

India's non-petroleum exports to UAE underperform after FTA

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India's non-petroleum exports to the United Arab Emirates (UAE) grew only 4.5 per cent during the May-July period — the first three months since the trade pact with the West Asian nation kicked in — even as total outbound shipments to the country increased about 16 per cent to \$8.09 billion, commerce and industry ministry data showed.

In comparison, India's overall non-petroleum exports grew 8 per cent during May-July while overall exports grew 15.1 per cent during the same period.

Barring an increase in gems and jewellery products, electronic goods such as smartphones and certain petroleum products, exports to the UAE is yet to see any major gains from the free-trade agreement (FTA) that kicked in from May.

On the other hand, India's trade deficit with the UAE witnessed an over threefold jump as compared to May-July 2021 to widen to \$6.23 billion, led by a jump in oil imports as global crude oil prices remain



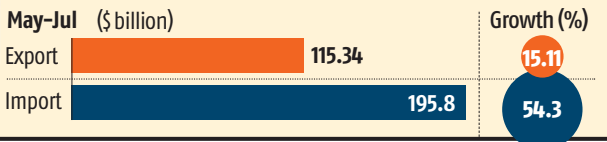
MERCHANDISE TRADE

Source: Dept of Commerce

TRADE PICTURE

(\$ billion)

Month	Export	Growth (%)	Import	Growth (%)	Deficit
May '22	2.5	9.71	4.97	108.55	-2.47
June '22	2.89	25.24	4.12	28.98	-1.23
July '22	2.69	8.39	5.22	55.96	-2.53
Total	8.08	15.9	14.31	60.3	-6.23



elevated due to the Russia-Ukraine conflict.

Government officials and trade experts, however, pointed out that it generally takes at least six months to gauge the initial gains from an FTA and it may be too early to conclude to what extent the trade deal is benefitting India. Currently, exporters are doing buyer-seller meets as well as various outreach programmes to sensitise exporters even from the smaller towns to take advantage of the trade deal.

"Exports of gold jewellery are also reaping the benefits of the FTA. We have told export promotion councils to sensitise

exporters even in the tier II and three cities about the India-UAE trade pact. We expect exports of products from labour-intensive sectors such as leather, footwear to benefit from the trade deal," a senior government official told *Business Standard*.

Jayant Dasgupta, former Ambassador to the WTO exporters, would also need time to assess whether they can export new products which will benefit from trade preferences. "For exports against a tariff line eligible for reduced FTA tariffs, only about 20-30 per cent of our exports are using the FTA route because of the time and

costs involved in getting the certificate of origin issued. This is especially true of the smaller exporters," Dasgupta said.

Gem and Jewellery Export Promotion Council Chairman Vipul Shah said since India-UAE Comprehensive Economic Partnership Agreement came into force on 1 May, there has been a jump in plain gold jewellery exports to UAE which was experiencing a negative trend over the last two years. According to provisional data, gross export of plain gold jewellery grew 21.85 per cent YoY to \$1.69 billion. To be sure, 80 per cent of plain gold jewellery is exported to the UAE.