

## UAE and India deepen ties during state visit

### 20 January 2026 – Economics

- Sheikh Mohamed bin Zayed al Nahyan, President of the UAE and Ruler of Abu Dhabi, met Indian Prime Minister – Narendra Modi – as part of a state visit on 19 January 2026.
- The UAE and India agreed to double bilateral trade to USD 200bn by 2032 and undertake new areas of strategic cooperation – including closer military ties, work across the field of artificial intelligence, and plans to link India's unified payments platform with the UAE.

Sheikh Mohamed bin Zayed al Nahyan, President of the UAE and Ruler of Abu Dhabi, visited India to discuss further cooperation with Indian Prime Minister Narendra Modi. The relationship between the two nations continues to deepen, with agreements spanning trade, energy, capital, and defense being concluded as part of the state visit.

#### India and UAE remain key trade partners

At the core of the existing economic relationship is a Comprehensive Economic Partnership Agreement (CEPA) that took force in May 2022, reducing both tariff and non-tariff barriers to trade. Total bilateral trade between the two countries was estimated to be in the region of USD 100bn in 2024, with each being a top three trade partner for the other.

India represents a key growth market for UAE trade. In 2024, of the 5.8% growth seen in UAE goods exports, over 2.8ppt came from exports to India. The bulk of that growth stemmed from a rise in exports of mineral fuels and lubricants, and non-monetary gold, at least in part likely supported by the terms of the CEPA. Under the agreement tariffs on UAE exports of mineral fuels and lubricants were reduced, from anywhere between 2.5% and 10%, depending on the exact product being exported. The effective tariff on UAE gold exports was in the region of 15% prior to the agreement, with the terms of the CEPA reducing the tariff by 1 ppt for the first 200 metric tonnes annually.

The meeting yesterday sought to extend the existing trade relationship, with the UAE and India agreeing to double bilateral trade to USD 200bn by 2032. For the UAE this represents an opportunity to further support the country's non-oil diversification plans, with India's large and growing middle-class providing a source of demand across sectors and

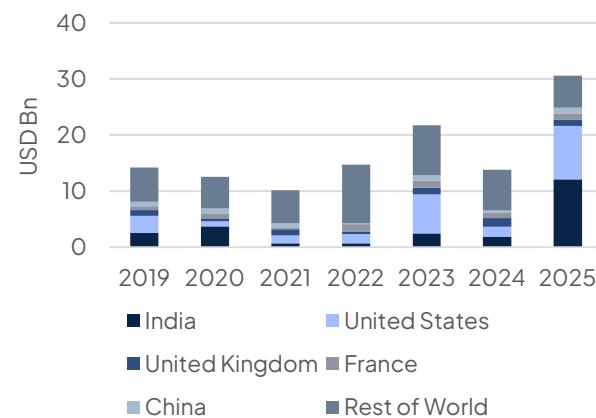
products. India will also be keen to expand trade with the UAE, as it seeks to offset the impact of the US imposing a 50% tariff on import of Indian goods.

There was also a noteworthy agreement on energy, with ADNOC Gas undertaking to provide 0.5 m tonnes of LNG per year to India, for 10 years from 2028, at a value of between USD 2.5-3bn. This agreement helps to underpin India's energy security in a period of heightened geopolitical uncertainty and will make India ADNOC's largest natural gas customer.

#### India is an important source of FDI

Outside of trade, the visit also saw agreements covering large-scale investment plans, including plans for the UAE to invest in a special investment region in Gujarat state. As part of the plan an international airport, aircraft maintenance and refurbishment facilities and a pilot training school will be developed.

#### Greenfield FDI into UAE by source



Source: fDi Markets, Emirates NBD Research

More broadly, there is a significant history of Foreign Direct Investment (FDI) activity between the two nations, with India being one of the top sources for greenfield FDI in the UAE. With over USD 12bn worth of greenfield projects being announced, 2025 was a particularly strong year for Indian FDI activity in the UAE. The single largest project announcement was a USD 10bn plan from Rana Group to establish an electric and hydrogen vehicle manufacturing plant in Ras Al Khaimah. While there is investment across multiple sectors, there have in recent years been notable greenfield FDI announcements by Indian firms investing in the UAE in industries like energy, construction and transport.

Recent years have also seen the UAE undertake significant FDI projects in India, with sizeable greenfield announcements in the renewable energy and transport and logistics sectors in both 2022 and 2023.

The meeting also saw new areas of strategic cooperation being announced – these include closer military ties, work across the field of artificial intelligence, and plans to link India's unified payments platform.

**Jeanne Walters**, Senior Economist -  
[jeannew@emiratesnbd.com](mailto:jeannew@emiratesnbd.com)

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