SUMMARY OF CONCLUSIONS AND SUGGESTIONS

The study has revealed some significant findings relating to India’s trade relationship with United Arab Emirates after liberalization. Based on these findings some useful conclusions have been derived. A summary of these findings and conclusions have been presented in this chapter. A few useful suggestions for improvements in the trade relationship between India and United Arab Emirates have been offered.

International trade is growing at a rate higher than the rate of the world output. Economists have propounded celebrated theories to explain the basis and the gains of international trade. David Ricardo (1911) attributed international trade to the existence of differences in comparative costs. Haberler (1936) referred to differences in the opportunity costs, while Bertil Ohlin (1935) explained the international trade taking place on the basis of differences in factor endowments and factor intensities. Kravis perceived international trade arising due to availability and non-availability of factors, while S.B. Linder related growth in national income with international trade.

Gains through international trade emphasized by J.S. Mill (1940) is based on his theory of reciprocal demand. Regnar Nurkse (1961) and Heberler (1936) emphasized that international trade
worked as engine of growth and led to international specialization. Others emphasizing the correlationship between international trade and economic growth include Polak (1953) who explained the export multiplier leading to growth of income of a country, Baldwin and Meir (1962) emphasizing the long run trends in close relationship of manufacturing output, investment and exports. Margaret G. Vries (1967) has referred to the growth of economies propelled by exports growth of countries like Mexico, Peru, Japan, Venezuela, Israel, Philippines and Thailand, etc. Cairn Cross (1962), Douglas North (1968) and Arthur Lewis (1963) have emphasized the growth of economies due to propulsive effect of export sector.

India’s economic and trade policies immediately after independence and in the pre reforms period were based on a strong emphasis on import substitution, industrialization, state intervention in labour and financial markets, a large public sector, business regulation and central planning. Prior to the process of economic reforms in 1991, the government attempted to close the Indian economy to the outside world. The Indian currency was inconvertible and high tariffs and import licensing prevented foreign goods reaching the market.

The post reform era has opened up the economy to globalised competitive environment. India’s relationship with Arab countries has been on a high path. Geographically, West Asia is regarded as “an extended neighborhood” of India.
Currently the major trends in India’s trade include diversification of products and geographical origins and destinations and also lingering trade deficits, with imports growing more quickly than exports. United Arab Emirates has been a centre of trade since ancient times, copper, pearls and oil being some of its most precious commercial commodities. Today, trade is still a central cornerstone of the economy, oil and gas exports remaining an important component as far as exports are concerned. UAE has become the third most important re-exports centre in the world (after Hong Kong and Singapore).

United Arab Emirates comprise a federation of seven small former Sheikhdoms (Abu Dhabi, Dubai, Sharjah, Ajman, Fujariah, Umm-al-Qaiwain and Ras al-Khaimah) Abu Dhabi is the largest emirate. UAE has an open economy with a high per capita income and a sizeable oil and gas output (about 33% of GDP). The fortunes of the economy fluctuate with the prices of those commodities. At the present level of production oil and gas reserves should last more than 100 years. The UAE has begun opening up free trade, encouraging the relatively free movement of labour and forming of joint business ventures. As a result UAE can claim to be the most globalized country in the Middle East.

Due to increase in population in the UAE, a higher demand for imports to meet re-export requirements and an increasing level of individual expenditure there have also been rise in both the value
and volume of imports into the UAE as far as geographical
distribution based on import value is concerned. Asian countries
have the greatest share of the market. European countries are next
with US in third place.

UAE is a country in our own backyard. The Middle East people
have the Asian mentality and India shares the cultural affinity with
the Gulf. Language is another factor that connects the two nations.

Poised for exponential growth India and the UAE are
rediscovering each other as valued economic partners. Indian
companies are arriving in the UAE in droves as the country has
already positioned itself as a major global destination of trade,
investments and services. As India develops at feverish pace its
appetite for energy which UAE is in a position to meet the increased
demand of the same. India is now ahead of Japan as the leading
export market for Abu Dhabi’s refined products absorbing over half
of its gas-oil exports as well as substantial volume of Kerosene and
LPG.

India’s trade with UAE is expanding at an astounding pace.
Non-oil trade routed through Dubai has risen by 336 percent over
the last 5 years. Total trade between Dubai and India covering a
period of 5 years from 2002 to 2006 rose from US $ 2.5 billion to a
high of US $ 10.9 billion. Total non-oil trade between India and the
UAE is now estimated at US $ 18 billion.
There has been a good deal of diversification in the composition of exports and import trade between India and the UAE. The diversified exports from India to UAE include gems and jewellery, vegetables, fruits, spices, engineering goods, tea, meat and its preparations, manmade yarn, manufacture of metals, fabrics and made ups, marine products, machinery and instrument and plastic products.

Import composition of India from UAE comprises pearls, precious/semi precious stones, gold, pulp and wastepaper, metalifer ore and metal scrap, organic/inorganic chemicals, etc.

There has been a substantial increase in India’s trade with UAE during the 5 years from 2004-05 to 2008-09. Exports from India to UAE rose from US $ 7347.88 million in 2004-05 to US $ 24477.48 million in 2008-09. Imports from UAE rose from US $ 4641.10 million in 2004-05 to US $ 23791.25 million in 2008-09. India’s total trade with UAE rose from US $ 11988.98 million in 2004-05 to US $ 48268.72 million in 2008-09. India’s trade balance shows a decline from US $ 2706.76 million in 2004-05 to US $ 686.23 million in 2008-09.

There is a high degree of trade and economic complementarity and interdependence between India and UAE. The two way trade between India and the United Arab Emirates (UAE) is expected to exceed $ 25 billion from the current level of $ 19 billion with trade balance remaining in India’s favour. The trend would continue and
even intensify in future as close linkages are established both bilaterally and diplomatically.

Despite some very useful benefits of the mutual trade relations between India and UAE there are some areas of concern which needs to be proved and addressed so that suitable policies could be devised to promote the mutual trade of India and UAEs. The problem of severe competition from Asian and advanced countries of the west is a matter of concern. There are also the problems of infrastructural and logistics as major hindrances to exports. Further Indian traders need to be more concerned about the quality aspects of our exports with UAE as international trade is more competitive and a dynamic arena.

Reviews of various studies relating to India’s trade relations with United Arab Emirates and other Gulf countries have revealed significant trends which would help in policy reorientation for a further expansion of the trade and economic co-operation with these expanding economies in India’s neighbourhood.

The demand structure of Gulf Cooperation Council countries including the UAE indicates growing orientation of India’s exports due to the influence of the Indian Diaspora and the migration trade link. The econometric evidence computed by Sujitha Beevi Karayil (2007) illustrated the strong immigrant preference effect for their home country products. The preference similarity mechanism is seen to work in India GCC context. The study brings out the
importance of migrant population as a unique source of advantage of India’s exports to the region. Sujit Chatterjee (1987) has contended that upward revision of Japanese Yen, West Germany’s Mark and other European currencies from 1985 has provided good opportunity for India to enlarge its exports of industrial products to the UAE. However the author has argued for high level of sophistication in marketing and selling. Atul Aneja (2007) has mentioned in his article that India’s trade with UAE is poised for exponential growth. He has tried to link up the growing trade between India and UAE to increased need for oil energy for India and the UAE’s ability to meet the same from its rich oil deposits. David K. Parks (2009) has highlighted the opportunities for investment for India in Sharjah which has specialized industrial zones and transport system and infrastructure. The author has predicted greater scope for trade between India and UAE for SMEs in areas like infrastructure development, information technology, tourism, gems and jewellery, oil and gas, chemicals and petrochemicals and drugs and pharmaceuticals. Azhar Muhammad (2003) has observed in his article that Indo-UAE trade during the period of analysis increased faster than the increase in both UAE’s and India’s trade with the world. The author has observed that Indian expatriates in UAE are the important source of foreign exchange earnings for India.
Vimala Vasan (2000) has mentioned that nearly 600 Indian companies are operating at UAE free trade zones forming a majority country wise in some of the zones situated mainly in the Northern Emirates. Free trade zones in the UAE are made attractive due to 100 percent ownership by the foreign company. Other factors attracting to the free trade zones include proximity to the ports and airports, import/export duty exemption, capital and profit repatriation, sound infrastructural facilities, cheaper labour and other costs, exposure to the international market, place and ability to network easily with the rest of the world. A.K. Pasha (2005) considers UAE as India’s largest trading partner in GCC. The author has commended the trade exhibitions in Dubai in strengthening trade and economic ties between the two countries. The author has predicted great strides in the growth of trade in services like shipping, air services and in gas supply from Qatar to India. Shubhomita Bose (2009) has observed that Indian food finds favour in the UAE. India is the world’s second largest food producer after China. The author feels that the growing economy of UAE needs huge amount of cereals and other food products. Food exports to UAE are estimated at around US $ 3 billion annually.

Samir Ranjan Pradhan (2006) has assessed India’s export potential to the Gulf Cooperation Council Countries. He has used Gravity Model Analysis regarding India’s export potentials in the GCC countries. He has concluded that his workhorse gravity model
shows that the magnitude of export potential is the highest with Oman followed by Qatar, Bahrain and Kuwait. He says that all the model specifications consistently show no export potential with UAE and Saudi Arabia and they are the largest two trading partners of India in the GCC and India’s export trade is not diversified. C. Rangarajan (2001) has observed the major plank of India’s foreign trade policy and the planners almost chose to ignore the option of an engine of economic growth. Mukherjee I.N. (2005) writing about India’s trade with Pakistan says estimates from gravity models suggest that trade between the two countries could be 5 to 10 times large than the present $ 2 billion a year thereby raising GDP and household incomes in both countries. He has further concluded that informal trade via third countries (such as the UAE specifically Dubai) is estimated some $ 2 billion to $ 3 billion a year.

Samir Pradhan (2009) in his study has observed that India’s presence in the Gulf region is civilizational which has developed into a vibrant relationship over the years primarily based on a complementary abundance of entrepreneurial skill and wealth. The author has perceived that the growing economic presence of India in the Gulf region and the Gulf’s new geo-economic realities provide the platform to synergize complementarities into multi pronged stable relations. The author finds that the relationship between the two regions has been in focus in the evolving interdependence centering on energy-economy dynamics.
Harsh Pant (2009) in his article has underlined the significance of GCC as India’s second largest trading partner. He has mentioned UAE is one of India’s five largest trading partners in the entire Middle-East. He has also drawn attention to the fact that GCC countries remain a major destination for Indian investments even as India is making a concerted attempt to encourage GCC investments in India.

Yousef Diab (2010) in his study has made an exhaustive analysis of the trade and economic co-operation between India and UAE. First part of his study is devoted to the analysis of India’s economic scenario with special reference to investment climate and sectors attracting investment agreements between India and the world. He has analysed India’s trade with UAE in terms of non-oil exports, and re-exports, etc. The second part comprises of analysis of economic relations between India and UAE while the third part provides details of foreign trade between India and UAE.

Kamco Research (2011) has in its publication has reported that foreign trade plays an essential part in the UAE’s economy more importantly oil. He has cited the fact that India, China, the USA, Germany and Iran play an essential role within the UAE’s trade as they represent 40% of UAEs total trade.

Divya Aggarwal and Arun Chaudhry (2008) in their report “Trade Flows between India and UAE – Current Status and Future Prospects” have concluded that as India’s own export networks are
developing the use of UAE as an intermediary trading hub is expected to be on the decline. However they have opined that trade flows in several non-traditional sectors have started to grow rapidly.

United Arab Emirates comprise a federation of seven small former Sheikhdoms - Abu Dhabi, Dubai, Sharjah, Ajman, Fujairah, Umm-Al-Quwain and Ras-Al-Khaimah. Among them Abu Dhabi is the largest emirate. The land is mountainous and mostly desert. The total geographical area of UAE is 83600 sq.kms. The emirates are bordered by the Gulf and Musandam Peninsula to the north, by Oman to the east, by Saudi Arabia to the south and west and by Qatar to the northwest.

UAE is an open economy with a high per capita income and a sizeable annual trade surplus. UAE’s wealth is based on oil and gas output (about 33% of GDP).

Major industries of UAE consist of petroleum, fishing, petrochemicals, construction materials, boat building, handicrafts, aluminium, cement, ship repair, textiles, etc.

Major exports from UAE include crude oil, natural gas, re-exports, dried fish and dates. Major imports of UAE include machinery and transport equipments, chemicals, food, etc. Major imports came from China, India, USA, Japan, Germany, UK and Italy.

Major part of labour force of UAE is employed in services (78%) and unemployed labour force was 2.1 percent.
Sectorwise industry contributed maximum amount to GDP of UAE (61.8%), followed by services (36.6%) and agriculture (1.6%). GDP per capita of UAE was $ 40,400 and growth of GDP was 8.5 percent per annum.

UAE’s total population is 8.26 million. Majority of the UAE residents are foreigners, only 15-20% of the total population are UAE citizens. Significant number of foreign residents are Arabs, Palestinians, Egyptians, Yemenis, Omanis as well as Indians, Bangladeshis, Iranians, Afghans, Filipinos and West Europeans.

UAE has adequate educational facilities. A higher college of technology, a network of technical vocational colleges are opened with men’s and women’s campuses in each emirates. UAE University in Al Ain had large number of students. Zayed University for women is opened in 1998 with campuses in Abu Dhabi and Dubai. American University in Sharjah had over 4500 students enrolled in 2007. Many foreign universities including ones from US, UK and Australia have campuses in UAE.

Infrastructure of transport and communication and power has been adequately developed in UAE. Road maritime transport has been highly developed. The state airline Emirates is successful and profitable. Internet penetration in the UAE is the highest in the Arab world. The Federal Government has extensive plans for developing power supply to meet the expanding demand from power intensive industries like aluminum smelting and petrochemicals production.
Abu Dhabi

Abu Dhabi is the largest of the seven emirates which make up the UAE, occupying almost 87 percent of the country’s total area. It is capital of UAE. Abu Dhabi coastline is peppered with more than 200 islands. The climate is very dry, with minimal rainfall. Summer temperature reaches the high of 40°C with a paralysing 90% humidity.

Abu Dhabi is oil rich and exports of oil have enriched the emirate as one of the wealthiest cities in the world.

Population of Abu Dhabi is almost 1.4 million making it the largest of the seven emirates. The local population is predominantly Sunni Muslim. There are Christians and Christian churches in Abu Dhabi.

Mandatory primary and secondary schooling has resulted in high literacy rate of 91 percent. There are two government funded universities in Abu Dhabi in addition to private institutions Sorbonne University was opened in the capital in the year 2006. There are higher colleges of technology (HCTs). However only 11 percent of nationals go on to receive a university degree.

Abu Dhabi owns 95 percent of oil and 92 percent of gas reserves of UAEs. Abu Dhabi has made substantial new investment in industry, real estate, tourism and retail. There is a healthy growth of banks in Abu Dhabi. International financial institutions are rushing to set up their presence in this emirate. A particular area of
growth is the Islamic financial services sector, with Abu Dhabi Islamic Bank recording some of the most impressive growth figures.

**Dubai**

Dubai is described as “centrally planned free market capitalism”. Revenue from petroleum and natural gas currently account for less than 6 percent of GDP. Dubai maintained its importance as a trade route through 70s and 80s. Dubai has a free trade in gold. Today Dubai is an important tourist destination and port. It is of late emerging as a hub for service industries such as IT and finance with new Dubai International Financial Centre (DIFC) transport infrastructure of Dubai are bolstered by Emirate Airlines. Industry specific free zones are set up, communication system is well developed, hotel industry is promoted by US investment, tourism is developing fast and construction activities are booming.

**Sharjah**

Sharjah is considered as the cultural capital of the Arab world. Sharjah is the third largest emirate and its land mass of 2600 sq.kms accounts for approximately 3.3 percent of the total UAE. Sharjah boasts of beaches, deserts and plantations. It contains part of the UAE’s main mountain range the Hajar. Majority of the Emirate is desert. Climate is dry and rainfall is minimal. Sharjah is the third most populous emirate with 750,000 residents. Majority of them are Sunni Muslims, official language of the Emirate is Arabic. Hindi and Urdu are widely spoken owing to large expatriate
communities from India and Pakistan. Sharjah is located at the axis of global trade routes. It accounts for 47 percent of industrial GDP in the UAE. Government of Sharjah has set up free trade and specialized industrial zones. Sharjah has the third largest oil reserves in the UAE – an estimate of 1.5 billion barrels. Sharjah owns 5 percent of the UAE’s gas reserves. Majority of its supplies is utilized domestically.

**Ajman**

The emirate of Ajman is located on the western coast of the UAE – occupying 83,600 sq. kms of the Gulf. Ajman is the smallest of the seven emirates with a total land mass of 260 sq. kms accounting for approximately 0.3 percent of the total UAE. Ajman’s climate is very dry with minimal rainfall. Ajman has granted petroleum concessions to foreign companies Al Zora gas field has potential to be developed in the future. Ajman’s population is estimated to be approximately 260,000. Ajman’s economy was historically based around fishing and dhow-building pearl diving boats were operated, and date palm plantation. Ajman’s ambition of playing a key role in the region’s industrial, commercial and tourism sectors continue till date. Ajman Free Trade Zone has been a great impetus for industrial activity in the emirate due to its significant cost advantages and corporate benefits. Ajman port serves 1000 vessels per year and is in the midst of a massive expansion and
overhaul. The emirate’s proximity to Sharjah and Dubai provides easy accessibility to the two international airports.

**Fujairah**

Fujairah’s surface area represents about 1.5 percent of all of the UAE. A great part of the territory of Fujairah is mountainous. The emirate has its own international airport. The economy of Fujairah is largely based upon agriculture and fishing. Fujairah has established a free trade zone formed around the leading sea port on the Gulf of Oman. Local industries of Fujairah produce marble tiles, insulation, concrete blocks, cement, tyres and shoes.

**Umm-Al-Quwain**

The emirate is located on the western coast of the UAE. The total area of the emirate is equivalent to one percent of the country’s total area. The traditional occupations of this emirate have been fishing and date cultivation. The Ahmed Bin Rashid Port and Free Zone located in Umm-Al-Quwain offers great incentives to investors. The emirate is involved in livestock products including beef and veal, mutton and lamb, goat’s meat, poultry meat, cow’s milk, sheep’s milk, goat’s milk and hen eggs. Camels are treasured and camel racing in Al-Labsa is a major sporting activity.

**Ras Al Khaimah**

This emirate straddles on the northern most tip of UAE. The UAE has light traffic, an unpolluted skyline miles of untouched white sandy beaches and towering mountains. Ras-Al-Khaimah’s total gas
reserves amount to about 33.96 m cu. metres and its oil reserves are estimated at 400 m barrels or 0.4 percent of the UAE’s total reserves. Ras-Al-Khaimah also has the largest rock quarry in the Gulf and is blessed with high quality lime stone and clay deposits which underpin the emirate’s successful cement and ceramic industries. The emirate produces fruits and vegetables as well as milk and poultry for the local UAE market. This emirate has a total population of 250,000. Ras-Al-Khaimah does not have abundant energy resources. It produces about 500 barrels per day of condensate. This emirate opened the UAE’s first cement factory in the early 1970s and is now the UAE’s largest producer of cement. The Emirate’s Julphar is the first medical supplies company in the Gulf. Traditional industries such as fishing and agriculture continue to play an important role in Ras-Al-Khaimah economy. The emirate had the first agricultural research centre in UAE. This has resulted in making the emirates a leading agricultural producer in the UAE. The emirate is developing tourism and real estate. It has set up Ras-Al-Khaimah Airways and an international airport.

**India – An Economic Profile**

India is considered as the second fastest growing economy in the world. India has recorded one of the highest growth rates during 1990s. The macro economic indicators are best in the history of independent India with high growth, healthy foreign exchange reserves and foreign investment and robust increase in exports. The
Indian economy has proved its strength and resilience when there have been crisis in other parts of the world. The Indian rupee has improved its position against US dollar from an all time low of Rs. 49.06 per US $ in May 2002 to Rs. 45.50 per US $ in December 2005.

India offers a large and growing market of 1 billion people of which 300 million are middle class consumers. A vibrant youth market with 54 percent of population below the age of 25 year is another growing consumer market. The number of households with ‘high income’ is expected to increase by 60 percent to 44 million households.

India’s burgeoning population and growing income has led to fast growth of demand for mobiles, raising the teledensity in the country. Domestic sales of automobiles have gone up by more than 23 percent and computer sales have increased by more than 8.6 percent per year. The overall commercial vehicles segment grew by 19 percent.

Capital market in India consists of 23 stock exchanges with over 9000 listed companies Bombay Stock Exchange is the second largest after NYSE. Stock market trading and settlement system are world class. India had the third largest investor base in the world.

Economic reforms initiated in 1991 have led to fundamental and irreversible changes in the economy, government policies, outlook of business and industry and in the mindset of Indians in
general. From a shortage economy of food and foreign exchange, India has now become a surplus one, from an agro based economy it has emerged as a service oriented one; Indian companies have become globally competitive and ‘Brand India’ is getting global recognition.

The economic trends indicate certain sectors have witnessed high growth viz. consumer goods, high level technology, industrial products, healthcare, financial services and basic industries. India is increasingly integrated to the global economy especially as a major centre for outsourcing activities primarily for high cost European firms. Economic commentators expect India to be the third largest economy in the world by 2050 after China and the USA.

Educational facilities in India have been developed extensively. India has over 300 universities and more than 1600 colleges in addition to various training centres all of which offer a wide range of courses. Currently there are almost 10 million students enrolled in Indian institutions and with a growing middle class population this number is expected to increase.

Country Details – India’s geographical area covers 3,287,590 sq.km. The total population of the country according to 2011 census was 1,189,172,906. The population growth rate has been 1.344 percent. The total number of labour force in the country has been 478.3 million. According to 2011 estimates sectorwise the manpower employment is in agriculture (52%), industry (1%) and
services (34%) according to 2009 estimates. Unemployment is estimated at 10.8 percent in 2010.

Key Industries – Major industries in the country include textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery and software.

Economy – India’s diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries and a multitude of services.

Services account for more than half of India’s output with less than one quarter of its labour force. The government has reduced controls on foreign trade and investment. Tariffs averaged 12.5 percent on non-agricultural items.

Higher limits on foreign direct investment have been permitted in a few key sectors such as telecommunications. However tariffs spike in sensitive categories including agriculture and incremental progress on economic progress still hinder foreign access to India’s vast growing market. Privatization of government owned industries is stalled and there is some resistance from the opposition parties in this direction. The average growth rate of more than 7 percent in decade since 1996 has been posted reducing poverty by about 10 percentage points. India achieved 8 percent GDP growth during the last five year plan significantly expanding manufacturing.
India is capitalizing on its large number of well educated people skilled in English language to become a major exporter of software service and software workers.

Economic expansion has helped New Delhi continue to make progress in reducing its federal fiscal deficit.

Major export commodities of India are textile goods, gems and jewellery, engineering goods, chemicals, leather manufacturers. Export partners include US, UAE, China, Singapore, UK, Hong Kong. Major import commodities include crude oil, machinery, gems, fertilizer, chemicals. Major import partners are China, US, Switzerland.

India’s export trade with United Arab Emirates has maintained a continuous uptrend during 1996-97 to 2010-11 both in terms of UAE’s share in India’s total exports and in terms of growth rate of exports to UAE during the latter part of the 90s between 1997-98 and 1999-2000 has gone up continuously. However the growth rate of UAE’s share in India’s exports has shown a trend of fluctuation. The growth of UAE’s share in India’s exports has been higher than the actual share of UAE’s in India’s total exports during the corresponding period. Thus the export trade of India with UAE has been on a continuous growth path and India’s trade relationship has positively benefited both the countries since the post liberalization period. This rich Gulf region holds immense potentials for further
growth of trade and economic co-operation between the two Asian
neighbours.

The first decade of new millennium has witnessed a continuous growth of trade relationship between India and United Arab Emirates. Exports from India to the UAE has indicated a continuous increase during the decade from 2000-01 to 2010-11. The total exports from India rose from US $ 44560.29 million in 2000-01 to US $ 178751.43 million in 2009-10 – an increase of more than four times during a period of ten years. The share of UAE in India’s total exports during the corresponding period has gone up substantially. The growth rate of UAE’s share in India’s exports has been much higher compared to the growth rate of India’s total exports during the same period. The share of UAE in India’s total exports was 5.82 percent in 2000-01 and was almost stationary during the next two years. A perceptible increase in UAE’s share in total exports is found in the subsequent period. The percentage share of UAE in India’s exports rose to 8.02 percent in 2003-04 and remained largely stationary till 2005-06 but rose to 9.50 percent in 2006-07. UAE’s share in India’s exports reached a high of 13.21 percent in 2008-09. The three months period from April to June of 2010-11 recorded the highest percentage of UAE’s share in India’s total exports at 14.01 percent. Thus a steady but sustained increase in the UAE’s share in India’s total exports is observed during the
first decade of the 21st century. This is a highly encouraging trend in
India- UAE trade relationship.

Growth of UAE’s share in India’s exports has been at a higher
level since 2000-01. A high growth of UAE’s share in India’s exports
at 24.72 percent witnessed a sudden slump in 2001-02 to -4.07
percent. However a spurt in the growth rate of 33.54 percent in
2002-03 and further to 54.04 percent in 2003-04 has been quite
encouraging trends in India-UAE trade relationship. A decline in the
growth rate of UAE’s share in India’s exports to 43.36 percent in
2004-05 and further 16.93 percent in 2005-06 indicated a trend of
fluctuation. There was a good revival in UAE’s share in India’s
exports to 39.97 percent in 2006-07 followed by a small decline to
30.07 percent in 2007-08. However UAE’s share in India’s exports
reached the maximum growth rate to 56.54 percent in 2008-09.
The fluctuating trend in the growth is further indicated by a
negative growth rate of -2.07 in 2009-10. The overall trend of high
growth rate of UAE’s share in India’s export trade is encouraging to
both the countries in promoting their trade and economic co-
operation. India’s overall exports growth rate is largely in line with
the above trend of fluctuations in UAE’s share in India’s exports
during the first decade of the new millennium. Hence the rapid
growth rate of UAE’s share in India’s export trade is found during
the corresponding period.
Increasing values of exports to UAE’s from India have resulted in raising the status of UAE’s in India’s export trade to different destinations. UAE’s has improved its rank in terms of its share in India’s exports compared to other major countries buying Indian export commodities during the second half of the 90s and the current decade in the 21st century.

The data from 1997-98 to 2010-11 provide significant trend about the preeminent position that UAE’s hold as a major buyer of India’s export commodities. UAE’s were ranked sixth important buyer of India’s export after the traditional importers like USA, UK, Hong Kong, Germany and Japan. In the very next year 1998-99 UAE’s ranked third largest importer of India’s exports next only to USA and Hong Kong replacing other major importers like UK, Germany and Japan. UAE’s held the third rank as the third largest buyer of Indian exports after USA and Hong Kong till 2000-01.

UAE’s has further improved its position as an important buyer of Indian exports. UAE’s rose to second rank as the second largest buyer of Indian exports next only to USA in 2001-02 replacing Hong Kong and other major importers of Indian exports. UAE’s maintained its second rank as the second largest buyer of Indian exports for another six years till 2007-08. A further improvement as the major importer of Indian exports has been witnessed in the year 2008-09, when UAE occupied the first rank as the largest importer of Indian export goods replacing USA and it holds the top position.
till today. These trends indicate further the intense trade and economic relationship existing between India and UAE’s.

Commodity composition of exports from India to UAE consists of traditional and non-traditional items. They include gems and jewellery, chemicals and allied products, engineering goods, cotton yarn, fabrics and made ups, readymade garments, tea, rice, tobacco and spices.

A good deal of diversification has taken place in the commodity composition of exports to UAE’s. Diversified exports structure ensures stability and resilience of export earnings. The high income buyer of Indian goods in UAE provides good potentials for export trade with the UAE. Indian diaspora provides another advantage for Indian exports to UAE’s.

Commoditywise gems and jewellery exports hold immense opportunities in UAE. UAE is one of the largest buyers of gems and jewellery after USA and Hong Kong. Exports of gems and jewellery have great potential in high income country like UAE. Exports rose by almost five times from 87.2 million USD in 1995 to 440.00 million USD in 2001. A steep increase in exports of gems and jewellery in the five years is observed. Exports rose from USD 542.1 million in 2002 to USD 2537.4 million in 2005 – an increase of nearly five times. Exports reached a high of USD 10756.3 million in 2009. Total exports of gems and jewellery during period from 1995 to 2009 amounted to USD 27139.6 million. Total exports of gems
and jewellery to UAE during period was the third highest next only to USA and Hong Kong. With rising income and increasing migrant population from Asian countries vast potentials exist for exports of this non-traditional item. India possesses the advantage of skilled craftsmanship in the manufacture of gems and jewellery. Hence necessary efforts must be made both by the industry and the government agencies in the promotion of exports of gems and jewellery to UAE’s.

Chemicals and allied products is one of the major exports from India to United Arab Emirates. UAE is one of the major buyers of chemicals and allied products from India along with Brazil, China, Germany, Netherlands, Russia, UK and USA. Total exports of chemicals and allied products to UAE stood at USD 2923.9 million during 1995 to 2009. Exports of this product to UAE during the 15 years have exhibited a broad trend of continuous upsurge with minor degree of fluctuations. Exports rose from a moderate amount of USD 53.3 million in 1995 to USD 156.4 million in 2000 – an increase of almost three times. Rate of exports of chemicals to UAE has gone up moderately during the next 5 years and reached a total of USD 199.9 million in 2005. There has been a steep increase in exports during the next 5 years and the exports reached a high of USD 446.9 million in 2009. UAE’s share in chemical exports from India has almost remained steady between 1995 and 2009. High growth of exports to UAE’s is recorded for the years from 1998 to
2004. The share of UAE in India’s exports of chemicals and allied products during this period varied between 3.1 percent and 4.6 percent. India has the advantage of raw materials, low cost labour and good amount of skill and technology in this area of industrial production. Hence the need for this product in UAE which is expanding could be met by India’s exports.

United Arab Emirates has emerged as the second largest buyer of engineering products from India next only to USA. India manufactures large variety of engineering products. It is in a position to meet the demand of a variety of consumer durables in UAE such as steel, furnitures, refrigerators, electrical goods and electronic goods like T.V. sets, radio, mobiles, in addition to automobiles of different varieties. The total exports of engineering goods from India to UAE between 1995 and 2009 stood at USD 15660.4 million. There has been a slow growth of exports of engineering goods from India to UAE during the first five years from USD 232.8 million in 1995 to USD 313.2 million in 1999. The growth of exports in the next 5 years has been at a higher level. Exports rose from USD 366.0 million in 2000 to USD 957.5 million in 2004. Growth of exports has been faster then onwards. Exports of engineering goods from India to UAE rose from USD 1137.0 million in 2005 to USD 3488.7 million in 2009 an almost three times increase. UAE’s share in India’s total exports of engineering goods during the 15 years has been quite substantial. It ranged between a
minimum of 5.2 percent and a maximum of 8.5 percent during the period from 1995 to 2009. Total exports of engineering goods to UAE from India during this period stood at USD 15660.4 million. There is good scope for expansion of exports of engineering goods to UAE as the Emirates are in the process of industrial development and the oil rich Emirates have high demand potentials for these goods due to their ever increasing income from oil exports. Engineering goods constitute one of the non-traditional exports from India. India has the advantage of strong industrial base, technology know-how and comparatively low labour cost advantage. Hence India should try to boost further the exports of these fast growing industrial products.

UAE is one of the major buyers of India’s exports of cotton yarn, fabrics and made ups. This traditional export product from India has great potential in UAE’s markets. India with its advantages of cheap raw materials, low cost of labour and high quality of cotton yarn and fabrics enjoys competitive edge over other competitors in the world market in general and in UAE in particular. The exports of this traditional products to UAE has shown a trend of fluctuations during the last 15 years from 1995 to 2009. The growth rate also has been stagnant during the corresponding period. Total exports of cotton yarn, fabrics and made ups from India to UAE’s during 1995 to 2009 amounted to USD 1450.1 million. Exports rose from USD 80.6 million in 1995 to USD 91.6
million in 1999, the last year of the 90s. A good increase in export earnings in 2001 USD 110.8 million is followed by a decline in the subsequent period till 2005 when a good revival of exports to UAE, USD 113.6 million was witnessed. The fluctuating trend in exports of cotton yarn, fabrics and made ups is observed in the subsequent period with an export earning of USD 99.8 million in 2009. The growth rate of exports in terms of UAE’s share in total exports of cotton yarn, fabrics and made ups from India has also indicated a trend of fluctuations from year to year during the 15 year period from 1995 to 2009.

Exports of readymade garments to UAE’s have been at higher level both in terms of export earnings and the share of UAE’s in India’s total export earnings from readymade garments. India has emerged as one of the top four countries exporting readymade garments along with USA, UK and Germany. India with its cost advantages in labour and materials is well placed to supply readymade garments to UAE’s at competitive price. UAE imported readymade garments from India worth USD 6467.5 million during 1995 to 2009. There has been a continuous increase in exports earnings from readymade garments to UAE’s during the first seven years from 1995 to 2001. Exports rose from USD 107.8 million in 1995 to USD 542.9 million in 2001. Thereafter exports show a decline for next two years before reaching high level of exports earnings of USD 612.6 million in 2004. A further trend of downward
movement was observed before the annual export earnings from readymade garments to UAE reached high level of USD 690.5 million in 2008 and maximum export earnings of USD 943.0 million in 2009. The rate of growth of UAE’s share in India’s export earnings from readymade garments to UAE has indicated a trend of fluctuations during the 15 years from 1995 to 2009. However the UAE’s share in India’s total exports of readymade garments has been at a higher side since 2000 to 2009.

India has been a traditional exporter of cashew products to European and US markets UAE has emerged as a major market for India’s cashew products. UAE ranks third among the major buyers of Indian cashew products next to USA and Netherlands.

India exported a total of USD 421.7 million worth of cashew products to UAE during the fifteen years from 1995 to 2009. Exports of cashew products to UAE’s have maintained uptrend during the first 6 years from 1995 to 2000. With a small decline in exports during the next three years from 2001 to 2003 there has been a good revival in export earnings from cashew exports to UAE since 2004. Export earnings rose from USD 20.0 million in 2004 to USD 82.9 million in 2009.

The share of UAE’s in India’s total exports earnings from cashew products has shown similar trends. UAE’s share in exports of cashew products from India maintained a steady level from 1995 to 2000. A good spurt in UAE’s share in India’s exports of cashew
products from 2001 to 2009 is quite encouraging. There is a good market for Indian cashew products in UAE. Hence India should exploit this rich market in the gulf region for greater sales of this traditional export product from India.

India is a major exporter of marine products in the world market with vast coastline. India has established itself as a major exporter of fisheries to the Asian and Western parts of the world. UAE has emerged as a major importer of India’s marine products. UAE is the fifth largest importer of Indian marine products after Japan, USA, China and Spain. Exports of marine products to UAE have grown steadily during the last 15 years from 1995 to 2009. Total value of exports of marine products to UAE were at higher level from 1995 to 1998. However a trend of decline in export earnings from UAE during the next few years is observed. Maximum earnings of marine products exports were realized at USD 141.1 million in 1998. Minimum earnings of USD 33.8 million from UAE from exports of marine products were realized in the year 2004. Total earnings from exports of marine products to UAE were USD 1043.0 million during the 15 years from 1995 to 2009. The growth rate of UAE’s share in India’s export earnings from marine products show a similar trend, UAE’s share in India’s earnings from exports of marine products were higher during the first 7 years from 1995 to 2001. A slowdown in the share of UAE’s in India’s export earnings from marine products is observed in the later years.
United Arab Emirates is the second largest buyer of Indian tea after Russia. Tea is the major traditional export commodity from India. Major buyers of Indian tea include UK, USA, Germany and some Gulf countries including UAE’s. UAE’s total imports of Indian tea during the 15 years from 1995 to 2009 were USD 766.6 million. Except a few individual years, the exports of India’s tea to UAE have maintained an uptrend during the 15 years. Exports rose from USD 34.3 million in 1995 to USD 47.1 million during the late 90s. Exports of tea to UAE from India have been higher during the current decade since 2000 compared to the exports during the late 90s. Tea exports to UAE from India rose from 49.9 million in 2002 to USD 60.5 million in 2005. The exports in the subsequent period indicated a trend of fluctuations and reached a high of USD 73.5 million in 2009. UAE’s share in India’s export earnings from tea exports has also indicated a similar trend. The UAE’s share in India’s total exports of tea was lower during the first four years from 1995 to 1999. The UAE’s share in India’s total tea export earnings was substantially higher during the period from 2001 to 2006 and a small decline in the subsequent period is observed till 2007.

United Arab Emirates is the largest buyer of Indian rice after Saudi Arabia and Bangladesh. Other major buyers of Indian rice are South Africa, Kuwait, UK and USA. United Arab Emirates imported Indian rice worth USD 1663.1 million during the 15 years from 1995 to 2009. India is one of the large producers of rice and the Basmati
variety of Indian rice is in much demand in Gulf countries and in Western Europe. United Arab Emirates imported USD 1663.1 million worth of Indian rice during the 15 years from 1995 to 2009. The imports of Indian rice in UAE were higher during the first three years from 1995 to 1997. A decline in export of Indian rice to UAE is observed in the next six years upto 2003. A good surge in sales of Indian rice to UAE is found from 2004 onwards. Exports of Indian rice to UAE rose from USD 51.5 million in 2004 to USD 631.2 million in 2009. The share of UAE in India’s total exports of rice has shown a similar trend. A higher share of UAE in India’s exports of rice during the first four years from 1995 to 1998 is observed. A declining trend in UAE’s share India’s exports of rice is noteworthy between 1999 to 2003. However a good revival to a higher share of UAE’s share in India’s rice exports is significant from 2004 to 2009. The average share of UAE’s in India’s rice exports during the 15 years from 1995 to 2009 was 8.8 percent.

United Arab Emirates has emerged as the third largest buyer of Indian tobacco next to Belgium and Russia. Tobacco is another traditional export commodity from India. India’s exports of tobacco to UAE during the 15 years from 1995 to 2009 amounted to USD 308.1 million. The value of tobacco exports to UAE has indicated a trend of fluctuations during the period. A trend of rise in export value from 1995 to 1999 was followed a decline in 2000 and a rise in 2001. Export value of tobacco to UAE has continuously fluctuated
till 2009. However the value of exports of tobacco to UAE’s during the last 3 years from 2007 to 2009 has been much higher than the value of exports during the earlier years. This indicates the increased sales of Indian tobacco to UAE in recent years. The trend of severe fluctuations in UAE’s share in India’s total exports of tobacco is observed during the corresponding period. The share of exports to UAE in total exports has declined in the initial years from 1995 to 1997 and a slow increase during the next two years. A further fall and a rising trend in the share of UAE’s in India’s total exports of tobacco has been noticed till the year 2009. The share of UAE’s in India’s total exports of tobacco during the last 7 years from 2003 to 2009 has comparatively higher compared to the earlier period. It indicates a good potential for exports of Indian tobacco to UAE in future.

United Arab Emirates is the third largest buyer of Indian spices after USA and UK. Other major buyers of Indian spices are Japan, Germany, Srilanka, Singapore and Bangladesh. Exports of spices to UAE have maintained a steady growth during the second half of the decade of 90s. Total exports to UAE during the 15 years from 1995 to 2009 amounted to USD 378.6 million. Yearwise the growth of exports of spices to UAE do not show any uniformity. A severe trend of fluctuations is observed over the period from 1995 to 2009. There is a trend of slow growth of export earnings during the period from 1995 to 2005. Export earnings of spices from UAE
rose from USD 10.5 million in 1995 to USD 20.7 million in 2005. Export earnings of spices from UAE have been at a higher level from 2006 onwards and the maximum amount of USD 81.6 million of export earnings of spices from UAE’s were realized in the year 2009. The growth rate of UAE’s share in India’s total exports of spices have largely been on the similar pattern. Maximum share of UAE’s in India’s exports of spices was 7.8 percent in 1996. The average share of UAE’s in India’s exports of spices during the period from 1995 to 2009 was 5.2 percent. The UAE has good potential for India’s exports of spices as the country has a substantial population of Indian origin. Hence there is need for making proper efforts to boost the exports of spices to UAE further.

India’s imports from United Arab Emirates have gone up more than seven times between 1997-98 and 2009-10. The share of India’s imports from UAE in the total imports varied from a minimum of 1.30 percent to a maximum of 7.83 percent. However UAE’s share in India’s exports, were higher than India’s imports from UAE during the corresponding period.

The UAE’s share in India’s total imports rose from 3.55 percent in 1997-98 to 4.02 percent in 1999-2000. The growth of UAE’s share in India’s total imports have been at a higher level. The growth rate of UAE’s share in India’s total imports rose from 11.10 percent in 1997-98 to 16.38 percent in 1999-2000. The growth of India’s imports was lower compared to growth of UAE’s share in
India’s imports during 1997-98 and 1998-99 but was higher in 1999-2000.

Imports trade of India with United Arab Emirates during the first decade of new millennium has indicated some significant trends. UAE’s share in India’s imports rose from 1.30 percent in 2000-01 to 1.77 percent in 2001-02 followed by a decline to 1.55 percent in 2002-03. There is a trend of increase in UAE’s share in India’s imports for the next two years till it declined in 2005-06. A trend of continuous rise in UAE’s share in India’s imports is observed with marginal decline in 2009-10 and reaching a maximum of 7.91 percent in 2010-11.

Growth rate of UAE’s share in India’s imports has been positive and higher than the growth rate of India’s total imports for most of the years between 2000-01 and 2010-11 except in three years 2000-01, 2005-06 and 2009-10 when growth rate of UAE’s share in India’s imports was negative.

There has been an allround growth of trade relationship of India with UAE’s. UAE’s has been occupying a high rank among the top six countries with whom India has its import trade.

Import trade with UAE was insignificant in India’s total imports during the late 90s and the early part of the first decade in the new millennium. UAE did not have any place in the first six important import markets during this period. It was in the year 2004-05 when UAE came into the first six important countries for
India’s imports. UAE became the fourth important source of India’s imports after USA, China and Switzerland in 2004-05. UAE lost its position among the first six countries in 2005-06 but came back into the top six countries occupying fifth important source of imports for India in 2006-07. Subsequently UAE become an important source for our imports and occupied second place in the year 2008-09 among the top six important countries for our imports and has retained the same place till today.

Major commodities of imports from UAE comprise of (i) mineral fuels, mineral oils and products of their distillation, bituminous substances, mineral waxes; (ii) organic chemicals; (iii) fertilizers; (iv) plastic and articles thereof; (v) pulp of wood or of other fibrous cellulosic material; (vi) waste and scrap of paper or paper board; (vii) animal or vegetable fats and oils, and their cleavage products, pre-edible fats, animal or vegetable wax; (viii) salt, sulphur, earths and stone, plastering materials, lime and cement; (ix) natural or cultural pearls, precious or semi-precious stones, IMIT jewellery, etc.; (x) iron and steel; (xi) copper and articles thereof; (xii) aluminium and articles thereof; (xiii) electrical machinery and equipment; (xiv) ships, boats and floating structures, etc. The growth rates of imports of these major commodities from UAE, was slow till the middle of the first decade during the new millennium. However there has been a sudden spurt in the growth of these imports from UAE from 2005 till 2010.
UAE has been the fourth major source of oil imports after Iran, Saudi Arabia and Kuwait. Oil imports from UAE rose steeply from 153 thousand barrels per day in 2001-02 to 295 thousand barrels per day in 2010-11. Expansion of automobile industry and the ambition road transport plans in the country are likely to further increase demand for oil and UAE’s role in meeting India’s oil needs will be very substantial.

UAE has been another important source for imports through its re-exports to India. UAE has emerged as an important re-export centre in the world after Hong Kong and Singapore. Re-exports from UAE to India which amount to imports to the country have been higher than non-oil imports by India from UAE.

**Results of the Hypotheses**

An in-depth analysis of the dimensions of India’s trade relations with the United Arab Emirates has revealed the following results of the hypotheses.

The first hypothesis states that there is greater degree of concentration rather than diversification in exports and imports trade between India and United Arab Emirates.

This hypothesis is rejected in the light of research findings. The data obtained through the relevant sources reveal that there has been a substantial diversification in India’s exports and imports trade with United Arab Emirates during post liberalization period in general and during the last decade in the new millennium.
The second hypothesis states that the value of re-exports from United Arab Emirates were lower than the value of its non-oil exports to India.

The research study has revealed that the value of re-exports from United Arab Emirates to India has been higher than the value of its non-oil exports to India from 2001 to 2010. Hence the hypothesis is rejected.

The third hypothesis states that India’s unfavourable trade balance with United Arab Emirates has been due to heavy oil imports from the latter.

The results of the research study have vindicated the hypothesis. The import payment for India’s oil imports from United Arab Emirates constituted almost 50 percent of the value of total imports during the last 5-6 years from 2005-06 onwards. Hence India’s unfavourable trade balance with United Arab Emirates is mainly due to heavy oil imports from the latter. Thus the hypothesis is vindicated and accepted in the light of the research findings.

**Suggestions**

India is one of the important trade partners with United Arab Emirates. UAE is one of the top export destinations for India next to USA and China. Similarly UAE’s happens to be one of the most important sources of imports for India particularly for her energy requirements of petroleum crude and products. In view of these important considerations there is an urgent need for further
enhancement of India’s trade relations with the UAE’s. The study has revealed some areas of vital importance in this context and the following suggestions have been offered for further improvement of India-UAE’s trade and economic relationship.

A Free Trade Agreement (FTA) with UAE’s will boost the economic ties between the two countries. FTA could help to boost the bilateral investment that will unlock greater growth opportunities for both the countries. FTA between the countries would bring about the following benefits to the two countries.

- The FTA will eliminate tariff and non-tariff barriers in the trade of goods as well as simplifying customs procedures.
- Provision of clear guidelines will be imposed on the rules of origin.
- Ease of entry of financial services institutions in each others jurisdiction.
- Favourable arrangements for both foreign direct investment and portfolio investment.
- Protection of intellectual property and commitments that go beyond existing TRIPS obligations.
- Promote an improved business environment with greater competition.
- The creation of appropriate mechanisms of dispute resolution.

In the proposal FTA India can seek greater safeguards for its chemicals and petrochemicals industry. This can be done with a
view to protect domestic players who would find it difficult to handle competition as the cost of crude oil is extremely low in GCC.

The future expansion of trade and economic relations between India and UAE’s should take into considerations the mutual complementarity and comparative advantages in their export and import trade. In this context tourism sector in India is one of the areas that has good potentials for future growth especially medical tourism. Another area with considerable scope for co-operation in tourism is construction and maintenance of hotels. There is good scope for UAE to invest in the overall tourism sector in India which would help to pull tourists visiting UAE to India as well.

UAE is focusing on knowledge based industries and with India emerging as world leaders in space, agriculture, pharmaceuticals and bio-technology there is a considerable scope for co-operation in technology transfer, R&D and for joint ventures. Both countries can co-operate with each other in bilaterally and regionally in defence and security issues and become partners in the global fight against terrorism and extremism.

The scope for expansion of co-operation between UAE and India in field of energy is immense. The Gulf Cooperation Council (which includes UAE’s) region holds more than 460 million barrel of oil accounting for 40 percent of world crude reserves. In addition natural gas reserves are of 19 trillion cubic meters represent nearly 15 percent of world total. Currently India receives from the GCC
region around 60 percent of its oil imports. The energy interdependency between the two parties will become more intense in the future. This interdependency is likely to involve both energy investment and financial arrangements to support hydrocarbon. India and GCC countries compose 1.2 billion markets that export energy to the global market, export information technology and it is one of the biggest markets in the world. Both the countries have common interests that should be preserved and developed together.

India and GCC countries should build up an INDO-GCC GAS PIPELINE. The Dolphin project can be extended to the western border of India. Through this project the GCC countries would be able to enter the Asian gas market. India can emerge as a ‘regional gas hub’ of GCC countries. Its western border gas pipeline can be extended up to eastern borders and from there the South East Asian and Far Eastern countries, particularly Japan and South Korea whose dependence on imported gas is one of the highest can easily obtain LNG from the eastern Indian coast line. This would entail a lot of benefits such as reduction of traffic congestion at hormuz pass, protection to the marine flora and fauna, reduction of time and cost of transportation coupled with the development of joint patrolling of the sea lanes in the region.

India and UAE’s as trading partners should look at their relations beyond hydrocarbon resources and labour migration. They
should deeply engage and address each others requirements. The GCC countries including UAE’s, require co-operation in diversifying their economies, hence, they need co-operation in the field of science and technology services, manpower management and global markets for their capital. Under their look east policy, the GCC countries have adequately expressed interest in Indian economy. They now have trust and belief that India is one of the significant economic technology power houses in Asia and believe the co-operation with India in the new changed scenario is worthwhile. Similarly India also needs their co-operation in energy, trade and manpower export. So they could nurture a mutually beneficial relationship.

The two countries should revamp the nature of composition and volume of trade. It should move from necessity based traditional items to value added branded items. India should increase the volume of manufactured items, IT trade, etc.

India should try to improve its export trade practices. India should improve the delivery schedules, packaging, hygiene and survey of the UAE’s markets. It should concentrate on areas where it enjoys comparative advantages. India should go in for formalizing some trade agreements such as free trade through forums such as SAARC and GCC. This would help massively increase our trade volume, save time and add welfare to the trading partners. Through block level agreements chances of “trade creation” are very strong.
Indian exporters need to be more concerned about the quality aspects of our exports trade with UAE. Indian exporters and manufacturers should induct competitive strength of their products in terms of price and quality against international competition in UAE’s. Countries like China have a strong presence in the market.

In the field of technology there is greater scope for India in the GCC countries in general and the UAE’s in particular. Technology transfer from India should focus on Information Technology. Technology transfer can be achieved through two main approaches. First by establishing joint applied research and development programs between scientific institutions in India and the UAE’s, Second by forming technology based joint ventures between small and medium size Indian companies and their GCC countries parts. Technology based joint ventures would not only generate mutual commercial benefits but also represent an attractive financial investment and loans.

India should avail of the investment opportunities in UAE’s. There is ample scope for Indian investment in the non-oil industrial activities through direct investment and joint ventures as well as in the service industries sector. Comparative advantage signals that the direction for GCC economic diversification should be the manufacture of hydrocarbons and development of energy intensive metal and mineral based products along with IT industries. These kinds of industries constitute engines of industrial growth. Infact they
generate substantial inter-industry linkages between customers and suppliers. In addition there are great scopes for investment in small and medium size ventures. Inspite of the heavy expenditure in infrastructure, there are opportunities in the new phase of development for industries in industrial infrastructure. For example, investments in Industrial Zones, Water, Power, Internet City, Multimedia City and others. Indian investors that undertake joint industrial projects in the GCC region will enjoy a stable macroeconomic environment and a world class package of business incentives.

India is known to have considerable expertise in the renewable energy sector, UAE wants collaboration in this sector, if both the countries working together in the renewable energy sector will bring India and UAE much closer and also new business opportunities for India in the future.

As far as UAE is concerned there are many opportunities for investment in the entire value chain for petroleum, including refining, product pipelines, storage and retail as well as for natural gas. This can be utilized by India that will help to improve the India-UAE bilateral trade further.

India’s liberal economic policies and its growing middle class over the next decade India would need around US $ 500 billion in the infrastructure sector alone and UAE investors should look at becoming major players in this area. If Dubai can provide world class facilities and training in film making, many Indian producers
and film makers would like to come there for producing their films by using available sophisticated facilities.

India’s trade between the UAE and other Arab nations is expected to grow in the coming years with the enforcement of the GCC customs union and wider implementation of the Arab free trade zone.

India and UAE reinforce, bilateral relations between them by exploring opportunities in aviation, investment and growth industries. By improving the communications between the business communities of both the countries can strengthen the trade relationship between the two countries. The cross investments of UAE and Indian companies cover various and diverse vital sectors such as industry, energy, finance and communications. Indian companies have to take advantage of the benefits offered by the UAE to achieve their respective organizational goals. The importance of good communications between the private sectors of both countries as well as constant participation in fairs and forums hosted by the UAE, have been attracting strong international attendance. That events hosted by the emirates provide the perfect platform for establishing solid economic and trade partnerships between the two countries in particular and between the two countries and the world in general.

India and the UAE can boost economic and trade ties by harnessing each others potentials in new economy sectors like
Information and Communications Technology (ICT) Dubai governments initiatives to boost “the development of the knowledge economy in the region”. India is one of the key target markets for Dubai media and Internet city, and it shares a special relationship with the Indian ICT and media industry.

Trade investment between UAE and India will get a boost upon signing of the new investment protection and double taxes agreement between the two countries.

The food security for Gulf and energy security for India are the opportunities for both sides, which can be leveraged, to mutual advantage. Energy security and infrastructure are the main foundations on which the relations between India and UAE will forward.