

India- United Arab Emirates (UAE) Relations: Bilateral Trade and Energy Concerns

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ABSTRACT

India-UAE relations as well as cultural exchanges are very old. The reasons for significance of UAE countries for India now as it holds major strategic importance as well as become a third largest trading partner. Apart from economic interests India has also energy, geopolitical, security, cultural and Indian diaspora-related interests. India has also strengthened its ties with UAE go beyond its energy resources and cooperates on counterterrorism, intelligence sharing, and military cooperation. The demand of energy resources particularly oil of the UAE region and India's new priorities in the form of strong ties with the US and Israel could effect on India's pivotal role in the UAE region. Both countries bilateral relations has taken a new turn after Narendra Modi became as Indian Prime Minister as his visit to the UAE in August 2015 was historic and being marked the first official trip by an Indian Prime Minister in 34 years and also visit in July 2023 reinforced these relations. The proposed study tries to explain and evaluate India-UAE relations particularly in context of bilateral trade and energy ties. The proposed study is primarily based on secondary sources. The methodology used in this study will be deductive method in the context of realist approach of international relations.

Keywords: Bilateral Trade, Pragmatic Alignment, Indian Diaspora, Geopolitical, Monarchy

INTRODUCTION

India's connection with the United Arab Emirates (UAE), also known as, *al-Emarat al-Arabiyya al-Muttaahida*, in Arabic, traces back to the Indus Valley civilization (2500-2000 BC), as revealed by the archaeological findings (Potts, 1990). India and UAE enjoy strong bond of ties based on maritime trade, old cultural exchanges between the two countries. Their primary trade goods included cotton clothes, spices, and pearls, which were exported to the tiny region in the Gulf (Pearson, 2003). Over a period of time, this ancient relationship has evolved into comprehensive strategic ties mainly in energy cooperation. India and UAE established their diplomatic relations in 1972 followed by the opening of embassies in the respective countries in 1972 and 1973 (Kapur, 2020). The Gulf oil boom in the 1970s attracted significant Indian labour to the UAE job market.

Although Cold War tensions related to India-

Pakistan disputes strained relations temporarily, ties improved over time (Kumaraswamy, 2010). For the first time the Prime Minister of India, Indira Gandhi visited the UAE in 1981. Visits by Sheikh Mohammed bin Rashid al-Maktoum (UAE Vice President and Prime Minister) in 2007 and 2010, further improved bilateral relations (Singh, 2024). The relationship gained new momentum in 2015 when Indian Prime Minister Narendra Modi paid an official visit to the UAE, first Prime Minister after 34 years. This was followed by six other visits of Prime Minister Modi in the last ten years, most recently in February 2024 to signed new energy and strategic partnership agreements and to inaugurate BAPS Mandir (Bochasanwasi Shri Akshar Purushottam Swaminarayan Sanstha), the first Hindu temple in Abu Dhabi (MEA, 2019; The Hindu, 2022).

Historical Background:

India's ties with the Trucial States (now the UAE)

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during Jawaharlal Nehru's time as Prime Minister were marked by informal yet strategically important interactions, situated within India's wider anti-colonial and non-aligned foreign policy framework. Although formal diplomatic relations with the UAE would emerge only after its unification in 1971, Nehru's India sustained substantial connections with the area through trade, the Indian diaspora, and common anti-imperialist viewpoints. The Indian merchant population, mainly from Kerala and Gujarat, had already set up commercial interests in Dubai and Sharjah, promoting trade in textiles, spices, and gold (Chaudhuri, 1985). Nehru's administration acknowledged the significance of these economic relationships and aimed to protect the interests of Indian traders and workers, even without established formal bilateral agreements.

The period from the 1970s to the 1990s marked the foundational phase of modern India-UAE relations, characterised by growing economic interdependence and political co-operation. Following the UAE's formation in 1971, bilateral ties were initially shaped by energy trade and labour migration. The 1973 oil crisis underscored India's reliance on Gulf hydrocarbons, with the UAE emerging as a key supplier. By the 1980s, the UAE accounted for nearly 8% of India's crude oil imports, establishing the bedrock of the economic relationship (Anthony, 1991).

Politically, both nations maintained a pragmatic alignment. India supported the UAE during the 1990-91 Gulf War, evacuating over 170,000 nationals, while the UAE backed India's economic liberalisation. The relationship, however, remained constrained by India's non-alignment and the UAE's Western-centric security posture. This era laid the institutional groundwork for the strategic partnership that would flourish in the 21st century.

The period after the 1990s saw a notable change in the India-UAE relationship, with energy becoming the core components of their strategic collaboration. Following India's economic reforms and the UAE's efforts to diversify its economy, their energy relations significantly strengthened, making the UAE India's third-largest supplier of crude oil by 2020 and representing nearly 10% of India's imports (Brewster, 2015). The creation of the Strategic Petroleum Reserve in Mangalore in 2017, which received partial funding from UAE investments, highlighted the importance of energy security (Singh, 2024).

As we moved into the 21st century, the partnership

has matured into a comprehensive strategic alliance, especially following the pivotal 2015 Joint Statement on Comprehensive Strategic Partnership. Energy cooperation expanded to embrace renewable initiatives, with the UAE pledging \$75 billion for India's infrastructure, including solar energy projects associated with the International Solar Alliance (Jane's Defence Weekly, 2021). The formation of the I2U2 group (India-Israel-UAE-USA) further formalized the connections between security and energy, especially concerning food and energy security projects. The implementation of rupee-dirham trade settlements in 2023 represented a strategic move towards reducing dependence on the dollar, thereby minimizing reliance on Western financial systems (ORF Report, 2023). These advancements illustrate a developing partnership that balances energy reliance with evolving security collaborations in a world that is increasingly multipolar.

The Indian Diaspora:

The Indian diaspora, mainly workers in the Emirates' economic activities, constitute one of the largest expatriate groups (with significant populations from the states of Uttar Pradesh, Bihar, Kerala, Tamil Nadu, and Andhra Pradesh) in the UAE, numbering around 3.5 million, playing a major role in India-UAE bilateral relations. The workforce comprises blue-collar workers (approx. 65 %), white-collar employees (approx 20 %), and professionals/business owners (approx. 15 %) (Indian Diaspora Report, 2023). The community is generally well-regarded for being law-abiding, disciplined, and contributing positively to UAE's development. They form a significant part of the Emirati workforce and contribute significantly to the economic, commerce, cultural and diplomatic bilateral cooperation between the two countries (CEPA, 2022).

Cultural Relations:

Cultural relations between India and the Gulf nations, particularly the UAE, have flourished under Prime Minister Modi, marked by numerous cultural exchanges. India's cultural engagement with the UAE, formalized by the 1975 Cultural Agreement, is amplified by the presence of approximately 3.3 million Indians. Indian culture holds visible appeal within Emirati society. Regular events celebrating Indian Republic Day, International Yoga Day (with thousands participating in Abu Dhabi), and Mahatma Gandhi Jayanti are held. Indian cinema (Hindi, Malayalam, Tamil) and TV/radio channels are popular.

High-level visits, including Modi's in 2015 and Sheikh Mohammed Bin Zayed Al Nahyan's to India in 2016, led to the signing of the Executive Programme for Cultural Cooperation (EPCC). Events like the Abu Dhabi Festival featuring Indian arts, and fashion shows promoting Khadi (Indian hand-spun cloth) have further strengthened ties. Celebrations like 'Vishwa Hindi Divas' and events marking Sikh religion founder Guru Nanak Dev's birth anniversary highlight the active cultural life of the Indian community. Numerous Indian social and cultural organizations are active in the UAE. The UAE government facilitates places of worship for non-Muslims, including a Hindu temple in Dubai and several churches, allowing private religious practice (MEA Annual Report 2020-21; *Embassy of India, Riyadh, Press Release, June 21, 2019; The Hindu, January 2020*).

UAE and its Significance for India:

Now, the United Arab Emirates (UAE) under the leadership of its President Mohammad bin Zayed (MBZ), is a federal elective monarchy situated at the eastern end of the Arabian peninsula comprising seven sheikhdom called trucial states namely- Abu Dhabi, Dubai, Sharjah, Ajman, Fujairah, Ras al-Khaymah and Umm al-Quwain (Davidson, 2021; Ulrichsen, 2016). It was freed from the British protectorate treaty in 1971 and since then it was rule by the Nahyan and Maktoum families. Since the withdrawal of British army, the UAE has emerged as a strong nation in the West Asian region (Peck, 2010). The UAE's rise since the formation of the emirates has been marked by rapid economic development, modernization, technological advancement, and strategic importance.

The ruling elites of the UAE, especially its first ruler Sheikh Zayed bin Sultan al-Nahyan played a major role in transforming country's status to new incredible heights and cities like Abu Dhabi and Dubai underwent massive urbanization and modernization. However, the discovery of petroleum oil in the late 1950s and 1960s and its export laid the foundation for economic prosperity. Following the oil exploration, the UAE heavily invested in infrastructure, trade and finance, and banking systems, transforming it into a global financial hub like New York and Singapore. It also diversified its economy on tourism, trade and real estate. Leveraging its strategic location between Asia, Africa and Europe it positioned itself as a major trading centre, but it also emerged as an important strategic player in regional as well international geopolitics.

The UAE's significant rise to become an economic and financial powerhouse is an incredible phenomenon in the history of West Asia.

Now, its new leader MBZ has launched a number of policies and initiatives to transform UAE to compete with the developed countries and aimed to achieve the goal of increased diversification, economically, socially and culturally (Davidson, 2023). Despite the UAE's lack of democratic credentials and its poor human rights record in the domestic fronts it has become an important regional and emerging international player, particularly due to its large-scale oil production and financial activities.

The UAE holds major strategic importance for India as it has become a third largest trading partner and a major hub for rerouting the goods through shipping routes in the region and beyond (World Bank, 2023). Apart from economic interests India has also energy, geopolitical, security, cultural and Indian diaspora-related (as 3.5 million Indians are working in UAE and sends remittances back to India) interests. India has strengthened its ties beyond economic ties and cooperates on counterterrorism, intelligence sharing, and military cooperation. UAE also serves as a main intermediary between India and the Gulf cooperation council (GCC) in the West Asian and North African (WANA) region (Bajpai and Pant, 2013). Over the years India and UAE have flourished dynamic and multidimensional ties especially in the energy areas.

India-UAE Relations under Narendra Modi:

The India-UAE relationship has undergone a profound transformation during Prime Minister Narendra Modi's administration, characterized by elevated diplomatic engagement and the establishment of key strategic agreements. Modi's historic visit to the UAE in August 2015 marked the first official trip by an Indian Prime Minister in 34 years, laying the groundwork for the Comprehensive Strategic Partnership Agreement (CSPA) in 2017 (Pant and Mehta, 2020). This agreement significantly expanded cooperation across critical areas, including defense, energy, and counterterrorism. Modi's again visit in July 2023 also reinforced these relations, introducing agreements focused on cyber security and fintech to address emerging digital threats. A major economic milestone was achieved with the ratification of the India-UAE Comprehensive Economic Partnership Agreement (CEPA) in 2022, which drastically reduced tariffs on 80% of traded goods between the two countries, propelling bilateral trade to approximately \$85 billion by

the 2023-24 fiscal year.

Energy security has been integral to this partnership, with the UAE emerging as India's fourth-largest supplier of crude oil. Long-term liquefied natural gas (LNG) contracts have strengthened this interdependence, complemented by agreements for the UAE's participation in India's Strategic Petroleum Reserves (SPR) in Mangalore. The 2023 agreement for ADNOC to facilitate crude supplies to India's SPR further enhanced supply chain resilience (BP Statistical Review of World Energy 2023). The UAE also made a notable commitment of \$75 billion to support India's green energy initiatives through the newly established 2023 Green Hydrogen Alliance, highlighting a forward-thinking approach to renewable energy collaboration.

Reciprocal visits by Crown Prince Sheikh Mohamed bin Zayed (MBZ), particularly his prominent participation as chief guest at India's Republic Day celebrations in both 2017 and 2022 have bolstered mutual trust and strategic dialogue. The joint statement issued in 2025 during Modi's visit to Abu Dhabi articulated a shared vision for the India-Middle East-Europe Economic Corridor (IMEC), intricately intertwining the energy interests of both nations within a complex geopolitical landscape.

Today, the India-UAE partnership serves as a model of strategic alignment, driven by energy cooperation and security collaboration, effectively balancing economic interests with broader geopolitical stability in a rapidly evolving regional context. Under Prime Minister Narendra Modi, the UAE has emerged as India's preferred partner in the Gulf. Since the coming to power of the Bharatiya Janata Party (BJP) government in New Delhi in May 2014, India and UAE have exchanged several high level visits. These included two by the Crown Prince of Abu Dhabi Mohammed bin Zayed al-Nahyan (who is also the Vice President and de facto ruler of the UAE) (The Hindu August 17, 2015). Additionally, regular meetings between ministers and officials have been held

in New Delhi and Abu Dhabi to discuss issues of mutual interest, especially investments in energy sector, increasing defence and security ties and strengthening counter-terror cooperation. On 16 August 2015, Prime Minister Narendra Modi arrived in Abu Dhabi, the capital of the United Arab Emirates (UAE), marking the first visit by an Indian Prime Minister in 34 years. The last such visit was by Prime Minister Indira Gandhi in 1981. Upon his arrival, Modi was received with a grand ceremonial welcome by Crown Prince Sheikh Mohammed bin Zayed al-Nahyan, who was accompanied by his five brothers (Singh, 2024). The two sides have developed a deeper appreciation of each other as a multi-cultural and multi-ethnic society and important members of the global and regional community.

Bilateral Trade Relations:

Bilateral trade includes economic and investment partnerships formed a significant focus of discussions, with the UAE being India's second-largest export destination. A key outcome of the visit was the establishment of the UAE-India Infrastructure Investment Fund (IIF), aimed at securing USD 75 billion for investment in India's infrastructure, including railways, ports, roads, airports, industrial corridors, and parks (Ministry of Commerce, India 2023; Economic Times 10th June, 2023). India and the UAE have entered into multiple agreements, including granting a 10 per cent stake to a consortium of Indian oil companies in the Lower Zakum offshore oil field in February 2018 (The Hindu Business Line June 28, 2018). Additionally, the UAE has committed to participating in the implementation of India's strategic oil reserve in Mangalore. Despite these developments, concerns persist over the delayed execution of the US\$ 75 billion investment fund pledged by the UAE in August 2015 for India's infrastructure projects. Against this backdrop, the visit of UAE Foreign Minister Abdullah bin Zayed al-Nahyan from 24 to 30 June 2018, holds particular importance in advancing bilateral cooperation

Table 1 : India-UAE Bilateral Trade (2017-2023)

| Year | Export | Growth (%) | Import | Growth (%) | Total Trade | Growth (%) |
|----------------------|---------|------------|---------|------------|-------------|------------|
| 2017-18 | 28, 146 | - | 21, 739 | - | 49, 885 | - |
| 2018-19 | 30, 126 | 7.04 | 29, 785 | 37.01 | 59, 912 | 20.1 |
| 2019-20 | 28, 853 | -4.23 | 30, 256 | 1.58 | 59, 110 | -1.34 |
| 2020-21 | 16, 679 | -42.19 | 26, 662 | -12.01 | 43, 302 | -26.74 |
| 2021-22 | 28, 044 | 68.14 | 44, 833 | 68.4 | 72, 878 | 68.3 |
| 2022-23 (April-Sept) | 16, 055 | - | 28, 403 | - | 44, 460 | - |

*Source: Embassy of the Republic of India, Abu Dhabi, UAE.

Link: <https://www.indembassyuae.gov.in/india-uae-trade.php>

(Gulf News June 28, 2018).

The bilateral trade relationship between India and the UAE from 2017 to 2023 reveals a dynamic pattern characterized by growth and fluctuations, mirroring global economic trends and the changing dynamics of this strategic alliance. Starting at \$49.9 billion in 2017-18, total trade saw a notable increase of 20.1% in the subsequent year, reaching \$59.9 billion, largely driven by a significant 37% rise in India's imports from the UAE, which mainly included crude oil and gold. This positive trajectory faced a temporary setback in 2019-20 when trade experienced a slight decline of 1.34% due to weakening global demand. The COVID-19 pandemic inflicted a severe blow in 2020-21, resulting in a sharp contraction of 26.7% in trade, with Indian exports particularly hard-hit, plummeting by 42.2% owing to disrupted supply chains and diminished economic activity.

The recovery phase following the pandemic in 2021-22 was exceptionally strong, with bilateral trade increasing by an impressive 68.3% to reach a record high of \$72.9 billion. This rebound was fueled by India's rising energy imports and the UAE's growing demand for Indian pharmaceuticals, precious stones, and machinery. Preliminary data for the first half of 2022-23 indicates that trade volumes have already hit \$44.5 billion, suggesting continued strong performance, although Indian exports are growing at a slower rate compared to imports. During this period, India's trade deficit with the UAE significantly widened, expanding from \$6.4 billion in 2017-18 to \$16.8 billion in 2021-22, highlighting a persistent structural imbalance driven by India's energy requirements. The introduction of the Comprehensive Economic Partnership Agreement (CEPA) in 2022 signifies a potential turning point in the trade relationship, with early signs indicating a positive influence on trade volumes, though the complete effects will become clearer with more comprehensive data. This changing trade pattern emphasizes the UAE's role as India's third-largest trading partner while also indicating untapped opportunities for diversification beyond traditional commodity trade into more value-added industries.

Bilateral visits from the UAE:

Foreign Minister Abdullah bin Zayed al-Nahyan's visit to India marked his fourth trip in four years, underscoring the deepening ties between the two nations. His initial visit to New Delhi took place in September 2015, shortly after Prime Minister Narendra Modi's

historic visit to the UAE, the first by an Indian prime minister in 34 years. Subsequently, al-Nahyan accompanied the Crown Prince of Abu Dhabi during his visits in February 2016 and January 2017. These frequent engagements reflect the growing diplomatic warmth between India and the UAE, while also highlighting the Emirati leadership's strong interest in India's expanding market. New Delhi, in turn, recognizes the UAE's rapid economic growth and increasing regional influence, prioritizing its partnership within the Gulf.

One key outcome of the visit was the decision to establish a UAE Consulate General in Hyderabad, alongside a MoU facilitating cooperation between the Foreign Service Institute of India and the Emirati Diplomatic Academy. The minister was accompanied by a high-level delegation comprising senior officials and business leaders, with a strong focus on exploring investment and commercial opportunities. The UAE took inspiration from nations such as Israel, which has actively engaged with Indian state governments to fast-track business opportunities. The UAE had previously participated in Vibrant Gujarat Summit in January 2017 as a "partner country," demonstrating its commitment to strengthening economic ties at multiple levels (Pant, 2020).

A landmark development during the visit was the signing of a trilateral agreement between Abu Dhabi National Oil Company (ADNOC), Saudi Arabia's national oil company Aramco, and the Ministry of Petroleum and Natural Gas, facilitating joint development of the Ratnagiri Refineries and Petrochemical Limited (RRPCL) in Maharashtra. Estimated at US\$44 billion, the RRPCL is expected to be one of the world's largest oil refineries, with a projected annual capacity of 60 million metric tons. This mega energy project is set to enhance India's downstream energy sector. A preliminary agreement was established in April 2018 between ARAMCO and an Indian consortium consisting of Indian Oil Corporation (IOL), Hindustan Petroleum Corporation Limited (HPCL), and Bharat Petroleum Corporation Limited (BPCL). ARAMCO had committed to bringing another international oil company into the partnership, leading to the inclusion of ADNOC on June 25, solidifying the trilateral agreement. The finalized arrangement allocated 25 per cent stakes each to IOL, Aramco, and ADNOC, while HPCL and BPCL retained 12.5 per cent each.

The economic and commercial dimensions of Indo-UAE bilateral ties form the most comprehensive aspect

of their relationship. The UAE stands as India's largest trading partner in the Persian Gulf and West Asia and ranks third globally. It is also India's second-largest export destination and fourth-largest source of imports. Conversely, India holds a similarly prominent position for the UAE, ranking as its second-largest trading partner, second-largest export destination, and third-largest source of imports. Furthermore, the UAE serves as a re-export hub for India, facilitating trade across the West Asia and North Africa (WANA) region (Ministry of Commerce and Industry, India 2023).

Despite the strength of Indo-UAE economic ties, bilateral trade witnessed a decline in value after 2013-14, when it stood at US\$59.5 billion, largely due to a steep drop in oil prices. In 2017-18, trade was recorded at US\$49.88 billion. Recognizing the potential for growth, both sides have actively sought to improve trade volumes. During Prime Minister Modi's visit to the UAE in February 2018, the joint statement emphasized the need to diversify non-oil trade.

In pursuit of this goal, India and the UAE agreed to identify and address tariff and non-tariff barriers, promote trade in specific commodities, and expand market access for goods and services. The growing presence of Indian and UAE businesses in each other's markets was acknowledged, reinforcing the importance of economic cooperation. Additionally, the establishment of offices for the Confederation of Indian Industry (CII) in Dubai and the Dubai Chambers of Commerce in Mumbai was welcomed, further strengthening commercial ties.

The trade composition between India and the UAE from 2016 to 2021 reflects a mutually beneficial but uneven relationship, primarily focused on high-value goods. A significant portion of India's exports to the UAE was driven by gems and jewelry, which made up a notable 34.4% share, highlighting India's expertise in value-added

production of precious stones and metals. Mineral fuels and oils followed, accounting for 18%, showcasing India's advancing capabilities in refined petroleum exports. Textiles contributed 5%, and industrial products like organic chemicals represented 8%. The presence of food and FMCG items (7%), particularly fruits, nuts, and seafood, underscores India's potential in agricultural exports.

On the import front, the UAE's dominance in hydrocarbons is evident, with crude oil and gas constituting 46.2% of India's imports, emphasizing India's reliance on energy. Interestingly, gems and jewelry made up 33% of imports, indicating a significant two-way trade in precious stones, where India imports raw materials and exports finished goods. Moreover, industrial goods (8.4%), including cement and plastics, along with metals (6.8%) such as iron and aluminum, demonstrate the UAE's manufacturing exports to India. The relatively low share of FMCG imports (2%) from the UAE suggests a limited market for consumer goods. This trade framework underscores India's position as a value-added exporter in gems and jewelry while also highlighting its substantial reliance on UAE crude oil.

The economic relationship between India and the UAE is also robust. Trade volume surged from \$180 million in the 1970s to \$59 billion in the year 2019-20 and \$61 billion in the year 2021-22. The UAE is India's third-largest trading partner overall and second-biggest importer of Indian goods (Ministry of Commerce and Industry, India, 2022; Reserve Bank of India, 2022). Following Prime Minister Modi's 2015 visit, the two countries established an Infrastructure Investment Fund (IIF) aiming for \$75 billion to support business activities in India. India exported nearly \$29 billion worth of goods to the UAE in 2019-20, primarily precious stones, metals, agricultural products, textiles, and machinery. India's

Table 2 : India-UAE Trade Basket: Major Items by Composition (2016-21)

| India's Top Export to the UAE | | India's Top Import to the UAE | | | |
|---------------------------------|---|-------------------------------|---|----------------------------------|------------------|
| Gems and Pearls jewelry (34.4%) | Natural pearls, semi-precious stones and metals | Coal, oil and gas (46.2%) | Mineral fuels, oils and waxes | | |
| Coal, oil and gas (18%) | Mineral fuels, oils and waxes | Gems and jewelry (33%) | Natural pearls, semi-precious stones and metals | | |
| Textile and Apparel (5%) | Non-knitted apparel | Textile articles | Industrial (8.4%) | Salt, sulphur, cement | Mechanical goods |
| Industrial (8%) | Organic chemicals | Plastics | Metal and mining (6.8%) | Iron and steel | Aluminium |
| Food and FMCG (7%) | Fruits and Nuts | Fish and marine products | FMCG (2%) | Animals, vegetables, edible fats | Fruits and nuts |

*Source: <https://www.india-briefing.com/doing-business-guide/india/trade-relationships/india-uae-bilateral-trade-trends-and-outlook>

main import from the UAE is crude oil. The UAE is India's 9th largest foreign direct investment (FDI) source, with investments projected in services (15.78 %), shipping (8.80 %), energy sector (8.34 %), and construction/infrastructure projects (around 14 %) (India-UAE CEPA Joint Committee, 2023; Reserve Bank of India, 2023). Major UAE companies like EMAAR, ADIA, DP World, and Lulu Group have invested heavily in Indian ports, logistics, SEZs, real estate, and manufacturing. Indian companies, including the Taj Group, Hinduja Group (Ashok Leyland), Apollo Tyres, IL&FS, Zee Entertainment, and BITS Pilani, also have significant operations and investments in the UAE. There were reportedly 33,000 Indian millionaires in the UAE as of 2005.

Trade between India and the UAE covers a wide range of goods. Overall India-Gulf trade showed growth between 2017-18 and 2018-19, followed by a dip in 2020-21 (likely due to the pandemic), and a strong rebound in 2021-22.

Energy Concerns:

Energy sector constitutes one of the major aspects of India-UAE economic cooperation. The UAE is one of the major India's increasing energy needs drive its engagement with West Asia's oil-producing nations. Its cooperation in energy security with the UAE is also a significant policy of their bilateral ties. Energy security is a major factor for ties with UAE, which supplies 22 per cent of India's crude oil and 30 per cent of its LPG. As the UAE has become one of the largest suppliers of oil (alongside Saudi Arabia, Iraq and Qatar), it plays a crucial role in energy security, while both nations also explore in other areas especially in defence ties. Both nations aim for a complementary strategic alliance based on shared expertise. Under the government of Prime Minister Narendra Modi, India has strengthened the energy ties with the UAE. In the year 2017-18, India has bought US\$ 9.08 billion worth of oil, comprising 6.86 per cent of India's total oil demands. While India has also secured a 10per cent share in Abu Dhabi National Oil Company's (ADNOC) Lower Zakum offshore oil reserve, paving the way for long term energy access. In 2024, India hit a 32-month high, imported oil from the UAE have been substantial reaching \$ 13.45 billion. Indian Oil Corporation (IOC) and Bharat Petroleum Corporation Limited (BPCL) have inked 14- year contract with the UAE's Abu Dhabi National Oil Company (ADNOC) Gas. Under the agreement, the UAE would supply 1.2 million tons of

gas every year starting in 2026. BPCL also signed a deal for 2.4 million tons of gas starting in April 2025.

The recent growth in Indo-UAE relations has been largely driven by energy collaboration. Both nations are working to evolve their transactional energy ties into a strategic partnership, emphasizing mutual investments in energy sectors. India has demonstrated its willingness to invest in the UAE's upstream sector, which will help mitigate market uncertainties and enhance the UAE's global energy standing. Meanwhile, the UAE has pledged to invest in India's downstream sector, strengthening its strategic oil reserves and expanding its petrochemicals and petroleum products industry, which constitutes nearly 20per cent of India's total exports.

Emirati investments are expected to play a vital role in capacity building, generating employment opportunities, and helping India address trade imbalances. These initiatives reflect the growing synergy between the two nations in energy security, economic development, and global trade competitiveness.

The UAE has started shifting from petroleum oil to sustainable energy production. It also invested in solar and sustainable energy sector as it pledged to minimize its dependence on oil in its Vision 2030 document. India has collaborated with the UAE in International Solar Alliance (ISA) and National Solar Mission (NSM) initiatives, to develop renewable energy resources. Many companies are encouraged to invest in solar energy, wind energy and hydrogen projects and related infrastructures to diversify energy needs. The Emiratis have made commitments to invest in India's petroleum refining installations and storage facilities to enhance India's energy infrastructures. The investment in India's natural gas infrastructure and logistics are increasing that ensures unhindered supply chains. They have also agreed into expanding long-term joint ventures in petrochemicals, liquefied natural gas (LNG) trade, and sustainable energy research and technology-sharing. In order to strengthen downstream energy sector, India and UAE have agreed to cooperate in a US\$ 44 billion joint venture with Ratnagiri Refinery and Petrochemical limited (RRPCL) project with ADNOC also with Saudi Aramco, a Saudi Arabian oil company. Interestingly, India-UAE energy ties have evolved with the passing of time as both the nations have shifted their focus from traditional oil trade to a comprehensive strategic energy cooperation comprising investments, security, renewable energy research and innovation and technology sharing activities.

Conclusion:

The strategic partnership between India and the UAE has evolved into a multifaceted alliance rooted in energy security. While hydrocarbon trade remains a focal point, both nations have broadened their collaboration to include renewable energy, counterterrorism, and maritime security, facilitated through frameworks such as the CEPA and the Comprehensive Strategic Partnership. High-level engagement under Prime Minister Modi's leadership has institutionalized this relationship, effectively balancing India's energy requirements with the UAE's economic diversification objectives. Nevertheless, challenges such as trade imbalances and regional instability continue to pose concerns. To strengthen this partnership as a cornerstone of India's West Asia policy and the UAE's aspiration to become a global logistics and innovation hub, future collaborations should extend into emerging sectors like green hydrogen, defense manufacturing, and digital security.

While initially focused on its "Neighbourhood First" policy, the Modi government progressively adopted a 'Look West' (also termed 'Think West,' 'Act West,' or 'Link West') approach from 2015, driven by India's energy demands, desire for foreign investment, and counter-terrorism goals. Numerous high-level visits to UAE established trust and active diplomatic engagement for the bilateral trade and energy concerns. Realizing the need for substantial investment for its ambitious infrastructure and manufacturing plans, the Modi government successfully courted sovereign wealth funds from Gulf nations.

Despite the ruling BJP's nationalist background, the Modi government pursued outreach to Muslim countries like Saudi Arabia and the UAE, driven by pragmatic economic and security considerations- a shift from previous BJP governments. Modi's government skillfully leveraged geopolitical developments in West Asia particularly UAE to attract investment. While bilateral relations with the UAE have strengthened significantly in areas like trade, and technology investment, India's domestic policies concerning its Muslim minority remain a point of criticism within West Asian civil society and could potentially strain relations if religious sentiments are perceived to be hurt. The relationship, though strong, remains sensitive to issues affecting Muslim communities.

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