



**UIBC**

Abetting UAE-India Alliance

# **UIBC NEWSLETTER AUGUST | 2024**



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# KEY HIGHLIGHTS

## BRICS BUSINESS FORUM TO BE HELD FOR FIRST TIME IN UNITED ARAB EMIRATES (UAE)



The BRICS Business Forum will kick off on 09 September at the Dubai Multi Commodities Centre, which is dedicated to providing opportunities for greater economic collaboration between BRICS nations. The event is organised by the Russian Business Council (RBC) in the UAE, along with the Indian Professional and Business Council, the Indian Trade and Exhibition Centre, the Chinese Business Council, the South African Business Council and the Brazilian Trade Mission in the UAE.

Dr. Igor Egorov, Chairman of RBC states, that this will be the first BRICS forum to be held in the UAE: "We believe that meeting and discussing are central to economic and cultural growth and development, which is why we are pleased to present this platform for networking to all of the participants involved." The BRICS countries - Brazil, Russia, India, China and South Africa - are leading emerging economies and political powers on both regional and international levels.

With their high growth rates and the outstanding size of their economies, these countries immensely influence global development. That is duly reflected by the increasing share of BRICS in the world GDP, which exceeded 25 per cent now and is expected to reach a one-third share by 2030. [READ MORE](#)

## RENEWABLE ENERGY: THE FUTURE FOR INDIA'S SMALL-TO-MEDIUM SCALE INDUSTRIES



As small-to-medium scale industries emerge as the second-largest consumers of natural gas in India, the Institute for Energy Economics and Financial Analysis (IEEFA) has urged these businesses to adopt cleaner energy alternatives. A recent briefing note highlights the sector's consumption has soared by 136%, reaching 16,639 million metric standard cubic metres (mmscm) in fiscal year 2023-24 from 7,060 mmscm in 2019-20. [READ MORE](#)

## 'LOW AIRFARES FOR EXPATS': UAE TRAVEL GROUP TO LAUNCH INDIAN AIRLINE, EXPAND TO MIDDLE EAST



An Indian business group with presence in the UAE will launch an airline that they claim will provide economical air tickets for residents. The Alhind group, which has been operating in the travel industry for more than three decades, have received the mandatory clearance required to start its domestic airline in India.

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*The Group Chairman, Mr. Mohammad Haris, told Khaleej Times that they were in the final stages of getting approvals. "Last week, we had a meeting with officials at the Cochin International Airport Limited (CIAL); we submitted all documents required for landing permission at the airport," he said. "We had earlier received the no objection certificate (NOC) to start the airline. We are hoping to begin operations by January 2025, if not earlier."*

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Alhind Airline will begin with three ATR-72 turboprop planes. Initially serving just Indian cities, the company has plans to expand rapidly. "We will start with three flights but as soon as we have 20 flights, we will begin international operations and our first destination will be the UAE," confirmed a spokesperson for the company. "We have had a presence in this region for several years and some of our most loyal customers are from the UAE. We will aim to keep our ticket prices as one of the lowest in the market to serve the expats here. The Middle East will be the focus of our international operations." [READ MORE](#)

## INDIA'S TOP FOUNDER COMMUNITY EXPANDS TO UAE



Offline, a private members' community for scaled-up founders, has expanded in the UAE, marking its first venture outside India.

After making a significant impact in India within just six months of its launch, Offline is poised to introduce its network to the UAE, further strengthening the region's entrepreneurial ecosystem. Founded by Mr. Utsav Somani, the man behind bringing AngelList to India and one of the leading investors of the country, Offline aims to build a close-knit network of startup founders on a significant growth trajectory.

The community focuses on founders of companies who meet one of the following criteria: USD 5 million raised, USD 5 million in ARR, USD 10 million from a previous exit, or currently valued at USD 50 million. Notable early members in the UAE include the co-founders of CoinDCX, Hunch, Fuze, Ultrahuman, and Verloop, while in India,

Offline boasts prominent figures from Zomato, Rentomojo, Awfis, 1mg, Shiprocket, Cred, Noise, and Bizongo.

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# UAE NON-OIL FOREIGN TRADE REACHES RECORD AED 1.4 TRILLION IN H1 2024

## NEW MILESTONES FOR UAE NON-OIL FOREIGN TRADE IN H1, 2024

The United Arab Emirates' non-oil foreign trade continued its upward momentum in the first six months of 2024, achieving new records in total trade, exports, re-exports and imports.

# AED 1.395 trillion

The total value of the UAE's non-oil foreign trade in H1, 2024 - an 11.2% increase on H1, 2023.

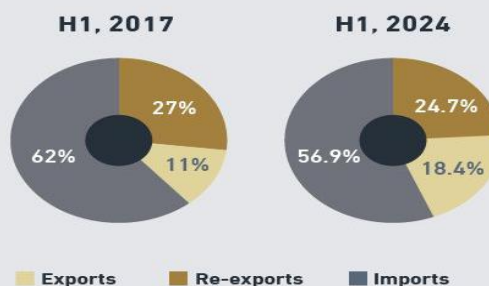
### UAE's non-oil trade since 2021



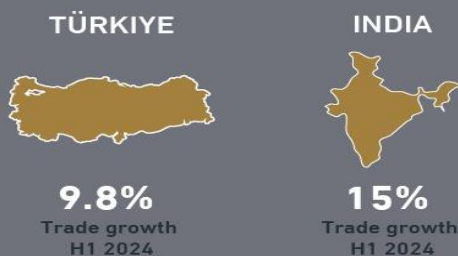
### Growth of UAE's non-oil exports



### Exports as a share of UAE non-oil foreign trade



### Impact of CEPAs on H1 2024 trade



### UAE's top commodities for export in H1 2024

- Jewellery
- Gold
- Aluminum
- Oils
- Silver



The United Arab Emirates set yet another record in the foreign trade of non-oil during the first half of 2024, amounting to as much as AED 1.4 trillion, or USD 381.17 billion, which is 11.2% more than in the same period of 2023. Vice President, Prime Minister, and Ruler of Dubai Sheikh Mohammed bin Rashid Al Maktoum announced the figures, noting a strong economic landscape and ambitious goals in trade by the nation. [READ MORE](#)

# WHY INDIAN TAX RESIDENCY MATTERS: KEY INSIGHTS FOR UAE RESIDENTS



The most common misconception among our Indian living abroad is- “We spend more than 182 days outside India, so we are non-residents for the purpose of taxation in India.”

In reality, this is just one of the conditions that is tested to determine their tax residency in India. Someone who has not lived in India for even a single day can still become a resident of India!

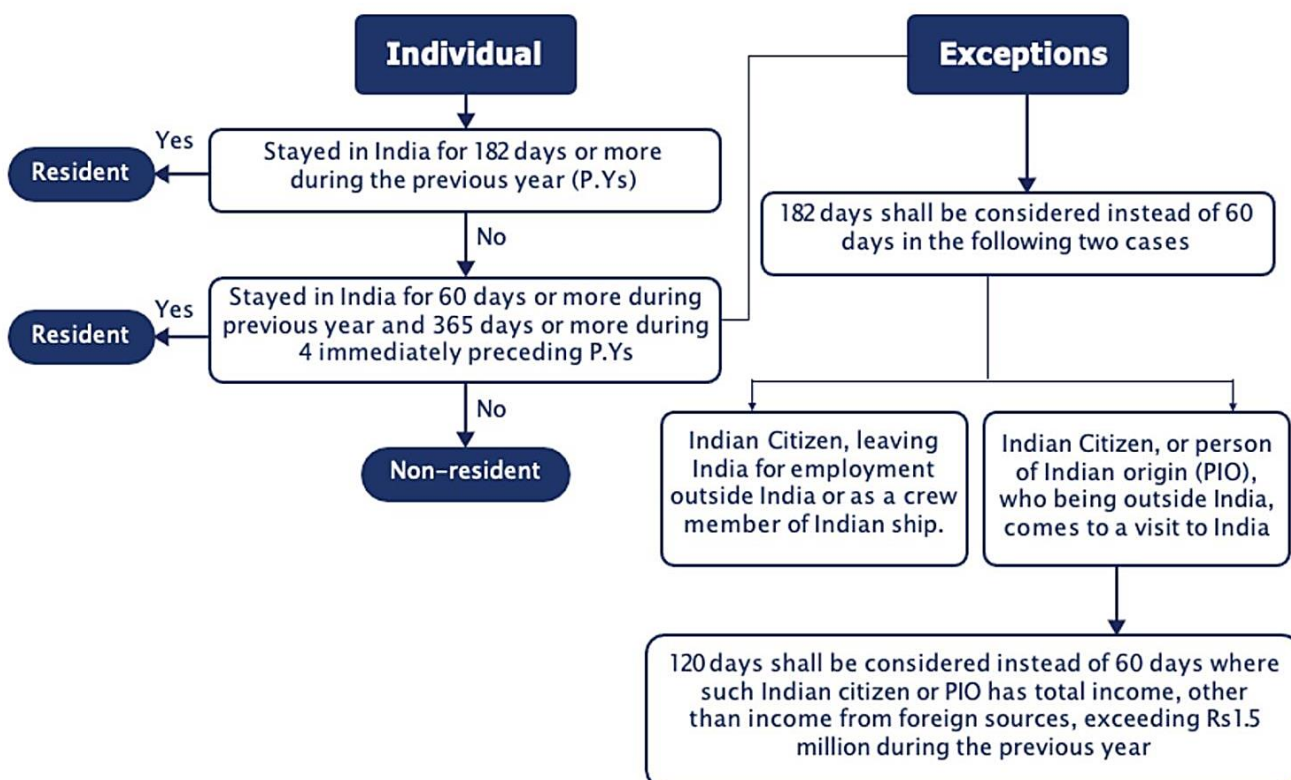
In an increasingly globalised world, the movement of individuals between India and the UAE for work and personal reasons is becoming commonplace. It is important to understand that

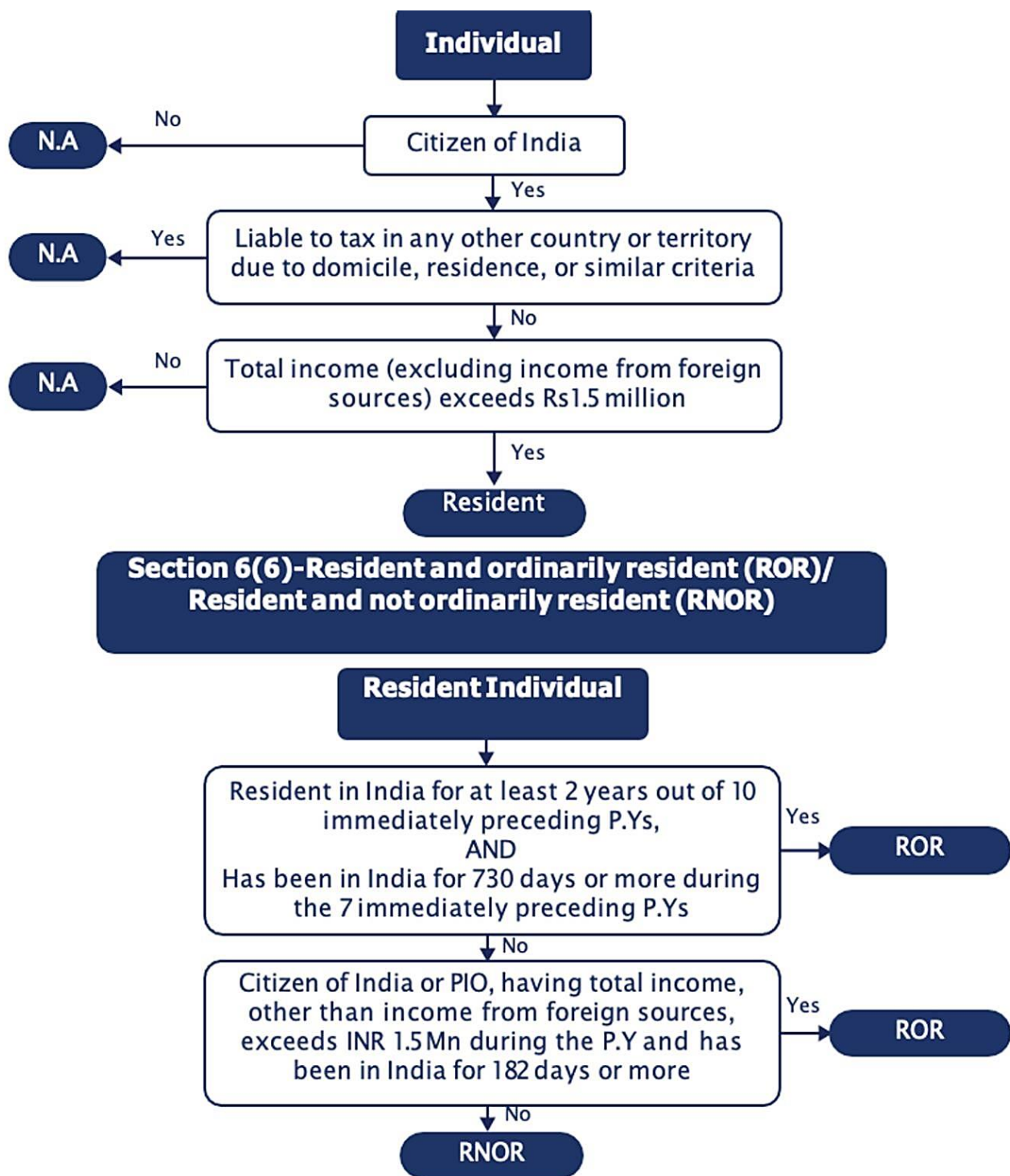
an individual’s tax liability is determined by their residential status, not their citizenship. This concept is pivotal for expatriates and foreign investors as it dictates how their income is taxed by the Indian government.

The Indian Income Tax Act categorizes individuals based on their residential status, which in turn influences their tax obligations. There are three main residential statuses under the Act: 1) Resident and Ordinarily Resident (ROR), 2) Resident but Not Ordinarily Resident (RNOR), 3) Non-Resident (NR).

For instance, if an Indian citizen with Indian income of more than Rs1.5 Mn decides to move to the UAE and start a business here after living his whole life in India, then for that tax year, he can become the resident (ROR) of India even if has stayed in India for 60 days or more since he will satisfy the 365 days’ condition. However, had he moved for the purpose of employment, only 182 days or more criteria would’ve been considered. Moreover, since there is no personal income tax in the UAE, even if he has stayed in India for less than 60 days, he will be considered a resident (RNOR) under the recently inserted tax nomad provisions.

## Section 6-Residential status for individuals





For UAE residents with income sources in India, the application of tax treaty is vital. This agreement ensures that taxpayers are not unfairly taxed on the same income by both nations, providing clarity on which country has taxing rights over specific types of income. For instance, the treaty provides that if a UAE resident invests in Indian mutual funds, then the gains will not be taxed in India.

When an individual qualifies as a resident in both India and the UAE under their respective tax laws, the tie-breaker rule in the DTAA comes into play. This rule helps determine the country of residence for tax purposes, based on various criteria such as the individual's permanent home, center of vital interests, and habitual abode.

For instance, if a UAE resident is also deemed a resident of India, the tiebreaker provisions will help establish which country has the primary right to tax the individual's income. This process is essential for avoiding conflicting tax obligations and ensuring compliance with international tax regulations.

Accurate determination of tax residency is crucial for avoiding the incidence of double taxation. It helps to identify the residence country and source country when accessing the treaty benefits. Incorrectly determining residency status may lead to unexpected tax obligations in both countries, complicating financial management and potentially resulting in legal disputes. [READ MORE](#)

# DP WORLD MUNDRA ACHIEVES RECORD THROUGHPUT, ACCELERATES GUJARAT'S GLOBAL TRADE CONNECTIVITY



DP World, a leading global provider of smart end-to-end supply chain solutions, has achieved a remarkable milestone at DP World Mundra handling a record-breaking highest ever monthly throughput of 1,29,368 TEUs in July 2024. This milestone highlights DP World's pivotal role in facilitating trade between Gujarat and the world, showcasing the terminal's exceptional operational efficiency and capacity to handle increasing trade volumes. Since inception in 2003, DP World Mundra has achieved a total throughput of 1,74,95,602 TEUs.

DP World Mundra has introduced new electric Rubber Tyred Gantry Cranes (e-RTGCs) and electrified the existing ones. The terminal also replaced Light Motor Vehicles (LMVs) with electric versions (e-LMVs) and converted diesel Forklift Trucks (FLT) to electric (e-FLTs), reinforcing its commitment to green initiatives.

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*Commenting on the record throughput, Mr Ravinder Johal, Chief Operating Officer, Ports & Terminals, Operations & Commercial, Middle East, North Africa & Subcontinent, DP World, said, "The record throughput at DP World Mundra is a testament to our unwavering commitment to operational excellence and sustainable port operations. By optimizing our supply chain processes and enhancing connectivity, we are not only boosting trade efficiency but also supporting the growth of industries in Gujarat and beyond. Our ongoing efforts in equipment electrification will further minimize carbon footprint and promote sustainable practices in port operations."*

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DP World Mundra boasts a 632-meter quay and deep draft, capable of accommodating large vessels. With a capacity of 1.4 million TEUs spread over 37 hectares, the terminal plays a pivotal role in India's trade network. Supported by its own 18,000 sq. ft. [READ MORE](#)

# UIBC ACTIVITIES

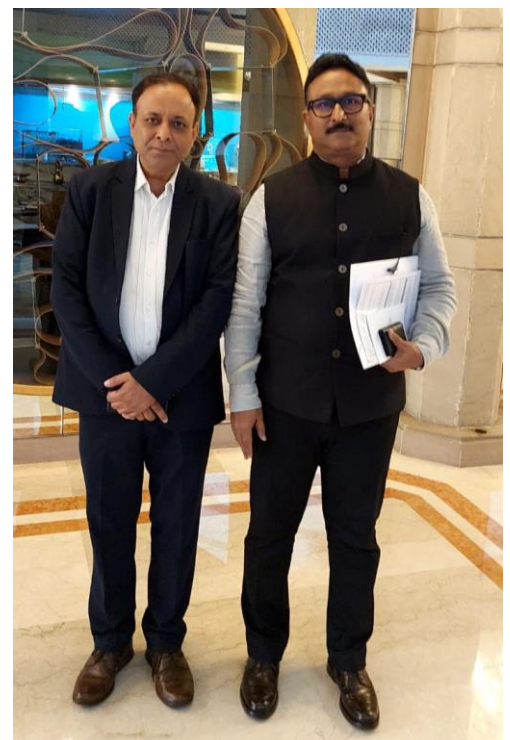
## IN THE EASTERN REGION



**20 August 2024: Eastern Region EXIM Conference  
Taj Bengal, Kolkata (West Bengal)**



*LtoR:* Mr Mukesh Kalra, Head – Business Development, UIBC;  
Mr. A.K. Sengupta, Secretary, Federation of Small & Medium  
Industries (FOSMI), Kolkata



*LtoR:* Mr Mukesh Kalra, Head – Business  
Development, UIBC; Mr. Rathendra  
Raman, Chairperson, Syama Prasad  
Mookerjee Port, Kolkata

# OUR MEMBER



*Article Contributed by Supersonic Distribution and Services Pvt. Ltd.*

## THE RIPPLE EFFECT OF MIDDLE EAST INSTABILITY ON GLOBAL SUPPLY CHAIN

### Geopolitical Ripples and Regional Instability

The Middle East is a critical hub for global trade, and any unrest in the region could disrupt key maritime routes, particularly the Suez Canal. This waterway handles about 12% of global trade, with over 50 ships passing through daily. Any disruptions here could lead to delays and rerouting, increasing transit times by 7-10 days and pushing up operational costs for shipping companies by as much as 20%.



### Energy Supply Concerns

Given that the Middle East accounts for about 30% of global oil production, instability in the region could lead to fluctuations in oil prices. A 10-15% spike in oil prices could result in higher transportation costs, which would ripple through the global supply chain, potentially increasing production costs by 5-8% for businesses worldwide.

## Shifts in Trade Alliances and Routes

In response to geopolitical shifts, trade routes may need to be adjusted. For example, rerouting around the Cape of Good Hope adds 10-15 days to transit times and increases fuel consumption by 30%, leading to higher costs for businesses and consumers alike.

## Immediate Impacts on the Shipping Industry

1. **Shipping Route Disruptions:** The Suez Canal could face significant disruptions. Historical events, such as the Ever-Given incident in 2021, which blocked the canal for six days, resulted in shipping costs surging by up to 25%. A similar scenario could severely impact global trade.
2. **Insurance Costs:** The increased risk in the region could drive up insurance premiums for ships operating in these waters. During the Gulf War, insurance premiums for shipping in the area rose by about 300%, leading to a 15-20% increase in overall shipping costs.
3. **Port Operations:** Ports in the region may tighten security, causing delays in cargo processing. This could worsen existing supply chain bottlenecks, leading to a 5-10% increase in lead times.



## Global Supply Chain Challenges

1. **Delivery Delays:** Disruptions in shipping routes can delay the delivery of goods, impacting inventory levels and production schedules worldwide. Depending on the severity of the disruption, delays could extend up to 15 days.
2. **Increased Costs:** Higher shipping and insurance costs are likely to lead to increased prices for goods. Businesses might pass these costs on to consumers, potentially increasing prices by 10-30%, depending on the duration of the instability.
3. **Supply Chain Diversification:** Companies might speed up efforts to diversify their supply chains, seeking alternative suppliers and routes. While this could make them more resilient, it might also increase operational costs by 5-15%.

## Impact on Key Stakeholders

1. **Import-Export Companies:** These businesses will face increased shipping costs and delays, which could disrupt delivery schedules and raise operating expenses by up to 20%.
2. **Manufacturers:** Companies that rely on raw materials and components shipped through the affected regions might experience delays and increased costs. Production costs could rise by 8-12%, affecting overall profitability.
3. **Logistics Providers:** Shipping companies and logistics providers will need to deal with increased insurance costs, heightened security measures, and the potential need to reroute shipments. These challenges could lead to operational inefficiencies and a 10-15% increase in costs.
4. **Consumers:** Higher prices for goods and potential shortages could lead to a 5-10% increase in consumer prices due to the rising costs of shipping and production.

## Mitigation Strategies

To address the challenges posed by this geopolitical instability, businesses and governments should consider the following:

1. **Conduct Risk Assessments:** Regularly assess risks and develop comprehensive contingency plans to handle potential disruptions.
2. **Diversify Supply Chains:** Expand supplier networks and explore alternative shipping routes to reduce dependency on any single region.
3. **Collaborate Internationally:** Governments and international organizations must work together to secure key shipping routes and maintain global supply chain stability.

## Potential Impact of an Iran-Israel Conflict on Global Shipping

If tensions escalate between Iran and Israel following Haniyeh's death, the global shipping industry could face severe consequences:

1. **Disruption of Key Maritime Routes:** The Strait of Hormuz, through which 20% of the world's oil passes, could be disrupted. Military activity here could halt oil and gas flows, potentially increasing global oil prices by 30-50%.
2. **Increased Insurance Premiums:** War-risk insurance premiums could skyrocket by 200-300%, significantly raising shipping costs. This could lead to a 15-20% increase in the cost of goods globally.
3. **Port Security and Operations:** Enhanced security measures at ports could slow down operations, increasing transit times by 5-10 days and causing bottlenecks in supply chains.
4. **Rerouting and Logistical Challenges:** Alternative routes, such as around the Cape of Good Hope, could add 10-15 days to transit times and increase shipping costs by 30%.
5. **Global Oil Supply and Prices:** A disruption in Iranian oil exports could tighten global supplies, driving up oil prices by 20-30%, impacting fuel costs for all transportation sectors, including maritime shipping.
6. **Economic Sanctions and Trade Restrictions:** Additional international sanctions on Iran could further restrict trade, leading to shortages of certain goods and increased prices.
7. **Geopolitical Instability:** A broader regional conflict could lead to sustained disruptions, higher costs, and a reconfiguration of global supply chains.



### Supersonic's Proactive Measures

At Supersonic Distribution & Services Pvt Ltd, we are taking steps to mitigate these disruptions. By increasing our inventory levels at vendor and subcontractor locations by 10-15% and working closely with logistics providers, we aim to keep our operations running smoothly. We're also investing in advanced supply chain management technologies to monitor and predict potential disruptions, ensuring that we can continue to serve our clients effectively despite any geopolitical challenges.

### AUTHOR



**Mr. Anand Dhabu**  
Business Head  
Supersonic Distribution &  
Services Pvt. Ltd.

# UPCOMING EVENTS



UIBC

Abetting UAE-India Alliance

**SUPPORTING PARTNER**



**RAKIS**  
2024

Ras Al-Khaimah Investment & Trade Summit

**A Global Exhibition & Conference  
Propelling **Ras Al Khaimah** as an  
Ideal Investment Destination**

10 - 11 December, 2024

RAK Exhibition Center, Ras al-Khaimah, UAE





**19 - 22 September 2024**  
**Pragati Maidan**  
**New Delhi**  
**INDIA**



**25 - 29 September 2024**  
**India Expo Centre & Mart**  
**Greater Noida, Uttar Pradesh**  
**INDIA**



**03 - 05 October 2024**  
**Yashbhoomi Expo Centre**  
**Dwarka, New Delhi**  
**INDIA**



**05 - 07 November 2024**  
**Dubai World Trade Centre**  
**Dubai**  
**UAE**



**10 - 12 December 2024**  
**Dubai World Trade Centre**  
**Dubai**  
**UAE**

