

An Empirical Study of Indo-UAE Trade Relations Post-Recession 2008

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Abstract

The study attempted to analyse significances change in Indo-UAE trade since 2008. The concept of trade intensity and other statistical tests are used to examine changes between the two nations with the time horizon 2007 to 2016. Overall results show that the growth rate of India's trade with UAE has comparatively higher in early period. Secondly the composition of India's commodity basket reflects the dominance of manufacturing goods in exports and balance of trade is also favorable for India. Thus, there is a need to take some more steps to enhance in trade which is beneficial for both.

Keywords: Balance of trade; Commodity composition; Growth rate; Liberalisation; Recession and trade intensity

Introduction

The trade relations between India and UAE existed since long. Though, India and UAE trade relation accelerated when Sheikh Zayed Bin Sultan Al Nahyan came to power in UAE and federation was formed in 1971. Now there are good Trade Ties between both the countries. It contributes valuable stability and strength to bilateral relationship between the two countries. According to government of India, figures for the year 2008 shows India as their top trading partner in 2008. The bilateral trade between India – UAE in 2007 was US\$ 26149.85 million compared to US\$49282.67 million in the year 2016 which increased by 88%. Indian exports to UAE mainly include gems and jewellery, primary products and chemicals. Indian imports from UAE mainly include crude and petroleum products, electronics goods and transport equipment etc.

The notable reason of strong Indo-UAE economic ties is huge expatriate Indian population in UAE. Almost 2 million Indian expatriates currently live and work in the UAE, comprising more than 30 percent of the national population and constituting the Emirates' largest expatriate group. The expatriate community also contributes to Indian economy. The total remittances to India from the UAE in 2008-09 were about USD 10-12 billion, which is around one third of all the total remittances from the GCC countries to India which is around USD 32-25 billion.

Review of Literature

Economic integration in terms of a free trade agreement between India and GCC will be mutual welfare enhancing and a case of win-win situation [1] both countries have high scope of trade cooperation and thus need to reinforce their trade diplomacy to make favourable environment for trade facilitation [2]. Trade intensity with PGCs reveal the highest volume of Indian Trade among PGCs is the United Arab Emirates and second place is occupied by Saudi Arabia and the maximum Indian Import from PGCs falls under product category of HS-27 (mineral fuels, mineral oil, bituminous substances etc.) [3] India's export intensity is above one for UAE, Saudi Arabia, Iran, Kuwait, and Oman. For other Gulf countries e.g. Bahrain and Qatar the export intensity is fluctuating [4]. The relationship between India and of the Gulf region is a relationship of increasing mutual symbiotic advantage, synergy and increasingly significant, strategically for both sides, a close interaction between the peoples of the two regions exists due to bilateral trade, gas and oil interdependency, remittances and the huge Indian passport holding Diaspora living and working in these countries

[5] talking about Indo-Iranian Bilateral Economic and Trade relations, the major portion of trade between these two countries is petroleum products which India imports from Iran, but some areas like Banking, Aeronautics and Pharmacy where cooperation can be enhanced in future, the future of Indo-Iran relations will depend on both nation's foreign policy India has to manage relations with Israel, US and the GCC countries on the one hand and Iran on the other [6], trade in goods has an important aspect of Indo-GCC economic relations. UAE and Saudi Arabia account or the major portion of it and significant potential exists for other GCC economies to expand their trade with India India's foreign policy and economic relations with UAE and India's relationship with the United Arab Emirates has been driven by economics [7]. The above review of literature shows that there are many studies on Indo-UAE trade and economic relations. Different aspects of Indo-UAE have been analysed ranging from comparative study of India-UAE economic growth rate, trade relations, investment relations and political relations etc. But not many studies have been done purely on composition of trade relations between India-UAE after financial recession of 2008. Therefore, this study especially focuses upon trends and composition in India's trade relations with UAE and identifying future trade potentiality between these two countries.

Theory

To study the performance of trade among countries, there are various measures. However, the most popular measure is the method of analysis through prices and markets. Trade consists of both exports and imports. The expansion and contraction in the export from one country to another take place on the basis of two factors [8]. These factors are (a) the expansion and contraction in the market of importing country and (b) the competitive prices. The exports of one country to another can increase if market for imports in the country has expanded. The exports of country can also increase if the prices of commodities exported by the country become more competitive i.e. cheaper. Thus exports of a

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country can grow either on the basis of the above factors separately or it could be result of a combination of both the factors and vice-versa. It would be a combined impact of both the factors also. Similar is the case of Imports. Imports to a country could grow because of expansion in the market of the importing country [9,10]. The imports could also grow due to the prices of importable becoming cheaper. The growth in imports could also be due to interplay of both the above factors and vice-versa. Therefore to analyse the exports and imports from one country to another to understand the trends in bilateral trade, it is necessary to approach the problems through (a) the market effect and (b) the price effect.

Hypothesis

- (1) There is no change in the trade intensity of India with UAE after 2008.
- (2) There is no change in the direction of trade of India with UAE after 2008.
- (3) There is no expansion in the trade of commodity composition since 2008.

Objective of Study

- (1) To analyse the changes in India's trade with UAE after recession.
- (2) To study the commodity composition of India's trade with UAE.
- (3) To analyse the trend of trade intensity with UAE during the period 2007-2016.

Research Methodology

The study is analytical in nature and covers a period of 10 years (2007-2016) which is comprised into eight parts. It deals with detail view of our trade with UAE through the statistical analysis on secondary data which are collected from Handbook of Statistics on Indian economy, World Integrated Trade Solution of World Bank, Economic Survey of India, UNCOMTRADE of United Nations, International Trade Statistics, World Trade Organization (WTO), and so on [11]. The analysis has been done with the help of various statistical tools. The formula used to calculate the statistics are:

(a) Export intensity index of India with UAE has been measured with the help of following formula:

$$X_{ij} = \{(X_{ij}) / (X_i) / (M_i) / (M_w - M_i)\}$$

Where X_{ij} is the India's export intensity with UAE, X_{ij} is the export of India to UAE, is the total export of India, X_i is the total import of UAE, M_i is the total world import, M_w is the total import of India and i and j denotes country India and UAE, respectively.

(b) Import intensity index of India with UAE has been measured by using following formula:

$$III = \{(M_{ij}) / (M_i) / (X_j) / (X_w - X_j)\}$$

Where III is the India's imports intensity index with UAE, M_{ij} denotes imports of India from trading partner UAE, M_i is the total import of India, X_j is the total export of UAE, X_w is the total world exports and X_i is the total export of India.

Trend in India's trade to UAE

Table 1 deals with trends and growth rate of India's trade to UAE. It also measures the percentage share of India's export to and import from UAE as compared with India's total exports and import.

Table 1 exhibits India's trade with UAE. It shows the amount of India's export to UAE was \$14447.01 million in 2007 which was reached to \$37369.37 million in 2011. In 2012, the figures of India's export to UAE were \$35781.39 million which declined to \$29989.56 million in 2015 and slightly increased to \$30041.76 million in 2016. Thus India's exports to UAE have two phases of increasing trend in early period and decreasing trend in later period. On the other hand, Table 1 reveals that the size of India's imports from UAE accounted \$ 11702.84 million in 2007 which gradually reached to \$37799.11 million in 2012. During 2013 it was \$32964.58 million and declined to \$356704.79 million in 2016. Thus India's imports from UAE during 2007 to 2012 have increasing trends and in later period during 2013-2016 have decreasing trends. Thus, overall picture of India's trade to UAE reveals that in early period India's trade with UAE has increasing trend and in later period it has decreasing trend [12].

Table 1 also analyses about India's trade performance with UAE. The percentage share of India's exports to UAE in India's total exports improved continuously at steady rate during 2007-2009. In 2007, it was only 10% of Indian world exports and reached at pick in 2009 with 14%. During 2010 Indian exports to UAE had declined to 12% and it was 10% for two consecutive periods for 2013 and 2014 was 11% and 12% in 2015 and 2016 respectively. This does not show a significant increase

Year	India's export to UAE	Growth rate in India's export to UAE	India's Total Export	Growth rate in India's export to world	% share in world	India's import from UAE	Growth rate in India's imports from UAE	Total India's import	Growth rate in India's import from the world	% share in world
2007	14447.01		145898.05		10%	11702.84		218645.29		5%
2008	19096.53	32.18%	181860.90	24.65%	11%	19419.29	65.94%	315712.11	44.39%	6%
2009	25415.97	33.09%	176765.04	-2.80%	14%	19735.39	1.63%	266401.55	-15.62%	7%
2010	27412.25	7.85%	220408.50	24.69%	12%	30907.47	56.61%	350029.39	31.39%	9%
2011	37369.37	36.32%	301483.25	36.78%	12%	35471.58	14.77%	462402.79	32.10%	8%
2012	35781.39	-4.25%	289564.77	-3.95%	12%	37799.11	6.56%	488976.38	5.75%	8%
2013	33980.43	-5.03%	336611.39	16.25%	10%	32964.58	-12.79%	466045.57	-4.69%	7%
2014	32919.60	-3.12%	317544.64	-5.66%	10%	27287.87	-17.22%	459369.46	-1.43%	6%
2015	29989.56	-8.90%	264381.00	-16.74%	11%	20283.24	-25.67%	390744.73	-14.94%	5%
2016	30041.76	0.17%	260326.91	-1.53%	12%	19240.91	-5.14%	356704.79	-8.71%	5%
Average growth rate		9.61%		7.96			9.41		7.58	

Source: Trade statistics, World integrated trade solution: World Bank, various issues.
Note: Value is converted into US Million \$.

Table 1: Trend in India's trade to UAE (US Million \$).

in Indian exports to UAE as a percentage of total Indian exports. On the other hand the percentage share of India's imports from UAE in India's total imports improved continuously at steady rate during 2007–2009. In 2007, it was only 5% which reached at pick with 9% in 2009. Since 2010, Indian imports share in world total import has continuously decreasing with steady rate. During 2010, it was 8% which declined to 5% in 2016. Thus, the above result shows that during the period of 2007 to 2009 India's trade to UAE has great importance as compared to the World. In later period since 2010 the importance of trade between Indo- UAE has less compared to the World.

Table 1 also examines the average annual growth rate of India's trade to UAE. The annual average growth rate of Indian exports to UAE was 27.36% during 2007 to 2011 with some fluctuation. Whereas, annual average growth rate of India's export to the world was 20.83% for the same period [13]. This shows that the growth rate of India's export to UAE is greater than India's export to the World. During the later period, the annual average growth rate of India's export to UAE (2012-2016) was -4.23% whereas India's total export to the world was -2.33%. This shows that annual growth rate of India's export to UAE is less than annual growth rate of India's export to the world in later period. Thus, we found that drastically decline in annual average growth rate of India's export to UAE in the later period. Table 1 also examines the growth rate of Indian imports from UAE. During the early period (2008-2011), the annual average growth rate of India's imports from UAE was 34.74% and India's import from the world was 23.07%. The annual average growth rate during the later period (2012-2016) for India's import from the UAE and from the world was -10.85% and -4.81% respectively. Thus, from the above analyses show that in early period annual average growth rate of India's trade to UAE is comparatively high than India's trade to the world and comparatively low in later period.

On the basis of above analysis there are two phases of India trade relations with UAE. During early periods India's trade relations with UAE has increasing trends and in later period India's trade relations with UAE has decreasing trends. The reasons might be subdued global demand and dip in global commodity prices in the last few years.

Commodity composition of India's trade with UAE

The usefulness of foreign trade depends upon the structure and pattern of trade which is determined by the nature of commodities exported and imported by an economy. The structure of India- UAE trade also exhibited some changes over the period of time. Under this section, we took top 10 leading commodities of Indian exports and imports to analyse commodity composition of India's trade to UAE. We calculated the share of different commodities to find trends in commodity composition between both countries in Tables 2A and 2B respectively.

Table 2A shows value of selected top ten commodities in India's exports to UAE. The value of selected commodities in India's overall exports to UAE increased from US \$163132.18 million in 2007-8 to US \$275851.71 million in 2016-17. The average share of top ten commodities in India's exports to UAE was 9.67% during ten years (2007-08 to 2016-17). Further, Table 2A shows that the two commodities namely natural or cultured pearls, precious or semiprecious stones, pre-metals, clad with pre-metal and articles thereof (HS-71) and mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes (HS-27) had played an important role in Indian export basket to UAE. The average share of these two commodities was 7.48%. The third leading commodity in India's export basket to UAE was articles of apparel and clothing accessories, knitted or crocheted (HS-62) with 0.38% and followed by articles of apparel and clothing accessories,

HS Code	Commodity	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
71	Natural Or Cultured Pearls, Precious Or Semiprecious Stones	4,056.28	10,997.14	12,524.64	19,805.17	18,392.75	18,890.69	12,778.80	12,280.37	12,934.45	13,884.06
		2.49%	5.93%	7.01%	7.93%	6.01%	6.29%	4.06%	3.96%	4.93%	5.03%
27	Mineral Fuels, Oils And Products Of Their	4,699.60	4,966.92	4,467.63	5,019.58	6,571.21	6,964.32	5,039.94	6,519.64	3,978.22	3,907.11
		2.88%	2.68%	2.50%	2.01%	2.15%	2.32%	1.60%	2.10%	1.52%	1.42%
61	Articles Of Apparel And Clothing Accessories,	259.01	367.04	378.56	539.5	626.33	642.64	789.86	1,142.70	1,661.22	2,114.92
		0.16%	0.20%	0.21%	0.22%	0.20%	0.21%	0.25%	0.37%	0.63%	0.77%
62	Articles Of Apparel And Clothing Accessories, Not	432.31	583.51	589.87	562.5	725.04	792.64	947.94	1,507.56	1,762.53	1,817.48
		0.27%	0.31%	0.33%	0.23%	0.24%	0.26%	0.30%	0.49%	0.67%	0.66%
89	Ships, Boats And Floating Structures.	392.05	198.11	211.88	487.8	1,217.82	686.81	1,068.58	1,181.39	782.11	1,122.10
		0.24%	0.11%	0.12%	0.20%	0.40%	0.23%	0.34%	0.38%	0.30%	0.41%
85	Electrical Machinery And Equipment And Parts Thereof	419.86	636.14	524.83	805.73	974.56	903.61	1,035.73	615.73	742.81	662.67
		0.26%	0.34%	0.29%	0.32%	0.32%	0.30%	0.33%	0.20%	0.28%	0.24%
84	Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof.	451.52	567.47	528.27	549.55	730.71	802.12	637.27	711.47	699.17	635.31
		0.28%	0.31%	0.30%	0.22%	0.24%	0.27%	0.20%	0.23%	0.27%	0.23%
10	Cereals.	432.35	687.58	685.83	657.25	896.1	571.82	560.92	580.97	624.58	616.39
		0.27%	0.37%	0.38%	0.26%	0.29%	0.19%	0.18%	0.19%	0.24%	0.22%
73	Articles Of Iron Or Steel	354.44	599.29	409.72	525.65	461.52	723.76	791.22	701.71	510.91	516.53
		0.22%	0.32%	0.23%	0.21%	0.15%	0.24%	0.25%	0.23%	0.19%	0.19%
72	Iron And Steel	426.62	636.2	250.75	348.28	524.84	562.33	528.18	641.6	288.86	516.04
		0.26%	0.34%	0.14%	0.14%	0.17%	0.19%	0.17%	0.21%	0.11%	0.19%
	Total	11,924.04	20,239.40	20,571.98	29,301.01	31,120.88	31,540.74	24,178.44	25,883.14	23,984.86	25,792.61
		7.31%	10.92%	11.51%	11.73%	10.17%	10.50%	7.69%	8.34%	9.14%	9.35%
	India's total exports to UAE	1,63,132.18	1,85,295.36	1,78,751.43	2,49,815.55	3,05,963.92	3,00,400.58	3,14,405.30	3,10,338.48	2,62,290.13	2,75,851.71

Source: Department of Commerce: Export- Import Data bank, Indian Government, Export: country wise all commodities. Login on 15.09.2017.

Table 2A: India's commodity trade composition to UAE (US \$ Million).

knitted or crocheted (HS-61) with 0.32%. The average contribution of above four leading commodities was 7.87% out of 9.67%.

To analyse the composition and structure of India's export basket to UAE. We took only four highly concentrated goods and whole study period was bifurcated into early period (2007-08 to 2011-12) and later period (2012-13 to 2016-17). The top two leading commodity HS-71 and HS-27 has declining trends. The share of these two commodities was 5.87% and 2.44% in early period which decreased to 4.85% and 1.79% in later period of HS-71 and HS-27 respectively. The shares of next two leading commodities have increasing trend. The share of this commodity namely HS-61 and HS-62 were 0.27% and 0.20% in early period and increased to 0.48% and 0.45% in later period respectively. Thus, the above analysis shows that the share of manufacturing product dominated over primary product which is beneficial for Indian economy.

Table 2B shows value of selected top ten commodities in India's import from UAE. The value of selected commodities in India's overall import to UAE increased from US\$ 251654.00 million in 2007-08 to US\$ 384355.56 million in 2016-17 with. The average share of top ten commodities in India's import basket from UAE was 6.50% during 2007-08 to 2016-17. Further, Table 2B shows that the two commodities

namely mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes (HS-27) and natural or cultured pearls, precious or semiprecious stones, pre-metals, clad with pre metal and articles thereof; imit. jewellery; coin (HS-71) had played an important role in Indian import basket from UAE. The average share of these two commodities was 5.49%. The third and fourth leading commodity in India's import basket to UAE was plastic and articles thereof (HS-39) and copper and articles thereof (HS-74) with 0.09%. The average contribution of above four leading commodities was 5.57% out of 6.50%. This shows that top four leading commodities were highly concentrated.

To analyse the composition and structure of India's import basket to UAE. We took only four highly concentrated goods and whole study period was bifurcated into early period (2007-08 to 2011-12) and later period (2012-13 to 2016-17). The analysis shows that first top two commodities has decreasing trend and next two top commodity has increasing trend in India's import basket from UAE. The average share of HS-27 was 2.87% in early period which declined to 2.71% in later period. The average share of HS-71 was 3.69% in early period which sharply declined to 2.61% in later period. The next two leading commodity has increasing trend. The average share of HS-39 was 0.06%

HS Code	Commodity	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
27	Mineral Fuels, Mineral oils And Products of Their Distillation; Bituminous Substances; Mineral Waxes.	7,806.25	10,317.90	6,443.36	9,398.23	15,102.54	14,984.68	13,263.35	13,509.04	7,912.80	9,457.60
		3.10%	3.40%	2.23%	2.54%	3.09%	3.05%	2.95%	3.02%	2.08%	2.46%
71	Natural pr Cultured Pearls, Precious pr Semiprecious stones, Pre-metals, Clad With Pre-metal and Artcls Thereof, Imit. Jewelry; Coin.	3,687.18	11,331.81	11,211.41	20,896.32	18,235.49	20,376.74	11,899.69	8,795.44	7,944.29	8,571.03
		1.47%	3.73%	3.89%	5.65%	3.73%	4.15%	2.64%	1.96%	2.09%	2.23%
39	Plastic and Articles Thereof.	132.52	182.34	203.52	240.97	286.56	371.28	341.23	479.16	667.42	665.23
		0.05%	0.06%	0.07%	0.07%	0.06%	0.08%	0.08%	0.11%	0.18%	0.17%
74	Copper and Articles Thereof.	109.95	82.18	134.45	263.2	396.45	450.81	681.13	638.7	545.19	495.52
		0.04%	0.03%	0.05%	0.07%	0.08%	0.09%	0.15%	0.14%	0.14%	0.13%
76	Aluminium and Articles Thereof.	164.65	151.92	153.26	281.86	294.06	371.22	427.76	502.26	360.08	352.85
		0.07%	0.05%	0.05%	0.08%	0.06%	0.08%	0.10%	0.11%	0.09%	0.09%
25	Salt; Sulphur; Earths And Stone; Plastering Materials, Lime and Cement.	96.97	221.54	66.54	145.31	308.08	288.27	308.18	314.78	291.71	301.59
		0.04%	0.07%	0.02%	0.04%	0.06%	0.06%	0.07%	0.07%	0.08%	0.08%
72	Iron And Steel	257.57	314.45	239.86	350.51	556.23	560.3	460.79	572.48	422.35	288.63
		0.10%	0.10%	0.08%	0.09%	0.11%	0.11%	0.10%	0.13%	0.11%	0.08%
85	Electrical Machinery And Equipment and Parts Thereof; Sound Recorders And Reproducers, Television Image and Sound Recorders and Reproducers, And Parts.	453.21	502.58	235.85	127.78	170.9	87.34	75.03	105.74	174.66	181.17
		0.18%	0.17%	0.08%	0.03%	0.03%	0.02%	0.02%	0.02%	0.05%	0.05%
89	Ships, Boats and Floating Structures.	87.61	99.83	115.3	199.48	133.79	488.06	569.55	243.35	134.55	159.3
		0.03%	0.03%	0.04%	0.05%	0.03%	0.10%	0.13%	0.05%	0.04%	0.04%
47	Pulp of Wood or of other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard.	29.41	33.62	31.4	42.14	56.34	46.94	62.34	75.82	72.38	68.38
		0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%
	Total	12,825.32	23,238.17	18,834.95	31,945.80	35,540.44	38,025.64	28,089.05	25,236.77	18,525.43	20,541.30
		5.10%	7.65%	6.53%	8.64%	7.26%	7.75%	6.24%	5.63%	4.86%	5.34%
	India's total import from UAE	2,51,654.00	3,03,696.30	2,88,372.87	3,69,769.12	4,89,319.49	4,90,736.65	4,50,199.79	4,48,033.41	3,81,006.63	3,84,355.56

Source: Department of Commerce: Export- Import Data bank, Indian Government, import: country wise all commodities. Login on 15.09.2017.

Table 2B: Commodity composition of India's imports from UAE (US \$ Million).

in early period which reached to double in later period with 12.00% and for the HS-74 the average share increased from 0.05% to 13.00%. Thus, the overall picture Of Indian import basket from UAE reveals that the dominance of primary products.

Degree of trade intensity between Indo-UAE trade

Trade intensity index measures whether the value of trade between the two countries is greater or smaller than expected based on their relative importance in the world trade. The value of index less than unity indicates a bilateral trade flow is smaller than expected.

Table 3 shows that India's Trade- Intensity index with UAE. It is clear from the Table 3 that both India's export intensity as well as import intensity with UAE is more than unity for all the period during 2007 to 2016. This indicates India's exports and imports are more intense with UAE as compared to the rest of the world. The above analyse exhibits that India's export to UAE has no any particular trends. During 2007 to 2013, the range of index value was 6.21 to 3.89 with some fluctuation. Since 2014, there was increasing trend. During 2014, the value index was 4.06 which increased to 4.66 in 2016. On other hand, India's import intensity from UAE shows that increasing trend during 2007 to 2010. The index value of India's import from the UAE was 5.19 in 2007 which reached to 7.39 in 2010 with some fluctuation. Since 2011, it has decreasing trend. The value of index was 4.40 in 2012 which declined to 2.6 in 2016. Thus, from the above analysis it is cleared that India's export intensity to UAE has increasing trend for the period of 2007 to 2009, then decreasing trend for the period of 2010 to 2014 and again increasing trend for the reaming period of 2015 and 2016. Whereas, India's import intensity from UAE has both trend, increasing trend during 2007 to 2011 and decreasing trend for the period of 2012 to 2016. If we bifurcated the whole period into two part into early period (2007-2011) and later period (2012-2016) to examine the overall trend in intensity. We found the average value of index of India's export intensity to UAE was 5.59 for early period and 4.32 for later period. The average value of index for India's import intensity from UAE was 5.90 and 3.37 in early period and in later period respectively.

Thus, India's trade to UAE was more integrated in early period comparatively to later period. The reasons for more intensity of trade relations between India and UAE as compared to the rest of world likely to be geographical proximity, India and UAE enjoyed ancient culture and economic links. Also, FTA between India and GCC countries in 2004 gave impetus to the growing relationship between India and UAE as well as changed in direction of India's foreign trade with more diversified and looking toward developing countries after financial recession of 2008-09.

Year	India's Export Intensity to UAE	India's Import Intensity from UAE
2007	6.21	5.19
2008	5.24	5.09
2009	6.54	5.78
2010	5.24	7.39
2011	4.71	6.05
2012	4.44	4.40
2013	3.89	3.84
2014	4.06	3.21
2015	4.57	2.79
2016	4.66	2.60

Source: Calculated the values from the different source DOTS, IMF, WITS and UNCOMTRADE.

Table 3: Trade intensity of Indo-UAE trade.

India's balance of trade position with UAE

This section looks into India's balance of trade position with UAE. Table 4 shows that the balance of trade has been favourable to India of study period except few years like 2008, 2010 and 2012. The deficit was US \$332.76 million in 2008. It was US \$3495.58 million in 2010 and US \$2017.72 million in 2012. Thus, the largest trade deficit was during 2010. Thus, the overall picture of India's balance of trade with UAE has well.

Year	India's export to UAE	India's import from UAE	Balance of Trade
2007	14447.01	11702.84	2744.17
2008	19096.53	19419.29	-322.76
2009	25415.97	19735.39	5680.58
2010	27412.25	30907.47	-3495.22
2011	37369.37	35471.58	1897.79
2012	35781.39	37799.11	-2017.72
2013	33980.43	32964.58	1015.85
2014	32919.6	27287.87	5631.73
2015	29989.56	20283.24	9706.32
2016	30041.76	19240.91	10800.85

Source: UNCOMTRADE and WITS.

Table 4: India's Balance of Trade Position with UAE.

Conclusion and Suggestions

- The study reveals that both India and UAE have huge potential to strengthen their trade ties further. Both the nations enjoyed a broad and comprehensive economic relationship with each other, based on their mutual interests.
- The current bilateral trade value shows that this is exciting time in the history of UAE-Indian economic relations. UAE emerged as the top destination for Indian exports. Further, it has also been found that India and UAE in each other's international trade grew continuously especially after FTA between the two nations and it has provided many opportunities to India and UAE for enhancing their trade relations.
- In recent years, both are developing closer economic relations with each other.
- During early period (2007-2011), India's annual average export to UAE was 27.36% which decreased to -4.23% in later period (2012-2016), whereas during the same periods, the annual growth rate of India's import from UAE was 34.74% and -10.85%. It shows that in later period both India's exports to and imports from UAE have been declined. In the early period the growing rate of import was greater than export whereas in later period declining rate of import was greater than export.
- From the discussion of commodity composition as HS-2 level of India's exports and imports from UAE, natural or cultured pearls product, mineral product, articles of apparel and clothing accessories product were the leading commodities in the basket of Indian export to UAE. On the other hand, mineral product, natural or cultured pearls product, plastic and articles thereof and copper and articles thereof were the leading commodities in the basket of Indian imports from UAE.
- The analysis of trade intensity of India during 2007-2016 indicates that India's exports and imports are more intense with UAE as compared to the rest of the world. If we bifurcated the whole period into

two part into early period (2007-2011) and later period (2012-2016) to examine the overall trend in intensity. We found India's trade to UAE was more integrated in early period comparatively to later period.

- Balance of trade position shows favourable to India during 2007 to 2016 except some few years like 2008, 2010 and 2012.

- Though UAE has emerged as India's top trading partner, yet India's exports and imports basket with UAE is very limited. Basket is mainly dominated by pearls, precious stones, metals, coins etc. Thus, it can be said that though India's exports to and import from UAE is increasing by leaps and bounds but still it is limited in the sense that their trade basket is very narrow and limited to few commodity groups. Therefore, it can be suggested that to enhance and sustain the growth of mutual trade, both the countries should find out the existing potential and immediately start working to that side.

- These two nations should focus on expanding the trade baskets. Hence, India and UAE are only beginning to discover the full scope and opportunities for expanding trade and economic cooperation. If coordinated well, they can provide significant leverages to both countries in regional and global trade across a range of product categories.

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