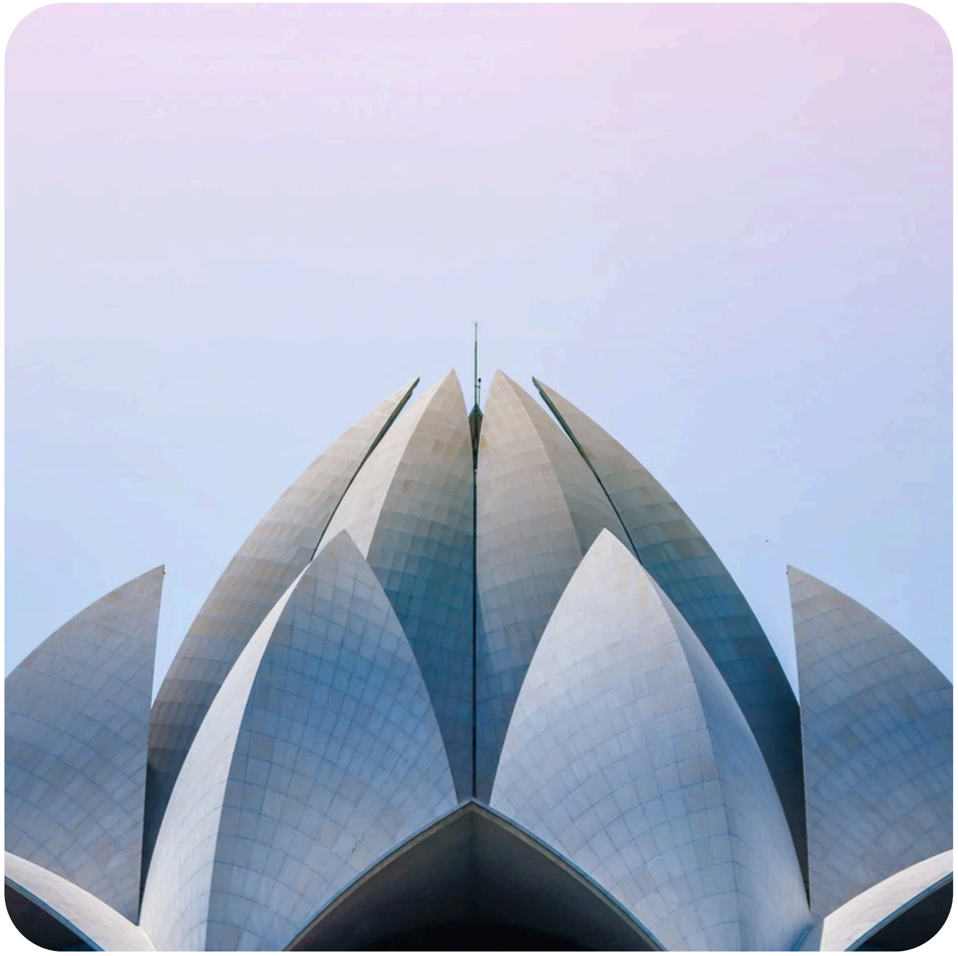
Chandrawat & Partners

BILATERAL RELATIONS

INDIA - UAE

INTRODUCTION

IIndia–UAE relations have matured into a premier strategic partnership, with bilateral trade crossing US$100 billion in FY 2024–25 under the India–UAE Comprehensive Economic Partnership Agreement (CEPA) and a new target of US$200 billion by 2032. The UAE has emerged as India's third-largest trading partner and a key source of foreign direct investment. Cooperation has expanded beyond traditional energy ties into fintech, digital payments, infrastructure, technology and strategic connectivity. The two countries have strengthened financial connectivity through UPI–AANI and RuPay–JAYWAN linkages. Energy cooperation has also deepened through a 10-year LNG agreement, supporting long-term energy security. The India–Middle East–Europe Economic Corridor (IMEC) represents another important area of strategic and connectivity cooperation. Defence relations are also gaining greater importance, with discussions on a Strategic Defence Partnership, including defence industrial collaboration and interoperability. Cooperation extends to space, renewable energy, food security, healthcare and education. The strong presence of a 3.5-million-strong Indian community in the UAE remains an important pillar of bilateral relations. High-level political exchanges have provided further momentum to the partnership. The expanding economic interdependence between India and the UAE is increasingly complemented by strategic and geopolitical convergence.



HISTORY

Ancient History

Since 3000 B.C, relations between India and the seven emirates which now make up the United Arab Emirates were traditionally close. The UAE and India had enjoyed close and friendly ties based on historic and cultural ties. People to people contacts and barter trade for clothes and spices from India in exchange for dates and pearls from the region have existed for centuries. After the creation of the Federation in 1971, India-UAE relations flourished. Today UAE and India share political, economical, and cultural links. There are over a million Indians in the United Arab Emirates, being by far the largest migrant group in the country.

21st century

In the 21st century, India–UAE relations have evolved from a traditional trade partnership into a Comprehensive Strategic Partnership. The relationship received significant momentum with Prime Minister Narendra Modi’s visit to the UAE in August 2015, which marked the beginning of a new Comprehensive and Strategic Partnership. In January 2017, the two countries issued a Joint Statement establishing a Comprehensive Strategic Partnership. In February 2022, India and the UAE signed the Comprehensive Economic Partnership Agreement (CEPA) and adopted the India–UAE Joint Vision. Bilateral cooperation has since expanded into trade, investment, energy, defence, technology, infrastructure, digital economy and people-to-people ties. High-level visits and regular institutional mechanisms have further strengthened the relationship. In 2026, the partnership continues to deepen through cooperation in emerging and strategic sectors.

ECONOMIC RELATIONS

India and the UAE strengthened their bilateral trade cooperation through the signing of the Comprehensive Economic Partnership Agreement (CEPA) in February 2022. From US$180 million annually in the 1970s, bilateral trade has reached its highest level of US$101.25 billion in FY 2025–26. The UAE ranks as India's third-largest trading partner and second-largest export destination, with exports exceeding US$37.35 billion in FY 2025–26, while India ranks as the UAE's second-largest trading partner. The trade basket is well diversified, encompassing petroleum products, gems and jewellery, food items, textiles, chemicals, electronic goods, and engineering goods. During the official visit of UAE President Sheikh Mohamed bin Zayed Al Nahyan to India in January 2026, both sides agreed to double bilateral trade to US$200 billion by 2032.

The economic relationship also extends to investment, infrastructure, energy, technology and financial cooperation. The India–UAE Bilateral Investment Treaty (BIT) was signed in February 2024, further strengthening the investment framework between the two countries.

SECURITY RELATIONS

Security cooperation between India and the UAE has steadily expanded as an important component of the bilateral relationship. The two countries established the Joint Security Committee (JSC) in 2012 to follow up on agreements relating to security cooperation, with the 4th round held on 7 May 2024. Defence cooperation is guided by the Joint Defence Cooperation Committee (JDCC), established following the 2003 MoU on Defence Cooperation. Both countries conduct regular military exercises, including Desert Cyclone, Gulf Waves and Desert Flag, aimed at enhancing interoperability and sharing best practices. Cooperation has also expanded to maritime security, with the Indian Coast Guard and UAE Coast Guard signing an MoU on maritime safety and security in July 2025. In January 2026, India and the UAE signed a Letter of Intent on a Strategic Defence Partnership, followed by the Strategic Defence Partnership Framework signed on 15 May 2026. The partnership has also expanded into counter-terrorism, intelligence sharing, cyber security and transnational organised crime. Both countries continue to strengthen cooperation against terrorism and other emerging security challenges. Maritime cooperation is particularly significant given the strategic importance of the Arabian Sea and the wider Indian Ocean region. Defence industry cooperation and defence technology are emerging as important areas of bilateral engagement. Regular high-level defence exchanges further contribute to strengthening mutual understanding and operational cooperation. The expanding security partnership reflects the growing strategic convergence between India and the UAE.

DEFENCE COOPERATION

India–UAE defence cooperation is an important pillar of the Comprehensive Strategic Partnership between the two countries. The Joint Defence Cooperation Committee (JDCC), established under the 2003 MoU on Defence Cooperation, provides the institutional framework for defence engagement. The two countries conduct regular military exercises, including Desert Cyclone, Gulf Waves and Desert Flag, strengthening interoperability and operational cooperation. Defence cooperation also includes high-level military exchanges, training and visits between the armed forces. India and the UAE are expanding cooperation in defence industry, manufacturing, technology and joint ventures. The first India–UAE Defence Industry Cooperation Forum was held in September 2024. A Strategic Defence Partnership Framework was signed on 15 May 2026, marking a significant recent development in bilateral defence relations. Cooperation is also being strengthened in defence production and technology development. The two sides are exploring opportunities for greater participation of their defence industries in each other's markets. Regular exchanges between defence officials contribute to greater mutual understanding and cooperation. Joint exercises provide opportunities to enhance operational coordination and share best practices. Defence industrial cooperation is emerging as an important new dimension of the bilateral partnership. The expanding defence relationship reflects the growing strategic convergence between India and the UAE.

TRADE AND INVESTMENT RELATIONS

IIndia and the UAE share a strong and rapidly expanding trade and investment partnership. The Comprehensive Economic Partnership Agreement (CEPA) was signed in February 2022. From US$180 million annually in the 1970s, bilateral trade has reached US$101.25 billion in FY 2025–26. The UAE is India's third-largest trading partner and second-largest export destination, with India's exports to the UAE exceeding US$37.35 billion in FY 2025–26. India is also the UAE's second-largest trading partner. The UAE remains an important source of investment for India, while Indian companies maintain a significant commercial and investment presence in the UAE. The Bilateral Investment Treaty (BIT) was signed on 13 February 2024, strengthening the investment framework between the two countries. Investment cooperation covers infrastructure, technology, energy and other strategic sectors, with the Abu Dhabi Investment Authority (ADIA) being an important institutional investor in India. The two countries are also expanding cooperation in emerging areas such as technology and renewable energy. In January 2026, both sides agreed to double bilateral trade to US$200 billion. India and the UAE share a deep and expanding economic partnership, supported by longstanding commercial ties and strong institutional engagement.

The Comprehensive Economic Partnership Agreement (CEPA), signed in February 2022, has provided significant momentum to bilateral trade and investment. Bilateral trade has grown from around US$180 million annually in the 1970s to US$101.25 billion in FY 2025–26. The UAE is India's third-largest trading partner and second-largest export destination, while India is the UAE's second-largest trading partner. India's exports to the UAE exceeded US$37.35 billion in FY 2025–26. The two countries have also strengthened investment cooperation through the Bilateral Investment Treaty (BIT) signed on 13 February 2024. The UAE is among the leading sources of foreign investment in India, with investments spread across infrastructure, services, computer software and hardware, power and trading. The Abu Dhabi Investment Authority (ADIA) is an important institutional investor in India and has established its presence in GIFT City. India and the UAE are also promoting investment in strategic areas such as infrastructure, energy, technology, renewable energy and advanced industries.

FINANCIAL COOPERATION

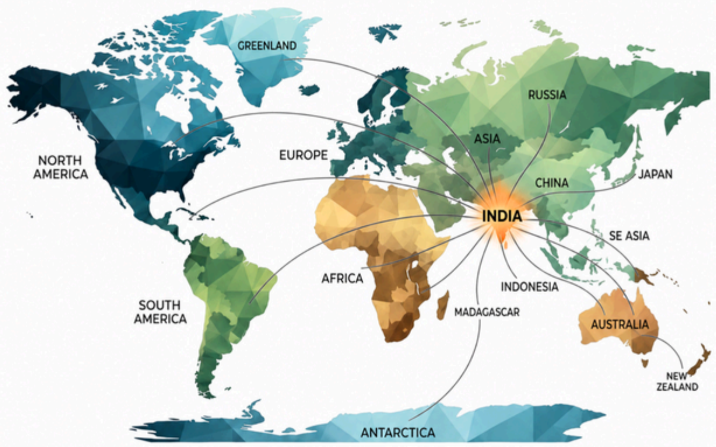
Financial cooperation has emerged as an important pillar of the India–UAE economic partnership. The two countries have promoted the use of local currencies for cross-border transactions through the Local Currency Settlement (LCS) system, enabling Indian Rupee (INR) and UAE Dirham (AED) transactions. India and the UAE have also strengthened cooperation in digital payments and financial technology, including the integration of India's UPI with the UAE's AANI instant-payment platform. The Abu Dhabi Investment Authority (ADIA) is an important institutional investor in India and has established its presence in GIFT City. The two countries signed the Bilateral Investment Treaty (BIT) in February 2024, providing a framework for greater investment protection and facilitation. Financial cooperation has also expanded through banking and investment institutions, supporting cross-border investment and trade. The establishment of the India–UAE Payment Gateway has further facilitated digital payment connectivity between the two countries. These initiatives strengthen financial integration and support the broader objective of expanding bilateral trade and investment. Cooperation in fintech, digital infrastructure and financial innovation is creating new opportunities for businesses and consumers. The use of local currencies can facilitate smoother and more efficient cross-border transactions. Financial institutions from both countries are also strengthening links to support investment flows. These developments contribute to greater economic integration between India and the UAE. Financial cooperation therefore remains an important component of the expanding Comprehensive Strategic Partnership.

AGREEMENTS

India and the UAE have developed a comprehensive framework of bilateral agreements and Memoranda of Understanding covering economic, strategic, defence, energy, technology and social sectors. A major milestone was the signing of the Comprehensive Economic Partnership Agreement (CEPA) in February 2022, which created a framework for expanding trade and investment between the two countries. The Bilateral Investment Treaty (BIT), signed on 13 February 2024, further strengthened the investment relationship by providing a framework for investment protection and facilitation. digital payment systems, while the Local Currency Settlement framework facilitates transactions in Indian Rupees and UAE Dirhams. In the defence sector, India and the UAE have strengthened institutional cooperation through the Joint Defence Cooperation Committee and various defence-related arrangements. The two countries have also expanded cooperation in energy security, strategic petroleum reserves, artificial intelligence, space, critical minerals and infrastructure. During the UAE President's visit to India in January 2026, the two sides signed and exchanged additional agreements and documents covering areas of strategic and economic importance. These agreements demonstrate the broadening scope of India–UAE relations from traditional trade and investment to emerging technologies, energy security, defence and strategic cooperation. The expanding network of bilateral agreements provides an institutional foundation for implementing the Comprehensive Strategic Partnership and achieving the shared objectives of deeper economic integration, investment and long-term cooperation.

Chandrawat & Partners

SERVING CLIENTS WORLDWIDE



The information contained herein is of a general nature. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. The information is not offered as an advice on any matter, and no one should act or fail to act based on such information without appropriate legal advice after a thorough examination of the particular situation. The information does not make us responsible or liable for any errors and/or omissions, whether it is now or in the future. We do not assume any responsibility and/or liability for any consequences.

The Bar Council of India does not permit advertisement or solicitation by advocates in any form or manner. The information may be provided to user on request or otherwise. The information contained in it is entirely determined by the user voluntarily and any transmission or use does not establish any lawyer client relationship.

Key Contact

Surendra Singh Chandrawat

Managing Partner

surendra@chandrawatpartners.com

+91 99939 85763

Connect Surendra on

LinkedIn WhatsApp

Chandrawat & Partners is a leading and rapidly growing full-service law firm providing high quality professional, legal and corporate services to foreign and local clients, representing worldwide companies and individuals in a wide range of practice areas and sectors.

Follow us on: LinkedIn twitter facebook Instagram