable seamless **cross-border digital payments and Central Bank Digital Currency (CBDC) interoperability** between the two nations.

Technology and Defense Cooperation:

- **Nuclear Energy as a Growth Sector:**

- The UAE currently generates **25% of its electricity from nuclear energy (5.6 GW)** and has ambitious plans to **double this capacity by 2030**.
- The **Partnership for Accelerating Clean Energy (PACE)**, involving the US, UAE, and India, along with French collaborations, is making nuclear energy a cornerstone of clean energy cooperation.
- **India's participation in the Barakah Nuclear Power Plant** (the first multi-unit nuclear facility in the Arab world) highlights the UAE's trust in India's nuclear expertise.

- **Defense Engagements:**

- Defense cooperation has been elevated to the **secretary level**, indicating a high degree of strategic alignment.
- This includes significant **joint military exercises** such as:
 - **Desert Cyclone**
 - **Desert Flag**
 - **The India-France-UAE Trilateral Exercise**
- Indian defense companies are increasingly visible at major international defense expos like **IDEX and the Dubai Airshow**.
- They are actively contributing to projects, including the supply of **Tejas fighter components** and advanced **drone systems**.

Education, Space, and Critical Minerals:

- **Educational Collaborations:** These ties have strengthened considerably, fostering human capital development:
 - Launch of **IIT Abu Dhabi's PhD program**.
 - Establishment of **IIM Ahmedabad's Dubai campus**.
 - Establishment of **IIFT Dubai**.
- **Space:** Collaborative efforts are ongoing in advanced areas like **precision medicine and space exploration**, leveraging India's human capital and the UAE's infrastructure capabilities.
- **Critical Minerals:** A Memorandum of Understanding (MoU) was signed in 2024 with the objective of **securing global supply chains for crucial minerals** such as lithium, cobalt, and rare earths.
- **Green Hydrogen:** Both nations are committed to building a **transnational green hydrogen value chain**, with ambitious production targets:

- India: **5 MMT by 2030.**
- UAE: **1.4 MMT by 2030.**

Connectivity and Clean Energy Corridors:

- **India–Middle East–Europe Economic Corridor (IMEEC) Initiative:**
 - This ambitious initiative envisions a **seamless flow of containers, data, and energy** facilitated by interconnected grids and subsea cables.
- **I2U2 (India, Israel, UAE, US) Initiative:**
 - Under this quadrilateral framework, plans are progressing for key projects:
 - Development of **food parks in Gujarat.**
 - Establishment of large-scale **renewable energy projects targeting 60 GW** in Gujarat and Rajasthan.

Geopolitical Positioning and Africa Outreach:

- **Leveraging UAE's Global CEPA Network:** India aims to utilize the **UAE's network of 25 other Comprehensive Economic Partnership Agreements (CEPAs)** to expand market access and enhance manufacturing potential, particularly for energy-intensive sectors.
- **Africa as the Next Frontier:**
 - The **UAE's recent entry into BRICS** offers new avenues for cooperation.
 - Initiatives like **Bharat Africa Setu** provide India with a strategic route to **expand its presence and trade into African markets**, with the UAE serving as a vital "gate-way."
- **Cultural Symbolism:** The **BAPS Hindu temple in Abu Dhabi** stands as a powerful symbol, reflecting religious tolerance and shared cultural values, further reinforcing the depth of the bilateral relationship.

Concerns & Challenges to Address:

- **Geopolitical Sensitivities:** India faces the challenge of balancing its diplomatic relations amidst the complexities of **Israel-Gaza tensions** and the UAE's evolving geopolitical stance in West Asia.
- **Trade & Economic Concerns:**
 - Despite CEPA's success, bilateral trade remains **concentrated in a few sectors** like gems and petroleum.
 - Efforts to **diversify exports** into high-growth areas such as technology, pharmaceuticals, and renewables are still ongoing.
- **Regulatory Loopholes & Irregularities:**

- A significant loophole in the **India-UAE Economic Partnership Agreement (EPA)** allowed traders to **import gold disguised as platinum alloy**, resulting in a substantial **₹1,700 crore revenue loss**.
- There was an alarming **647x jump in silver imports from the UAE in one year**, raising serious concerns about adherence to **value-add compliance** and potential **misuse of GIFT City's relaxed regulations**.
- **Labor Rights & Humanitarian Issues:**
 - Migrant Indian workers in the UAE continue to face significant challenges under the **Kafala sponsorship system**.
 - Reported issues include **passport confiscation, wage delays, and substandard living conditions**.
- **Strategic & Security Challenges:**
 - The UAE's growing ties with China, including recent defense deals, could **complicate India's strategic calculus** in the region.
 - Concerns exist regarding the **UAE's financial support to Pakistan** and the potential for these funds to be diverted towards anti-India activities.
- **Diplomatic & Institutional Gaps:**
 - India and the UAE currently **lack a dedicated strategic dialogue platform**, such as a 2+2 Dialogue, to holistically address critical defense and political issues.
 - Indian exporters, particularly of processed food, face practical hurdles like **mandatory Halal certification**.

Conclusion:

The evolving India–UAE strategic partnership serves as a prime example of how two complementary economies can forge **resilient supply chains, drive sustainable development, and pioneer cooperation in cutting-edge nuclear and advanced technologies**. With their shared visions and coordinated policies, both countries are strategically positioning themselves as **global innovation and trade hubs** in an increasingly dynamic international landscape.

Source: <https://ddnews.gov.in/en/india-uae-partnership-eyes-nuclear-energy-and-advanced-technology-as-next-breakthrough-sectors/>