

## **INDIA-UAE CEPA (FAQs)**

### **Question 1: Concept of Atmanirbhar Bharat vs. Free Trade Agreements (FTAs)**

**Answer:** The two concepts are not contradictory rather complimentary to each other. Atmanirbhar Bharat does not mean self-containment, isolating away from the world or being protectionist. Rather it's about getting our act together to improve domestic production of finished goods, gain from better integration with the global value chain and ensure fair trade. The Agreement would also enhance investments in India which would provide the necessary impetus to improving our manufacturing. Atmanirbhar Bharat Abhiyan, aims at making India a bigger and more important part of the global economy, pursuing policies that are efficient, competitive and resilient, and being self-sustaining and self-generating.

Atmanirbhar Bharat Abhiyan together with a calibrated and balanced free trade agreement would build a self-reliant India that would focus not just on boosting domestic manufacturing but also on making the country a part of the global value chain.

### **Question 2: How is a Comprehensive Economic Partnership Agreement (CEPA) different from FTA?**

**Answer:** As the name suggests, CEPA is more comprehensive and ambitious than an FTA in terms of partnership across a wider coverage of areas and the type of commitments. While a traditional FTA focuses mainly on goods; a CEPA is more ambitious in terms of a holistic coverage of many areas like services, investment, IPR, government procurement, disputes etc. Secondly, CEPA looks deeper at the regulatory aspects of trade than an FTA. It is on account of this that it encompasses mutual recognition agreements (MRAs) that covers the regulatory regimes of the partners. An MRA recognises different regulatory regimes of partners on the presumption that they achieve the same end objectives.

### **Question 3: What are benefits of the India-UAE CEPA?**

**Answer:** The UAE is currently India's third-largest trading partner with bilateral trade in 2019-20 valued at US\$ 59 billion. The UAE is also India's second largest export destination of India with exports valued at approximately US\$ 29 billion for the year 2019-20. Not only this, the UAE is also the eight largest investor in India with an estimated investment of US\$ 18 billion whereas Indian investments in the UAE are estimated at around US \$ 85 billion. The CEPA is expected to increase the bilateral trade in goods to USD 100 billion within five years of the signing and increase trade in services to USD 15 billion.

The India-UAE CEPA is likely to benefit about US\$ 26 billion worth of Indian products that are subjected to 5% import duty by UAE. Overall UAE is offering elimination of duties on 97 % of its tariff lines corresponding to 99% of imports from India. 90% of our total exports to the UAE in value terms would become duty free immediately upon entry into force of the CEPA. The UAE's immediate zero-duty market access offer to India covers all labour-intensive sectors such as Gems and Jewellery, Textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering products, pharmaceuticals, medical devices, and Automobiles. UAE can also become a hub for sourcing of India's capital goods and intermediates for further value added exports to other destinations in Africa and Europe.

Also for the first time in any Trade Agreement, a **separate Annex on Pharmaceuticals** has been incorporated to facilitate access of Indian pharmaceuticals products, especially automatic registration and marketing authorisation in 90 days for products approved by developed country regulators namely the United States (USFDA), the United Kingdom (UKMHRA), the European Union (EMA), and Japan (PMDA).

### **Question 4: What are the tariff concessions offered by India and the UAE to each other in Merchandise Trade?**

**Answer:** Trade in Goods includes the exchange of tariff concessions at the 8-digit Harmonised System (HS) Code, and has been categorized into four lists, Immediate Elimination, Phased Elimination, Phased Reduction, including Phased Reduction with Quota and the Exclusion list.

Under the Agreement the UAE will eliminate tariffs on 97% of the tariff lines (total tariff lines -7581) accounting for 99% of the Indian exports to the UAE in value terms, which includes immediate elimination of tariff on 80.3% lines. Further, 1089 products (14.4% of tariff lines) and 180 products (2.4% of tariff lines) are in Phased Elimination, where the basic customs duty would be brought to zero in a phased manner of 5 years and 10 years respectively by the UAE from the date of entry into force of CEPA. Also, 35 products (0.5 %) are in Phased reduction list where the UAE is offering India up to 50% tariff reduction. The UAE have kept only 187 products constituting 2.4% of the total lines in the exclusion list.

There are 11908 tariff lines of India comprising equivalent number of products. 7694 products (64.61%) have been identified in the Immediate Elimination list; imports from the UAE on these would become duty free immediately upon entry into force of the CEPA. 2176 products (18.27%) and 225 products (1.89%) are in Phased Elimination, where the basic customs duty would be brought to zero in a phased manner of 5/7 years and 10 years respectively from the date of entry into force of CEPA. 656 products (5.51%) are in Phased reduction list where the UAE has been given up to 50% tariff reduction with or without a tariff-rate quota (TRQ). Considering domestic sensitivities, remaining 1157 products (9.72%) have been kept in exclusion list.

**Question 5: What are the important categories of products in the exclusion list of the India-UAE CEPA?**

**Answer:** Considering domestic sensitivities, 1157 products (9.72%) have been kept in exclusion list. A large quantum of products in the following categories have been kept in the exclusion category-

- i. Jewellery (except for 2.5 tons Quota for gold jewellery)
- ii. Dairy products
- iii. Fruits, vegetables, and nuts
- iv. Cereals
- v. Tea, Coffee, spices
- vi. Sugar
- vii. Food preparations (instant coffee/ tea, sharbat, betel nut, pan masala, sugar syrup etc)
- viii. Tobacco products
- ix. Petroleum waxes and coke

- x. Dyes and pigments
- xi. Soaps and some cosmetics
- xii. Natural rubber, tyres and other rubber products
- xiii. Footwear
- xiv. Processed marble
- xv. Toys
- xvi. Plastics
- xvii. Scrap of Aluminium and Copper
- xviii. Most Automobiles and automotive components
- xix. Medical devices
- xx. TVs & picture tubes

**Question 6: What are the export opportunities for India under the Agreement?**

**Answer:** The UAE is a gateway to all of Africa, many other gulf countries and Europe. It also has a large number of Indian diaspora and a huge market for products like textiles, gems and jewellery, leather, footwear, and food products, which are labour oriented and provide economic opportunities. The UAE has undertaken immediate tariff liberalisation on a number of products of India's export interest. 90% of India's exports in value terms would become duty free immediately upon entry into force of the CEPA. The labour-intensive sectors such as Gems and Jewellery, Textiles, leather, footwear, sports goods, plastics, furniture, agricultural products, engineering products, pharmaceuticals, medical devices, and Automobiles are going to get duty free market access in the UAE market. Overall, the UAE is eliminating duty on over 97% of its tariff lines which account for 99% of Indian exports to the UAE in value terms. These are potential areas of benefit for India.

**RULES OF ORIGIN**

**Question 7: What is the definition for "originating products" under the agreement?**

**Answer:** The goods which are wholly obtained or produced entirely in the party country or if the product is not wholly or partly produced in the country then it has to satisfy stringent conditions which are as follows:

- i. The good has a qualifying value content of not less than 40 per cent and

- ii. All the non-originating materials used for production have to undergo a change in tariff classification at the four or six-digit level.

The value addition is lower only for the gems and jewellery sector since the process is such that the value addition ranges from 3-7%. This would encourage our jewellery exports to UAE.

**Question 8: What are the Rules of Origin for non-originating products under the India- UAE CEPA?**

**Answer:** The Agreement has stringent product specific rules of origin that reflect the requirement for substantial processing. Any goods would qualify for preferential tariff under the India-UAE CEPA if value content addition is not less than 40 percent, taking the Free on Board (FOB) value of exports as the base and all the non-originating materials used in the production of the good have undergone in the Party a change in tariff classification at the four or six-digit level (i.e. a change in tariff heading or tariff subheading) of the Harmonized System. Further, the certificate of origin will be issued by the Ministry of Economy of the UAE to prevent circumvention of the rules of origin criteria.

**Question 9: Can products from a country other than the UAE (Third Country) enter Indian market through the UAE benefit from tariff concession under the India-UAE CEPA?**

**Answer:** No. The India-UAE CEPA Trade in Goods does not allow such products through a stringent rules of origin that reflect the requirement for substantial processing. Based on India's insistence, a number of agricultural products have the wholly obtained criteria. Moreover, wherever other rules have been used, these have largely included both change in tariff classification and a minimum of 40% value addition taking the Free on Board (FOB) value of exports as the base. For the first time, based on the request of the Indian Steel industry, India has made the UAE agree to the condition of "melt and pour" as Product Specific Rules for Steel products. This means that raw steel would need to be melted into the liquid state and then poured into the first solid state in UAE. Further, considering India's CAROTAR rules that place an onus of documentation on the Indian importer and the certificate of origin issuing authority in UAE being their Ministry of Economy, there is little chance of any circumvention of the stringent rules which would ensure substantial processing

and no transshipment under these rules. Moreover, the verification mechanism is robust and there is exporter would need to maintain minimum required information and proper documentation.

The Agreement has built-in protections to ensure that no third country product enters Indian market and benefit from concessional tariffs without being substantially transformed.

**Question 10: Is there any provision for Special Safeguard Mechanism (SSMs)?**

**Answer:** A breakthrough feature of the CEPA is a permanent safeguard mechanism which has been agreed upon and can be resorted to in a situation of sudden surge in imports.

**Question 11: Are there any safeguard mechanisms to protect domestic producers form surge in imports from the UAE?**

**Answer:** Yes, there is a permanent safeguard mechanism to protect the domestic producers against any sudden surge in imports due to tariff concessions that would substantially cause or threaten to cause serious injury to the domestic industry. As a safeguard measure, a Party can suspend the further reduction of any tariff rate or increase the tariff rate on the good concerned to MFN applied rate of duty on the good in effect at the time the action is taken or the MFN applied rate of duty on the good in effect on the day immediately preceding the date this Agreement enters into Force, whichever is lower.

Moreover, India has offered tariff concessions in the form of tariff reduction up to 50% or tariff elimination in phased manner with Tariff Rate Quota (TRQ) on many items of exports interest to UAE such as Polyethylene, Polypropylene and Copper. These TRQs would also protect our domestic industry from any sudden surge of imports.

**Question 12: Whether any tariff rate quotas applicable for the products covered under the India-UAE CEPA?**

**Answer:** The UAE has not offered Tariff Rate Quota (TRQ) for any of its lines whereas for the products of export interest to the UAE, India is offering concessions mostly in the form of tariff reduction (TR) with or without a tariff-rate quota (TRQ).

India is offering the UAE, TRQ on Gold (with 1% duty reduction with a TRQ of 200 tonnes in 5 years), Gold Jewellery (with 5% duty reduction and a TRQ of 2.5 tonnes in 5 years), Copper (TRQ of 150% of the average imports for the period 2017-19 with tariff elimination in 5 years), Polyethylene and Polypropylene (TR of 50% over 7 years with an agreed upon absolute level of TRQ).

**Question 13: Whether any customs clearance procedures provided in the agreement?**

**Answer:** All the rules regarding the customs procedures would be predictable, consistent, transparent and fair manner. According to the agreement all the measures with regard to customs clearance will be simplified. The help of information and communications technology will be used for simplifying the customs procedures. The countries will be using international standards and recommended practices to harmonise the customs procedures.

**Question 14: What are the standards followed with regard to Technical Barrier to Trade (TBT)?**

**Answer:** All the technical regulations, standards and conformity assessment procedures will be defined according to Annex 1A of the WTO Agreement on Technical Barriers to Trade.

**Question 15: What are the standards followed with regard to Sanitary and Phytosanitary Measures (SPS)?**

**Answer:** The sanitary and phytosanitary measures mentioned in Annex 1A in the Agreement on Sanitary and Phytosanitary Measures of WTO will be applicable for food products.

**Question 16: What are the provisions for review and implementation of the Agreement?**

**Answer:** The concept of review of the Agreement has been put in place to take stock of the operation of the Agreement and based on this suggest the future course of action. The Agreement is operationalized and implemented through a Joint Committee. The Joint Committee would meet biennially to review the Agreement with a purpose of considering additional measures to further enhance the Agreement.

**Question 17: What is the provision for dispute settlement mechanism under the Agreement?**

**Answer:** The parties shall resolve dispute through consultations and negotiations, failing which they may resort to an arbitral panel, which shall consist of three members. Each party to the dispute shall appoint a member and the third member who would be the Chair of the panel, shall be appointed by mutual agreement.

**Question 18: Is there any provision in India-UAE CEPA on pharmaceutical products?**

**Answer:** Yes, For the first time in a Trade Agreement, a **separate Annex on Pharmaceuticals** has been incorporated to facilitate access of Indian pharmaceuticals products, especially automatic registration and marketing authorisation in 90 days for products approved by developed country regulators namely the United States (USFDA), the United Kingdom (UKMHRA), the European Union (EMA), and Japan (PMDA).

**Question 19: What are the significant provisions in the India-UAE CEPA?**

**Answer –** There are many significant provisions incorporated in the India-UAE CEPA. Few of them are enumerated below-

- i. For the first time in a Trade Agreement, a **separate Annex on Pharmaceuticals** has been incorporated to facilitate access of Indian pharmaceuticals products, especially automatic registration and marketing authorisation in 90 days for products approved by developed country regulators namely the United States (USFDA), the United Kingdom (UKMHRA), the European Union (EMA), and Japan (PMDA).
- ii. **‘MELT & POUR’** criteria has been incorporated as Product Specific Rule for Steel products.
- iii. **‘Permanent Safeguard Mechanisms’** have been incorporated for the first time.
- iv. Chapter on **‘Digital Trade & Government Procurement’** have also been incorporated in the agreement

**SERVICES**



**Question 1: How many sectors and sub-sectors are covered in the Services agreement?**

**Answer:** Both the countries have undertaken commitments in 11 broad categories of Services. These include: ‘Business Services’, ‘Communication Services’, ‘Construction and related engineering services’, ‘Distribution Services’, ‘Educational Services’, ‘Environmental Services’, ‘Financial Services’, ‘Health related and Social Services’, ‘Tourism and travel related Services’, ‘Recreational Cultural and Sporting Services’ and ‘Transport Services’.

While India has committed around 100 sub-sectors in services, the UAE has committed around 111 sub-sectors from the 11 broad services sectors.

**Question 2: What is the contribution of the Services sector in the economy of UAE/India?**

**Answer:** As per the World Development Indicators of World Bank (2020), Services sector accounts for 48.9% of GDP in India and 58.2% of GDP in UAE.

**Question 3: What are the salient features of UAE’s commitments in services?**

**Answer:** UAE has undertaken GATS/best FTA plus commitment in services.

- Commercially meaningful market access commitments undertaken by UAE in all important sub sectors in services.
- Services sectors of India’s interest have been committed by the UAE, like Professional services (Legal Services, Accounting, Taxation, Architectural Services, Engineering, Integrated Engineering, Urban Planning and landscape architectural services, Medical, dental and veterinary services, nursing services etc.), Computer relates services, Audio visual services, Other Business Services, R&D Services, Education services, Health Services, Environmental services, Financial services, Tourism & Travel related services, Transport Services etc.
- Commercially meaningful market access commitments have been undertaken by the UAE for cross border supply of services and for services delivered through commercial presence.

**Question 4: What has the UAE offered to Indian service suppliers under Mode 1 and Mode 2?**

**Answer:** UAE has committed substantial commitments under Mode 1 and 2 for sub-sectors under Professional services; Other Business services; Computer related services; Research and Development Services; Rental/ Leasing Services; Educational services; Environmental services; Financial Services; Health and related social services; Tourism and travel related services; Recreational, Cultural and Sporting Services; and Transport services.

**Question 5: What has the UAE offered to Indian service suppliers under Mode 3?**

**Answer:** UAE has committed majority foreign equity stake in most of the sub-sectors in services. The UAE has committed 100% foreign equity in Computer related services (CPC 841 -845); Research and development services; Management Consultancy services, Technical testing and analysis services, Hospital services, Air transport services (Computer Reservation Systems and Maintenance and repair of aircraft and parts thereof); and Rail transport services.

**Question 6: What all categories are covered in the Annex on MoNP (Movement of Natural Person) under India -UAE CEPA?**

**Answer:** Market access has been offered for Business Visitors, Intra Corporate Transferees, and Contractual Services Suppliers in a range of services sectors.

**Question 7: What is the maximum duration of stay allowed in UAE for the various categories of Indian service suppliers?**

**Answer:** Business visitors (BV)- 90 days in any 12-month period; Intra corporate transferees (ICTs)- 3 years (subject to renewal for additional years); Contractual service suppliers- 90 days (renewable for further equal period subject to approval).

**Question 8: Are the commitments given by the UAE under IT/ ITeS beneficial to the Indian service suppliers?**

**Answer:** Yes, the UAE has undertaken full commitments in Computer-Related Services. These commitments will benefit the Indian IT/ITeS in UAE.

**Question 9: What is the sectoral commitment of the UAE in ‘Financial Services’?**

**Answer:** UAE has committed in most of the sub-sectors under Financial Services, including commitments in Insurance and insurance related services; and Banking and other Financial Services.

**Question 10: Is there a provision on mutual recognition of professional qualifications?**

**Answer:** Yes, obligations on mutual recognition of professional and skills qualifications in the Agreement will facilitate professionals and skilled workers to deliver services.

## **GOVERNMENT PROCUREMENT**

**Question 1: What are the commitments taken by both the parties in the Government Procurement Chapter?**

**Answer:**

- a) The Government Procurement (GP) chapter has certain binding commitments related to **process, procedure and transparency elements** of GP for only a limited number of Central Government Ministries & Departments<sup>1</sup>.
- b) It completely safeguards the provisions of General Financial Rules and the Orders issued thereunder including **Preference for Make in India Order** as well as **MSME Preference policies**.
- c) There is **no commitment on any additional market access** as both the parties reserved their rights based on their existing and future domestic laws and regulations as well as programmes on domestic preferences.
- d) Moreover, Dispute settlement mechanism will not be applicable for first three years of the entry into force of this agreement and its applicability to part or the full Agreement later is subject to review by both parties during the fourth year.

**Question 2: What are the safeguards available for retaining the existing policy space for domestic procurement?**

**Answer:**

- a) **Scope** is limited to only certain Central Government Ministries and Departments. Moreover, State and Local level procurements are not covered.
- b) **Thresholds** for goods, services and Constructions services retained at a very high level i.e., **more than Rs 200 crores** (*UAE retained it at much lower level of around Rs 1.6 crores for goods and services and Rs 60 crores for construction services*).
- c) **Preferential policies** for the domestic industries retained (PMI Order as well as MSME preferences)

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<sup>1</sup> Specified in each Party's Schedule in Annex 10A (for India) or Annex 10B (for the UAE)

- d) Rules of Origin (as applicable in goods chapter) will be applicable for GP as well.

**Question 3: Whether the GP provisions apply to all categories of Indian entities?**

**Answer:**

- a) GP provisions would apply to only certain Central Govt Ministries and Departments.
- b) Moreover, procurements beyond the stated thresholds will be covered (For Goods, Services and Construction Services, the threshold value is **more than Rs 200 crores**).
- c) State and Local level entities are not covered.

**Question 4: What are the provisions retaining the existing preference policies for domestic manufacturers under the GP chapter?**

**Answer:**

**I. India:**

Amongst others, the following provisions ensures retention of India's domestic preference policies:

- a) Coverage:
  - Only a limited Central Govt. Ministries/Governments covered, that too with high thresholds for procurement of Goods, Services and Construction services;  
(Apart from a large number of Central Ministries such as Defence, excluded are subordinate entities of Central Government Ministries including departments and attached bodies, autonomous bodies, government owned companies, public sector enterprises, regulators or any other entities, wholly or partially, under the Central Government);
  - Sub-Federal and local level procurements excluded.
- b) Procurements under the Public Procurement (Preference to Make in India) Order, 2017 or any other order, as amended from time to time
- c) In addition, procurements excluded from scope:
  - Construction projects or any Infrastructure projects.

- Health care sector including medical devices, pharmaceutical products, therapeutics, diagnostics.
- Agricultural products made in furtherance of agricultural support programmes and human feeding programmes (e.g. food aid including urgent relief aid).
- Goods and services for the establishment and operation of embassies buildings outside the territory of the India etc.

II. **UAE**: Following are excluded from the scope:

- a) Partnership contracts with the private sector that are classified as a “partnership project,” pursuant to UAE Cabinet Resolution
- b) Procurement conducted pursuant to the Unified In-Country Value program, as described in UAE Cabinet Resolution.
- c) Procurement of goods, services, or construction services related to the oil, gas, or mineral sectors.
- d) Procurement of military character carried out by the Ministry of the Interior or any entity with a security or military character.
- e) Procurement of medicines or drugs.
- f) Procurement related to construction projects and contracts.
- g) Procurement of transportation services that form a part of, or are incidental to, a procurement contract.
- h) Procurement of agricultural products made in furtherance of agricultural support programmes and human feeding programmes (e.g. food aid including urgent relief aid).

**Question 5: What are the major deviations from the general GP chapters of FTA partners?**

**Answer:**

- a) National standards as an option to International standards incorporated;
- b) Stricter timelines for procurement process changed as per domestic laws and Regulations (such as GFR)
- c) There is no specific Rules of Origin (RoO) applicable under GP chapter in FTAs or under WTO GPA. For the first time, Rules of Origin under GP aligned with RoO of Goods chapter to prevent any mis-use.

d) Domestic Preferences have been built-in retaining domestic policies.

**Question 6: Is India planning to join WTO GPA? Whether India plans to have GP chapters in other FTAs under negotiation?**

**Answer:**

- a) India is an observer under WTO GPA since 2010 and as of now, there is no plan to join the same. (At present, GPA has 21 parties comprising 48 WTO Members).
- b) So far, India has not entered into any market access arrangement under its GP Chapters. In India-Japan CEPA, the binding is limited to transparency and information sharing and the scope of Japan requesting for adequate opportunity to enter into negotiation with India in case India allows GP market access to any of its FTA partners. Similarly, no market access commitment has been made under GP chapter in India-UAE CEPA.
- c) Most of the modern FTAs are comprehensive agreements, encompassing a number of chapters including GP. We have to be mindful of the same. Since it is the first time we are having a full text on GP, it has been carefully examined and accordingly developed after wide inter-ministerial/stakeholder consultations. In future agreements, the present GP Chapter text may become template and the scope and coverage of GP chapter may vary depending on ambition.

**Question 7: What is the present market size of GP in UAE?**

**Answer:** At Federal level, the average GP size in UAE is around 6.8 billion US\$.

## **DIGITAL TRADE**

### **Question 1: What are the aims and objectives of the Digital Trade chapter in the India – UAE CEPA?**

**Answer:** The Digital Trade chapter in the India – UAE CEPA is a futuristic, high ambition chapter that aims to harness the economic growth and opportunity that digital trade provides. It aims to foster an environment conducive to further advancement of digital trade in the two countries by, *inter alia*, strengthening bilateral cooperation. It further seeks to enhance cooperation between India and the UAE towards the development of digital trade bilaterally as well as globally.

### **Question 2: What are the areas in which India and UAE have undertaken commitments in the chapter?**

**Answer:** The commitments in the Digital Trade chapter are only of best endeavour in nature and the dispute settlement mechanism is also not applicable on the chapter. It contains commitments of best endeavour in areas like paperless trading, domestic electronic transactions frameworks, authentication, online consumer protection, unsolicited commercial electronic messages, personal data protection, cross-border flow of information, open data, digital government, cooperation on digital products, customs duties on electronic transmissions, digital and electronic invoicing, digital and electronic payments, access to and use of internet for digital trade, cybersecurity and cooperation.

### **Question 3: How has the chapter dealt with some of the key sensitivities in digital trade?**

**Answer:** India and UAE have adopted a cooperation model to resolve some of the key sensitivities, such as those relating to digital products. On cross-border flow of information, both Parties have agreed to endeavour to promote electronic information flows, subject to their laws and regulatory frameworks. On the issue of customs duties on electronic transmission, India and UAE have agreed to maintain their current practice of not imposing customs duties on electronic transmissions between the Parties, with a right to adjust this practice in light of any future WTO outcome on the issue. Further considering the sensitivities intertwined with the digital trade, the chapter on digital trade is best



endeavour in nature and dispute settlement mechanism is also not applicable on it.

**Question 4: What are the areas of future cooperation between India and the UAE in digital trade?**

**Answer:** India and UAE have agreed to endeavour to maintain a dialogue on regulatory matters relating to digital trade. This will be with a view to exchanging information and experiences in areas such as online consumer protection, personal data protection, anti-money laundering and sanctions compliance for digital trade, unsolicited commercial electronic messages, authentication, intellectual property concerns with respect to digital trade, challenges for small and medium-sized enterprises in digital trade, digital government, digital identities, etc.

**Question 5: How will the Digital Trade chapter help the economic operators/consumers in this sphere in India and the UAE?**

**Answer:** The chapter aims to promote an enabling ecosystem for promoting and facilitating digital trade. It aims to address some of the key hurdles that economic operators and consumers face in the digital economy. By providing a framework for issues such as paperless trading, digital payments, online consumer protection, personal data protection etc., it recognises the importance of avoiding barriers to the use and development of digital trade.

**Question 6: What are specific commitments on Investment and Trade in the CEPA?**

**Answer:** The Chapter on Investment and trade is of best endeavour in nature wherein both the parties affirm their desire to promote an attractive investment climate and expand trade in products and services. Both the sides have agreed to establish a UAE-India Technical Council on Investment and Trade Promotion and Facilitation (the Council) to monitor investment and trade relations, to identify opportunities for expanding investment and trade and to work toward the promotion of investment and trade flows. The chapter on Investment is not subject to dispute settlement.

**Question 7: What are the significant features of the Chapter on SMEs?**

**Answer:** A separate chapter on SMEs have been incorporated in the India-UAE CEPA recognising the fundamental role of SMEs in maintaining the dynamism and enhancing the competitiveness of their respective economies and reaffirming the importance of incorporating a SME perspective into economic and trade issues. The chapter on SMEs envisages establishing a Committee on SME Issues (SME Committee) comprising representatives of each Party to undertake joint activities aimed at improving the capacity and conditions for SMEs to access and fully benefit from the opportunities created by trade and investment. The chapter on Investment is not subject to dispute settlement.

## **INTELLECTUAL PROPERTY RIGHTS**

**Question 8: Will the Agreement ensure strong protection of India's intellectual property in the UAE?**

**Answer:** The IPR chapter compliments the overall FTA objective of the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of right holders, with a balance of rights and obligations.

The IPR chapter ensures that all the IPRs are duly protected and enforced adequately. The Intellectual Property consists of a total 34 articles, the main topics covered by the chapter are General provisions, Copyright and related rights, Trademarks, Geographical indications, Patents and Genetic Resources and Traditional Knowledge along with provisions on cooperation and Enforcement.

**Question 9: What are benefits for India arising out of the IP chapter?**

**Answer:** India has an aggressive interest in protecting its traditional knowledge including geographical indication. So, to secure its interests in this field, India was successful in including two specific sections on Traditional Knowledge and Genetic resources.

UAE has been one of the markets of keen interest in the media and entertainment industry. Hence, looking at the need for extensive measures required to protect the interest of Indian copyright holders, provisions related to protection of Technological Measures in view of rights of copyright holders were included.

**Question 10: How does the agreement address the language barrier between the countries?**

**Answer:** To facilitate the communication between various stakeholders on both sides, India ensured that the UAE side would provide the information as well as look into the possibility of communicating with the IP right holders in English language. This would facilitate the IP filing process in UAE along with reduction in cost associated with translations to Arabic language.

**Question 11: Has India gone beyond its TRIPs mandate in terms of its commitment and obligation in context of this FTA?**

**Answer:** India has taken a progressive approach towards its IPR regime. India has not committed to any of the provisions beyond current IP obligations, it has ensured that the interests of the public at large are safeguarded.

**Question 12: Will India have to change any of its Intellectual Property laws for CEPA?**

**Answer:** No. The Intellectual property chapter in the CEPA is consistent with India's existing Intellectual property regime and India's commitment to various global treaties. As already mentioned, most of the provisions on IPR, are already in force in India at the time the CEPA comes into force.

**Question 13: What are the provisions relating Copyright and related rights in the IP chapter?**

**Answer:** Considering India's keen interest in the media and entertainment industry, the IP chapter provides extensive measures to protect rights of reproduction, distribution and communication. Further, it goes to extent to provide obligations in context of protection of technological measures and rights management information to prohibit unauthorised access and use of right holder's works.

**Question 14: How does the IP chapter extend protection to Indian Geographical Indications?**

**Answer:** Even though, UAE does not have a specific GI Act and GIs are protected through trademarks, the protection has been extended to all classes of Geographical indications including agricultural goods, natural goods, and manufactured goods including goods of industry, handicrafts, and foodstuffs.

**Question 15: What are the provisions related to Trademarks in the IP chapter?**

**Answer:** The Trademark section covers the entire scope of Trademarks including the sound mark as well as well-known trademarks. It also provides provisions related to the possibility of filing a single application in multiple classes along with compliance to Nice classification to goods and services.

**TRADE REMEDIES**

**Question 1:** Are there any safeguard mechanisms to protect domestic producers from surge in imports from UAE?

**Answer:** Yes, there is. It is for the first time in any bilateral agreement signed by India that the safeguard mechanism has been made permanent in nature.

This is of significance since it will protect the Indian industries especially the MSME's against such sudden surge in imports from UAE at any given point of time till this agreement is in existence.

Under the bilateral safeguard mechanism, the applicable duty is restored to MFN level of duty on the date of the application or immediately before the day of entry into force of this agreement.

**Question 2:** Whether the concerns of Indian industries regarding dumping of goods by other countries by routing it through UAE, a trading hub, have been addressed in this agreement?

**Answer:** Yes, the concerns of UAE being a major trading hub and the other countries routing their dumped goods through UAE have been addressed. A consultative mechanism between the two countries has purposely been built into in the anti-dumping provisions of this agreement. This will ensure that the third countries producing such dumped goods do not escape the application of anti-dumping measures by India.

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