

Dubai's non-oil trade jumps 54 per cent

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DUBAI // Non-oil foreign trade surged by 54 per cent in the first half of the year in Dubai as the emirate continues to diversify away from its dependence on fossil fuel and transform itself into an economic hub.

Dubai recorded a massive jump of Dh104.4 billion (US\$28.4bn) in non-oil foreign trade compared with the same period last year, to reach Dh296.6b, according to a report released by Dubai World's contracts and statistics department, which is commissioned by the Government to compile the trade figures.

The department said exports recorded significant growth, expanding by Dh7.5bn, or 59 per cent, in the first half of the year to Dh20.1bn. Re-exports registered similar gains, jumping 58 per cent to Dh70.3bn.

Saeed al Qaizi, the director of procurement for the department, said Dubai had established itself as a trading hub for investments in various industries.

"Excellent development of infrastructure and reinforcement of its competitive potentials have helped Dubai to become an attractive economic hub," said Mr Qaizi. Abu Dhabi also showed significant gains in the first half of the year, growing by 28.4 per cent to Dh46.64bn. Non-oil trade is a central cornerstone to the UAE's economy as it seeks to move away from its oil dependency.

"What you are seeing is growing trade of capital goods as the UAE diversifies and they expand their different industries," explained Mary Nicola, an economist with Standard Chartered Bank.

"One of the chief areas of trade is capital transfer and knowledge transfer, and that is where Asia comes to play."

Ms Nicola said the UAE did not run the risk of a deficit with a trade surplus of close to 20 per cent. However, she said an increasing GDP per capita was accompanied by an increase in reliance on consumer goods, particularly in the UAE, where consumption levels were high.

"There will be an increased reliance on other countries, particularly for consumer goods – not only for food but even clothes, cars and consumer goods like electronics," she said.

"As people get richer, they want to spend more, so you will see more imports from other countries... with food being the main issue here."

India topped the list of Dubai's main trading partners in the import, export and re-export sectors during the period. In imports, bilateral trade volume grew by 49.6 per cent, reaching Dh24.1bn against Dh16.1bn in the first half of last year.

"Trade relations have been doing very well and India's direct contacts with the UAE, and particularly Dubai, go back centuries," said Venu Rajamony, India's consul general in Dubai. "We have been one of the number one trading partners [with Dubai] for a long time, and we are happy to maintain that position."

Dominating the list of imports from India are gems and jewellery, vegetables, fruits, spices, engineering goods, tea, meat, rice, textiles, marine products, machinery and plastic products.

Rice trade has been an issue of contention between India and the UAE in recent months, since India decided to ban the export of all non-basmati rice in an effort to alleviate soaring food prices and potential shortages at home.

Mr Rajamony said he understood his government was considering lifting the ban on one type of rice, but "nothing has been decided yet as far as I know".

China was Dubai's second-biggest trading partner, reaching Dh23.8bn and up 29.9 per cent compared with the same period last year. The US maintained third place with Dh16.4bn worth of imports during the period.

India also topped trading partners in exports at Dh8.3bn during the first six months of the year, a growth rate of 44.4 per cent.

Mr Rajamony said the Indian government hoped the two countries would engage in greater trade in the engineering and agriculture sectors.

Switzerland was the second-largest recipient of Dubai exports at Dh1.5bn, growing by a staggering 6,040 per cent since the first half of last year. The Jebel Ali Free Zone has also jumped significantly from 16th place to third, with exports reaching Dh800 million.

India once again topped the list of re-export partners, at Dh21.9bn, followed by Iran at Dh10.2bn and Switzerland with Dh4.8bn.

Source: The National