

## Impact of India–UAE CEPA on Pharmaceutical and Chemical Exports: Opportunities and Challenges for Indian Exporters

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| Peer Review Information                                                                                                                                              | Abstract                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| <p><i>Type: Article</i><br/> <i>Received: 11 July 2026</i><br/> <i>Revised: 13 Aug2026</i><br/> <i>Accepted: 07 Sept 2026</i><br/> <i>Published: 06 Oct 2026</i></p> | <p>The India–UAE Comprehensive Economic Partnership Agreement (CEPA), implemented on 1 May 2022, represents an important development in bilateral economic relations between India and the United Arab Emirates. This study evaluates the implications of CEPA for Indian pharmaceutical and chemical exporters, with particular emphasis on market access, tariff reduction, export competitiveness, utilization challenges, and future growth opportunities. The study adopts a descriptive and analytical research design and relies exclusively on secondary data obtained from government reports, Directorate General of Foreign Trade publications, CEPA trade reports, export statistics, research journals, industry publications, and trade databases. Percentage, comparative, and trend-based analysis are used to interpret the supplied evidence. The data indicate that bilateral trade value increased from USD 72 billion in 2021–22 to USD 84 billion in 2023–24, while the post-CEPA export growth figure reported in the synopsis is 16.70%. Reduced tariff barriers and improved market access emerge as the principal perceived benefits, whereas documentation requirements and Rules of Origin compliance remain the leading operational challenges. The findings support the study’s conclusion that CEPA has strengthened the trade environment for pharmaceutical and chemical exports while highlighting the importance of exporter awareness, simplified procedures, and continued policy support for more effective utilization of agreement benefits.</p> <p><b>Keywords:</b> India–UAE CEPA; Pharmaceutical Exports; Chemical Exports; Export Competitiveness; Market Access; Trade Facilitation; Rules of Origin</p> |

### How to Cite This Article

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## Introduction

International trade agreements are increasingly used to reduce market-access barriers, improve predictability in cross-border transactions, and strengthen commercial integration between partner economies. For export-oriented industries, the value of such agreements depends not only on formal tariff concessions but also on the ability of firms to understand eligibility conditions, comply with origin requirements, complete documentation, and respond to changing competitive conditions.

India and the United Arab Emirates have maintained strong economic and commercial relations for several decades. The UAE is an important trading partner for India and also functions as a commercial gateway to markets in the Middle East, Africa, and Europe. India and the UAE signed the Comprehensive Economic Partnership Agreement in February 2022, and the agreement became operational on 1 May 2022. CEPA seeks to increase bilateral trade, encourage investment, improve market access, and expand economic cooperation through preferential treatment across a large number of tariff lines.

The pharmaceutical and chemical industries are particularly relevant to this policy environment because they form important components of India's export basket. Indian firms participate in international markets through generic medicines, active pharmaceutical ingredients, specialty chemicals, industrial chemicals, and related products. Consequently, changes in tariff treatment, customs processes, market access, and regulatory requirements can directly affect the competitiveness and commercial prospects of exporters in these sectors.

At the same time, preferential access does not automatically translate into full utilization. Exporters may continue to encounter documentation requirements, Rules of Origin compliance, customs procedures, regulatory processes, market competition, and information gaps. The present study therefore examines CEPA as both an opportunity and an implementation challenge. It evaluates the supplied pre- and post-CEPA trade evidence, identifies the major benefits and opportunities reported for exporters, and considers the operational constraints that may limit effective utilization.

### *Research Gap and Objectives*

Existing literature cited in the synopsis discusses the broader relationship between trade liberalization, export performance, market access, and competitiveness. However, comparatively limited attention is directed toward the sector-specific implications of the India–UAE CEPA for pharmaceutical and chemical exporters. The study addresses this gap by combining bilateral trade indicators with a structured assessment of perceived benefits, opportunities, and challenges.

The objectives are to: (1) examine the impact of India–UAE CEPA on pharmaceutical and chemical exports; (2) identify opportunities available to Indian exporters under CEPA; (3) analyze challenges faced by exporters in utilizing CEPA benefits; (4) evaluate CEPA's contribution toward export competitiveness; and (5) suggest measures for improving utilization of CEPA benefits.

The study retains the original hypotheses:  $H_0$  states that India–UAE CEPA has no significant impact on pharmaceutical and chemical exports, whereas  $H_1$  states that India–UAE CEPA has a significant positive impact on pharmaceutical and chemical exports.

## Review of Literature

Research cited in the synopsis generally associates trade agreements with improved export conditions. Sharma (2021) reported that tariff reductions and improved market access can support export expansion, while Patel and Rao (2022) emphasized preferential access and reduced trade barriers as mechanisms that encourage international business activity. Singh (2022) further highlighted the role of simplified customs procedures and documentation in improving export efficiency.

Sector-focused work in the synopsis provides additional relevance to the present study. Kumar (2023) linked preferential trade arrangements with tariff concessions and regulatory cooperation in pharmaceutical exports. Gupta (2023) observed that pharmaceuticals and chemicals can benefit from reduced tariff barriers, while also emphasizing exporter awareness of agreement provisions. Reddy and Mehta (2024) identified market expansion and profitability opportunities in the chemical industry but noted compliance and technical regulation as continuing constraints.

At the bilateral level, Ahmed and Khan (2023) associated trade agreements in emerging economies with economic integration, export diversification, and investment promotion. Verma (2024) specifically discussed India–UAE trade relations after CEPA and reported growth in bilateral trade, with pharmaceuticals and chemicals among the sectors benefiting from enhanced market access. Taken together, the literature supports an analytical framework in which CEPA outcomes depend on the interaction of tariff advantages, market access, trade facilitation, compliance capability, and competitive response.

## Research Methodology

The study is descriptive and analytical in nature and is based primarily on secondary data. No primary data are utilized. The source base specified in the synopsis includes reports of the Ministry of Commerce and Industry, Directorate General of Foreign Trade (DGFT) publications, CEPA trade reports, research journals, export statistics, industry publications, and trade databases.

The analytical approach consists of percentage analysis, comparative analysis, trend analysis, and interpretation of secondary data. The pre- and post-CEPA bilateral trade values are compared to describe the direction of trade movement. The supplied percentage distributions for benefits, opportunities, and challenges are retained exactly and are interpreted comparatively to identify the highest-ranked dimensions. Because the source study does not provide respondent-level observations, inferential test statistics, standard errors, or p-values, the hypothesis is interpreted in accordance with the descriptive evidence supplied rather than through an invented significance test.

## Results and Analysis

The results are presented in four parts. First, bilateral trade performance before and after CEPA is compared. The subsequent tables summarize the relative importance of benefits, opportunities, and challenges exactly as reported in the synopsis.

*Table 1. India–UAE Bilateral Trade Growth*

| Particulars                         | Before CEPA (2021–22) | After CEPA (2023–24) |
|-------------------------------------|-----------------------|----------------------|
| Bilateral Trade Value (USD Billion) | 72                    | 84                   |
| Export Growth (%)                   | –                     | 16.70%               |

Table 1 shows that bilateral trade value increased from USD 72 billion in 2021–22 to USD 84 billion in 2023–24. The synopsis also reports export growth of 16.70% for the post-CEPA period. Within the descriptive design of the study, this movement is interpreted as evidence of stronger bilateral trade activity after implementation of the agreement. The comparison is consistent with the study’s broader argument that improved market access and trade cooperation have supported a more favorable export environment.

*Table 2. Major Benefits of CEPA for Exporters*

| Benefit                   | Percentage Importance |
|---------------------------|-----------------------|
| Reduced Tariff Barriers   | 35%                   |
| Improved Market Access    | 30%                   |
| Increased Competitiveness | 20%                   |
| Faster Trade Procedures   | 15%                   |

Reduced tariff barriers rank first at 35%, followed by improved market access at 30%. Increased competitiveness accounts for 20%, while faster trade procedures account for 15%. The distribution indicates that the most visible benefits are directly connected to the cost and accessibility of cross-border trade. Together, tariff reduction and market access represent the dominant dimensions in the supplied benefit profile.

*Table 3. Opportunities Created by CEPA*

| Opportunity                     | Percentage |
|---------------------------------|------------|
| Expansion in UAE Market         | 40%        |
| Access to New Customers         | 25%        |
| Increase in Export Volume       | 20%        |
| Strategic Business Partnerships | 15%        |

Market expansion in the UAE is the largest reported opportunity at 40%, followed by access to new customers at 25%. Increased export volume accounts for 20%, while strategic business partnerships represent 15%. These results suggest that exporters view CEPA not merely as a tariff instrument but as a platform for wider commercial reach, customer acquisition, and business development.

**Table 4. Challenges Faced by Exporters**

| Challenge                  | Percentage |
|----------------------------|------------|
| Documentation Requirements | 30%        |
| Rules of Origin Compliance | 25%        |
| Regulatory Procedures      | 20%        |
| Market Competition         | 15%        |
| Lack of Awareness          | 10%        |

Documentation requirements are the leading reported challenge at 30%, followed by Rules of Origin compliance at 25%. Regulatory procedures account for 20%, market competition for 15%, and lack of awareness for 10%. The pattern shows that the principal constraints are procedural and compliance-related. Consequently, the existence of preferential access alone may be insufficient unless exporters can satisfy documentary and origin requirements efficiently.

### Discussion

The combined results portray CEPA as a positive trade-facilitation framework with identifiable implementation frictions. The increase in bilateral trade value and the reported 16.70% export growth are directionally consistent with the literature summarized in the synopsis, which links preferential agreements with export expansion, market access, and competitiveness (Sharma, 2021; Patel & Rao, 2022; Gupta, 2023). For pharmaceutical and chemical exporters, reduced tariff barriers can improve price competitiveness, while improved access to the UAE can create opportunities for customer development and wider regional positioning.

The opportunity profile is especially important from a managerial perspective. Expansion in the UAE market receives the highest percentage, suggesting that exporters may view the agreement as a basis for scaling existing trade rather than only achieving short-term tariff savings. Access to new customers and increased export volume reinforce this interpretation. Strategic partnerships, although ranked lower, can also support longer-term commercial presence by improving distribution, local market knowledge, and business networks.

The challenge profile qualifies these benefits. Documentation and Rules of Origin together form the two largest reported constraints. This is consistent with Singh (2022), who emphasized the importance of trade facilitation and simplified documentation, and with Reddy and Mehta (2024), who identified compliance requirements as a major challenge in export competitiveness. For firms, particularly smaller exporters with limited trade-compliance capacity, the effective value of CEPA may therefore depend on internal documentation systems, staff knowledge, and access to timely guidance.

On the basis of the supplied descriptive evidence, the study accepts  $H_1$  in the sense stated by the original paper: CEPA is interpreted as having a positive impact on pharmaceutical and chemical exports. This conclusion should be read within the methodological limits of the study. The synopsis does not provide an inferential statistical test of significance, so the evidence supports a descriptive rather than causal or econometric interpretation.

### Managerial and Policy Implications

The results imply that exporters should integrate CEPA utilization into their market-entry and compliance planning. Firms can benefit from tariff concessions only when product classification, origin documentation, certification, and customs records are managed accurately. Export managers should therefore develop internal checklists for CEPA eligibility and Rules of Origin, train relevant personnel, and coordinate closely with customs brokers, export promotion councils, and regulatory specialists.

For policymakers and trade-support institutions, the findings support regular exporter-awareness programs, simplified documentation and certification procedures, stronger digital trade-facilitation systems, and targeted training on Rules of Origin. Greater cooperation between customs authorities and exporters may reduce procedural uncertainty. The source study also emphasizes the need to encourage small and medium-sized exporters to use CEPA benefits and to improve dissemination of trade-related information through export promotion councils.

### Conclusion, Limitations and Future Research

The India–UAE CEPA represents an important mechanism for strengthening bilateral economic relations and creating a more favorable environment for pharmaceutical and chemical exports. The supplied evidence shows higher bilateral trade value after CEPA, identifies reduced tariff barriers and improved market access as the leading benefits, and highlights UAE market expansion as the most prominent opportunity. At the same time, documentation requirements, Rules of Origin compliance, and regulatory procedures remain material barriers to effective utilization.

The study therefore concludes that CEPA has positively influenced the trade environment and export competitiveness of the sectors examined, while continued institutional and firm-level support is necessary to convert formal preferences into sustained commercial outcomes. The analysis is limited by its reliance on secondary data, its focus on pharmaceutical and chemical sectors and India–UAE trade, time constraints, and the possibility that changing trade policies may affect future outcomes.

Future research can compare CEPA with other trade agreements, undertake sector-wise and long-term impact assessments, examine CEPA utilization among small and medium enterprises, and investigate the role of digital trade facilitation. Primary exporter surveys and firm-level trade data would also allow later studies to test the relationships identified here with stronger statistical methods.

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