

# UAE achieves Dh2.2bn trade surplus with India

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A report released by the Ministry of Foreign Trade on the commercial and investment ties between the UAE and India has revealed a positive shift from a deficit during the first quarter of 2009 worth around Dh7.3 billion to a surplus in the UAE's favour during the first quarter of 2010 worth Dh2.2bn.

The report, which was conducted by the Analysis and Trade Information Department at the Ministry, attributed this positive change to the big increase of 273 per cent in the value of UAE non-oil exports that went up from Dh2.2bn during the first quarter of 2009 to Dh8.4bn, in addition to the increase in the value of India-bound re-exported UAE commodities by 162 per cent, going up from Dh4.4bn to Dh11.5bn during the same comparison period.

The report, which was prepared by the Ministry's Economic Analyst, Yousef Diab, revealed that when conducting a comparison between those two quarters, it would be revealed that there is an 83 per cent increase in the value of non-oil foreign trade between both countries from Dh20.5bn to Dh37.5bn.

The report affirmed that these indicators reflect the strength of existing bilateral ties between the UAE and India and the strength of the UAE's economy and its development that are seen as a direct result of the implementation of the country's policy and strategy of increasing economic openness, and its execution and establishment of a free market policy, a diversified economy, and increasing the UAE's non-oil exports in order to increase their contribution to the GDP.

The report also indicated that India is the UAE's largest trade partner, while the UAE is the number one trade partner for Indian exports, and the second trade partner with regards to Indian imports, coming in second only after China.

The report expects the value of commercial exchange between both countries to increase from Dh108bn in 2009 to Dh120bn in 2010, especially that commercial ties between both countries witnessed steady and noticeable growth during the past five years, which was also boosted by the signing of a framework agreement on economic cooperation between India and the GCC states in August 2005, which is now nearing the end of its mission to look into means by which to establish a free trade area between both sides that would be considered a major shift in commercial exchange between both sides.

The report also revealed that the UAE is considered the number one Arab country, and the 10th globally in terms of the overall value of Foreign Direct Investment inflows into India, preceded by Mauritius, Singapore, the USA, the UK, Holland, Japan, Turkey, Germany and France.

This was based on a survey of UAE investments abroad conducted by the Ministry of Foreign Trade that revealed that the investments of a group of large UAE companies in India reached Dh5.7bn up until the year 2009 constituting 1.4 per cent of overall global foreign direct investments into India.

The report predicted that the value of UAE investments in India, in light of the continuous development of bilateral economic and commercial ties between India and the UAE, will reach Dh6.9bn by the year 2011.

The report also indicated that UAE investments in India have witnessed a steady increase over the past 10 years. From only \$1.6 million in 2000, constituting 0.05 per cent of total Foreign Direct Investments in India at the time, to \$257m in 2008, constituting 0.94 per cent of overall Foreign Direct investments in India during the year, reaching \$629m - constituting 2.43 per cent of overall Foreign Direct investments in India - in 2009, up by 145 per cent in comparison with 2008.

UAE investments in India were concentrated in five main economic sectors that took a 48.6 per cent share of the total value of these investments. The energy sector received 19.1 per cent share of UAE investments in India (worth \$264m), followed directly by the services sector at 9.3 per cent (\$143m), then by programming and construction at 7.8 per cent (\$115m) and 6.8 per cent (\$99.2m) respectively, while investments in tourism and hotels came in fifth place at 5.6 per cent (\$84m).