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NEW MILESTONES AND MANY FIRSTS: INDIA-UAE RELATIONS POISED FOR EVEN GREATER HEIGHTS



India and the UAE share a multifaceted relationship that has evolved significantly over the past few decades. This relationship encompasses economic, political, and cultural dimensions and is underpinned by historical ties and a shared vision for regional stability and prosperity. As two of the fastest-growing economies in their respective regions, India and the UAE have increasingly found common ground in various sectors, including trade, investment, and security.

The UAE's strategic location has also made it a significant hub for the Indian diaspora, with approximately 3.5 million Indians residing in the UAE, contributing to its economy and cultural landscape. India shares close geographical proximity with the UAE; with important cities in

India, including the capital New Delhi, requiring only 3-4 hours of flying time, similar to what it takes to travel from one end of India to the other.

REASONS FOR PAST NEGLECT

The close and substantive relations that India currently enjoys with the UAE are the result of a remarkable turnaround from neglect and underachievement. Formal diplomatic ties were established between India and the UAE in 1972. However, for four decades and more, there were only limited high-level contacts. India viewed the UAE with suspicion, perceiving it as a close ally of Pakistan and the Taliban. The UAE was one of three countries, including Pakistan and Saudi Arabia, which recognised the first Taliban Government in Afghanistan (1996-2001). Dubai was also seen as a principal source of gold smuggling into India in the 1980s and a haven for gangsters from India like Dawood Ibrahim, who is believed to have fled there from Mumbai after the 1993 Mumbai terrorist bombings. Sharjah was similarly known for match fixing and illegal betting, and participation in cricket there by the Indian team was banned in 2001. The UAE, and Dubai in particular, reinvented themselves as an extraordinary success story through growth supported by oil revenues, with the super-efficient Jebel Ali port built in 1979, the Jebel Ali Free Zone and the Emirates Airline in 1985 and a tourism / real estate boom since the 1990's. After 9/11, the UAE government also started cracking down on suspected terrorist elements and stepping up international cooperation on such matters. This resulted in India's economic presence and the number of its citizens living and working in the UAE steadily growing, but

officially, India continued to be slow to respond to these changes and rebuild relations.

THE TURNING POINT

It was the visit of PM Narendra Modi to the UAE in 2015, 34 years after PM Indira Gandhi visited the country in 1981, that became a turning point for India-UAE relations. The visit came at a time when the leaders of the UAE had been eagerly waiting for India to end its disregard and turn its attention to them. They rolled out the red carpet for PM Modi, and in the familial leadership style of the Gulf, the Crown Prince of Abu Dhabi, Sheikh Mohamed bin Zayed Al Nahyan, turned up with five of his brothers to receive the Indian Prime Minister.

The many diplomatic visits have not been just ceremonial exchanges. The substance that has emerged as a result is staggeringly impressive. The UAE is virtually the only country to demonstrate political support

for India's policies in Jammu and Kashmir by urging companies to invest in the state. India and the UAE have agreed to collaborate on joint investments in South Asia, such as developing Trincomalee as an energy hub. The Nuclear Power Corporation of India has won a contract for the operation and maintenance of the Barakah nuclear power plant in the UAE. The UAE is the first country to store crude oil in India in a strategic petroleum reserve using facilities created by India. Both countries aim to take

bilateral trade to \$100 billion by 2030

As a man who attaches a great deal of importance to personal diplomacy, PM Modi was touched by this gesture and decided to also reciprocate in kind and throw his full weight behind the growth of this relationship. As a result, the last ten years have witnessed a flourishing of political contacts between the two countries and a government-driven growth in relations, in a manner rarely seen in India's relations with other countries. For example, PM Modi has visited the UAE seven times while the UAE President Sheikh Mohammed bin Zayed has visited India twice as President and twice before as Crown Prince, including as Chief Guest at India's Republic Day celebrations. The UAE Foreign Minister has visited India 11 times, while Foreign Minister S Jaishankar has visited the UAE ten times, and his predecessor visited three times. Ministers holding all major portfolios have visited each other and held substantial discussions on taking the relationship forward. The next generation leadership of the UAE – Sheikh Khaled bin Mohammed, Crown Prince of Abu Dhabi and Sheikh Hamdan bin Mohammed, Crown Prince of Dubai, also visited India in Sept 2024 and May 2025, respectively.

IMPRESSIVE OUTCOMES

These visits have not been just ceremonial exchanges. The substance that has emerged as a result is staggeringly impressive. To cite a few highlights:

1. UAE is believed to have played an important role in bringing India and Pakistan for talks which resulted in a ceasefire agreement along the LoC and international boundary between India and Pakistan in 2021 which held till the recent terrorist attack in Pahalgam on April 22, 2025.
2. The UAE was one of the first countries to condemn the recent terrorist incident in the strongest of terms. Discreet cooperation in the field of security, including sharing intelligence and unpublicised handing over of people wanted in each other's countries, has been an important development in recent times.
3. The UAE is virtually the only country to demonstrate political support for India's policies in Jammu and Kashmir by urging companies to invest in the state. Following the abrogation of Article 370 in August 2019, the UAE in 2021 sent a delegation of companies to visit Jammu and Kashmir and explore investment opportunities in sectors such as tourism, infrastructure, and renewable energy. Several visits by a group of UAE companies have since taken place to Kashmir. The UAE has pledged investments worth approximately \$1 billion in various projects in Kashmir, focusing on tourism development, infrastructure enhancement and renewable energy initiatives.
4. India and the UAE have agreed to collaborate on joint investments in South Asia. During PM Modi's visit to Sri Lanka in May 2022, a specific joint investment proposal was announced, focusing on the development of the Trincomalee oil tank farm as a multi-faceted energy hub. According to news reports, the UAE

has committed to investing \$500 million in this project, which is widely seen as part of India's efforts to counter the Chinese presence in Sri Lanka through its US\$ 3.7 billion oil refinery in Hambantota. It is believed that this trilateral deal will help India ensure that no other power hostile to India gets access to the Trincomalee harbour.

5. The Nuclear Power Corporation of India has won a contract to operate and maintain the Barakah nuclear power plant in the UAE.
6. The UAE is the first country to store crude oil in India in a strategic petroleum reserve using facilities created by India. The UAE has awarded an Indian company an onshore block for oil prospecting, and the two sides have concluded a long-term agreement for LNG supply.
7. The US, EU, India, Saudi Arabia, and the UAE signed an MoU on the India–Middle East–Europe Economic Corridor at the G20 Summit in India in 2023.
8. In October 2021, an I2U2 group comprising India, Israel, the UAE, and the US was formed to promote economic growth and trade synergies.
9. Trade has grown from \$180 million annually in the 1970s to \$83.65 billion in 2023-24. In February 2022, the two countries concluded a Comprehensive Economic Partnership Agreement with the aim of taking bilateral trade to \$100 billion by 2030. Since the signing of the agreement, bilateral merchandise trade has doubled. The UAE is today India's third-largest trading partner and second-largest export destination. India is the UAE's second-largest trading partner.

10. Cumulative FDI from UAE to India from April 2000- Sept 2024 stands at \$22 billion, making the UAE the seventh largest overseas investor in India. A bilateral investment treaty was concluded in February 2024. Though exact figures are not available, India has a huge and growing business presence in the UAE, with all major companies having a presence there. The UAE announced in July 2022 that it would invest \$ 2 billion to develop a series of integrated food parks across India.
11. An IIT now functions in Abu Dhabi, and a decision has been announced to set up an IIM in Dubai. Both of these countries mark the first country outside of India where these institutions establish operations. A large number of other Indian educational institutions also now operate from the UAE.

Speaking at the inauguration of the Symbiosis International campus in Dubai in November 2024, External Affairs Minister S. Jaishankar said that “India–UAE relations are in an era of new milestones and many firsts.” As can be seen from the highlights above, India and the UAE are discovering new dimensions of partnership that have never been explored. These dimensions not only cover substantive economic and technical cooperation for mutual benefit but also have a strong dimension of political support for India’s external and internal policies, which few other countries have openly demonstrated.

Key developments such as UAE investments in Kashmir, the signing of the Free Trade Agreement, joint investment in Sri Lanka, high-level visits, and a shared commitment to regional security and combating terrorism have reinforced the importance of this bilateral relationship. As both countries navigate the complexities of the global landscape

and strengthen their economic ties, strategic cooperation, and cultural exchanges, their partnership is poised to play a crucial role in advancing mutual benefits, shaping regional dynamics, and promoting stability and prosperity.



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