



PHD Research Bureau
PHD Chamber of Commerce and Industry



India-UAE FTA: Unleashing Export Potential

India-UAE Comprehensive Economic Partnership Agreement (CEPA) officially entered into force on 1st May, 2022. Under the agreement, UAE offered duty elimination on over 97 per cent of its products which accounts for 99 per cent of India's exports to UAE. Bilateral trade between India and UAE has increased from US\$60 billion in 2014 to US\$69 billion in 2021. India had trade surplus with UAE from 2014 to 2017, but from 2018 onwards till now, India has trade deficit with UAE which is US\$17.7 billion in 2021. UAE's share in India's total exports has increased from 5.9% in 2014 to 6.4% in 2021.

India's eight major export sectors to UAE i.e. Stone and Glass, Fuels, machinery and electrical, Textile and Clothing, Metals, Chemicals, transport and Vegetables contributes around 89.88% in India's total exports to UAE in 2021. Sectors which are significantly contributing to India's exports to UAE are those where India has revealed comparative advantage.

The more detailed analysis in terms of Bilateral Revealed Comparative Advantage (BRCA) at six digits tariff lines provides comprehensive results in terms of India's product wise competitiveness in exports with UAE.

Table1 : Distribution of Products India's having BRCA in UAE at HS 6 digit and its Share in respective Chapters at HS- 2-digit Level and in total Exports to UAE, Value in US\$ Billion, Year 2020

S.No	HS-2 Digit	Description	Total Number of Products	Total Exports to UAE (USD Billion)	Number of Products India having BRCA	Export Value of Products India having BRCA (USD Billion)	% Share of Exports under HS-2-digit	% Share of Exports in India's total Exports to UAE
1	27	Mineral Fuels, Mineral Oils and Products of	18	6.84	9	6.83	2.48%	38.1%

		their Distillation						
2	71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	25	3.30	13	3.18	1.2%	21.2%
3	85	Electrical machinery and equipment and parts thereof	223	1.61	36	0.28	0.58%	1.56%
4	10	Cereals	16	0.42	9	0.42	0.15%	2.34%
5	89	Ships, boats and floating structures.	9	0.63	4	0.62	0.22%	3.46%
6	61	Articles of apparel and clothing accessories, knitted or crocheted	102	0.89	57	0.87	0.32%	4.86%
7	28	Inorganic chemicals	122	0.27	66	0.26	0.09%	1.45%
8	30	Pharmaceutical products	25	0.21	5	0.19	0.07%	1.06%
9	72	Iron and steel	122	0.78	66	0.75	0.28%	4.24%
10	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	52	0.31	11	0.19	0.11%	1.06%

Source: PHD Research Bureau, PHDCCI compiled from World Bank Database (WITS)

Detailed analysis (table-1) carried out at HS-6 digit(around 3479 tariff lines) shows that India holds competitive advantage in 5.4% of UAE's total import demand, i.e. India has bilateral revealed competitive advantage in 276 tariff lines which accounts for 5.4% of UAE's total Import (US\$15.26 billion/US\$ 275 billion) in 2020. For India, there is a window of opportunity in terms of 377 products at HS-6 digit. India has an instantaneous opportunity to tap a market of around US \$8.42 billion, of which India supplies only US\$1.21billion.

Hence, there is India's large trade potential yet to be fully realized with UAE. In light of India's large untapped potential with UAE, and considering its futuristic growth prospects, India's exports to UAE are expected to touch US\$50 billion by 2027 along with trade surplus.

To access the full report for your reference, kindly [Click here](#)

Please contact for any query related to this mail to Ms Deepika Chawla, Economist at deepika.chawla@phdcci.in with a cc to Dr S P Sharma, Chief Economist | DSG at spsharma@phdcci.in

Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

Follow us on



"Voice of Industry & Trade"



PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel.: +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

Connect with us:

