

Minutes of the Meeting

2nd Meeting

of the

Joint Committee of the

UAE-India CEPA

10 October 2024

Dubai, UAE

Agreed Minutes

2nd Meeting of the Joint Committee of the UAE-India Comprehensive Economic Partnership Agreement held on 10 October 2024 in Dubai, UAE.

I. Opening Remarks

1. The 2nd Meeting of the Joint Committee of the UAE-India Comprehensive Economic Partnership Agreement (hereinafter referred to as “CEPA”) was held on 10th October 2024 in Dubai, UAE. The Joint Committee was co-chaired by His Excellency Juma Mohamed Al Kait, Assistant Undersecretary for International Trade Affairs, Ministry of Economy of the UAE and His Excellency Shri Ajay Bhadoo, Additional Secretary, Department of Commerce, India. The composition of the UAE and Indian (hereinafter referred to together as “sides”) delegations is appended to this Agreed Minutes as **Annex I**.
2. His Excellency Juma Mohamed Al Kait, Assistant Undersecretary for International Trade Affairs, Ministry of Economy of the UAE welcomed Shri Ajay Bhadoo, Additional Secretary, Department of Commerce, India and members of the Indian delegation and reaffirmed the strong trade relationship between the two countries. He highlighted that this relationship is also reflected in UAE’s non-oil trade value with India, which reached in year 2 from the entry into force of the CEPA, a historic high of USD 56.1 billion, registering an increase of 10.1% compared to Year 1 of the CEPA. He expressed the need to continue working and collaborating with the spirit of openness and flexibility. He also reflected on the vital role the Joint Committee fulfils as a forum for monitoring the implementation of the CEPA, knowledge-sharing and ensuring a smooth circulation of goods between the respective countries in accordance with the CEPA rules.
3. On his part, Excellency Shri Ajay Bhadoo, Additional Secretary, Department of Commerce, India, thanked His Excellency Juma Mohamed Al Kait, Assistant Undersecretary for International Trade Affairs, Ministry of Economy of the U.A.E and his team for the warm welcome and hospitality extended to him and his delegation. The India Co-Chair expressed his pleasure in Co-chairing the 2nd JC meeting held in the 3rd year of the CEPA implementation. The India Co-chair emphasized the common expectation to reach the target of USD 100

billion in bilateral trade before the expected date, which is a testament to the positive and strong trade relations between the UAE and India. He further indicated that India is keen to resolve issues in the spirit of cooperation, partnership and flexibility.

4. The Agenda was formally approved and adopted. This final agenda is enclosed as **Annex II**.
5. Both sides engaged in positive and constructive dialogue, acknowledging the crucial role of the Joint Committee in strengthening bilateral trade relations. Both sides undertook detailed deliberations on the agenda items, a summary of which is reflected below.

II. Discussion of the Minutes of the 1st TIG Meeting and follow up actions.

Both sides exchanged views on the agreed actions of the UAE-INDIA Trade in Goods Committee, with a particular focus on certain actions of interest for both sides, as follows:

A. Establishing Focal Points for precious metals, gems and jewellery:

6. Both sides agreed to have a focal point for expeditious resolution of custom clearance issues regarding precious metals, gems, and jewellery. The Indian side confirmed that it maintains its focal point that was designated during the TIG meeting. The UAE side signalled a change in its focal point, while assuring timely communication of any such changes to India.

Agreed action: UAE to send the details of its new contact point for precious metals, gems and jewellery.

B. Administration of TRQs and relevant data exchange:

7. The UAE side stressed the importance of periodic (quarterly) exchange of data on the implementation of the TRQ mechanism and the Indian side equally confirmed the importance of timely data exchange. The Indian side highlighted the last data exchange date of June 2024, which includes information on the agreed set of information to be shared between both Parties.
8. Both sides agreed to continue engaging on this matter under the Committee on Trade in Goods (CTG).

Agreed action: Both sides agreed to form a technical group on statistics and data to facilitate the exchange of data and undertake analysis of data to assess the trade growth achieved through the CEPA.

C. Review of the schedule of tariff commitments for market access on goods

9. The UAE side referred to its request for tariff elimination of plant-based meats, downstream plastics, and juice in the CEPA schedule of tariff commitments. The Indian side expressed that the matter should be addressed under the scope of the revision clause of the TIG chapter under the CEPA.

Agreed Action: The Joint Committee has referred this matter to the Committee on Trade in Goods (CTG) to set the basis for implementing Article 2.18 “revision clause” of the schedule of tariff commitments in the Trade in Goods chapter of the CEPA.

D. Recognizing IJEX as a designated entity

10. The Indian side revisited its request to recognise IJEX as a designated entity and indicated its readiness to meet all UAE requirements. The UAE side expressed that the designated zones in UAE falls under the taxation laws and regulations and that would require certain conditions and requirements to be satisfied in accordance with the said legislations. The UAE proposed that IJEX could move under a designated zone to get the treatment of a designated zone for tax purposes without necessarily to be nominated as a designated zone. There are indeed few zones in UAE that are expressly indicated as designated zones in the cabinet resolution that determines designated zones. Indian side conveyed that the locational advantage of the existing IJEX would be lost in case it shifts to an existing Designated Zone in a Free zone area. Indian side requested that the UAE side may re-designate its focal point, if needed, on this matter.

Agreed Action:

- UAE to provide the list of designated zones in UAE as per the relevant cabinet resolution.**
- UAE side to inform any change in the focal point, if applicable.**
- India to review the way forward internally, including the options to locate IJEX in an existing designated zone.**
- Both sides to develop a common understanding on the way ahead in a time bound manner.**

III. Discussion on SPS and TBT matters

A. Following TBT issues were discussed:

11. The UAE side noted the importance of fully operationalizing the CEPA to overcome challenges related to accreditation, inspection and certification issues.

UAE side expressed concerns faced by its exporters in complying with the requirements of the Quality Control Orders (QCO) issued by Indian authorities, including the delay in inspections, difficulties in completing the inspection, verification and testing requirements, especially for products such as petrochemicals, copper, and aluminum. These concerns were raised for the following specific BIS standards; IS 12795:2020, IS 10951:2020, IS 1285:2002, IS 733:1983, and IS 12444:2020.

12. Both sides exchanged views on issues related to Halal Scheme. The Indian side recognized the importance and sensitivity of the Halal system for the UAE side and stated that the Indian certification scheme conforms to UAE's standards. The UAE side stressed on the sensitivity of this matter from all perspectives. The UAE noted its readiness to get more information from India that could help to have a better understanding of the i-CAS Halal certification taking into consideration the UAE Scheme for halal products, the GSO & OIC/SMIIC Halal Standards.

13. Both sides agreed to operationalize the Subcommittee on Standards, Technical Regulations and Conformity Assessment Procedures established pursuant to Article 5.12 of the TBT Chapter of India-UAE CEPA, with the objective to discuss among other, the accreditation and certification issues, and agreed to work together towards achieving the common goals of both sides and contribute to meeting the objectives of the CEPA.
14. The UAE side indicated that it would share the request to postpone enforcing the QCO for the BIS standards referred in para 11 *supra*. Additionally, the UAE side will request to expedite the processes under QCO. The Indian side welcomed this proposal and agreed to extend its support in facilitating this request.

Agreed Action:

- Both sides agreed to operationalize the Sub-Committee on Standards, Technical Regulations and Conformity Assessment Procedures established under Article 5.12 of the CEPA to explore and work on the agreed action points for TBT matters indicated in the minutes for the first TIG Committee Meeting.
- UAE to send a new request to India, requesting to expedite the process of verification/ certification and asking to delay the entry into force of the related QCOs on petrochemical products.

B. Following SPS issues were discussed:-

15. Both sides discussed the current situation of import of poultry and poultry products from India to UAE. India reiterated its request that the UAE may approve additional compartments from which table eggs and poultry meat could be exported. The UAE side reaffirmed its position based on the technical requirements. Both sides agreed that UAE will exchange the final approved list on the compartments being approved through the focal point.
16. The UAE side raised concerns about the ban on the importation of live small ruminants from India to the UAE via sea ports, which resulted in a reduction of the volume of trade from 45% in 2020 to less than 10% in 2022. The Indian side

took note of this matter and indicated support by providing a list indicating the seaports that are assigned for exporting specific live ruminants.

17. The UAE side requested the exchange of a list of the World Organization of Animal Health (WOAH) approved units in India and emphasized on the need for the UAE to undertake revised audits and inspections of these units. The Indian side confirmed their full support on this matter.

Agreed Action: Both sides agreed to continue discussions and cooperation at the technical level through the assigned Focal Points indicated in the minutes of the first TIG Committee meeting.

C. Discussions of Pharmaceutical products

18. The Indian side conveyed the concerns raised by its pharmaceutical companies on registration delays due to varying stability test requirements between Zone IV (hot and humid/tropical climate like the UAE) and Zones I, II, and III. The Indian side proposed that the stability study data for Zone I and II be considered for provisional registration by the UAE side and the final registration approval may be contingent on the submission of the rapid stability study report for Zone 4. The UAE side clarified the proceedings and the requirements to be satisfied and the situations under which the technical requirements including the stability test to be met. In addition, the UAE side indicated that its pharmaceuticals regulation is undergoing change and by January 2025 new pharmaceuticals regulation may be in place that might consider this matter.

19. The Indian side further conveyed the pricing challenges faced by its pharmaceutical companies when exporting to the UAE due to pricing schemes that link the cost of imported drugs to their domestic prices in the country of origin. The Indian side reiterated its request to the UAE side to delink the price of imported drugs from their domestic prices. The UAE side expressed again the pricing mechanism in UAE.

20. The UAE side took note of these matters and offered its willingness in assessing specific industry case studies to be shared by India to facilitate further discussions. Both sides agreed to engage further on this matter.

21. The UAE side clarified that a new establishment has been set up that will administer and monitor all the matters in relation to legislations and the framework on pharmaceutical products.

Agreed Action: Both sides agreed to continue discussions through the assigned Focal Points indicated in the minutes of the first TIG Committee meeting to assess industry case studies to be shared by India.

IV. Discussions on Trade in Services Matters

22. Both sides recalled the decision of the Joint Committee in its first meeting to set up a 'Subcommittee on Trade in Services' and emphasized the importance of deepening engagement to ensure further enhancement of services trade which has witnessed a positive increase since the entry into force of the CEPA.

23. To this end, the UAE side informed about designating a new focal point. Both sides agreed to hold meetings of the subcommittee virtually or in person, with the future work program aiming at (i) establishing contact between relevant professional services associations or bodies of both countries towards supporting the implementation of Article 8.11 of India-UAE CEPA on recognition of professional certifications, (ii) addressing certification and qualification concerns for the Nursing professions and Chartered Accountants, (iii) exchanging and analysing data to understand UAE market needs in specific sectors such as healthcare, where possible/available, and (iv) exploring the possibility of entering into Mutual Recognition Agreements in accordance with Article 8.11 of India-UAE CEPA.

Agreed Action:

- UAE to nominate its new focal point for the Sub-Committee on Trade in Services.**
- Sub-committee on Trade-in-Services to hold regular meetings, as needed**

V. Rules of Origin Matters

24. The Indian side addressed their concerns regarding the spike of imports of silver as well as platinum alloy, that stated that their price is determined through international benchmark, and dates from UAE. The Indian side expressed also their discomfort with the current rules of origin in respect of silver products. It was also apprehended by the Indian side that in order to satisfy the PSR requirement of 3% VA criteria, exporters are artificially inflating their profit margin since it can be included while calculating achieved VA. Indian side emphasized that it went against the letter and spirit of PSR that were negotiated between the two sides. UAE responded that prices are set based on commercial opportunity, and reiterated that prices are as set between traders, and that in terms of rules of origin, profits contribute towards the value addition, as per the formula in the UAE – India CEPA. UAE stressed that the exported silver grains also went through sufficient transformation to comply with the rules of origin, and also added that these products were not just mere re-exports with profit margin.

25. Also it has been noticed that the price of silver (which is in the form of granules) imported through IIBX has been higher than the prevailing international benchmarks prices of silver (LBMA silver fix) by at least 3%. UAE side responded by stating that this was due to the hike in the Indian customs tariff during the respective year, which made UAE's exports competitive by 7%, creating business opportunities.

26. The UAE side replied by confirming its strict commitment to apply the rules of origin and contending that the increase of imports into India of the side products resulted from the tariff preference offered to the UAE which is a normal outcome of the CEPA and not at all a reflection of any circumvention or non-satisfaction of the rules of origin.

27. The UAE side discussed specific challenges faced by its exporters in acceptance of the UAE Certificate of Origin (COO) and the high number of verifications requested on the same product within a very limited period of time. These challenges specifically concern UAE exports of precious metals (gold and silver) and platinum alloy as well as dates. The UAE side added that CoOs are issued subject to inspections of production facilities (factories/farms) for these products to ensure that the rules are met (CTH+VA / wholly obtained) and

that these facilities have the required production capacities. Both sides agreed to continue technical discussions to effectively address such issues.

28. The UAE side has raised concerns over silver shipments getting halted in customs in Chennai Port, and no additional shipments have been sent to India by the UAE exporters other than to Ahmedabad port for trades posted on IIBX. The UAE side has raised concerns over the importing banks questioning the authenticity of the silver. The UAE side further confirmed that all necessary processes are undertaken on their end to confirm the full implementation of the CEPA commitments and requirements.
29. The UAE side raised concerns that its exporters are experiencing longer delays under the CEPA compared to non-CEPA shipments in terms of Gold. Additionally, the UAE side raised concerns regarding the scrutiny and questioning of the authenticity of the UAE COO certification issued by MOE to the extent of shipments being stopped by customs in India on technical grounds and customs authority requesting details regarding all past shipments.
30. In response to the UAE's concerns, Indian side stated that these verifications were conducted in line with the CEPA provisions. As per Article 3.21, customs authorities of each of the sides can verify the authenticity and compliance of the COO to ensure that the imported goods receiving preferential treatment fully meet the rules of origin criteria. These verifications are necessary to confirm that products entering India under CEPA genuinely qualify for the benefits, thereby safeguarding the integrity and fairness of the Agreement. The process is not intended to impede legitimate trade but to maintain the proper implementation of the preferential tariff regime. India remains committed to collaborating with the UAE through ongoing discussions to streamline these procedures further. However, it is crucial to emphasize that India's right to verify is fundamental under CEPA, ensuring that the Agreement's benefits are applied correctly and transparently. Indian side concurred with the view that in cases where identical item from the same producer and same importer is under review or scrutiny, verification requests are not duplicated and only representative certificates are taken up for verification. UAE side stressed that repeated and excessive requests are cumbersome and takes away from the CEPA. The UAE side also added that India needs to provide reasons if there is any specific area

of doubt, and that these repeated questions and type of questions, even if unintentionally, questions the integrity of UAE's government authorities.

31. India further requested UAE side to facilitate cooperation in verification as per Article 3.21 and Article 3.6 (b). Also to realize the intent & spirit of the agreement, perhaps both the countries should also see that the prices of precious metals (being imported under the agreement) are governed by international norms. Both sides could further deliberate on this aspect and come out with a formulation, mutually agreed by both this sides, and which could be incorporated in the existing text of CEPA.
32. Both sides agreed to operationalise the "Subcommittee of the Rules of Origin" to discuss rules of origin matters, including undertaking comprehensive discussions on reviewing the text of the ROO Chapter, reviewing certain parts of the PSR Schedule, and review the implementation of the Exchange of Electronic Data on Origin. The composition and functions of this Subcommittee will be finalized through mutual consultations.

Agreed Actions:

- **Setting up the Sub-committee on Rules of Origin in accordance with Article 3.31 of the ROO chapter of the CEPA.**
- **Initiate the discussions on the review of the Rules of Origin Chapter under the CEPA in accordance with Article 3.32 of the ROO chapter of the CEPA.**
- **Initiate the discussions on the review of the product Specific Rules under the Rules of Origin Chapter under the CEPA in accordance with Article 3.32 of the ROO chapter of the CEPA.**
- **Engage into the discussions on the exchange of electronic data of origin in accordance with Article 3.34 of the ROO chapter of the CEPA.**

VI. Administration of the TRQs under the CEPA

33. The UAE addressed some ongoing concerns regarding the use of the TRQ's because of the lack of data on the consumption of the quantities under the TRQ's as well as de facto conditions on the Indian beneficiary of the TRQ's

especially in relation to the quality of the importer to be a processor and not a trader or a distributor, that would create unnecessary obstacles to trade and impact adversely the flow of trade

34. The Indian side informed that data up to June, 2024 was already shared. Further the data will continue to be shared. Besides, the Indian side informed that TRQs as committed under the India-UAE CEPA are being allocated annually and information on the modalities followed is available in public domain. It was also informed that TRQs under India-UAE CEPA are seeing increasing utilisation. For instance, for year FY24-25, more than 800 importers have received the TRQ for Gold (falling under 7108 Tariff Head).
35. The UAE side reiterated its concerns over limiting the TRQ to only processors because it's an extra condition that was not agreed during the TRQ's negotiations and could impact the rate of utilization of the said TRQ.
36. The Indian side reiterated that any importer (manufacturer, trader, distributor or processor) can apply for the allocation of quota under TRQ and avail preferential rates. Indian side shared that the procedure for application for TRQs can be accessed by the exporters at <https://content.dgft.gov.in/Website/dgftprod/dcc80bcb-05fa-4082-8797-fb914ae089ab/English-%20PN%206%20-%20India%20UAE%20CEPA%201May2022.pdf>.
37. Both sides agreed to ensure that the TRQ do not create barriers to trade and data is exchanged in a timely fashion.

Agreed Actions:

The TIG committee to ensure through the technical working group a better exchange of data on TRQ's.

VII. Way Forward and Next Steps

38. Both sides conducted cordial discussions on CEPA matters, demonstrating mutual understanding and cooperation and reflecting the two countries' historical relationship.

39. Both sides agreed to schedule the next meeting of the Joint Committee in India for 2025, or earlier as agreed by both sides, on a date to be mutually decided through diplomatic channels.

FOR THE REPUBLIC OF INDIA

SHRI AJAY BHADOO

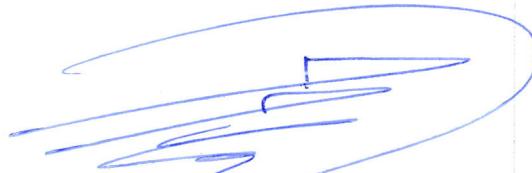


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