

An analysis of Economic Impact of the UAE–India CEPA on Bilateral Trade: A data driven study over the years

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ABSTRACT

India and the United Arab Emirates (UAE) share a deep-rooted partnership built on trade, energy, diaspora, and strategic cooperation. The UAE is India's third-largest trading partner after United States and China, and a major energy supplier, while India exports gems, textiles, machinery, and food products. The 2022 Comprehensive Economic Partnership Agreement (CEPA) was signed with an ambition to further elevate bilateral trade by reducing tariffs and expanding market access. The UAE hosts over 3.5 million Indians, contributing to its economy and remitting significantly to India. Together, both nations drive regional cooperation in trade, energy, and innovation.

This study investigates the impact CEPA between the UAE and India on bilateral trade. This partnership agreement is India's first bilateral trade pact in the Middle East and North Africa (MENA) region and the CEPA extends beyond goods to include services, investments, and broader areas of economic cooperation. This study however predominantly investigates Merchandise Trade between the UAE and India over the years.

Drawing on multiple data sources—including Ministry of Commerce, Government of India, trade statistics and news items, the analysis compares trade patterns between the two countries before and after the agreement's implementation. Findings indicate that the CEPA has significantly deepened bilateral trade particularly in sectors such as mineral fuels, precious and semi-precious stones, gems and jewellery, clothes, mechanical appliances, aircraft and parts thereof, floating structures and more.

INTRODUCTION

The Comprehensive Economic Partnership Agreement (CEPA) is a trade agreement that is designed to enhance economic cooperation between countries by going beyond traditional free trade agreements (FTAs). While FTAs typically focus on reducing or eliminating tariffs on goods, CEPAs adopt a broader and more inclusive approach. They cover services, investment, intellectual property rights, government procurement, digital trade, and dispute resolution mechanisms. CEPA agreements aim to create a more open and predictable trading environment by removing both tariff and non-tariff barriers, improving market access, and encouraging cross-border investment. They are made to the specific economic priorities and development goals of the participating countries, in this case the UAE and India, and are often negotiated with a long-term vision of economic integration. The CEPA agreement enhances market access, lowers or eliminates tariffs, ensures simpler customs procedures, has clear and transparent rules and makes way for rules-based competition.

In an ideal world, the positive impacts of CEPA are significant. Reducing or eliminating tariffs makes imports cheaper and exports more competitive which can increase trade volumes and consumer choice. Businesses gain access to a larger market, encouraging economies of scale and efficiency. Lower barriers to services and investment can lead to greater innovation, knowledge transfer, and technology sharing. Consumers can benefit from lower prices and a wider variety of goods and services, while producers have opportunities to expand beyond domestic demand. Enhanced market access also helps diversify economies, reducing reliance on a narrow set of sectors. Over time the integration of CEPA can generate more jobs, boost the GDP, and strengthen diplomatic relations between countries.

India and the UAE had a different route to their trade relations with the world economies-

India: A journey over time

India's modern trade history begins with Independence in August 1947, when the country assumed full control over its external economic policy. Unlike the colonial era, where trade largely served imperial priorities, the independent government sought to use commerce as a tool for industrialization, self-sufficiency, and development. India quickly joined the General Agreement on Tariffs and Trade (GATT) in 1948, integrating itself into the post-war multilateral trading system while simultaneously pursuing its own national strategies.

Immediately after Independence, India's export basket was still dominated by a handful of primary commodities inherited from colonial trade structures. The leading exports in the late 1940s and 1950s were jute manufactures, tea, and cotton textiles, alongside hides, skins, mica, and manganese ore. These few products accounted for the majority of foreign exchange earnings. Imports, on the other hand, were centered on capital goods, industrial machinery, and essential raw materials, which India needed to build its industrial base.

From the 1960s to the late 1970s, India pursued a strategy of import substitution industrialization. Heavy licensing, high tariffs, and quantitative restrictions were used to protect domestic industries. Imports were tightly controlled, with foreign exchange reserved mainly for machinery, petroleum, and essential inputs. In 1966, India devalued the rupee to improve export competitiveness, but the export structure remained concentrated in traditional goods. The oil shocks of the 1970s further strained India's trade balance, raising the import bill sharply. Still, by the late 1960s and 1970s, engineering goods and chemicals began to appear as new export categories, hinting at a slow diversification of India's trade basket.

The 1980s saw a modest opening up of India's trade policies. Export incentives were introduced, and engineering goods, gems and jewellery, and chemical products gained importance in the export mix. Imports also grew as India borrowed abroad to finance industrial expansion. This era laid the groundwork for a major turning point: the balance of payments crisis of 1991.

The 1991 crisis forced India into sweeping liberalization reforms. The rupee was devalued, import licensing was dismantled, and tariffs were progressively lowered. India shifted from a heavily protected economy to one that embraced globalization. This period also saw a structural shift: while merchandise exports diversified further, services exports, particularly in information technology and business process outsourcing (IT/BPM), began to emerge as a major engine of foreign exchange earnings.

The first decade of the 21st century witnessed rapid expansion of both goods and services trade. India signed a series of trade agreements, such as the Comprehensive Economic Cooperation Agreement (CECA) with Singapore in 2005 and the Comprehensive Economic Partnership Agreements (CEPA) with South Korea (2010) and Japan (2011). China rose to become one of India's leading goods trade partners, while the United States, European Union, and United Arab Emirates remained central to exports of textiles, gems and jewellery, and IT services.

Merchandise exports expanded beyond traditional commodities to include engineering goods, refined petroleum products, pharmaceuticals, and automobiles, while services exports, particularly IT-enabled services, became a cornerstone of India's external sector.

In the 2010s, India continued to deepen its integration into the global economy, but with increasing caution. While engineering goods, chemicals, and pharmaceuticals expanded their share, India also faced widening trade deficits, especially with China. India participated in negotiations for the Regional Comprehensive Economic Partnership (RCEP) but eventually opted out in 2019, citing concerns over potential harm to domestic industries.

By the early 2020s, India had firmly established itself as a major player in global trade. In 2021–22, India's merchandise exports crossed USD 422 billion, the highest in its history at the time. Engineering goods, petroleum products, gems and jewellery, chemicals, and pharmaceuticals dominated the export basket. Services trade also reached new heights, with IT and professional services generating significant foreign exchange.

A landmark development came in 2022, when India signed two major trade agreements: the India–UAE Comprehensive Economic Partnership Agreement (CEPA), which came into force in May 2022, and the Australia–India Economic Cooperation and Trade Agreement (ECTA), which entered into force in December 2022. These deals represented a renewed push for preferential trade arrangements and symbolized India's effort to balance regional and global partnerships.

United Arab Emirates: A journey over time

The United Arab Emirates (UAE) was established in December 1971, bringing together seven emirates into a federation. From its inception, the UAE recognized trade as a central pillar of economic development. Situated at the crossroads of Asia, Africa, and Europe, and endowed with substantial hydrocarbon resources, the UAE developed rapidly into a regional and global hub for trade.

At the time of its formation, the UAE's external trade was dominated by oil and gas exports. Crude oil quickly became the country's primary export, accounting for the vast majority of export earnings throughout the 1970s. The oil boom of the 1970s, especially after the 1973 oil price shock, transformed the young federation into one of the fastest-growing economies in the world. Revenues from hydrocarbons financed massive infrastructure investment, ports, airports, and free zones that laid the foundation for future diversification.

The first major trade partners of the UAE were largely the industrialized economies dependent on Gulf oil, including Japan, the United States, and several Western European nations. Japan, in particular, became a leading buyer of UAE oil during the 1970s. Imports in this era were largely capital goods, machinery, construction materials, and consumer products, which were required for the UAE's rapid urban development.

By the 1980s, the UAE began to reduce its dependence on hydrocarbons by fostering re-export and services-based trade. The establishment of the Jebel Ali Free Zone in Dubai in 1985 became a milestone, attracting multinational companies and making Dubai a global re-export hub. During this period, the UAE increasingly imported consumer goods, electronics, and food products, much of which were re-exported to regional markets in the Middle East, Africa, and South Asia.

In the 1990s, the UAE consolidated its role as a major re-exporter. India, Iran, and Saudi Arabia emerged as important regional trading partners, alongside continuing ties with Europe, Japan, and the United States. Dubai's growing logistics capacity meant that trade was no longer exclusively tied to oil but included textiles, food, and manufactured goods.

The 2000s were a transformative period for the UAE's trade structure. The UAE acceded to the World Trade Organization (WTO) in 1996, committing itself to the multilateral trading system. The government pursued policies to strengthen its role as a hub economy, emphasizing aviation, shipping, and logistics.

During this decade, non-oil trade began to outpace oil trade in growth, with re-exports, aluminium, and services contributing significantly. The UAE also signed several free trade agreements through the Gulf Cooperation Council (GCC), including deals with Singapore (2009) and the European Free Trade Association (2009). The Emirates' major partners now included China, India, the European Union, and the United States, reflecting its increasingly diversified trade portfolio.

In the 2010s, the UAE deepened its diversification strategy. Oil's share of GDP steadily declined, while non-oil trade expanded. Dubai consolidated its role as a global logistics, finance, and tourism hub, while Abu Dhabi continued to anchor hydrocarbon exports. By the mid-2010s, the UAE was among the world's top 20 exporters and importers of goods.

Trade with China and India grew rapidly in this period, with China becoming the UAE's largest trading partner by 2016, largely due to electronics, machinery, and textiles imports, as well as oil exports. India was simultaneously a top export destination for crude oil and re-exports. Other key partners included Saudi Arabia, Japan, and the European Union.

The COVID-19 pandemic in 2020 disrupted global trade, but the UAE leveraged its strong logistics sector to remain resilient. Non-oil exports and re-exports continued to expand, with gold, aluminium, and machinery joining hydrocarbons as major export categories.

The CEPA signed between India and the UAE significantly reduced tariffs and aimed to boost non-oil bilateral trade to USD 100 billion within five years. India quickly became one of the UAE's most important trade partners, alongside China, Saudi Arabia, the United States, and the European Union.

For this research, the data needed consists of India's sector-wise import and export figures for the period between April 2016 and March 2025. The focus is on the April–March financial year calendar, with the pre-CEPA phase defined as April 2016 to March 2022, and the post-CEPA phase defined as April 2022 to March 2025. The study looks closely at the top twelve export sectors and the top fourteen import sectors, identified according to their HS codes, making a total of eighteen unique sectors under consideration across Imports and Exports. The trade values from these sectors form the foundation for calculating averages, percentage changes, and overall trends before and after the implementation of CEPA.

Objective

1. To trend analysis of merchandise trade between India and UAE
2. To analysis the impact of CEPA deal on trade between India and UAE

Hypothesis

There is a significant impact of CEPA deal on trade between India and UAE.

Research methodology

Study Area-

This study examines the trade relationship between the United Arab Emirates (UAE) and India, with particular emphasis on the recently concluded Comprehensive Economic Partnership Agreement (CEPA). The agreement has significantly enhanced bilateral trade performance and contributed to economic growth. Within the Gulf region, India's partnership with the UAE stands out as one of the strongest and most dynamic. Accordingly, this analysis seeks to assess the impact of the CEPA on bilateral trade flows and evaluate its broader implications for economic cooperation between the two countries.

Data-

The data for this analysis is drawn from official government sources, specifically the Government of India under the Ministry of Commerce and Industry, Department of Commerce. These sources provide reliable, verified, and sector-wise trade statistics that are essential for maintaining accuracy and transparency in the findings. Using government-published figures ensures that the analysis reflects actual trade flows between India and the UAE, thereby avoiding distortions that might arise from third-party or unofficial estimates.

Time series data has been collected for Export from India to the UAE and import from the UAE to India. The annual data points are collated based on the Financial Year ended March of years from 2017 till 2025.

Methods-

Once collected, the data is used systematically to evaluate the impact of CEPA. First, the data is organized across Financial Years ranging from FY 2017 till FY 2025 for import, export and total trade. Then, the pre-CEPA (FY2017 to FY 2022) and post-CEPA (FY 2023 to FY 2025) averages are calculated for both imports and exports across sectors. Following this, the difference between the two averages is established, and the percentage change is computed to understand the magnitude of growth or decline. The analysis is extended by combining exports and imports to measure the total trade in each sector. Pre- and post-CEPA averages of total trade are then compared, and the overall percentage change is calculated to assess the scale of transformation in bilateral trade. Separate details have been analysed for the top twelve export commodities and top fourteen import categories and the impact of CEPA on those commodity trades.

Through this methodology, several conclusions are expected to emerge. At the overall level, the research should indicate whether CEPA has led to a substantial increase in the bilateral trade between India and the UAE. Sector-level findings will reveal which industries benefitted most from enhanced market access, reduced tariffs, and simplified procedures. By comparing export and import performance, the study will also shed light on shifts in India's trade balance, identifying whether CEPA tilted outcomes in India's favor or resulted in higher reliance on imports. Ultimately, the findings are expected to provide a comprehensive assessment of

CEPA's effectiveness, offering insights into the extent of its success in boosting trade, diversifying sectors, and supporting India's long-term economic integration with the UAE.

RESULTS

In the era of globalization there has been a clear shift in the bilateral relationships between the various countries across the world. India has significant and important economic and trade relations with many countries across the world like United States, China, UAE, Japan etc. UAE remains the largest partner of India in the Gulf and wider Middle East region and the bilateral trade has grown over the years.

Table 1:
Trade between India and the UAE over last 9 years in USD Billion

Source: Ministry of trade and commerce

	Year	PRE-CEPA						POST-CEPA		
		FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	FY-25
A	EXPORT to UAE	31.18	28.15	30.13	28.85	16.68	28.04	31.61	35.63	36.64
	% Growth		-9.72%	7.04%	-4.23%	-42.19%	68.14%	12.71%	12.71%	2.84%
B	India's Total Export	275.85	303.53	330.08	313.36	291.81	422.00	451.07	437.07	437.51
	% Growth		10.03%	8.75%	-5.06%	-6.88%	44.62%	6.89%	-3.10%	0.10%
A/B	% Share	11.30%	9.27%	9.13%	9.21%	5.72%	6.65%	7.01%	8.15%	8.37%
A	IMPORT from UAE	21.51	21.74	29.79	30.26	26.62	44.83	53.23	48.03	63.42
	% Growth		1.07%	37.01%	1.58%	-12.01%	68.40%	18.73%	-9.78%	32.06%
B	India's Total Import	384.36	465.58	514.08	474.71	394.44	613.05	715.97	678.21	721.32
	% Growth		21.13%	10.42%	-7.66%	-16.91%	55.43%	16.79%	-5.27%	6.36%
A/B	% Share	5.60%	4.67%	5.79%	6.37%	6.75%	7.31%	7.43%	7.08%	8.79%
A	TOTAL TRADE	52.69	49.89	59.91	59.11	43.30	72.88	84.84	83.65	100.06
	% Growth		-5.31%	20.10%	-1.34%	-26.74%	68.30%	16.41%	-1.40%	19.62%
B	India's Total Trade	660.21	769.11	844.16	788.07	686.24	1,035.06	1,167.04	1,115.29	1,158.83
	% Growth		16.49%	9.76%	-6.64%	-12.92%	50.83%	12.75%	-4.43%	3.90%
A/B	% Share	7.98%	6.49%	7.10%	7.50%	6.31%	7.04%	7.27%	7.50%	8.63%

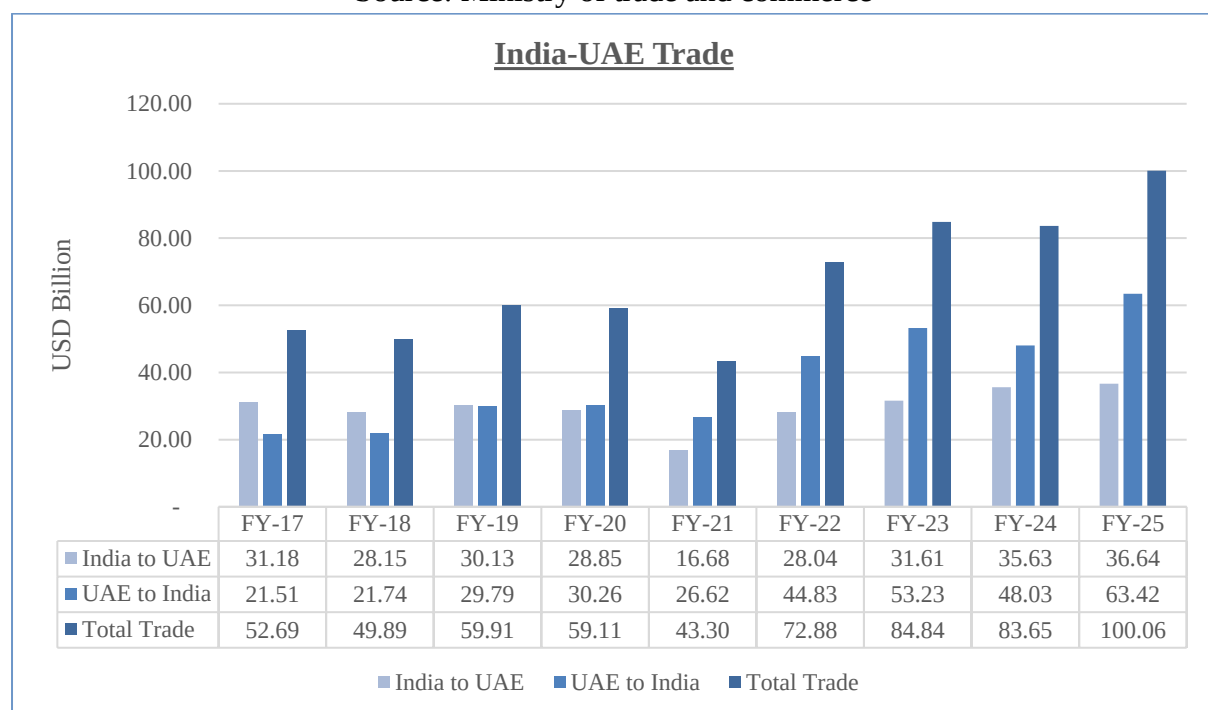
Table 1 above indicates that total trade between India and the rest of the countries has increased to USD 1,158.83 billion in FY 2025 from USD 1,035.06 billion in FY 2022. From the statistics above it shows that since the time CEPA was signed in 2022 the total trade has increased at a steady rate. The average % share of Trade between India and UAE compared to India's total Trade pre-CEPA was 7.07% during the pre-CEPA period and that average has improved to 7.80% post-CEPA. These statistics show that there is a consistent increase in total trade between India and UAE.

Exports to the UAE during the pre-CEPA period showed variations across years. After reaching USD 31.18 billion in FY 17, exports fluctuated, with decreases in FY 18 (-9.72%) and FY 21 (-42.19%) offset by moderate gains in FY 19 (7.04%) and FY 22 (68.14%). The sharp decline

in FY 21 was primarily due to the COVID-19 pandemic's global economic disruptions, which significantly impacted India's overall exports as well. As evident from the data above, the exports have seen consistent growth post-CEPA period.

Imports from the UAE has shown more variation on account of movement of oil prices that moved adversely in FY 24 compared to FY 23. Other than that there has been a steady growth in the imports also which has contributed significantly to the overall trade between India and the UAE.

Graph 1:
Trend line of India – UAE Trade
Source: Ministry of trade and commerce



The graph of India–UAE trade from FY2017 to FY2025 highlights the consistent strengthening of bilateral economic relations between the two nations. Total trade expanded from USD 52.69 billion in FY2017 to USD 100.06 billion in FY2025, almost doubling within eight years. This steady increase underlines the UAE's importance as a strategic trading partner for India and reflects the deepening integration of the two economies.

During the pre-CEPA period (FY2017–FY2022), trade volumes remained relatively moderate with fluctuations. Total trade peaked at USD 72.88 billion in FY2022, just before the signing of the CEPA, while FY2021 witnessed a sharp dip to USD 43.30 billion due to the global disruptions caused by the COVID-19 pandemic. Despite such setbacks, trade recovered quickly, reflecting the resilience of the partnership.

The post-CEPA period (FY2023–FY2025) shows a marked acceleration in trade. Following CEPA's implementation in May 2022, total trade jumped from USD 72.88 billion in FY2022 to USD 84.84 billion in FY2023, representing a growth of 16.4 percent in just one year. This upward momentum continued, reaching USD 83.65 billion in FY2024 and climbing further to

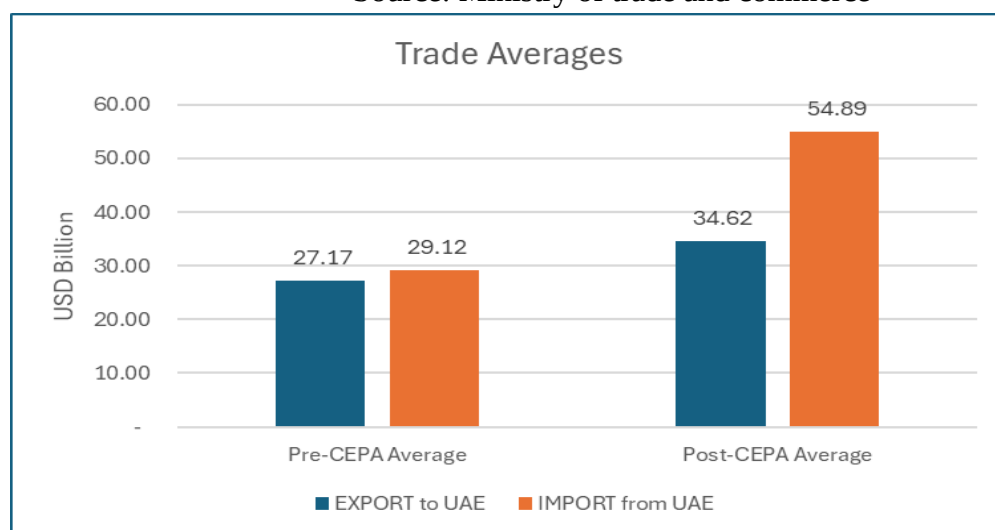
USD 100.06 billion in FY2025. The data demonstrates the immediate and sustained impact of CEPA in boosting bilateral trade flows.

Table 2: Pre and Post CEPA Details

	Pre-CEPA Average	Post-CEPA Average
EXPORT to UAE	27.17	34.62
India's Total Export	322.77	441.88
IMPORT from UAE	29.12	54.89
India's Total Import	474.37	705.17
TOTAL TRADE	56.30	89.52
India's Total Trade	797.14	1,147.05

Graph 2: Pre-Post CEPA

Source: Ministry of trade and commerce



This data table and graph show the comparative averages between the pre- and post-CEPA periods. Exports to UAE increased from an average of USD 27.17 billion (pre-CEPA) to USD 34.62 billion (post-CEPA). This represents stronger market access and demand. While the increase in exports is notable the growth is more modest in comparison to the imports from UAE. Imports from the UAE show the most dramatic jump, rising from USD 29.12 billion (pre-CEPA) to USD 54.89 billion (post-CEPA), which is nearly double the pre-CEPA figure. This surge is largely due to the increase in oil imports from the UAE due to oil and gas supply chain disruptions on account of Russia-Ukraine war.

Table 3
Itemized top Export Commodities
Source: Ministry of trade and commerce

EXPORTS (USD Million)		Pre - CEPA						Post - CEPA		
HSCode	Commodity	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	FY-25
71	NATURAL OR CULTURED PEARLS, PRECIOUS OR	13,884.06	10,832.29	10,418.15	9,433.85	2,773.70	4,953.11	5,772.47	8,043.08	7,758.91
27	MINERAL FUELS, MINERAL OILS	3,907.11	4,663.09	6,367.54	5,732.19	2,810.47	6,196.05	8,681.78	8,236.65	7,593.81
85	ELECTRICAL MACHINERY AND EQUIPMENT	662.69	683.09	1,713.24	2,694.88	1,559.39	2,757.72	3,650.05	3,538.88	3,840.05
84	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES	635.34	710.30	653.04	776.40	720.78	902.78	1,074.17	1,363.69	1,789.93
88	AIRCRAFT, SPACECRAFT, AND PARTS THEREOF.	160.18	6.76	8.19	22.52	28.58	11.28	16.88	406.21	1,699.35
89	SHIPS, BOATS AND FLOATING STRUCTURES.	1,122.10	1,160.27	1,357.70	1,307.84	396.51	1,061.05	582.10	922.97	1,107.19
87	VEHICLES EXCLUDING RAILWAY / TRAMWAY	268.35	318.09	424.60	488.00	332.60	504.98	715.94	810.85	1,005.67
73	ARTICLES OF IRON OR STEEL	516.54	416.50	456.72	421.94	318.00	417.01	467.01	584.31	863.61
72	IRON AND STEEL	516.06	711.60	733.45	774.56	765.31	1,650.75	1,050.54	648.86	704.06
61	ARTICLES OF APPAREL AND CLOTHING ACCESSORIES	2,114.93	1,603.04	1,159.74	1,030.37	914.15	911.82	697.31	618.57	638.19
10	CEREALS.	616.39	595.24	454.81	351.88	414.24	486.67	655.43	470.60	524.08
29	ORGANIC CHEMICALS	231.00	417.05	449.11	379.62	364.84	701.36	637.86	881.85	502.95

India's major export items to the UAE are precious and semi-precious stones, gems and jewellery, mineral fuels, electrical machinery, nuclear reactors and mechanical appliances, aircraft parts, floating structures, vehicles etc.

It is evident from the data that the top export commodities from India to the UAE have had significant jump post-CEPA. Some of the industries have flourished in post-CEPA era like aircraft and spacecraft parts, vehicles, and electrical and mechanical appliances. These are some of the sectors that benefitted from the reduced tariffs, faster clearances and improved logistics as envisaged in the CEPA.

Table 4
Itemized top Import Commodities
Source: Ministry of trade and commerce

IMPORTS (USD Million)		Pre - CEPA						Post - CEPA		
HSCode	Commodity	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	FY-25
71	NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMIPRECIOUS STONES	8,571.03	8,703.34	8,594.63	7,867.04	9,348.77	15,925.44	14,788.04	20,109.78	27,089.08
27	MINERAL FUELS, MINERAL OILS	9,457.61	9,080.71	13,656.84	16,196.71	11,822.66	20,320.23	27,704.96	17,628.89	24,739.66
88	AIRCRAFT, SPACECRAFT, AND PARTS THEREOF.	5.19	2.92	238.56	10.53	3.40	38.91	1,881.98	1,175.54	2,475.89
39	PLASTIC AND ARTICLES THEREOF.	665.23	712.47	984.50	828.41	854.85	1,246.37	1,700.47	1,664.71	1,329.09
74	COPPER AND ARTICLES THEREOF.	495.52	551.31	743.97	660.89	433.62	459.88	454.82	527.59	1,067.17
28	INORGANIC CHEMICALS; ORGANIC OR INORGANIC SALT; SULPHUR; EARTHS AND STONE; PLASTERING MATERIALS, LIME AND CEMENT.	59.36	47.32	87.73	57.33	112.91	140.58	210.10	214.60	1,017.57
25	MATERIALS, LIME AND CEMENT.	301.59	419.92	566.52	599.09	533.62	857.44	948.24	993.95	980.23
76	ALUMINIUM AND ARTICLES THEREOF.	352.85	400.17	462.38	289.58	339.34	491.11	509.37	529.80	648.27
89	SHIPS, BOATS AND FLOATING STRUCTURES.	159.30	41.80	716.28	732.94	638.93	901.57	647.37	639.38	634.01
72	IRON AND STEEL	288.64	442.14	745.40	526.70	458.95	836.14	1,071.15	674.48	420.78
84	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES	60.46	80.58	380.90	326.77	297.21	374.51	306.91	481.51	382.28
31	FERTILISERS.	35.58	74.20	204.02	264.17	286.33	649.60	376.72	308.33	243.48
29	ORGANIC CHEMICALS	40.65	96.84	290.55	169.59	198.72	370.12	258.34	139.00	110.94
85	ELECTRICAL MACHINERY AND EQUIPMENT	5.23	2.69	10.79	20.85	10.00	6.01	11.55	10.71	60.64

India's major import items from the UAE include petroleum and petroleum products, precious metals, stones, gems and jewellery, chemicals, copper, aluminium, aircraft and parts etc. Gems and jewellery combined with mineral fuels contribute over 80% of the total imports to India from the UAE. Zero-duty access for most jewellery trade has been the cornerstone of the CEPA, and the impact is significant.

CONCLUSION

India and the UAE share deep-rooted bilateral relationships and have made consistent efforts to scale their economic and trade linkages to the next level with an ambition to reach a non-oil trade to over USD 100 billion. The recent meetings of leaderships of both countries have endorsed the CEPA and have pledged to increase bilateral trade significantly over next five years.

The analysis suggests that the bilateral trade has increased over the years and most specifically post-CEPA period, however the trade between the two countries is not well diversified and has shown clear concentrations towards few commodities like oil, precious metals, gems and jewellery which remain the major trade commodities between India and the UAE. It may however be mentioned that post CEPA some of the new commodities have found its place in top traded commodities like aircraft and spacecraft parts (HS Code 88) which increased from a meagre USD 50 million in FY 2022 to USD 4.2 billion, similarly nuclear reactors, boilers and mechanical machinery (HS Code 84) increased from USD 1.3 billion in FY 2022 to USD 2.2 billion in FY 2025.

The trajectory of improving trade linkages between India and the UAE coupled with geo political drivers are likely to catapult the bilateral trade between the two countries to the desired level as envisaged in the CEPA.

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