

UNITED ARAB EMIRATES

Country profile and trade aspects

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I Overview

The United Arab Emirates (UAE), or the Emirates is a country in Western Asia located at the eastern end of the Arabian Peninsula. It borders Oman and Saudi Arabia, and has maritime borders in the Persian Gulf with Qatar and Iran. The UAE is an elective monarchy formed from a federation of seven emirates, consisting of Abu Dhabi (which serves as the capital), Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain. Each emirate is governed by a Sheikh and, together, they form the Federal Supreme Council; one of them serves as President of the United Arab Emirates.

In 2013, the UAE's population was 9.2 million, and the estimated population in 2020 was 9.89 million. Islam is the official religion and Arabic is the official language. The UAE's oil and natural gas reserves are the sixth- and seventh-largest in the world, respectively.

Zayed bin Sultan Al Nahyan, ruler of Abu Dhabi and the country's first president, oversaw the development of the Emirates by investing oil revenues into healthcare, education, and infrastructure. The UAE's economy is the most diversified of all the members of the Gulf Cooperation Council, while its most populous city, Dubai, is a global city and international hub. The country has become less reliant on oil and gas, and is economically focusing on tourism and business. The UAE government does not levy income tax, although there is a system of corporate tax in place and value-added tax at 5% was established in 2018. The UAE is recognized as a regional and a middle power. The UAE is a member of the United Nations, the Arab League, the Organization of Islamic Cooperation, OPEC, the Non-Aligned Movement, and the Gulf Cooperation Council.

UAE ranks 31st in the human development index¹ with Life expectancy at birth (years) at 78, Expected years of schooling (years) at 14.3, Mean years of schooling (years) at 12.1 and Gross national income (GNI) per capita (PPP \$) at 67,462, taking the net HDI value (2019) to 0.890.

The GDP (real) growth rate of the UAE economy was 1.2% in 2018 and 1.7% in 2019, with Consumer Prices Inflation rate of -1.93% (negative) in 2019 and unemployment rate of 2.35% in 2019. Furthermore, it is the 62nd most complex economy according to the Economic Complexity Index². A detailed data outlining UAE's country profile is shown in Table A in Appendix A.

II Economic History

The federation's economy is dominated by the petroleum produced primarily in the Abu Dhabi emirate. The wealthiest of the emirates, Abu Dhabi contains one of the largest concentrations of the world's proven oil reserves and contributes a significant portion of the national budget. The emirate of Dubai, whose economy is centered more on business than on oil, serves as a commercial and financial hub for the region and leads the country in economic diversification.

1 As per the Human Development Report 2020.

2 Sourced from Harvard's Atlas of Economic Complexity

Oil was discovered in Abu Dhabi in 1958, and the government of that emirate owns a controlling interest in all oil-producing companies in the federation through the Abu Dhabi National Oil Company (ADNOC). Abu Dhabi is responsible for about 95 percent of the country's oil production, and production of petroleum and natural gas contributes about one-third of the nation's GDP, even though the oil and gas sector employs only a tiny fraction of the workforce.

Petroleum production in Dubai began in 1969. The emirate long maintained a controlling interest in its oil fields and took full control of oil production in 2007. At its peak, Dubai produced about one-sixth of the country's total output of petroleum. Production dwindled to a negligible amount, however, as the emirate diversified its economy. Sharjah began producing oil in 1974; another field, predominantly yielding natural gas, was discovered six years later. In 1984 oil production began off the shore of Ras al-Khaymah, in the Persian Gulf. The federation's natural gas reserves are among the world's largest, and most fields are found in Abu Dhabi. In the late 1990s the United Arab Emirates began investing heavily to develop its natural gas sector, both for export and to fire domestic thermal power plants.

Because it relies on energy-intensive technologies such as water desalination and air-conditioning and because subsidies on fuel have encouraged wasteful energy use, the United Arab Emirates has one of the world's highest per capita rates of energy consumption. Despite its large hydrocarbon reserves, rapidly increasing domestic demand driven by population growth and industrialization in the first decade of the 21st century forced the emirates to import natural gas and to draw upon petroleum reserves at a fraction of the export price.

The emirates have attempted to diversify their economy to avoid complete dependence on oil, and manufacturing has played a significant part in that effort. The Burj Khalifa ("Khalifa Tower") skyscraper in Dubai city became the world's tallest building and the tallest freestanding structure when it opened in 2010. Sharjah has built a cement plant, a plastic-pipe factory, and paint factories. Manufacturing accounts for less than one-tenth of GDP in the country overall.

III The Modern Economy: Macroeconomic Indicators

The IMF projected a Real GDP growth rate of 3.1 % with 2.9% growth projected in Consumer Prices in 2021 for UAE.

In November, 2018, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation¹ with the United Arab Emirates. The economy, that started to recover from the 2015–16 slowdown caused by a decline in oil prices : the growth momentum is expected to strengthen in the next few years with increased investment and private sector credit, improved prospects in trading partners, and a boost to tourism. Non-oil growth was projected to rise to 3.9 percent in 2019 and 4.2 percent in 2020. The oil sector's prospects have also improved with higher oil prices and output. Inflation is expected to remain low, notwithstanding the introduction of the value-added tax (VAT) earlier in 2018. Although nonperforming loans rose during the slowdown, banks remain liquid and well capitalized, with fiscal easing underway to facilitate the recovery. The

overall fiscal balance was projected to turn to a surplus on higher oil prices and remain positive over the medium term. The external position also improved. The current account was predicted to rise to nearly 8 percent of GDP by 2019 owing to higher oil revenues.

The IMF Executive Board noted of the challenges the UAE economy has been facing, particularly a prolonged decline in oil prices, and commended the authorities for their strong policy response, including the introduction of the value-added tax, stepped up structural reforms, and the upgrading of the prudential framework. While noting the improved economic prospects, Directors stressed that the external downside risks to the outlook have risen and encouraged the authorities to continue their efforts to bolster economic growth and safeguard macro-financial stability. In this context, Directors stressed the importance of increasing supervisory vigilance and strengthening management of contingent liabilities from borrowing by government-related enterprises, government guarantees, and public-private partnerships.

The IMF Executive Board agreed that the main fiscal policy priority is to support economic growth in the short term and resume fiscal consolidation once the recovery takes hold, to ensure sufficient savings of exhaustible oil revenue for future generations and debt sustainability. Directors welcomed the authorities' efforts to strengthen their fiscal policy frameworks and coordination, noting the importance of continuing progress in this area to realize the authorities' socio-economic Vision 2021 agenda, avoid policy procyclicality, and improve risk management.

The Executive Directors agreed that creating a vibrant, diversified, and knowledge-based economy will require continued reforms to boost the role of the private sector and promote talent and inclusiveness. They welcomed the recently announced reforms, including the liberalization of foreign investment, and encouraged the authorities to swiftly implement them, while broadening and deepening policy initiatives to improve productivity and competitiveness.

The Executive Board also commended the authorities on their implementation of the Enhanced General Data Dissemination Systems and other steps to improve economic statistics. They emphasized the need for further progress, including improving labor, fiscal, national accounts, and international investment position statistics, to facilitate decision-making and enhance transparency.

IV Trade Policy

The United Arab Emirates has been a member of WTO since 10 April 1996 and a member of GATT since 8 March 1994.

Trade, investment and development policy in the UAE is focused on diversification of the economy, with a particular emphasis on improving competitiveness and high technology sectors. Free zones and economic specialized zones are important facets of the UAE economy and the Government's growth strategy. At the Federal level, the Ministry of Economy is responsible for trade policy and development of the national economy. As a member of the GCC, the UAE applies the Common Customs Law, the common external tariff, the Unified Guide for Customs Procedures at First Points

of Entry, the Common Law on Anti-dumping and Countervailing Measures, and other common rules relating to trade. Also through the GCC, the UAE is a party to free trade agreements with the EFTA states and Singapore and negotiations on trade agreements with several other countries.

Trade is critically important to the UAE with total trade in goods and services equivalent to nearly 176% of GDP in 2015. The surplus in trade-in-goods is partly offset by a large deficit in trade-in-services. Balance of payments data indicates that the total value of goods exports fell in 2014 to US\$371 billion as oil and natural gas exports fell to US\$112 billion and are expected to have fallen further to US\$75 billion in 2015. Nevertheless, the UAE continues to run a current account surplus.

V Trade Analysis

While presenting the overview of UAE's international trade data, this section will particularly focus on the bilateral trade between UAE and India in details.

1. UAE's Imports and Exports

Tables 1.1 to 1.4 show the list of UAE's top 20 source countries and destination countries for merchandise trade. From tables 1.1 and 1.2, it is manifest that Areas, nes, China, India and USA are the top 4 countries accounting for 45% in UAE's imports of merchandise from 2015 to 2019. India accounts for 9.27% in UAE's goods' imports in 2019, with an average hovering around 7.88% from 2015 to 2019.

Table 1.1: UAE's Imports of Merchandise in billion US dollars

| Partner Country | 2015 | 2016 | 2017 | 2018 | 2019 | Grand Total |
|------------------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| World | 287.02 | 270.78 | 257.69 | 244.65 | 288.40 | 1,348.53 |
| Areas, nes | 102.86 | 81.67 | 6.10 | 0.08 | 39.37 | 230.08 |
| China | 22.85 | 22.42 | 46.95 | 38.01 | 40.78 | 171.01 |
| India | 17.86 | 18.67 | 19.99 | 23.06 | 26.74 | 106.32 |
| USA | 19.33 | 20.59 | 22.92 | 20.92 | 20.02 | 103.78 |
| Japan | 10.40 | 9.66 | 13.70 | 13.81 | 12.61 | 60.18 |
| Germany | 11.93 | 12.59 | 11.51 | 10.94 | 10.07 | 57.05 |
| United Kingdom | 6.17 | 5.20 | 6.69 | 7.69 | 7.29 | 33.04 |
| Italy | 5.50 | 5.41 | 6.71 | 6.65 | 6.56 | 30.83 |
| Viet Nam | 2.38 | 2.64 | 9.71 | 7.67 | 7.19 | 29.59 |
| Saudi Arabia | 3.95 | 4.47 | 6.74 | 7.58 | 6.85 | 29.58 |
| France | 4.66 | 4.45 | 6.24 | 6.51 | 6.76 | 28.63 |
| Rep. of Korea | 5.28 | 4.77 | 7.24 | 5.56 | 3.84 | 26.69 |
| Switzerland | 4.67 | 3.85 | 4.98 | 5.84 | 4.11 | 23.44 |
| Turkey | 3.42 | 4.66 | 7.45 | 3.45 | 3.54 | 22.51 |
| Belgium | 3.80 | 3.69 | 3.73 | 3.11 | 2.69 | 17.02 |
| Thailand | 2.82 | 2.62 | 3.68 | 3.35 | 3.42 | 15.89 |

| | | | | | | |
|----------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| China, Hong Kong SAR | 3.42 | 2.78 | 3.47 | 3.47 | 2.72 | 15.85 |
| Malaysia | 2.96 | 2.70 | 2.12 | 2.92 | 2.78 | 13.48 |
| Others | 52.77 | 57.92 | 67.77 | 74.03 | 81.06 | 333.55 |
| Total | 574.05 | 541.56 | 515.37 | 489.29 | 576.80 | 2,697.07 |

Source: UN Comtrade database

Table 1.2: Shares (%) of countries in UAE's Imports of Merchandise

| Partner Country | 2015 | 2016 | 2017 | 2018 | 2019 | Share (%) |
|----------------------|------------|------------|------------|------------|------------|------------|
| Areas, nes | 35.84 | 30.16 | 2.37 | 0.03 | 13.65 | 17.06 |
| China | 7.96 | 8.28 | 18.22 | 15.54 | 14.14 | 12.68 |
| India | 6.22 | 6.89 | 7.76 | 9.43 | 9.27 | 7.88 |
| USA | 6.74 | 7.60 | 8.90 | 8.55 | 6.94 | 7.70 |
| Japan | 3.62 | 3.57 | 5.32 | 5.64 | 4.37 | 4.46 |
| Germany | 4.16 | 4.65 | 4.47 | 4.47 | 3.49 | 4.23 |
| United Kingdom | 2.15 | 1.92 | 2.60 | 3.14 | 2.53 | 2.45 |
| Italy | 1.92 | 2.00 | 2.60 | 2.72 | 2.27 | 2.29 |
| Viet Nam | 0.83 | 0.98 | 3.77 | 3.13 | 2.49 | 2.19 |
| Saudi Arabia | 1.38 | 1.65 | 2.61 | 3.10 | 2.37 | 2.19 |
| France | 1.62 | 1.65 | 2.42 | 2.66 | 2.35 | 2.12 |
| Rep. of Korea | 1.84 | 1.76 | 2.81 | 2.27 | 1.33 | 1.98 |
| Switzerland | 1.63 | 1.42 | 1.93 | 2.39 | 1.43 | 1.74 |
| Turkey | 1.19 | 1.72 | 2.89 | 1.41 | 1.23 | 1.67 |
| Belgium | 1.32 | 1.36 | 1.45 | 1.27 | 0.93 | 1.26 |
| Thailand | 0.98 | 0.97 | 1.43 | 1.37 | 1.19 | 1.18 |
| China, Hong Kong SAR | 1.19 | 1.03 | 1.34 | 1.42 | 0.94 | 1.18 |
| Malaysia | 1.03 | 1.00 | 0.82 | 1.19 | 0.96 | 1.00 |
| Others | 18.39 | 21.39 | 26.30 | 30.26 | 28.11 | 24.73 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

Source: UN Comtrade database

Table 1.3: UAE's Exports of Merchandise in billion US dollars

| Partner Country | 2015 | 2016 | 2017 | 2018 | 2019 | Grand Total |
|-----------------|--------|--------|--------|--------|--------|-------------|
| World | 300.48 | 295.05 | 313.56 | 387.91 | 389.37 | 1,686.37 |
| Areas, nes | 196.36 | 190.72 | 162.24 | 214.30 | 201.87 | 965.48 |
| Saudi Arabia | 6.59 | 4.76 | 14.53 | 21.67 | 23.99 | 71.55 |
| India | 10.57 | 11.26 | 14.41 | 12.85 | 14.67 | 63.75 |
| Iran | 10.81 | 8.81 | 14.18 | 10.23 | 7.08 | 51.12 |
| Iraq | 6.77 | 5.36 | 10.70 | 11.31 | 13.74 | 47.89 |
| Oman | 5.49 | 5.15 | 7.18 | 10.28 | 10.89 | 39.00 |

| | | | | | | |
|----------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Switzerland | 4.13 | 7.42 | 3.68 | 9.41 | 13.66 | 38.31 |
| Kuwait | 3.14 | 2.51 | 5.00 | 8.39 | 8.54 | 27.57 |
| USA | 2.50 | 3.46 | 7.45 | 6.26 | 6.39 | 26.07 |
| China | 2.51 | 3.66 | 4.99 | 5.12 | 9.37 | 25.65 |
| China, Hong Kong SAR | 4.05 | 3.74 | 5.31 | 6.29 | 5.63 | 25.03 |
| Belgium | 4.10 | 4.53 | 4.02 | 4.47 | 3.03 | 20.15 |
| Turkey | 2.72 | 2.80 | 5.69 | 4.27 | 3.83 | 19.31 |
| United Kingdom | 1.91 | 2.72 | 3.53 | 3.59 | 2.66 | 14.42 |
| Bahrain | 2.22 | 1.77 | 2.31 | 4.42 | 3.54 | 14.26 |
| Singapore | 2.46 | 2.45 | 2.34 | 2.17 | 2.61 | 12.03 |
| Egypt | 1.07 | 0.89 | 2.64 | 3.57 | 3.67 | 11.84 |
| Pakistan | 1.06 | 1.29 | 2.49 | 2.46 | 3.48 | 10.78 |
| Others | 32.00 | 31.72 | 40.87 | 46.83 | 50.72 | 202.15 |
| Total | 600.96 | 590.09 | 627.12 | 775.82 | 778.75 | 3,372.73 |

Source: UN Comtrade database

Table 1.4: Shares (%) of countries in UAE's Exports of Merchandise

| Partner Country | 2015 | 2016 | 2017 | 2018 | 2019 | Share (%) |
|----------------------|------------|------------|------------|------------|------------|------------|
| Areas, nes | 65.35 | 64.64 | 51.74 | 55.24 | 51.85 | 57.25 |
| Saudi Arabia | 2.19 | 1.61 | 4.63 | 5.59 | 6.16 | 4.24 |
| India | 3.52 | 3.81 | 4.60 | 3.31 | 3.77 | 3.78 |
| Iran | 3.60 | 2.99 | 4.52 | 2.64 | 1.82 | 3.03 |
| Iraq | 2.25 | 1.82 | 3.41 | 2.92 | 3.53 | 2.84 |
| Oman | 1.83 | 1.74 | 2.29 | 2.65 | 2.80 | 2.31 |
| Switzerland | 1.38 | 2.52 | 1.17 | 2.43 | 3.51 | 2.27 |
| Kuwait | 1.04 | 0.85 | 1.59 | 2.16 | 2.19 | 1.63 |
| USA | 0.83 | 1.17 | 2.38 | 1.62 | 1.64 | 1.55 |
| China | 0.84 | 1.24 | 1.59 | 1.32 | 2.41 | 1.52 |
| China, Hong Kong SAR | 1.35 | 1.27 | 1.69 | 1.62 | 1.45 | 1.48 |
| Belgium | 1.37 | 1.53 | 1.28 | 1.15 | 0.78 | 1.19 |
| Turkey | 0.91 | 0.95 | 1.81 | 1.10 | 0.98 | 1.15 |
| United Kingdom | 0.64 | 0.92 | 1.13 | 0.93 | 0.68 | 0.86 |
| Bahrain | 0.74 | 0.60 | 0.74 | 1.14 | 0.91 | 0.85 |
| Singapore | 0.82 | 0.83 | 0.75 | 0.56 | 0.67 | 0.71 |
| Egypt | 0.36 | 0.30 | 0.84 | 0.92 | 0.94 | 0.70 |
| Pakistan | 0.35 | 0.44 | 0.80 | 0.63 | 0.89 | 0.64 |
| Others | 10.65 | 10.75 | 13.03 | 12.07 | 13.03 | 11.99 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

Source: UN Comtrade database

From tables 1.3 and 1.4, it is seen that Areas, nes, Saudi Arabia, India and Iran are the top 4 export destinations of UAE, accounting for about 68% of UAE's exports from 2015 to 2019. Share of India in UAE's merchandise export is 3.78%.

Using the ITC HS commodity codes, tables 1.5 and 1.6 highlight the top 10 commodities, at the double digit aggregation, that comprises UAE's imports and exports respectively.

Table 1.5: Shares (%) of top 10 Commodities in UAE's Imports of Merchandise

| ITC-HS Chapter | Commodity Description | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|---|-------------|-------------|-------------|-------------|-------------|
| HS-71 | Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin | 15.75 | 19.53 | 21.23 | 22.13 | 20.31 |
| HS-99 | Commodities not specified according to kind | 35.84 | 30.17 | 2.37 | 0.01 | 0.01 |
| HS-85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles | 6.38 | 6.93 | 17.55 | 13.99 | 12.73 |
| HS-84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 7.31 | 7.63 | 11.67 | 11.69 | 9.76 |
| HS-87 | Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof | 6.65 | 6.00 | 8.46 | 8.36 | 6.67 |
| HS-27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 0.68 | 1.13 | 3.63 | 6.31 | 19.33 |
| HS-88 | Aircraft, spacecraft and parts thereof | 3.00 | 4.59 | 3.30 | 2.85 | 1.61 |
| HS-73 | Iron or steel articles | 1.53 | 1.54 | 1.88 | 2.20 | 1.54 |
| HS-39 | Plastics and articles thereof | 1.34 | 1.30 | 1.66 | 1.99 | 1.64 |
| HS-72 | Iron and steel | 1.23 | 1.12 | 1.59 | 2.13 | 1.49 |
| | Others | 20.29 | 20.05 | 26.66 | 28.33 | 24.91 |
| | Total | 100 | 100 | 100 | 100 | 100 |

Source: UN Comtrade database

Table 1.6: Shares (%) of top 10 Commodities in UAE's Exports of Merchandise

| ITC-HS Chapter | Commodity Description | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|--|-------------|-------------|-------------|-------------|-------------|
| HS-27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 20.80 | 16.12 | 20.12 | 31.34 | 54.77 |
| HS-99 | Commodities not specified according to kind | 44.92 | 48.86 | 33.08 | 25.04 | 0.01 |

| | | | | | | |
|--------------|---|------------|------------|------------|------------|------------|
| HS-71 | Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin | 13.46 | 14.33 | 14.83 | 11.83 | 12.28 |
| HS-85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles | 2.68 | 2.25 | 7.37 | 7.04 | 7.83 |
| HS-84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 2.64 | 2.70 | 4.91 | 4.54 | 4.79 |
| HS-87 | Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof | 2.98 | 2.66 | 3.92 | 3.32 | 3.12 |
| HS-76 | Aluminium and articles thereof | 1.76 | 1.72 | 1.98 | 1.64 | 1.42 |
| HS-39 | Plastics and articles thereof | 1.15 | 1.84 | 1.56 | 1.42 | 1.55 |
| HS-88 | Aircraft, spacecraft and parts thereof | 0.60 | 0.66 | 1.02 | 1.08 | 0.79 |
| HS-73 | Iron or steel articles | 0.66 | 0.62 | 0.74 | 0.87 | 0.97 |
| Others | | 8.35 | 8.25 | 10.47 | 11.87 | 12.47 |
| Total | | 100 | 100 | 100 | 100 | 100 |

Source: UN Comtrade database

The top 5 highest imported products constitute chapters HS-71, HS-99, HS-85, HS-84 and HS-87 (refer to table 1.5). On the other hand, UAE's dominant export basket constitutes chapters HS-27, HS-99, HS-71, HS-85 and HS-84 (refer to table 1.6). Thus, item categories viz. "Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin", "Commodities not specified according to kind", "Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles" and "Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof" dominate both the export and import baskets in UAE's international trade.

2. Export Trade Intensity Index

Export Trade Intensity Index (ETII) of a country (here, India) with respect to an importing country (here, UAE) is the share of the exporting country's merchandise going to that particular importing country divided by the share of world exports going to that importing country. In other words, it is the importance of that importing country as a destination for the exporting country's merchandise outflow, as compared to the importance that importing country enjoys as a destination of world exports. But algebraically, it is equal to the exporting country's share in the importer's market as compared to the importing country's market share in the world market.² Table 2.1, which states the ETII of BRICS countries and USA with respect to UAE, shows that apart for India, the ETII value is

² See Appendix D for the formula of Export Intensity Index.

extremely high (in fact the highest among the BRICS countries and USA), at 8.6 in 2019. China and South Africa also have ETII >1, implying stronger trade ties than average between UAE and India (and China and South Africa).

Table 2.1: Export Intensity Indices (ETIIs) of BRICS Countries and USA w.r.t. UAE

| Countries | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------|------|------|------|------|------|
| India | 7.30 | 8.43 | 7.20 | 7.55 | 8.58 |
| Brazil | 0.84 | 0.88 | 0.85 | 0.72 | 0.61 |
| China | 1.05 | 1.05 | 0.94 | 1.02 | 1.24 |
| South Africa | 1.05 | 1.31 | 1.47 | 1.65 | 1.53 |
| USA | 0.98 | 1.12 | 0.98 | 1.01 | 1.14 |
| Russia | 0.18 | 0.25 | 0.28 | 0.28 | 0.34 |

Source: UN Comtrade database

Elaborating on the ETII, table 2.2 shows the disaggregated value of this index for India with respect to UAE. The index is calculated for each of the 2-digit ITC HS commodity codes and a higher value, greater than 1, represents that the Indian exports, of those specific chapters, to UAE are relatively performing better than the world averages.

Table 2.2: ITC-HS Chapter-wise Export Intensity Indices for India w.r.t UAE in 2019

| ITC-HS Chapter | Trade Intensity Index (TII) | ITC-HS Chapter | Trade Intensity Index (TII) | ITC-HS Chapter | Trade Intensity Index (TII) | ITC-HS Chapter | Trade Intensity Index (TII) |
|----------------|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|
| 45 | 149.68 | 74 | 7.78 | 15 | 4.56 | 57 | 1.87 |
| 80 | 64.69 | 46 | 7.70 | 10 | 4.49 | 60 | 1.83 |
| 22 | 33.31 | 39 | 7.54 | 33 | 4.29 | 17 | 1.79 |
| 47 | 32.52 | 89 | 7.06 | 40 | 3.95 | 12 | 1.74 |
| 35 | 23.60 | 62 | 6.96 | 69 | 3.75 | 51 | 1.67 |
| 11 | 21.85 | 19 | 6.96 | 68 | 3.61 | 41 | 1.54 |
| 27 | 20.32 | 58 | 6.90 | 75 | 3.57 | 67 | 1.34 |
| 28 | 19.82 | 78 | 6.79 | 92 | 3.53 | 23 | 1.17 |
| 85 | 16.08 | 49 | 6.68 | 84 | 3.38 | 16 | 0.97 |
| 48 | 15.71 | 34 | 6.38 | 25 | 3.33 | 99 | 0.41 |
| 65 | 15.27 | 83 | 6.20 | 87 | 3.24 | 86 | 0.26 |
| 43 | 14.69 | 66 | 6.05 | 42 | 3.19 | 88 | 0.24 |
| 70 | 13.26 | 81 | 5.92 | 13 | 2.98 | 93 | 0.03 |
| 59 | 12.73 | 79 | 5.58 | 76 | 2.89 | 01 | 0.00 |
| 37 | 10.56 | 20 | 5.54 | 54 | 2.80 | 02 | 0.00 |
| 97 | 10.39 | 53 | 5.54 | 32 | 2.80 | 03 | 0.00 |
| 61 | 9.71 | 18 | 5.45 | 91 | 2.78 | 04 | 0.00 |
| 95 | 9.27 | 90 | 5.35 | 50 | 2.68 | 05 | 0.00 |

| | | | | | | | |
|----|------|----|------|----|------|----|------|
| 24 | 9.14 | 29 | 5.32 | 38 | 2.63 | 06 | 0.00 |
| 56 | 9.05 | 96 | 5.16 | 30 | 2.60 | 07 | 0.00 |
| 31 | 8.91 | 26 | 5.16 | 55 | 2.55 | 08 | 0.00 |
| 82 | 8.79 | 71 | 5.10 | 63 | 2.34 | 09 | 0.00 |
| 72 | 8.74 | 73 | 5.05 | 94 | 2.31 | | |
| 21 | 8.58 | 14 | 4.96 | 52 | 2.22 | | |
| 44 | 8.30 | 64 | 4.85 | 36 | 2.01 | | |

Source: Computed from UN Comtrade Database

In Table 2.2, the chapters are arranged in order of magnitude from largest to smallest values of ETII. From the above table, it is clear that there are several chapters which have an index value greater than 1, that is also manifesting in the extremely high value of ETII as discussed earlier (in Table 2.1) between India and UAE (>7). Thus, bilateral agreements may not further increase trade intensity between India and UAE. This argument is further strengthened since the Trade Complementarity Index (TCI) between India and UAE is not very high (0.36 in the year 2019) as seen in the next section.

3. Trade Complementarity Index

The ITC-HS chapters identified in the previous section is only a short-list, for it narrates half the story. Trade takes place when there is a complementarity of demand and supply, in the present case, between the demand of UAE and the supply of India. The Trade Complementarity Index (TCI) is a measure of this match, and the value of the index between Indian exports and UAE imports in 2019 stood at 0.36, which is less than the chain/average index between Indian exports and world imports at 0.39. Hence, the Relative Trade Complementarity Index is 0.91 (i.e. < 1), meaning that India's exports have less complementarity with UAE imports than with world imports.³

TCI is computed by taking the shares of each commodity (here, at the ITC-HS 6-digit level) in the export basket of India, and then the corresponding shares of these commodities in the import basket of UAE, calculating the absolute value of the difference between the two for each 6-digit level commodity, summing the differences up, dividing the sum by 2, and subtracting what we get from 1. So, the differences in the shares are the major determinants.

Table 3.1: Trade Complementarity Index (including Relative) between India and UAE

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|
| TCI Between India and UAE⁴ | 0.29 | 0.29 | 0.50 | 0.37 | 0.36 |
| TCI Between India⁵ and World | 0.41 | 0.38 | 0.40 | 0.41 | 0.39 |
| RTCPI⁶ | 0.70 | 0.77 | 1.26 | 0.91 | 0.91 |

³ See RTCI in Appendix D.

⁴ Trade Complementarity Index between India and UAE.

⁵ Trade Complementarity Index between India and World.

⁶ Relative Trade Complementarity Index between India and UAE.

Table 3.2: Trade Complementarity Index (including Relative) between selected countries (largest exporters to UAE) and UAE in 2019

| Countries | TCI | TCIW | RTCI |
|------------|------|------|------|
| Areas, nes | 0.50 | 0.50 | 1.00 |
| China | 0.34 | 0.51 | 0.68 |
| India | 0.36 | 0.39 | 0.91 |
| USA | 0.38 | 0.67 | 0.57 |
| Japan | 0.28 | 0.47 | 0.59 |
| Germany | 0.35 | 0.61 | 0.57 |

Source: Computed from UN Comtrade Database

When we compare the Relative Trade Complementarity Index (RTCI) between India and UAE to that of other exporting countries and UAE in table 3.2, we see that India's RTCI is much lower compared to the largest exporters to UAE (even though trade intensity is very high). The differences at the individual ITC-HS 2-digit level are examined to find out at which products the complementarities lie and where there is a greater match between demand (imports) and supply (exports).

The ITC-HS 2-digit code-wise composition of Indian exports and UAE imports is given in table 3.3 below.

Table 3.3: Composition of India's Exports and UAE's Imports in 2019 (ITC-HS chapter-wise)

| ITC-HS Chapter | India | | UAE | |
|----------------|----------------|-----------------------|----------------|-----------------------|
| | Exports(Bn \$) | Share of Chapters (%) | Imports(Bn \$) | Share of Chapters (%) |
| HS-01 | 0.02 | 0.01 | 0.12 | 0.04 |
| HS-02 | 3.45 | 1.07 | 2.28 | 0.79 |
| HS-03 | 6.30 | 1.95 | 0.65 | 0.22 |
| HS-04 | 0.45 | 0.14 | 1.73 | 0.60 |
| HS-05 | 0.10 | 0.03 | 0.01 | 0.00 |
| HS-06 | 0.08 | 0.02 | 0.08 | 0.03 |
| HS-07 | 1.09 | 0.34 | 0.95 | 0.33 |
| HS-08 | 1.49 | 0.46 | 2.36 | 0.82 |
| HS-09 | 3.30 | 1.02 | 0.68 | 0.24 |
| HS-10 | 7.07 | 2.19 | 1.08 | 0.37 |
| HS-11 | 0.31 | 0.10 | 0.12 | 0.04 |
| HS-12 | 1.70 | 0.53 | 1.00 | 0.35 |
| HS-13 | 0.94 | 0.29 | 0.06 | 0.02 |
| HS-14 | 0.05 | 0.02 | 0.01 | 0.00 |
| HS-15 | 1.17 | 0.36 | 0.51 | 0.18 |
| HS-16 | 0.47 | 0.14 | 0.22 | 0.08 |
| HS-17 | 1.97 | 0.61 | 0.55 | 0.19 |
| HS-18 | 0.19 | 0.06 | 0.75 | 0.26 |
| HS-19 | 0.54 | 0.17 | 0.95 | 0.33 |

| | | | | |
|-------|-------|-------|-------|-------|
| HS-20 | 0.61 | 0.19 | 0.56 | 0.19 |
| HS-21 | 0.83 | 0.26 | 0.91 | 0.32 |
| HS-22 | 0.28 | 0.09 | 1.14 | 0.40 |
| HS-23 | 1.45 | 0.45 | 0.25 | 0.09 |
| HS-24 | 0.96 | 0.30 | 1.20 | 0.42 |
| HS-25 | 2.01 | 0.62 | 0.42 | 0.14 |
| HS-26 | 3.03 | 0.94 | 1.07 | 0.37 |
| HS-27 | 44.53 | 13.78 | 55.76 | 19.33 |
| HS-28 | 1.82 | 0.56 | 3.02 | 1.05 |
| HS-29 | 18.25 | 5.64 | 1.75 | 0.61 |
| HS-30 | 16.26 | 5.03 | 4.08 | 1.41 |
| HS-31 | 0.13 | 0.04 | 0.08 | 0.03 |
| HS-32 | 3.50 | 1.08 | 0.73 | 0.25 |
| HS-33 | 2.36 | 0.73 | 3.18 | 1.10 |
| HS-34 | 0.64 | 0.20 | 0.97 | 0.34 |
| HS-35 | 0.23 | 0.07 | 0.17 | 0.06 |
| HS-36 | 0.12 | 0.04 | 0.04 | 0.01 |
| HS-37 | 0.01 | 0.00 | 0.11 | 0.04 |
| HS-38 | 5.14 | 1.59 | 1.52 | 0.53 |
| HS-39 | 7.35 | 2.27 | 4.73 | 1.64 |
| HS-40 | 3.23 | 1.00 | 1.83 | 0.64 |
| HS-41 | 0.55 | 0.17 | 0.03 | 0.01 |
| HS-42 | 2.51 | 0.78 | 1.27 | 0.44 |
| HS-43 | 0.01 | 0.00 | 0.02 | 0.01 |
| HS-44 | 0.48 | 0.15 | 1.03 | 0.36 |
| HS-45 | 0.00 | 0.00 | 0.00 | 0.00 |
| HS-46 | 0.05 | 0.01 | 0.03 | 0.01 |
| HS-47 | 0.01 | 0.00 | 0.28 | 0.10 |
| HS-48 | 2.06 | 0.64 | 1.49 | 0.52 |
| HS-49 | 0.37 | 0.11 | 0.28 | 0.10 |
| HS-50 | 0.08 | 0.03 | 0.02 | 0.01 |
| HS-51 | 0.18 | 0.06 | 0.03 | 0.01 |
| HS-52 | 6.00 | 1.86 | 0.12 | 0.04 |
| HS-53 | 0.45 | 0.14 | 0.01 | 0.00 |
| HS-54 | 2.34 | 0.72 | 0.74 | 0.26 |
| HS-55 | 1.75 | 0.54 | 0.46 | 0.16 |
| HS-56 | 0.42 | 0.13 | 0.14 | 0.05 |
| HS-57 | 1.71 | 0.53 | 0.20 | 0.07 |
| HS-58 | 0.41 | 0.13 | 0.08 | 0.03 |
| HS-59 | 0.28 | 0.09 | 0.12 | 0.04 |

| | | | | |
|--------------|---------------|------------|---------------|------------|
| HS-60 | 0.44 | 0.14 | 0.13 | 0.04 |
| HS-61 | 7.88 | 2.44 | 2.34 | 0.81 |
| HS-62 | 8.36 | 2.59 | 2.09 | 0.73 |
| HS-63 | 5.16 | 1.60 | 0.59 | 0.20 |
| HS-64 | 2.81 | 0.87 | 2.01 | 0.70 |
| HS-65 | 0.06 | 0.02 | 0.07 | 0.03 |
| HS-66 | 0.00 | 0.00 | 0.01 | 0.00 |
| HS-67 | 0.27 | 0.08 | 0.04 | 0.01 |
| HS-68 | 1.70 | 0.53 | 0.71 | 0.25 |
| HS-69 | 1.82 | 0.56 | 0.55 | 0.19 |
| HS-70 | 0.91 | 0.28 | 0.74 | 0.26 |
| HS-71 | 36.73 | 11.36 | 58.58 | 20.31 |
| HS-72 | 9.77 | 3.02 | 4.31 | 1.49 |
| HS-73 | 7.25 | 2.24 | 4.45 | 1.54 |
| HS-74 | 0.90 | 0.28 | 3.10 | 1.08 |
| HS-75 | 0.09 | 0.03 | 0.19 | 0.06 |
| HS-76 | 5.24 | 1.62 | 1.11 | 0.39 |
| HS-78 | 0.40 | 0.12 | 0.12 | 0.04 |
| HS-79 | 0.56 | 0.17 | 0.29 | 0.10 |
| HS-80 | 0.01 | 0.00 | 0.01 | 0.00 |
| HS-81 | 0.05 | 0.02 | 0.08 | 0.03 |
| HS-82 | 0.89 | 0.28 | 0.71 | 0.25 |
| HS-83 | 0.67 | 0.21 | 0.69 | 0.24 |
| HS-84 | 21.26 | 6.58 | 28.14 | 9.76 |
| HS-85 | 14.94 | 4.62 | 36.72 | 12.73 |
| HS-86 | 0.35 | 0.11 | 0.28 | 0.10 |
| HS-87 | 17.41 | 5.39 | 19.23 | 6.67 |
| HS-88 | 1.49 | 0.46 | 4.63 | 1.61 |
| HS-89 | 5.80 | 1.79 | 0.43 | 0.15 |
| HS-90 | 3.39 | 1.05 | 4.11 | 1.42 |
| HS-91 | 0.10 | 0.03 | 1.78 | 0.62 |
| HS-92 | 0.03 | 0.01 | 0.07 | 0.02 |
| HS-93 | 0.13 | 0.04 | 0.01 | 0.00 |
| HS-94 | 1.84 | 0.57 | 2.40 | 0.83 |
| HS-95 | 0.42 | 0.13 | 0.97 | 0.34 |
| HS-96 | 0.63 | 0.19 | 0.68 | 0.24 |
| HS-97 | 0.13 | 0.04 | 1.99 | 0.69 |
| HS-99 | 0.21 | 0.07 | 0.02 | 0.01 |
| Total | 323.25 | 100 | 288.40 | 100 |

Source: Computed from UN Comtrade Database

Complementarity in respect of a particular commodity group (here, ITC-HS two-digit level code) implies that India's exports of the commodity (to the world) is substantial, and so is UAE's imports of the commodity (from the world). As it is required to identify the sectors (ITC-HS 2-digit chapters) which have contributed most to the low level of complementarity, the absolute difference in shares – between the share in Indian exports and the share in UAE's imports – for each 2-digit code may be computed. Table 3.4 below shows the twenty 2-digit codes which have seen the highest differences. This will be of interest to framers of policy for aligning India's exports to UAE's imports to enhance trade complementarity between the two countries.

Table 3.4: Top Twenty Chapters with highest absolute difference in shares in % (in Indian exports and UAE's imports in 2019)

| ITC-HS Chapter | Commodity Description | Absolute Value of Difference in Shares (%) | Higher Share in |
|-----------------------|---|---|------------------------|
| HS-71 | Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin | 8.95 | UAE Imports |
| HS-85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles | 8.11 | UAE Imports |
| HS-27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 5.55 | UAE Imports |
| HS-29 | Organic chemicals | 5.03 | Indian Exports |
| HS-30 | Pharmaceutical products | 3.62 | Indian Exports |
| HS-84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 3.18 | UAE Imports |
| HS-62 | Apparel and clothing accessories; not knitted or crocheted | 1.86 | Indian Exports |
| HS-52 | Cotton | 1.82 | Indian Exports |
| HS-10 | Cereals | 1.82 | Indian Exports |
| HS-03 | Fish and crustaceans, molluscs and other aquatic invertebrates | 1.73 | Indian Exports |
| HS-89 | Ships, boats and floating structures | 1.64 | Indian Exports |
| HS-61 | Apparel and clothing accessories; knitted or crocheted | 1.63 | Indian Exports |
| HS-72 | Iron and steel | 1.53 | Indian Exports |
| HS-63 | Textiles, made up articles; sets; worn clothing and worn textile articles; rags | 1.40 | Indian Exports |
| HS-87 | Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof | 1.28 | UAE Imports |
| HS-76 | Aluminium and articles thereof | 1.23 | Indian Exports |
| HS-88 | Aircraft, spacecraft and parts thereof | 1.15 | UAE Imports |
| HS-38 | Chemical products n.e.c. | 1.06 | Indian Exports |

| | | | |
|-------|---|------|----------------|
| HS-32 | Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints, varnishes; putty, other mastics; inks | 0.83 | Indian Exports |
| HS-74 | Copper and articles thereof | 0.80 | UAE Imports |

Source: Computed from UN Comtrade Database

It is evident from table 3.4 that the least complementarities (or greatest differences in shares) of more than 5% lie in the HS Codes HS-71, HS-85, HS-27 and HS-29 and India may need to export these product categories more to UAE to bridge (or reduce) the demand (import) and supply (export) gap.

4. RCA and RCII

The earlier approach was one way of looking at things. Another way involves the use of information regarding sectors which have a relative importance, in terms of value, in India's exports (relative to the importance in world exports), and which enjoy a similar relative importance in UAE's imports. The first is known as Revealed Comparative Advantage (RCA) and the second Revealed Comparative Import Inclination (RCII). RCA index for a commodity (or commodity group) exported from India is higher than 1 if its importance is more in India's exports than in world exports, and vice versa. Similarly, RCII index for UAE's imports for a commodity (or commodity group) imported to UAE is higher than 1 if its importance is more in UAE's imports than in world imports, and vice versa.

Hence, those sectors – we analyse at the ITC-HS two-digit code level – which have both RCA for India and RCII for UAE higher than 1 are the sectors which India's exports and UAE's imports to an extent more than overall world trends warrant. Hence these are the sectors which are expected to see substantial Indian exports to UAE. Tables 4.1 and 4.2 shows values of RCA for Indian exports and of RCII for UAE's imports for 2019. Those chapters for which the values are above 1 are in red.

Table 4.1: RCA of Indian exports in 2019 – ITC-HS chapter-wise

| ITC-HS Chapter | RCA | ITC-HS Chapter | RCA | ITC-HS Chapter | RCA | ITC-HS Chapter | RCA |
|----------------|------|----------------|------|----------------|------|----------------|------|
| 13 | 6.88 | 42 | 1.67 | 70 | 0.69 | 95 | 0.20 |
| 57 | 6.47 | 72 | 1.62 | 96 | 0.68 | 97 | 0.17 |
| 52 | 6.45 | 36 | 1.54 | 87 | 0.67 | 81 | 0.16 |
| 53 | 6.12 | 30 | 1.52 | 59 | 0.63 | 80 | 0.14 |
| 63 | 4.59 | 67 | 1.50 | 21 | 0.61 | 31 | 0.13 |
| 10 | 4.12 | 38 | 1.43 | 34 | 0.60 | 22 | 0.13 |
| 78 | 3.33 | 73 | 1.37 | 49 | 0.57 | 91 | 0.10 |
| 71 | 3.17 | 27 | 1.31 | 20 | 0.56 | 45 | 0.10 |
| 14 | 3.02 | 24 | 1.26 | 84 | 0.55 | 43 | 0.08 |
| 17 | 2.96 | 23 | 1.15 | 16 | 0.54 | 66 | 0.05 |
| 89 | 2.91 | 64 | 1.12 | 86 | 0.53 | 37 | 0.04 |
| 55 | 2.83 | 12 | 1.08 | 83 | 0.53 | 99 | 0.03 |
| 25 | 2.76 | 46 | 1.03 | 35 | 0.44 | 47 | 0.01 |
| 54 | 2.63 | 40 | 1.01 | 93 | 0.43 | 01 | |

| | | | | | | | |
|----|------|----|------|----|------|----|--|
| 29 | 2.63 | 11 | 0.93 | 94 | 0.41 | 02 | |
| 32 | 2.50 | 28 | 0.92 | 19 | 0.40 | 03 | |
| 50 | 2.46 | 56 | 0.92 | 74 | 0.38 | 04 | |
| 62 | 2.30 | 33 | 0.89 | 65 | 0.33 | 05 | |
| 61 | 2.14 | 51 | 0.84 | 90 | 0.31 | 06 | |
| 58 | 1.91 | 15 | 0.83 | 85 | 0.31 | 07 | |
| 79 | 1.85 | 26 | 0.81 | 88 | 0.24 | 08 | |
| 68 | 1.84 | 82 | 0.77 | 18 | 0.22 | 09 | |
| 76 | 1.79 | 60 | 0.71 | 75 | 0.22 | | |
| 69 | 1.77 | 48 | 0.71 | 44 | 0.21 | | |
| 41 | 1.70 | 39 | 0.69 | 92 | 0.21 | | |

Source: Computed from UN Comtrade Database

Table 4.2: RCII of UAE's imports in 2019 – ITC-HS chapter-wise

| ITC-HS Chapter | RCII | ITC-HS Chapter | RCII | ITC-HS Chapter | RCII | ITC-HS Chapter | RCII |
|----------------|------|----------------|------|----------------|------|----------------|------|
| 71 | 5.80 | 85 | 0.82 | 95 | 0.52 | 43 | 0.24 |
| 97 | 4.11 | 84 | 0.81 | 13 | 0.51 | 81 | 0.24 |
| 91 | 2.26 | 69 | 0.79 | 39 | 0.49 | 23 | 0.21 |
| 24 | 1.85 | 21 | 0.77 | 44 | 0.48 | 66 | 0.20 |
| 27 | 1.54 | 72 | 0.74 | 49 | 0.47 | 52 | 0.20 |
| 28 | 1.53 | 82 | 0.72 | 38 | 0.47 | 53 | 0.18 |
| 33 | 1.42 | 61 | 0.71 | 37 | 0.46 | 51 | 0.18 |
| 74 | 1.31 | 50 | 0.71 | 65 | 0.46 | 45 | 0.15 |
| 88 | 1.24 | 10 | 0.70 | 89 | 0.45 | 80 | 0.14 |
| 54 | 1.18 | 94 | 0.65 | 11 | 0.44 | 31 | 0.08 |
| 34 | 1.04 | 62 | 0.64 | 90 | 0.43 | 41 | 0.08 |
| 79 | 1.02 | 63 | 0.64 | 76 | 0.41 | 93 | 0.07 |
| 42 | 1.00 | 12 | 0.64 | 67 | 0.41 | 99 | 0.00 |
| 18 | 0.98 | 40 | 0.63 | 30 | 0.41 | 01 | |
| 17 | 0.98 | 70 | 0.63 | 75 | 0.41 | 02 | |
| 73 | 0.97 | 92 | 0.61 | 15 | 0.39 | 03 | |
| 78 | 0.96 | 22 | 0.60 | 56 | 0.38 | 04 | |
| 68 | 0.95 | 20 | 0.60 | 35 | 0.34 | 05 | |
| 57 | 0.94 | 83 | 0.59 | 47 | 0.34 | 06 | |
| 96 | 0.91 | 48 | 0.59 | 59 | 0.34 | 07 | |
| 64 | 0.90 | 32 | 0.59 | 16 | 0.31 | 08 | |
| 55 | 0.88 | 86 | 0.58 | 60 | 0.30 | 09 | |
| 46 | 0.83 | 58 | 0.56 | 14 | 0.27 | | |
| 87 | 0.83 | 36 | 0.55 | 26 | 0.25 | | |
| 19 | 0.83 | 25 | 0.53 | 29 | 0.25 | | |

Source: Computed from UN Comtrade Database

Policymakers' focus should be to zero in on commodity groups for which RCA of Indian exports >1 and RCII of UAE imports >1 as these commodity groups have good potential for bilateral trade between India and UAE with India having a relatively superlative standing in production/supply of these commodities, which then have a larger than average import demand in UAE. These commodities should be the intersection set of ITC-HS chapters with RCA >1 in Table 4.1 and RCII >1 in Table 4.2. These commodities with their associated commodity descriptions are:

| | |
|-------|---|
| HS-71 | Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin |
| HS-24 | Tobacco and manufactured tobacco substitutes |
| HS-27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes |
| HS-54 | Man-made filaments; strip and the like of man-made textile materials |
| HS-79 | Zinc and articles thereof |

Table 4.3 : RCA of Indian exports to UAE in 2019 – ITC-HS chapter-wise

| ITC-HS Chapter | RCA Between Countries | ITC-HS Chapter | RCA Between Countries | ITC-HS Chapter | RCA Between Countries | ITC-HS Chapter | RCA Between Countries |
|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------|
| 80 | 3.75 | 59 | 0.75 | 55 | 0.38 | 13 | 0.14 |
| 22 | 3.13 | 91 | 0.74 | 49 | 0.36 | 60 | 0.13 |
| 71 | 2.84 | 33 | 0.74 | 84 | 0.35 | 26 | 0.11 |
| 89 | 2.12 | 79 | 0.72 | 90 | 0.35 | 52 | 0.11 |
| 47 | 2.08 | 69 | 0.66 | 63 | 0.33 | 30 | 0.11 |
| 85 | 1.89 | 73 | 0.66 | 57 | 0.33 | 51 | 0.06 |
| 28 | 1.87 | 54 | 0.64 | 66 | 0.31 | 88 | 0.05 |
| 48 | 1.79 | 37 | 0.64 | 87 | 0.31 | 16 | 0.04 |
| 45 | 1.77 | 83 | 0.63 | 14 | 0.28 | 99 | 0.04 |
| 24 | 1.60 | 43 | 0.61 | 94 | 0.27 | 23 | 0.03 |
| 61 | 1.53 | 96 | 0.59 | 29 | 0.25 | 86 | 0.02 |
| 27 | 1.43 | 18 | 0.59 | 81 | 0.25 | 41 | 0.02 |
| 70 | 1.34 | 44 | 0.59 | 31 | 0.25 | 93 | 0.02 |
| 58 | 1.29 | 74 | 0.57 | 92 | 0.25 | | |
| 35 | 1.26 | 39 | 0.56 | 32 | 0.24 | | |
| 65 | 1.02 | 64 | 0.55 | 25 | 0.24 | | |
| 82 | 0.95 | 56 | 0.55 | 15 | 0.24 | | |
| 62 | 0.94 | 10 | 0.55 | 17 | 0.20 | | |
| 11 | 0.90 | 97 | 0.53 | 75 | 0.20 | | |
| 21 | 0.87 | 68 | 0.52 | 67 | 0.19 | | |

| | | | | | | |
|----|------|----|------|----|------|--|
| 19 | 0.86 | 46 | 0.47 | 36 | 0.19 | |
| 72 | 0.86 | 50 | 0.46 | 76 | 0.18 | |
| 34 | 0.83 | 20 | 0.45 | 38 | 0.18 | |
| 95 | 0.81 | 40 | 0.43 | 12 | 0.17 | |
| 78 | 0.76 | 42 | 0.43 | 53 | 0.17 | |

Source: Computed from UN Comtrade Database

It can be established that if, for a particular commodity, RCA for India and RCII for UAE are both > 1 , it can be expected that RCII for that commodity in UAE 's imports from India will be > 1 . If this is not the case, the reasons thereof need to be investigated, and appropriate policy measures taken. Actually it implies that the importers of UAE are not importing the particular commodity in sufficient amount (in value terms) while importing from India. It is not necessarily that they are averse to buying from India in general, they may very well purchase other commodities from India, but – for some reason – not this particular product. Policies designed to make these products from India attractive to UAE 's importers need to be adopted.

Table 4.4: RCII of UAE's imports from India in 2019 – ITC-HS chapter-wise

| ITC-HS Chapter | RCII Between Countries | ITC-HS Chapter | RCII Between Countries | ITC-HS Chapter | RCII Between Countries | ITC-HS Chapter | RCII Between Countries |
|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|
| 71 | 3.01 | 82 | 0.71 | 31 | 0.34 | 30 | 0.11 |
| 45 | 2.96 | 69 | 0.68 | 94 | 0.32 | 29 | 0.10 |
| 85 | 2.19 | 54 | 0.62 | 25 | 0.32 | 88 | 0.09 |
| 35 | 1.87 | 97 | 0.61 | 38 | 0.31 | 89 | 0.07 |
| 48 | 1.69 | 61 | 0.61 | 64 | 0.30 | 81 | 0.04 |
| 37 | 1.64 | 39 | 0.58 | 13 | 0.28 | 67 | 0.03 |
| 28 | 1.63 | 59 | 0.54 | 60 | 0.27 | 23 | 0.03 |
| 80 | 1.50 | 74 | 0.54 | 75 | 0.26 | 86 | 0.03 |
| 27 | 1.42 | 24 | 0.53 | 36 | 0.25 | 16 | 0.02 |
| 19 | 1.29 | 49 | 0.50 | 32 | 0.24 | 41 | 0.02 |
| 11 | 1.19 | 50 | 0.50 | 92 | 0.23 | 51 | 0.02 |
| 70 | 1.12 | 66 | 0.49 | 53 | 0.22 | 99 | 0.01 |
| 10 | 1.11 | 87 | 0.48 | 14 | 0.21 | 93 | 0.00 |
| 22 | 1.10 | 96 | 0.48 | 63 | 0.19 | 01 | |
| 34 | 1.06 | 68 | 0.46 | 91 | 0.19 | 02 | |
| 18 | 0.89 | 56 | 0.46 | 15 | 0.18 | 03 | |
| 33 | 0.87 | 62 | 0.45 | 57 | 0.17 | 04 | |
| 79 | 0.87 | 83 | 0.43 | 76 | 0.16 | 05 | |
| 72 | 0.84 | 58 | 0.43 | 90 | 0.16 | 06 | |
| 65 | 0.83 | 55 | 0.38 | 46 | 0.16 | 07 | |

| | | | | | | | |
|----|------|----|------|----|------|----|--|
| 17 | 0.81 | 47 | 0.37 | 26 | 0.15 | 08 | |
| 21 | 0.79 | 84 | 0.37 | 12 | 0.15 | 09 | |
| 73 | 0.78 | 95 | 0.37 | 52 | 0.14 | | |
| 44 | 0.78 | 20 | 0.36 | 43 | 0.12 | | |
| 78 | 0.77 | 40 | 0.36 | 42 | 0.12 | | |

Source: Computed from UN Comtrade Database

Delving deeper in tables 4.3 and 4.4, we find that ten ITC-HS chapters have both RCA of Indian exports to UAE in 2019 and RCII of UAE 's imports from India in 2019 greater than 1. These chapters are:

- HS-71 Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin
- HS-45 Cork and articles of cork
- HS-85 Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles
- HS-35 Albuminoidal substances; modified starches; glues; enzymes
- HS-48 Paper and paperboard; articles of paper pulp, of paper or paperboard
- HS-28 Inorganic chemicals; organic and inorganic compounds of precious metals; of rare earth metals, of radio-active elements and of isotopes
- HS-80 Tin; articles thereof
- HS-27 Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes

This was a sector-wise analysis, and the policies to be adopted need to address the sector at large. There may be, in a particular chapter, 6-digit commodities which may satisfy the conditions satisfied by the chapter as a whole, and there may many which do not. There may even be occasions wherein no 6-digit commodity of a particular chapter individually satisfies the conditions but the chapter as a whole does. This may be because RCA and RCII of some commodities in India's exports to UAE < 1 (which brings down the RCA and RCII of the chapter as a whole), but their RCAs in case of India's exports (to the whole world) or their RCII in case of UAE's imports (from the whole world) may also be < 1. In case of other commodities of the same chapter, both may be > 1. On the other hand, a chapter as a whole may not satisfy the conditions, but some 6-digit commodities included in it may.

So, ITC-HS 6-digit code-wise analysis is more relevant, because the greater granularity permits better focusing of policy measures. The list of chapters may not be consistent with the list of ITC-HS six-digit commodities, because of the reasons mentioned above. The analytical framework elaborated above, with chapters as the basis, was mainly for the purpose of elucidation of the methodology adopted, but also for giving a sector-wise status. But for policy formulation, the analysis with the highest possible granularity is the best option. Hence, it will be most expeditious to consider the ITC-HS six-digit commodities which emerge, as the candidates for the policies mentioned above, when the methodology set out above is employed at the 6-digit level. This list is given in Appendix B.

So much for product-specific policies. Market (i.e. destination) specific policies need to be taken, too. If India has a market share in the world, for commodity P (say s), which is greater than India's overall market share (for all commodities) in the world (say t), there is no reason to expect that India's market share for P in UAE, say $g < s$. g can be $< s$ only when, for some reason, UAE imports P, but not sufficiently from India. In such cases, market or destination-specific promotional policies will be needed. The same will be true when UAE's share in India's export of P falls below UAE's share in total world imports of P. When both coincide, there is an even stronger case for adoption of the market-specific promotional policies. Appendix C shows the list of such commodities in case of India's exports to UAE.

For commodities appearing in both the lists – in Appendix B and Appendix C, both product-oriented and market-oriented promotional policies are required to be adopted.

5. Export Concentration

The standard measure of concentration of exports over a range of commodities is the Hirschman-Herfindahl Index (HHI), which is the sum of the squares of the shares of the commodities (in terms of value) in the export basket.⁷ The index has been calculated over all ITC-HS six-digit commodities, the highest level of granularity allowed by comparable international data. The index is more meaningful the more granular the data.

In case of India's exports to UAE, table 5.1 shows that the value of the index, between 2015 and 2019, averages around 0.28. It may be noted that the index for India's exports to the world at 0.14 (average) is lower than it is for India's exports to UAE. A relatively higher level of concentration of exports means that India's export basket to UAE is less diverse than to the world and it may bring forth gains from specialization. However, a more concentrated export also indicates greater exposure to industry specific risks.

Table 5.1: Hirschman-Herfindahl Index for India to the World and for India to UAE

| Year | India-UAE HHI | India-World HHI |
|------|------------------|--------------------|
| 2015 | 0.25 | 0.13 |
| 2016 | 0.26 | 0.13 |
| 2017 | 0.24 | 0.13 |
| 2018 | 0.33 | 0.15 |
| 2019 | 0.34 | 0.14 |

Source: Computed from UN Comtrade Database

⁷ See Export Concentration Index in Appendix D.

6. Intra-Industry Trade

Intra-industry trade is of importance as it can increase and expand markets. The standard indicator is the Index of Intra-industry Trade (IIT). The index can be calculated within individual sectors as well. Intra-industry trade is generally high in case of the manufacturing sector. An increase in IIT may signify a maturing of this sector, and hence, a regular monitoring of this index may be useful.

Intra-industry trade is a common world-wide phenomenon – export and import of the commodities produced by the same industry or sector. The degree to which this occurs is generally measured by the Grubel-Lloyd Index, which is the difference between the exports of the particular sector to a partner country and imports of the products of the same sector from the same partner, divided by the sum of these two, and whole thing obtained subtracted from 1.⁸

In the present case, the Grubel-Lloyd Index values (computed on exports from India to UAE and imports from UAE to India) in Table 6.1 show that, in 2019, in case of agricultural products and processed farm products, intra-industry trade between India and UAE is generally not very high, albeit with a few exceptions for ITC-HS chapters HS-08 (Fruit and nuts, edible; peel of citrus fruit or melons), HS-15 (Animal or vegetable fats and oils and their cleavage products; prepared animal fats; animal or vegetable waxes) and HS-23(Food industries, residues and wastes thereof; prepared animal fodder), with IIT > 0.7.

Table 6.1: Grubel-Lloyd Index for India and UAE in 2019 – Agricultural and Related Products (Chapters 01-24)

| ITC-HS Chapter | Commodity Description | Grubel Lloyd Index |
|-----------------------|--|---------------------------|
| HS-01 | Animals; live | 0.01 |
| HS-02 | Meat and edible meat offal | 0.00 |
| HS-03 | Fish and crustaceans, molluscs and other aquatic invertebrates | 0.00 |
| HS-04 | Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included | 0.00 |
| HS-05 | Animal originated products; not elsewhere specified or included | |
| HS-06 | Trees and other plants, live; bulbs, roots and the like; cut flowers and ornamental foliage | 0.07 |
| HS-07 | Vegetables and certain roots and tubers; edible | 0.38 |
| HS-08 | Fruit and nuts, edible; peel of citrus fruit or melons | 0.90 |
| HS-09 | Coffee, tea, mate and spices | 0.19 |
| HS-10 | Cereals | 0.00 |

⁸ See Appendix D for the Index of Intra-Industry Trade.

| | | |
|-------|--|------|
| HS-11 | Products of the milling industry; malt, starches, inulin, wheat gluten | 0.25 |
| HS-12 | Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit, industrial or medicinal plants; straw and fodder | 0.35 |
| HS-13 | Lac; gums, resins and other vegetable saps and extracts | 0.27 |
| HS-14 | Vegetable plaiting materials; vegetable products not elsewhere specified or included | |
| HS-15 | Animal or vegetable fats and oils and their cleavage products; prepared animal fats; animal or vegetable waxes | 0.82 |
| HS-16 | Meat, fish or crustaceans, molluscs or other aquatic invertebrates; preparations thereof | |
| HS-17 | Sugars and sugar confectionery | 0.06 |
| HS-18 | Cocoa and cocoa preparations | 0.64 |
| HS-19 | Preparations of cereals, flour, starch or milk; pastrycooks' products | 0.06 |
| HS-20 | Preparations of vegetables, fruit, nuts or other parts of plants | 0.06 |
| HS-21 | Miscellaneous edible preparations | 0.12 |
| HS-22 | Beverages, spirits and vinegar | 0.30 |
| HS-23 | Food industries, residues and wastes thereof; prepared animal fodder | 0.72 |
| HS-24 | Tobacco and manufactured tobacco substitutes | 0.05 |

Source: Computed from UN Comtrade Database

For ores and minerals as is shown in table 6.2, IIT is very high (almost 1) for HS-26 (i.e. “Ores, slag and ash”).

Table 6.2: Grubel-Lloyd Index for India and UAE in 2019 – Mineral Products (Chapters 25-27)

| ITC-HS Chapter | Commodity Description | Grubel Lloyd Index |
|----------------|--|--------------------|
| HS-25 | Salt; sulphur; earths, stone; plastering materials, lime and cement | 0.14 |
| HS-26 | Ores, slag and ash | 0.98 |
| HS-27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 0.57 |

Source: Computed from UN Comtrade Database

In chemicals and chemical-based industries shown in Table 6.3 below, IIT values range from 0.02 to 0.96). For HS-38 (Chemical products n.e.c.), intra-industry trade is extremely high (0.96).

Table 6.3: Grubel-Lloyd Index for India and UAE in 2019 – Products of Chemical or Allied Industries (Chapters 28-40)

| ITC-HS Chapter | Commodity Description | Grubel Lloyd Index |
|-----------------------|---|---------------------------|
| HS-28 | Inorganic chemicals; organic and inorganic compounds of precious metals; of rare earth metals, of radio-active elements and of isotopes | 0.30 |
| HS-29 | Organic chemicals | 0.59 |
| HS-30 | Pharmaceutical products | 0.00 |
| HS-31 | Fertilizers | 0.02 |
| HS-32 | Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints, varnishes; putty, other mastics; inks | 0.47 |
| HS-33 | Essential oils and resinoids; perfumery, cosmetic or toilet preparations | 0.49 |
| HS-34 | Soap, organic surface-active agents; washing, lubricating, polishing or scouring preparations; artificial or prepared waxes, candles and similar articles, modelling pastes, dental waxes and dental preparations with a basis of plaster | 0.30 |
| HS-35 | Albuminoidal substances; modified starches; glues; enzymes | 0.25 |
| HS-36 | Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations | |
| HS-37 | Photographic or cinematographic goods | 0.46 |
| HS-38 | Chemical products n.e.c. | 0.96 |
| HS-39 | Plastics and articles thereof | 0.63 |
| HS-40 | Rubber and articles thereof | 0.61 |

Source: Computed from UN Comtrade Database

Again, when it comes to chapters dealing with products of plant and animal parts (leather, wood, paper), as included in the groups shown in Table 6.4 below, the intra-industry trade is low except for Chapter-44(Wood and articles of wood; wood charcoal) which has a fairly high degree of intra-industry trade, with value 0.76.

Table 6.4: Grubel-Lloyd Index for India and UAE in 2019 – Leather, Wood and Paper (Chapters 41-49)

| ITC-HS Chapter | Commodity Description | Grubel Lloyd Index |
|----------------|---|--------------------|
| HS-41 | Raw hides and skins (other than furskins) and leather | 0.15 |
| HS-42 | Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut) | 0.07 |
| HS-43 | Furskins and artificial fur; manufactures thereof | |
| HS-44 | Wood and articles of wood; wood charcoal | 0.76 |
| HS-45 | Cork and articles of cork | 0.03 |
| HS-46 | Manufactures of straw, esparto or other plaiting materials; basketware and wickerwork | 0.02 |
| HS-47 | Pulp of wood or other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard | 0.04 |
| HS-48 | Paper and paperboard; articles of paper pulp, of paper or paperboard | 0.20 |
| HS-49 | Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans | 0.42 |

Source: Computed from UN Comtrade Database

The group comprising textiles and clothing, shown in Table 6.5, shows low index values too.

Table 6.5: Grubel-Lloyd Index for India and UAE in 2019 – Textiles, Textile Articles, Footwear and Headgear (Chapters 50-65)

| ITC-HS Chapter | Commodity Description | Grubel Lloyd Index |
|----------------|---|--------------------|
| HS-50 | Silk | 0.03 |
| HS-51 | Wool, fine or coarse animal hair; horsehair yarn and woven fabric | 0.56 |
| HS-52 | Cotton | 0.24 |
| HS-53 | Vegetable textile fibres; paper yarn and woven fabrics of paper yarn | 0.00 |
| HS-54 | Man-made filaments; strip and the like of man-made textile materials | 0.06 |
| HS-55 | Man-made staple fibres | 0.07 |
| HS-56 | Wadding, felt and nonwovens, special yarns; twine, cordage, ropes and cables and articles thereof | 0.11 |

| | | |
|-------|--|------|
| HS-57 | Carpets and other textile floor coverings | 0.15 |
| HS-58 | Fabrics; special woven fabrics, tufted textile fabrics, lace, tapestries, trimmings, embroidery | 0.02 |
| HS-59 | Textile fabrics; impregnated, coated, covered or laminated; textile articles of a kind suitable for industrial use | 0.13 |
| HS-60 | Fabrics; knitted or crocheted | 0.43 |
| HS-61 | Apparel and clothing accessories; knitted or crocheted | 0.01 |
| HS-62 | Apparel and clothing accessories; not knitted or crocheted | 0.01 |
| HS-63 | Textiles, made up articles; sets; worn clothing and worn textile articles; rags | 0.31 |
| HS-64 | Footwear; gaiters and the like; parts of such articles | 0.25 |
| HS-65 | Headgear and parts thereof | 0.07 |

Source: Computed from UN Comtrade Database

For the assorted group in Table 6.6, in case of HS-71 ('Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin'), intra-industry trade is very high (0.95).

Table 6.6: Grubel-Lloyd Index for India and UAE in 2019 – Assorted Group of Items (Chapters 66-71)

| ITC-HS Chapter | Commodity Description | Grubel Lloyd Index |
|----------------|---|--------------------|
| HS-66 | Umbrellas, sun umbrellas, walking-sticks, seat sticks, whips, riding crops; and parts thereof | 0.16 |
| HS-67 | Feathers and down, prepared; and articles made of feather or of down; artificial flowers; articles of human hair | 0.03 |
| HS-68 | Stone, plaster, cement, asbestos, mica or similar materials; articles thereof | 0.23 |
| HS-69 | Ceramic products | 0.06 |
| HS-70 | Glass and glassware | 0.30 |
| HS-71 | Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin | 0.95 |

Source: Computed from UN Comtrade Database

As regards metals and articles made thereof, there is incidence of high intra-industry trade (>0.7) in chapters 72 ('Iron and steel'), 73 ('Iron or steel articles'), 78 ('Lead and articles thereof'), 79 ('Zinc and articles thereof') and 83 ('Metal; miscellaneous products of base metal'). Table 6.7 shows the index values for chapters 72 to 83.

Table 6.7: Grubel-Lloyd Index for India and UAE in 2019 – Base Metals and Articles of Base Metals (Chapters 72-83)

| ITC-HS Chapter | Commodity Description | Grubel Lloyd Index |
|-----------------------|---|---------------------------|
| HS-72 | Iron and steel | 0.88 |
| HS-73 | Iron or steel articles | 0.74 |
| HS-74 | Copper and articles thereof | 0.14 |
| HS-75 | Nickel and articles thereof | 0.19 |
| HS-76 | Aluminium and articles thereof | 0.44 |
| HS-78 | Lead and articles thereof | 0.72 |
| HS-79 | Zinc and articles thereof | 0.94 |
| HS-80 | Tin; articles thereof | 0.01 |
| HS-81 | Metals; n.e.c., cermets and articles thereof | 0.45 |
| HS-82 | Tools, implements, cutlery, spoons and forks, of base metal; parts thereof, of base metal | 0.38 |
| HS-83 | Metal; miscellaneous products of base metal | 0.75 |

Source: Computed from UN Comtrade Database

The last group, half of which are high-end manufactures, show varying values of the Grubel-Lloyd Index. In particular, HS-88 ('Aircraft, spacecraft and parts thereof'), HS-89 ('Ships, boats and floating structures') and HS-97 ('Works of art; collectors' pieces and antiques') have high intra-industry trade (index value > 0.7). Table 6.8 shows the index values for chapters 84 to 99.

Table 6.8 : Grubel-Lloyd Index for India and UAE in 2019 – High-End Manufactured Products, Furniture, Sports Goods and Works of Art (Chapters 84-99)

| ITC-HS Chapter | Commodity Description | Grubel Lloyd Index |
|-----------------------|---|---------------------------|
| HS-84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 0.69 |
| HS-85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles | 0.19 |

| | | |
|-------|--|------|
| HS-86 | Railway, tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds | 0.21 |
| HS-87 | Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof | 0.10 |
| HS-88 | Aircraft, spacecraft and parts thereof | 0.78 |
| HS-89 | Ships, boats and floating structures | 0.71 |
| HS-90 | Optical, photographic, cinematographic, measuring, checking, medical or surgical instruments and apparatus; parts and accessories | 0.60 |
| HS-91 | Clocks and watches and parts thereof | 0.67 |
| HS-92 | Musical instruments; parts and accessories of such articles | 0.00 |
| HS-93 | Arms and ammunition; parts and accessories thereof | |
| HS-94 | Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, n.e.c.; illuminated signs, illuminated name-plates and the like; prefabricated buildings | 0.39 |
| HS-95 | Toys, games and sports requisites; parts and accessories thereof | 0.17 |
| HS-96 | Miscellaneous manufactured articles | 0.28 |
| HS-97 | Works of art; collectors' pieces and antiques | 0.98 |
| HS-99 | Commodities not specified according to kind | 0.16 |

Source: Computed from UN Comtrade Database

7. Export Similarity

The similarity in the export baskets of two countries, i.e. similarities in the shares of different commodities in the total exports of two countries, is measured by the Export Similarity Index. It is calculated by taking the percentage shares of each commodity (here ITC-HS six digit level commodities have been taken) in both the countries, taking the minimum of the two, and then summing up these minima over all the commodities. The index values vary from 0 to 100, with higher values implying greater export similarity between the countries and thus greater export competition between the two countries.

Table 7.1 shows the values of this index for India and several other countries.

Table 7.1: Export Similarity Index – India and a few countries

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------|-------|-------|-------|-------|-------|
| India-Russia | 22.53 | 17.83 | 25.31 | 25.28 | 25.46 |
| India-Singapore | 29.80 | 24.01 | 28.04 | 30.80 | 30.94 |
| India-South Korea | 27.05 | 27.21 | 28.10 | 30.32 | 31.80 |
| India-Thailand | 31.46 | 31.04 | 0.00 | 30.30 | 30.48 |
| India-China | 26.77 | 27.52 | 26.97 | 28.06 | 30.16 |
| India-USA | 32.62 | 32.00 | 31.74 | 31.91 | 32.89 |
| India-UK | 30.99 | 31.94 | 31.44 | 31.00 | 32.89 |
| India-Germany | 29.86 | 29.61 | 29.88 | 30.61 | 32.11 |
| India-Japan | 23.03 | 23.54 | 23.87 | 23.62 | 24.43 |
| India-New Zealand | 15.74 | 14.66 | 13.88 | 13.38 | 17.11 |
| India-Vietnam | 22.97 | 0.00 | 0.00 | 21.79 | 22.31 |
| India-Hongkong | 18.49 | 17.60 | 16.44 | 15.91 | 17.69 |
| India- UAE | 23.83 | 23.56 | 0.00 | 24.65 | 27.23 |

Source: Computed from UN Comtrade Database

Table 7.2 below shows that UAE's Export Similarity Index values with other countries such as Singapore, South Korea, China, USA, UK, Germany and Japan.

Table 7.2: Export Similarity Index – UAE and a few countries

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------|-------|-------|------|-------|-------|
| UAE-Singapore | 23.62 | 19.88 | 0.00 | 28.53 | 24.70 |
| UAE -South Korea | 16.22 | 15.49 | 0.00 | 17.16 | 19.95 |
| UAE -China | 14.79 | 14.47 | 0.00 | 22.50 | 25.35 |
| UAE -USA | 32.98 | 33.07 | 0.00 | 38.40 | 32.23 |
| UAE -UK | 25.35 | 25.58 | 0.00 | 34.65 | 31.85 |
| UAE -Germany | 22.52 | 22.68 | 0.00 | 24.95 | 23.53 |
| UAE -Japan | 19.87 | 20.06 | 0.00 | 22.72 | 18.79 |

Source: Computed from UN Comtrade Database

From the above table, the average ESI values are computed between UAE and the seven countries, are given as under:

| | |
|---------------|-------|
| UAE -USA | 29.78 |
| UAE -UK | 27.67 |
| UAE-Singapore | 22.02 |
| UAE -Germany | 21.13 |
| UAE -Japan | 17.54 |

| | |
|------------------|-------|
| UAE -China | 20.39 |
| UAE -South Korea | 16.86 |

ESI between UAE and USA is the highest among the seven countries, implying that these two countries are the closest competitors in the world market for exports in the group of seven countries.

VI Resources

- Oracle Business Intelligence Application, DGCIS
- UN Comtrade Database
- Encyclopædia Britannica, <https://www.britannica.com/place/United-Arab-Emirates>
- 2018 ARTICLE IV CONSULTATION for United Arab Emirates—PRESS RELEASE; STAFF REPORT (IMF Country Report No. 19/35)
- World Trade Organization (WTO) Trade Policy Reviews: UAE
- Human Development Report 2020

VII Appendix

A. Data on Country Profile

Table A: Country Profile — United Arab Emirates

| Country Profile : United Arab Emirates | | | | |
|--|-------------|-------------|-------------|-------------|
| | 1990 | 2000 | 2010 | 2018 |
| World view | | | | |
| Population, total (millions) | 1.83 | 3.13 | 8.55 | 9.63 |
| Population growth (annual %) | 5.8 | 5.5 | 7.7 | 1.5 |
| Surface area (sq. km) (thousands) | 98.6 | 98.6 | 98.6 | 98.6 |
| Population density (people per sq. km of land area) | 25.7 | 44.1 | 120.4 | 135.6 |
| Poverty headcount ratio at national poverty lines (% of population) | .. | .. | .. | .. |
| Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population) | .. | .. | 0 | 0 |
| GNI, Atlas method (current US\$) (billions) | .. | 98.42 | 285.54 | 399.41 |
| GNI per capita, Atlas method (current US\$) | .. | 31,400 | 33,400 | 41,470 |
| GNI, PPP (current international \$) (billions) | .. | 323.32 | 554.58 | 662.91 |
| GNI per capita, PPP (current international \$) | .. | 1,03,160 | 64,860 | 68,830 |
| People | | | | |
| Income share held by lowest 20% | .. | .. | 6.2 | 9.2 |
| Life expectancy at birth, total (years) | 72 | 74 | 76 | 78 |
| Fertility rate, total (births per woman) | 4.5 | 2.6 | 1.8 | 1.4 |
| Adolescent fertility rate (births per 1,000 women ages 15-19) | 55 | 26 | 22 | 6 |
| Contraceptive prevalence, any methods (% of women ages 15-49) | .. | .. | .. | .. |
| Births attended by skilled health staff (% of total) | 99 | 100 | 100 | 100 |
| Mortality rate, under-5 (per 1,000 live births) | 17 | 11 | 9 | 8 |
| Prevalence of underweight, weight for age (% of children under 5) | .. | .. | .. | .. |
| Immunization, measles (% of children ages 12-23 months) | 80 | 94 | 94 | 99 |

| | | | | |
|---|----------|----------|----------|----------|
| Primary completion rate, total (% of relevant age group) | 91 | 80 | 94 | 104 |
| School enrollment, primary (% gross) | 107.3 | 90.4 | 99.9 | 108.4 |
| School enrollment, secondary (% gross) | 61 | 79 | .. | 105 |
| School enrollment, primary and secondary (gross), gender parity index (GPI) | 1 | 1 | .. | 1 |
| Prevalence of HIV, total (% of population ages 15-49) | .. | .. | .. | .. |
| Environment | | | | |
| Forest area (sq. km) (thousands) | 2.5 | 3.1 | 3.2 | 3.2 |
| Terrestrial and marine protected areas (% of total territorial area) | .. | .. | .. | 15 |
| Annual freshwater withdrawals, total (% of internal resources) | 1,076.40 | 1,500.00 | 1,798.40 | 1,708.00 |
| Urban population growth (annual %) | 5.6 | 6 | 8.1 | 1.8 |
| Energy use (kg of oil equivalent per capita) | 11,170 | 10,058 | 7,215 | .. |
| CO2 emissions (metric tons per capita) | 28.44 | 35.92 | 18.55 | 22.04 |
| Electric power consumption (kWh per capita) | 8,501 | 12,314 | 10,610 | .. |
| Economy | | | | |
| GDP (current US\$) (billions) | 50.7 | 104.34 | 289.79 | 422.22 |
| GDP growth (annual %) | 18.3 | 10.9 | 1.6 | 1.2 |
| Inflation, GDP deflator (annual %) | 3.3 | 11.5 | 12.5 | 8.2 |
| Agriculture, forestry, and fishing, value added (% of GDP) | 1 | 2 | 1 | 1 |
| Industry (including construction), value added (% of GDP) | 59 | 49 | 53 | 47 |
| Exports of goods and services (% of GDP) | .. | 49 | 82 | 93 |
| Imports of goods and services (% of GDP) | .. | 41 | 62 | 67 |
| Gross capital formation (% of GDP) | .. | 23 | 27 | 24 |
| Revenue, excluding grants (% of GDP) | .. | 6.5 | 3.4 | 3.4 |
| Net lending (+) / net borrowing (-) (% of GDP) | .. | 0.1 | 0.1 | 0.3 |
| States and markets | | | | |
| Time required to start a business (days) | .. | 19 | 15 | 4 |

| | | | | |
|---|------|-------|-------|--------|
| Domestic credit provided by financial sector (% of GDP) | .. | .. | .. | 90.4 |
| Tax revenue (% of GDP) | .. | 1.1 | 0.3 | 0.1 |
| Military expenditure (% of GDP) | .. | 8.3 | 6 | .. |
| Mobile cellular subscriptions (per 100 people) | 1.8 | 45.6 | 127.8 | 208.5 |
| Individuals using the Internet (% of population) | 0 | 23.6 | 68 | 98.5 |
| High-technology exports (% of manufactured exports) | .. | .. | 4 | 3 |
| Statistical Capacity score (Overall average) | .. | .. | .. | .. |
| Global links | | | | |
| Merchandise trade (% of GDP) | 69 | 81 | 138 | 138 |
| Net barter terms of trade index (2000 = 100) | .. | 100 | 158 | 165 |
| External debt stocks, total (DOD, current US\$) (millions) | .. | .. | .. | .. |
| Total debt service (% of exports of goods, services and primary income) | .. | .. | .. | .. |
| Net migration (thousands) | 368 | 1,190 | 270 | 200 |
| Personal remittances, received (current US\$) (millions) | .. | .. | .. | .. |
| Foreign direct investment, net inflows (BoP, current US\$) (millions) | -116 | -506 | 8,797 | 10,385 |
| Net official development assistance received (current US\$) (millions) | 3.5 | .. | .. | .. |

Source: World Development Indicators database
 Figures in blue refer to periods other than those specified.

Data from database: World Development Indicators
Last Updated: 03/19/2021

B. Commodities requiring product-specific export-promotion policies

| Commodity Code (6-digit) | Commodity Code Description |
|--------------------------|--|
| 100630 | SEMI/WHOLLY MILED RICE W/N POLISHED/GLAZED |
| 200811 | GROUND NUTS , PRPD/PRSVD |
| 210111 | EXTRCTS ESSNCS AND CNCNTRTS OF COFFE |

| | |
|--------|--|
| 250300 | SULPHUR OF ALL KNDS OTHR THN SUBLIMED SULPHUR PCPTD SULPHUR AND COLLOIDAL SULPHUR |
| 283410 | NITRITES |
| 290542 | PENTAERYTHRITOL |
| 290713 | OCTYLPHNL NONYLPHNL AND THR ISO-MERS,SALTS |
| 291219 | OTHR ACYCLIC ALDHYDS WTHOUT OXYGEN FNCTN |
| 291570 | PALMTC ACID,STEARIC ACID THR SLTS AND ESTRS |
| 293190 | OTHER ORGANO-INORGANIC COMPOUNDS INCL ORGANO ARSENIC COMPOUNDS |
| 300450 | OTHER MEDICAMENTS CONTAINING VITAMINS OR OTHER PRODUCTS OF HEADING 2936 : |
| 320649 | OTHR COLRNG MATR AND OTHR PRPTNS |
| 330610 | DENTRIFRICES |
| 330741 | AGARBATTI" AND OTHR ODORIFEROUS PRPNS WHICHOPERATE BY BURNI |
| 340600 | CANDLES TAPERS AND THE LIKE |
| 390120 | POLYETHYLENE HVNG A SPCFC GRVTY 0.94 /MORE |
| 401039 | OTHR TRANSMISSION BLTS/BELTING OF VULCANISED RUBBER |
| 420211 | TRUNKS,SUIT-CASES VANITY-CASES SCHOOL SACHELS AND SMLR CONTNRS WITH OTR SRFCE OF LTHR/COMPSTN LTHR/PATENT LEATHER |
| 420221 | HANDBAGS WITH OUTER SURFACE OF LEATHER OF COMPOSITION LEATHER/OF PATENT LEATHER W/N WTH SHOULDER STRAP-INCL THOS WITHOUT |
| 420222 | HANDBAGS WITH OUTER SURFACE OF SHEETING OF PLASTIC/OF TEXTILE MATERIALS W/N WITH SHOULDER STRAP-INCL THOSE WITHOUT HA |
| 442090 | WOOD MARQUETRY AND INLAID WOOD;CAS-KETSANDCASESFOR CULTRY AND OTHR SIMILAR ARTICLES OF WOOD |
| 460199 | OTHR PLAINTING MATERIALS (EXCL VEG MATERLS) |
| 480255 | OPTHR PAPR AND PAPRBORD NT CTNG FBRS OB-TND BY MCHNCL PRCSS/OF WHCH <=10% BY WT OF TOTAL FBR CNTNT,WGHNG GO G/M2 TO 150 |
| 520420 | COTTON SWNG THREAD PUT UP FOR RETAIL SALE |
| 540262 | OTHR YARN OF POLYSTRS,MULTPL OR CABLD |
| 540754 | WOVN FABRCS,PRINTED,CNTNG BY WT>=85% TEX-TURED POLYESTER FILAMENTS |

| | |
|--------|--|
| 540782 | WOVN FBRC S DYD CNTNG<85% BY WT OF SYNTHTC FILMNTS MIXED MAINLY OR SOLELY WTH COTTON |
| 551599 | OTHER SYNTHETIC MIXD WOVEN FABRICS |
| 560749 | OTHR CORDGE ETC OF POLYETHLN/POLYPROPYLN |
| 560900 | ARTCLS OF YRN STRP/THE LKE OF HDNG NO. 5404/5405 TWINE CORDGE-ROP/CBLS N.E.S. |
| 570110 | CARPETS AND OTHER TEXTILE FLOOR COVERINGS OF WOOL OR FINE ANIMAL HAIR, KNOTTED |
| 570231 | OTHR CRPTS AND FLR CVRNGS OF WOOL/FINE ANML HAIR OF PILE CNSTRCTN,NOT MADE UP |
| 570232 | CRPTS AND TXTL FLR CVRNGS,WVN,OF MANMADE TXTL MATRLS,OF PILE CNSTRCTN,NOT MADE UP |
| 570241 | OTHR CRPTS AND FLOOR CVRNGS OF WOOL/FINE ANIMAL HAIR OF PILE CNSTRCTN,MADE UP |
| 570292 | CRPTS AND OTHR TXTL FLR CVRNGS OF MAN-MADE TXTL MATRLS,NT OF PILE CON-STRCTN,MADE UP |
| 570310 | CARPETS AND OTHER TEXTILE FLOOR COVERINGS OF WOOL/FINE ANIMAL HAIR TUFTD,W/N MADE UP |
| 570330 | CARPETS AND OTHR TEXTILE FLOOR COVERINGS OF OTHR MN-MDE TXTL MATRL TUFTD,W/N MDE-UP |
| 580137 | WARP PILE FABRICS OF MANMADE FIBRES |
| 581099 | EMBRDRY OF OTHR TXTL MATRLS |
| 610442 | DRESSES OF COTTON |
| 610449 | DRESSES OF OTHER TEXTILE MATERIALS |
| 610719 | UNDRPNTS AND BRIEFS OF OTHR TEXTILE MATRLS |
| 610721 | NIGHTSHIRTS AND PYJAMAS OF COTTON |
| 611420 | OTHER GARMENTS OF COTTON |
| 611490 | OTHR GRMNTS OF OTHR TEXTILE MATERIALS |
| 611529 | OF OTHER TEXTILE MATERIALS: |
| 620332 | JACKETS AND BLAZERS OF COTTON |
| 620442 | DRESSES OF COTTON |
| 620443 | DRESSES OF SYNTHETIC FIBRES |
| 620449 | DRESSES OF OTHER TEXTILE MATERIALS |
| 620452 | SKIRTS AND DIVIDED SKIRTS OF COTTON |
| 620453 | SKIRTS AND DIVIDED SKIRTS OF SYNTHETIC FIBRS |
| 620459 | SKRTS AND DVDED SKRTS OF OTHER TXTL MAT-RALS |
| 620520 | MEN'S OR BOYS' SHIRTS OF COTTON |
| 620799 | OTHER SMLR GARMENTS OF OTHER TXTL MATRLS |

| | |
|--------|---|
| 620920 | BABIES' GRMNTS AND CLOTHNG ACCSSRS OF COT- TON |
| 621139 | OTHR GRMNTS OF OTHR TXTL MTRLS FR MNS/BOYS |
| 621142 | OTHR GRMNTS OF COTTON FR WOMEN'S OR GIRLS' |
| 621143 | OTHER GARMENTS OF MAN-MADE FIBRES |
| 621149 | OTHER GARMENTS OF OTHER TEXTILE MATERIALS |
| 630130 | BLANKETS(OTHER THAN ELECTRIC BLANKETS) AND TRAVELLING RUGS,OF COTTON |
| 630190 | OTHER BLANKETS AND TRAVELLING RUGS : |
| 630251 | OTHER TABLE LINEN OF COTTON |
| 630260 | TOILET LINEN AND KITCHEN LINEN,OF TERRY TOWELLING/SIMILAR TERRY FABRICS,OF COTN |
| 630291 | OTHER LINEN OF COTTON |
| 630492 | OTHR FRNSHNG ARTCLS OF COTN,NT KNTD/CRCHTD |
| 630590 | SACKS AND BAGS OF OTHER TEXTILE MATERIALS |
| 630720 | LIFE-JACKETS AND LIFEBELTS |
| 680223 | SMPLY CUT/SWN GRANITE WTH A FLT/EVN SURFCE |
| 680229 | OTR SMPLY CUT/SWN STNE WTH A FLT EVN SRFCE |
| 681381 | BRAKE LININGS AND PADS |
| 690220 | REFRCTORY BRCKS BLOCKS ETC CONTNG BY WT> 50% OF ALUMINA,SILICA/OF MIXTURE OF THESE |
| 690721 | |
| 690722 | |
| 690723 | |
| 701610 | GLSS CUBES AND OTHR GLSS SMLWARES W/N ON BCKNG FR MOSAICS/SMLR PURPS |
| 701940 | WOVEN FABRICS OF ROVINGS |
| 710239 | OTHERS : |
| 710391 | OTHERWISE WRKD RUBIES SAPPHIRES AND EMER- ALS |
| 720241 | FERRO-CHROMIUM CARBON CONTNG>4% BY WT |
| 720291 | FERROTITANIUM AND FERRO-SILICO-TITAMIUM |
| 720711 | PRDCTS CONTNG BY WT<0.25% CRBN,OF RCTNGLR (INCL SQR)CRS-SCTN;WDTH<TWICE THE THCKNS |
| 721699 | OTHER : |
| 722300 | WIRE OF STAINLESS STEEL |
| 730511 | LINE PIPE USED FOR OIL OR GAS PIPELINES LONGI- TUDINALLY SUBMERGED ARC WELDED HAVING EXTERNAL DIAMETER >406.4MM |
| 730690 | OTHER TUBES,PIPES ETC.OF IRON OR STEEL |

| | |
|--------|---|
| 730711 | CAST FITTINGS OF NON-MALLEABLE CAST IRON |
| 730791 | FLANGES OF OTHER IRON OR STEEL |
| 730792 | THRDED ELBWS,BNDS AND SLEVS OF OTHR IRN/STL |
| 732112 | COOKNG APLNCS AND PLATE WARMRS FOR LQD FUEL |
| 732394 | OTHER HOUSEHOLD ARTICLES OF IRON (OTHER THAN CAST IRON)OR STEEL,ENAMELLED |
| 821599 | OTHR ARTICLES NOT IN SETS |
| 830241 | OTHR MOUNTINGS FITTINGS AND SMLR ARTCLS SUITABLE FOR BUILDINGS |
| 830621 | STATUETS AND OTHR ORNMNTS PLTD WTH PRCS MTL |
| 841280 | OTHER ENGINES AND MOTORS NES |
| 842519 | OTHER PULLEY TACKLE AND HOIST |
| 842630 | PORTAL/PEDESTAL JIB CRANES |
| 843049 | OTHR BORNG / SINKNG MACHINRY NT SELF-PRPLD |
| 845522 | ROLLING MILLS-COLD |
| 846890 | PARTS OF ARTICLES OF HEADING 8468 |
| 847920 | MCHNRY FR THE EXTRACTIONS/PRPRTN OF ANML/ FIXED VEGETABLE FATS/OILS |
| 848190 | PARTS OF THE ITEMS UNDR HDG 8481 |
| 850211 | GENRTRNG SETS WTH CMPRSSN IGNTN INTRNL CMBSTN PSTN ENGNS(DIESL/SEMI-DIESL ENGNS) OF AN OUTPUT NT EXCDNG 75 KVA |
| 850212 | GENRTRNG SETS WTH CMPRSSN IGNTN INTRNL CMBSTN PSTN ENGNS(DSL/SEMI-DSL ENGNS)OF AN OUTPUT >75 KVA BUT <=375 KVA |
| 853210 | FXD CPCTRS DSGND FR USE IN 50/60 HZ CRCTS HVNG A REACTIVE PWR HNDLNG CAPACITY OF NT LESS THN 0.5 KVAR(PWR CAPACITORS) |
| 853540 | LIGHTNING ARRESTERS,VOLTAGE LIMITERS AND SURGE SUPPRESSORS |
| 853620 | AUTMTC CIRCUIT BREAKERS |
| 853810 | BORDS,PANELS,CONSOLES ETC.FR THE GOODS OF HDG NO.8537 NT EQPPD WTH THR APPRTS |
| 854460 | OTHER ELECTRIC CONDUCTORS, FOR A VOLTAGE EXCEEDING 1000 V |
| 854511 | ELECTRODES OF A KIND USED FOR FURNACES |
| 910599 | OTHER CLOCKS NES |
| 940360 | OTHER WOODEN FURNITURE |

| | |
|--------|--|
| 940490 | OTHR MATRESS SUPORT AND ARTCLS OF BEDNG ETC |
| 940550 | NON-ELECTRCLS LAMPS AND LIGHTING FITTINGS |
| 960910 | PNCL AND CRYNS WTH LEADS ENCLSD IN RGD SHTH |
| 961400 | SMOKING PIPES (INCLUDING PIPE BOWLS) AND CI-GAR OR CIGARETTE HOLDERS AND PARTS THEREOF |

C. Commodities requiring market-specific export-promotion policies

| Commodity Code (6-digit) | Commodity Code Description |
|--------------------------|--|
| 100821 | MILLET : SEED |
| 110423 | HULLED,PEARLED,SLICD/KIBBLD MAIZE (CORN) |
| 120241 | GROUND-NUT, NOT ROASTED OR OTHERWISE COOKED, WHETHER OR NOT SHELLLED OR BROKEN-IN SHELL |
| 170114 | OTHER CANE SUGAR: |
| 250300 | SULPHUR OF ALL KNDS OTHR THN SUBLIMED SULPHUR PCPTD SULPHUR AND COLLOIDAL SULPHUR |
| 251400 | SLATE W/N ROUGHLY TRMMD/MERELY CUT BY SAWING/OTHRWSE INTO BLKS/SLBS OF A RCT-NGLR AND SQ SHAPE |
| 260112 | IRON ORE AND CONCENTRATES AGGLOMERATED |
| 262190 | ASH AND RESIDUES FROM INCINERATION OF OTHERTHAN MUNICIPAL WASTE |
| 270810 | PITCH |
| 282090 | OTHER MANGANESE OXIDES |
| 282300 | TITANIUM OXIDES |
| 290514 | OTHER BUTANOLS : |
| 290542 | PENTAERYTHRITOL |
| 290629 | OTHER AROMATIC ALCOHOL |
| 290713 | OCTYLPHNL NONYLPHNL AND THR ISOMERS,SALTS |
| 290899 | OTHER |
| 290949 | OTHR ETHR-ALCHLS AND THR HALGNTD SLPHNTD NITRATED OR NITROSATED DERIVATIVES |

| | |
|--------|--|
| 291219 | OTHR ACYCLIC ALDHYDS WTHOUT OXYGEN FNCTN |
| 291513 | ESTERS OF FORMIC ACID |
| 291560 | BUTYRIC ACDS, VALERIC ACDS THR SLTS AND ESTRS |
| 291816 | GLUCONIC ACID ITS SALTS AND ESTERS |
| 292029 | |
| 292211 | MONOETHANOLAMINE AND ITS SALTS |
| 292217 | |
| 292519 | OTHR IMIDES AND THR DRVTVS SLTS THEREOF |
| 300450 | OTHER MEDICAMENTS CONTAINING VITAMINS OR OTHER PRODUCTS OF HEADING 2936 : |
| 340600 | CANDLES TAPERS AND THE LIKE |
| 360200 | PRPD EXPLOSIVES OTHR THN PROPELLENT PWDRS |
| 381231 | |
| 381511 | SUPPRTD CATALYSTS WTH NICKEL/NICKEL CMPNDS |
| 390110 | POLYETHYLENE HVNG A SPFC GRVTY BELOW 0.94 |
| 390120 | POLYETHYLENE HVNG A SPCFC GRVTY 0.94 /MORE |
| 420221 | HANDBAGS WITH OUTER SURFACE OF LEATHER OF COMPOSITION LEATHER/OF PATENT LEATHER W/N WTH SHOULDER STRAP-INCL THOS WITHOUT |
| 440290 | OTHER : |
| 510220 | COARSE ANIMAL HAIR |
| 520943 | OTHER FABRICS OF 3-THREAD OR 4-THREAD TWILL, INCLUDING CROSS TWILL : |
| 521019 | OTHER MIXD COTN FABRICS, UNBLEACHED WEGHNG NOT MORE THAN 200 GM PER SQM |
| 521031 | DYED PLAIN WEAVE MXD COTN FABRICS WEIGHING NOT MORE THN 200 GM PER SQM |
| 521211 | OTHR UNBLCHD WOVN FABRICS OF COTTON WEIGHING NOT MORE THAN 200 G/M2 |
| 540754 | WOVN FABRCS, PRINTED, CNTNG BY WT >=85% TEXTURED POLYESTER FILAMENTS |
| 540784 | WOVN FBRCS, PRNTD, CONTAINING <85% BY WT OF SYNTHTC FILAMNTS, MIXD MANLY/SOLY WTH COTON |

| | |
|--------|---|
| 550330 | STAPLE FIBRS OF ACRLC/MODACRLC NT CRD/CMBD |
| 551512 | FBRCs OF POLYESTR STPL FABRS MXD MAINLY/ SOLELY WTH MAN-MADE FILAMENTS |
| 570231 | OTHR CRPTS AND FLR CVRNGS OF WOOL/FINE ANML HAIR OF PILE CNSTRCTN,NOT MADE UP |
| 570232 | CRPTS AND TXTL FLR CVRNGS,WVN,OF MANMADE TXTL MATRLS,OF PILE CNSTRCTN,NOT MADE UP |
| 570241 | OTHR CRPTS AND FLOOR CVRNGS OF WOOL/FINE ANIMAL HAIR OF PILE CNSTRCTN,MADE UP |
| 570249 | CRPTS AND TXTL FLR CVRNGS,WVN,OF OTHR TXTL MATRLS,OF PILE CNSTRCTN,MADE-UP |
| 581091 | OTHER EMBROIDERY OF COTTON |
| 590800 | TXTL WICKS,WOVEN,PLAIED/KNITTED,FOR LAMPSTOVES,LIGHERS,CANDLES ETC,INCANDESCENT GAS MANTLES ETC,W/N IMPREGNATED |
| 630130 | BLANKETS(OTHER THAN ELECTRIC BLANKETS) AND TRAVELLING RUGS,OF COTTON |
| 630229 | PRINTED BED LINEN OF OTHR TXTL MATRLS |
| 630251 | OTHER TABLE LINEN OF COTTON |
| 630291 | OTHER LINEN OF COTTON |
| 630590 | SACKS AND BAGS OF OTHER TEXTILE MATERIALS |
| 680221 | SIMPLY CUT/SAWN MARBLE TRAVERTINE AND ALABASTER WITH A FLAT OR EVEN SURFACE |
| 680229 | OTR SMPLY CUT/SWN STNE WTH A FLT EVN SRFCE |
| 681292 | PAPER, MILLBOARD AND FELT: |
| 681381 | BRAKE LININGS AND PADS |
| 701940 | WOVEN FABRICS OF ROVINGS |
| 710391 | OTHERWISE WRKD RUBIES SAPPHIRES AND EMERALDS |
| 710399 | OTHERWISE WRKD OTHR PRCS AND SEMI PRCS STONE |
| 720241 | FERRO-CHROMIUM CARBON CONTNG>4% BY WT |
| 721914 | HT-RLLD PRDCTS IN COILS OF THCKNS<3 MM |
| 721923 | HT-RLLD PRDCTS NT IN COILS OF THCKNS OF >=3MM BUT <4.75 MM |
| 730422 | DRILL PIPE OF STAINLESS STEEL |

| | |
|--------|---|
| 730449 | OTHR TUBE,PIPE AND HOLO PROFILE OF CIRCULAR CROSS-SECTION OF OTHER STAINLESS STEEL |
| 730511 | LINE PIPE USED FOR OIL OR GAS PIPELINES LONGITUDINALLY SUBMERGED ARC WELDED HAVING EXTERNAL DIAMETER >406.4MM |
| 730791 | FLANGES OF OTHER IRON OR STEEL |
| 740500 | MASTER ALLOYS OF COPPER |
| 820520 | HAMMERS AND SLEDGE HAMMERS |
| 820713 | ROCK DRILLING OR EARTH BORING TOOLS WITH WORKING PART OF CERMETS |
| 820719 | OTHER, INCLUDING PARTS |
| 840211 | WATER TUBE BOILERS WITH A STEAM PRODUCTION >45T/HR |
| 840290 | PARTS OF STEAM/VAPOR GENERATING BOILERS |
| 840420 | CONDENSERS FOR STEAM/OTHER VAPOR POWER UNITS |
| 840690 | PARTS OF TURBINES |
| 840710 | AIR-CRAFT ENGINES |
| 841112 | TURBO-JETS OF A THRUST >25 KN |
| 841181 | OTHER GAS TURBINES OF POWER ≤5000 KW |
| 841280 | OTHER ENGINES AND MOTORS |
| 841382 | LIQUID ELEVATORS |
| 841440 | AIR COMPRESSORS MOUNTED ON WHEELED CHASSIS FOR TRAILING |
| 842630 | PORTAL/PEDESTAL JIB CRANES |
| 845230 | SEWING MACHINE NEEDLES |
| 845510 | TUBE MILLS |
| 845522 | ROLLING MILLS-COLD |
| 846190 | OTHER MACHINE TOOLS OF HDG NO 8461 |
| 847751 | MACHINERY FOR MOULDING/RETREADING PNEUMATIC TYPES OR FOR MOULDING/OTHERWISE FORMING INNER TUBES |
| 847920 | MACHINERY FOR THE EXTRACTIONS/PREPARATION OF ANIMAL/FIXED VEGETABLE FATS/OILS |
| 850161 | AC GENERATORS (ALTERNATORS) OF AN OUTPUT NOT EXCEEDING 75KVA |
| 850423 | LIQUID DIELECTRIC TRANSFORMERS HAVING A POWER HANDLING CAPACITY EXCEEDING 10000 KVA |
| 852873 | OTHER, BLACK AND WHITE OR OTHER MONOCHROME: |
| 853540 | LIGHTNING ARRESTERS, VOLTAGE LIMITERS AND SURGE SUPPRESSORS |
| 890690 | OTHER UNDER HDG NO 8906 |

| | |
|--------|-------------------------------|
| 910990 | OTHER CLOCK MOVEMENTS |
| 930599 | PRTS OF HEADING 9302 AND 9304 |
| 940389 | OTHER |

D. Trade Indicators

1. Revealed Comparative Advantage Index (RCA): RCA for a commodity exported from a country means the importance of this commodity in the export trade of the country in comparison with the importance of the commodity in world exports. Mathematically,

$$RCA_{ij} = (x_{ij}/X_{it}) / (x_{wj}/X_{wt})$$

where x_{ij} = country i 's exports of commodity j

X_{it} = country i 's total exports

x_{wj} = world exports of commodity j

X_{wt} = total world exports.

When $RCA_{ij} > 1$, i.e. when j 's weight in i 's exports (x_{ij}/X_{it}) is more than j 's weight in world exports (x_{wj}/X_{wt}), country i is said to have a revealed comparative advantage in commodity j . There is a revealed comparative disadvantage if $RCA_{ij} < 1$. When $RCA_{ij} = 1$, there is neither comparative advantage or disadvantage.

By studying the RCA for a commodity exported from a country over time, it can be seen whether the country in question is gaining in comparative advantage regarding a particular commodity. If RCA is falling, the reasons require investigation. (x_{ij}/X_{it}) may have risen less or fallen more than proportionately than (x_{wj}/X_{wt}).

2. One way of checking the reasons for a fall in RCA for a particular commodity is seeing which markets are responsible for this fall. This can be seen from another, slightly different, indicator called Export Specialization Index (ESI).

$$ESI = (x_{ij}/X_{it}) / (m_{kj}/M_{kt}), \text{ where}$$

m_{kj} = import of commodity j to market k

M_{kt} = world imports of commodity k .

(m_{kj}/M_{kt}) gives the weight of j in market k . So, if RCA_{ij} is seen to fall, then it can be found out for which markets ESI has fallen. Special attention may then be given to those markets regarding the commodity in question.

3. Like RCA, the revealed comparative import intensity (RCII) can also be measured.

$$RCII = (m_{ij}/M_{it}) / (m_{wj}/M_{wt})$$

where m_{ij} = country i 's imports of commodity j

M_{it} = country i 's total imports

m_{wj} = world imports of commodity j

M_{wt} = total world imports.

This gives an idea whether the proportion of imports of any commodity is more than expected, in terms of the share of that commodity in world imports.

4. Bilateral trade between countries is an important area of trade policy in that bilateral trade

agreements are signed to increase trade. However, some points require to be examined before entering into these agreements. Firstly, it is necessary to see whether there is trade complementarity between the two countries. That is, whether the exports of one country match with the imports of the other, and vice versa. Naturally, when trade complementarity is high between two countries, it is beneficial to enter into a trade agreement. If a partner country does not import what India generally exports, there is little point in entering into a trade agreement with that country. The Trade Complementarity Index (TCI) is given as follows:

$$TCI = 1 - \sum (|m_{ik} - x_{ij}| / 2), \text{ where}$$

m_{ik} = share of commodity i in the imports of market k

x_{ij} = share of commodity i in the exports of country j .

It is evident that TCI can have values between 0 and 1. When these shares, m_{ik} and x_{ij} are close to each other, (i.e. when trade complementarity increases) TCI is close to 1. As their difference increases, TCI falls.

TCIW = TCI between a country and the World.

RTCI (Relative Trade Complementarity Index) between country k and country j = (TCI between country k and country j) / (TCI between country k and the world)

RTCI gives a measure of the complementarity between two countries as compared to the complementarity between the first country and the world.

5. But another fact may be checked while proceeding to enter into a trade agreement. The trade between the two countries may already be quite high. This can be measured by the Export Intensity Index (EII).

$$EII = (x_{ij}/X_{it}) / (x_{wj}/X_{wt})$$

where x_{ij} = country i 's exports to country j

X_{it} = country i 's exports to the world

x_{wj} = world exports to country j

X_{wt} = total world exports.

This essentially measures the relative importance of country j in country i 's export trade, in comparison with country j 's importance as world export destination. $EII < 1$ or > 1 implies less than or more than expected bilateral trade, respectively. If EII is already high, there is little scope of further increasing bilateral trade between i and j . But if it is low, and if TCI is high, bilateral trade can very well be increased through trade agreements.

6. A related indicator is the Export Similarity Index (XSI), which helps us identify a country's competitors.

$$XSI = \sum [\min (X_{ij}, X_{ik}) * 100]$$

where X_{ij} = share of commodity i in exports of country j

X_{ik} = share of commodity i in exports of country k

XSI can vary between 0 and 100. It will be seen that when $X_{ij} = X_{ik}$ for all i 's, $XSI = 100$, which means complete export similarity between countries j and k . As X_{ij} and X_{ik} start to differ, XSI falls. Countries exporting the same commodities are competitors in the world market, and export strategies, taking in to account such competition, have to be designed accordingly.

7. It is necessary to know whether the exports of a country are concentrated in a few products. A high concentration, while enabling a country to reap the benefits of specialization and economies of scale, also exposes a country to the risks arising from the vicissitudes of global trade. The Hirschman Index (HI), used by UNCTAD, is a handy measure for monitoring export concentration.

$$HI = \sqrt{[\sum Sq(x_i/X_t)]}$$

where x_i is the country's exports of commodity i

X_t is the country's total exports.

HI ranges from $(1/n)$ to 1. The higher the value of HI, the higher the concentration of exports.

8. Intraindustry trade is of importance as it can increase and expand markets. The standard indicator is the Index of Intraindustry Trade (IIT).

$$IIT_{jk} = 1 - [\sum |X_{ijk} - M_{ijk}| / (X_{ijk} + M_{ijk})]$$

where X_{ijk} = exports of products of industry i from country j to country k

M_{ijk} = imports of products of industry i from country k to country j .

IIT can take values from 1 (extremely high intra-industry trade, exports equaling imports) to 0 (no interindustry trade at all).
