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UAE–India Summit: Enhancing Relations

The stage has been set for a historic visit poised to catapult politico-economic ties from ‘cordial’ to ‘strategic’

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When His Highness Shaikh Mohammad Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, crosses the Arabian Sea today for a state visit to India, a number of new paradigms are likely.

It would be the second bilateral summit within six months of Prime Minister Narendra Modi’s groundbreaking state visit to the UAE last August. This quickened pace is the diplomatic analogy of a marathon being replaced by a sprint.

The official visit will be equally split between New Delhi, the capital, for political dialogue, and the business hub of Mumbai, which has a long association with the UAE, being just a stone’s throw across the Arabian Sea.

By some measure, it is the most significant visit of its kind since the UAE’s founder, the late Shaikh Zayed Bin Sultan Al Nahyan, visited India in 1992.

The short interregnum between the two summits has been replete with intensified bilateral contact. These include ministerial meetings, the Joint Commission, in September 2015, and the High Level Task Force on Investments in November 2015 and February 2016. Indian Finance Minister Arun Jaitley also visited the UAE in December 2015. The enhanced operational cooperation, from anti-terrorism to consular matters, has been productive. These

precursors have set the stage for a historic visit poised to catapult the politico-economic ties from ‘cordial’ to ‘strategic’.

However, before this ambitious strategic partnership is realised, the two sides will need to assess the evolving bilateral, regional and global contexts and reorient their strategies. The most pressing issue is the sharp decline in the price of oil — a commodity that has hitherto underpinned bilateral trade. Bilateral trade stood at \$59 billion (Dh217 billion) in 2014-2015 (Indian exports to the UAE were \$30.49 billion; India’s UAE imports were \$20.31 billion) having declined by 15.7 per cent from the previous year. In fact, bilateral trade in 2015 was nearly a third off its peak of \$75.46 billion in 2012-13 — with Indian exports down by a sixth and imports from the UAE nearly half their record.

The significant decline on both sides of the trade equation belies those who see oil prices as a zero-sum game between producers and consumers. Mutual investments have been buoyant: Indians continue to be the largest buyers of property in Dubai, investing Dh20 billion in 2015. The UAE’s investments in India also remained largely unaffected by the global tumult.

Thanks to a 26 per cent rise to 1.6 million, Indians regained the top spot as tourists in Dubai in 2015. In other words, every ninth tourist in Dubai was from India.

The past six months have also witnessed a number of fast-paced regional and global developments with implications for bilateral ties. Economically, such changes include the emergence of a buyer’s market in oil, the lifting of sanctions on Iran and the slowing down of the Chinese economy. Such a backdrop gives the forthcoming UAE–India Summit heightened topicality and remit. The two leaders share a vision comprising bilateral synergy and regional harmony. Their first priority is likely to be economic ties, where they have been robust and resilient. New drivers are, nevertheless, needed to reach the ambitious goals set at the first summit, including a 60 per cent growth in bilateral trade over the next five years and \$75 billion of UAE investment in Indian infrastructure projects.

The visit by Shaikh Mohammad Bin Zayed will make him the first Arab leader to have held two summits with Indian Prime Minister Narendra Modi. They should build upon this special relationship to help augment bilateral ties and strengthen regional stability.

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