

# India's Bilateral Relations with the GCC Countries: Trends in Trade, Migration and Remittances



Working Paper No: 94



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## **EXPORT-IMPORT BANK OF INDIA**

### **WORKING PAPER NO. 94**

#### **India's Bilateral Relations with the GCC Countries: Trends in Trade, Migration and Remittances**

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March 2020





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# Executive Summary

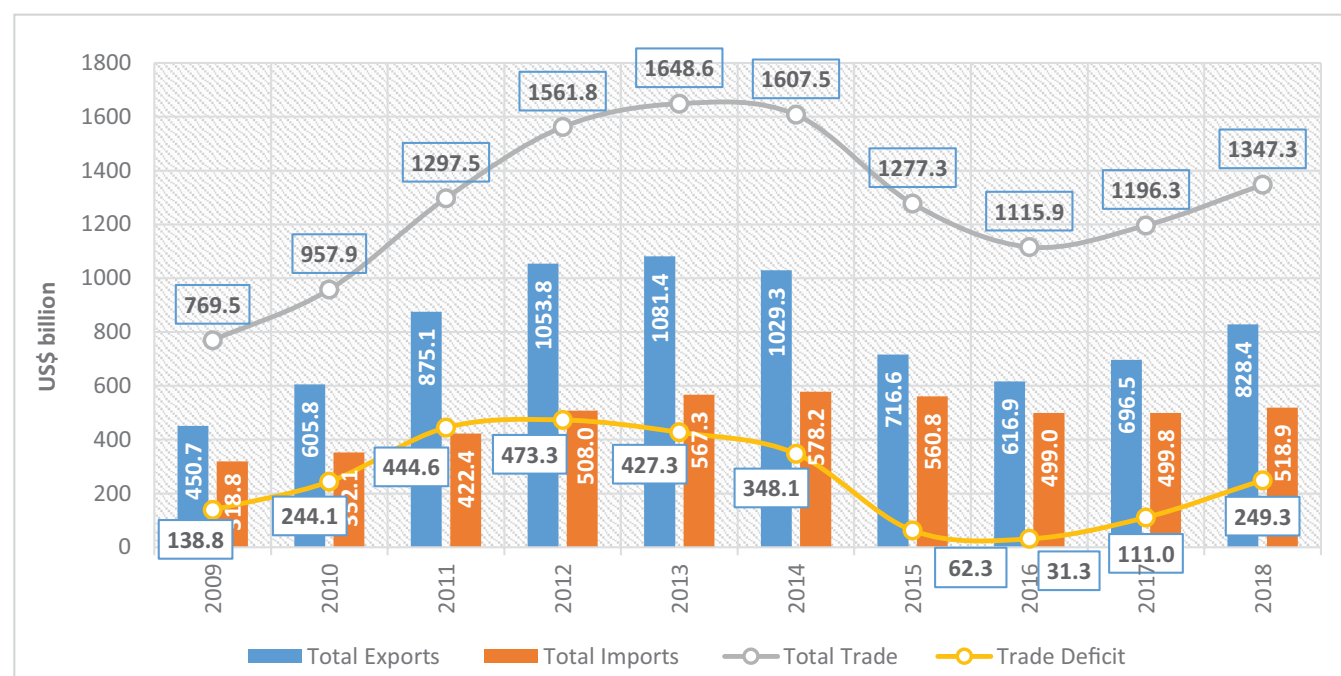
The Gulf Cooperation Council, a regional inter-governmental political and economic union of 6 Arab countries viz. the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait, is home to around 56.8 million people. As a group, the GCC has been increasingly determining the economic, political, and security related policies of its member States. It comprises of some of the fastest growing economies in the world, largely driven by oil and natural gas revenues coupled with infrastructure boom backed by forex reserves. Their economies are thriving on large exports of oils to the world with a combined GDP of US\$ 1.7 trillion in 2018 which accounts for 1.9% of the global GDP, increasing from US\$ 957.8 billion in 2009. The GCC countries are moving ahead rapidly with their economic integration and diversification efforts.

Among the GCC countries, Saudi Arabia contributes the major portion of the GDP, amounting to US\$ 786.5 billion while accounting for 47.6% of the total GDP of GCC in 2018, followed by UAE with US\$ 414.2 billion (25.1%), Qatar with US\$ 191.4 billion (11.6%), Kuwait with US\$ 141.6 billion (8.6%), Oman with US\$ 79.3 billion (4.8%) and Bahrain with US\$ 37.7 billion (2.3%).

## International Trade

The GCC region's international trade saw an overall increasing trend between 2009 and 2018, enjoying a trade surplus over the last 10 years. The total trade grew from US\$ 769.5 billion in 2009 to reach US\$ 1,347.3 billion in 2018. In 2018, the total exports of GCC stood at US\$ 828.4 billion with total imports amounting to US\$ 518.9 billion, thereby resulting in a trade surplus of US\$ 249.3 billion. Between 2017 and 2018, the total trade showed a growth rate of 12.6% with the exports growing by 19.1% and imports growing by 3.8% (refer **Figure 1**).

**Figure 1: Trends in International Trade of GCC (2009-2018)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

UAE is the largest exporter in the GCC region in 2018 with total exports of US\$ 316.9 billion which constituted 38.3% of total exports originating from the region. UAE is closely followed by Saudi Arabia which had total exports of US\$ 294.5 billion and a share of 35.6%; Qatar (US\$ 84.3 billion and a share of 10.2%); Kuwait (US\$ 71.9 billion and a share of 8.7%); Oman (US\$ 41.8 billion and a share of 5.1%); and Bahrain (US\$ 17.9 billion and a share of 2.2%)

In 2018, mineral fuels and products constituted 60.7% of the total exports of GCC countries. GCC countries together supply 20% of the total world exports of mineral fuels, oils and products. Other export items include pearls, precious stones and metals (5.7%), plastics and its article (3.8%), electrical machinery and equipment (3.5%), machinery and mechanical appliances (2.5%) and organic chemicals (2.4%).

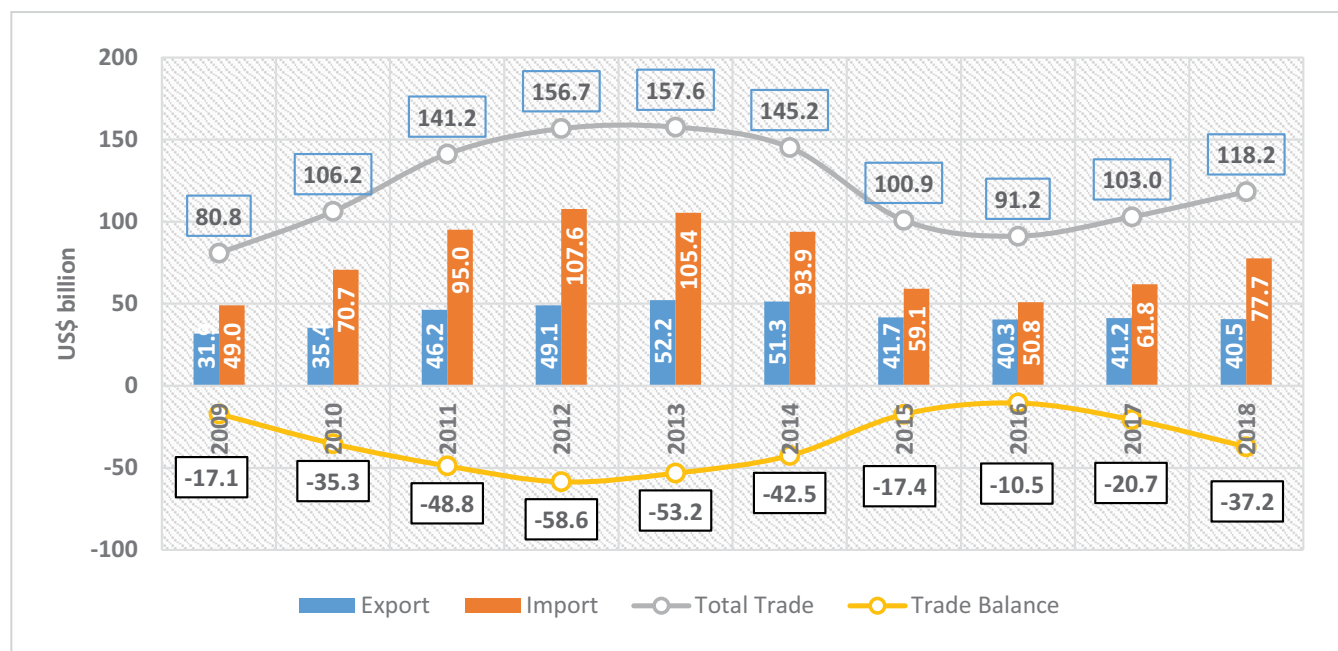
The GCC region's imports in 2018 stood at US\$ 518.9 billion. UAE is also the largest importer in the region with imports amounting to US\$ 261.5 billion which translates into a share of 50.4% in the total imports of the GCC region. This was followed by Saudi Arabia (US\$ 135.2 billion and a share of 26.1%); Kuwait (US\$ 35.9 billion and a share of 6.9%); Qatar (US\$ 31.7 billion and a share of 6.1%); Oman (US\$ 25.7 billion and a share of 5%); and Bahrain (US\$ 20.6 billion and a share of 4%).

During the year 2018, the total import demand of the GCC countries were dominated by pearls, precious stones and metals (12%), electrical machinery and equipment (11.6%), machinery and mechanical appliances (11.5%), vehicles other than railway (8.4%), mineral fuel and products (5.5%) and articles of iron and steel (2.9%).

### **India's Trade Relations with the GCC**

Over the years, the GCC has emerged as a major trading partner for India. The total trade between India and the GCC region increased from US\$ 80.8 billion in 2009 to US\$ 118.2 billion in 2018. Total trade between the GCC region and India peaked in 2013 amounting to US\$ 157.6 billion due to India's high level of imports, resulting in high trade deficit for India. During 2009-2018, India has consistently maintained a trade deficit, stemming from significant dependency on oil import from the region. After 2013, total trade with the region experienced a moderation with falling imports and consistent level of exports. In 2018, total trade increased by around 15% over the previous year, with exports decreasing by 1.6% and imports increasing by 25.7%, during the period (refer **Figure 2**).

Figure 2: India's Trade with GCC (2009-2018)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

India's exports to the GCC region is highly concentrated towards UAE, which accounted for more than 70% of the total exports to the GCC region amounting to US\$ 29 billion in 2018. This is followed by Saudi Arabia (13.6%), Oman (5.6%), Qatar (4.2%), Kuwait (3.3%), and Bahrain (1.8%).

In terms of products, pearls, precious stones and metals; and petroleum products dominated India's exports to the GCC region. In 2018, the share of pearls and precious stones stood at 24.7% of India's total exports to GCC, followed by petroleum products with 19.6% share. Other export items include cereals (5% of India's total exports), electrical machinery and equipment (4.9%), ships boats and floating structures (4.4%) and machinery and mechanical appliances (3.6%)

Saudi Arabia and UAE were the largest sources of India's imports in 2018 from GCC, together constituting more than 70% of India's total imports from the GCC region. Saudi Arabia constituted 36.5% of India's total imports from the region amounting to US\$ 28.4 billion, closely followed by UAE (34.5%), Qatar (13.6%), Kuwait (10.1%), Oman (4.6%), and Bahrain (0.7%).

India's total imports from the GCC region increased from US\$ 49 billion in 2009 to US\$ 78 billion in 2018. More than two-third of India's total imports originating from the GCC region in 2018 are in the product category of mineral fuels and oils. Pearls, precious stones and metals (9.7% of India's total imports), organic chemicals (3.4%), plastics and its articles (2.8%), fertilizers (2%) are some other important products that India imported from the region in 2018.

### Opportunities for Enhancing India's Trade with GCC Countries

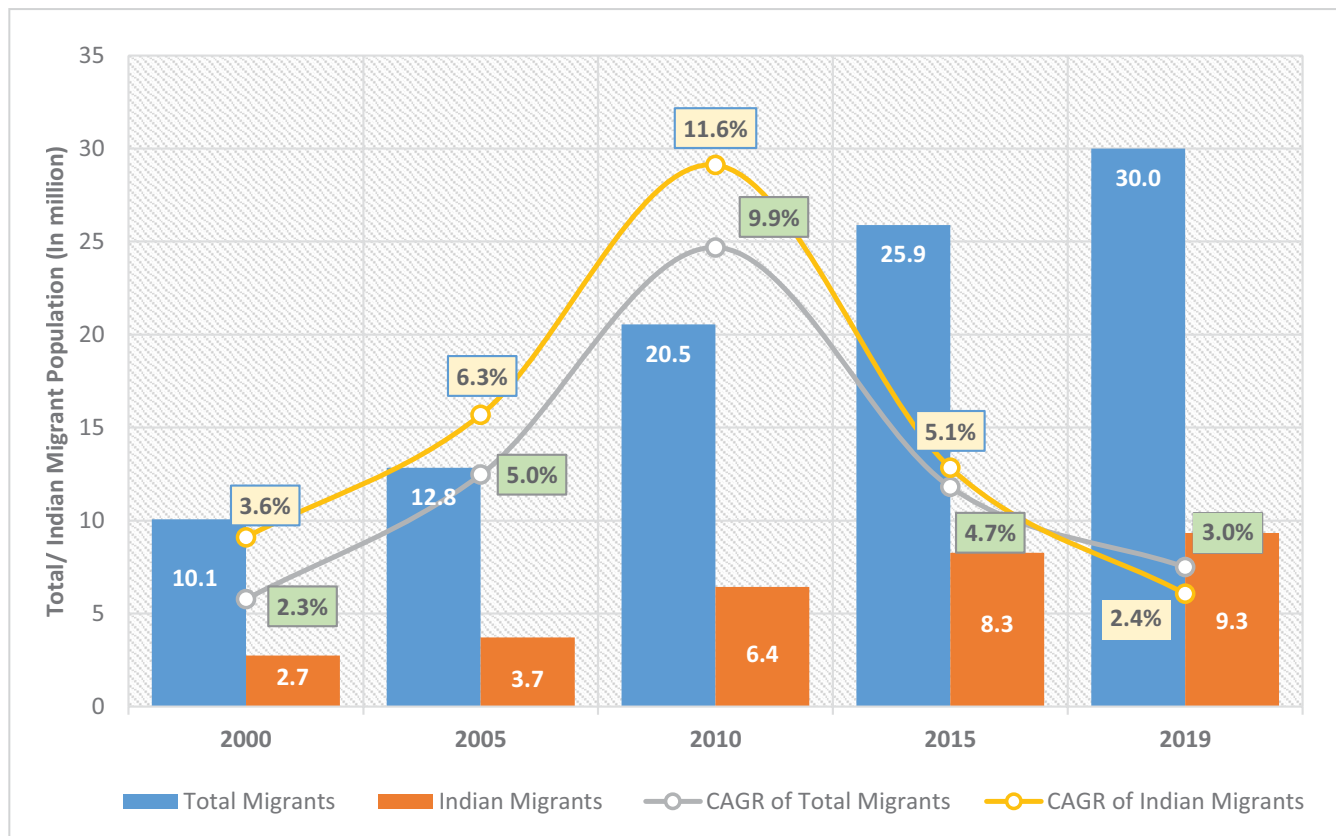
India's overall trade with the GCC has increased from US\$ 80.8 billion in 2009 to US\$ 118.2 billion in 2018. The growth in trade has largely been in favour of the GCC countries with the rate of growth

of Indian imports from GCC being higher than rate of growth of Indian exports to GCC. India has an overall trade deficit with the GCC region, as a result of large trade deficit with most individual GCC countries on account of import of large quantities of oil from the region. India's trade deficit with the GCC amounted to US\$ 37.2 billion in 2018 more than doubling from US\$ 17.1 billion in 2009. Except for Bahrain and UAE, India runs a trade deficit with all the other GCC countries. This calls for further expansion and diversification of India's exports to the GCC countries.

In order to enhance India's exports to the GCC region, the study identifies items of potential exports from India to GCC member countries. Identification of such products could (i) help narrow India's trade deficit with the region and (ii) increase overall bilateral trade between India and the GCC region. Based on import demand in GCC and India's export capability, India has potential to expand exports to GCC region in the following product categories viz.: machinery and mechanical appliances (HS Code 84); electrical machinery and equipment (HS Code 85); vehicles other than railway or tramway (HS Code 87); pharmaceutical products (HS Code 30); pearls, precious stones and metals (HS Code 71); articles of iron and steel (HS Code 73); and plastics and its articles (HS Code 39).

### **Migration and Remittances**

India is a major country of origin and transit as well as popular destination for workers across international borders. India is also a key contributor to the world's skilled, semi-skilled and unskilled labour force. As per United Nations, Department of Economic and Social Affairs (UNDESA), there are over 30 million Indian migrants overseas, with as many as 9.3 million Indians in the GCC region alone. Since the oil boom of 1970s, the gulf region has been a major destination for Indian workers. Thus, an important aspect of India-GCC relations is India's large expatriate population in the Gulf countries providing skilled, semi-skilled and unskilled labour force as also a key source of remittances to India. With the GCC countries largely dependent on migrant labour force from India for their infrastructure projects, this symbiosis has turned out to be mutually beneficial and rewarding.

**Figure 3: Trends in Migration to GCC (2000-2019)**

Source: United Nations, Department of Economic and Social Affairs (UNDESA)

Indian migrants constitute a significant share in the total migrant population in the GCC region. On an average, India accounted for a share of around 30% of the total migrant population of GCC since 2000. The number of Indian migrants to GCC has increased from 2.7 million in 2000 to 9.3 million in 2019. Until 2015, the growth rate of Indian migrants has been consistently higher than the overall migration trend. But post 2015, the growth in number of Indian migrants to GCC, fell below that of total migrants from the world. The peak growth rate of migration from India was seen during the period 2005-2010, during which the overall migration increased at a CAGR of 11.6% as compared to a growth of 9.9% in global migrants into the GCC. During 2015-2019, the Indian migration to GCC witnessed a growth rate of just 2.4% as compared to 5.1% witnessed in preceding time period (refer **Figure 3**).

GCC, being home to a large number of migrant population and India having the largest diaspora in the world, makes GCC stand as one of the largest remittance sending countries amounting to US\$ 116.3 billion in 2018, and at the same time India, as the top remittance recipient country with US\$ 78.6 billion in 2018. Remittances to India also make up for 11.4% of the total global remittance inflow. Remittances to India increased by 14% to US\$ 78.6 billion in 2018 as compared to US\$ 68.9 billion in the preceding year. Remittances to India have increased continuously since 1990 except for a modest decrease witnessed during a few intermittent years.

## Way Forward

India and GCC countries are reaping the mutual benefit of the existing partnership between each

other. However, in the long run, for India-GCC relationship to further strengthen and prosper, it is imperative to identify new drivers for India-Gulf synergy and avenues of greater future cooperation. A few policy catalysts that could help boost bilateral cooperation could include (i) expansion of trade based on identified commodities which hold export potential for India, which would help in narrowing India's high trade deficit with the Gulf; (ii) diversification of markets; (iii) re-engaging to explore a Free Trade Agreement (FTA) or an economic partnership agreement with the GCC; (iv) cooperation for allowing temporary movement of people; (v) increased cooperation in services sector; (vi) improving trade logistics; (vii) identifying a unified trade representative body; and (viii) enhancing people-to-people interactions, among others.



## CHAPTER



# An Overview of the GCC Region

## Background

The **Gulf Cooperation Council (GCC)** was formed on 25<sup>th</sup> May 1981, as a political and economic union of six Arab states, viz. the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait. The unified economic agreement between the GCC countries was signed in November 1981 in Abu Dhabi, United Arab Emirates which envisages closer coordination, integration and inter-connection among the member States. The setting up of this union was a result of strong historical, geographical, social and cultural affinity among the member states with the common objective to protect themselves from threats after the Iran-Iraq war. All these factors, enhanced by one geographical entity extending from sea to desert, have facilitated contacts and interaction among them, and created homogeneous values and characteristics. They are autocratic monarchies or sheikhdoms, with limited political participation.

## Objectives

The GCC Charter states that the basic objectives are:

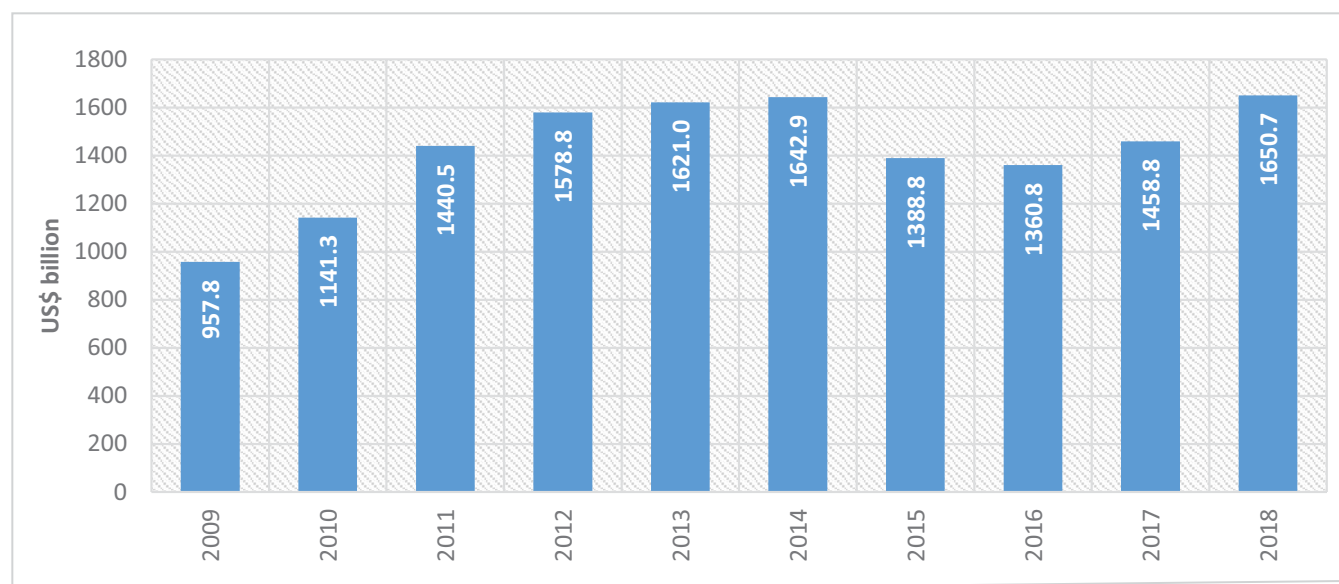
1. To strengthen co-ordination, integration and inter-connection between member states in all fields in order to achieve unity between them.
2. To deepen and strengthen relations, links and areas of cooperation now prevailing between their people in various fields.
3. To formulate similar regulations in various fields including the following:
  - Economic and financial affairs;
  - Commerce, customs and communications;
  - Education and culture;
  - Social and health affairs;
  - Information and tourism; and
  - Legislative and administrative affairs.
4. To stimulate scientific and technological progress in the fields of industry, mining, agriculture, water and animal resources; to establish scientific research; to establish joint ventures and encourage cooperation by the private sector for the good of their peoples.

## Geography

All GCC countries are in close geographical proximity with common country borders. The member states of the GCC seek to achieve regional cohesion. GCC countries involve all the Arab states of the Persian Gulf with the exception of Iraq. Saudi Arabia enjoys a long coast line with the Red Sea towards the south. The GCC countries are well known for their desert climate and exposure to a water body from at least one side. The total land area of the GCC countries is 256 million hectares. With vast oil reserves, the GCC countries are some of the richest nations in the world. A regional organization was therefore necessary to secure the regional and international interests of the member states.

## Economy

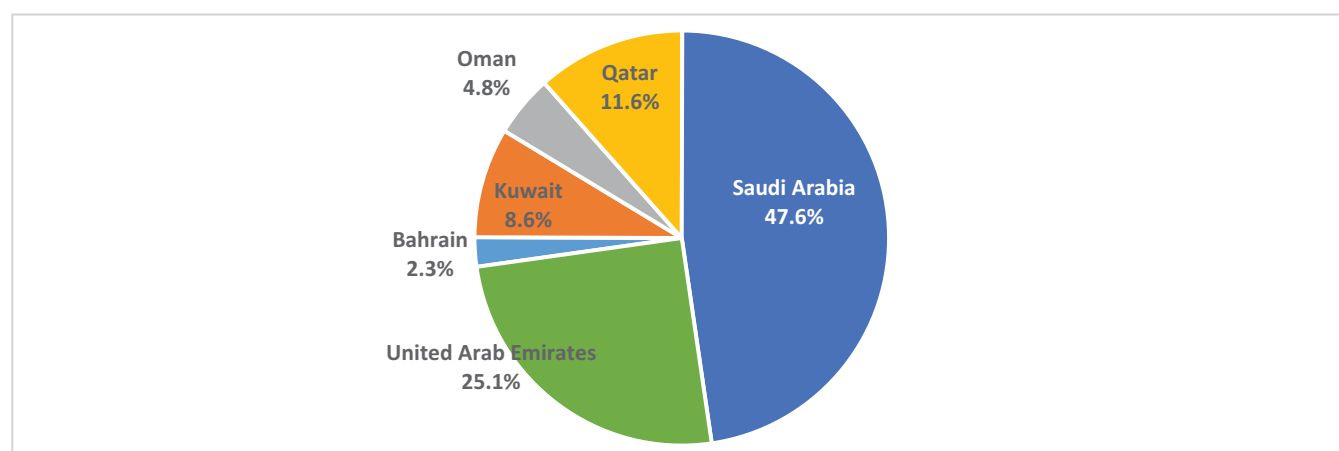
**Figure 1.1: Total GDP of GCC (2009-2018)**



Source: International Monetary Fund (IMF), World Economic Outlook (WEO) Database, October 2019

The combined GDP of the GCC countries stood at US\$ 1,650.7 billion in 2018. During the period 2009-2018, the overall GDP increased with the CAGR (compounded annual growth rate) of 5.6% from US\$ 957.8 billion in 2009.

**Figure 1.2: Share in the Overall GDP (%)**



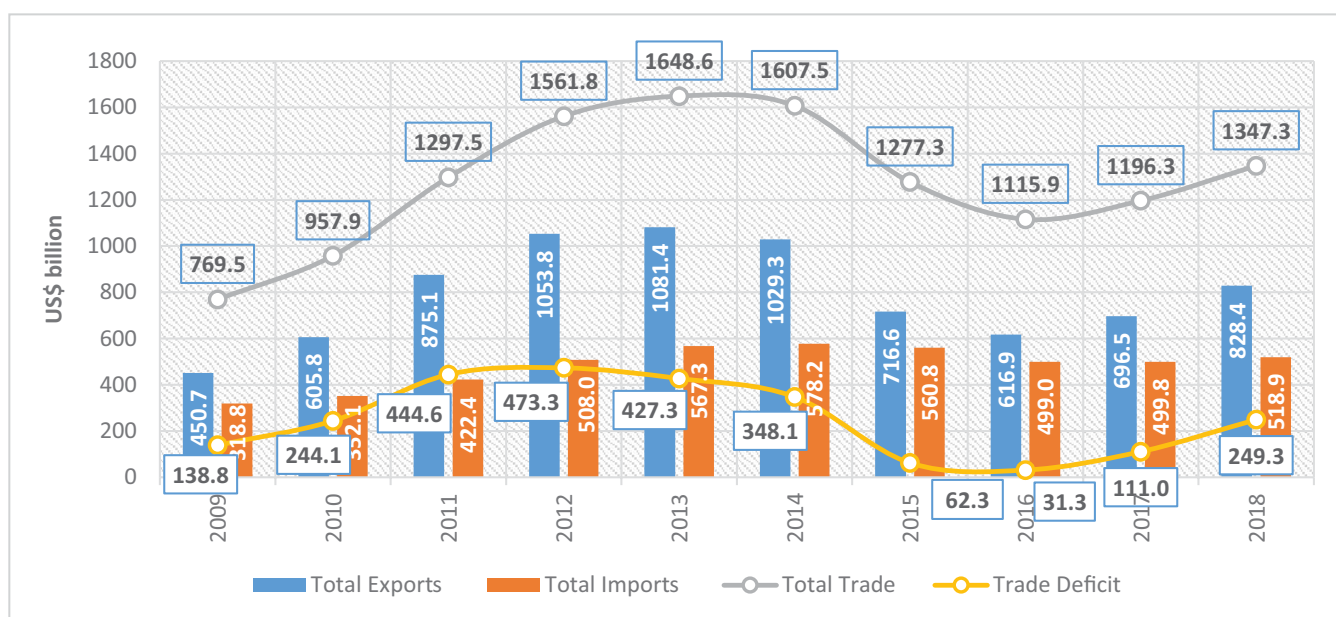
Source: IMF, WEO Database, October 2019

Saudi Arabia contributes the major portion of the region's GDP, amounting to US\$ 786.5 billion which constitutes 47.6% of the total GDP of GCC, followed by UAE with US\$ 414.2 billion (25.1%), Qatar with US\$ 191.4 billion (11.6%), Kuwait with US\$ 141.6 billion (8.6%), Oman with US\$ 79.3 billion (4.8%) and Bahrain with US\$ 37.7 billion (2.3%).

## International Trade

The GCC region's international trade saw an overall increasing trend between 2009 and 2018, enjoying a trade surplus over the last 10 years. The total trade grew with the CAGR of 5.8% to reach US\$ 1,347.3 billion from US\$ 769.5 billion in 2009. In 2018, the total exports of GCC stood at US\$ 828.4 billion with total imports amounting to US\$ 518.9 billion thereby resulting in a trade surplus of US\$ 249.3 billion. Between 2017 and 2018, the total trade showed a growth rate of 12.6% with the exports growing by 19.1% and imports growing by 3.8%.

**Figure 1.3: Trends in International Trade of GCC (2009-2018)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

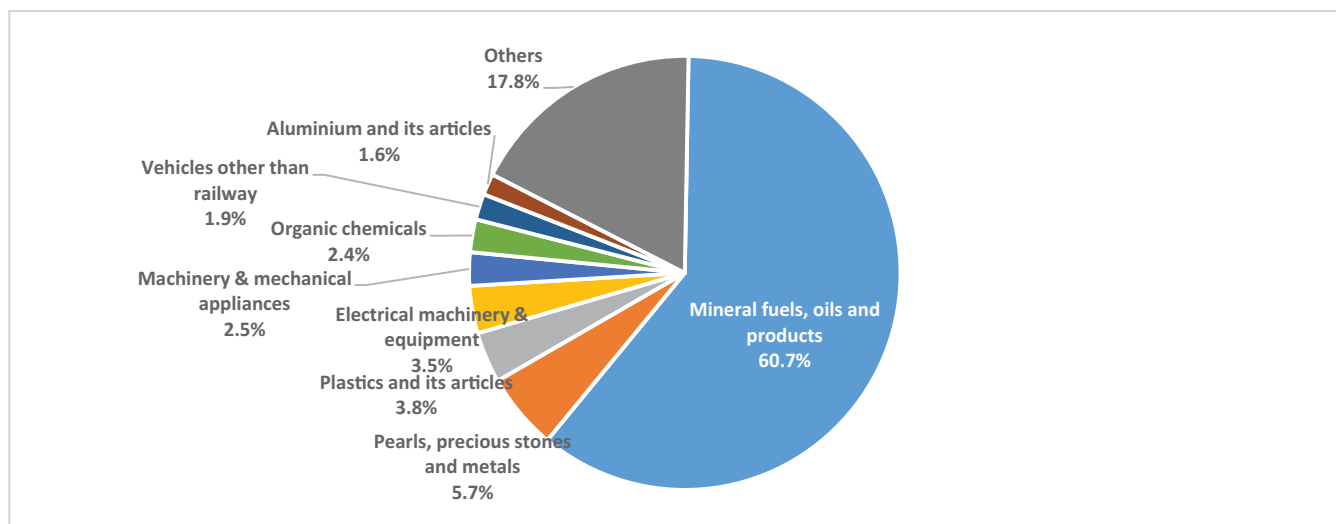
GCC countries witnessed highest trade in 2013 owing to high level of exports of oil. But since then the total trade fell owing to the declining oil prices during 2013-2016. Oman and Bahrain were the most affected by the fall due to their limited savings and high debt levels, leaving them exposed to financing risks. Saudi Arabia and UAE were least affected due to their ongoing efforts of diversification. The trade started to pick up since 2017, mainly due to production cuts which reduced the overall supply in the global market, thus increasing prices.

## Exports

In 2018, mineral fuels, oils and products constituted 60.7% of the total exports of GCC countries. GCC countries together supply 20.1% of the total world exports of mineral fuels, oils and products. Among the GCC countries, Saudi Arabia alone exports 46.1% of the total exports of the GCC countries followed by UAE (18.4%), Qatar (14.5%), Kuwait (13%), Oman (6.1%) and Bahrain (2.1%). Other export items

include pearls, precious stones and metals (5.7%), plastics and its article (3.8%), electrical machinery and equipment (3.5%), machinery and mechanical appliances (2.5%) and organic chemicals (2.4%).

**Figure 1.4: GCC Exports in 2018 (%)**

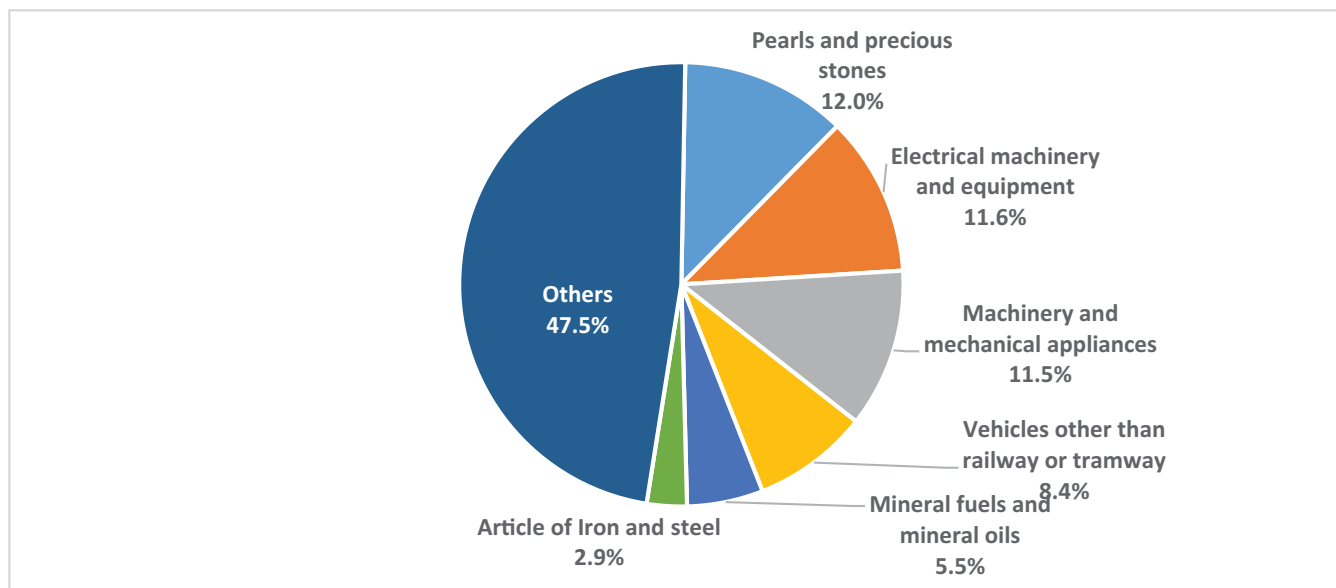


Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Imports

In 2018, the total import demand of the GCC countries were dominated by pearls, precious stones and metals (12%), electrical machinery and equipment (11.6%), machinery and mechanical appliances (11.5%), vehicles other than railway or tramway (8.4%), mineral fuel, oils and products (5.5%) and aircraft and spacecraft (2.9%).

**Figure 1.5: GCC Imports in 2018 (%)**

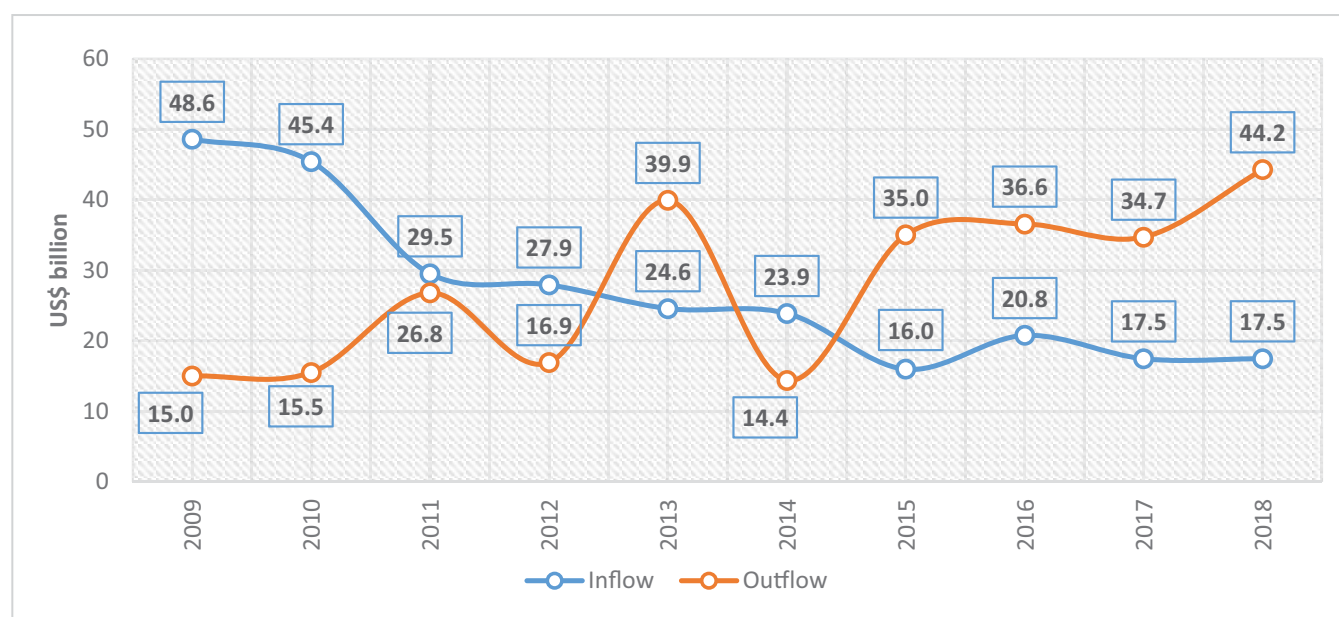


Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Foreign Direct Investments

While reforms have been implemented to attract foreign investment, these have taken place against the backdrop of the lingering effect of the global financial crisis and rising uncertainties and geopolitical tensions in the Middle East region. Even though the GCC countries are capital-rich, attracting FDI can bring access to foreign markets, better management practices and technical know-how to the domestic economy, thus enhancing work force skills and increasing productivity (World Bank)<sup>1</sup>. FDI inflows have largely financed green field investments with 60% of the inflows concentrated in three sectors - real estate, petroleum, and chemicals. Reflecting their size, Saudi Arabia and the UAE have attracted almost 80% of total FDI inflows into the region.

**Figure 1.6: Trends in FDI Flows of the GCC Region (2009-2018)**



Source: UNCTAD World Investment Report 2019

An analysis of last 10 years reveals a changing trend where GCC countries have become net foreign direct investors since 2015 from net FDI recipients since 2009, barring 2013. FDI inflows in GCC countries saw a falling trend over the years, while the FDI outflows shows an upward trend except in 2012 and 2014.

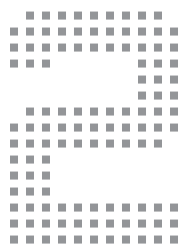
## Recent Investment Reforms

GCC countries' reforms in the recent years include updating investment and company laws, allowing entry of foreign investors into equity markets, and opening up key sectors to foreign participation (which were previously protected and/or operated by large SOEs). Saudi Arabia is drafting new investment laws allowing 100% ownership in specific (non-strategic) sectors, while the UAE published its new FDI law in late October 2018. Saudi Arabia has introduced a 'Green Card' residence plan for investors and skilled persons, while the UAE recently announced 10 year investor visa. Qatar is raising foreign ownership limits in state-owned firms like Qatar Industries and QNB, while Kuwait is allowing

<sup>1</sup> Foreign Investors Perspectives and Policy Implication, Global Investment Competitiveness Report, World Bank Group (2017)

licenses for 100% investment in many sectors such as infrastructure, tourism, IT and housing. Saudi Arabia opened retail, wholesale trade and engineering sectors to 100% ownership and permitted non-resident institutional investors to invest directly on the *Tadawul* exchange. These liberalisation measures point to a move away from the previously imposed barriers of licensing and partially closed sectors and equity markets. In addition to lowering entry requirements, governments also need to activate investment promotion agencies with greater participation by the domestic private sector, and streamline tax structures affecting foreign investment.

## CHAPTER



# Economic Environment and Trade of GCC Countries

## Bahrain

The Kingdom of Bahrain comprises an archipelago of islands with a total land area of 760 sq. km, situated in the Persian Gulf, to the east of Saudi Arabia and west of Qatar. Bahrain also shares a maritime border with the Islamic Republic of Iran. Bahrain has a population of around 1.5 million people<sup>2</sup>, almost half of whom are foreign nationals. Bahrain has the smallest population in the Gulf States. The country is rich in oil, natural gas, fish and pearls. Bahrain is a service sector driven economy accounting for 60.4% of the GDP in 2017, followed by industrial sector (39.3% of GDP) and agriculture sector (0.3%). Major industries in Bahrain includes petroleum processing and refining, aluminum smelting, iron pelletization, fertilizers, Islamic and offshore banking, insurance, ship repairing and tourism. Bahrain stands close to primary Middle Eastern petroleum sources which is a strategic location in Persian Gulf. Bahrain was one of the first Middle East nations to discover oil in the area and build a refinery. Oil and natural gas play a dominant role in Bahrain's economy.

In the last few years' lower world energy prices have generated sizable budget deficits. With Bahrain's low foreign assets and fewer oil resources, the three major US credit agencies downgraded Bahrain's sovereign debt rating to "junk" status in 2016, citing persistently low oil prices and the government's high debt levels. Nevertheless, Bahrain was able to raise about US\$ 4 billion by issuing foreign currency denominated debt in 2017. In 2019, Moody's rated Bahrain in B2 category (highly speculative) with a stable outlook.

**Table 2.1: Macroeconomic Snapshot of Bahrain**

Indicator	2014	2015	2016	2017	2018	2019p	2020p
Real GDP Growth (%)	4.4	2.9	3.5	3.8	1.8	2.0	2.1
Nominal GDP (US\$ bn)	33.4	31.1	32.3	35.4	37.7	38.2	39.3
GDP per capita, current prices (US\$)	25,398.3	22,714.3	22,651.9	24,399.3	25,482.7	25,273.2	25,507.5
Inflation, average consumer prices (%)	2.7	1.8	2.8	1.4	2.1	3.3	3.2
Population (mn)	1.3	1.4	1.4	1.5	1.5	1.5	1.5
Current account balance (% of GDP)	4.6	-2.4	-4.6	-4.5	-5.9	-4.3	-4.4

*p- Projections*

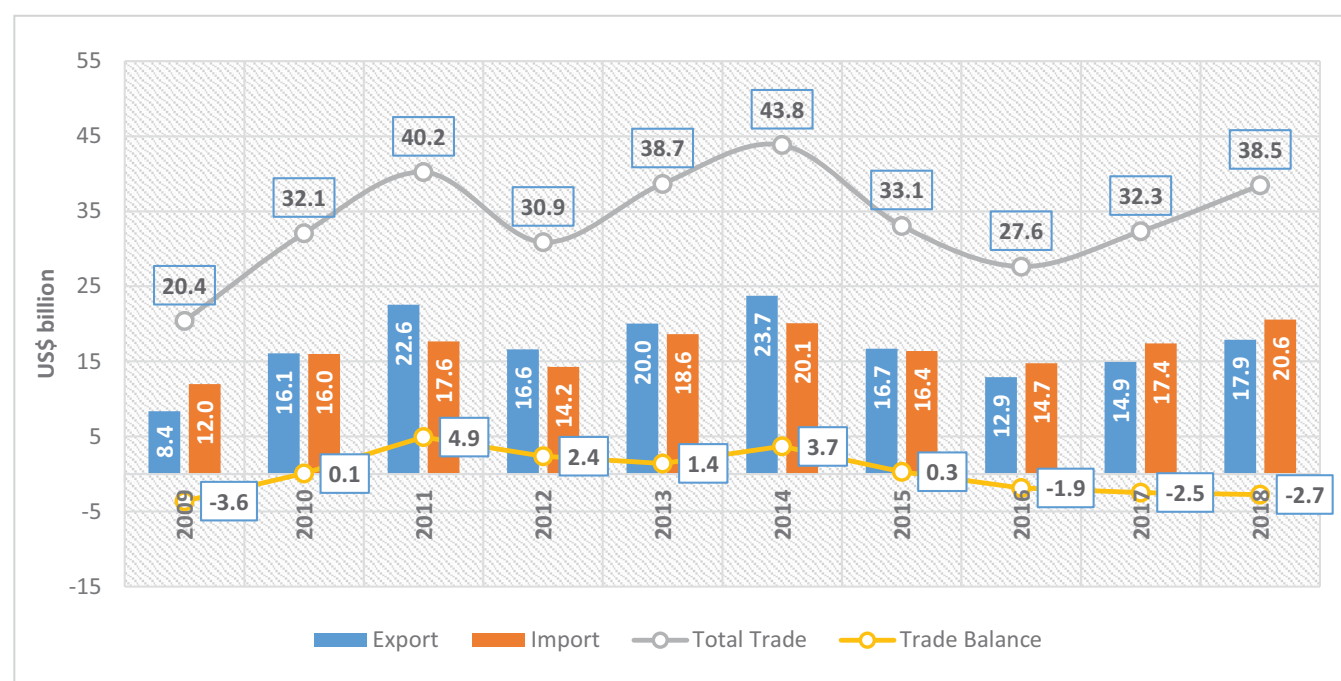
*Source: IMF, WEO Database, October 2019*

<sup>2</sup> World Economic Outlook, October 2019

Bahrain's economy faces long term challenges in boosting regional competitiveness especially in industry, finance and tourism; and reconciling the limited revenues with popular pressure to maintain generous state subsidies and large public sector. Since 2015, the government lifted subsidies on meat, diesel, kerosene, and gasoline and has begun to stage a higher price for electricity and water. As part of its diversification plans, Bahrain implemented a Free Trade Agreement (FTA) with the US in August 2006, the first FTA between the US and a Gulf state. Bahrain introduced a Value Added Tax (VAT) in January 2019, becoming the third of the GCC country to do so.

## International Trade

**Figure 2.1: Trends in International Trade of Bahrain (2009-2018)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

During the period 2009-2018, Bahrain's total trade witnessed a CAGR of 6.6% growing from US\$ 20.4 billion in 2009 to US\$ 38.5 billion in 2018. Amidst a growing trend, Bahrain's total trade witnessed a moderation during 2012, as a result of the social unrest and the Arab spring in 2011, and in 2015 and 2016, due to a slump in global oil prices, directly affecting oil driven economies. It was in 2017 that the crude oil prices began to rise by controlling the supply after severe production cuts. Between 2017-2018. The total trade of Bahrain increased by 19.2% with exports increasing from US\$ 14.9 billion to US\$ 17.9 billion and imports increasing from US\$ 17.4 billion to US\$ 20.6 billion.

## Exports of Bahrain

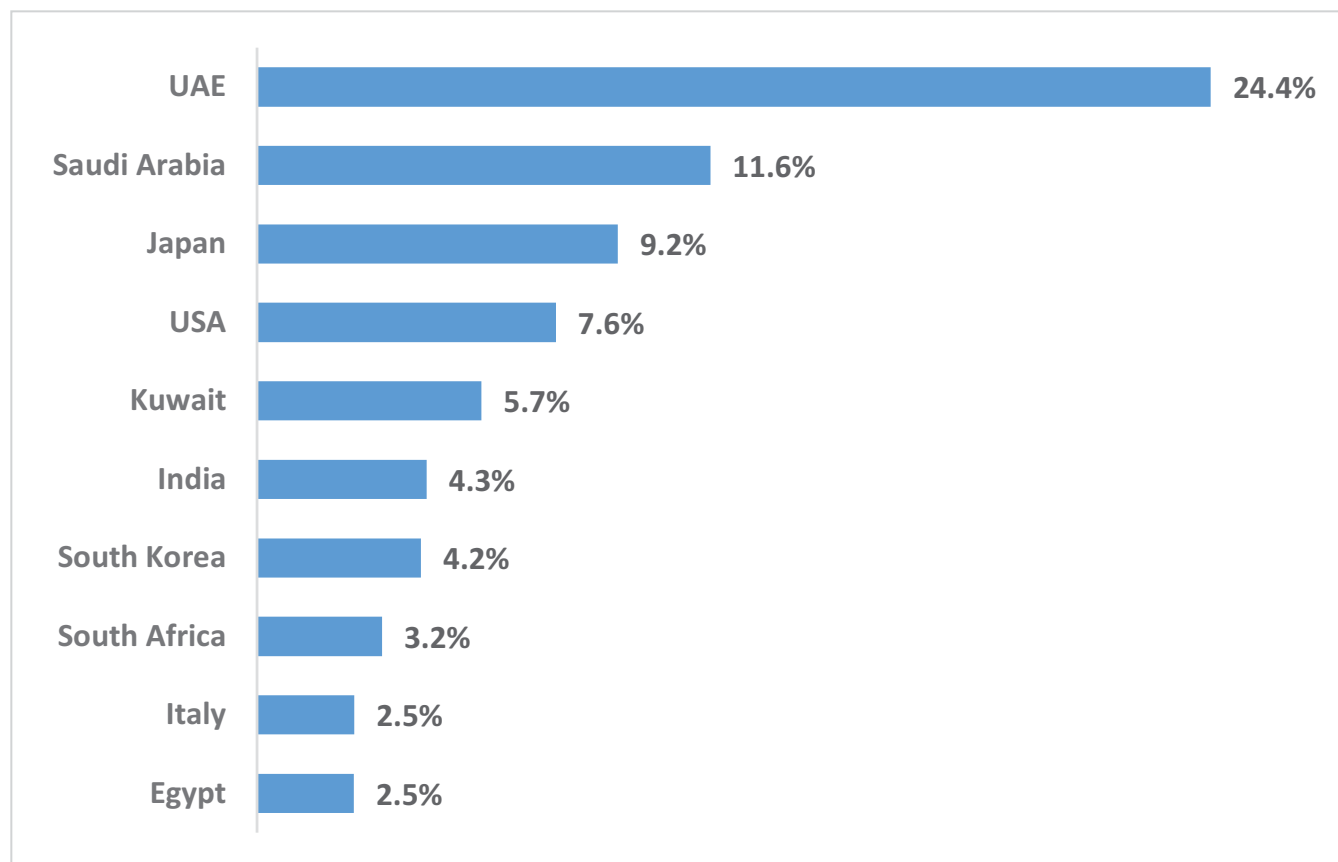
### Major Export Markets

In 2018, more than one-third of Bahrain export items were exported to other GCC countries namely UAE and Saudi Arabia. About a quarter of the total exports of Bahrain were exported to UAE with goods worth US\$ 3.3 billion, followed by Saudi Arabia (US\$ 1.6 billion and share of 11.6%), Japan



(US\$ 1.2 billion and share of 9.2%), USA (US\$ 1 billion and share of 7.6%), Kuwait (US\$ 0.8 billion and share of 5.7%), India (US\$ 0.6 billion and share of 4.3%) and South Korea (US\$ 0.6 billion and share of 4.2%) among others.

**Figure 2.2: Bahrain's Top 10 Export Markets in 2018 (%)**



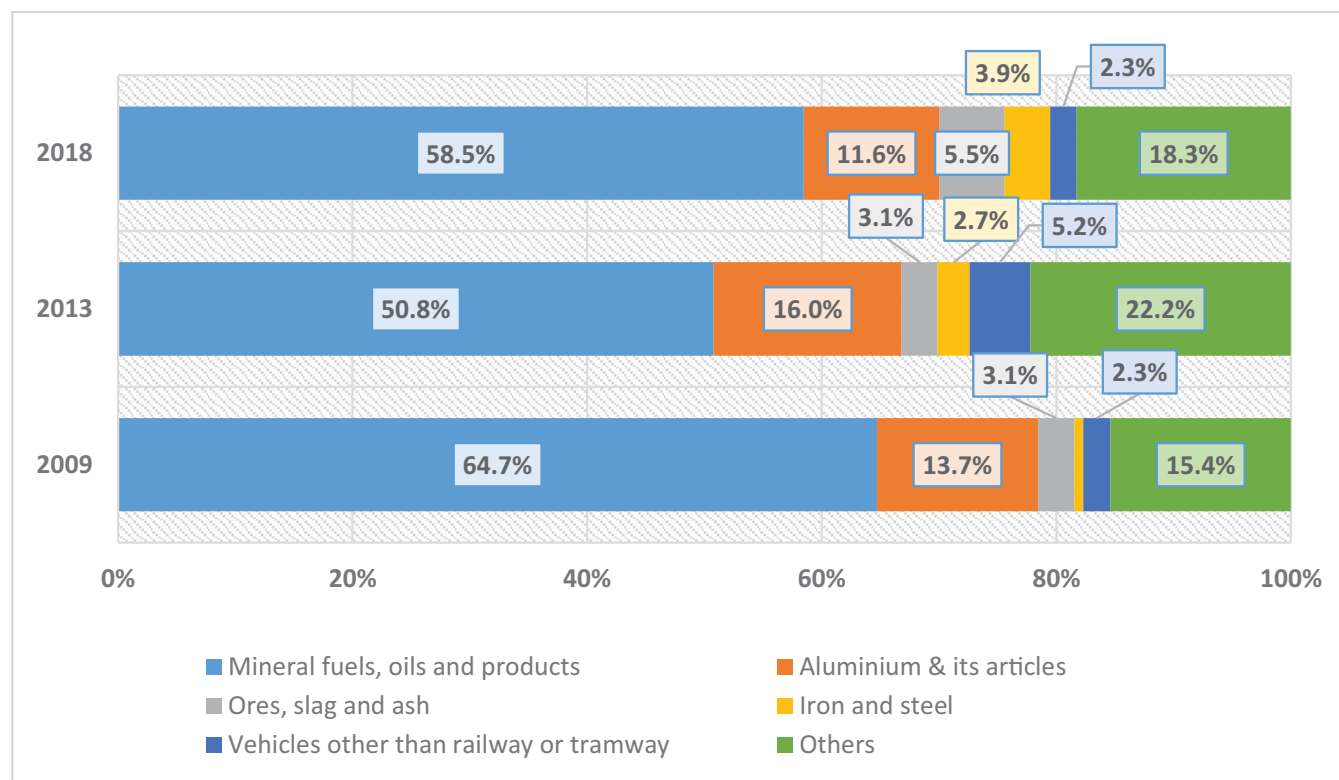
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### *Major Export Items*

In 2018, Bahrain's export basket mainly comprised of mineral fuels, oils and product (58.5% of total exports) followed by aluminium and its articles (11.6%), ores, slag and ash (5.5%), iron and steel (3.9%) and vehicles other than railway or tramway (3.6%) among others (refer **Table A1** in **Annexure**).

## Composition of Bahrain's Exports

Figure 2.3: Share of Top 5 Export Products in Bahrain's Total Exports (%)

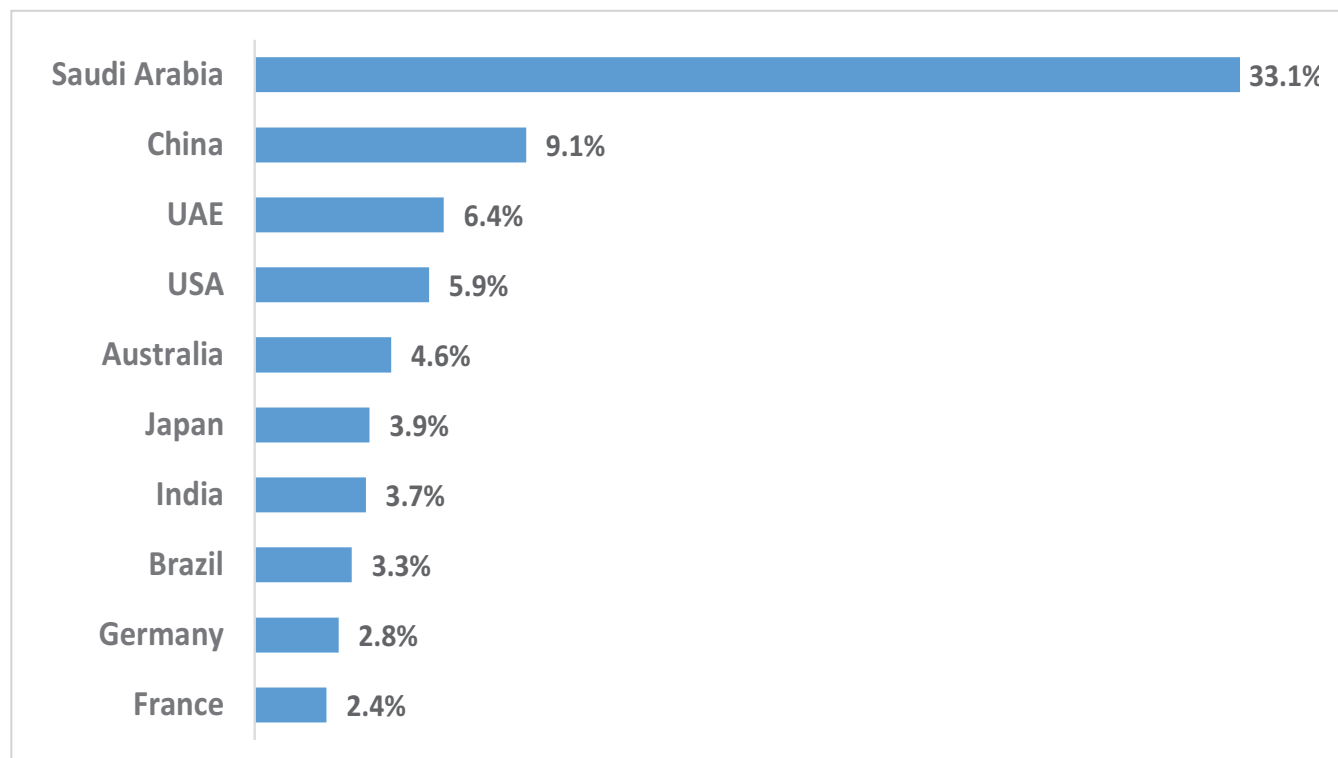


Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Imports of Bahrain

### Major Import Sources

In 2018, Saudi Arabia is the largest import source for Bahrain. More than one-third of the total import is sourced from Saudi Arabia, amounting to US\$ 6.8 billion followed by China (US\$ 1.9 billion and share of 9.1%), UAE (US\$ 1.3 billion and share of 6.4%), USA (US\$ 1.2 billion and share of 5.9%), Australia (US\$ 0.9 billion and share of 4.6%) and Japan (US\$ 0.8 billion and share of 3.9%) among others.

**Figure 2.4: Bahrain's Top 10 Import Sources in 2018 (%)**

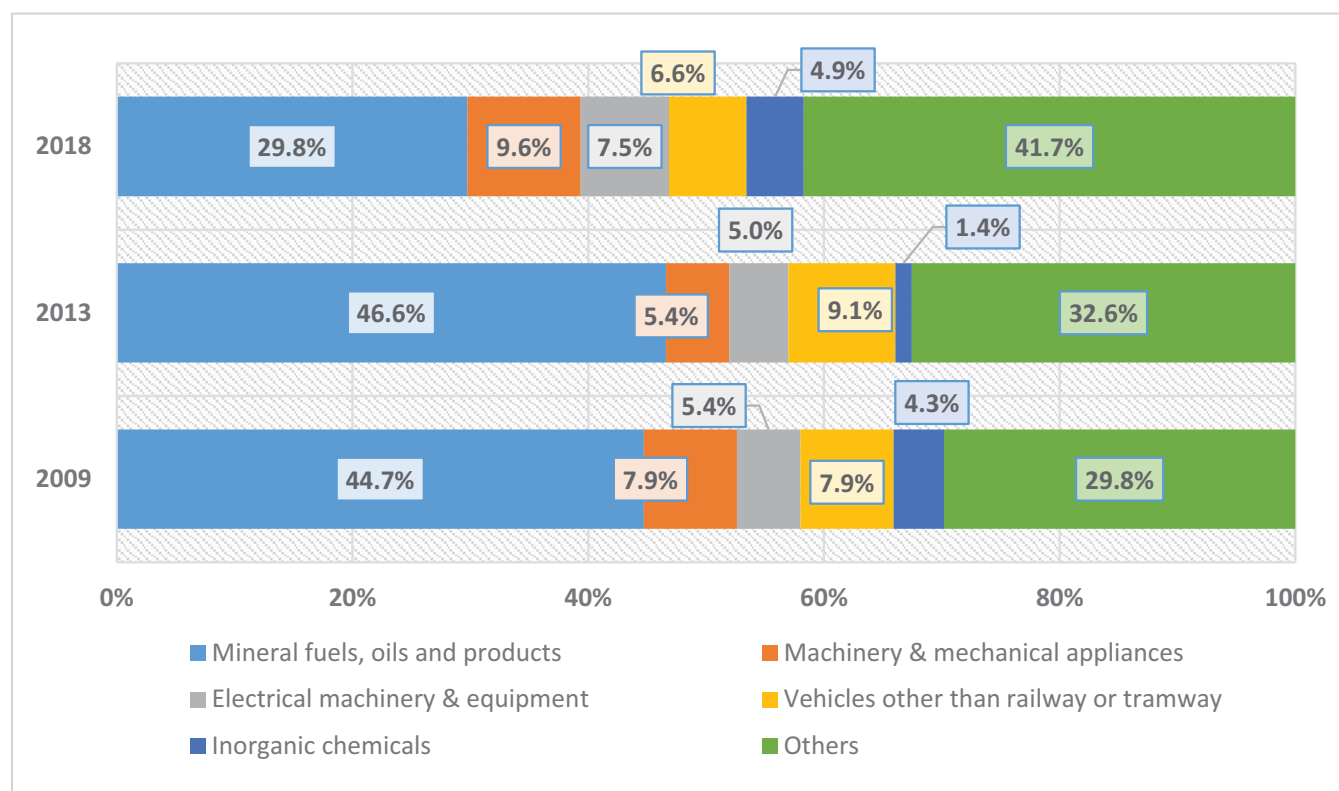
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

#### *Major Import items*

Bahrain's major imports in 2018 included mineral fuels, oils and products (29.8% of total imports), machinery & mechanical appliances (9.6%) electrical machinery and equipment (7.5%), vehicles other than railway or tramway (6.6%), inorganic chemicals (4.9%), ores slag and ash (3.6%) and pearls, precious stones and metals (2.9%) among others (refer **Table A2** in **Annexure**).

## Composition of Bahrain's Imports

Figure 2.5: Share of Top 5 Import Products in Bahrain's Total Imports (%)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Kuwait

Kuwait is located in the northwestern corner of the Persian Gulf. A small emirate nestled between Iraq and Saudi Arabia, its shore includes Kuwait Bay. Kuwait has a geographically small, but wealthy, relatively open economy with crude oil reserves accounting for more than 6% of world reserves.

The country is rich in petroleum, fish, shrimp and natural gas. Kuwait is an industry driven economy accounting for 58.7% of the GDP in 2017, followed by services sector (40.9% of GDP) and agriculture sector (0.4%). Major industries of Kuwait are petroleum, petrochemicals, cement, shipbuilding and repair, water desalination, food processing and construction materials.

With world oil prices declining, Kuwait realized a budget deficit in 2015 for the first time in more than a decade. In 2016, the deficit grew even larger. In response the Kuwaiti authorities announced cuts to fuel subsidies in August 2016, which provoked outrage among the public and National Assembly. In 2017, the deficit was reduced to 7.2% of GDP, and the government raised US\$ 8 billion by issuing international bonds.

Petroleum accounts for over half of GDP, 92% of export revenues, and 90% of government income. Around three quarter of the population is employed in the public sector which hinders the growth of private sector.

The Kuwaiti Government has made little progress on its long-term economic development plan first passed in 2010. While the government planned to spend up to US\$ 104 billion over four years to diversify the economy, attract more investment, and boost private sector participation in the economy, many of the projects did

not materialize because of an uncertain political situation or delays in awarding contracts. To increase non-oil revenues, the Kuwaiti Government in August 2017 approved draft bills supporting a Gulf Cooperation Council-wide VAT. It plans to implement a 5% VAT regime from April 1, 2021. The government has cushioned itself against the impact of lower oil prices, by saving annually at least 10% of government revenue in the Fund for Future Generations.

**Table 2.2 Macroeconomic Snapshot of Kuwait**

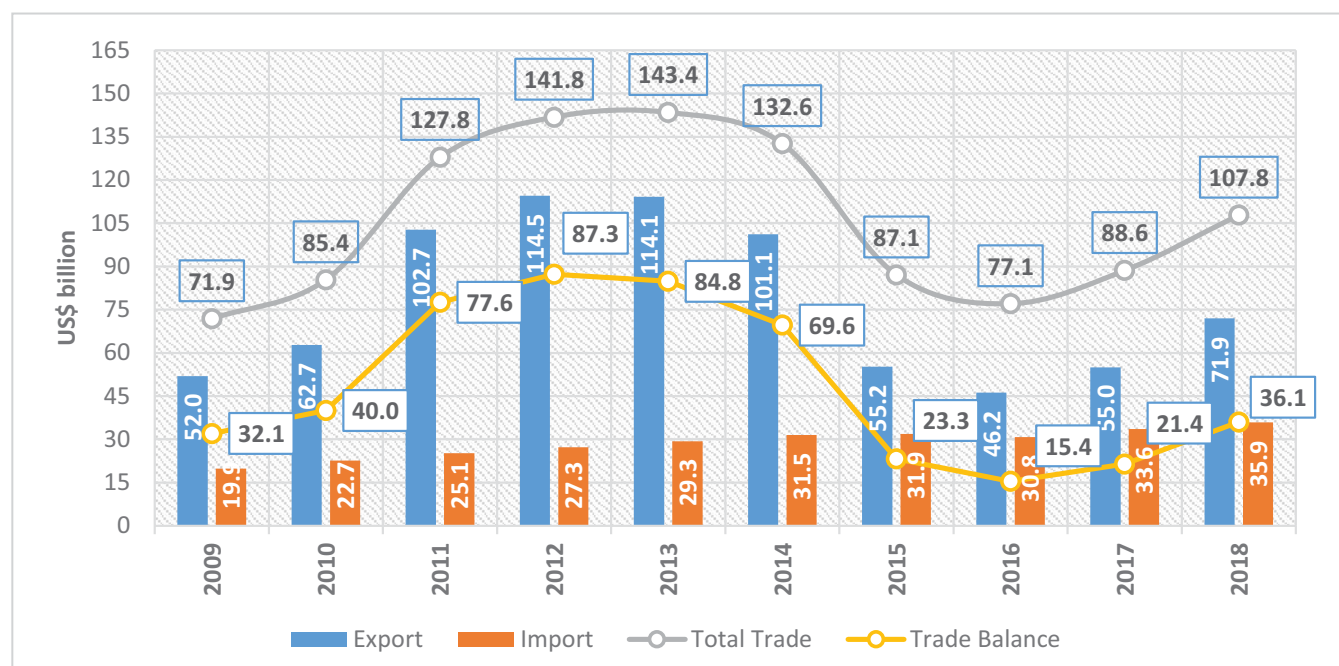
Indicator	2014	2015	2016	2017	2018	2019p	2020p
Real GDP Growth (%)	0.5	0.6	2.9	-3.5	1.2	0.6	3.1
Nominal GDP (US\$ bn)	162.7	114.6	109.4	119.5	141.6	137.6	139.6
GDP per capita, current prices (US\$)	40,278.1	27,398.1	25,267.2	26,863.3	30,969.4	29,267.0	28,882.7
Inflation, average consumer prices (%)	3.1	3.7	3.5	1.5	0.7	2.5	2.7
Population (mn)	4.0	4.2	4.3	4.5	4.6	4.7	4.8
Current account balance (% of GDP)	33.4	3.5	-4.6	8.0	14.4	8.2	6.8

*p-Projections*

*Source: IMF, WEO Database, October 2019*

## International Trade

**Figure 2.6 Trends in International Trade of Kuwait (2009-2018)**



*Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis*

An analysis of the trade performance of Kuwait over the last 10 year period shows a strong correlation with the crude oil prices like any other GCC economy with the total trade rising with the rise in the prices of the crude oil and falling with a slump in the crude oil prices. Total trade increased from US\$ 72 billion in 2009 and reached the peak in 2013 amounting to US\$ 143.4 billion. With a sharp moderation in exports, Kuwait's total trade reduced to US\$ 107.8 billion in 2018 after touching the

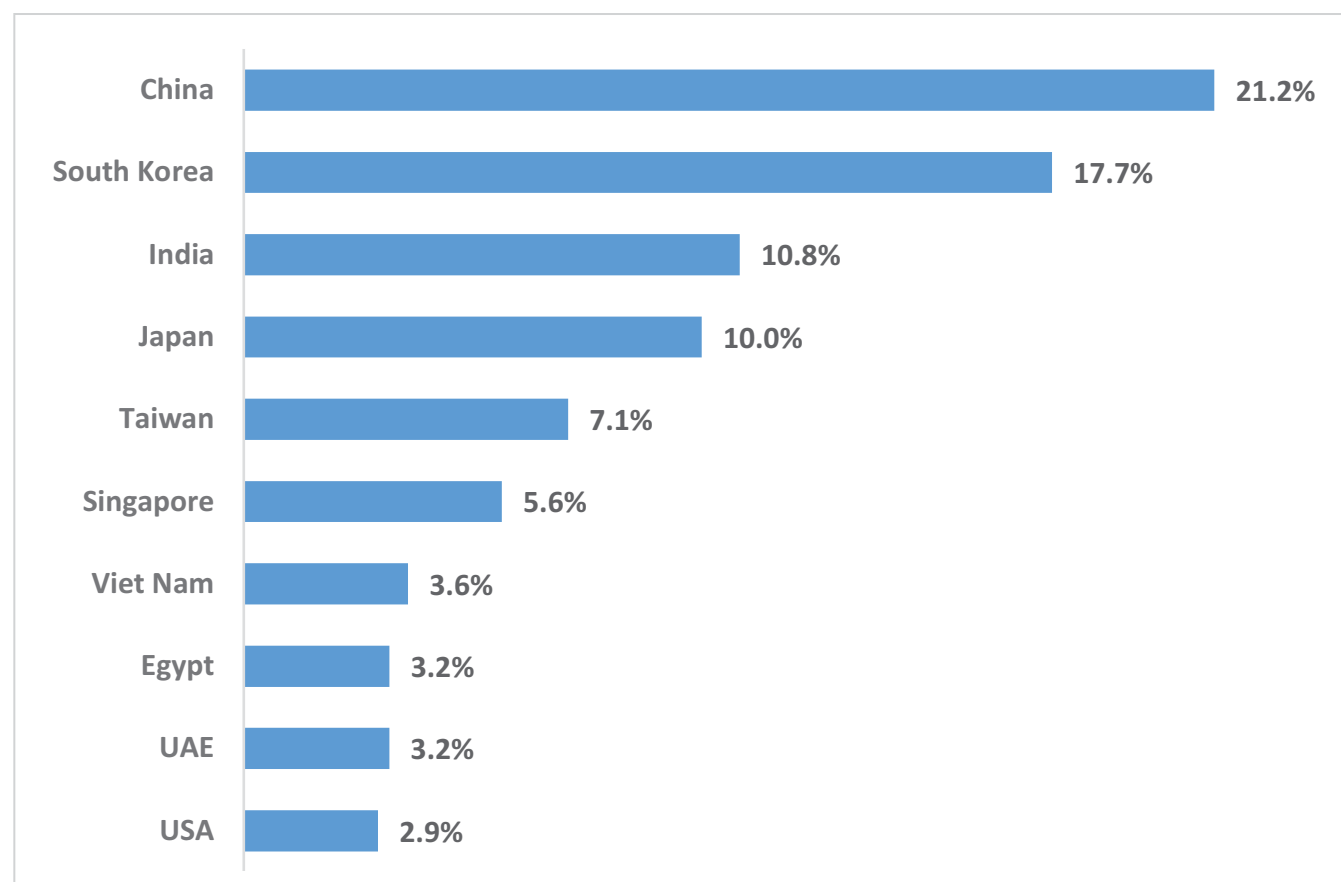
base in 2016 with US\$ 77.1 billion. During 2009-2018, total trade witnessed a CAGR of 4.1%. Kuwait has maintained a high trade surplus in all these years with the peak of US\$ 87.3 billion in 2012. Between 2017 and 2018, the total trade of Kuwait increased by 21.7% driven by high levels of exports. During the same period, exports increased by 30.7% from US\$ 55 billion to US\$ 71.9 billion and imports increased by 6.8% from US\$ 33.6 billion to US\$ 35.9 billion.

## Exports of Kuwait

### Major Export Markets

In 2018, China stood as the principle export partner to Kuwait constituting 21.2% of the total exports amounting to US\$ 15.4 billion. This is followed by South Korea (US\$ 12.8 billion and share of 17.7%), India (US\$ 7.8 billion and share of 10.8%), Japan (US\$ 7.2 billion and share of 10%), Taiwan (US\$ 5.1 billion and share of 7.1%) and Singapore (US\$ 4.1 billion and share of 5.6%) among others.

**Figure 2.7: Kuwait's Top 10 Export Markets in 2018 (%)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

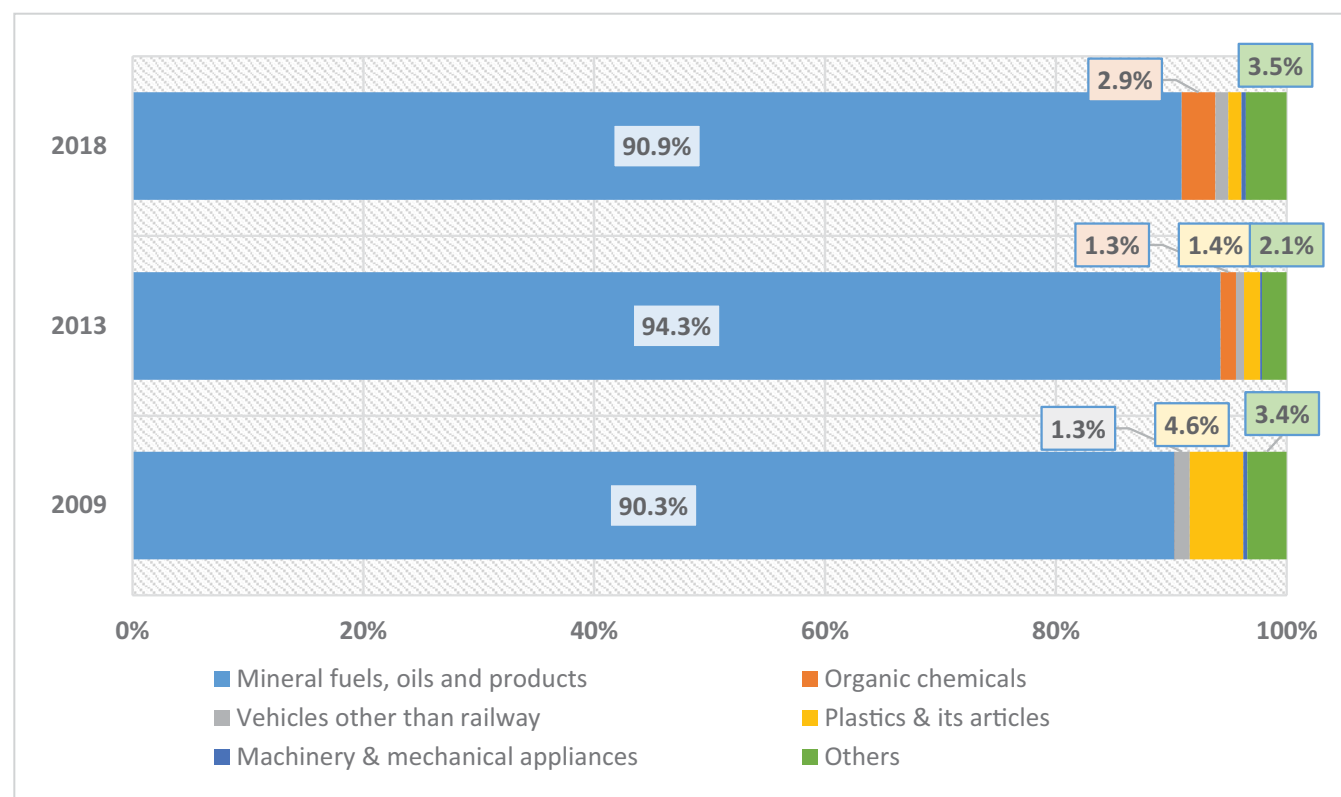
### Major Export Items

The export basket of Kuwait is highly concentrated with mineral fuels, oils and products constituting 90.9% of the total exports of Kuwait amounting to US\$ 65.4 billion in 2018. Other export items

include organic chemicals (2.9% of the total exports), vehicles other than railway or tramway (1.1%), plastics and its articles (1.1%) and machinery and mechanical appliances (0.4%) (refer **Table A3** in **Annexure**).

## Composition of Kuwait's Export

**Figure 2.8: Share of Top 5 Export Products in Kuwait's Total Exports (%)**

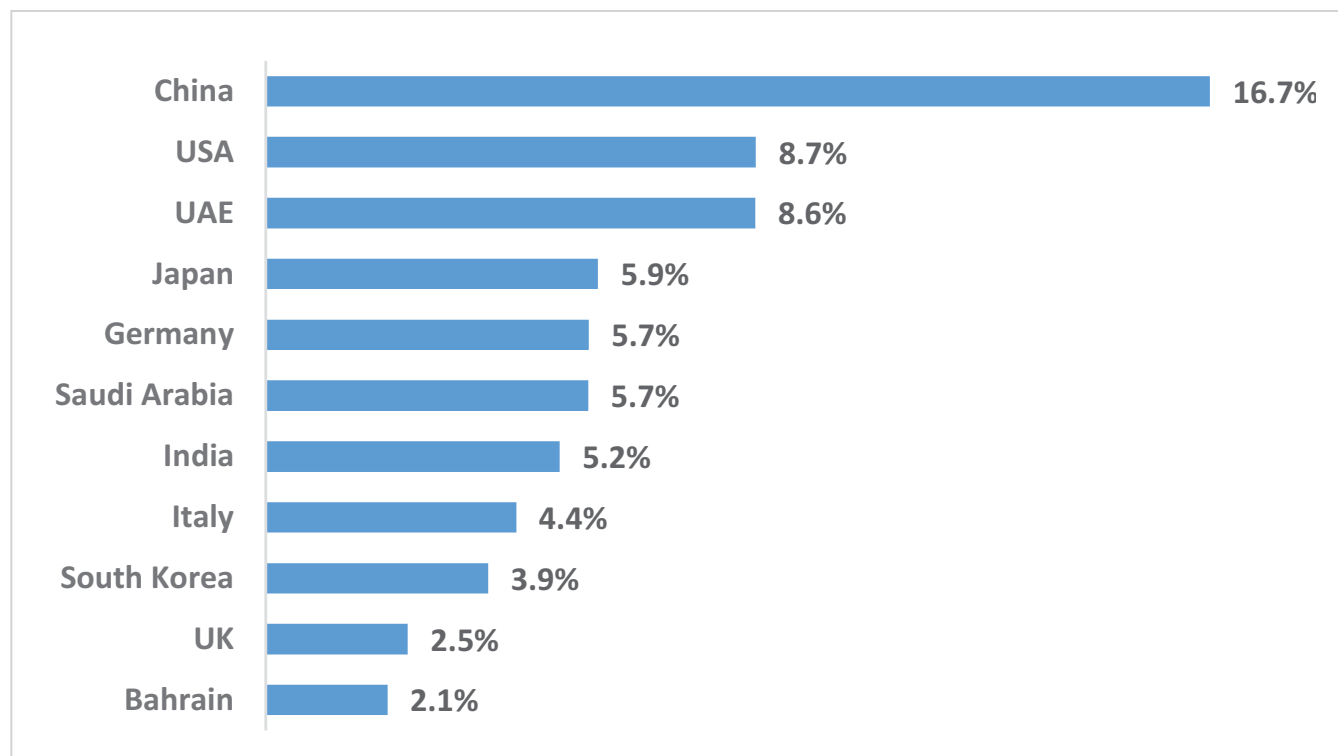


Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Imports of Kuwait

### Major Import Sources

In 2018, China stood as the principle import source to Kuwait constituting 16.7% of the total imports, amounting to US\$ 6 billion. This is followed by USA (US\$ 3.1 billion and share of 8.7% of the total imports), UAE (US\$ 3.1 billion and share of 8.6%), Japan (US\$ 2.1 billion and share of 5.9%), Germany (US\$ 2 billion and share of 5.7%) and Saudi Arabia (US\$ 2 billion and share of 5.7%) and India (US\$ 1.9 billion and share of 5.2%) among others.

**Figure 2.9: Kuwait's Top 10 Import Sources in 2018 (%)**

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

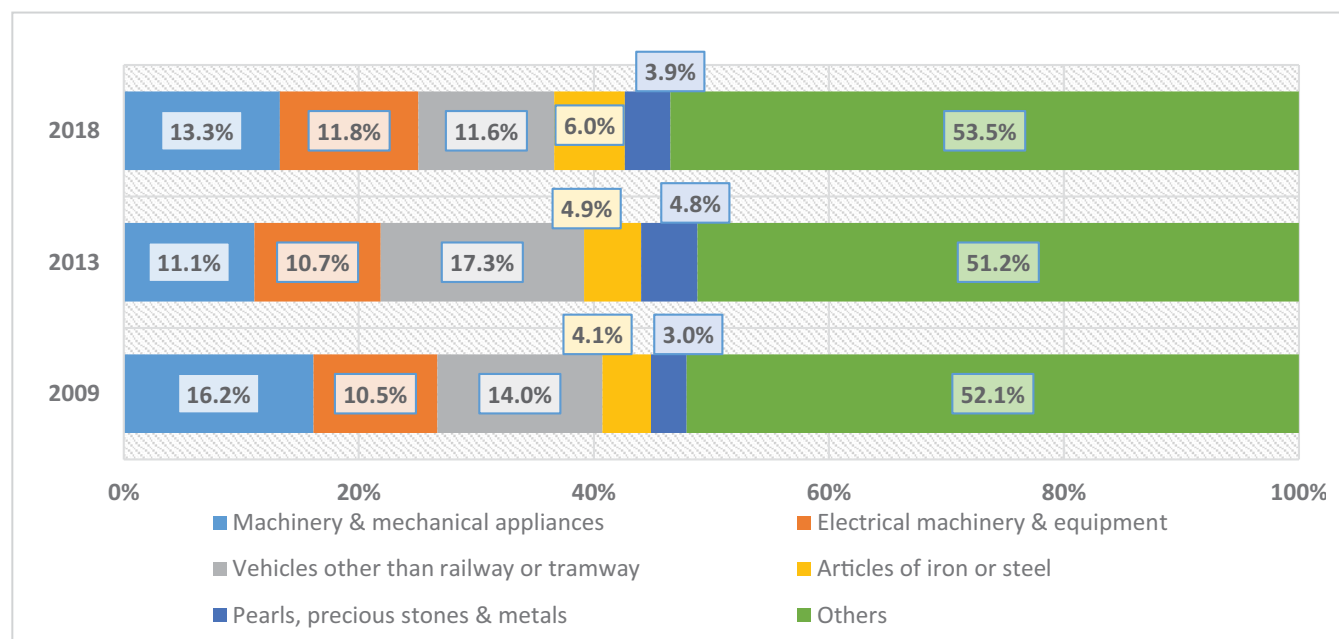
### *Major Import Items*

In 2018, machinery and mechanical appliances dominated the imports of Kuwait with the share of 13.3% of the total imports, amounting to US\$ 4.8 billion. This is followed by electrical machinery and appliances (11.8% of the total imports), vehicles other than railway or tramway (11.6%), articles of iron and steel (6%) and pearls, precious stones and metals (3.9%) among others (refer **Table A4** in the **Annexure**).



## Composition of Kuwait's Import

Figure 2.10: Share of Top 5 Import Products in Kuwait's Total Imports (%)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Oman

Oman, is located at the southeastern coast of the Arabian Peninsula at the confluence of the Persian Gulf and Arabian Sea. Oman is bounded to the southwest by Yemen, to the south and east by the Arabian Sea, to the north by the Gulf of Oman, to the northwest by the UAE, and to the west by Saudi Arabia. It has total land area of 309,500 sq. km. More than half of Oman's population is Arab, besides a large numbers of ethnic Baloch who migrated to Oman are from Iran and Pakistan over the past several centuries.

Oman is naturally rich in petroleum, copper, asbestos, marble, limestone, chromium, gypsum and natural gas. Services sector contribute 51.8% of the GDP in 2017, closely followed by industry sector (46.4% of the GDP) and agriculture sector (1.8%). Oman's major industries includes crude oil production and refining, natural and liquefied natural gas production; construction, cement, copper, steel, chemicals and optic fiber.

Oil in commercial quantities was discovered in Oman in 1964 and was first exported in 1967. Subsequently the production and export of petroleum rapidly came to dominate the country's economy. Oil revenues represent roughly two-fifth of GDP and about three-fourth of the government's income. In 2016, low global oil prices led to high budget deficit, approximating around 20% of GDP. However, in 2017, the budget deficit reduced to 12% of the GDP resulting from reduced government subsidies. As of January 2018, Oman has sufficient foreign assets to support its currency's fixed exchange rates.

Oman is using enhanced oil recovery techniques to boost production, but it is simultaneously pursuing a development plan that focuses on diversification, industrialization, and privatization, with

the objective of reducing the dependence on oil sector. The key components of the government's diversification strategy are tourism, shipping and logistics, mining, manufacturing, and aquaculture. The government in 1996 initiated a plan for post-oil era that focused on developing country's natural gas resources to fuel domestic industry and for export in the form of liquefied natural gas (LNG). Meanwhile, Oman has also sought to implement its policy of Omanization of the workforce. By the end of the 1990s, the privatization plan had advanced further than those in the other states of the GCC countries. Major features of the privatization program included expanding the country's stock market, selling several government-owned companies, and creating a more liberal investment environment. The country's development has been aided in part by the GCC.

**Table 2.3 Macroeconomic Snapshot of Oman**

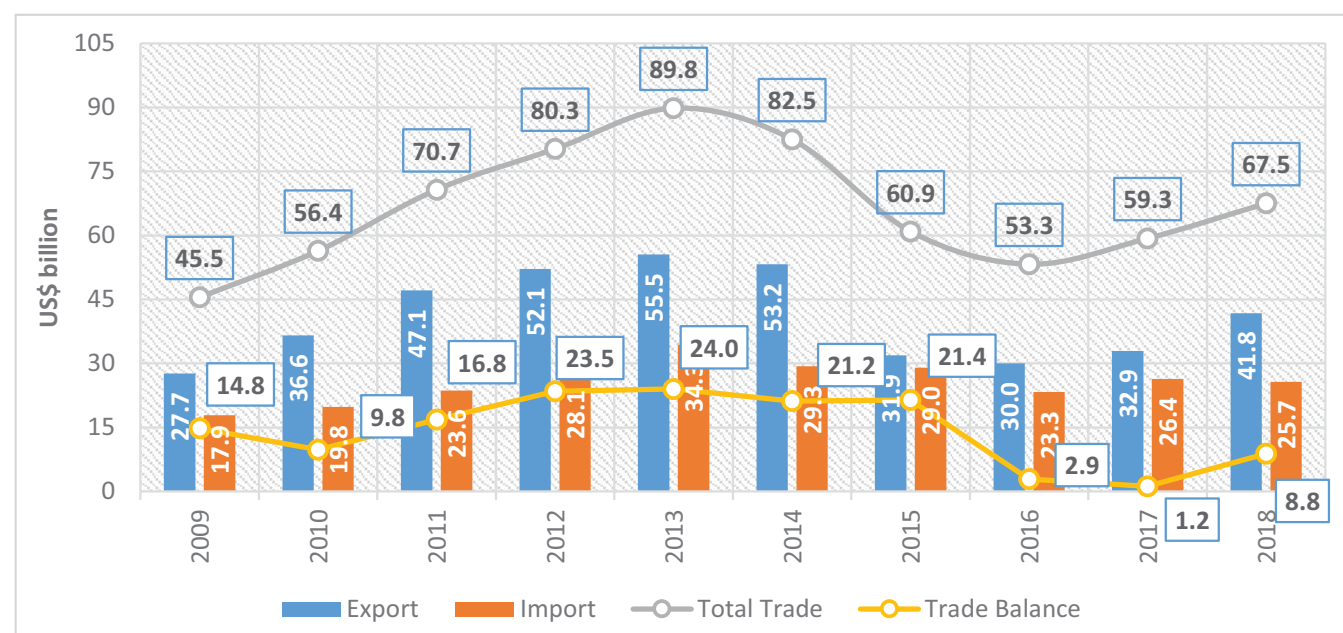
Indicator	2014	2015	2016	2017	2018	2019p	2020p
Real GDP Growth (%)	1.4	4.7	4.9	0.3	1.8	0.0	3.7
Nominal GDP (US\$ bn)	81.1	68.9	65.5	70.6	79.3	76.6	78.7
GDP per capita, current prices (US\$)	21814.2	18243.8	16332.4	17045.2	18970.0	17791.0	17723.2
Inflation, average consumer prices (%)	1.0	0.1	1.1	1.6	0.9	1.5	1.8
Population (mn)	3.7	3.8	4.0	4.1	4.2	4.3	4.4
Current account balance (% of GDP)	5.2	-15.9	-19.1	-15.6	-5.5	-7.2	-8.0

p-Projections

Source: IMF, WEO Database, October 2019

## International Trade

**Figure 2.11: Trends in International Trade of Oman (2009-2018)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

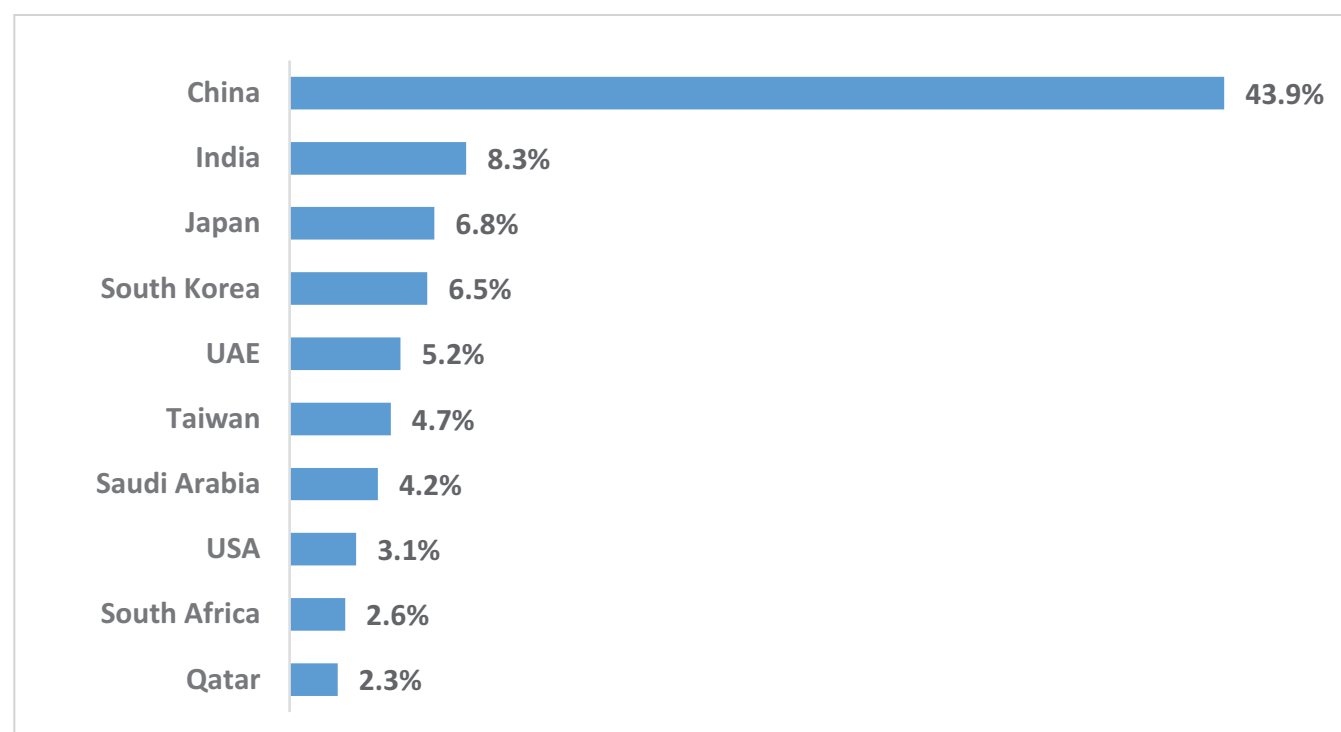
During the last decade, Oman witnessed a CAGR of 5.4% in trade, increasing from US\$ 45.5 billion in 2009 and US\$ 67.5 billion in 2018. During 2009-2018, Oman witnessed an all-time trade surplus ranging as high as US\$ 24 billion in 2013 to as low as US\$ 1.2 billion in 2017 due to fall in the oil prices. Between 2017 and 2018, total trade of Oman increased by 13.8% driven by high levels of exports. During the same period, exports increased by 27.1% from US\$ 32.9 billion to US\$ 41.8 billion and imports decreased by 2.6% from US\$ 26.4 billion to US\$ 25.7 billion.

## Exports of Oman

### Major Export Markets

In 2018, the principal importer of Omani goods is China, which constitutes 43.9% of the total exports amounting to US\$ 18.8 billion. This is followed by India (US\$ 3.6 billion and share of 8.3%), Japan (US\$ 2.9 billion and share of 6.8%), South Korea (US\$ 2.8 billion and share of 6.5%), UAE (US\$ 2.2 billion and share of 5.2%) and Taiwan (US\$ 2 billion and share of 4.7%) among others.

**Figure 2.12: Oman's Top 10 Export Markets in 2018 (%)**



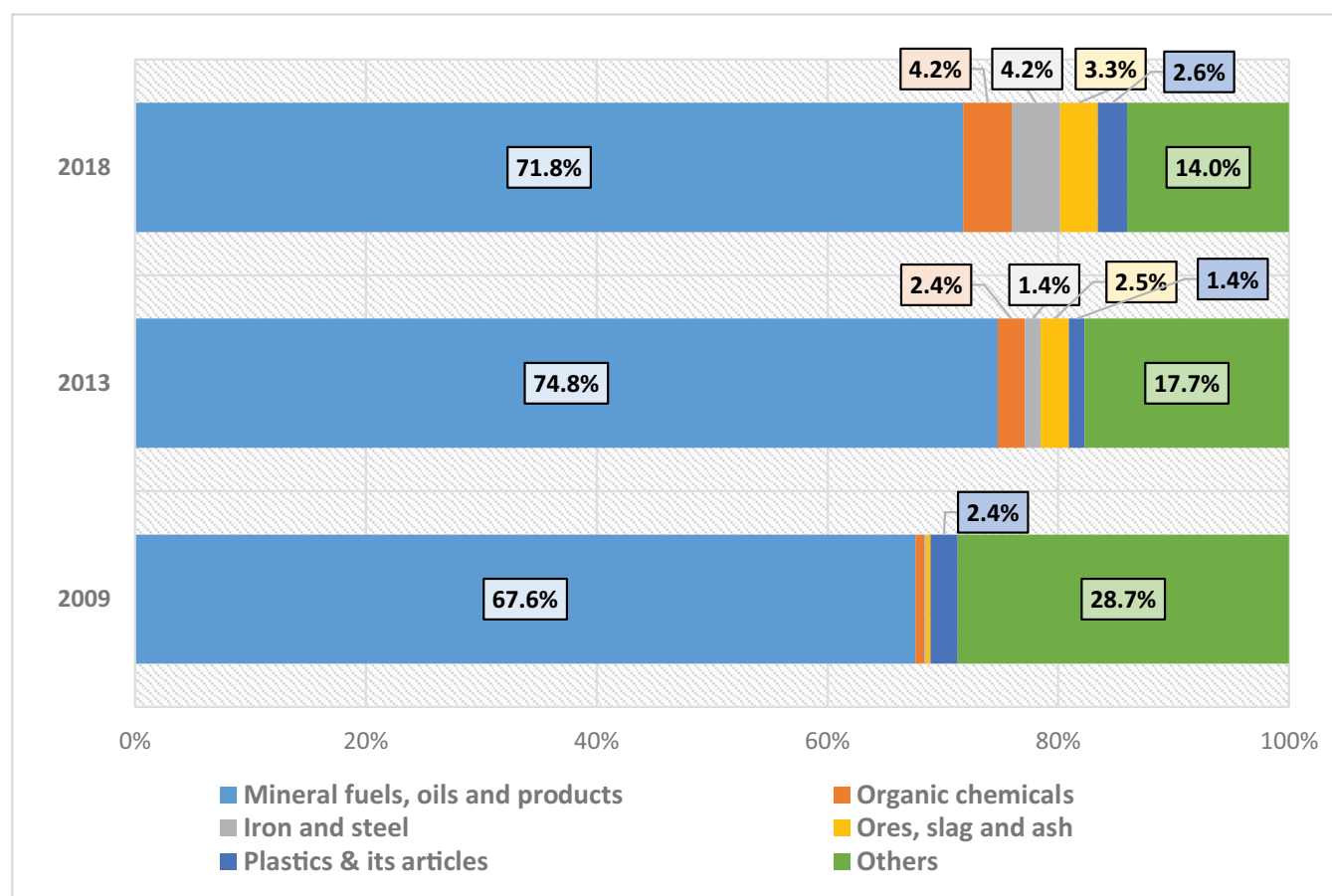
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### Major Export Items

Being an oil driven economy, the mineral fuels, oils and products constitute 71.8% of the total export basket of Oman, amounting to US\$ 30.8 billion in 2018 followed by organic chemicals (4.2% of the total exports), iron and steel (4.2%), ores, slag and ash (3.3%), plastics and its articles (2.6%), aluminium and its articles (2.2%) and salt and sulphur (1.4%) among others (refer **Table A5** in **Annexure**).

## Composition of Oman's Exports

Figure 2.13: Share of Top 5 Export Products in Oman's Total Exports (%)

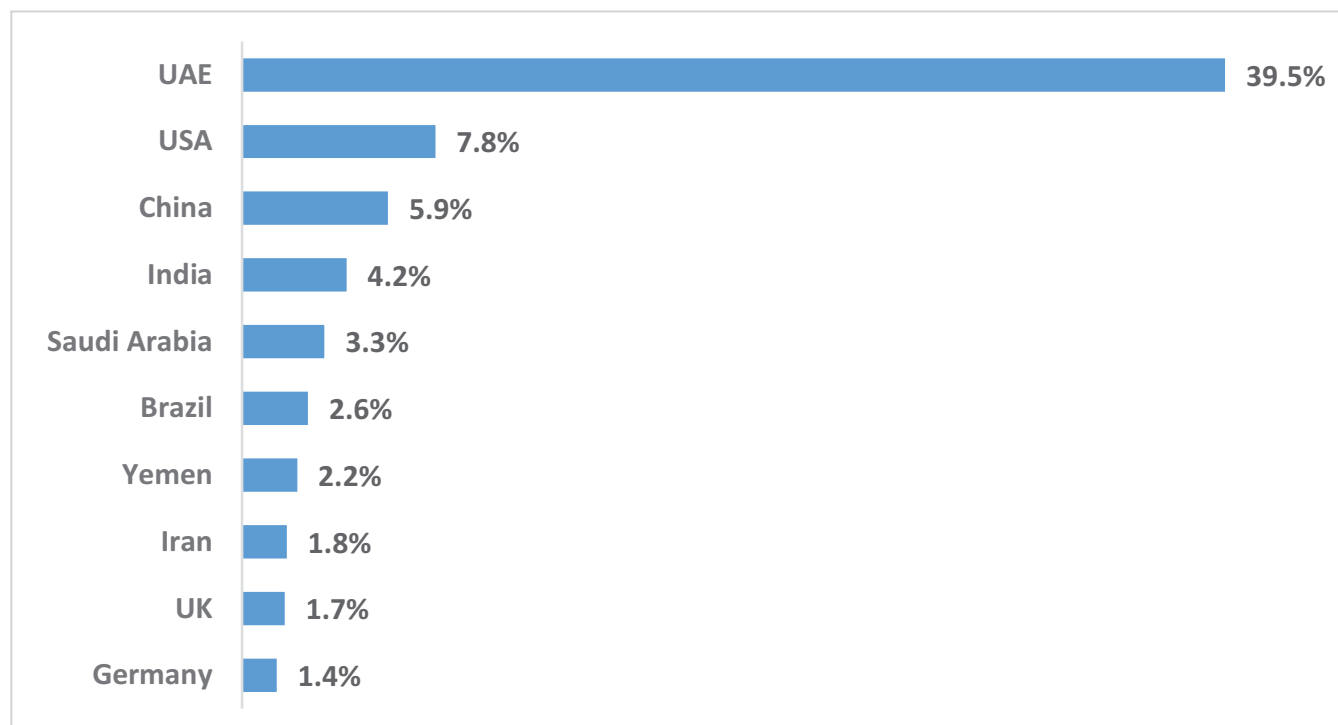


Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Imports of Oman

### Major Import Sources

In 2018, the principal source of Oman's import was UAE, which constituted 39.5% of the total imports amounting to US\$ 7.9 billion. This is followed by USA (US\$ 2.2 billion and share of 7.8%), China (US\$ 1.2 billion and share of 5.9%), India (US\$ 0.8 billion and share of 4.2%), Saudi Arabia (US\$ 0.7 billion and share of 3.3%) and Brazil (US\$ 0.5 billion and share of 2.6%) among others.

**Figure 2.14: Oman's Top 10 Import Sources in 2018 (%)**

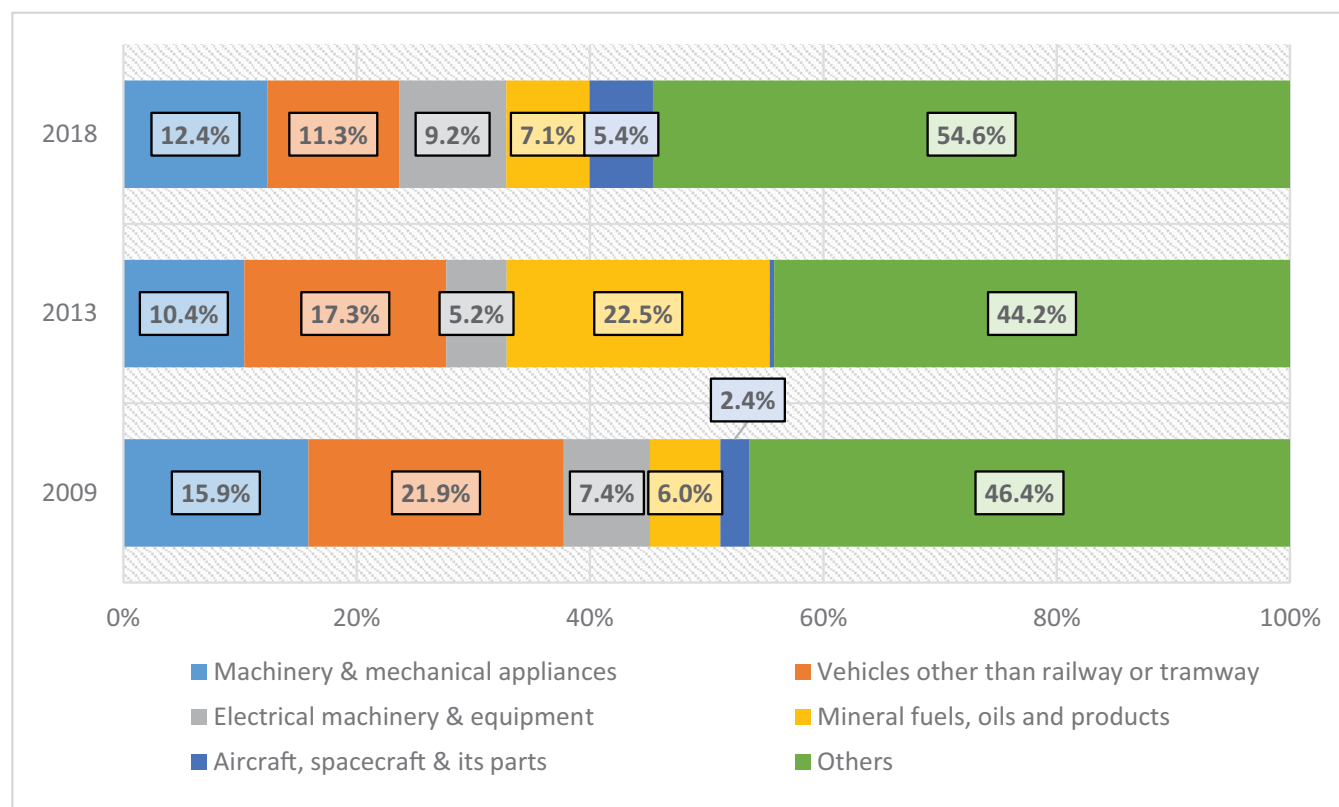
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### *Major Import Items*

In 2018, Oman's principle import items include machinery and mechanical appliances (16.3% of the total imports) followed by vehicles other than railway or tramway (14.9%), electrical machinery & equipment (12.2%), mineral fuels, oils and products (9.4%), aircraft, spacecraft and its parts (7.2%), articles of iron and steel (6.4%) and pearls, precious stones and metals (5.2%) among others (refer **Table A6** in **Annexure**).

## Composition of Oman's Import

Figure 2.15: Share of Top 5 Import Products in Oman's Total Imports (%)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Qatar

Qatar is an independent emirate in the GCC. A small peninsula bordering only Saudi Arabia by land, lies on the west coast of the Persian Gulf. The total land area of Qatar is 11,586 sq. km. The tiny Gulf state of Qatar has risen to global prominence largely due to its vast resources of oil and gas. Today, it is a rapidly developing country with a transient population boosted by large numbers of migrant workers from all over the world. Governed by a combination of civil and Islamic law. Qataris are largely urban dwellers with less than 1% of the total population living in rural areas. By the 1970s, however, native Qataris enjoyed one of the highest per capita incomes in the world, despite subsequent declines in income due to fluctuations in world oil prices.

Natural resources include petroleum, fish and natural gas. In 2017, industrial sector contribute almost half of the GDP (50.3% of the GDP), closely followed by services sector (49.5%) and agriculture sector (0.2%). Major industries are liquefied natural gas, crude oil production and refining, ammonia, fertilizer, petrochemicals, steel reinforcing bars, cement and commercial ship repair.

Qatar's oil and natural gas resources are the country's main economic engine and government revenue source, driving Qatar's high economic growth, per capita income levels, robust state spending on public entitlements, and booming construction spending, particularly as Qatar prepares to host the World Cup in 2022. Although the government has maintained high capital spending levels for ongoing infrastructure projects, low oil and natural gas prices in recent years have led the Qatari Government to tighten some spending to help stem its budget deficit.

Qatar's reliance on oil and natural gas is likely to persist for the foreseeable future. Qatar is the third largest in the world, in terms of proven natural gas reserves which exceed 25 trillion cubic meters, accounting for 13% of the world total. Proven oil reserves allow production to continue at current levels for about 56 years.

Despite the dominance of oil and natural gas, Qatar has made significant gains in strengthening its non-oil sectors, such as manufacturing, construction, and financial services, leading non-oil GDP to steadily rise in recent years to just over half the total. Following trade restriction imposed by Saudi Arabia, the UAE, Bahrain, and Egypt in 2017, Qatar established new trade routes with other countries to maintain access to imports.

**Table 2.4: Macroeconomic Snapshot of Qatar**

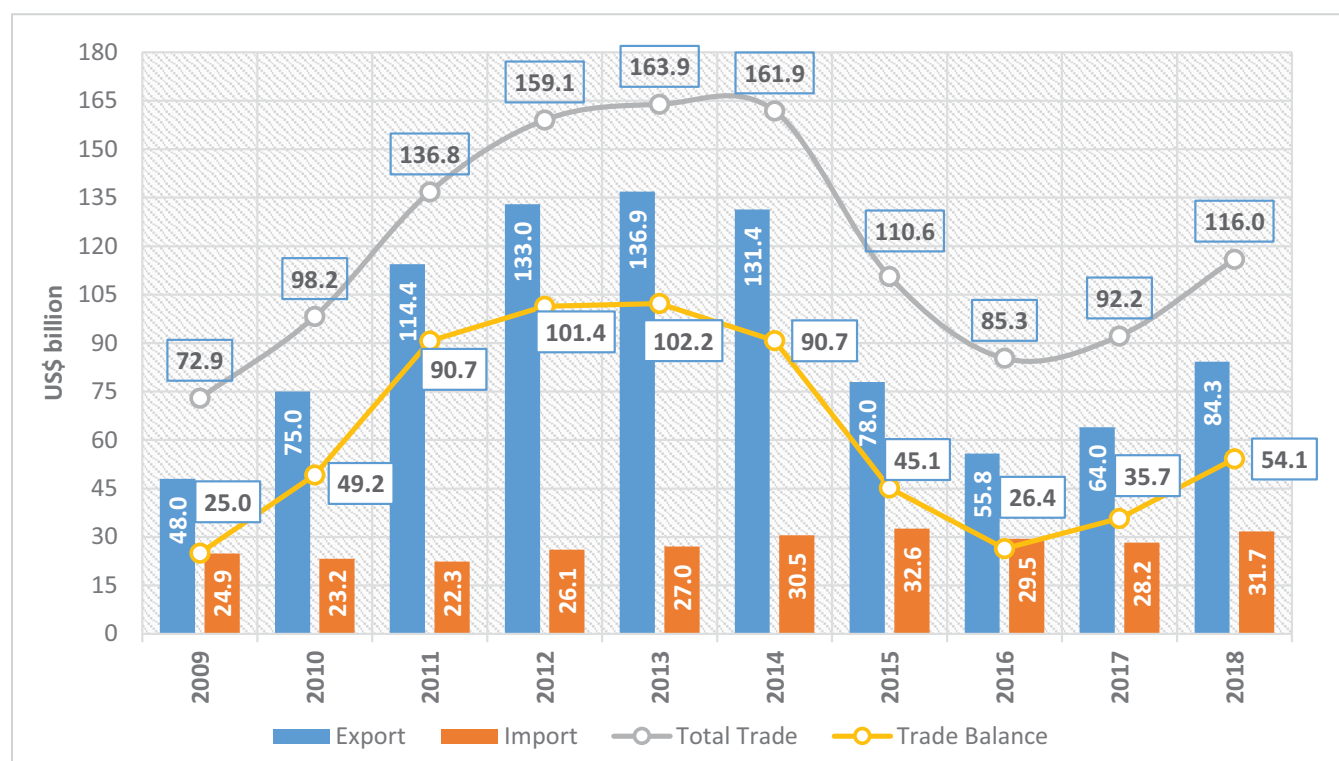
Indicator	2014	2015	2016	2017	2018	2019p	2020p
Real GDP Growth (%)	4.0	3.7	2.1	1.6	1.5	2.0	2.8
Nominal GDP (US\$ bn)	206.2	161.7	151.7	166.9	191.4	191.8	195.2
GDP per capita, current prices (US\$)	93054.1	66346.9	57965.4	62826.1	70379.5	69687.6	70736.9
Inflation, average consumer prices (%)	3.4	1.8	2.7	0.4	0.2	0.1	3.7
Population (mn)	2.2	2.4	2.6	2.7	2.7	2.8	2.8
Current account balance (% of GDP)	24.0	8.5	-5.5	3.8	8.7	6.0	4.1

*p-Projections*

Source: IMF, WEO Database, October 2019

## International Trade

**Figure 2.16: Trends in International Trade of Qatar (2009-2018)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

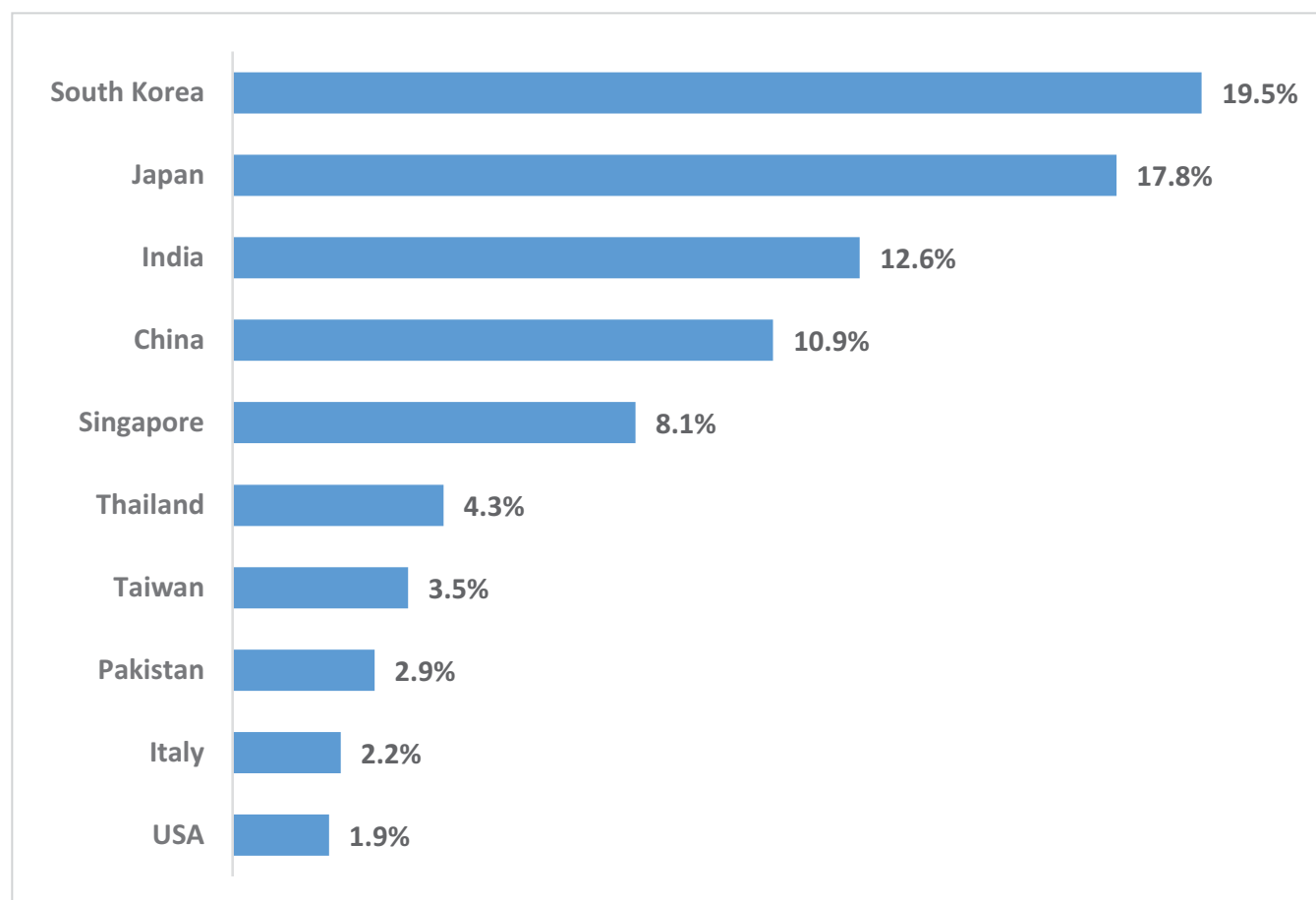
Qatar's total trade has increased from US\$ 72.9 billion in 2009 to US\$ 116 billion in 2018, recording a CAGR of 4.7%. Driven predominantly by exports, Qatar's total trade showed a steep upward trend since 2009 to 2013, before moderating during 2014 and 2015, with the change in global oil prices. Thereafter in 2016, the trade started to rise again at steady rate. During 2009-2018, Qatar witnessed an all-time trade surplus ranging as high as US\$ 102.2 billion in 2013 to as low as US\$ 26.4 billion in 2016. Between 2017 and 2018, the total trade of Qatar increased by 56.6% driven by high levels of exports. During the same period, exports increased by 31.7% from US\$ 64 billion to US\$ 84.3 billion and imports increased by 12.4% from US\$ 28.2 billion to US\$ 31.7 billion.

## Exports of Qatar

### Major Export Markets

The primary export market for Qatar is South Korea, which constitutes 19.5% of the total exports amounting to US\$ 16.3 billion in 2018. This is followed by Japan (US\$ 17.8 billion and share of 8.3%), India (US\$ 10.5 billion and share of 12.6%), China (US\$ 9.1 billion and share of 10.9%), Singapore (US\$ 6.8 billion and share of 8.1%) and Thailand (US\$ 3.5 billion and share of 4.3%) among others.

**Figure 2.17: Qatar's Top 10 Export Markets in 2018 (%)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

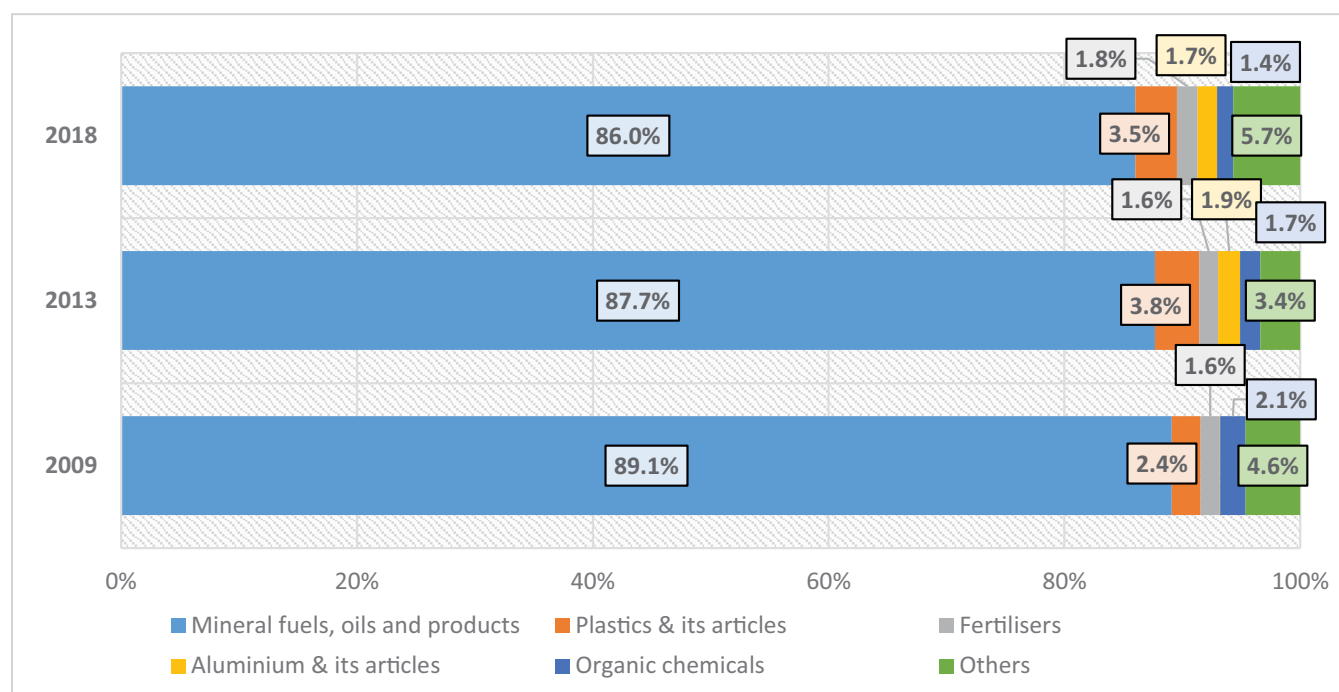


### Major Export Items

In 2018, about 86% of the total export is of mineral fuels, oils and products amounting to US\$ 72.5 billion. The export basket of Qatar is concentrated only in one commodity which adds to the volatility of its export earnings. Other items of exports include plastics and its article (3.5% of the total exports), fertilisers (1.8%), aluminium and its articles (1.7%), organic chemical (1.4%) and inorganic chemicals (1.3%) (refer **Table A7** in **Annexure**).

### Composition of Qatar's Exports

**Figure 2.18: Share of Top 5 Export Products in Qatar's Total Exports (%)**

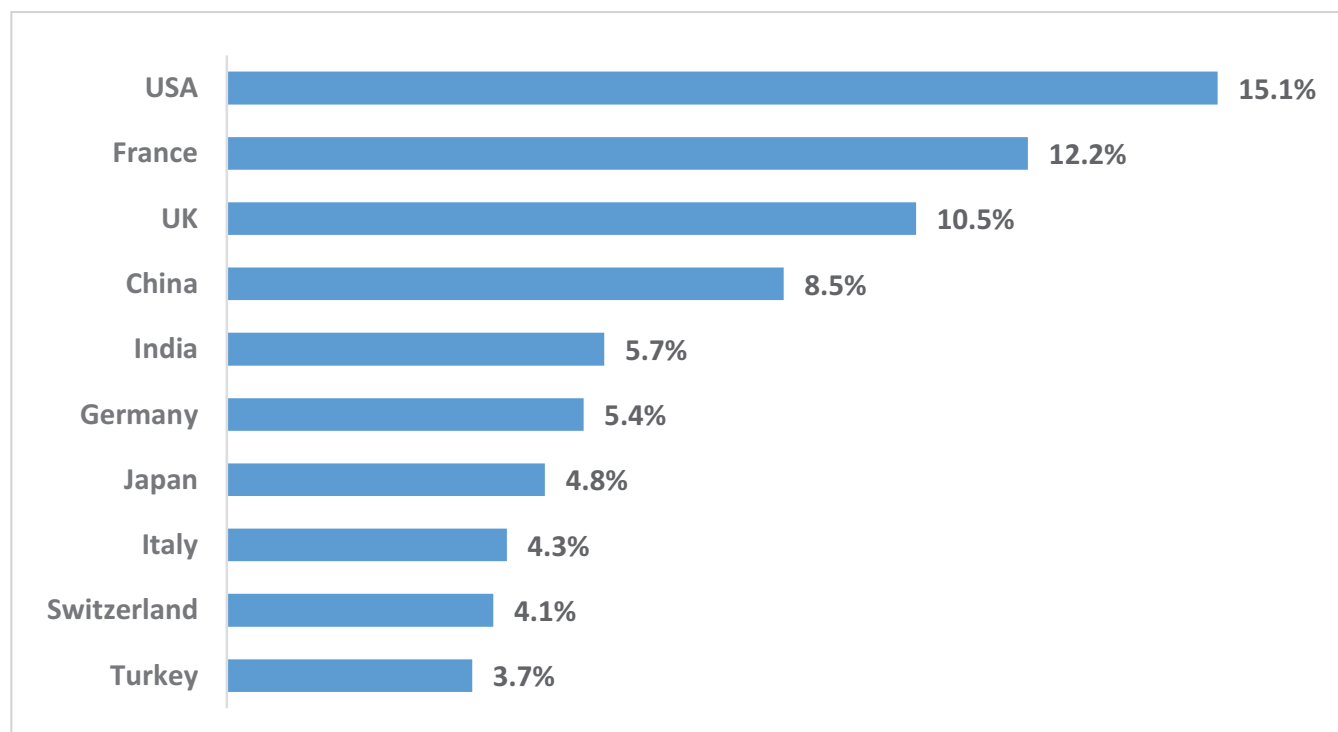


Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### Imports of Qatar

#### Major Import Sources

USA is the principal import source for Qatar, which constitutes 15.1% of the total imports amounting to US\$ 4.4 billion in 2018. This is followed by France (US\$ 3.6 billion and share of 12.2%), UK (US\$ 3.1 billion and share of 10.5%), China (US\$ 2.5 billion and share of 8.5%), India (US\$ 1.7 billion and share of 5.7%) and Germany (US\$ 1.6 billion and share of 5.4%) among others.

**Figure 2.19: Qatar's Top 10 Import Sources in 2018 (%)**

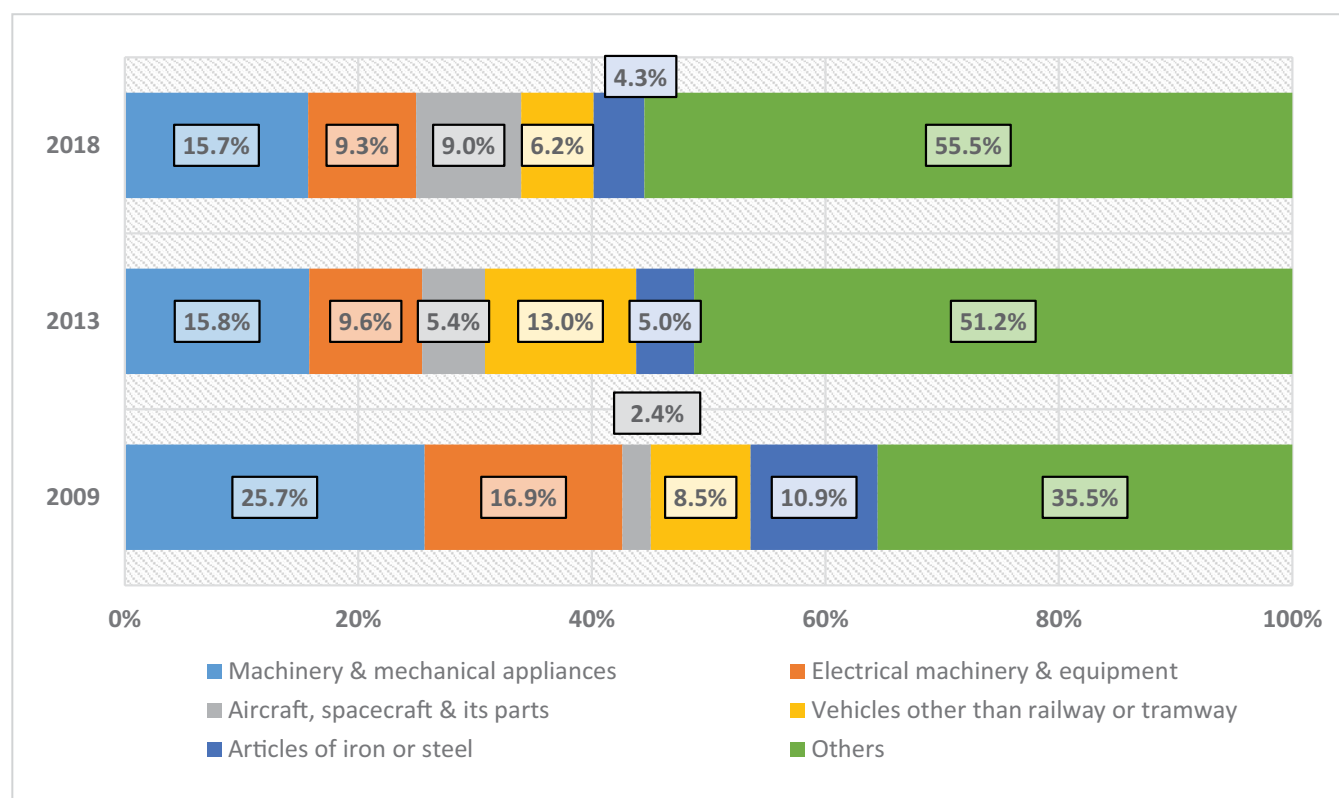
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### *Major Import Items*

In 2018, Qatar's main import item is machinery and mechanical appliances constituting 15.7% of the total import with goods amounting to US\$ 4.9 billion. This is followed by electrical machinery and equipment (9.3% of the total imports), aircrafts, spacecraft and its parts (9%), vehicles other than railway or tramway (6.2%), articles of iron and steel (4.3%), pearls, precious stones and metals (2.9%), and arms and ammunition and its parts (2.8%) (refer **Table A8** in **Annexure**).

## Composition of Qatar's Import

Figure 2.20: Share of Top 5 Import Products in Qatar's Total Imports (%)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Saudi Arabia

Saudi Arabia occupies the majority of the Arabian Peninsula. It shares land borders with Jordan, Kuwait, Qatar, Iraq, Bahrain, Oman, Yemen and the United Arab Emirates. It also has extensive coastline on the Persian Gulf and the Red Sea. The land area of Saudi Arabia stands at 2,149,690 sq. km. Much of the landscape is desert, and most of the population either lives in large cities or coastal towns. Since its unification into a single kingdom in 1932, the country has been governed by an absolute monarchy, with the current ruler assuming power in 2005. Saudi Arabia is an Islamic state and since 1992 the monarchy has been legally obliged to govern the country in accordance with Sharia law.

Saudi Arabia is rich in petroleum, natural gas, iron ore, gold and copper. Services sector contributes 53.2% of the GDP, followed by industrial sector (44.2% of the GDP) and agriculture sector (2.6%). Major industries include crude oil production, petroleum refining, basic petrochemicals, ammonia, industrial gases, sodium hydroxide (caustic soda), cement, fertilizer, plastics, metals, commercial ship repair, commercial aircraft repair and construction.

Saudi Arabia is an oil-based economy with strong government controls over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 87% of budget revenues, 42% of GDP, and 90% of export earnings.

Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals. Approximately, 6 million foreign workers play an important role in the Saudi economy, particularly in oil and service sectors; at the same time, however, Riyadh is struggling to reduce unemployment among its own nationals.

In 2017, the Kingdom incurred a budget deficit estimated at 8.3% of GDP, which was financed by bond sales and drawing down reserves. Although the Kingdom can finance high deficits for several years by drawing down its considerable foreign assets or by borrowing, it has cut capital spending and reduced subsidies on electricity, water, and petroleum products and recently introduced a VAT of 5%. In January 2016, Crown Prince and Deputy Prime Minister announced that Saudi Arabia intends to list shares of its state-owned petroleum company, ARAMCO - another move to increase revenue and outside investment. The government has also looked at privatization and diversification of the economy more closely in the wake of a diminished oil market. Historically, Saudi Arabia has focused diversification efforts on power generation, telecommunications, natural gas exploration, and petrochemical sectors. More recently, the government has approached investors about expanding the role of the private sector in the health care, education and tourism industries. While Saudi Arabia has emphasized their goals of diversification for some time, current low oil prices may force the government to make more drastic changes ahead of their long-run timeline.

**Table 2.5: Macroeconomic Snapshot of Saudi Arabia**

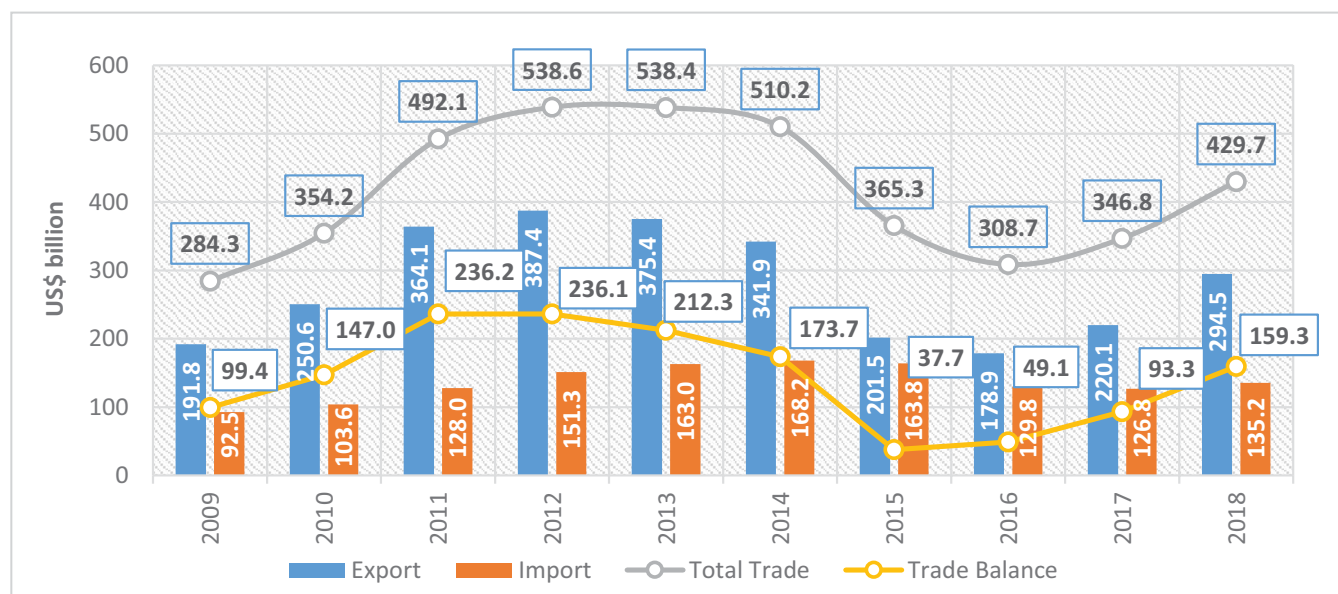
Indicator	2014	2015	2016	2017	2018	2019p	2020p
Real GDP Growth (%)	3.7	4.1	1.7	-0.7	2.4	0.2	2.2
Nominal GDP (US\$ bn)	756.4	654.3	644.9	688.6	786.5	779.3	783.3
GDP per capita, current prices (US\$)	24929.3	21063.3	20288.9	21114.0	23538.9	22865.2	22533.3
Inflation, average consumer prices (%)	2.2	1.3	2.0	-0.9	2.5	-0.7	2.2
Population (mn)	30.3	31.1	31.8	32.6	33.4	34.1	34.8
Current account balance (% of GDP)	9.8	-8.7	-3.7	1.5	9.2	4.4	1.5

*p-Projections*

*Source: IMF, WEO Database, October 2019*

## International Trade

**Figure 2.21: Trends in International Trade of Saudi Arabia (2009-2018)**



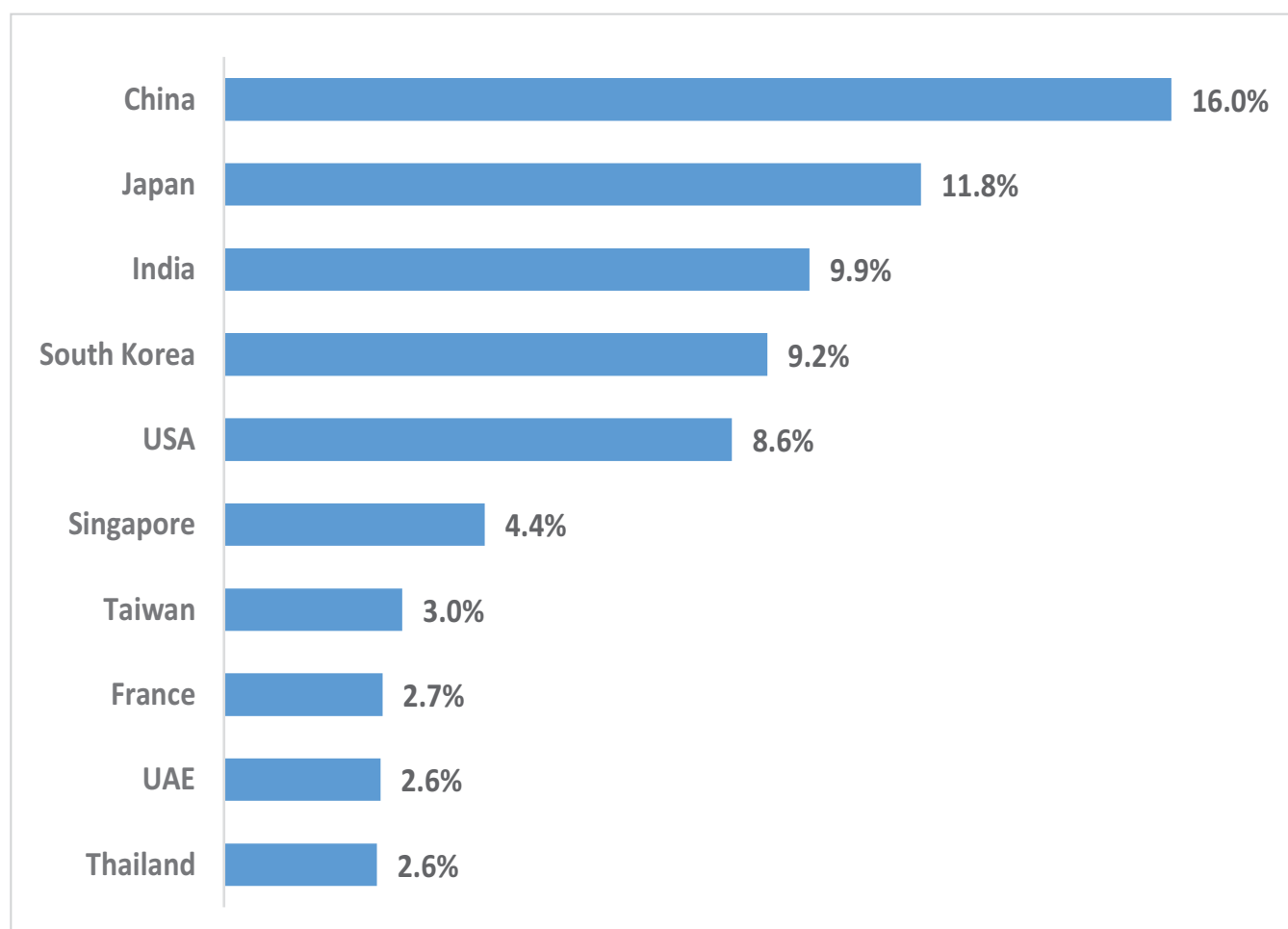
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Total trade of Saudi Arabia has grown at a CAGR of 4.2% during 2009 to 2018 from US\$ 284.3 billion in 2009 to US\$ 429.7 billion in 2018. Like any other GCC countries, Saudi Arabia saw similar pattern of trade growth over the period 2009-2018. The total trade of Saudi Arabia is export driven with a low levels of imports. During 2009-2018, Saudi Arabia maintained a trade surplus peaking at US\$ 236 billion in two consecutive years of 2011 and 2012. The surplus was lowest in 2015 with US\$ 37.7 billion due to low levels of exports. In 2017 & 2018, the total trade of Saudi Arabia increased by 23.9% with exports increasing by 33.8% from US\$ 220.1 billion to US\$ 294.5 billion and imports increased by 6.6% from US\$ 126.8 billion to US\$ 135.2 billion.

## Exports of Saudi Arabia

### Major Export Markets

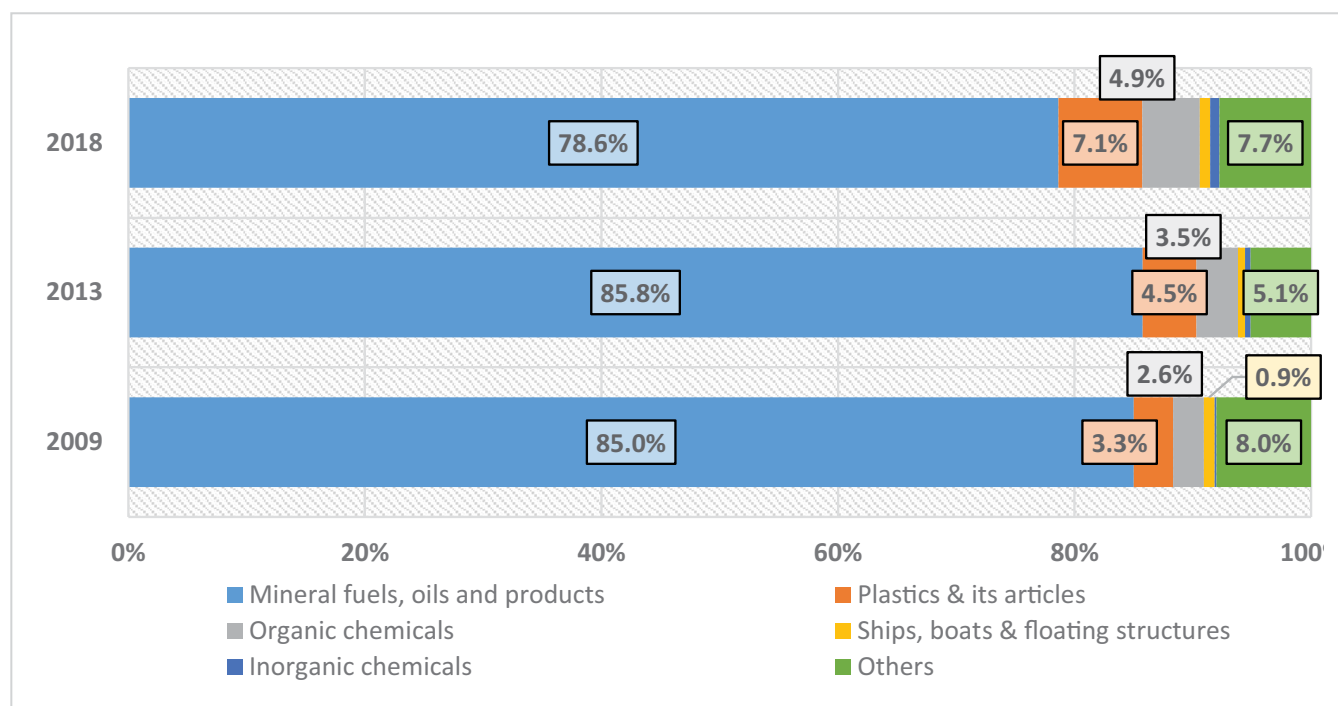
Exports of Saudi Arabia are diversified among countries. China accounted for 16% of the total exports of Saudi Arabia amounting to US\$ 45.9 billion in 2018. Other main export destination include Japan (US\$ 33.8 billion and share of 11.8%), India (US\$ 28.4 billion and share of 9.9%), South Korea (US\$ 26.3 billion and share of 9.2%), USA (US\$ 24.6 billion and share of 8.6%) and Singapore (US\$ 12.6 billion and share of 4.4%).

**Figure 2.22: Saudi Arabia's Top 10 Export Markets in 2018 (%)**

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

#### *Major Export Items*

Like any other GCC country, the total exports of Saudi Arabia is dominated by mineral fuels, oils and products which comprises of 78.6% of the total exports in 2018. The rest of the share is contributed by plastics and its articles (7.1% of the total exports), organic chemicals (4.9%), ships, boats and floating structures (0.9%) (refer **Table A9** in **Annexure**).

**Figure 2.23: Share of Top 5 Export Products in Saudi Arabia's Total Exports (%)**

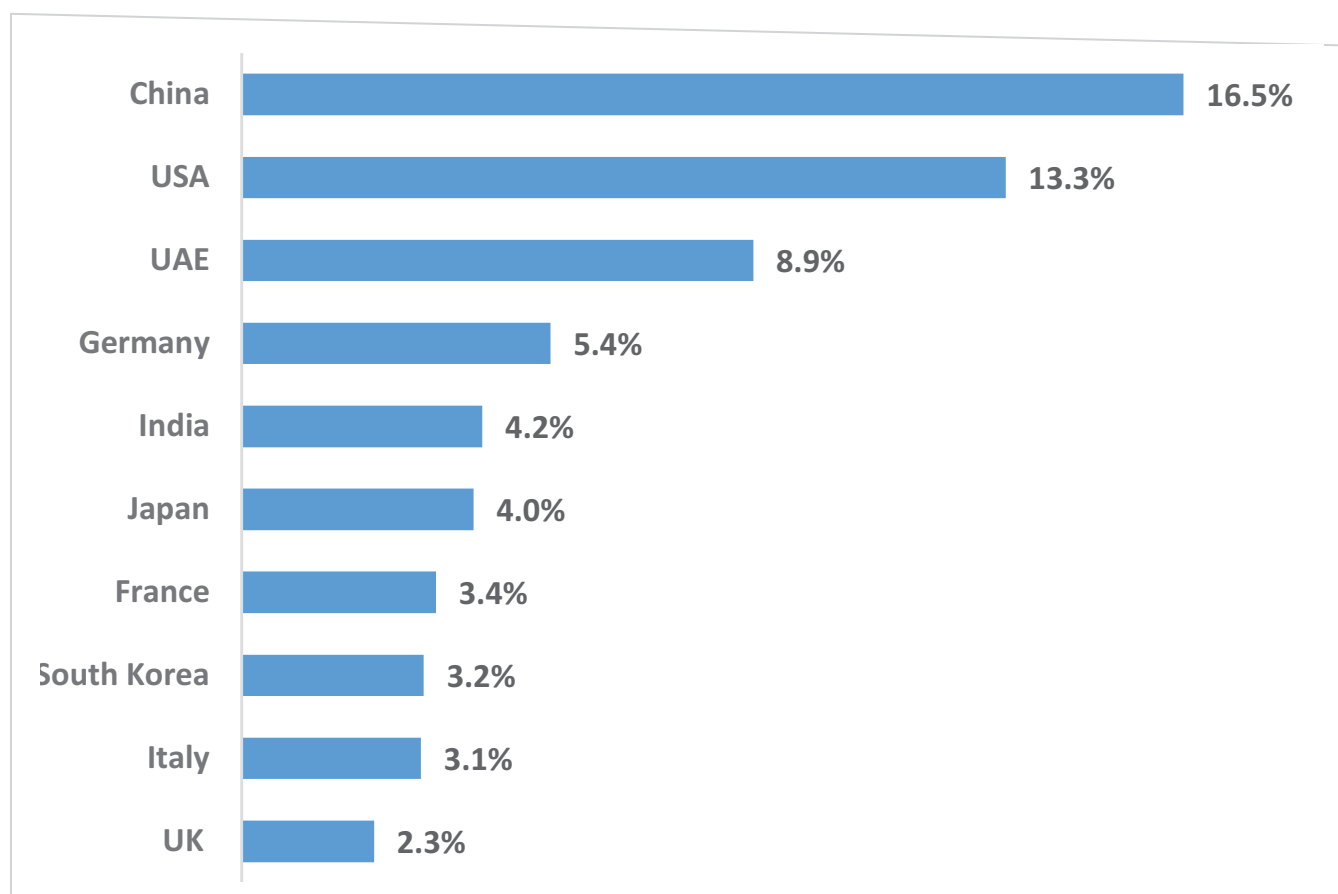
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Imports of Saudi Arabia

### Major Import Sources

In 2018, the principal source of Saudi Arabia's imports was China accounting for 16.5% of the total imports amounting to US\$ 22.2 billion. Other import sources include USA (US\$ 18 billion and share of 13.3%), UAE (US\$ 12.1 billion and share of 8.9%), Germany (US\$ 7.3 billion and share of 5.4%), India (US\$ 5.7 billion and share of 4.2%) and Japan (US\$ 5.5 billion and share of 4%).

Figure 2.24: Saudi Arabia's Top 10 Import Sources in 2018 (%)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

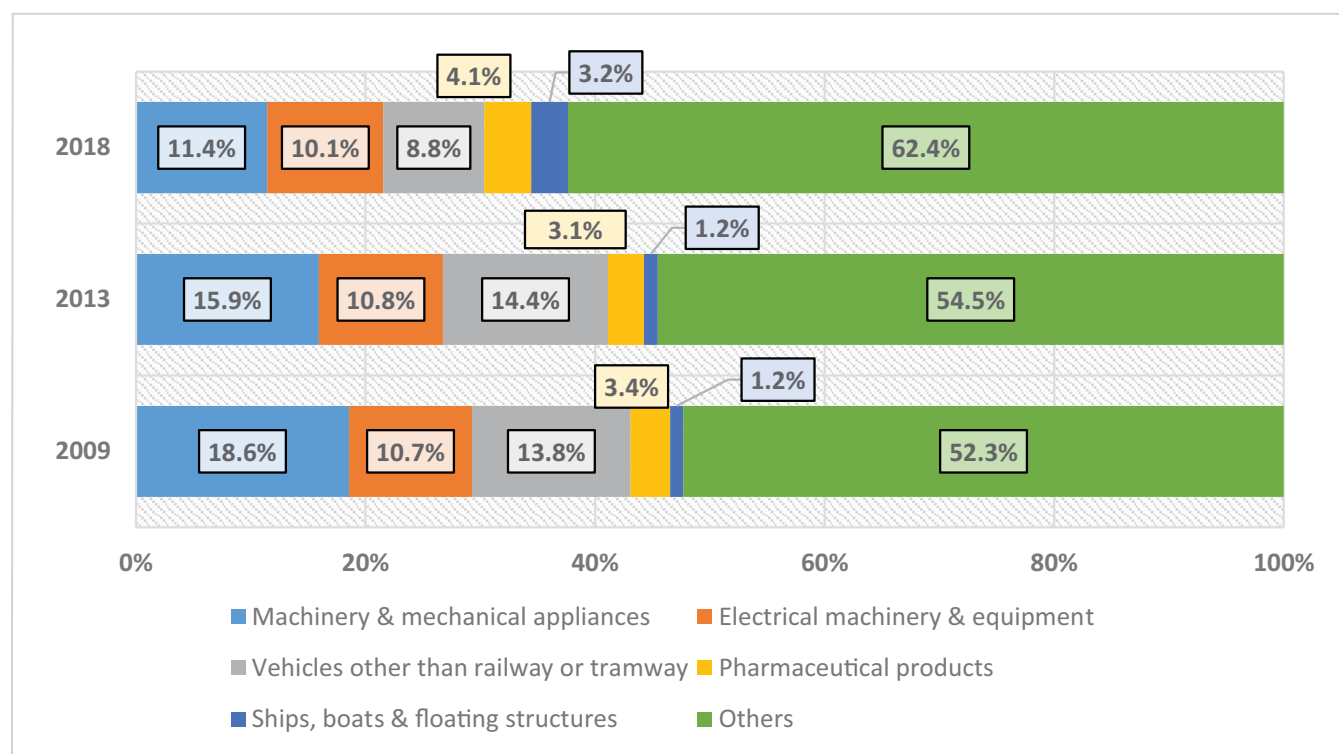
### Major Import Items

The import basket of Saudi Arabia is diversified over a range of products. Machinery and mechanical appliances constitute 11.4% of the total import needs of Saudi Arabia in 2018. This is closely followed by electrical machinery and appliances (10.1% of the total imports), vehicles other than railway or tramway (8.8%), pharmaceutical products (4.1%), ships, boats and floating structure (3.2%), pearls, precious stones and metals (3%), mineral, fuels and products (2.9%) and articles of iron or steel (2.9%) (refer **Table A10** in **Annexure**).



## Composition of Saudi Arabia's Imports

Figure 2.25: Share of Top 5 Import Products in Saudi Arabia's Total Imports (%)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## United Arab Emirates

Bordering Saudi Arabia to the south and Oman to the east, the UAE is a relatively small country on the Persian Gulf. Following independence from Britain in 1971, the successful exploitation of oil and gas reserves has completely transformed the entire region, and the UAE is amongst the richest countries in the world. The UAE is a federal state, with the following emirates: Abu Dhabi, Ajman, Dubai, Fujairah, Ras al Khaimah, Sharjah and Umm al-Quwain, each ruled by a hereditary monarchy. The seven emirs form the UAE's supreme council, and one is elected President of the UAE.

UAE is rich in petroleum and natural gases. Major industries include petroleum and petrochemicals; fishing, aluminum, cement, fertilizer, commercial ship repair, construction materials, handicrafts and textiles. Industry and services sector contribute almost equal share of 49.8% and 49.5% of the GDP respectively; and agriculture sector contributing mere 0.9% of the GDP.

Successful efforts at economic diversification have reduced the portion of GDP from the oil and gas sector to 30%. Since the discovery of oil in the UAE nearly 60 years ago, the country has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. The government has increased spending on job creation and infrastructure expansion and is opening up utilities to greater private sector involvement. The country's free trade zones - offering 100% foreign ownership and zero taxes - are helping to attract foreign investors.

The global financial crisis of 2008-09, tight international credit, and deflated asset prices constricted the economy in 2009. UAE authorities tried to blunt the crisis by increasing spending and boosting liquidity in the banking sector. The crisis hit Dubai hardest, as it was heavily exposed to depressed real estate prices. Dubai lacked sufficient cash to meet its debt obligations, prompting global concern about its solvency and ultimately a US\$ 20 billion bailout from the UAE Central Bank and Abu Dhabi Government that was refinanced in March 2014.

The UAE's dependence on oil is a significant long-term challenge, although the UAE is one of the most diversified countries in the GCC. Low oil prices have prompted the UAE to cut expenditures, including on some social programmes, but the UAE has sufficient assets in its sovereign investment funds to cover its deficits. The government reduced fuel subsidies in August 2015, and introduced excise taxes (50% on sweetened carbonated beverages and 100% on energy drinks and tobacco) in October 2017. A 5% VAT was introduced in January 2018. The UAE's strategic plan for the next few years focuses on economic diversification, promoting the UAE as a global trade and tourism hub, developing industry, and creating more job opportunities for nationals through improved education and increased private sector employment.

**Table 2.6: Macroeconomic Snapshot of UAE**

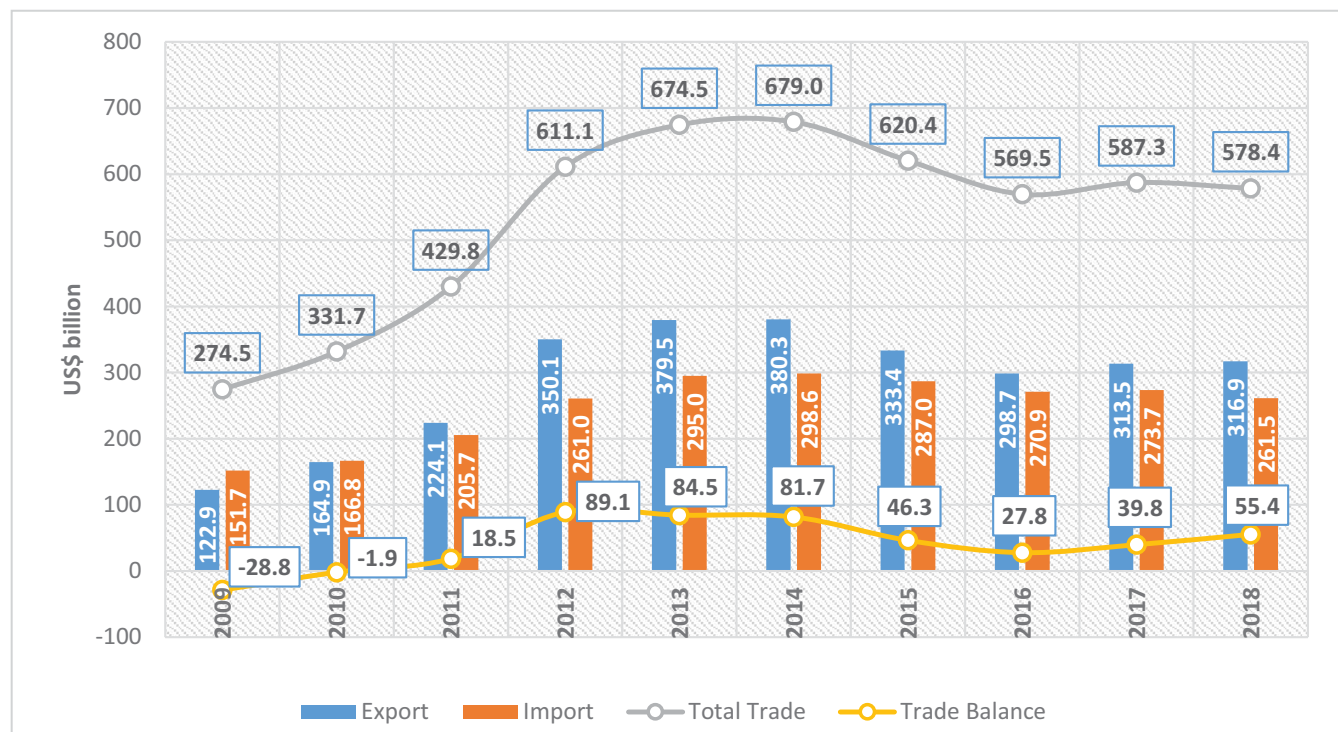
Indicator	2014	2015	2016	2017	2018	2019p	2020p
Real GDP Growth (%)	4.4	5.1	3.0	0.5	1.7	1.6	2.5
Nominal GDP (US\$ bn)	403.1	358.1	357.0	377.7	414.2	405.8	414.0
GDP per capita, current prices (US\$)	43340.0	37380.6	36226.2	37251.9	39709.0	37749.9	37375.3
Inflation, average consumer prices (%)	2.3	4.1	1.6	2.0	3.1	2.1	2.1
Population (mn)	9.3	9.6	9.9	10.1	10.4	10.7	11.1
Current account balance (% of GDP)	13.5	4.9	3.7	7.3	9.1	9.0	7.1

*p- Projections*

*Source: IMF, WEO Database, October 2019*

## International Trade

**Figure 2.26: Trends in International Trade of UAE (2009-2018)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

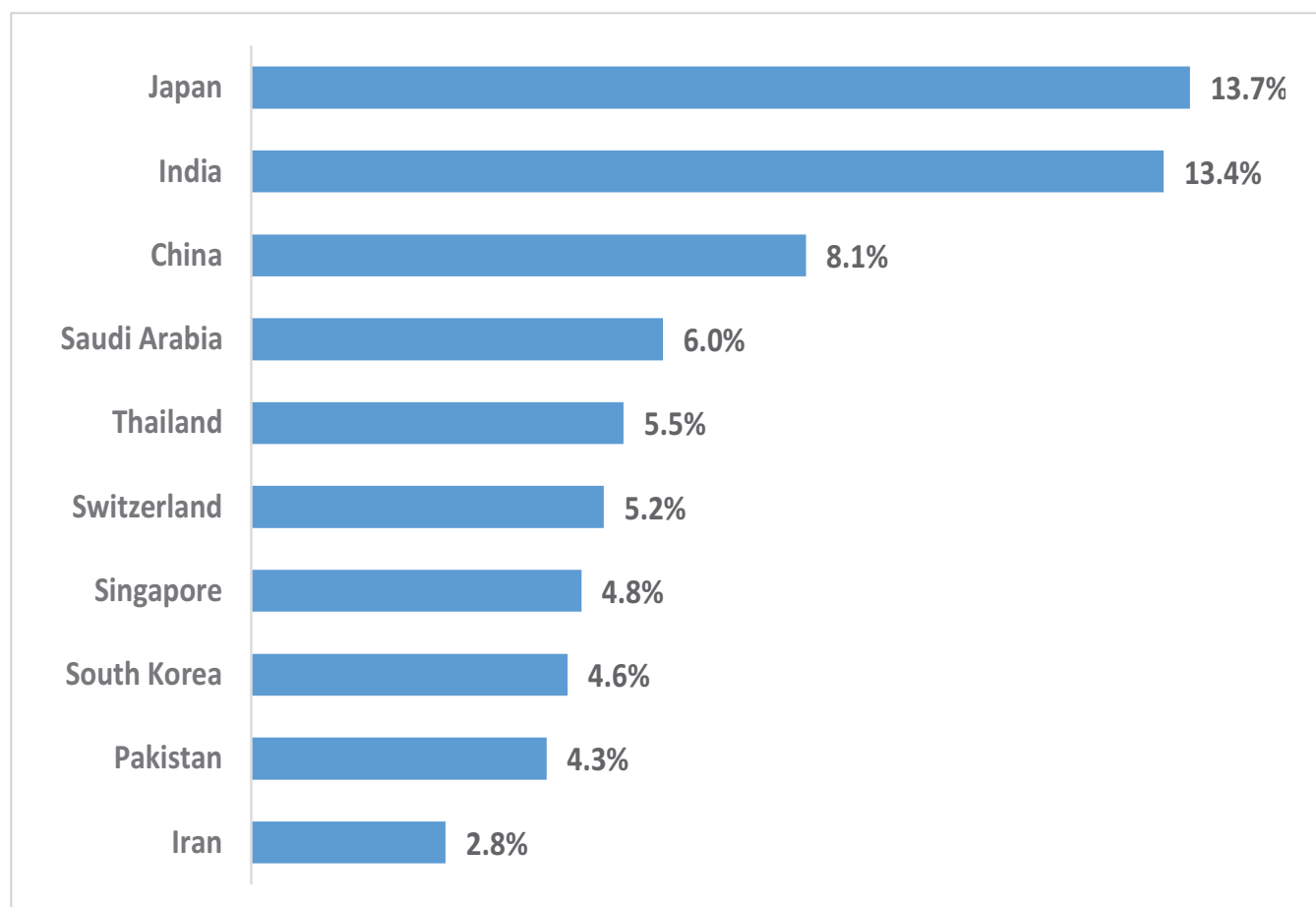
Growing at a CAGR of 7.7%, UAE's total trade increased from US\$ 274.5 billion in 2009 to US\$ 578.4 billion in 2018. UAE trade picked up after 2009 and reached its peak in 2014 with total trade of US\$ 679 billion. There after, came the oil price slump in later part of 2014 where unlike any other GCC country, UAE was least affected with total exports falling by US\$ 46.9 billion in 2015. The total trade has maintained a constant range thereafter. While UAE witnessed a trade deficit in 2009 and 2010, it started to enjoy a continuous trade surplus thereafter, which peaked at US\$ 89.1 billion in 2012. In 2017 & 2018, the total trade of UAE fell by 1.5% with exports increasing by 1.1% from US\$ 313.3 billion to US\$ 316.9 billion and imports decreasing by 4.5% from US\$ 273.7 billion to US\$ 261.5 billion.

## Exports of UAE

### Major Export Markets

UAE exports are diversified to different countries. The principal export market for UAE in 2018 was Japan accounting for 13.7% of UAE's total exports amounting to US\$ 27.6 billion. Other export destinations include India (US\$ 26.8 billion and share of 13.4%), China (US\$ 16.3 billion and share of 8.1%), Saudi Arabia (US\$ 12.1 billion and share of 6%) Thailand (US\$ 10.9 billion and share of 5.5%) and Switzerland (export of US\$ 10.4 billion and share of 5.2%).

Figure 2.27: UAE's Top 10 Export Markets in 2018 (%)



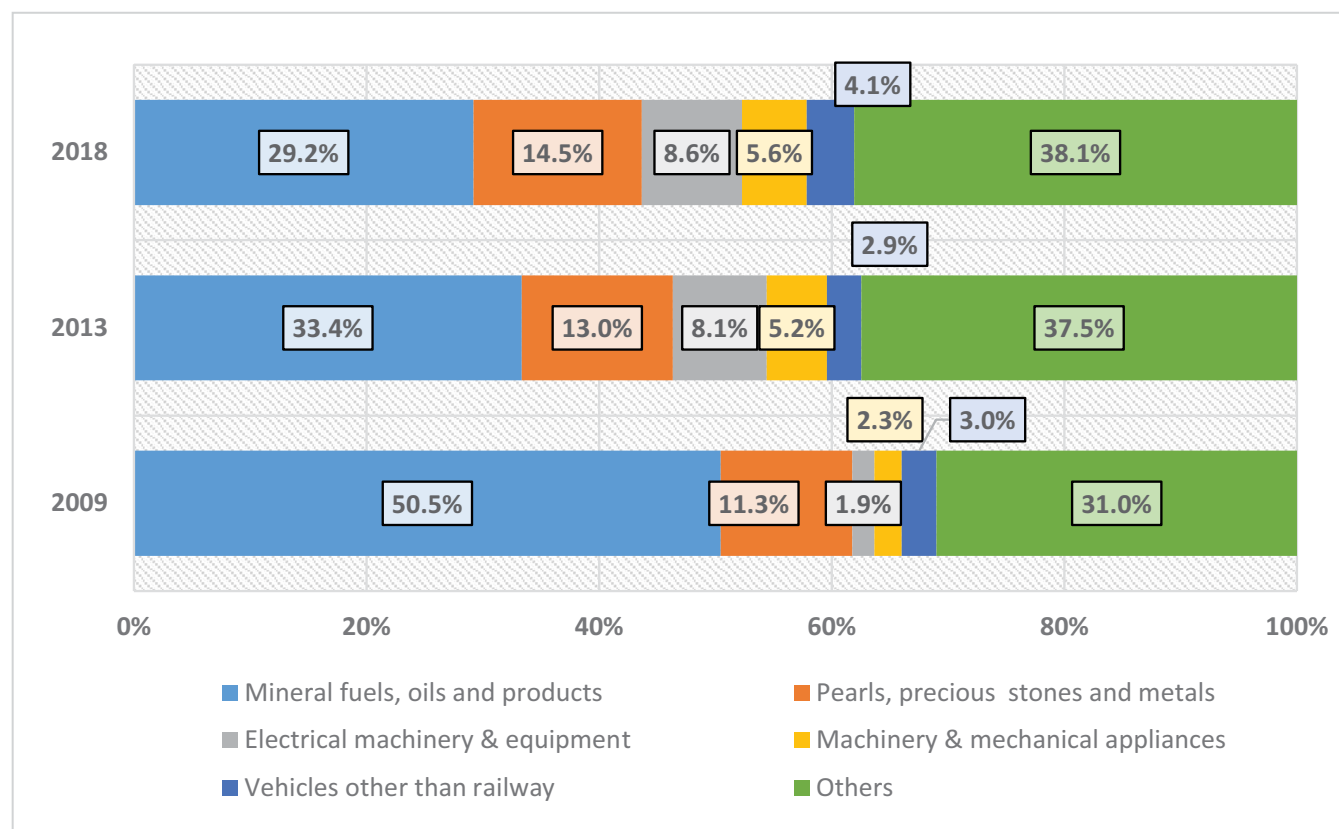
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### Major Export Items

In 2018, unlike any other GCC country, mineral fuels, oils and products constituted only 29.2% of the total exports, which is comparatively much lower than other countries. Other export items of UAE include pearls, precious stones and metals (14.5%), electrical machinery and equipment (8.6%), machinery and mechanical appliances (5.6%), vehicles other than railway or tramway (4.1%) and aluminium and its articles (2%) (refer **Table A11** in **Annexure**).

## Composition of UAE's Exports

Figure 2.28: Share of Top 5 Export Products in UAE's Total Exports (%)

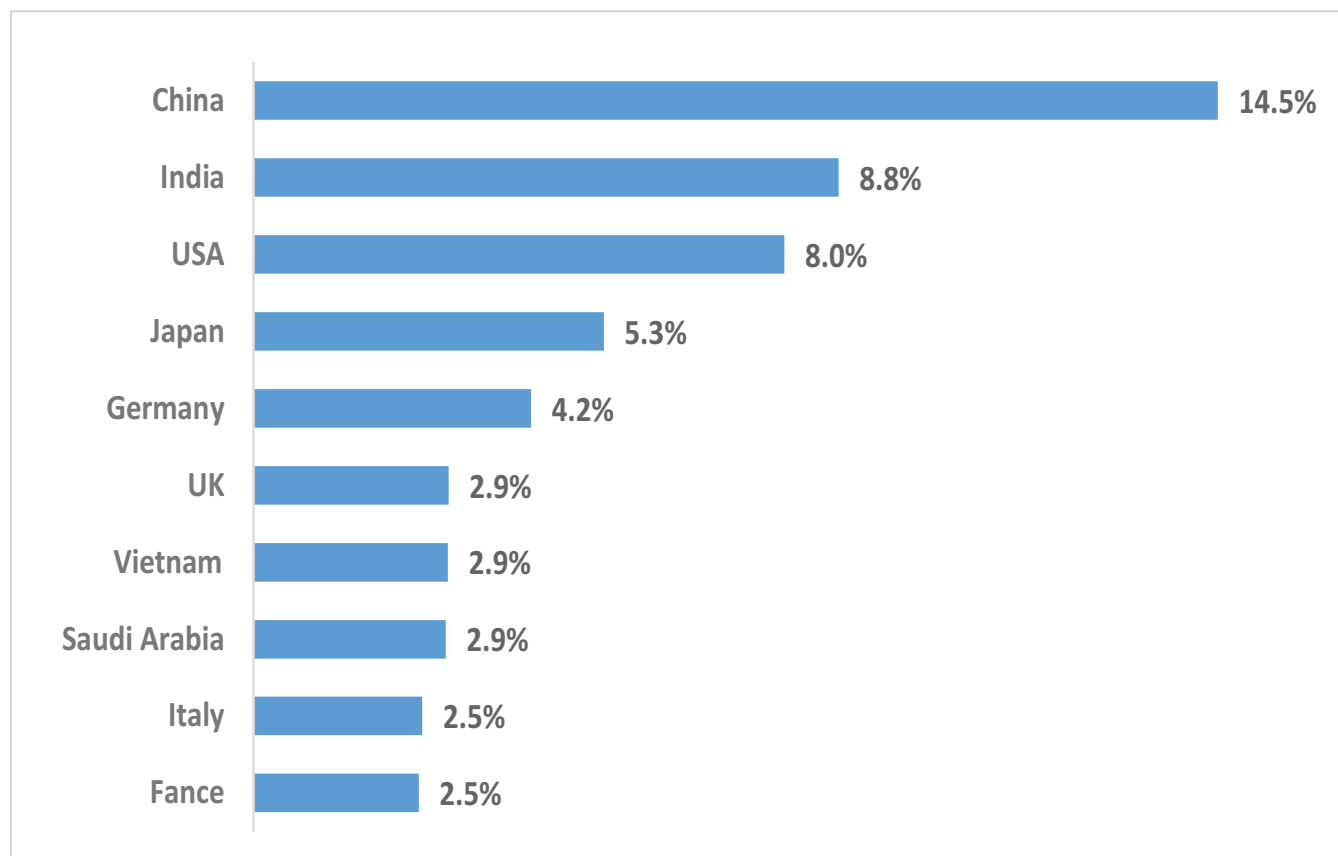


Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## Imports of UAE

### Major Import Sources

The principal import sources for UAE in 2018 was China which accounted for 14.5% of the total imports amounting to US\$ 38 billion. Other import sources include India (US\$ 23.1 billion and share of 8.8%), USA (US\$ 20.9 billion and share of 8%), Japan (US\$ 13.8 billion and share of 5.3%), Germany (US\$ 10.9 billion and share of 4.2%) and UK (US\$ 7.7 billion and share of 2.9%).

**Figure 2.29: UAE's Top 10 Import Sources in 2018 (%)**

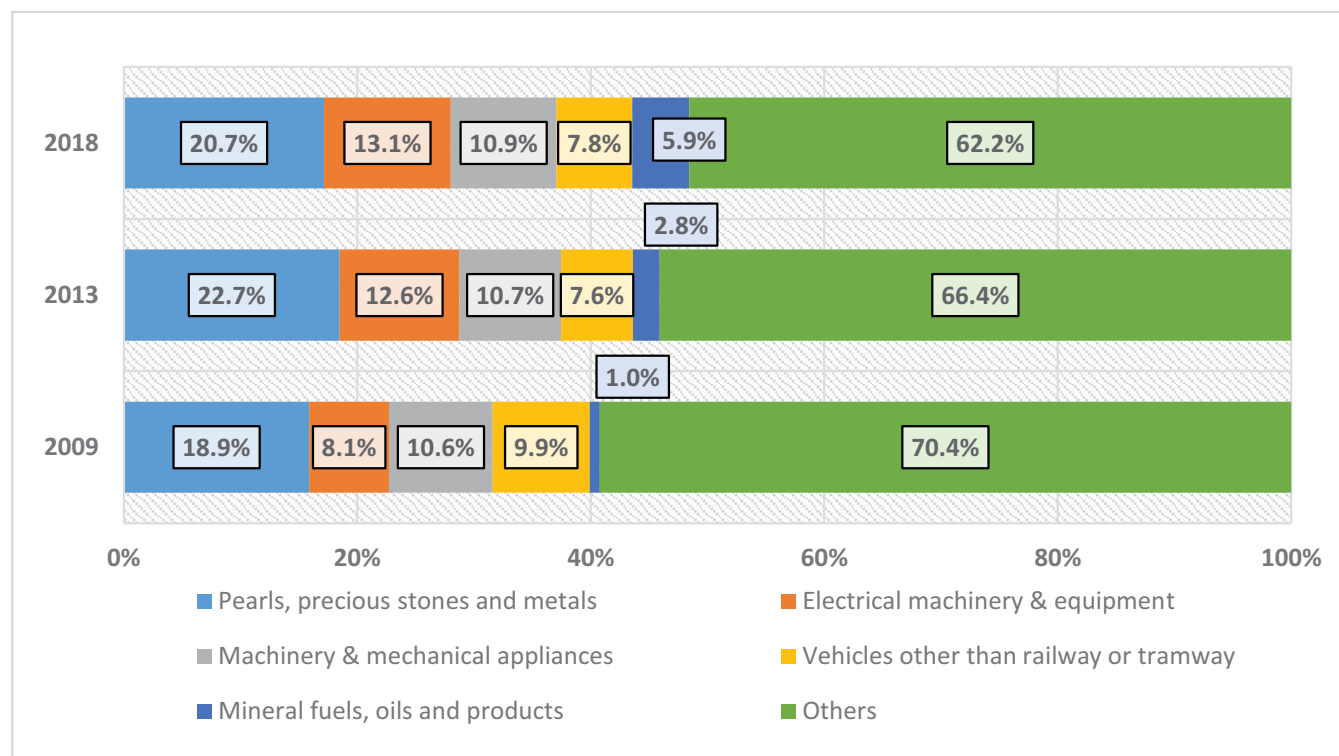
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### *Major Import Items*

In 2018, pearls, precious stones and metals dominated the imports of UAE with 20.7% of the total imports. Other import item includes electrical machinery and equipment (10.9%), machinery and mechanical appliances (10.9%), vehicles other than railway or tramway (7.8%), mineral fuels, oils and products (5.9%), aircraft, spacecraft and its parts (2.7%) and articles of iron and steel (2.1%) (refer **Table A12** in **Annexure**).

## Composition of UAE's Imports

Figure 2.30: Share of Top 5 Import Products in UAE's Total Imports (%)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## CHAPTER



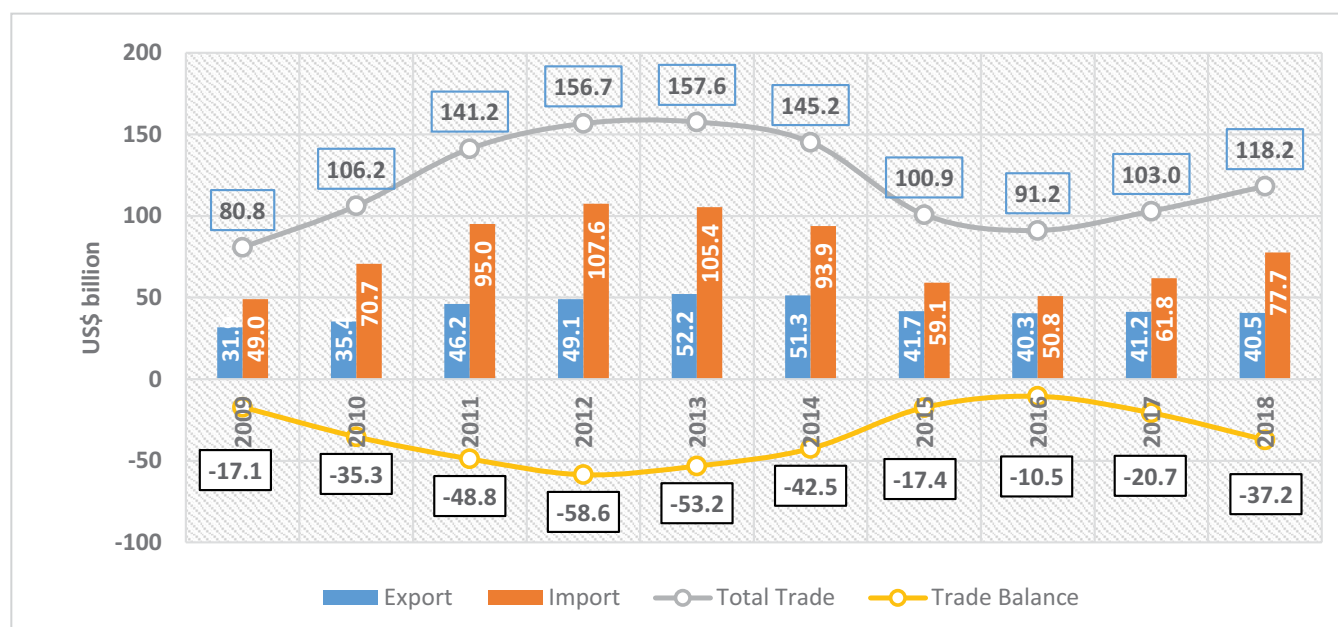
# India's Trade Relations with GCC Countries

This chapter analyses India's bilateral trade relations with the member countries of GCC namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE. While it is evident that India's trade relations with countries in the Gulf region, has transformed considerably over the last decade and supported economic growth of the partner countries, however, the structure and pattern is yet to be diversified. The total trade (exports + imports) between GCC countries and India has averaged more than US\$ 120 billion during the period 2009-2018, while at the same time their export baskets continue to be concentrated with few traditional items, indicating lack of diversification. There is huge potential for diversifying India's exports based on certain growth sector in which India enjoys comparative advantage with respect to the needs of the Gulf countries, which is discussed in more detail in the following chapter.

## India-GCC Trade Relations

Total trade between India and the GCC region increased from US\$ 80.8 billion in 2009 to US\$ 118.2 billion in 2018, growing at a CAGR of 3.9%. Total trade between the GCC region and India peaked in 2013 amounting to US\$ 157.6 billion due to India's high level of imports, resulting in high trade deficit for India. During 2009-2018, India has consistently maintained a trade deficit, stemming from significant dependency on oil import from the region. After 2013, total trade with the region experienced a moderation with falling import and consistent level of exports. In 2018, total trade increased by 14.8% over the previous year, with exports decreasing by 1.6% and imports increasing by 25.7%, during the period (refer **Figure 3.1**).

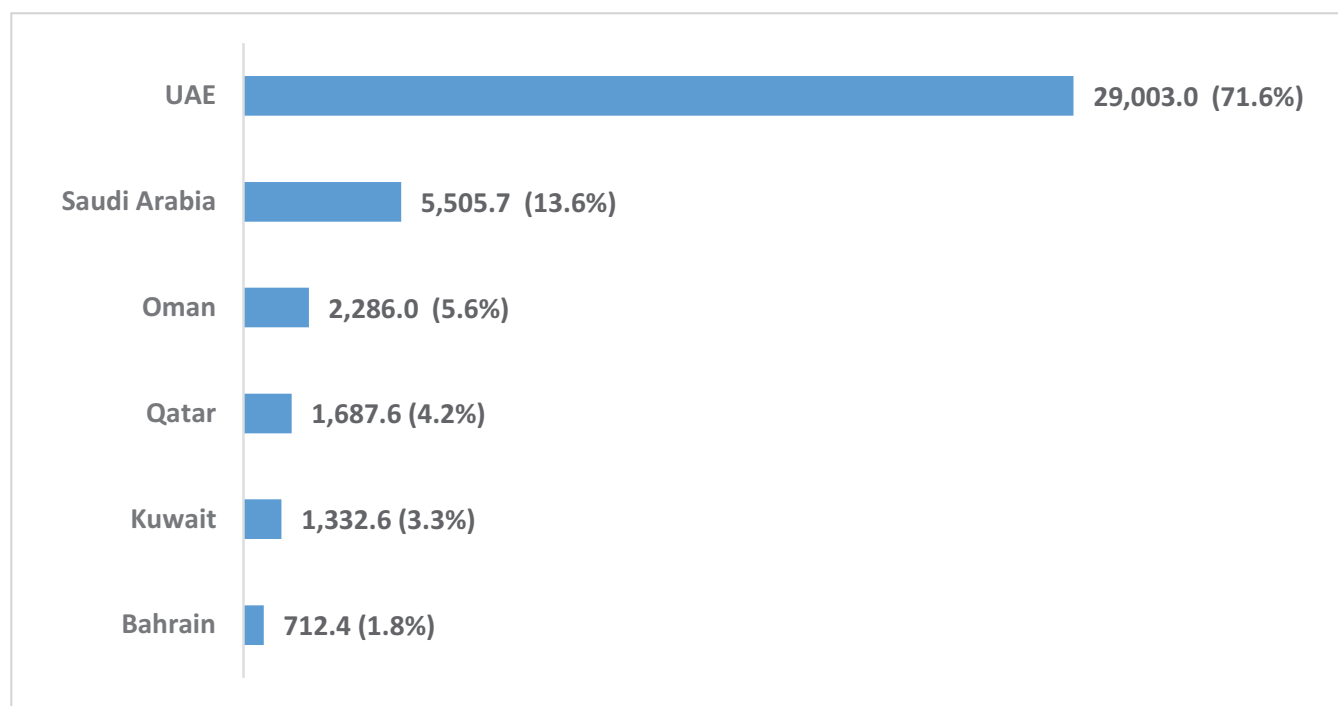


**Figure 3.1: India's Trade with GCC (2009-2018)**

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### India's Exports to GCC- Country Wise

India's exports to the GCC region is highly concentrated towards UAE, which accounted for more than 70% of the total exports to the GCC region amounting to US\$ 29 billion in 2018. This is followed by Saudi Arabia (US\$ 5.5 billion and share of 13.6%), Oman (US\$ 2.3 billion and share of 5.6%), Qatar (US\$ 1.7 billion and share of 4.2%), Kuwait (US\$ 1.3 billion and share of 3.3%), and Bahrain (US\$ 0.7 billion and share of 1.8%) (refer **Figure 3.2**)

**Figure 3.2: India's Exports to GCC in 2018 (US\$ million)**

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### India's Exports to GCC- Product Wise

Pearls, precious stones and metals; and mineral fuels, oils and products dominated India's exports to the GCC region. In 2018, the share of pearls and precious stones stood at 24.7% of India's total exports to GCC, followed by mineral fuels and oils with 19.6% share. Other export items include cereals (5% of India's total exports), electrical machinery and equipment (4.9%), ships boats and floating structures (4.4%) and machinery and mechanical appliances (3.6%) (refer **Table 3.1**).

**Table 3.1: Indian Exports to GCC- Total Products (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Exports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>31,850.4</b>	<b>52,180.2</b>	<b>40,633.5</b>	<b>100.0%</b>
71	Pearls, precious stones& metals	15,308.1	15,463.8	10,028.8	24.7%
27	Mineral fuels, oils & products	4,351.6	14,420.0	7,971.2	19.6%
10	Cereals	1,557.3	2,403.3	2,028.7	5.0%
85	Electrical machinery & equipment	1,220.8	1,710.8	2,010.6	4.9%
89	Ships, boats & floating structures	251.8	1,227.9	1,774.5	4.4%
84	Machinery & mechanical appliances	1,096.8	1,622.2	1,453.7	3.6%
61	Articles of apparel & clothing accessories knitted or crocheted	499.8	1,078.4	1,394.7	3.4%
29	Organic chemicals	367.0	726.4	1,215.8	3.0%
62	Articles of apparel & clothing accessories, not knitted or crocheted	819.9	1,306.7	1,095.8	2.7%
72	Iron and steel	420.2	1,095.2	1,050.8	2.6%

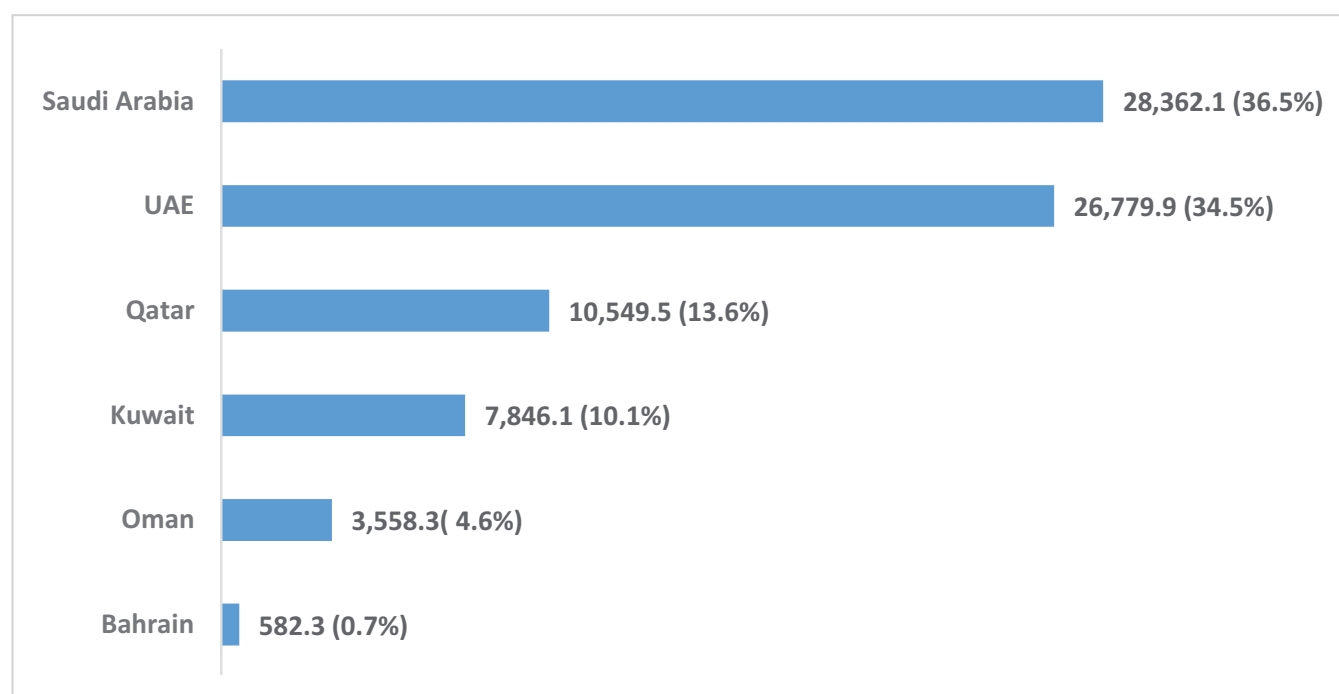
73	Articles of iron or steel	785.3	1,390.3	963.4	2.4%
87	Vehicles other than railway	150.5	651.3	934.3	2.3%
39	Plastics & its articles	277.3	467.9	630.1	1.6%
08	Edible fruit & nuts	312.1	497.5	546.0	1.3%
28	Inorganic chemicals	115.6	366.1	451.1	1.1%
69	Ceramic products	47.8	146.4	449.0	1.1%
02	Meat & edible meat offal	264.8	675.8	444.2	1.1%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### India's Imports from GCC- Country Wise

Saudi Arabia and UAE were the largest sources of India's imports in 2018 from GCC, together constituting more than 70% of India's total imports from the GCC region. Saudi Arabia constituted 36.5% of India's total imports from the region amounting to US\$ 28.4 billion, closely followed by UAE (US\$ 26.8 billion and share of 34.5%), Qatar (US\$ 10.5 billion and share of 13.6%), Kuwait (US\$ 7.8 billion and share of 10.1%), Oman (US\$ 3.6 billion and share of 4.6%), and Bahrain (US\$ 0.6 billion and share of 0.7%) (refer **Figure 3.3**).

**Figure 3.3: India's Imports from GCC in 2018 (US\$ million)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

### India's Imports from GCC- Product Wise

India's total imports from the GCC region increased from US\$ 49 billion in 2009 to US\$ 78 billion in 2018. More than two-third of India's total imports originating from the GCC region in 2018 are in the product category of mineral fuels, oils and products. Pearls, precious stones and metals (9.7% of India's total imports), organic chemicals (3.4%), plastics and its articles (2.8%), fertilizers (2%) are some other important products that India imported from the region in 2018 (refer **Table 3.2**).

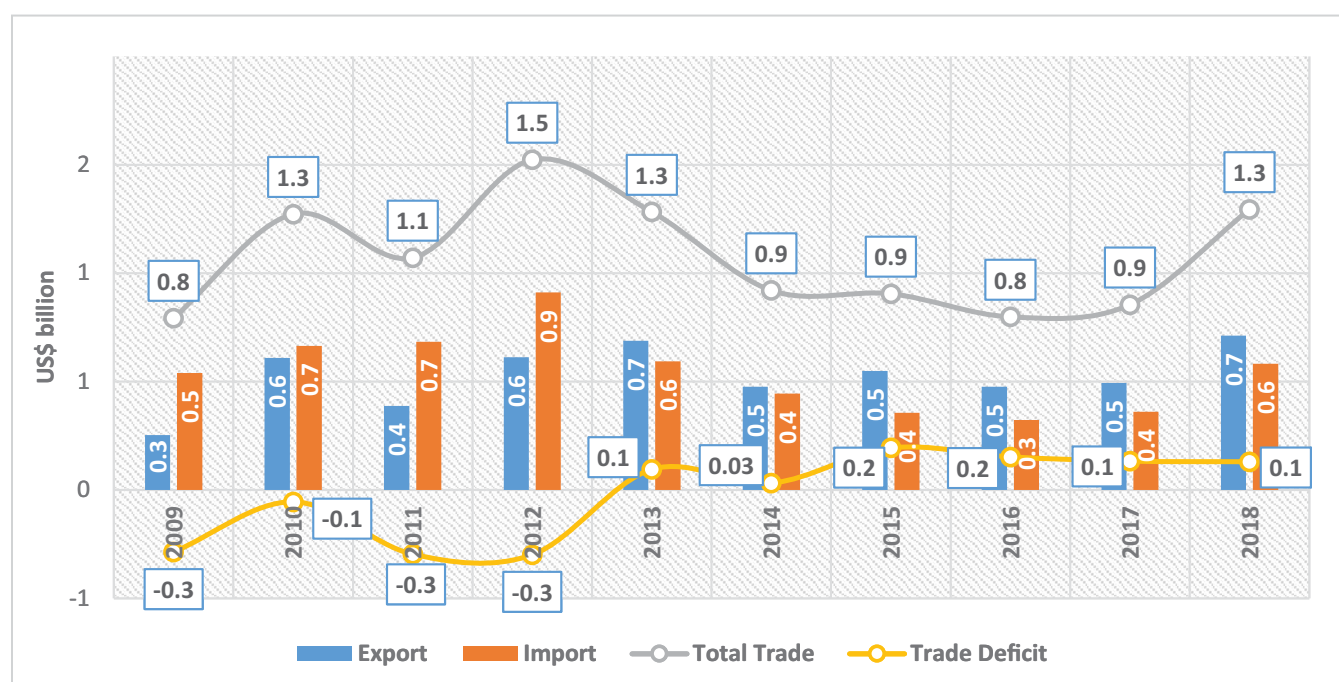
Table 3.2: Indian Imports from GCC- Total Products (US\$ million)

HS Code	Product Label	2009	2013	2018	Share in Total Imports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>48,993.8</b>	<b>105,410.1</b>	<b>78,088.8</b>	<b>100.0%</b>
27	Mineral fuels, oils and products	32,165.8	79,049.3	55,781.7	71.4%
71	Pearls, precious stones and metals	12,049.8	15,107.4	7,569.3	9.7%
29	Organic chemicals	827.6	2,613.2	2,647.8	3.4%
39	Plastics and its articles	712.2	1,635.9	2,157.2	2.8%
31	Fertilisers	591.8	953.1	1,572.6	2.0%
76	Aluminium & its articles	339.1	997.4	1,160.5	1.5%
74	Copper & its articles	146.6	849.4	918.9	1.2%
72	Iron and steel	376.3	806.9	867.3	1.1%
25	Salt & sulphur	166.6	485.3	769.9	1.0%
'89	Ships, boats & floating structures	116.1	628.1	697.1	0.9%
88	Aircraft, spacecraft & its parts	40.6	1.9	571.8	0.7%
28	Inorganic chemicals	306.6	650.3	496.9	0.6%
84	Machinery & mechanical appliances	104.9	137.5	332.3	0.4%
38	Miscellaneous chemical products	89.7	222.9	259.0	0.3%
26	Ores, slag and ash	50.2	69.6	242.0	0.3%
85	Electrical machinery & equipment	303.6	87.0	241.1	0.3%
73	Articles of iron or steel	53.6	72.8	200.1	0.3%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

## India - Bahrain Trade Relations

Figure 3.4: Trends in India's Trade with Bahrain (2009-2018)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

The total trade between India and Bahrain increased from US\$ 0.8 billion in 2009 to US\$ 1.3 billion in 2018 growing at a CAGR of 5%, with a peak observed in 2012 amounting to US\$ 1.5 billion on the back of high imports levels, resulting in high trade deficit for India with Bahrain. After 2012, imports from Bahrain reduced with relatively constant export levels which resulted in trade surplus with Bahrain. In 2018, total trade increased by 62.5% over the previous year, with exports increasing by 44.2% and imports increasing by 61.3%, during the period (refer **Figure 3.4**).

**Table 3.3: India's Major Exports to Bahrain (2018)**

HS code	Product Label	India's Export's to Bahrain (US\$ mn)	Share in India's Total Exports to Bahrain (%)	India's Share in Bahrain's Global Imports (%)
<b>TOTAL</b>	<b>All products</b>	<b>712.4</b>	<b>100.0%</b>	<b>3.5%</b>
84	Machinery & mechanical appliances	76.5	10.7%	3.9%
89	Ships, boats & floating structures	63.7	8.9%	13.2%
39	Plastics and its articles	51.8	7.3%	13.5%
10	Cereals	50.1	7.0%	41.8%
27	Mineral fuels, oils & products	49.0	6.9%	0.8%
71	Pearls, precious stones and metals	42.6	6.0%	7.2%
87	Vehicles other than railway or tramway	37.2	5.2%	2.8%
85	Electrical machinery and equipment	32.3	4.5%	2.1%
73	Articles of iron or steel	27.7	3.9%	7.2%
72	Iron and steel	26.7	3.8%	7.7%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's exports to Bahrain is presented in Table A13 in Annexure

India represented 3.5% of total imports of Bahrain in 2018. In 2018, the principal item of export to Bahrain from India was machinery and mechanical appliances which constituted 10.7% of the total exports from India to Bahrain. This is followed by ships, boats and floating structures (accounting for 8.9% of India's total exports to Bahrain), plastics and other articles (7.3%), cereals (7%), mineral fuels, oils and products (6.9%), pearls, and precious stones and metals (6%). India accounts for a large share of 41.8% of Bahrain's global import of cereals (refer **Table 3.3**).

**Table 3.4: India's Major Imports from Bahrain (2018)**

HS code	Product Label	India's Import's from Bahrain (US\$ mn)	Share in India's Total Imports from Bahrain (%)	India's Share in Bahrain's Global Exports (%)
<b>TOTAL</b>	<b>All products</b>	<b>582.339</b>	<b>100.0%</b>	<b>3.3%</b>
76	Aluminium and its articles	141.8	24.3%	6.9%
27	Mineral fuels, oils & products	127.7	21.9%	1.2%
26	Ores, slag and ash	119.1	20.5%	12.0%
31	Fertilisers	50.1	8.6%	26.7%
71	Pearls, precious stones & metals	37.7	6.5%	15.6%
72	Iron and steel	34.9	6.0%	5.0%
28	Inorganic chemicals	13.4	2.3%	19.9%
70	Glass and glassware	10.6	1.8%	10.5%

39	Plastics and its articles	9.9	1.7%	5.3%
84	Machinery & mechanical appliances	4.2	0.7%	1.4%

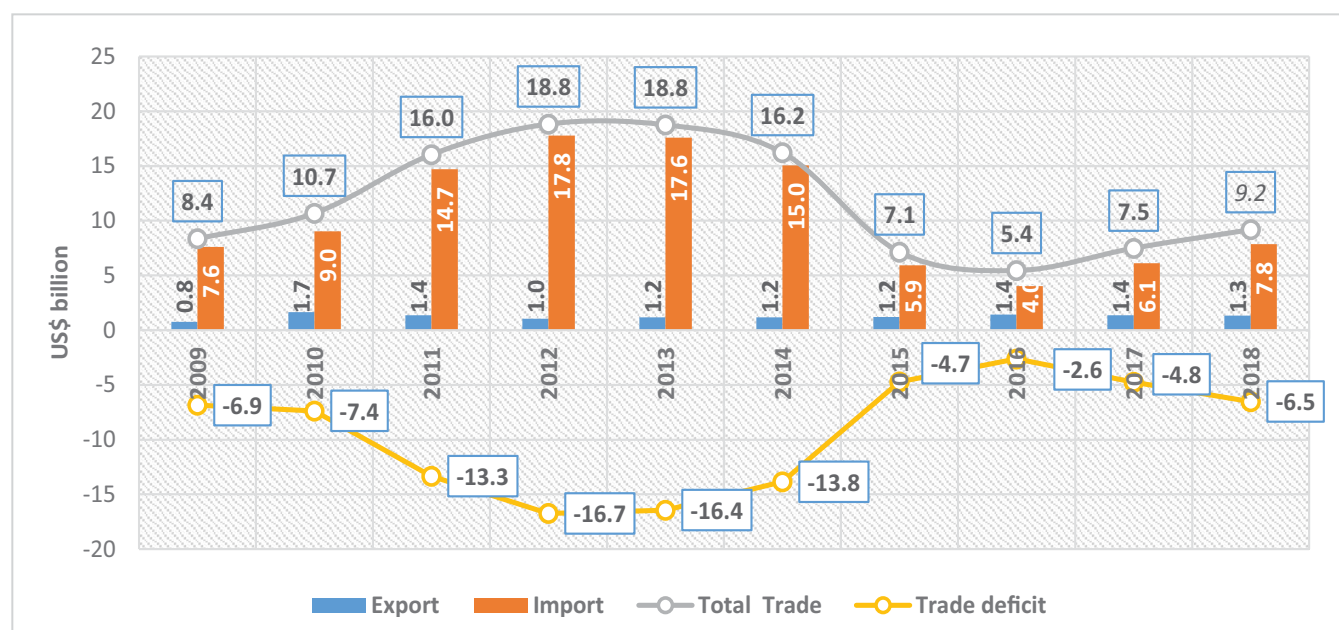
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's imports from Bahrain is presented in Table A13 in Annexure

India represented 3.3% of Bahrain's total global exports in 2018. Aluminium and its articles; mineral fuels, oils and products; and ores, slag and ash are the primary imports of India from Bahrain, together accounting for 67% share in India's total imports from Bahrain. India accounts for a share of 26.7% and 19.9% of Bahrain's global exports of fertilisers and inorganic chemicals, respectively (refer **Table 3.4**).

## India - Kuwait Trade Relations

**Figure 3.5: Trends in India's Trade with Kuwait (2009-2018)**



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

India's total trade with Kuwait is driven by the high level of import from Kuwait especially of mineral fuels, oils and products. India always experienced a trade deficit with Kuwait which was as high as US\$ 16.7 billion in 2012. The total imports from Kuwait suddenly fell between 2014 and 2015, reducing to almost one third in 2015 and since then import never hit the pre-2015 levels leading to the narrowing of India's trade deficit with Kuwait. India's exports to Kuwait recorded a stable trend. In 2018, the total trade grew at 22.7% as compared to the previous year. In 2018, exports fell by 7.1% and imports increased by 27.9% over 2017, thereby widening the trade deficit from US\$ 4.8 billion witnessed in 2017 to US\$ 6.5 billion in 2018 (refer **Figure 3.5**).

**Table 3.5: India's Major Exports to Kuwait (2018)**

HS code	Product Label	India's Export's to Kuwait (US\$ mn)	Share in India's Total Exports to Kuwait (%)	India's Share in Kuwait's Global Imports (%)
<b>TOTAL</b>	<b>All products</b>	<b>1332.6</b>	<b>100.0%</b>	<b>3.7%</b>
10	Cereals	203.5	15.3%	34.1%

84	Machinery & mechanical appliances	173.5	13%	3.6%
85	Electrical machinery & equipment	111.3	8.3%	2.6%
73	Articles of iron or steel	107.6	8.1%	5.0%
87	Vehicles other than railway or tramway	56.2	4.2%	1.4%
61	Articles of apparel and clothing accessories, knitted or crocheted	47.2	3.5%	8.2%
69	Ceramic products	38.3	2.9%	21.7%
62	Articles of apparel & clothing accessories, not knitted or crocheted	37.9	2.8%	6.8%
09	Coffee, tea, mate & spices	37.5	2.8%	22.7%
08	Edible fruit & nuts	36.1	2.7%	7.2%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's exports to Kuwait is presented in Table A13 in Annexure

India represented 3.7% of total imports of Kuwait in 2018. In 2018, the principal export product from India to Kuwait was cereals which constituted 15.3% of India's total exports to Kuwait during the year. India also accounts for 34.1% of Kuwait's global imports of cereals. This is followed by machinery and mechanical appliances (which accounted for 13% of India's total exports to Kuwait in 2018), electrical machinery and equipment (8.3%), articles of iron and steel (8.1%), and vehicles other than railway or tramway (4.2%). In terms of Kuwait's global imports of coffee, tea, maté and spices; and ceramic products, India accounts for a share of 22.7% and 21.7%, respectively (refer **Table 3.5**).

**Table 3.6: India's Major Imports from Kuwait (2018)**

HS code	Product Label	India's Import's from Kuwait (US\$ mn)	Share in India's Total Imports from Kuwait (%)	India's Share in Kuwait's Global Exports (%)
<b>TOTAL</b>	<b>All products</b>	<b>7846.1</b>	<b>100.0%</b>	<b>10.9%</b>
27	Mineral fuels, oils & its products	6725.3	85.7%	10.3%
29	Organic chemicals	714.3	9.1%	34.0%
39	Plastics and its articles	126.4	1.6%	15.6%
72	Iron and steel	52.5	0.7%	66.1%
74	Copper and its articles	29.6	0.4%	70.6%
31	Fertilisers	18.9	0.2%	14.0%
85	Electrical machinery & equipment	14.9	0.2%	7.4%
84	Machinery & mechanical appliances	10.9	0.1%	3.8%
73	Articles of iron or steel	9.2	0.1%	10.5%
25	Salt & sulphur	6.4	0.1%	31.0%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's imports from Kuwait is presented in Table A13 in Annexure

In 2018, India's share in Kuwait's global exports stood at 10.9%. India's imports from Kuwait is highly concentrated in mineral fuels, oils and products which constitutes 85.7% of India's total imports from Kuwait. India also consumes 10.3% of Kuwait's global exports mineral fuels and oils. Other important import commodities includes organic chemicals (9.1% of India's total imports from Kuwait), and plastics and its articles (1.6%). India accounts for a predominant share in Kuwait's global exports of copper and its articles (70.6%) and iron and steel (66.1%) (refer **Table 3.6**).



## India - Oman Trade Relations

Figure 3.6: Trends in India's Trade with Oman (2009-2018)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

During 2009- 2011, India maintained a trade deficit with Oman driven by high level of imports and low levels of exports to Oman. The imports from Oman sharply fell from US\$ 4.5 billion in 2011 to just US\$ 1.9 billion in 2012, mainly as a result of fall in imports of mineral fuel, oils and products. Consequently, during 2012 to 2016, India witnessed a marginal trade surplus with Oman. With the imports rising from 2017, India again developed a trade deficit. In 2017 and 2018, the total trade has fallen by 3.3% in 2018 with exports falling by 10.3% from US\$ 2.9 billion to US\$ 2.3 billion and import rose by 16.1% from US\$ 3.1 billion and US\$ 3.6 billion in 2018 (refer **Figure 3.6**).

Table 3.7: India's Major Exports to Oman (2018)

HS code	Product Label	India's Export's to Oman (US\$ mn)	Share in India's Total Exports to Oman (%)	India's Share in Oman's Global Imports (%)
<b>TOTAL</b>	<b>All products</b>	<b>2,286.0</b>	<b>100.0%</b>	<b>8.9%</b>
27	Mineral fuels, mineral oils & products	639.9	28.0%	26.3%
89	Ships, boats and floating structures	276.2	12.1%	39.7%
84	Machinery & mechanical appliances	171.1	7.5%	4.1%
10	Cereals	140.4	6.1%	31.5%
85	Electrical machinery & equipment	134.0	5.9%	4.3%
73	Articles of iron or steel	101.5	4.4%	6.2%
72	Iron and steel	77.5	3.4%	7.0%
69	Ceramic products	60.0	2.6%	27.0%
02	Meat and edible meat offal	47.6	2.1%	14.4%
29	Organic chemicals	43.9	1.9%	4.7%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's exports to Oman is presented in Table A13 in Annexure



India accounted for 8.9% of Oman's global imports in 2018. In 2018, India's principal export commodity to Oman was mineral fuels and products which constituted 28% of India's total exports to Oman. India accounted for 26.3% of Oman's global imports of mineral fuels and products in 2018, 39.7% of Oman's global imports of ships, boats and floating structures, and 31.5% of its global imports of cereals. Other major exports items from India to Oman include ships, boats and floating structures (accounting for 12.1% of India's total exports to Oman), machinery and mechanical appliances (7.5%), cereals (6.1%), electrical machinery and equipment (5.9%), and articles of iron and steel (4.4%) (refer **Table 3.7**).

**Table 3.8: India's Major Imports from Oman (2018)**

HS code	Product Label	India's Import's from Oman (US\$ mn)	Share in India's Total Imports from Oman (%)	India's Share in Oman's Global Exports (%)
<b>TOTAL</b>	<b>All products</b>	<b>3,558.3</b>	<b>100.0%</b>	<b>8.3%</b>
27	Mineral fuels, oils & products	2,438.4	68.5%	7.9%
31	Fertilisers	354.0	9.9%	62.7%
25	Salt & sulphur	128.2	3.6%	21.9%
89	Ships, boats & floating structures	118.6	3.3%	27.5%
76	Aluminium & its articles	58.0	1.6%	6.0%
29	Organic chemicals	47.4	1.3%	2.6%
39	Plastics & its articles	43.5	1.2%	4.0%
68	Articles of stone, plaster, cement, or similar materials	35.6	1.0%	23.7%
72	Iron and steel	28.4	0.8%	1.6%
23	Ores, slag and ash	21.0	0.6%	1.5%

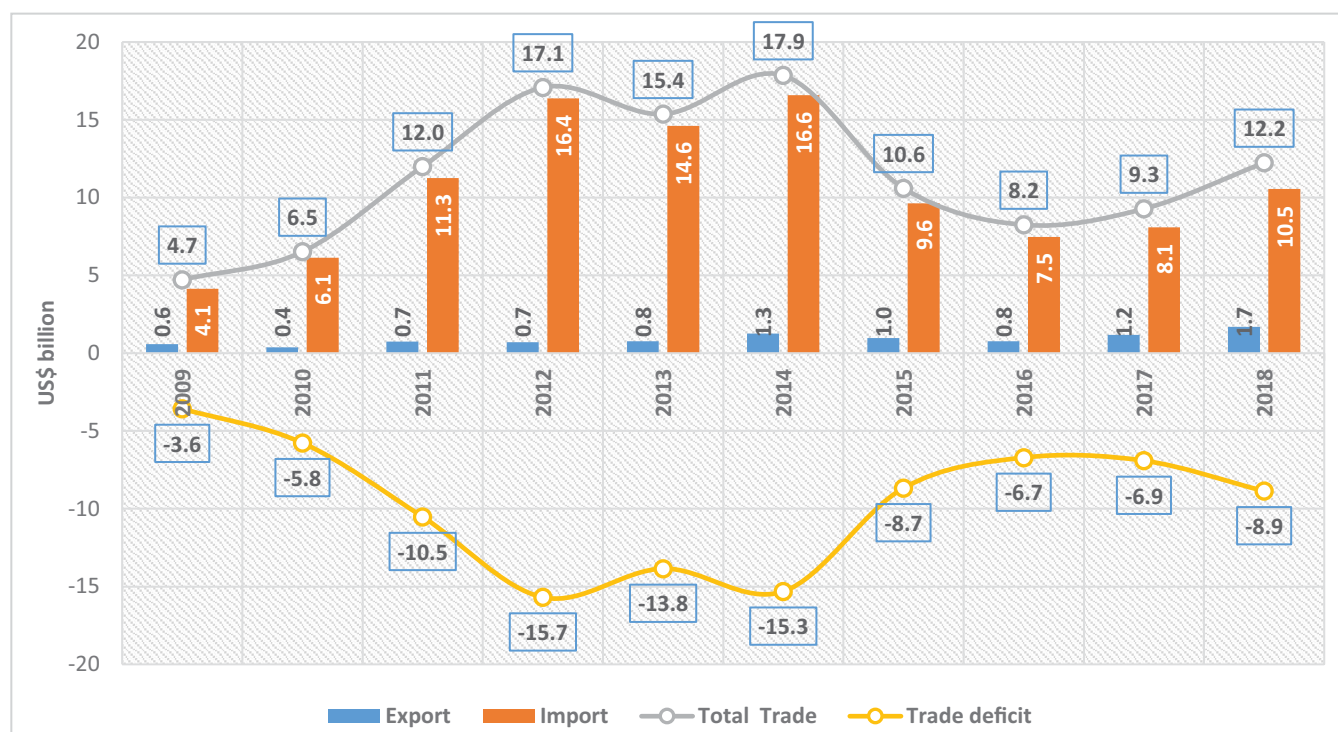
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's exports to Bahrain is presented in Table A13 in Annexure

In 2018, India's share in Oman's global exports stood at 8.3%. India's imports from Oman primarily comprise mineral fuels, oils & products; and fertilisers, which together accounted for 78.4% of India's total imports from Oman. Importantly, India accounted for a predominant share of 62.7% of Oman's global exports of fertilisers (refer **Table 3.8**).

## India - Qatar Trade Relations

Figure 3.7: Trends in India's Trade with Qatar (2009-2018)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

On account of low levels of exports and high levels of imports mainly of oil, India has consistently maintained a huge trade deficit with Qatar over the last decade. India's total exports to Qatar has marginally increased between 2009 and 2018, amounting to US\$ 1.7 billion in 2018. On the other hand, India's imports from Qatar have witnessed a four-fold increase during the period 2009 to 2014 amounting to US\$ 16.6 billion in 2014, before slightly moderating to US\$ 10.5 billion in 2018. Total trade increased by 31.2% in 2018 with exports increasing from US\$ 1.2 billion in 2017 to US\$ 1.7 billion in 2018 and import increasing from US\$ 8.1 billion and US\$ 10.5 billion during the same period (refer **Figure 3.7**).

Table 3.9: India's Major Exports to Qatar (2018)

HS code	Product Label	India's Export's to Qatar (US\$ mn)	Share in India's Total Exports to Qatar (%)	India's Share in Qatar's Global Imports (%)
<b>TOTAL</b>	<b>All products</b>	<b>1,687.6</b>	<b>100.0%</b>	<b>5.3%</b>
73	Articles of iron or steel	144.9	8.6%	10.6%
74	Copper and its articles	141.1	8.4%	27.8%
10	Cereals	121.1	7.2%	42.2%
29	Organic chemicals	110.6	6.6%	49.3%
85	Electrical machinery & equipment	108.6	6.4%	3.7%
71	Pearls, precious stones & metals	96.6	5.7%	10.5%
84	Machinery & mechanical appliances	71.5	4.2%	1.4%

39	Plastics and its articles	70.1	4.2%	9.5%
72	Iron and steel	63.0	3.7%	13.7%
28	Inorganic chemicals	52.8	3.1%	9.7%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's exports to Qatar is presented in Table A13 in Annexure

India represented 5.3% of total imports of Qatar in 2018. India's exports to Qatar are fairly well diversified which include articles of iron or steel, copper and its articles, cereals, organic chemicals, electrical machinery and equipment, pearls, precious stones and metals, machinery and mechanical appliances, and plastics and its articles, among others. India accounted for a share of 42.2% and 49.3% of Qatar's global imports of cereals and organic chemicals respectively (refer **Table 3.9**).

**Table 3.10: India's Major Imports from Qatar (2018)**

HS code	Product Label	India's Import's from Qatar (US\$ mn)	Share in India's Total Imports from Qatar (%)	India's Share in Qatar's Global Exports (%)
<b>TOTAL</b>	<b>All products</b>	<b>10549.5</b>	<b>100.0%</b>	<b>12.5%</b>
27	Mineral fuels, mineral oils & products	9139.0	86.6%	12.6%
29	Organic chemicals	394.7	3.7%	34.1%
39	Plastics & its articles	283.7	2.7%	9.6%
28	Inorganic chemicals	218.9	2.1%	20.5%
76	Aluminum & its articles	151.6	1.4%	10.9%
31	Fertilisers	83.4	0.8%	5.7%
38	Miscellaneous chemical products	66.8	0.6%	29.5%
89	Ships, boats & floating structures	60.0	0.6%	6.8%
74	Copper & its articles	37.3	0.4%	51.4%

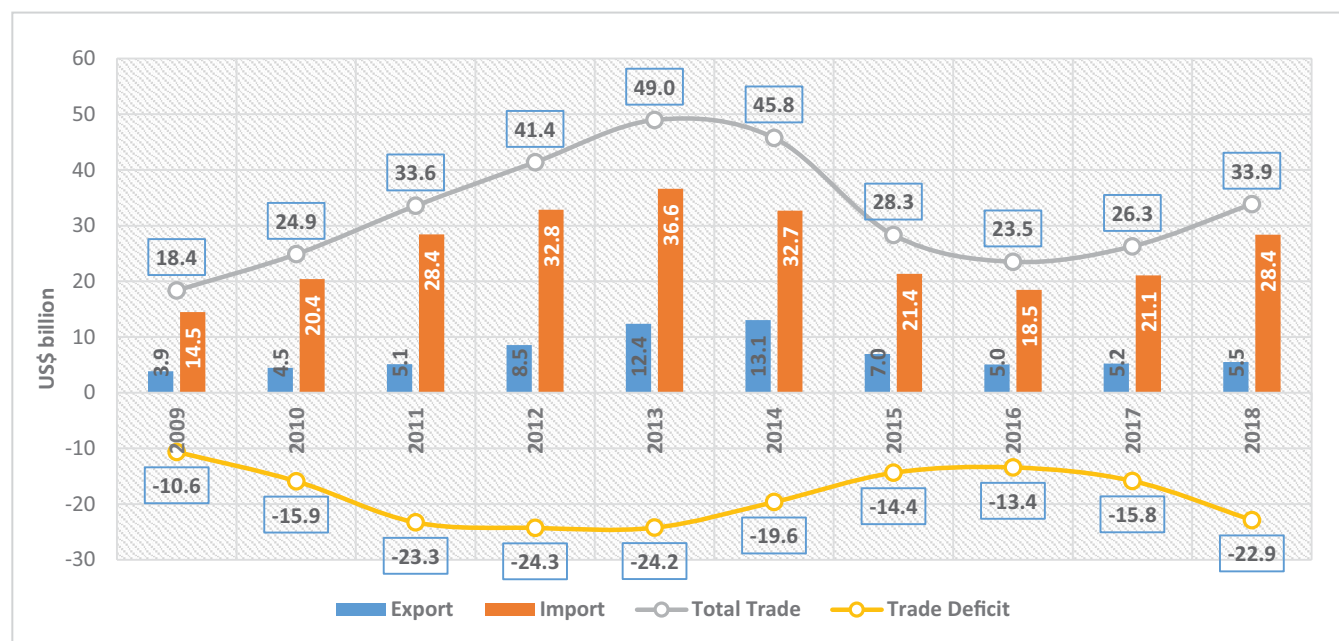
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's imports from Qatar is presented in Table A13 in Annexure

In 2018, India's share in Qatar's global exports stood at 12.5%. India predominantly imports mineral fuels, and oils from Qatar which constitutes 86.6% of India's total imports from the country. The other items of import from Qatar include organic chemicals, plastics and its articles, and inorganic chemicals (refer **Table 3.10**).

## India - Saudi Arabia Trade Relations

Figure 3.8: Trends in India's Trade with Saudi Arabia (2009-2018)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

India imports largest share of its global imports of mineral fuels, oils and products from Saudi Arabia. It is highly dependent on Saudi Arabia for its imports of crude oil. On account of imports of large quantities of oil, India has always experienced a trade deficit with Saudi Arabia in the given time frame. There is a direct correlation between the import levels and the total trade. India's export are very low in comparison to its import. The imports saw a rising trend from 2009 and reached its all-time high of US\$ 49 billion in 2013. From 2013 onwards, the total trade moderated as a result of slowdown in imports until 2016 and thereafter it continued to record an upward movement. India had its highest trade deficit in 2012 of US\$ 24.3 billion. India's exports to Saudi Arabia rose marginally from US\$ 5.2 billion in 2017 to US\$ 5.5 billion in 2018, while import rose from US\$ 21.1 billion to US\$ 28.4 billion during the same period (refer **Figure 3.8**).

Table 3.11: India's Major Exports to Saudi Arabia (2018)

HS code	Product Label	India's Export's to Saudi Arabia (US\$ mn)	Share in India's Total Exports to Saudi Arabia (%)	India's Share in Saudi Arabia's Global Imports (%)
<b>TOTAL</b>	<b>All products</b>	<b>5505.7</b>	<b>100.0%</b>	<b>4.1%</b>
10	Cereals	1011.8	18.4%	31.4%
29	Organic chemicals	561.3	10.2%	26.6%
27	Mineral fuels, mineral oils & products	491.8	8.9%	12.4%
87	Vehicles other than railway or tramway	347.6	6.3%	2.9%
84	Machinery & mechanical appliances	316.6	5.8%	2.0%
85	Electrical machinery & equipment	254.2	4.6%	1.9%
69	Ceramic products	202.9	3.7%	23.1%

61	Articles of apparel & clothing accessories, knitted or crocheted	186.0	3.4%	13.0%
62	Articles of apparel and clothing accessories, not knitted or crocheted	173.4	3.2%	9.9%
72	Iron and steel	165.0	3.0%	5.2%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's exports to Saudi Arabia is presented in Table A13 in Annexure

India represented 4.1% of total imports of Saudi Arabia in 2018. India's exports to Saudi Arabia are fairly diversified with major export items including cereals, organic chemicals, mineral fuels and products, transport vehicles, machinery and mechanical appliances, electrical machinery and equipment and ceramic products. India accounts for a share of 31.4%, 26.6% and 23.1% of Saudi Arabia's global imports of cereals, organic chemicals, and ceramic products (refer **Table 3.11**).

**Table 3.12: India's Major Imports from Saudi Arabia (2018)**

HS code	Product Label	India's Import's from Saudi Arabia (US\$ mn)	Share in India's Total Imports from Saudi Arabia (%)	India's Share in Saudi Arabia's Global Exports (%)
<b>TOTAL</b>	<b>All products</b>	<b>28362.1</b>	<b>100.0%</b>	<b>9.6%</b>
27	Mineral fuels, mineral oils & products	24291.5	85.6%	10.5%
29	Organic chemicals	1224.4	4.3%	8.6%
31	Fertilisers	887.3	3.1%	70.5%
39	Plastics and its articles	769.3	2.7%	3.7%
76	Aluminium & its articles	284.7	1.0%	12.6%
28	Inorganic chemicals	172.7	0.6%	7.5%
38	Miscellaneous chemical products	131.6	0.5%	18.9%
74	Copper and its articles	125.4	0.4%	21.9%
26	Ores, slag and ash	53.2	0.2%	8.8%
88	Aircraft, spacecraft & its parts	48.2	0.2%	6.5%

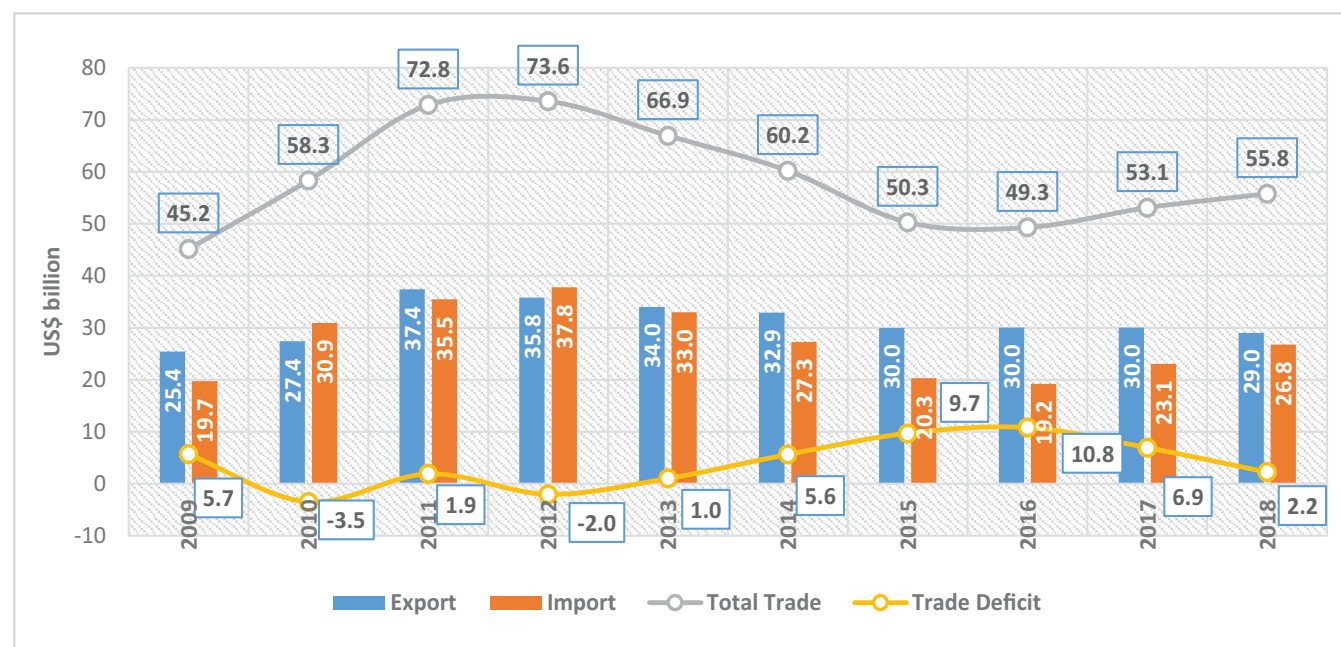
Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's imports from Qatar is presented in Table A13 in Annexure

In 2018, India's share in Saudi Arabia's global exports stood at 9.6%. India's imports from Saudi Arabia is essentially comprised of mineral fuels, oils and products, which account for as much as 85.6% of India's total imports from Saudi Arabia. Other commodities include organic chemicals (4.3% of India's imports from the country), fertilisers (3.1%) and plastics and its articles (2.7%) (refer **Table 3.12**).

## India - UAE Trade Relations

Figure 3.9: Trends in India's Trade with UAE (2009-2018)



Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

India has a fairly balanced trade with UAE, which increased from US\$ 45.2 billion in 2009 to US\$ 55.8 billion in 2018. India's total trade with UAE was the highest in 2012 amounting to US\$ 73.6 billion, driven by high levels of both imports and exports. UAE is the only GCC country with whom India has maintained an almost equal level of exports and imports prior to 2013. Thereafter, from 2013 onwards, India's exports to UAE marginally exceeded the level of its imports, resulting in a modest trade surplus (refer **Figure 3.9**).

Table 3.13: India's Major Exports to UAE (2018)

HS code	Product Label	India's Export's to UAE (US\$ mn)	Share in India's Total Exports to UAE (%)	India's Share in UAE's Global Imports (%)
<b>TOTAL</b>	<b>All products</b>	<b>29003.0</b>	<b>100.0%</b>	<b>11.1%</b>
71	Pearls, precious stones & metals	9800.3	33.8%	18.1%
27	Mineral fuels, oils and products	6679.5	23.0%	43.3%
85	Electrical machinery and equipment	1342.7	4.6%	3.9%
61	Articles of apparel and clothing accessories, knitted or crocheted	1094.8	3.8%	45.0%
62	Articles of apparel and clothing accessories, not knitted or crocheted	803.5	2.8%	37.0%
72	Iron and steel	682.0	2.4%	13.1%
84	Machinery and mechanical appliances	639.5	2.2%	2.2%
10	Cereals	525.5	1.8%	41.8%
29	Organic chemical	476.2	1.6%	28.5%
73	Articles of iron or steel	428.2	1.5%	7.9%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's imports from Qatar is presented in Table A13 in Annexure

India accounted for 11.1% of UAE's global imports in 2018. Pearls, precious stones and metals; and mineral fuels and products together constitute around 57% of India's total exports to UAE. This is followed by other products such as electrical machinery and equipment (accounting for 4.6% of India's total exports to UAE), articles of apparel and clothing accessories, knitted or crocheted (3.8%), articles of apparel and clothing accessories, not knitted or crocheted (2.8%), Iron and steel (2.4%), and machinery and mechanical appliances (2.2%). India accounted for a share of 45%, 43.3%, and 41.8% of UAE's global imports of articles of apparel and clothing accessories, knitted or crocheted; mineral fuels and products; and cereals, respectively (refer **Table 3.13**).

**Table 3.14: India's Major Imports from UAE (2018)**

HS code	Product Label	India's Import's from UAE (US\$ mn)	Share in India's Total Imports from UAE (%)	India's Share in UAE's Global Exports (%)
<b>TOTAL</b>	<b>All products</b>	<b>26779.9</b>	<b>100.0%</b>	<b>8.4%</b>
27	Mineral fuels, oils & products	12767.9	47.7%	13.8%
71	Pearls, precious stones & metals	7487.9	28.0%	16.3%
39	Plastics and its articles	918.6	3.4%	16.7%
74	Copper and its articles	705.5	2.6%	22.7%
72	Iron and steel	697.2	2.6%	37.0%
25	Salt&sulphur	531.0	2.0%	39.7%
89	Ships, boats & floating structures	487.8	1.8%	54.8%
76	Aluminium& its articles	478.0	1.8%	7.5%
84	Machinery & mechanical appliances	280.9	1.0%	1.6%
29	Organic chemicals	270.9	1.0%	35.9%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Note: Trends in composition of India's imports from Qatar is presented in Table A13 in Annexure

In 2018, India's share in UAE's global exports stood at 8.4%. Mineral fuels, oils, and products and pearls, precious stones and metals, together account for more than 75% of India's imports from UAE. Other import items include plastics and its articles, copper and its articles, iron and steel, and salt and sulphur. India accounted for a share of 54.8%, 39.7%, 37% and 35.9% of UAE's global exports of ships, boats & floating structures; salt and sulphur; iron and steel; and organic chemicals, respectively (refer **Table 3.14**).



## CHAPTER



# Opportunities for Enhancing India's Trade with GCC Countries

India's overall trade with the GCC has increased from US\$ 80.8 billion in 2009 to US\$ 118.2 billion in 2018. India has an overall trade deficit with the GCC region, as a result of large trade deficit with most individual GCC countries on account of import of large quantities of oil from the region. India's trade deficit with the GCC amounted to US\$ 37.2 billion in 2018 increasing from US\$ 17.1 billion in 2009.

In order to enhance India's exports to the GCC region, the study identifies items of potential exports from India to GCC member countries. Identification of such products could (i) help narrow India's trade deficit with the region and (ii) increase overall bilateral trade between India and the GCC region. The following steps are undertaken to carry out the analysis.

- (a) Total import demand of the GCC countries is analysed in comparison with the import demand from India, vis-à-vis India's export capability in those products.
- (b) Products in which India has export capability but are not imported much by GCC from India, in spite of large imports from the world, are the ones which signal potential for increasing India's export.
- (c) For the purpose of this analysis, India's export capability is assumed for those products whose exports from India are more than US\$ 5 billion globally.
- (d) Those items have been identified as potential items of export from India, for which India's share in the respective country's global imports is less than 5%.

## Bahrain

Bahrain is among the only two countries in the region where India has maintained a modest trade surplus over the years. In 2018, India experienced a trade surplus of US\$ 130 million with total exports to Bahrain amounting to US\$ 712 million. India's share in Bahrain total imports stood at 3.5% in 2018.

**Table 4.1** lists the top importing categories for Bahrain in 2018 as per 2-digit HS code classification. India had a decent share in Bahrain's global imports of the following products viz. plastics and its articles (HS Code 39); articles of iron and steel (HS Code 73); aluminium and its articles (HS Code 76); and iron and steel (HS Code 72).

In the other import categories, India's share is still marginal. Hence, these would serve to highlight the potential to enhance India's exports to Bahrain, in light of Bahrain's demand and India's global export capabilities.



**Table 4.1: Bahrain's Top Imports and India's Share (US\$ million)**

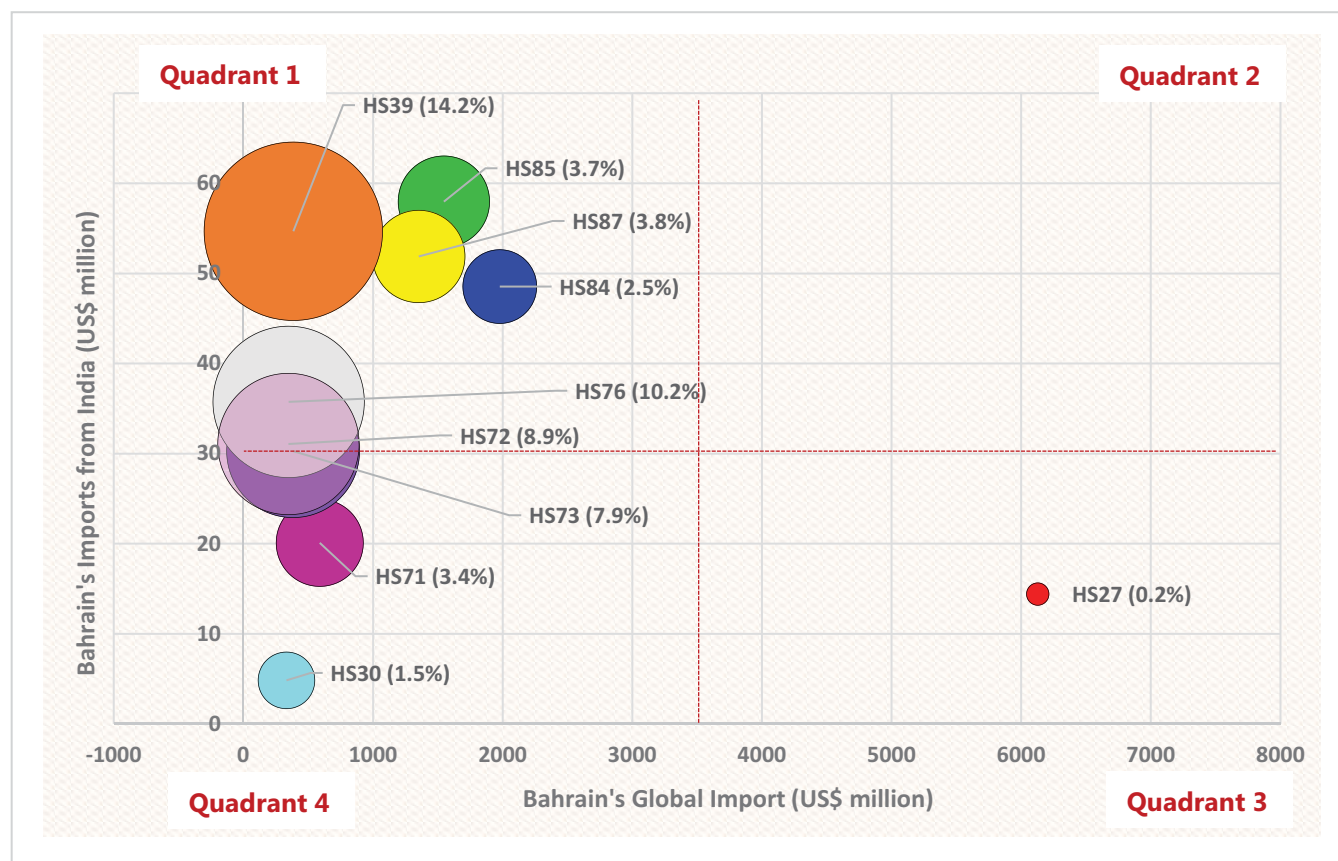
HS code	Product Label	Bahrain's Global Imports (2018)	Bahrain's Imports from India (2018) (US\$ mn)	India's Share in Bahrain's Global Imports (%)	India's Global Exports (2018) (US\$ mn)
<b>27</b>	<b>Mineral fuels, mineral oils &amp; products</b>	<b>6,127.5</b>	<b>14.4</b>	<b>0.2</b>	<b>48,695.0</b>
<b>84</b>	<b>Machinery &amp; mechanical appliances</b>	<b>1,977.8</b>	<b>48.5</b>	<b>2.5</b>	<b>20,468.7</b>
<b>85</b>	<b>Electrical machinery &amp; equipment</b>	<b>1,546.5</b>	<b>58.0</b>	<b>3.7</b>	<b>11,869.2</b>
<b>87</b>	<b>Vehicles other than railway or tramway</b>	<b>1,353.0</b>	<b>51.9</b>	<b>3.8</b>	<b>18,277.5</b>
<b>71</b>	<b>Pearls, precious stones &amp; metals</b>	<b>589.2</b>	<b>20.1</b>	<b>3.4</b>	<b>40,148.2</b>
39	Plastics & articles thereof	385.2	54.7	14.2	7,881.7
73	Articles of iron or steel	383.5	30.3	7.9	7,102.9
76	Aluminium & its articles	349.2	35.7	10.2	5,170.4
72	Iron and steel	347.7	31.1	8.9	9,969.9
<b>30</b>	<b>Pharmaceutical products</b>	<b>332.4</b>	<b>4.8</b>	<b>1.5</b>	<b>14,330.3</b>
<b>TOTAL</b>	<b>All products</b>	<b>20,597.5</b>	<b>712.4</b>	<b>3.5</b>	<b>323,997.7</b>

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Based on the above table (also refer **Figure 4.1**), select potential items of India's exports to Bahrain, based on India's global export capacity, include:

- Mineral fuels, oils and products (HS Code 27);
- Machinery and mechanical appliances (HS Code 84);
- Electrical machinery and equipment (HS Code 85);
- Vehicles other than railway or tramway (HS Code 87);
- Pearls and precious stones and metal (HS Code 71); and
- Pharmaceutical products (HS Code 30).

**Figure 4.1: Potential Export Items from India to Bahrain**



Source: Exim Bank analysis based on ITC Trade Map, UN COMTRADE data

Note: Size of the bubble represents India's percentage share in the country's global imports (which is also indicated in parentheses in the above figure. Refer Footnote 3 for explanation on quadrant.

## Kuwait

Kuwait, with total imports from the world of US\$ 35.8 billion in 2018, was the third largest importer in the GCC region. India's trade deficit with Kuwait stood at US\$ 6.5 billion in 2018. India's share in Kuwait's global imports in the same year stood at 3.7%.

**Table 4.2**, presents the top importing categories for Kuwait in 2018, and also the share of India's exports in it. India's exports have attained a decent share in Kuwait's imports of the following products viz. articles of iron and steel (HS Code 73); pearls, precious stones and metals (HS Code 71); and cereals (HS Code 10).

<sup>3</sup> Quadrant 1 represents those products which are relatively less imported by the GCC country globally and appear among the largest in the country's import basket from India; Quadrant 2 represents those products which are relatively more imported by the GCC country globally and appear among the largest in the country's import basket from India; Quadrant 3 represents those products which are relatively more imported by the GCC country globally yet whose imports from India are relatively less; and Quadrant 4 represents those products which are relatively less imported by the GCC country globally and from India.

Products which have thus, the largest potential for exports from India are those which are in Quadrant 3, followed by those products which are in Quadrants 2, 4 and 1, and whose bubble size is relatively less, which represents India's low share in the country's global imports of that product.

[HS10] Cereals	[HS27] Mineral fuels, oils & prdts	[HS30] Pharmaceutical products
[HS39] Plastics and articles thereof	[HS61] Articles of apparel & clothing, knitted or crocheted	[HS62] Articles of apparel & clothing, not knitted or crocheted
[HS71] Pearls, precious stones & metals	[HS72] Iron and steel	[HS73] Articles of iron or steel
[HS76] Aluminium and articles thereof	[HS84] Machinery & mechanical appliances	[HS85] Electrical machinery and equipment
[HS87] Transport vehicles		

In the remaining categories India is yet to achieve a substantial share. This would serve to highlight the potential to enhance exports of these products to Kuwait, in light of Kuwait's demand and also India's global export capability.

**Table 4.2: Kuwait's Top Imports and India's Share (US\$ million)**

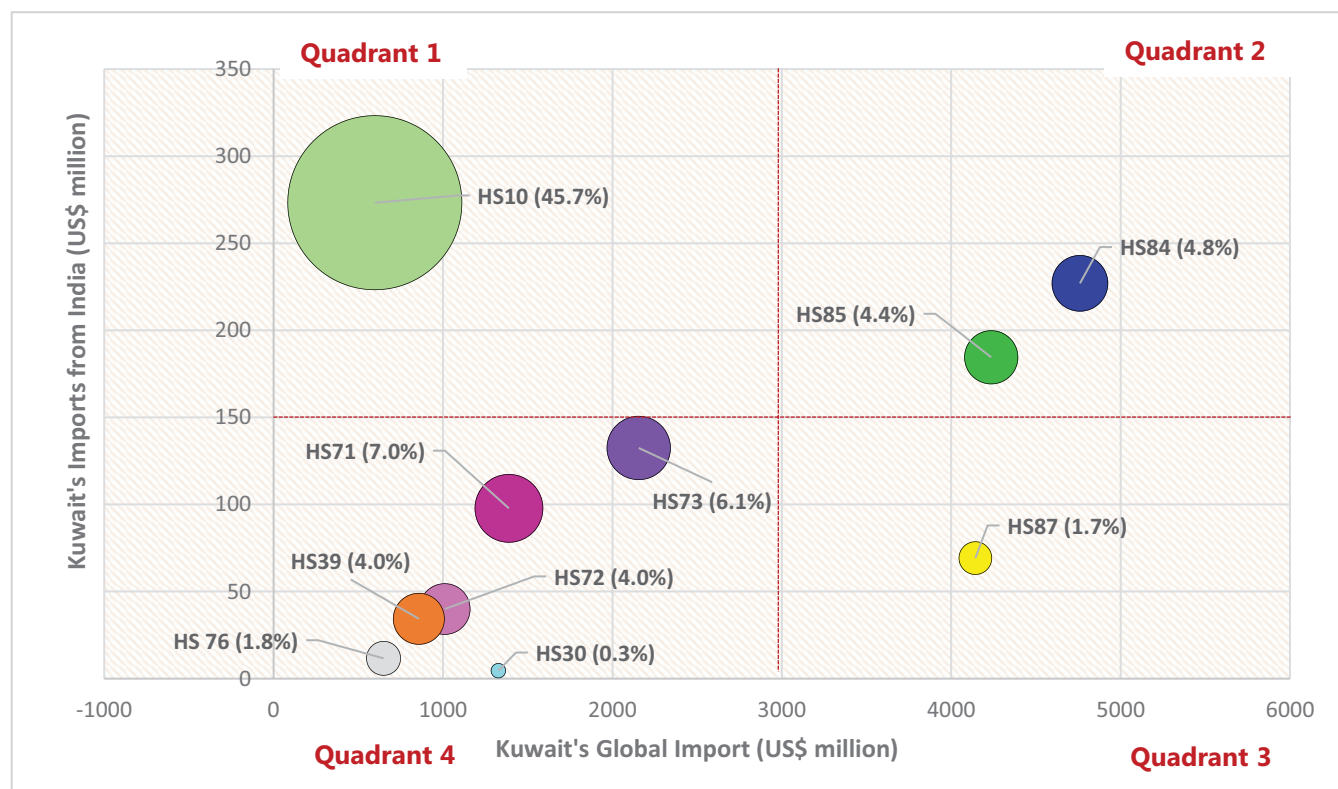
HS code	Product label	Kuwait's Global Imports (2018) (US\$ mn)	Kuwait's Imports from India (2018) (US\$ mn)	India's Share in Kuwait's Global Imports (%)	India's Global Exports (2018) (US\$ mn)
<b>84</b>	<b>Machinery &amp; mechanical appliances</b>	<b>4,759.9</b>	<b>227.0</b>	<b>4.8</b>	<b>20,468.7</b>
<b>85</b>	<b>Electrical machinery &amp; equipment</b>	<b>4,236.3</b>	<b>184.5</b>	<b>4.4</b>	<b>11,869.2</b>
<b>87</b>	<b>Vehicles other than railway or tramway</b>	<b>4,142.6</b>	<b>69.2</b>	<b>1.7</b>	<b>18,277.5</b>
73	Articles of iron or steel	2,155.3	132.5	6.1	7,102.9
71	Pearls, precious stones & metals	1,389.1	97.8	7.0	40,148.2
<b>30</b>	<b>Pharmaceutical products</b>	<b>1,326.7</b>	<b>4.6</b>	<b>0.3</b>	<b>14,330.3</b>
<b>72</b>	<b>Iron &amp; steel</b>	<b>1,010.1</b>	<b>40.0</b>	<b>4.0</b>	<b>9,969.9</b>
<b>39</b>	<b>Plastics &amp; its articles</b>	<b>857.4</b>	<b>34.4</b>	<b>4.0</b>	<b>7,881.7</b>
<b>76</b>	<b>Aluminium &amp; its articles</b>	<b>649.0</b>	<b>11.7</b>	<b>1.8</b>	<b>5,170.4</b>
10	Cereals	597.5	273.3	45.7	7,736.2
<b>TOTAL</b>	<b>All products</b>	<b>35,866.7</b>	<b>1,332.6</b>	<b>3.7</b>	<b>323,997.7</b>

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Based on the above table(also refer **Figure 4.2**), select potential items of India's exports to Kuwait, based on India's global export capabilities include:

- Machinery and mechanical appliances (HS Code 84);
- Electrical machinery and equipment (HS Code 85);
- Vehicles other than railway or tramway (HS Code 87);
- Pharmaceutical Products (HS Code 30);
- Iron and steel (HS Code 72);
- Plastics and its articles (HS Code 39); and
- Aluminium and its articles (HS Code 76).

**Figure 4.2: Potential Export Items from India to Kuwait**



Source: Exim Bank analysis based on ITC Trade Map, UN COMTRADE data

Note: Size of the bubble represents India's percentage share in the country's global imports (which is also indicated in parentheses in the above figure. Refer Footnote 3 for explanation on quadrants.

## Oman

Oman's global imports stood at US\$ 25.7 billion in 2018. In the same year, India's exports to Oman stood at US\$ 2.3 billion, which accounted for a share of 8.9% in Oman's total imports from the world. India ran a trade deficit to the tune of US\$ 1.3 billion with Oman in 2018.

**Table 4.3** lists the top importing items of Oman during 2018, based on the 2-digit HS Code classification. India had a noteworthy share in Oman's import of the following commodities in 2018 viz. mineral fuels, oils and products (HS Code 27); articles of iron and steel (HS Code 73); and cereals (HS Code 10).

In the remaining categories India is yet to achieve a substantial share. This would serve to highlight the potential to enhance these exports to Oman, in light of the demand of the country and also India's global export capability.

**Table 4.3: Oman's Top Imports and India's Share (US\$ million)**

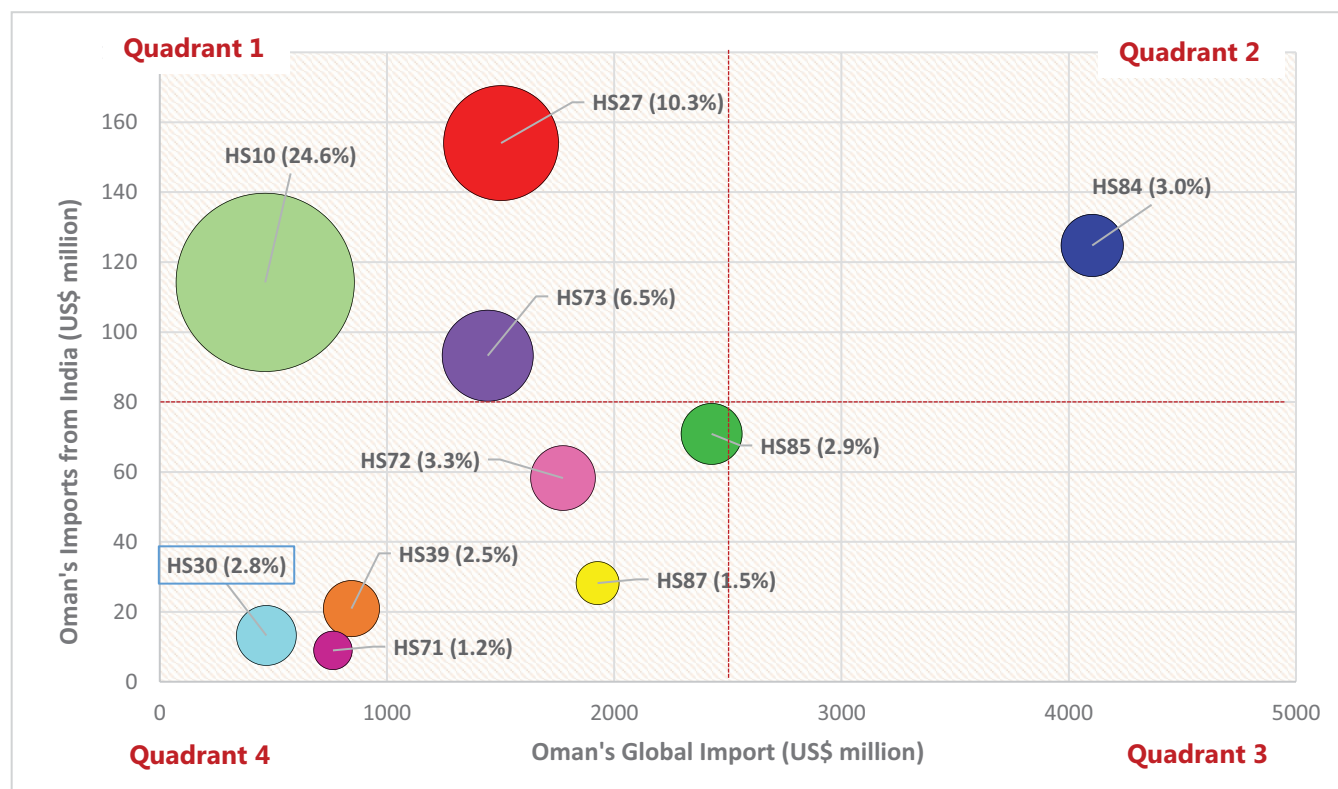
HS code	Product Label	Oman's Global Imports (2018) (US\$ mn)	Oman's Imports from India (2018) (US\$ mn)	India's Share in Oman's Global Imports (%)	India's Global Exports (2018) (US\$ mn)
<b>84</b>	<b>Machinery &amp; mechanical appliances</b>	<b>4,103.3</b>	<b>124.8</b>	<b>3.0</b>	<b>20,468.7</b>
<b>85</b>	<b>Electrical machinery &amp; equipment</b>	<b>2,428.4</b>	<b>70.9</b>	<b>2.9</b>	<b>11,869.2</b>
<b>87</b>	<b>Vehicles other than railway or tramway</b>	<b>1,926.7</b>	<b>28.2</b>	<b>1.5</b>	<b>18,277.5</b>
<b>72</b>	<b>Iron &amp; steel</b>	<b>1,774.4</b>	<b>58.3</b>	<b>3.3</b>	<b>9,969.9</b>
27	Mineral fuels, mineral oils & products	1,501.9	154.0	10.3	48,695.0
73	Articles of iron or steel	1,443.1	93.2	6.5	7,102.9
<b>39</b>	<b>Plastics &amp; its articles</b>	<b>843.4</b>	<b>20.9</b>	<b>2.5</b>	<b>7,881.7</b>
<b>71</b>	<b>Pearls, precious stones &amp; metals</b>	<b>762.1</b>	<b>9.0</b>	<b>1.2</b>	<b>40,148.2</b>
<b>30</b>	<b>Pharmaceutical products</b>	<b>469.0</b>	<b>13.2</b>	<b>2.8</b>	<b>14,330.3</b>
10	Cereals	464.0	114.2	24.6	7,736.2
<b>TOTAL</b>	<b>All products</b>	<b>25,770.1</b>	<b>2,286.0</b>	<b>8.9</b>	<b>323,997.7</b>

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Based on the above table (also refer **Figure 4.3**), select potential items of India's exports to Oman, based on India's global export capabilities would include:

- Machinery and mechanical appliances (HS Code 84);
- Electrical machinery and equipment (HS Code 85);
- Vehicles other than railway or tramway (HS Code 87);
- Iron and steel (HS Code 72);
- Plastics and its articles (HS Code 39);
- Pearls, precious stones and metals (HS Code 71); and
- Pharmaceutical Products (HS Code 30).

**Figure 4.3: Potential Export Items from India to Oman**



Source: Exim Bank analysis based on ITC Trade Map, UN COMTRADE data

Note: Size of the bubble represents India's percentage share in the country's global imports (which is also indicated in parentheses in the above figure. Refer Footnote 3 for explanation on quadrants.

## Qatar

Qatar's global imports stood at US\$ 31.7 billion in 2018. In the same year, India's exports to Qatar stood at US\$ 1.7 billion, which accounted for a share of 5.3% in Qatar's total imports from the world. On account of import of large volume of oil from Qatar, India runs a huge trade deficit with Qatar, which amounted to US\$ 8.9 billion in 2018.

**Table 4.4** lists the top importing items of Qatar during 2018, based on the 2-digit HS Code classification. As per the table, India had a noteworthy share in Qatar's import of the following commodities in 2018 viz. articles of iron and steel (HS Code 73); pearls, precious stones and metals (HS Code 71); plastics and its articles (HS Code 39); articles of apparel and clothing accessories not knitted or crocheted (HS Code 62); iron and steel (HS Code 72); and mineral fuels, oils and products (HS Code 27).

In the remaining categories India is yet to achieve a substantial share. This would serve to highlight the potential to enhance exports of these products Qatar, in light of the Qatar's demand and also India's global export capability.

**Table 4.4: Qatar's Top Imports and India's Share (US\$ million)**

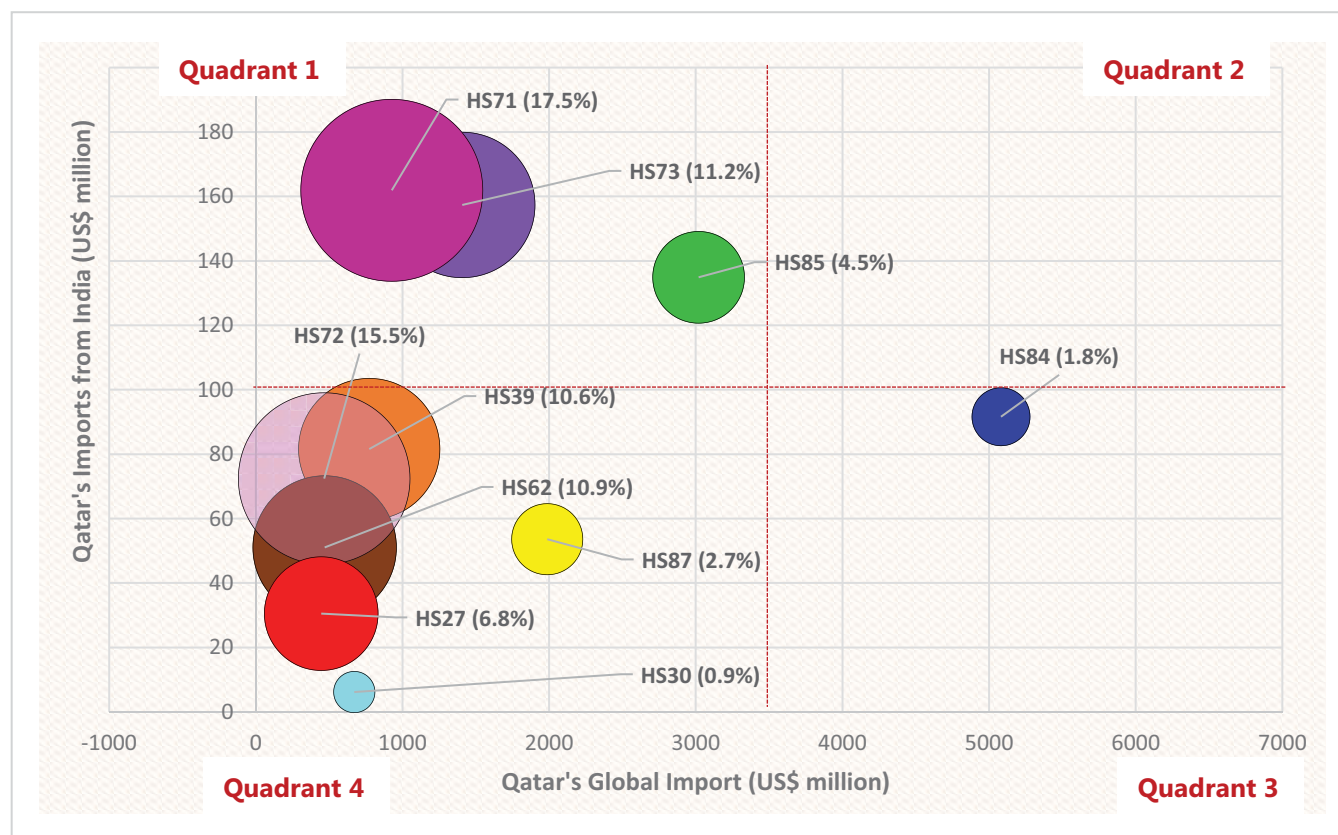
HS code	Product Label	Qatar's Global Imports (2018)	Oman's Imports from India (2018) (US\$ mn)	India's Share in Oman's Global Imports (%)	India's Global Exports (2018) (US\$ mn)
<b>84</b>	<b>Machinery &amp; mechanical appliances</b>	<b>5,081.4</b>	<b>91.6</b>	<b>1.8</b>	<b>20,468.7</b>
<b>85</b>	<b>Electrical machinery &amp; equipment</b>	<b>3,019.3</b>	<b>134.9</b>	<b>4.5</b>	<b>11,869.2</b>
<b>87</b>	<b>Vehicles other than railway or tramway</b>	<b>1,987.0</b>	<b>53.6</b>	<b>2.7</b>	<b>18,277.5</b>
73	Articles of iron or steel	1,407.5	157.4	11.2	7,102.9
71	Pearls, precious stones & metals	927.0	161.9	17.5	40,148.2
39	Plastics & its articles	773.0	81.6	10.6	7,881.7
<b>30</b>	<b>Pharmaceutical products</b>	<b>671.2</b>	<b>6.2</b>	<b>0.9</b>	<b>14,330.3</b>
62	Articles of apparel & clothing accessories, not knitted or crocheted	469.2	51.0	10.9	8,082.8
72	Iron & steel	465.9	72.4	15.5	9,969.9
27	Mineral fuels, mineral oils & products	445.8	30.5	6.8	48,695.0
<b>TOTAL</b>	<b>All products</b>	<b>31,695.9</b>	<b>1,687.6</b>	<b>5.3</b>	<b>323,997.7</b>

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Based on the above table (also refer **Figure 4.4**), select potential items of India's exports to Qatar, based on India's global export capabilities would include:

- Machinery and mechanical appliances (HS Code 84);
- Electrical machinery and equipment (HS Code 85);
- Vehicles other than railway or tramway (HS Code 87); and
- Pharmaceutical products (HS Code 30).

**Figure 4.4: Potential Export Items from India to Qatar**



Source: Exim Bank analysis based on ITC Trade Map, UN COMTRADE data

Note: Size of the bubble represents India's percentage share in the country's global imports (which is also indicated in parentheses in the above figure. Refer Footnote 3 for explanation on quadrants.

## Saudi Arabia

Saudi Arabia is the second largest importer in the GCC region, with total imports amounting to US\$ 135.2 billion in 2018. India holds the largest trade deficit of US\$ 22.9 billion with Saudi Arabia in the GCC region. Share of India in Saudi Arabia's global imports in the same year stood at a modest 4.1%.

**Table 4.5** lists the top importing items of Saudi Arabia during 2018, based on the 2 - digit HS Code classification. India had a noteworthy share in Saudi Arabia's import of the following commodities in 2018 viz. cereals (HS Code 10); and iron and steel (HS Code 72).

In the remaining categories India is yet to achieve a substantial share. This would serve to highlight the potential to enhance these exports to Saudi Arabia, in light of the existing demand in Saudi Arabia and also India's global export capability.



**Table 4.5: Saudi Arabia's Top Imports and India's Share (US\$ million)**

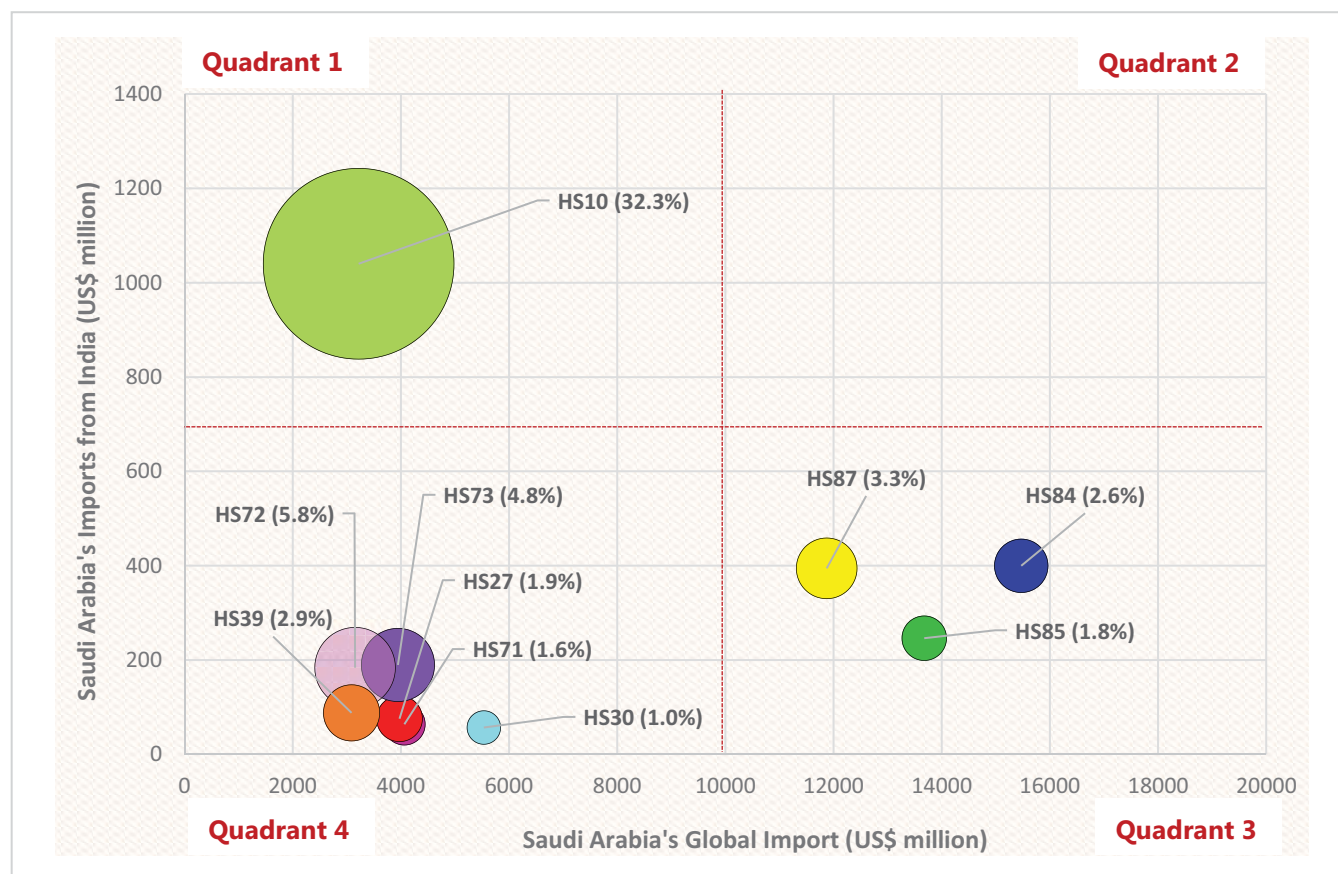
HS Code	Product Label	Saudi Arabia's Global Imports (2018) (US\$ mn)	Saudi Arabia's Imports from India (2018) (US\$ mn)	India's Share in Saudi Arabia's Global Imports (%)	India's Global Exports (2018) (US\$ mn)
84	Machinery & mechanical appliances	15,470.4	399.8	2.6	20,468.7
85	Electrical machinery & equipment	13,676.9	246.3	1.8	11,869.2
87	Vehicles other than railway or tramway	11,873.4	394.4	3.3	18,277.5
30	Pharmaceutical products	5,533.6	57.0	1.0	14,330.3
71	Pearls, precious stones & metals	4,064.5	63.8	1.6	40,148.2
27	Mineral fuels, oils & products	3,974.6	75.6	1.9	48,695.0
73	Articles of iron or steel	3,945.4	189.6	4.8	7,102.9
10	Cereals	3,218.5	1040.1	32.3	7,736.2
72	Iron and steel	3,153.2	183.7	5.8	9,969.9
39	Plastics & its articles	3,087.8	88.0	2.9	7,881.7
<b>TOTAL</b>	<b>All products</b>	<b>135,211.2</b>	<b>5505.7</b>	<b>4.1</b>	<b>323,997.7</b>

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Based on the above table (also refer **Figure 4.5**), select potential items of India's exports to Saudi Arabia based on India's global export capabilities would include:

- Machinery and mechanical appliances (HS Code 84);
- Electrical machinery and equipment (HS Code 85);
- Vehicles other than railway or tramway (HS Code 87);
- Pharmaceutical products (HS Code 30);
- Pearls, precious stones and metals (HS Code 71);
- Mineral fuels, oils and products (HS Code 27);
- Articles of iron and steel (HS Code 73); and
- Plastics and its articles (HS Code 39).

**Figure 4.5: Potential Export Items from India to Saudi Arabia**



Source: Exim Bank analysis based on ITC Trade Map, UN COMTRADE data

Note: Size of the bubble represents India's percentage share in the country's global imports (which is also indicated in parentheses in the above figure. Refer Footnote 3 for explanation on quadrants.

### United Arab Emirates (UAE)

UAE is the largest importer in the GCC region with imports to the tune of US\$ 261.5 billion in 2018. During the same period, India experienced the largest trade surplus with UAE, in the GCC region, amounting to US\$ 2.2 billion. Share of India's exports in UAE's global imports in the same year stood at 11.1%.

**Table 4.6** lists the top importing items of UAE during 2018, based on the 2- digit HS Code classification. India had a noteworthy share in UAE's import of the following commodities in 2018 viz. pearls, precious stones and metals (HS Code 71); mineral fuels, oils and products (HS Code 27); articles of iron and steel (HS Code 73); iron and steel (HS Code 72); plastics and its articles (HS Code 39); and articles of apparel and accessories, knitted or crocheted (HS Code 61).

In the remaining categories India is yet to achieve a substantial share. This would serve to highlight the potential to enhance these exports to UAE, in light of the demand of the country and also India's global export capability.

**Table 4.6: UAE's Top Imports and India's Share (US\$ million)**

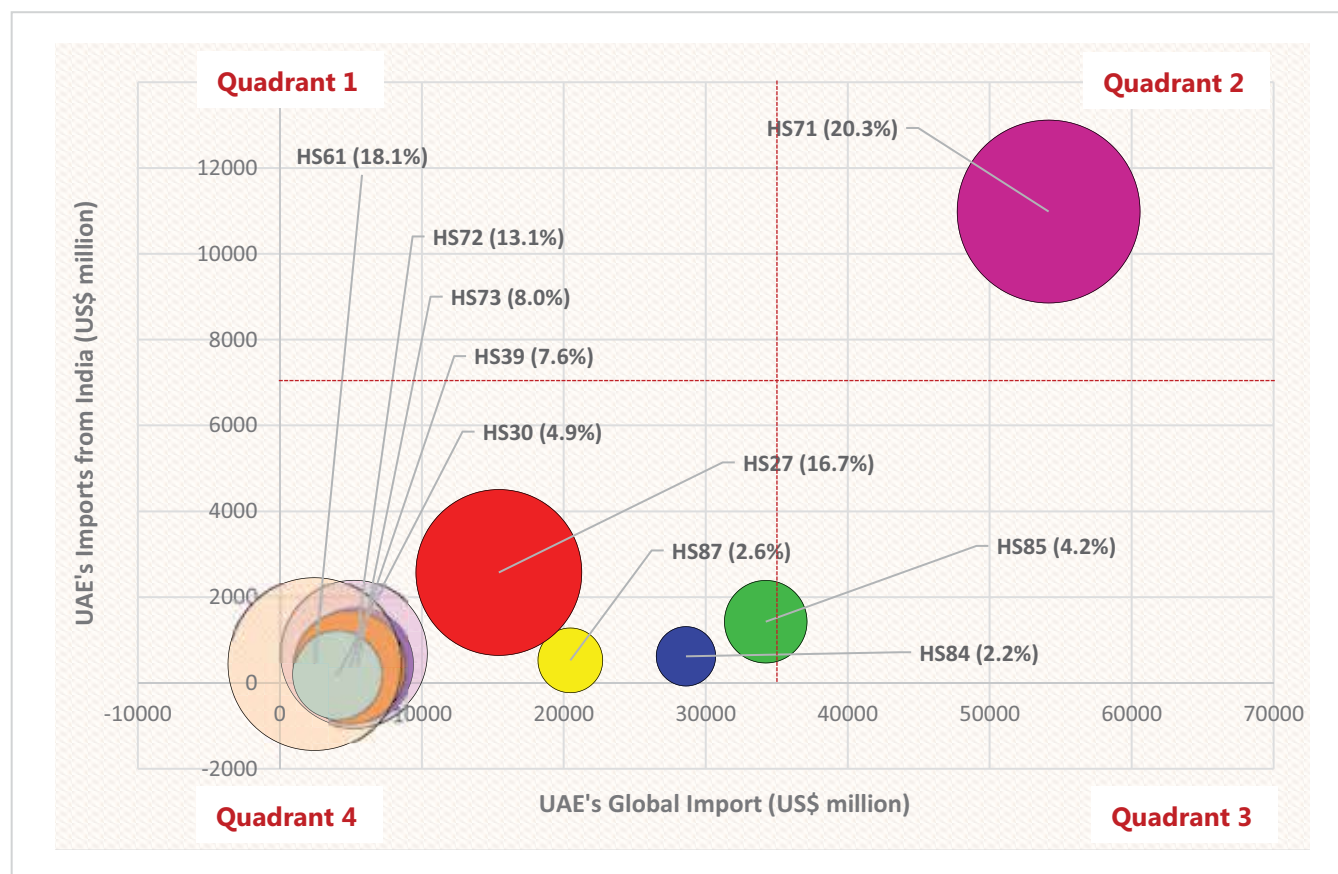
HS code	Product Label	UAE's Global Imports (2018) (US\$ mn)	UAE's Imports from India (2018) (US\$ mn)	India's Share in UAE's Global Imports (%)	India's Global Exports (2018) (US\$ mn)
71	Pearls, precious stones & metals	54,153.2	10,986.3	20.3	40,148.2
<b>85</b>	<b>Electrical machinery &amp; equipment</b>	<b>34,227.2</b>	<b>1,427.8</b>	<b>4.2</b>	<b>11,869.2</b>
<b>84</b>	<b>Machinery &amp; mechanical appliances</b>	<b>28,606.0</b>	<b>621.0</b>	<b>2.2</b>	<b>20,468.7</b>
<b>87</b>	<b>Vehicles other than railway or tramway</b>	<b>20,462.1</b>	<b>527.1</b>	<b>2.6</b>	<b>18,277.5</b>
27	Mineral fuels, oils & products	15,427.3	2574.8	16.7	48,695.0
73	Articles of iron or steel	5,390.2	429.2	8.0	7,102.9
72	Iron and steel	5,219.3	683.1	13.1	9,969.9
39	Plastics & its articles	4,879.2	373.1	7.6	7,881.7
<b>30</b>	<b>Pharmaceutical products</b>	<b>4,038.3</b>	<b>196.1</b>	<b>4.9</b>	<b>14,330.3</b>
61	Articles of apparel and clothing accessories, knitted or crocheted	2,431.3	440.3	18.1	7,580.6
<b>TOTAL</b>	<b>All products</b>	<b>261,510.8</b>	<b>29,003.0</b>	<b>11.1</b>	<b>323,997.7</b>

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

Based on the above table (also refer **Figure 4.6**), select potential items of India's exports to UAE based on India's global export capabilities would include:

- Electrical machinery and equipment (HS Code 85);
- Machinery and mechanical appliances (HS Code 84);
- Vehicles other than railway or tramway (HS Code 87); and
- Pharmaceutical products (HS Code 30).

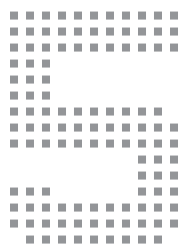
**Figure 4.6: Potential Export Items from India to UAE**



Source: Exim Bank analysis based on ITC Trade Map, UN COMTRADE data

Note: Size of the bubble represents India's percentage share in the country's global imports (which is also indicated in parentheses in the above figure. Refer Footnote 3 for explanation on quadrants).

## CHAPTER



# Trends in Migration and Remittances in GCC

## Introduction

Millions of people around the world have left their home countries in search of employment. According to Department of Economic and Social Affairs, United Nations (UNDESA), in 2019, globally there were 271 million migrants, or about 3.6% of the world's population, living in other countries. Almost all countries have witnessed international migration of their workforce. The Gulf countries have witnessed a large inward migration over the years from various countries across the globe. There are over 30 million migrants alone in GCC countries.

GCC countries offer a unique demographic and economic landscape. All the six countries of GCC are amongst the most dependent on foreign workers for their labour requirements. Migrant workers are engaged in every sector of development activity and contribute substantially towards the economic growth of these host countries.

As discussed in the earlier chapters, GCC countries are the largest exporter in the category of mineral fuels and oils, together supplying one-fifth of total world import demand. Government revenues from oil directly affect migration flows, with more foreign workers arriving when the oil prices are high and when government issues contracts for major infrastructure projects.

In the recent times, changes in labour policies in the GCC countries, particularly in Saudi Arabia, saw shrinking employment opportunities for South Asian migrants, as indicated by a drop in migration from India, Pakistan and Bangladesh. This chapter analyses trends in migration into the GCC region and outward remittances from the GCC region.

## Phases of Migration to the Gulf

### *Phase 1: Period Prior to 1970s Oil Boom*

The first phase of migration to the Gulf occurred during the period prior to the 1970s oil boom. More than 80% of the migrant workers were Arabs, mainly from Egypt, Syria, Yemen and Palestine; and some from Asian countries. Asian workers were majorly employed in European companies and government agencies. The number of Asian worker were little more than 200 thousand in the entire Arab region in 1970. There was a narrow wage differential between origin countries and destination countries. Wage differentials often act as arbitrage and is important for the decision and profitability of migration. Iraq and Oman were once the main exporters of manpower. Thereafter, both became major labour importing countries.

### ***Phase 2: Period of Oil Price Hike of 1973***

It is the post 1973, oil price hike, which marks the beginning of the second phase. Migrant population rose relatively faster in this phase. It is during this phase that immigration from countries like Egypt and Yemen began to rise considerably. By 1975, about 1.3 million migrants were estimated to be in the gulf region.

### ***Phase 3: Period of Second Oil Price Hike of 1979***

It is the later part of 1970s and early 1980s that marked the third phase of migration to Gulf. The second hike in oil price occurred in 1979, due to which the government revenues rose sharply. With the rise in government revenues, the government investments also increased which resulted in further rise of social welfare schemes, infrastructure projects and other development plans. With the infrastructure projects taken up by private bidders, labour force was constituted majorly by migrant workers who were cheaper than the local labourers, which helped contractors maximize their profits. This caused a surge in demand for an additional 700 thousand migrants in Saudi Arabia and other GCC countries in 1980. Migrant workers from both Iraq and India increased, with India alone constituting more than 500 thousand by 1980.

As a result, the share of Arab workers in the total labour force reduced in 1980. This was due to inflow of cheap labour from India, Pakistan, Sri Lanka and other Asian economies, and domestic policies that were favourable to the South Asian workers. As the major infrastructure projects were completed, the demand for unskilled labour fell, while at the same time the demand for skilled labour increased.

### ***Phase 4: Period of Decline in Oil Prices of 1982***

The fourth phase began with the decline in oil prices in late 1982. With the contraction of oil revenues, some development projects slowed and demand for foreign workers slackened. However, preference for skilled workers continued.

### ***Phase 5: Post Cold War Period of 1990s***

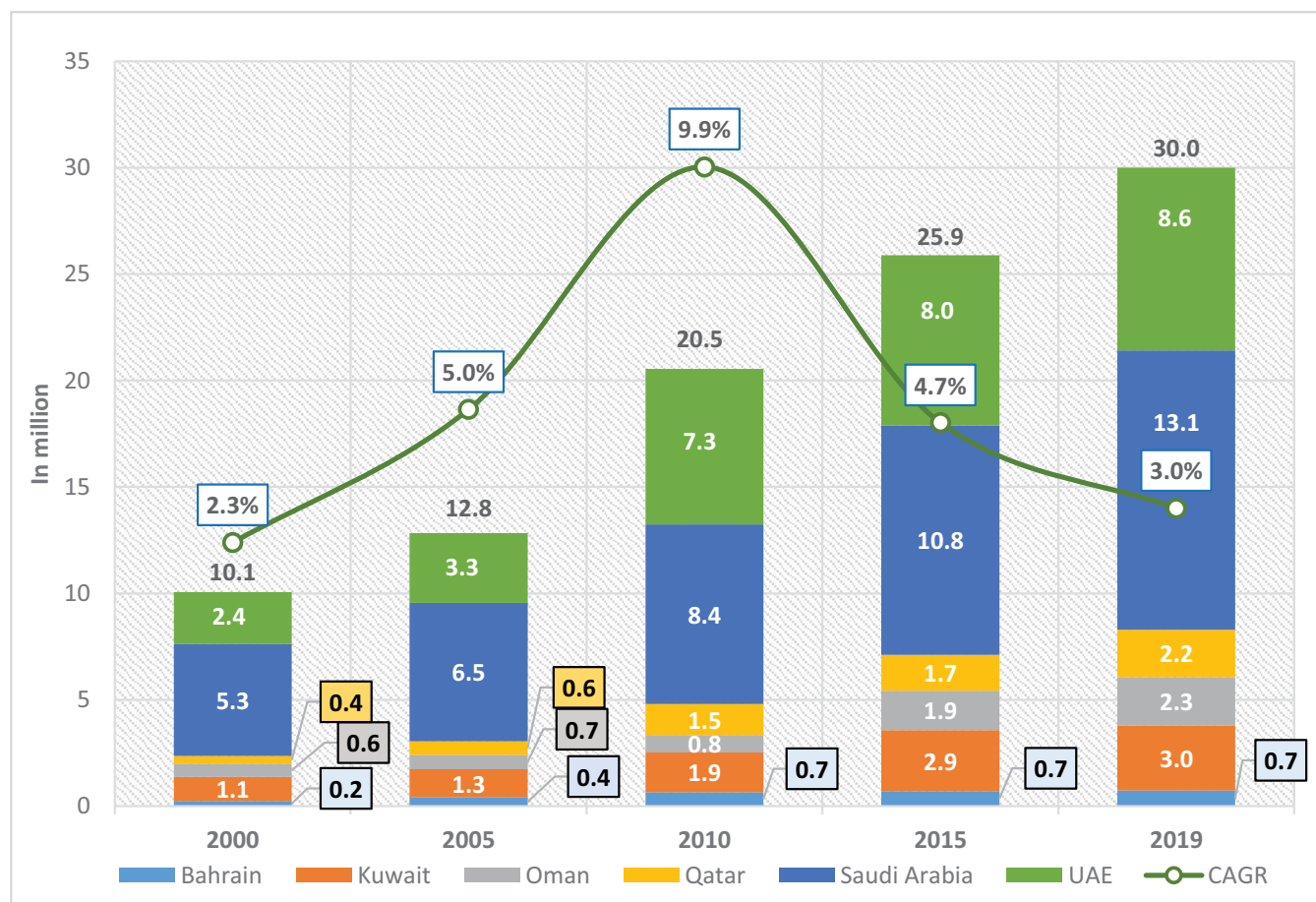
In 1990s, began the fifth phase with the end of Cold War. New migrant force began to arrive in the Gulf countries, particularly from China and the newly independent states of the former Soviet Union. They added on to the already existing competition in the labour market. The second Gulf War (1991) resulted in the displacement of about 1.5 million people, including 1 million Yemenis (who were expelled from Saudi Arabia) and 200 thousand Jordanians, 150 thousand Palestinians, and 158 thousand Egyptians (most of whom left Kuwait)<sup>4</sup>. This mass displacement created job vacancies in the Gulf countries that were filled by South Asians (particularly by Indians, Pakistanis, and Bangladeshis). The number of Asians was more than twice that of non-Gulf Arab workers.

The presence of South Asian workers is growing, and is likely to continue to do so. This has benefitted economies of both destination (labour recipient) countries as well as origin (labour exporting) countries. These migrant labour help in expansion of economic activities of destination countries. At the same time, migrants remit a portion of their income to their families in to their home country which indirectly plays an important role in the development of that country.

<sup>4</sup> Rahman, Anisur (2010): "Migration and Human Rights in the Gulf" Middle East Institute.

## International Migrant Population

Figure 5.1 International Migrant Population of GCC (2000-2019)



Source: United Nations, Department of Economic and Social Affairs (UNDESA)

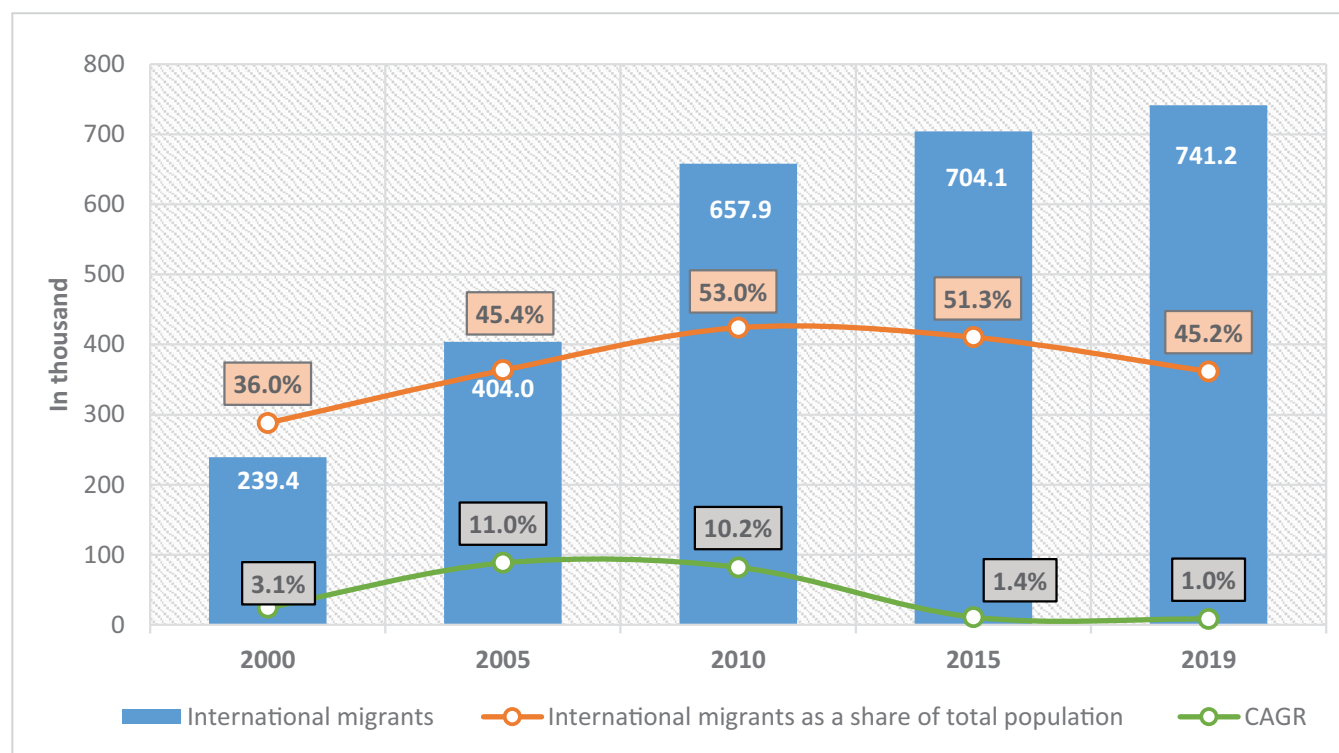
During the last two decades, the number of international migrants in the GCC countries have tripled from 10.1 million in 2000 to 30 million in 2019 growing at a CAGR of 5.6%. Growth rate of migration to GCC countries was at a peak during the period 2005-2010, mainly due to sudden rise in flow of migrants to Qatar and UAE. Prior to 2010, migration to the GCC countries witnessed an increase at an increasing rate. While the period after 2010, followed a downward growth, where migration increased at a decreasing rate due to change in migration policies of the GCC countries. Labour policies like *Saudization* or *Nitaqat* promotes employment of local population, discouraging migrants labour (refer **Figure 5.1**).

In 2019, UAE has the largest share of 87.9% of migrant population to the total population, closely followed by Qatar (78.7% of the total population), Kuwait (72.1%), Oman (46%), Bahrain (45.2%) and Saudi Arabia (38.3%). At the same time, in absolute figures, around 43.7% of the total migrant population of GCC is settled in Saudi Arabia alone and 28.6% of the population in UAE. Saudi Arabia and UAE are the most preferred destinations of the migrant population. The high share of migrant population to total population clearly states high dependence of GCC economies on the labour of migrant population. Over the years, migrant population have thus, significantly contributed in making these economies bigger and more developed than before.

## Country-Wise International Migrant Population

### Bahrain

Figure 5.2 Bahrain's International Migrant Population (2000-2019)



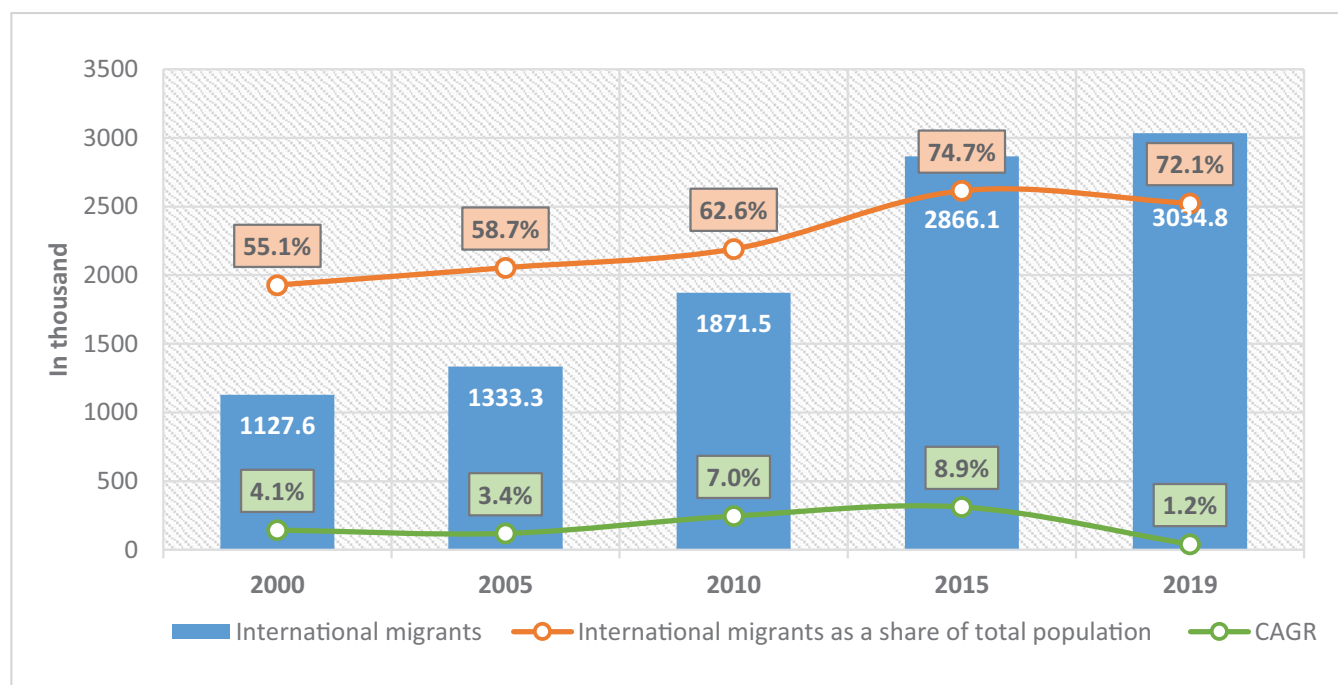
Source: UNDESA

The total international migrant in Bahrain increased from 239 thousand in 2000 to 741.2 thousand in 2019 growing at a CAGR of 5.8%. The total share of international migrant to the total population has increased from 36% in 2000 to 45.2% in 2019. Growth rate of international migrant was the highest during the period 2000-2005 with international migrants increasing by a CAGR of 11%. It is in the following two periods that migrant population constituted more than half of the population. In the recent years, the growth rate of migrant population has moderated substantially with a CAGR of just 1% during the period 2015- 2019 (refer **Figure 5.2**).



## Kuwait

Figure 5.3: Kuwait's International Migrant Population (2000-2019)

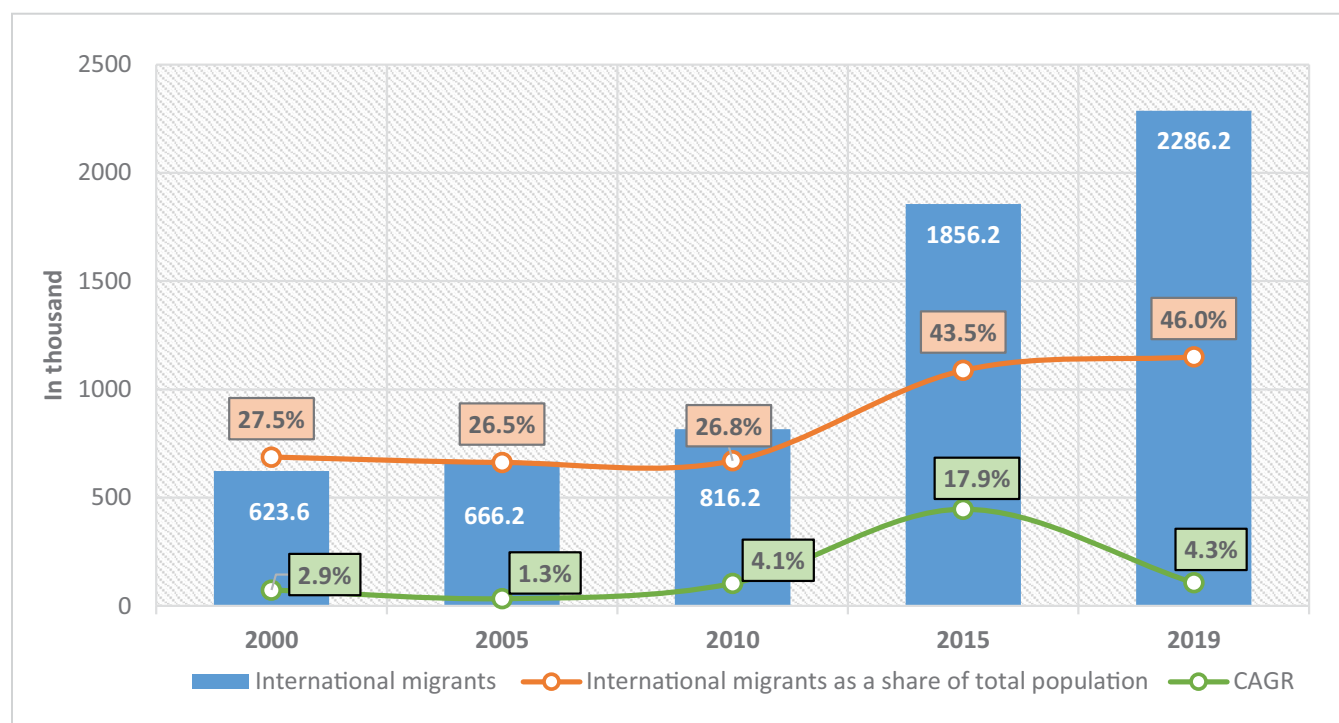


Source: UNDESA

The total international migrants in Kuwait almost tripled from 1,127.6 thousand in 2000 to 3,034.8 thousand in 2019 growing at a rate of 5.1%. The total share of international migrants to the total population has increased from 55.1% in 2000 to 72.1% in 2019, which means that three-fourth of the population of Kuwait is of migrants in 2019. The growth rate of international migrant was at a peak in the period 2010-2015, where number of international migrants increased at a CAGR of 8.9%. In the recent years, growth rate of migrant population has slumped with an increase of just 1.2% during the period 2015-2019 as compared to 8.9% in the preceding time period (refer **Figure 5.3**).

## Oman

Figure 5.4: Oman's International Migrant Population (2000-2019)

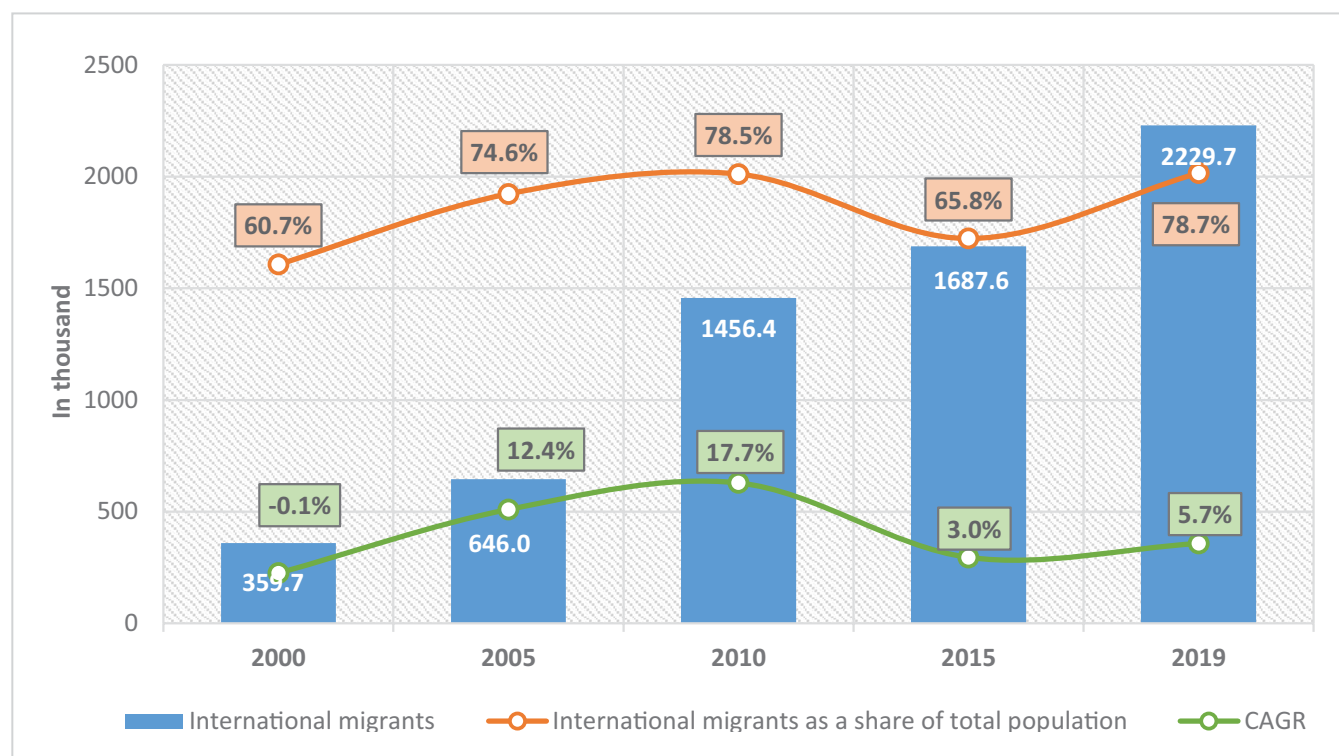


Source: UNDESA

Total international migrants in Oman witnessed a near four fold rise from 623.6 thousand in 2000 to 2,286.2 thousand in 2019 growing at a CAGR of 6.7%. The total share of international migrant to the total population increased from 27.5% in 2000 to 46% in 2019. The growth rate of international migrant was highest during 2010-2015 with international migrants increasing at a CAGR of 17.9%. The growth rate of migrant population has fallen sharply after this period to just 4.3% during 2015-2019 (refer **Figure 5.4**).

## Qatar

Figure 5.5: Qatar's International Migrant Population (2000-2019)

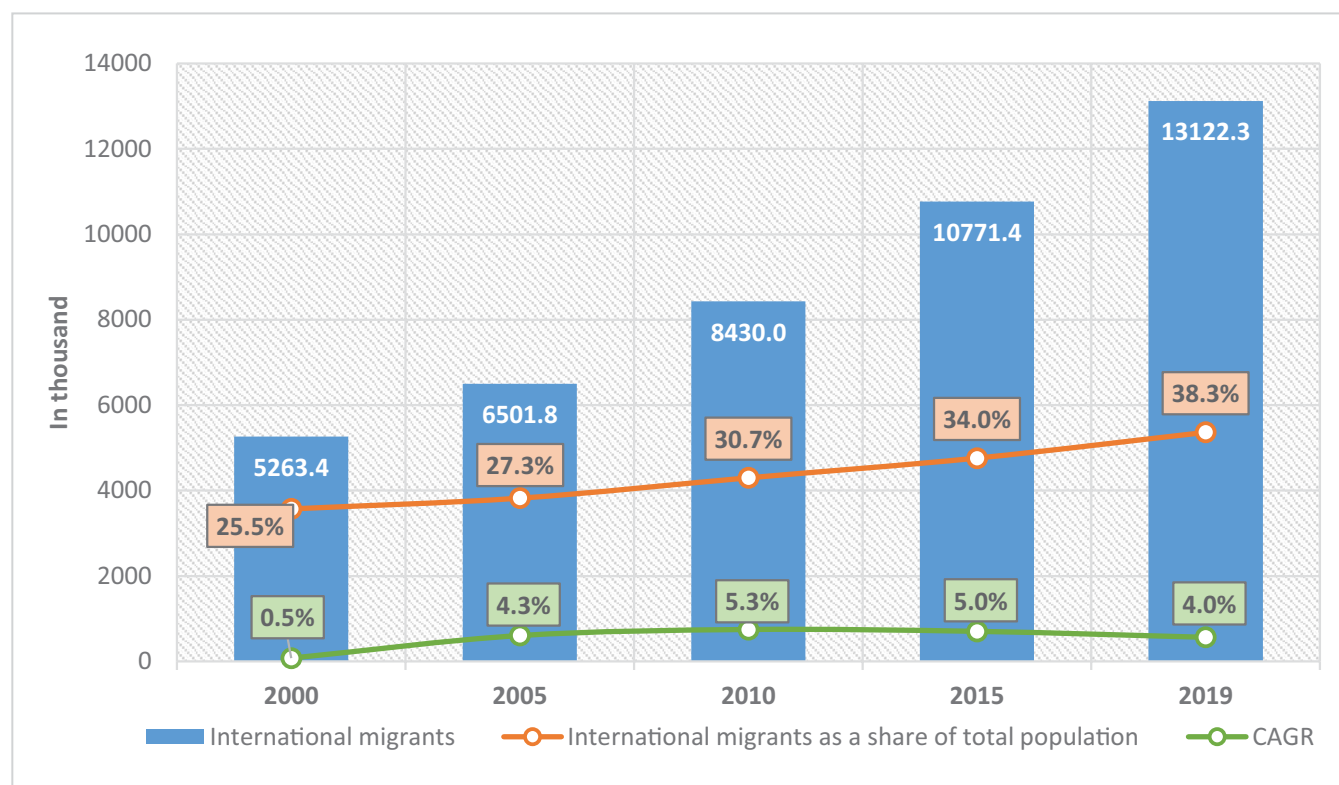


Source: UNDESA

Total international migrants in Qatar witnessed a near six fold rise from 359.7 thousand in 2000 to 2,229.7 thousand in 2019 recording a CAGR of 9.6%. The total share of international migrants to the total population increased from 60.7% in 2000 to 78.7% in 2019. The growth rate of international migrant was highest in the time period 2005-2010 with number of international migrants increasing by almost 17.7% during the period. The growth rate of migrant population fell sharply in the following time period (refer **Figure 5.5**).

## Saudi Arabia

**Figure 5.6: Saudi Arabia's International Migrant Population (2000-2019)**

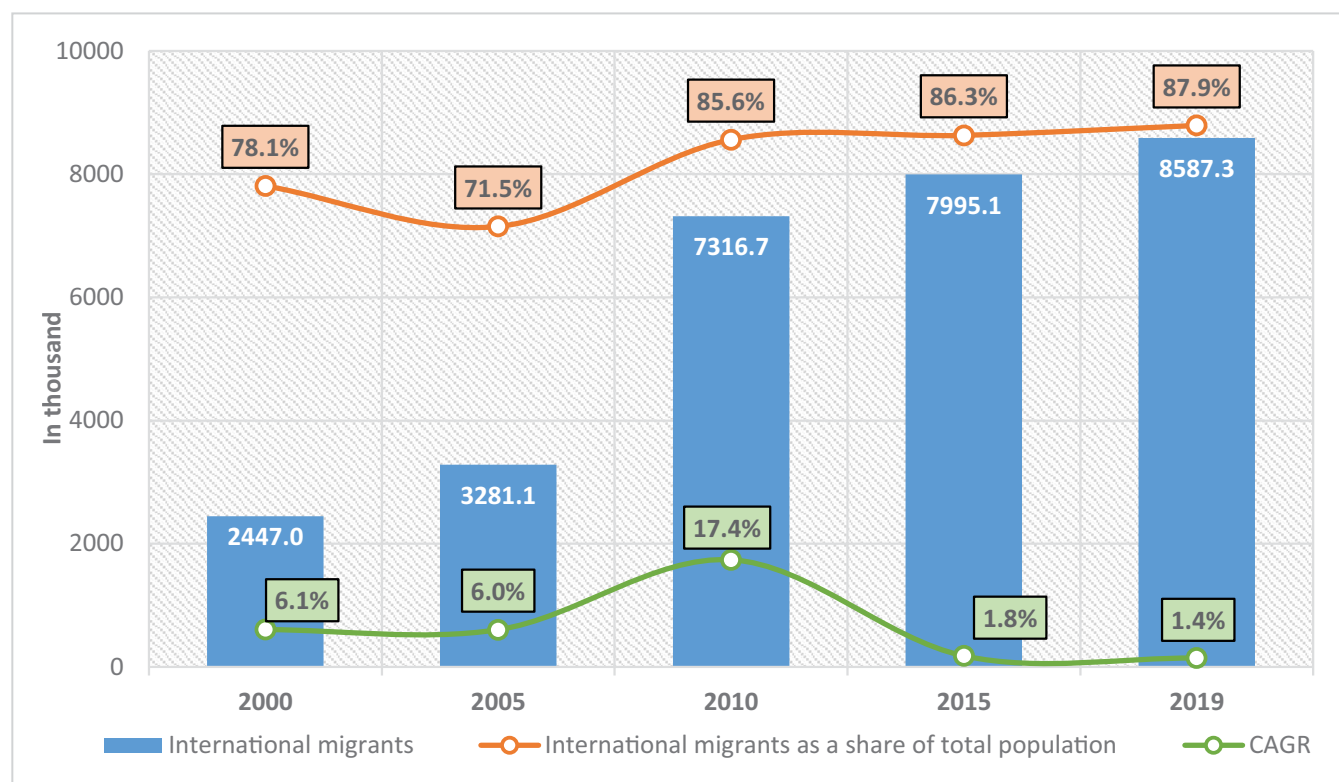


Source: UNDESA

Total international migrants in Saudi Arabia more than doubled, from 5,263.4 thousand in 2000 to 13,122.3 thousand in 2019. The total share of international migrant to the total population increased from 25.5% in 2000 to 38.3% in 2019. The migrant share to the total population is relatively less, but Saudi Arabia attracts the largest share of total international migrants in the GCC countries. The growth rate of international migrants was at peak in time period 2005-2010 with international migration increasing at 5.3% over the 5 year time period. Compared to other GCC countries, Saudi Arabia experienced a consistent growth rate of migrants during the time period 2000-2019 (refer **Figure 5.6**).

## United Arab Emirates

Figure 5.7: UAE's International Migrant Population (2000-2019)



Source: UNDESA

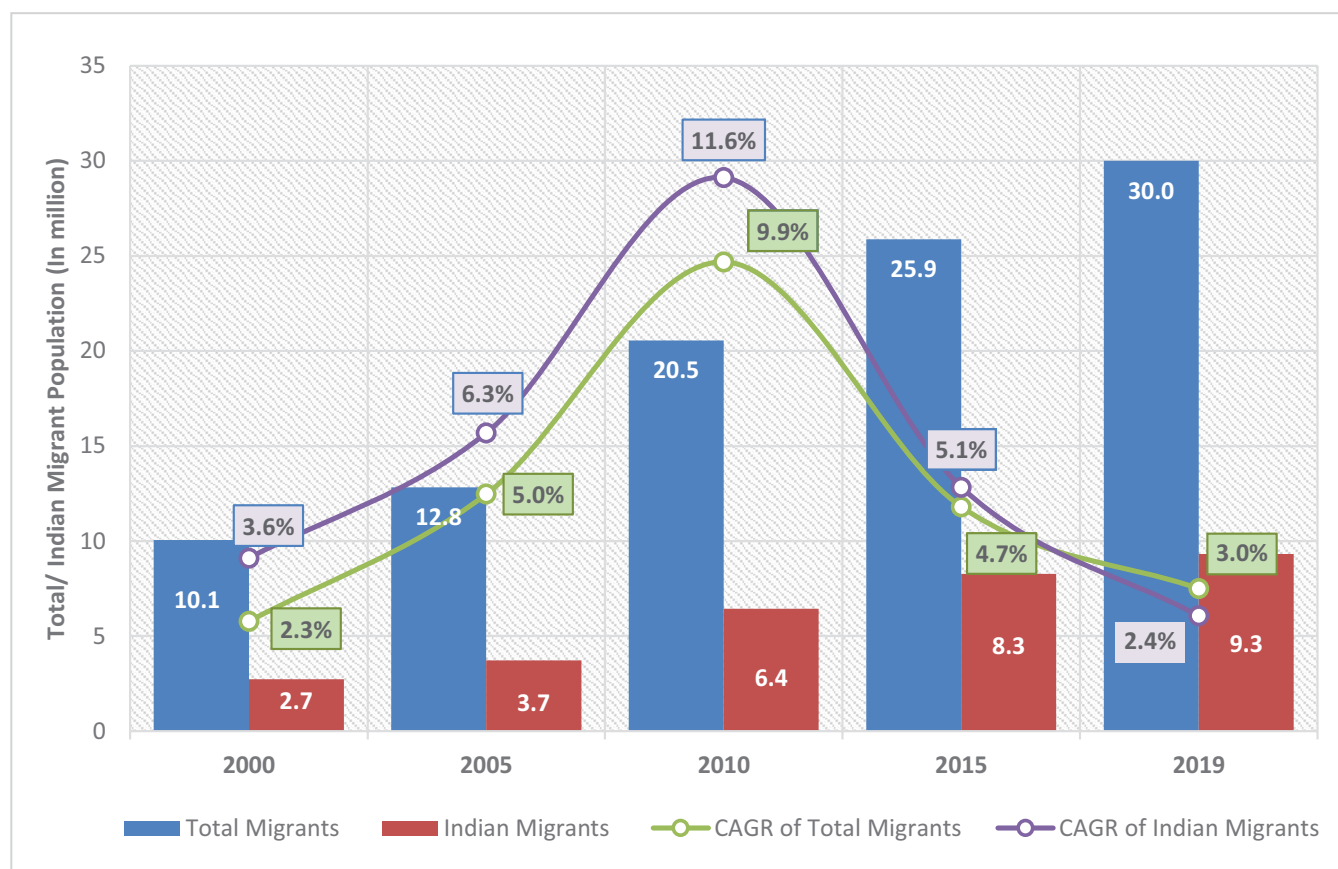
Total international migrants in UAE witnessed a near four-fold jump increasing from 2,447 thousand in 2000 to 8,587.3 thousand in 2019 growing at a CAGR of 6.5%. The total share of international migrant to the total population has increased from 78.1% in 2000 to a substantial share of 87.9% in 2019. UAE has highest share of migrants to total population among the GCC countries. Growth rate of international migrant peaked during the period 2005-2010 with international migrants increasing at a rate 17.4%. The time period 2010-2019 witnessed sudden slump in growth rate with migrant population increasing by just 1.8% in 2010-2015 and 1.4% in 2015-2019 (refer **Figure 5.7**).

## Migration from India to GCC Countries

India is a major country of origin and transit as well as popular destination for workers across international borders. India is a key contributor to the world's skilled, semi-skilled and unskilled labour force. As per UNDESA, there are over 30 million Indian migrants overseas, with as many as 9.3 million Indians in the GCC region alone. Since the oil boom of 1970s, gulf region has been a major destination for Indian workers.

The GCC countries are also largely dependent on migrant labour force from India for both skilled and semi- skilled jobs for their infrastructure projects.

**Figure 5.8: Migration Trends in GCC Countries (2000-2019)**



Source: UNDESA

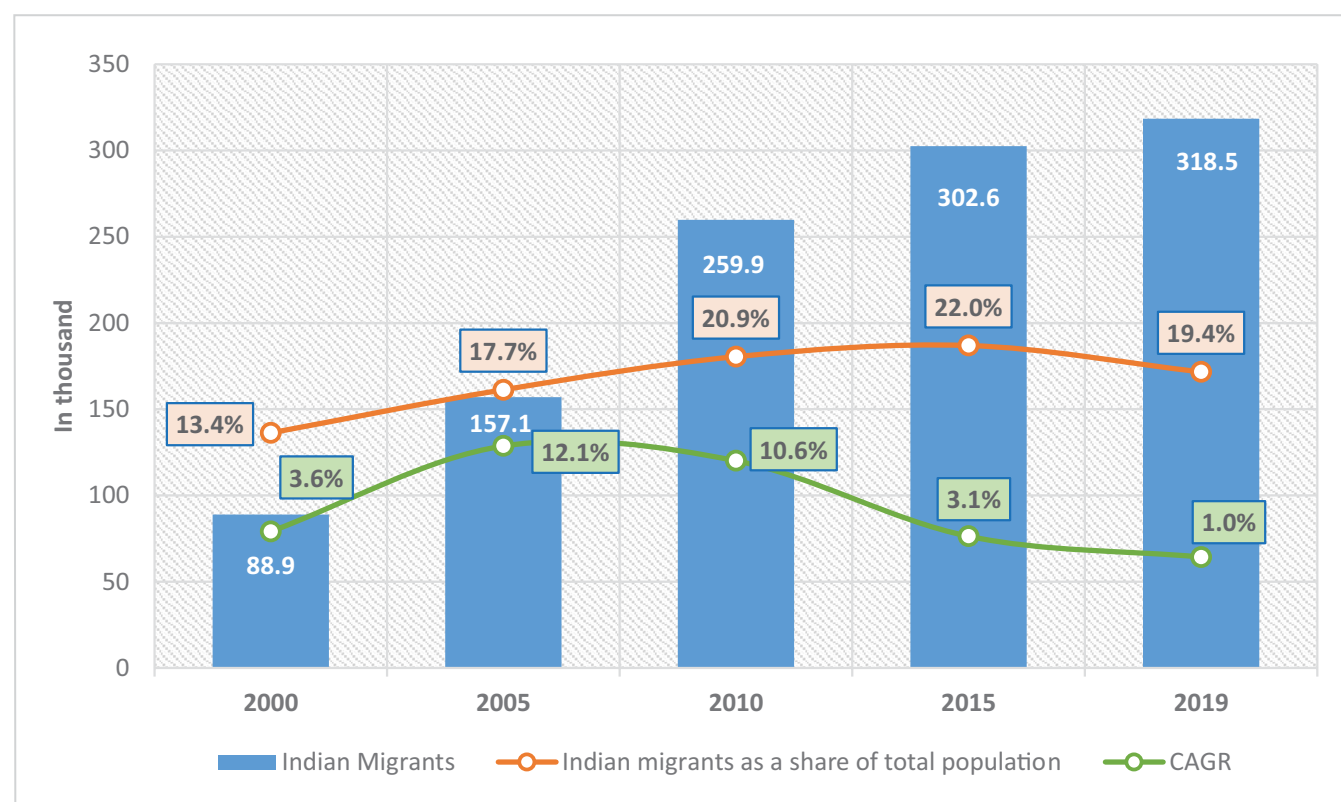
During 2000-2019, growth of Indian migrants into the GCC countries has followed the same trend as that of the total migrant population from the world. Until 2015, the growth in Indian migrants has been consistently higher than the overall migration trend. But post 2015, the growth rate of number of Indian migrants to GCC, fell below that of total migrants from world. The peak growth rate of migration from India was seen during the period 2005-2010, during which the overall migration increased at a CAGR of 11.6% as compared to a growth of 9.9% in global migrants into the GCC. During 2015-2019, the Indian migration to GCC witnessed a growth rate of 2.4% as compared to 5.1% witnessed in preceding time period (refer **Figure 5.8**).

India is the largest country of origin for migrant labour force to GCC countries with two-third in UAE and Saudi Arabia alone. Bangladesh is next, with almost half in Saudi Arabia, followed by Pakistan. Indian migrants constitutes a significant share in the total population in the GCC region. On an average, India accounted for a share of around 30% of the total migrant population of GCC since 2000. Country-wise analysis of India's migration to GCC is presented in the following section.

## Country-Wise India's Migration to GCC

### Trends in India's Migration to Bahrain

**Figure 5.9: India's Migration to Bahrain (2000-2019)**

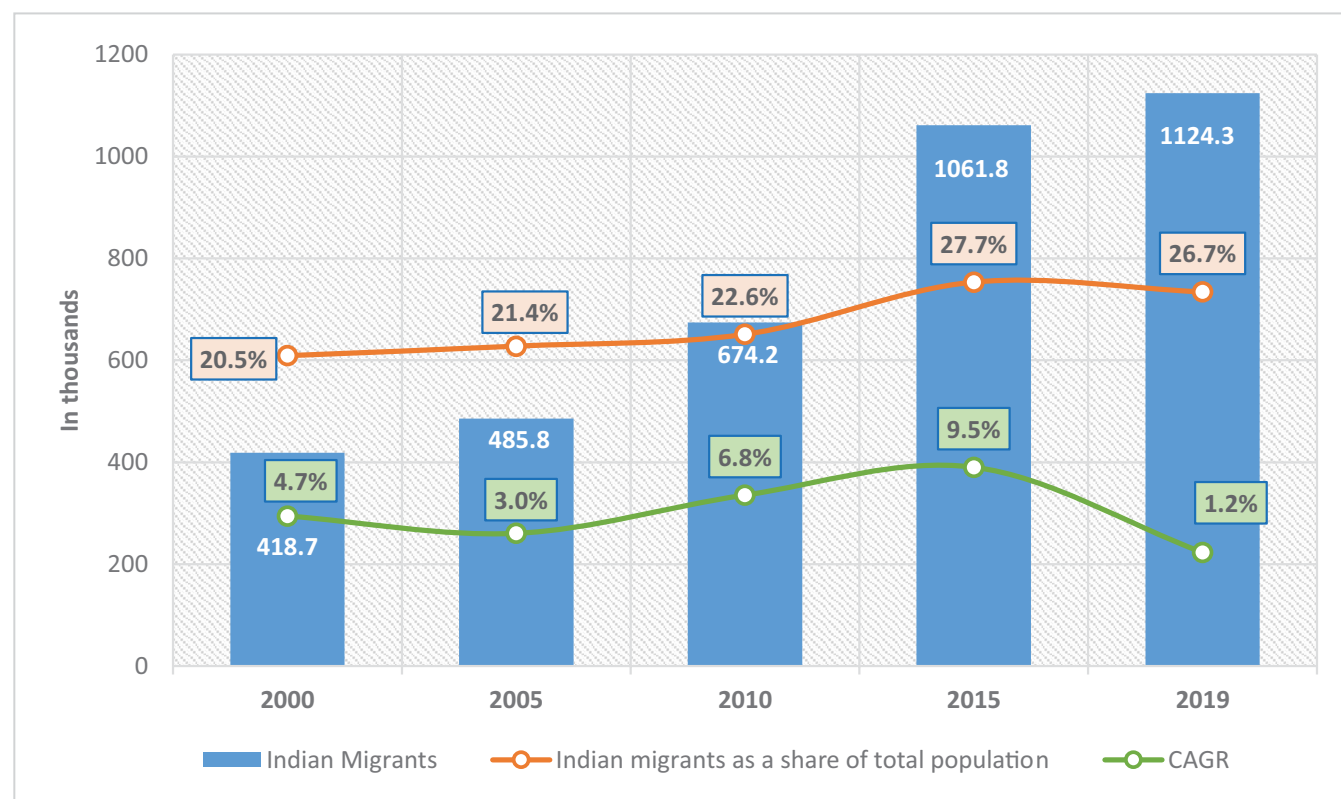


Source: UNDESA

In 2019, Indian migrants make almost one-fifth of Bahrain's total population. The share of Indian migrants to the total population has increased from 13.4% in 2000 to 19.4% in 2019 growing at a CAGR of 6.6%. The total Indian migrant population has increased from 88.9 thousand in 2000 to 318.5 thousand in 2019. Bahrain experienced the highest growth rate of Indian migrants (12.1%) during the period 2000-2005. The growth rate has slowed down in the last decade with a growth of mere 1% during 2015-2019 (refer **Figure 5.9**).

## Trends in India's Migration to Kuwait

Figure 5.10: India's Migration to Kuwait (2000-2019)



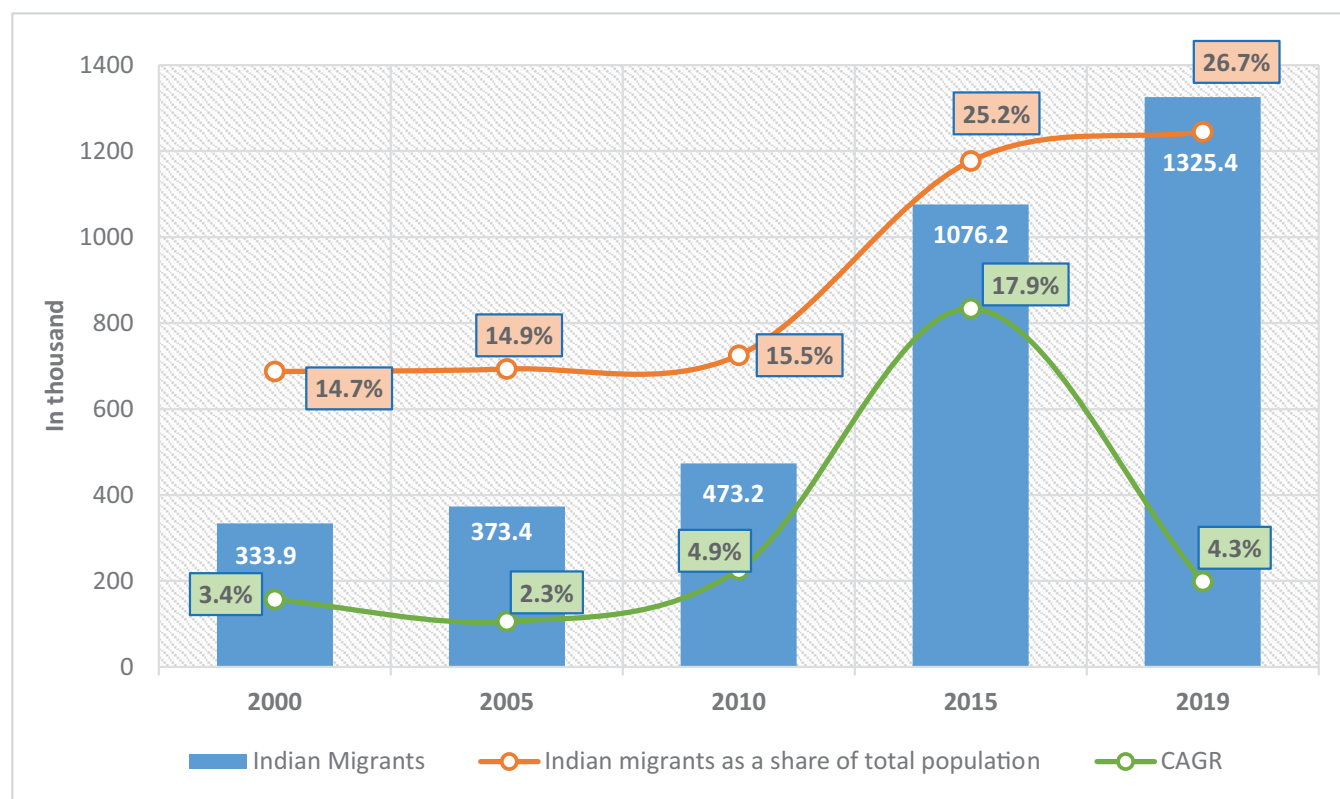
Source: UNDESA

In 2019, Indian migrants constituted 26.7% of the total population of Kuwait increasing from 20.5% in 2000. In absolute terms, the number of Indian migrants has increased from 418.7 thousand in 2000 to 1,124.3 thousand in 2019 with highest growth rate experienced during the period 2010-2015 growing at a rate of 9.5%. The growth rate has declined in the last 5 years to just 1.9% during 2015-2019 along with the share of Indian migrants in the total population (refer **Figure 5.10**).



## Trends in India's Migration to Oman

Figure 5.11: India's Migration to Oman (2000-2019)

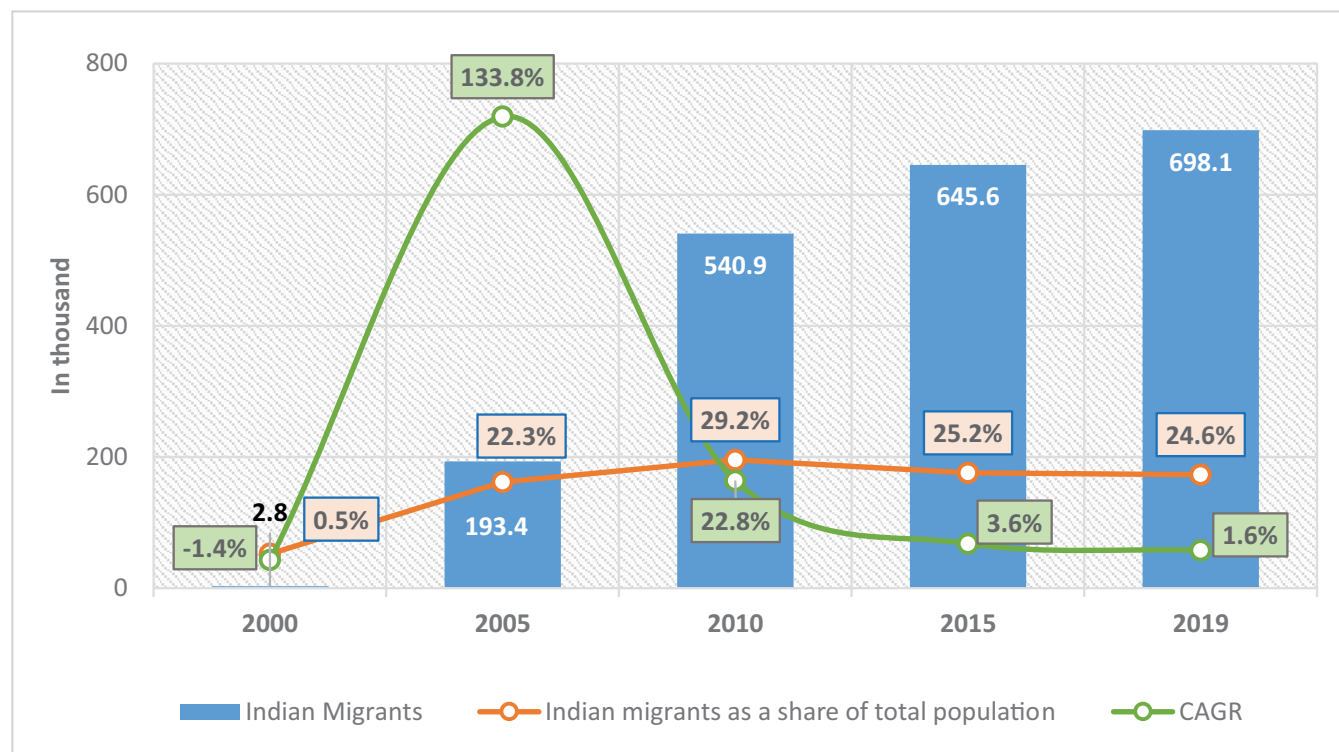


Source: UNDESA

In Oman, Indian migrants constitute 26.7% of the total population in 2019, growing at a rate of 7.1% during 2000-2019. India's share has consistently increased from 14.7% in 2000 to 26.7% in 2019. The peak growth rate was experienced in the time period between 2010-2015 with India's migrant population increasing at a CAGR of 17.9% from 473.2 thousand in 2010 to 1,076.2 thousand in 2015. During 2015-2019, the growth rate moderated to a mere 4.3% (refer **Figure 5.11**).

## Trends in India's Migration to Qatar

Figure 5.12: India's Migration to Qatar (2000-2019)

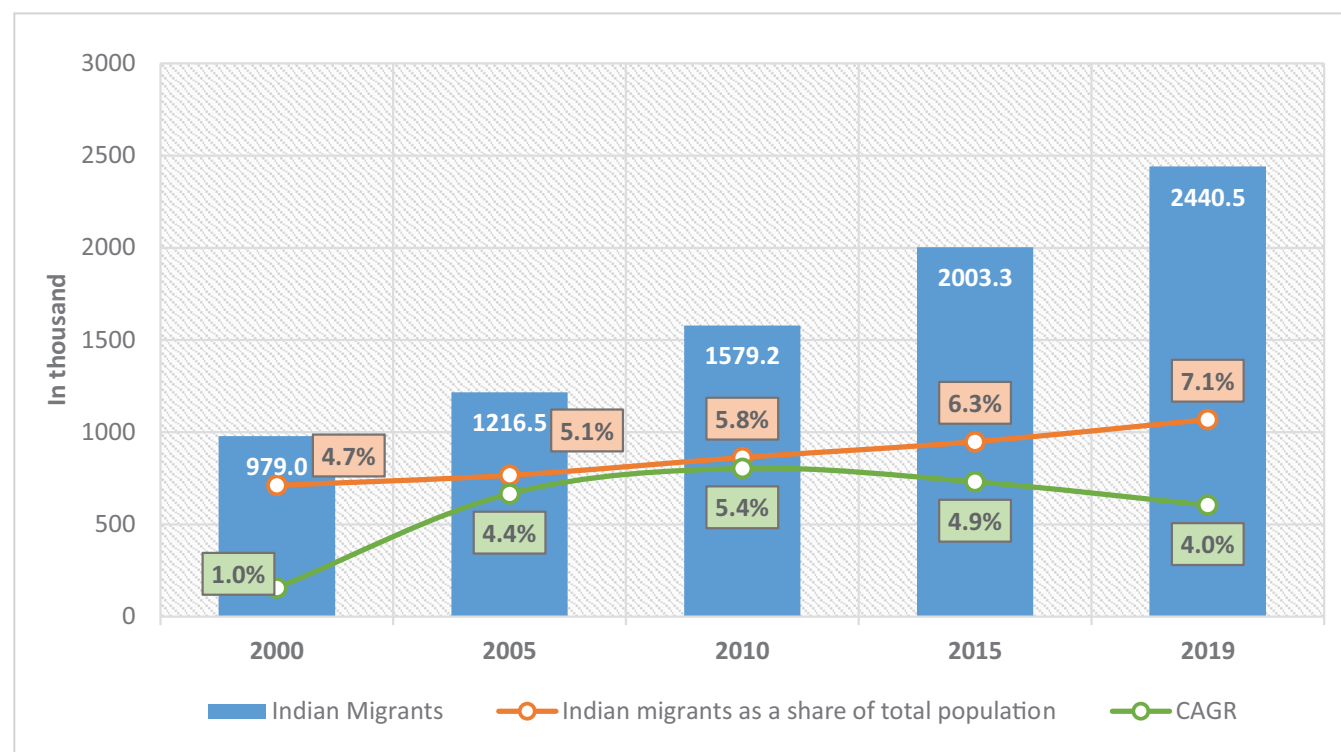


Source: UNDESA

In 2019, Indian migrants constituted 24.6% of the total population of Qatar increasing from a mere 0.5% in 2000. In absolute figures, the number of Indian migrants increased from 2.8 thousand in 2000 to 698.1 thousand in 2019 with the highest growth experienced during the time period 2000-2005. It is during this period that total population of Indian migrants increased to 193.4 thousand in 2005 from mere 2.8 thousand in 2000. The growth rate has declined to just 1.6% during the period 2015-2019 (refer **Figure 5.12**).

## Trends in India's Migration to Saudi Arabia

Figure 5.13: India's Migration to Saudi Arabia (2000-2019)

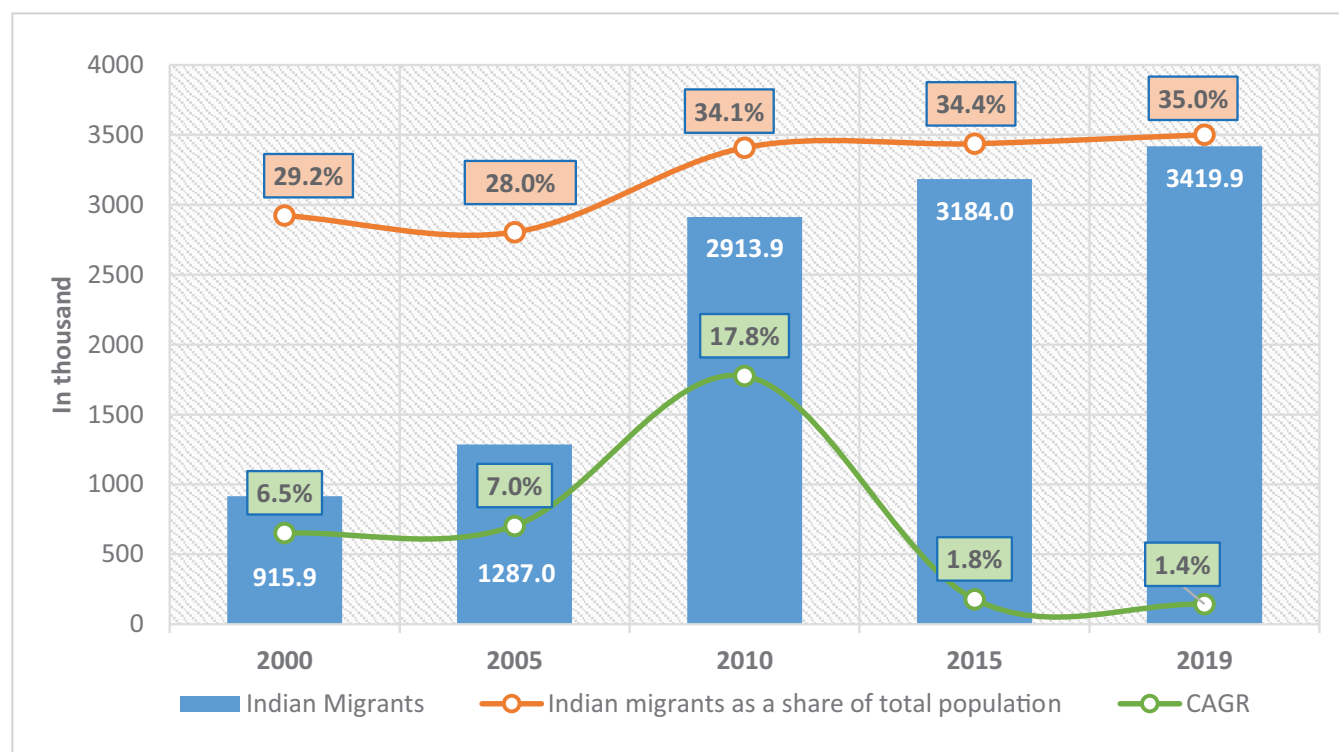


Source: UNDESA

In 2019, Indian migrants constituted 7.1% of the total population of Saudi Arabia, while accounting for the largest Indian migrant population in GCC countries. Saudi Arabia experienced a growth rate of 5.4% in Indian migrant population during the period 2005-2010. The flow of the migrants always followed a positive trend but, similar to the other countries, the growth rate of migrants has moderated in the recent years (refer **Figure 5.13**).

## Trends in India's Migration to UAE

Figure 5.14: India's Migration to UAE (2000-2019)



Source: UNDESA

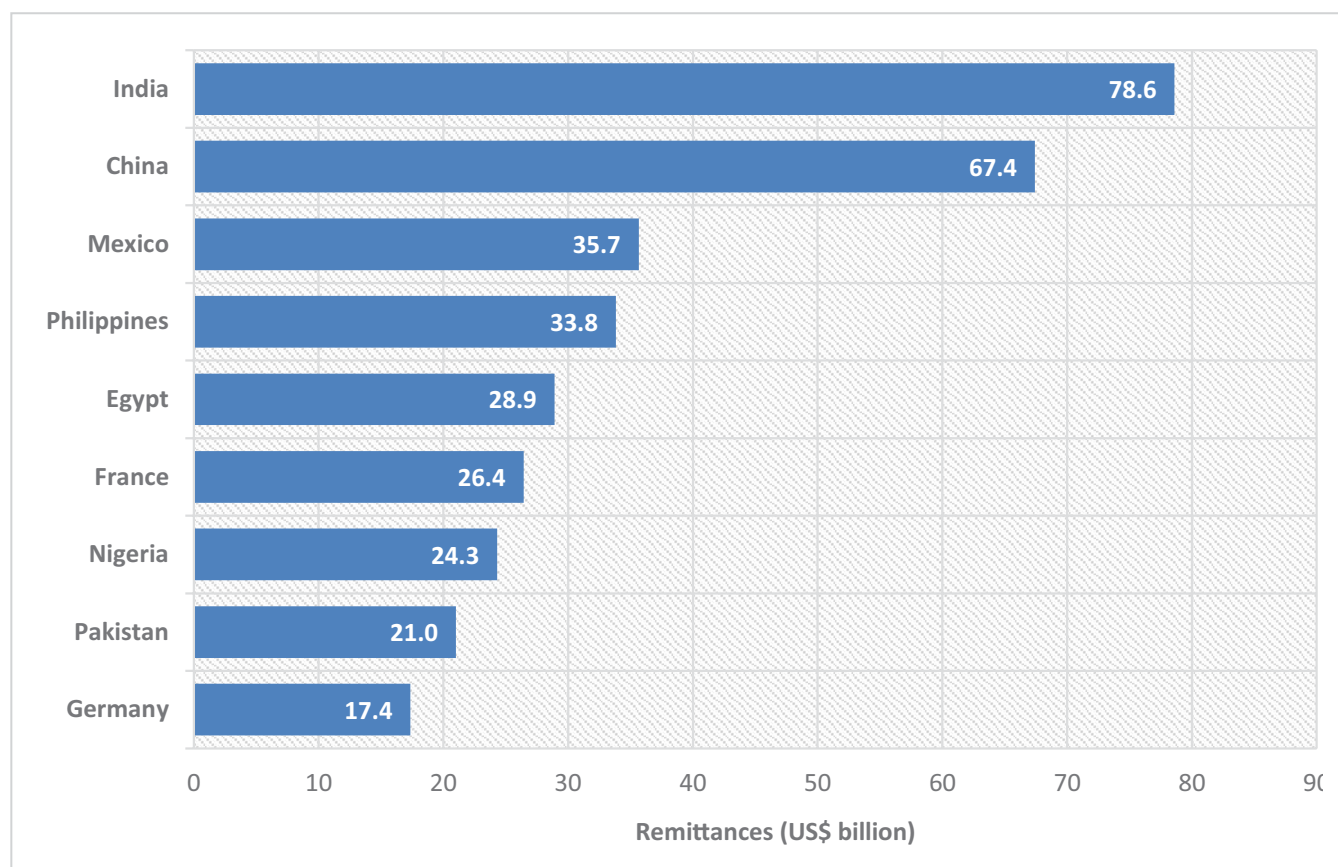
In 2019, Indian migrants constituted 35% of the total population of UAE, increasing from 29.2% in 2000 growing at a CAGR of 6.8%. In absolute terms, the number of Indian migrants has increased from 915.9 thousand in 2000 to 3,419.9 thousand in 2019 with highest growth experienced during 2005-2010. It is during this period that the total population of Indian migrants increased to 2,913.9 thousand in 2010 from a mere 1,287 thousand in 2000. The growth rate has moderated during the last decade recording a CAGR of 1.8% during 2010-2015 and 1.4% during 2015-2019 (refer **Figure 5.14**).

## Global Migrant Remittance Flows

According to World Bank, remittance flows to low and middle Income countries (LMICs) reached US\$ 529 billion in 2018, with an increase of 9.6% from US\$ 483 billion recorded in 2017. Global remittances, which include flows to high-income countries, reached US\$ 689 billion in 2018, up from US\$ 633 billion in 2017. Remittance flows grew in all the six regions, particularly in South Asia (12.3%) and Europe and Central Asia (11.2%). Growth in remittances flow to South Asia was majorly driven by stronger economy and employment situation in the USA and a rebound in outwards flows due to strong oil prices from GCC countries. Excluding China, remittances to low and middle income countries were significantly larger than foreign direct investment flows in 2018. It is projected that the annual remittance flows to LMICs are likely to reach US\$ 550 billion in 2019. That would make remittance flows larger than Foreign Direct Investment (FDI) and Official Development Assistance (ODA). Remittance money which is sent back home by migrant workers contribute significantly to the development of any economy.

Among countries, the top remittance recipients were India with US\$ 78.6 billion, followed by China (US\$ 67.4 billion), Mexico (US\$ 35.7 billion), the Philippines (US\$ 33.8 billion), and Egypt (US\$ 28.9 billion) (refer **Figure 5.15**).

**Figure 5.15: Top 10 Remittance Recipient Countries in 2018 (US\$ billion)**

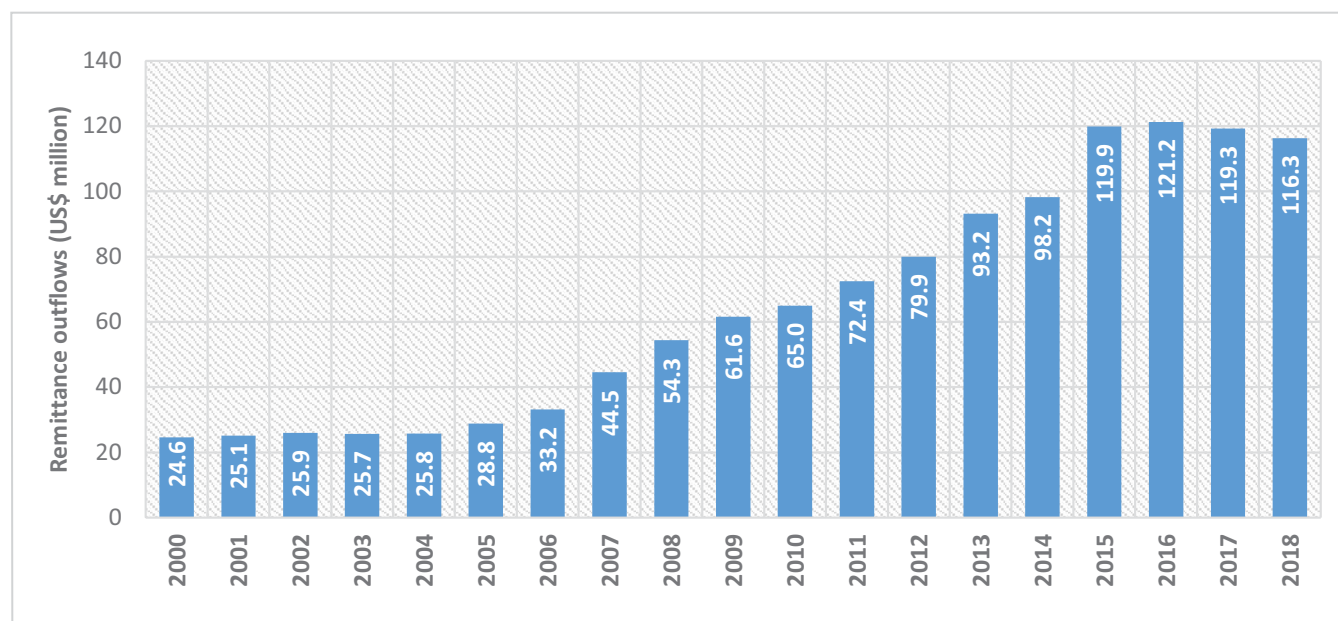


Source: UNDESA

### Remittance Outflows from GCC Countries

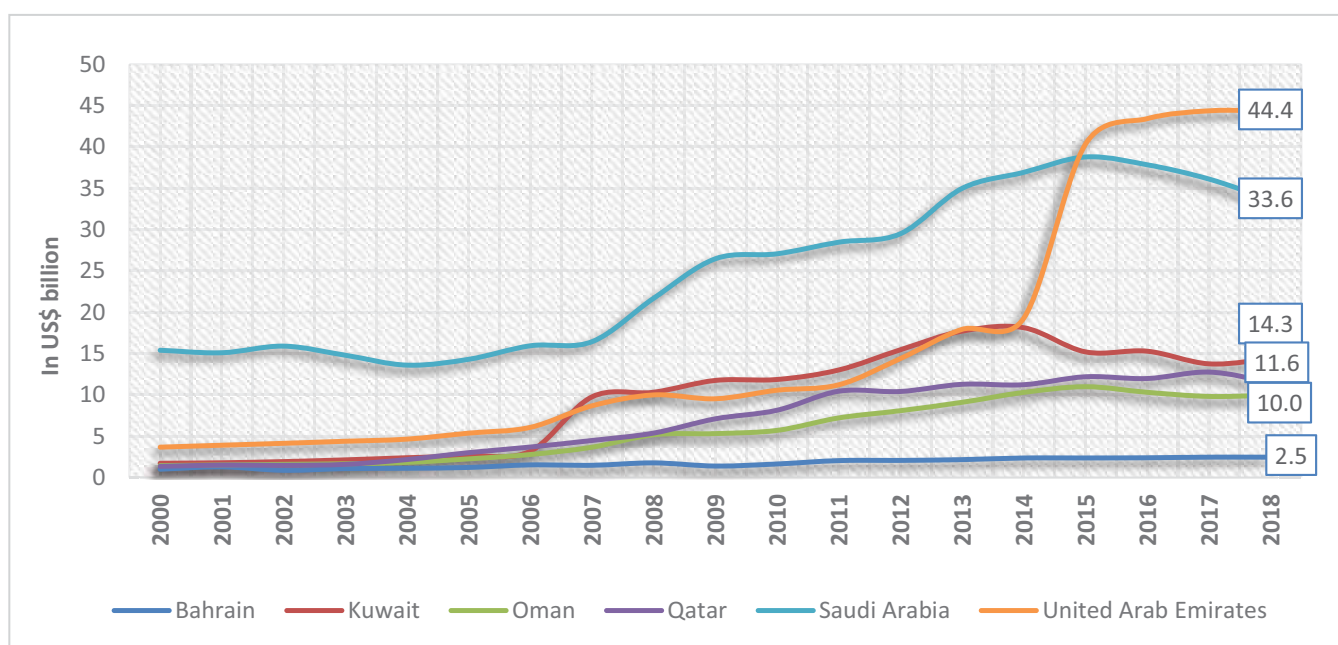
The largest remittance sending countries are a mix of high-income countries from Organization for Economic Cooperation and Development (OECD), GCC countries and large middle-income countries. The USA was the largest remitter in 2017, recording around US\$ 67.4 billion in outflows, followed by UAE (US\$ 44.4 billion) and Saudi Arabia (US\$ 36.1 billion).

GCC countries alone accounted for US\$ 116.3 billion of remittances in 2018 (considering the remittance figures for 2018 for Bahrain and UAE being same as those for 2017 for the respective countries), increasing from US\$ 24.6 billion in 2000 (refer **Figure 5.16**).

**Figure 5.16: Migrant Remittance Outflows from GCC (2000-2018)**

Source: UNDESA

In 2017, UAE was the largest source of remittance among the GCC countries amounting to US\$ 44.4 billion, followed by Saudi Arabia (US\$ 33.6 billion), Kuwait (US\$ 14.3 billion), Qatar (US\$ 11.6 billion), Oman (US\$ 10 billion) and Bahrain (US\$ 2.5 billion). UAE saw a sudden rise in remittance outflow from 2014 and it soon overtook Saudi Arabia in 2015, as the largest remittance source in GCC (refer **Figure 5.17**).

**Figure 5.17: Country-Wise Migrant Remittance Outflows from GCC (2000-2018)**

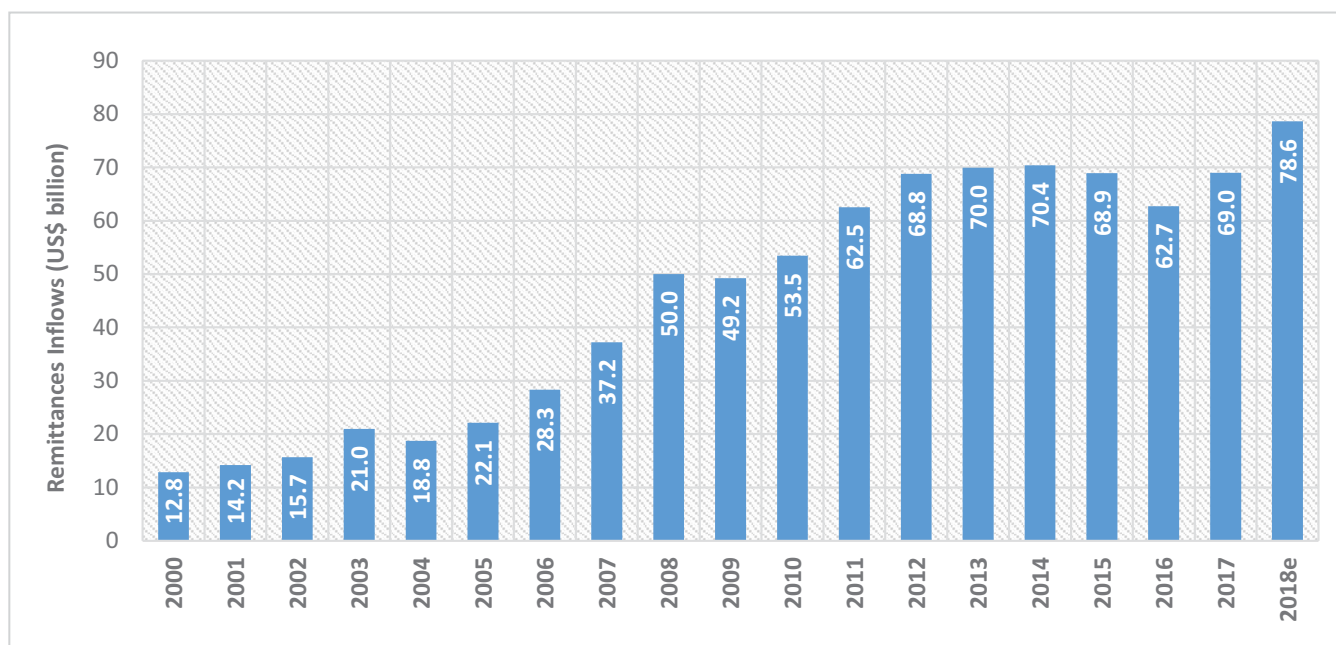
Source: World Bank

Note: 2018 figures for Bahrain and UAE are not available and thus, the latest available 2017 figures are used as a proxy for 2018 data for the two countries.

## India's Inward Remittances from the World

India has the largest diaspora in the world. Remittances to India also make up for 11.4% of the total global remittance inflow. Remittances to India increased by 14% to US\$ 78.6 billion in 2018 as compared to US\$ 68.9 billion in the preceding year. Remittances to India have increased continuously since 1990 except for a modest decrease witnessed during a few intermittent years (refer **Figure 5.18**).

**Figure 5.18: Inflow of Remittances in India (2000-2018)**

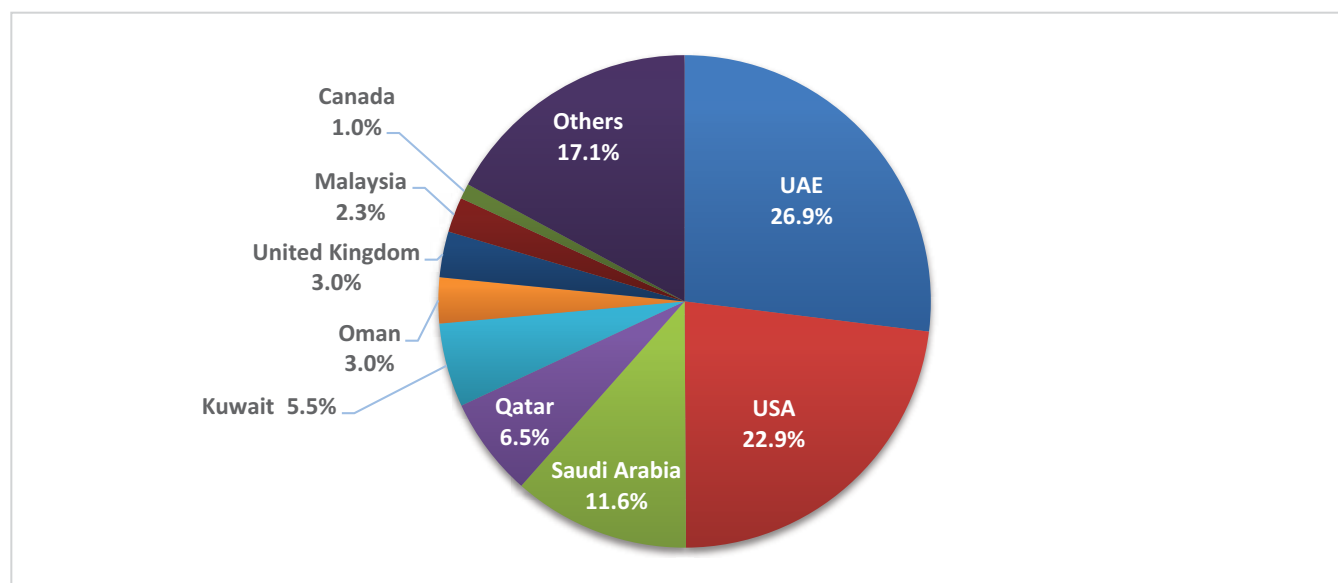


Source: World Bank

## Global Source of India's Remittances

According to the Reserve Bank of India<sup>5</sup>, UAE remitted 26.7% of India's total inward remittances, followed by 22.9% from the USA, 11.6% from Saudi Arabia, 6.5% from Qatar, 5.5% from Kuwait and 3% each from Oman and UK (refer **Figure 5.19**).

<sup>5</sup> RBI's fourth round of survey of authorised dealers on India's inward remittances in 2016-17

**Figure 5.19: Share in Total Remittances to India in 2017 (%)**

Source: RBI

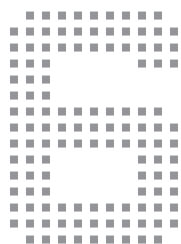
### Sources of India's Remittances from GCC

According to RBI<sup>6</sup>, GCC countries alone accounted for more than 53.5% of India's total remittances inflow of US\$ 69 billion in 2017. Among GCC, UAE was the largest remittance source for India in 2017 amounting to US\$ 18.6 billion, followed by Saudi Arabia (US\$ 8 billion), Qatar (US\$ 4.5 billion), Kuwait (US\$ 3.8 billion), Oman (US\$ 2.1 billion) and Bahrain.

<sup>6</sup> RBI's fourth round of survey of authorised dealers on India's inward remittances in 2016-17



## CHAPTER



## Way Forward

Today, countries in the Gulf are an integral part of India's extended neighbourhood, both in terms of geographical proximity as also partner countries for enhancing bilateral cooperation. The GCC nations, which are leading sources of energy requirements for India, with a combined GDP of US\$ 1.7 trillion, and large expatriate population have emerged as strategic partners for India.

India-Gulf economic relationship have two distinct areas of cooperation viz. bilateral trade especially commodity trade, and migration from India resulting in a large expatriate community in the Gulf. The GCC is one of India's largest regional trading partner, which accounted for total trade of US\$ 118.2 billion in 2018, growing at around 15% from US\$ 103 billion in the previous year. Behind this growing economic relationship, also lies the vast Indian diaspora in the region. As of 2018, GCC countries are home to over 9 million Indian migrants which has resulted in massive inflow of remittances to India amounting to US\$ 48.5 billion in 2018. Both these intertwined aspects of India-Gulf ties have paved the way for further expansion of India-Gulf relations.

In the long run, for this relationship to further strengthen and prosper, it is imperative to identify new drivers for India-Gulf synergy and avenues of greater future cooperation. Avenues for cooperation, driven by mutual interests, could include the healthcare sector, research and development in the pharmaceutical sector, construction and development of petrochemical complexes, infrastructure development, agriculture and food processing, education and skill development among others. A few policy catalysts that could help boost bilateral cooperation are briefly discussed below.

### **Expansion of Trade based on Export Potential of India**

India's trade with GCC is still concentrated in few limited items and lacks dynamism. India needs to expand its export of goods in which it has comparative advantage and those that are highly imported by the GCC region. This will help in further expansion of trade and reduce India's existing high trade deficit with the Gulf. The study has already identified potential items of exports which could be targeted, among others, by the Indian exporters. These potential export items are among the top products of imports of the GCC region, in which India has a low share, but has high global exports, which indicates India's global export capability. According to the analysis, India has potential to expand exports to GCC region in the following product categories viz.: machinery and mechanical appliances (HS Code 84); electrical machinery and equipment (HS Code 85); vehicles other than railway or tramway (HS Code 87); pharmaceutical products (HS Code 30); pearls, precious stones and metals (HS Code 71); articles of iron and steel (HS Code 73); and plastics and its articles (HS Code 39) among others.

## **Diversification of Markets**

India's trade with Gulf is predominantly dominated by trade with UAE and Saudi Arabia. In order to expand trade with the region, India needs to diversify its markets in other GCC countries. This will provide additional demand for existing products as well as market for new products. Diversifying markets leads to diversification of risks, as any economic fallout in one country can be balanced from trade with other countries.

## **Free Trade Agreement (FTA)**

There is an increasing rise in number of preferential and regional trade agreements between countries across the globe. With India's trade with the Gulf region crossing an average of US\$ 120 billion annually, India could seek to revitalise and conclude a FTA or an economic partnership agreement with the GCC. A well negotiated FTA could prove to be mutually beneficial for both India and the Gulf nations. It is expected to reduce duties and tariffs, extend existing trade framework and lead to more intensive economic engagement. Gulf countries could prove to be a potential market for both industrial and agricultural products from India. The non-diversified industrial base in the GCC offers trade complementarities between India and the GCC, which could result in increased trade. Beside boosting trade, such an arrangement could provide prospective investors from GCC countries larger access to Indian markets. India, being one of the largest importer of oil in the world and representing an important energy market for the Gulf countries, could provide ample opportunities for further investments in India by major energy suppliers.

## **Cooperation in Temporary Movement of People**

Temporary movement of natural persons for the supply of services (Mode 4) is one of the four modes of trade in services under Generalised Agreement on Trade in Services of the WTO. Thus, an FTA with the GCC countries could be used to address the issues and interests of the Indian migrants in the Gulf. A liberal commitment for Mode 4 during negotiations, covering both the high and low skilled workers, could prove to be mutually rewarding.

## **Cooperation in Service Sector**

India enjoys a booming service sector and holds a comparative advantage with most countries globally. In the current efforts of GCC to diversify economies beyond oil and gas, India can prove to a beneficial partner. Demand for services from GCC are likely to increase, providing India with an opportunity to capitalise on its low-cost skilled labour and English language proficiency.

## **Improving Trade Logistics**

A robust logistics sector can go a long way in boosting bilateral trade between India and the GCC region. Efforts could be made to reduce transaction and transport costs between the countries. With better infrastructure planning, increased coordination among stakeholders and improved operational efficiencies, India can unlock its potential in the GCC region, thus promoting economic growth.

### **Unified Trade Representative Body**

Given the fact that there is huge scope for enhancing trade capacity in the Gulf region, there could be a unified trade representative body in the Gulf region which could carry out market research in coordination with Indian consulates/embassies, while identifying opportunities for increased collaboration. Astute efforts should be directed towards more intensive research on sector specific advantages and challenges.

### **Enhancing People-to-People Interactions**

In order to explore new business opportunities, business conclaves like the India-GCC conclave and other industry association engagements, which provide a platform for increased interaction among the industries, academicians, policy makers and government representatives with a view to benefiting the entrepreneurs, investors and business communities should be promoted and held at regular intervals. Such platforms showcase opportunities, expertise, and capabilities of industry players and could help in generating viable business propositions among interested parties.

# Annexure

**Table A1: Bahrain's Major Export Items (US\$ million)**

HS Code	Product Label	2008	2013	2018	Share in Total Exports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>8,384.0</b>	<b>20,036.2</b>	<b>17,867.7</b>	<b>100%</b>
27	Mineral fuels, oils & products	5,425.9	10,177.3	10,444.7	58.5%
76	Aluminium & its articles	1,149.5	3,211.2	2,069.8	11.6%
26	Ores, slag and ash	261.0	613.0	991.0	5.5%
72	Iron and steel	62.3	546.7	695.6	3.9%
87	Vehicles other than railway or tramway	196.0	1,037.3	403.3	2.3%
73	Articles of iron or steel	53.9	89.1	341.9	1.9%
84	Machinery & mechanical appliances	273.6	717.3	295.1	1.7%
71	Pearls & precious stones	18.2	660.4	241.0	1.3%
39	Plastics & its articles	80.1	161.5	188.2	1.1%
31	Fertilisers	151	272.2	187.5	1.0%
29	Organic chemicals	35.2	202.7	167.3	0.9%
21	Miscellaneous edible preparations	70.8	191.7	144.0	0.8%
04	Dairy produce & edible products of animal	147.2	265.5	142.1	0.8%
85	Electrical machinery & equipment	34.5	366.2	101.8	0.6%
70	Glass and glassware	5.0	73.5	101.2	0.6%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A2: Bahrain's Major Import Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Imports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>11,993.4</b>	<b>18,617.5</b>	<b>21,591.6</b>	<b>100%</b>
27	Mineral fuels, oils & products	5,362.1	8,676.3	6,127.3	29.8%
84	Machinery & mechanical appliances	947.0	1,001.0	1,977.2	9.6%
85	Electrical machinery & equipment	648.9	933.7	1,546.0	7.5%
87	Vehicles other than railway or tramway	945.8	1,689.4	1,352.5	6.6%
28	Inorganic chemicals	513.6	256.6	998.8	4.9%
26	Ores, slag and ash	218.7	499.8	744.2	3.6%
71	Pearls, precious stones & metals	41.5	397.9	588.9	2.9%
89	Ships, boats and floating structures	16.0	35.8	483.8	2.3%
39	Plastics & its articles	168.2	271.3	385.1	1.9%
73	Articles of iron or steel	256.9	222.6	383.3	1.9%
76	Aluminium & its articles	96.5	199.0	349.1	1.7%
72	Iron and steel	159.8	339.7	347.5	1.7%
30	Pharmaceutical products	107.5	235.3	332.3	1.6%
04	Dairy produce & edible products of animal	150.4	214.7	288.0	1.4%
02	Meat and edible meat offal	86.4	268.9	237.1	1.2%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A3: Kuwait's Major Export Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Exports in 2018 (%)
TOTAL	All products	51,959.8	114,124.8	71,941.4	100%
27	Mineral fuels, oils & products	46,915.3	107,604.7	65,391.3	90.9%
29	Organic chemicals	10.4	1,496.2	2,103.5	2.9%
87	Vehicles other than railway or tramway	664.8	822.9	811.9	1.1%
39	Plastics & its articles	2,413.5	1,592.1	811.8	1.1%
84	Machinery & mechanical appliances	177.9	182.5	287.0	0.4%
89	Ships, boats & floating structures	3.1	2.2	225.8	0.3%
85	Electrical machinery & equipment	258.2	201.2	202.0	0.3%
38	Miscellaneous chemical products	12.7	62.2	152.7	0.2%
31	Fertilisers	195.0	402.7	135.4	0.2%
04	Dairy produce & edible products of animal origin	26.5	142.1	130.4	0.2%
94	Furniture & stuffed furnishings	48.7	57.6	91.0	0.1%
08	Edible fruit and nuts	6.7	27.3	90.4	0.1%
73	Articles of iron or steel	82.0	156.0	87.7	0.1%
48	Paper, paperboard & its articles	37.2	64.7	80.9	0.1%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A4: Kuwait's Major Import Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Imports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>19,905.6</b>	<b>29,298.9</b>	<b>35,866.7</b>	<b>100%</b>
84	Machinery & mechanical appliances	3,214.8	3,260.0	4,759.9	13.3%
85	Electrical machinery & equipment	2,095.8	3,144.6	4,236.3	11.8%
87	Vehicles other than railway or tramway	2,796.6	5,068.1	4,142.6	11.6%
73	Articles of iron or steel	823.4	1,427.0	2,155.3	6.0%
71	Pearls, precious stones & metal	605.6	1,408.2	1,389.1	3.9%
30	Pharmaceutical products	658.8	958.9	1,326.7	3.7%
90	Optical, photographic, cinematographic products	443.8	641.7	1,084.7	3.0%
72	Iron and steel	460.4	844.9	1,010.1	2.8%
39	Plastics & its articles	422.2	661.1	857.4	2.4%
94	Furniture & stuffed furnishings	395.3	552.5	742.4	2.1%
76	Aluminium & its articles	201.2	265.0	649.0	1.8%
33	Essential oils & resinoids	330.1	500.3	612.5	1.7%
10	Cereals	427.7	562.2	597.5	1.7%
04	Dairy produce & edible products of animal	354.6	548.1	596.4	1.7%
02	Meat and edible meat offal	288.0	555.0	577.7	1.6%
61	Articles of apparel and clothing	168.9	188.5	575.0	1.6%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A5: Oman's Major Export Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Exports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>27,650.6</b>	<b>55,497.1</b>	<b>41,756.9</b>	<b>100%</b>
27	Mineral fuels, oils & products	18,703.7	41,484.8	30,759.1	71.8%
29	Organic chemicals	208.0	1,310.9	1,800.7	4.2%
72	Iron and steel	42.2	751.4	1,793.2	4.2%
26	Ores, slag and ash	101.3	1,369.7	1,401.5	3.3%
39	Plastics & its articles	653.2	755.0	1,095.3	2.6%
76	Aluminium & its articles	683.5	821.6	960.2	2.2%
25	Salt & sulphur	99.9	218.6	585.3	1.4%
31	Fertilisers	494.4	906.0	564.9	1.3%
89	Ships, boats & floating structures	250.5	79.5	431.8	1.0%
73	Articles of iron or steel	207.1	329.4	349.7	0.8%
85	Electrical machinery & equipment	501.7	489.3	337.3	0.8%
71	Pearls & precious stones	87.3	26.5	285.7	0.7%
88	Aircraft, spacecraft & its parts	92.3	64.6	234.9	0.5%
03	Fish and crustaceans	85.8	133.3	215.9	0.5%
84	Machinery & mechanical appliances	305.5	328.3	205.1	0.5%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A6: Oman's Major Import Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Imports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>17,851.5</b>	<b>34,331.2</b>	<b>25,719.9</b>	<b>100%</b>
84	Machinery & mechanical appliances	2,830.0	3,559.5	4,203.8	16.3%
87	Vehicles other than railway	3,907.4	5,941.2	3,834.3	14.9%
85	Electrical machinery & equipment	1,321.3	1,783.0	3,125.3	12.2%
27	Mineral fuels, oils & products	1,077.6	7,733.7	2,430.1	9.4%
88	Aircraft, spacecraft & its parts	436.2	129.1	1,854.0	7.2%
73	Articles of iron or steel	1,201.4	1,451.2	1,644.8	6.4%
71	Pearls & precious stones	176.7	653.3	1,346.4	5.2%
72	Iron and steel	477.2	1,037.3	1,108.3	4.3%
29	Organic chemicals	295.7	1,150.9	933.7	3.6%
39	Plastics & its articles	447.8	720.7	843.3	3.3%
26	Ores, slag and ash	22.2	1,347.9	831.3	3.2%
74	Copper & its articles	235.1	624.6	790.0	3.1%
89	Ships, boats & floating structures	266.9	85.8	695.3	2.7%
04	Dairy produce & edible products of animal	360.0	596.2	631.1	2.5%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A7: Qatar's Major Export Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Exports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>48,007.1</b>	<b>136,855.1</b>	<b>84,288.5</b>	<b>100%</b>
27	Mineral fuels, oils & products	42,777.0	119,982.4	72,511.8	86.0%
39	Plastics & its articles	1,171.8	5,155.8	2,954.7	3.5%
31	Fertilisers	785.8	2,187.2	1,475.7	1.8%
76	Aluminium & its articles	10.9	2,561.7	1,391.7	1.7%
29	Organic chemicals	1,031.9	2,336.4	1,158.9	1.4%
28	Inorganic chemicals	304.2	739.2	1,065.8	1.3%
89	Ships, boats & floating structures	28.4	18.7	888.2	1.1%
87	Vehicles other than railway	308.3	507.3	430.1	0.5%
72	Iron and steel	502.9	1,127.2	412.7	0.5%
88	Aircraft, spacecraft & its parts	92.1	50.7	397.9	0.5%
73	Articles of iron or steel	298.9	491.2	357.9	0.4%
84	Machinery & mechanical appliances	356.7	553.2	272.7	0.3%
38	Miscellaneous chemical products	6.7	243.0	226.8	0.3%
93	Arms & ammunition	4.4	13.9	92.1	0.1%
85	Electrical machinery & equipment	98.2	138.3	81.0	0.1%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A8: Qatar's Major Import items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Imports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>24,921.9</b>	<b>27,037.8</b>	<b>31,696.1</b>	<b>100%</b>
84	Machinery & mechanical appliances	6,400.3	4,274.1	4,975.6	15.7%
85	Electrical machinery & equipment	4,223.1	2,608.8	2,934.4	9.3%
88	Aircraft, spacecraft & its parts	604.7	1,455.2	2,851.7	9.0%
87	Vehicles other than railway	2,128.8	3,502.3	1,968.5	6.2%
73	Articles of iron or steel	2,713.5	1,343.9	1,372.1	4.3%
71	Pearls & precious stones	133.0	756.5	920.6	2.9%
93	Arms, ammunition & its parts	10.4	51.5	873.5	2.8%
94	Furniture & stuffed furnishings	487.0	805.1	829.3	2.6%
39	Plastics and its articles	496.6	589.9	738.9	2.3%
30	Pharmaceutical products	256.8	407.8	664.8	2.1%
90	Optical, photographic, cinematographic products	480.8	530.3	579.6	1.8%
28	Inorganic chemicals	298.9	530.0	543.5	1.7%
26	Ores, slag and ash	41.4	616.4	543.0	1.7%
02	Meat and edible meat offal	266.2	377.9	522.1	1.6%
74	Copper & its articles	53.4	277.9	516.1	1.6%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis



**Table A9: Saudi Arabia's Major Export Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Exports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>191,810.3</b>	<b>375,360.9</b>	<b>294,535.6</b>	<b>100%</b>
27	Mineral fuels, oils & products	163,080.6	321,928.1	231,587.2	78.6%
39	Plastics & its articles	6,326.3	17,028.0	20,905.7	7.1%
29	Organic chemicals	4,994.4	13,210.9	14,302.9	4.9%
89	Ships, boats & floating structures	1,747.3	2,240.0	2,637.7	0.9%
28	Inorganic chemicals	336.5	1,710.0	2,290.6	0.8%
76	Aluminium & its articles	524.9	1,038.3	2,258.8	0.8%
84	Machinery & mechanical appliances	1,477.8	1,482.8	1,941.2	0.7%
72	Iron and steel	583.1	739.8	1,362.5	0.5%
87	Vehicles other than railway	1,281.2	1,276.2	1,293.2	0.4%
31	Fertilisers	1,067.9	1,038.2	1,258.2	0.4%
85	Electrical machinery & equipment	1,352.1	1,560.2	1,201.0	0.4%
04	Dairy produce & edible products of animal	835.9	1,137.7	1,094.0	0.4%
73	Articles of iron or steel	934.1	858.0	940.6	0.3%
71	Pearls & precious stones	888.7	803.0	878.4	0.3%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A10: Saudi Arabia's Major Import Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Imports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>92,457.2</b>	<b>163,013.5</b>	<b>135,211.2</b>	<b>100%</b>
84	Machinery & mechanical appliances	17,151.6	25,970.1	15,470.4	11.4%
85	Electrical machinery & equipment	9,927.4	17,640.2	13,676.9	10.1%
87	Vehicles other than railway	12,770.5	23,428.1	11,873.4	8.8%
30	Pharmaceutical products	3,173.6	5,118.8	5,533.6	4.1%
89	Ships, boats & floating structures	1,068.0	1,946.4	4,337.8	3.2%
71	Pearls, precious stones & metals	848.6	5,064.4	4,064.5	3.0%
27	Mineral fuels, oils & products	205.2	2,194.3	3,974.6	2.9%
73	Articles of iron or steel	4,446.5	7,549.7	3,945.4	2.9%
90	Optical, photographic, cinematographic products	2,142.8	3,654.8	3,565.4	2.6%
10	Cereals	3,485.3	6,048.5	3,218.5	2.4%
72	Iron and steel	2,535.6	5,992.5	3,153.2	2.3%
39	Plastics & its articles	1,741.9	3,354.2	3,087.8	2.3%
88	Aircraft, spacecraft & its parts	2,153.5	1,661.0	2,543.5	1.9%
94	Furniture & stuffed furnishings	1,219.0	2,360.3	2,120.5	1.6%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis



**Table A11: UAE's Major Export Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Exports in 2018 %
<b>TOTAL</b>	<b>All products</b>	<b>210,000.0</b>	<b>379,488.8</b>	<b>316,922.5</b>	<b>100%</b>
27	Mineral fuels, oils & products	105,969.2	126,582.9	92,538.3	29.2%
71	Pearls, precious stones& metals	23,723.9	49,218.1	45,877.1	14.5%
85	Electrical machinery & equipment	4,047.1	30,696.2	27,320.8	8.6%
84	Machinery & mechanical appliances	4,929.1	19,682.3	17,617.7	5.6%
87	Vehicles other than railway	6,259.2	11,163.4	12,888.6	4.1%
76	Aluminium & its articles	684.2	2,298.6	6,380.0	2.0%
39	Plastics & its articles	1,978.9	4,055.4	5,490.0	1.7%
24	Tobacco & manufactured tobacco substitutes	404.8	2,947.9	4,530.8	1.4%
88	Aircraft, spacecraft & its parts	561.0	2,961.9	4,190.1	1.3%
33	Essential oils and resinoids	731.1	2,097.0	3,485.9	1.1%
73	Articles of iron or steel	986.2	2,812.1	3,383.2	1.1%
74	Copper & its articles	205.5	2,537.9	3,114.8	1.0%
90	Optical, photographic, cinematographic products	393.9	1,947.6	2,299.6	0.7%
72	Iron and steel	764.0	2,079.1	1,886.5	0.6%
61	Articles of apparel and clothing	424.8	1,308.0	1,612.6	0.5%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A12: UAE's Major Import Items (US\$ million)**

HS Code	Product Label	2009	2013	2018	Share in Total Imports in 2018 (%)
<b>TOTAL</b>	<b>All products</b>	<b>175,485.7</b>	<b>294,966.9</b>	<b>261,510.8</b>	<b>100%</b>
71	Pearls and precious stones	33,120.8	66,903.8	54,153.2	20.7%
85	Electrical machinery & equipment	14,271.9	37,060.5	34,227.2	13.1%
84	Machinery & mechanical appliances	18,521.9	31,552.2	28,606.0	10.9%
87	Vehicles other than railway	17,335.8	22,323.5	20,462.1	7.8%
27	Mineral fuels, oils & products	1,770.4	8,212.0	15,427.3	5.9%
88	Aircraft, spacecraft & its parts	4,144.2	8,296.9	6,970.2	2.7%
73	Articles of iron or steel	5,639.1	5,845.1	5,390.2	2.1%
72	Iron and steel	12,484.8	5,016.3	5,219.3	2.0%
39	Plastics and its articles	3,392.7	4,762.8	4,879.2	1.9%
30	Pharmaceutical products	1,037.0	3,509.5	4,038.3	1.5%
90	Optical, photographic, cinematographic products	1,635.4	3,417.9	3,534.2	1.4%
74	Copper and its articles	1,301.2	4,177.0	3,272.8	1.3%
33	Essential oils and resinoids	1,738.9	3,379.9	3,188.3	1.2%
28	Inorganic chemicals	1,379.8	1,959.6	2,448.9	0.9%
61	Articles of apparel and clothing accessories	1,087.1	2,849.6	2,431.3	0.9%

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis

**Table A13: Trends in Composition of India's Top 5 Traded Products with GCC Countries (% Share)**

	2009	2013	2018
<b>India's Top Exports to Bahrain</b>			
Machinery & mechanical appliances	15.4	7.4	10.7
Ships, boats and floating structures	0.0	1.2	8.9
Plastics and articles thereof	2.2	1.9	7.3
Cereals	2.5	4.9	7.0
Mineral fuels, oils and products	3.8	32.3	6.9
<b>India's Top Imports from Bahrain</b>			
Aluminium and its articles	13.0	16.8	24.3
Mineral fuels, oils and products	54.9	62.0	21.9
Ores, slag and ash	6.8	4.1	20.5
Fertilisers	8.3	0.0	8.6
Pearls, precious stones & metals	0.6	0.1	6.5
<b>India's Top Exports to Kuwait</b>			
Cereals	26.1	24.3	15.3
Machinery & mechanical appliances	4.2	7.7	13.0
Electrical machinery and equipment	8.9	7.6	8.3
Articles of iron or steel	5.1	4.4	8.1
Vehicles other than railway or tramway	0.9	3.2	4.2
<b>India's Top Import from Kuwait</b>			
Mineral fuels oils and products	96.5	94.2	85.7
Organic chemicals	1.1	4.0	9.1
Plastics and its articles	0.8	0.6	1.6
Iron and steel	0.4	0.3	0.7
Aluminium and its articles	0.2	0.2	0.6
<b>India's Top Export to Oman</b>			
Mineral fuels, oils and products	29.6	51.6	28.0
Ships, boats & floating structures	0.0	4.7	12.1
Machinery, mechanical appliances	9.8	6.6	7.5
Cereals	1.5	5.6	6.1
Electrical machinery and equipment	12.3	3.9	5.9
<b>India's Top Imports from Oman</b>			
Mineral fuels, oils and products	76.9	52.3	68.5
Fertilisers	13.6	15.6	9.9
Salt & sulphur	1.7	3.1	3.6
Ships, boats & floating structures	0.0	0.1	3.3
Aluminium and articles thereof	2.0	5.4	1.7

<b>India's Top Exports to Qatar</b>			
Articles of iron or steel	7.5	7.5	8.6
Copper and its articles	0.4	0.5	8.6
Cereals	2.1	12.0	7.2
Organic chemicals	0.9	4.0	6.6
Electrical machinery and equipment	9.7	9.5	6.4
<b>India's Top Imports from Qatar</b>			
Mineral fuels, oils and products	89.4	92.2	86.6
Organic chemicals	1.3	1.9	3.7
Plastics and its articles	2.9	2.5	2.7
Inorganic chemicals	1.9	1.6	2.1
Aluminium and its articles	0.1	0.4	1.4
<b>India's Top Export to Saudi Arabia</b>			
Cereals	17.3	9.4	18.4
Organic chemicals	5.8	2.7	10.2
Mineral fuels, oils and products	23.9	55.7	8.9
Vehicles other than railway or tramway	0.7	1.3	6.3
Machinery & mechanical appliances	4.3	3.8	5.8
<b>India's Top Imports from Saudi Arabia</b>			
Mineral fuels, oils and products	89.8	90.0	85.6
Organic chemicals	4.2	3.2	4.3
Fertilisers	0.5	1.1	3.1
Plastics and its articles	2.1	2.2	2.7
Aluminium and its articles	0.3	0.5	1.0
<b>India's Top Export to UAE</b>			
Pearls, precious stones & metals	59.9	45.3	33.8
Mineral fuels, oils and products	12.2	16.4	23.0
Electrical machinery and equipment	2.7	3.0	4.6
Ships, boats & floating structures	1.0	3.1	4.5
Articles of apparel and clothing accessories, knitted or crocheted	1.5	2.5	3.8
<b>India's Top Imports from UAE</b>			
Mineral fuels, oils & products	30.0	42.8	47.7
Pearls, precious stones & metals	61.0	45.5	28.0
Plastics and its articles	1.0	1.0	3.4
Copper and its articles	0.5	1.9	2.6
Iron and steel	1.1	1.4	2.6

Source: ITC Trade Map, derived from UN COMTRADE and Exim Bank Analysis



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