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## **UAE-India Summit: Shrinking the Distance**

*The successful bilateral domains have invariably been driven not by administrative fiat, but by the laws of economics and logic*

**By Mahesh Sachdev, Special to Gulf News**

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The distance between Ras Al Khaimah and Gujarat, the western-most state in India, is barely 1,200 km. On Sunday, when Indian Prime Minister Narendra Modi, who hails from Gujarat, pays an official two-day visit to the UAE, the two sides would have an opportunity to reduce this distance — at least figuratively. Indeed, the coming UAE-India Summit underlines both their proximity as well as the distance to Eldorado.

The relations between the UAE and India are steeped in history. Suffice to say that for centuries Mumbai was the window to the world for people of the Trucial States. For decades, young people from the Gulf sang along to ‘Markabat Al Hind’ — or the ‘ship from India’, which is a popular song from the Gulf folklore describing such vessel as being laden with all things exotic and of unsurpassed beauty. The Indian rupee was the UAE’s legal tender until 1965.

The current bilateral economic synergy is no less significant. By the latest Indian statistics, the annual bilateral trade to June 30, 2015 was \$56.84 billion or Dh208.6 billion (Indian exports to UAE: \$32.16 billion; Indian imports from the UAE: \$24.68 billion). It has come down largely due to falling prices of crude — of which India is the largest buyer from the UAE. India is also the UAE's largest trading partner and their trade has been nearly in balance. Including FII and FDI modes, the cumulative UAE investments in India are estimated to be around \$15 billion. Anecdotal evidence suggests that Indian investments in UAE are even bigger. According to Forbes, out of ten UAE-based dollar billionaires, six are Indians who are collectively worth over \$15 billion. Thousands of other Indian entrepreneurs operate out of the UAE, leveraging the greater ease of doing business.

However, the biggest piece in the bilateral jigsaw is Indian community in the UAE, which at nearly 2.6 million is the largest expatriate group in the country, which is home to people from over 200 nationalities. By a different measure, every third expatriate in the UAE is an Indian. This shows that the people-to-people ties are cordial and mutually beneficial. In general, Indians are regarded as competent, hard-working, disciplined and not having any extraneous agenda. Indians, too, consider the UAE as a country close to home, offering better wages and personal freedoms than most regional economies. For instance, the country has at least three Hindu temples and numerous churches. In 2014, UAE-based Indians collectively remitted home \$12 billion — a sixth of total remittances India received.

The UAE-India Summit comes against this imposing and substantive backdrop. The event has intrinsic significant in multiple ways: The visit takes place after a gap of 34 years. Modi has chosen the UAE as the first Arab country to visit — and he is coming only to the UAE.

It is not difficult to see the rationale for such singular treatment. Indeed, if India and the UAE were to look for their respective most compatible partners, it would be difficult to best each other. This mutual complementarity has been enhanced in recent months due to the developments such as the oil glut, ferment in South West Asia and prospects of an Iran opening. Since coming to power in May last year, the Modi administration has launched a number of initiatives to improve infrastructure and boost manufacturing in India through initiatives such as 'Make in India', Smart Cities, Intercity Industrial Corridors, etc. This ambitious developmental agenda provides an opportunity for bilateral synergy. India has now become the world's fastest growing major economy and the third largest (and growing) consumer of oil. On other hand, the UAE has various sovereign funds with corpus of over a trillion dollars — which is a hundred times the UAE's total investments in India. UAE's private investors, too, are actively looking for rich pickings all over the world. Perhaps even more importantly, Emirati managers have mastered the art that has largely eluded Indian governments and their enterprises: how to get the best out of their Indian-dominated workforce. Further, UAE-based Indian entrepreneurs themselves have done much better in the UAE's eco-space and can be persuaded to deploy their expertise back home.

It goes without saying that the India and the UAE are two moderate countries which lie in a rather turbulent part of the world often in news for wrong reasons. It is imperative for the two sides to intensify their security and defence cooperation to ensure peace and stability.

How can the UAE and India work through the coming Summit to realise a Bollywood-scripted ending — notwithstanding the missteps, the competition and the confusion run riot convoluting the romantic plot? A closer look at the ties would reveal the obvious fact: the most successful bilateral domains have invariably been driven not by administrative fiats, but by the laws of economics and logic. Thus, the mantra of the two governments should be to empower the stakeholders — and then step aside with minimum possible regulation. The forces of the market and commonsense would do the rest. Is there any other option? They can micro-manage and hope for the continental drift reversing itself.

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