

# India to take up silver import spike with UAE



## SILVER IMPORT TREND

Source: Department of Commerce

Overall			From UAE		
	Value (\$mn)	% chg Y-o-Y		Value (\$mn)	% chg Y-o-Y
Jan'24	483.0	323.5	Jan'24	215.6	56,686.0
Feb'24	1,725.5	13,236.8	Feb'24	719.6	63,114.0
Mar'24	816.6	1,058.8	Mar'24	474.8	167,603.0
Apr'24	134.1	18.8	Apr'24	33.7	7,689.8
<b>Total</b>	<b>3,159.2</b>	<b>918.0</b>	<b>Total</b>	<b>1,443.7</b>	<b>64,520.0</b>

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New Delhi, 28 June

The government is concerned over a 647-times spike in the import of silver from the United Arab Emirates (UAE) since the beginning of this calendar year, according to sources. New Delhi will soon take up the matter with Abu Dhabi.

The rise in silver imports follows the Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE that came into force in May, 2022 and offers certain concessions.

Government data showed that the overall import of silver grew 10 times during the first four months of the calendar year (January-April) to \$3.16 billion. UAE, now India's largest source of silver imports, contributed 45 per cent. Until a year ago, the West Asian nation was not even India's top five import partner for silver.

"The government has been actively looking into the matter to understand the reason behind the surge contrary to its (India's) expectation. India plans to share its concerns with the UAE," a person privy to the developments said.

Imports from UAE stood at \$1.44 billion during January-April, compared to \$2.2 million during the same period a year ago. India currently imposes 15 per cent import duty on silver. Under the India-UAE CEPA, the import duty stands at 8 per cent, giving a 7 percentage point duty

advantage to the UAE. As part of the trade agreement, India has committed to gradually taper the duty to 0 per cent within the next eight years.

The silver product imports from the UAE were dominated by silver grains, which are mainly used to make jewellery. The commerce department has been trying to understand the reasons behind the surge despite the stringent rules of origin, or the norms mandating 3 per cent value addition, that was agreed upon under the trade deal.

Meetings have also taken place between Customs and the Department of Commerce on this issue, said two people aware of the matter.

An email query sent to the commerce department did not elicit any response till the time of going to press.

According to a report published by the Delhi-based think tank Global Trade Research Initiative (GTRI), the scale of trade is unusual because the UAE does not produce silver but imports large silver bars, melts them, and converts them into silver grains.

"A check with global refiners will show that value addition in such a process is much less than 1 per cent as opposed to 3 per cent required under the FTA (free trade agreement). Despite this, traders claim and the UAE authorities certify a 3 per cent value addition to meet CEPA rules of origin. It also needs to be seen if this transformation meets the tariff-change criteria," GTRI said.