

# UAE trade update: Q3 2024

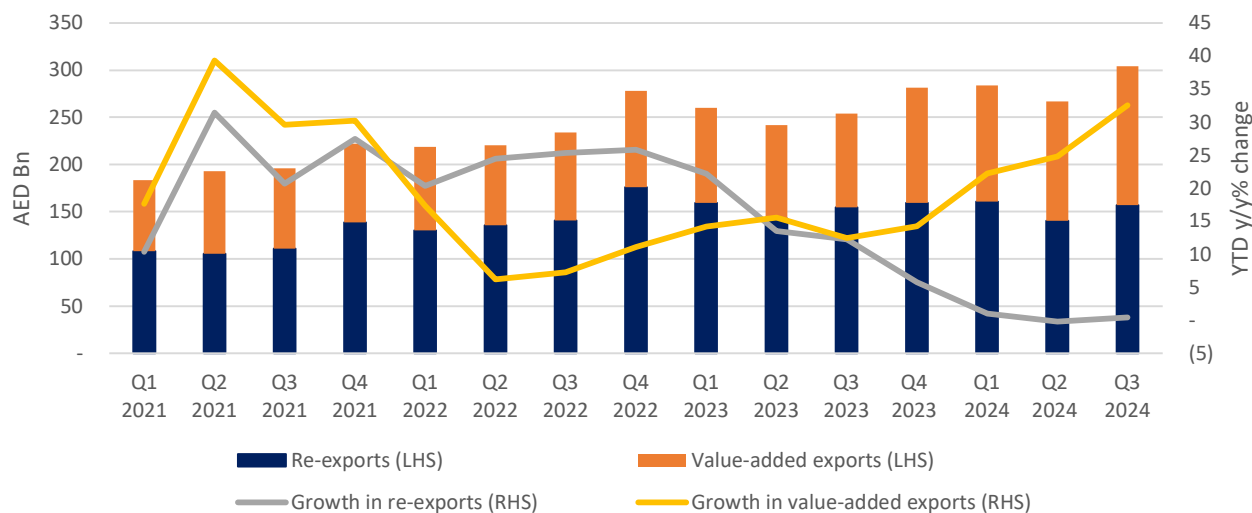
Sector economics | 20 January 2025

## Value of goods trade sees robust growth in Q3 2024

The value of UAE non-oil goods trade saw a marked rise in Q3, according to the latest figures published by the Federal Competitiveness and Statistics Centre (FCSC), growing 11.2% q/q. Total non-oil goods trade reached just over AED 2tn year-to-date at the end of September 2024. The UAE aims to achieve AED 4tn in foreign trade by 2031, as part of the “We the UAE 2031” plan.

Underlying the aggregate trade figure, UAE total non-oil goods exports grew almost 14% q/q to reach AED 304bn in Q3 2024. That leaves non-oil exports around 13% higher year-to-date at the end of Q3 when compared with the same period in 2023, at a value of AED 855bn. Both re-exports and value-added exports rose markedly in Q3 2024, jumping 11.6% q/q and 16.5% q/q, respectively. On a year-to-date basis (January to September) the growth in value-added exports has, however, been significantly more material, rising 32.5%, relative to the same period in 2023. In contrast the year-to-date growth in re-exports is only marginally positive, at 0.41%, relative to the same period in 2023.

### UAE value-added exports and re-exports

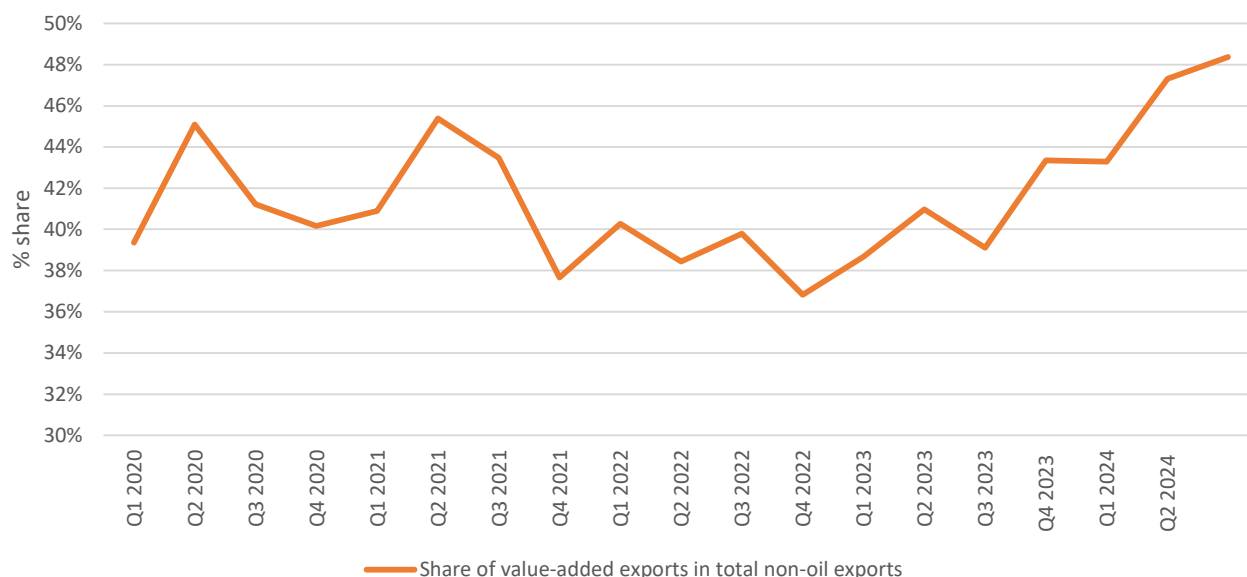


Source: FCSA, ENBD Research

The robust growth in value-added exports in recent quarters has caused a corresponding shift in the share of value-added exports in aggregate non-oil goods exports, rising from 39% in Q3 2023 to 48% in Q3 2024. This move is

consistent with the UAE's National Agenda for non-oil export development, which aims to boost the country's exports, particularly the share of exports with domestic value-added relative to re-exports. The expansion of domestic value-added exports may further be supported by initiatives, such as Operation 300bn, intended to expand industrial sector growth in the UAE by 2031.

#### Share of value-added exports in total non-oil exports



Source: FCSC, ENBD Research

#### Sources of export growth are concentrated in jewelry and metals

In absolute terms, Saudi Arabia, Iraq and India continued to be the primary destinations for UAE re-exports, accounting for almost 30% of total re-exports in the latest quarterly data. Destination markets for UAE re-exports that saw the largest growth between Q2 and Q3 2024 were China, Iraq, Turkey, and the United States. This growth was concentrated in exports of electrical machinery and equipment (HS code 85), nuclear reactors, boilers, machinery and appliances (HS code 84), vehicles (HS code 87) and pearls, stones, precious metals and jewelry (HS code 71).

The three largest destinations markets for UAE value-added exports in Q3 2024 were India, Turkey, and Switzerland, together accounting for over 40% of Q3 value-added exports. These markets also saw the biggest change in value-added exports between Q2 and Q3 2024.

The growth in value-added exports between Q2 and Q3 2024 was driven by a significant rise in value-added exports of pearls, stones, precious metals, jewelry & coins (HS code 71). Tobacco and manufactured tobacco substitutes (HS code

24), as well as plastics (HS code 39) made the next largest, but significantly smaller, contributions to growth in UAE value-added exports between Q2 2024 and Q3 2024.

### UAE non-oil value-added exports

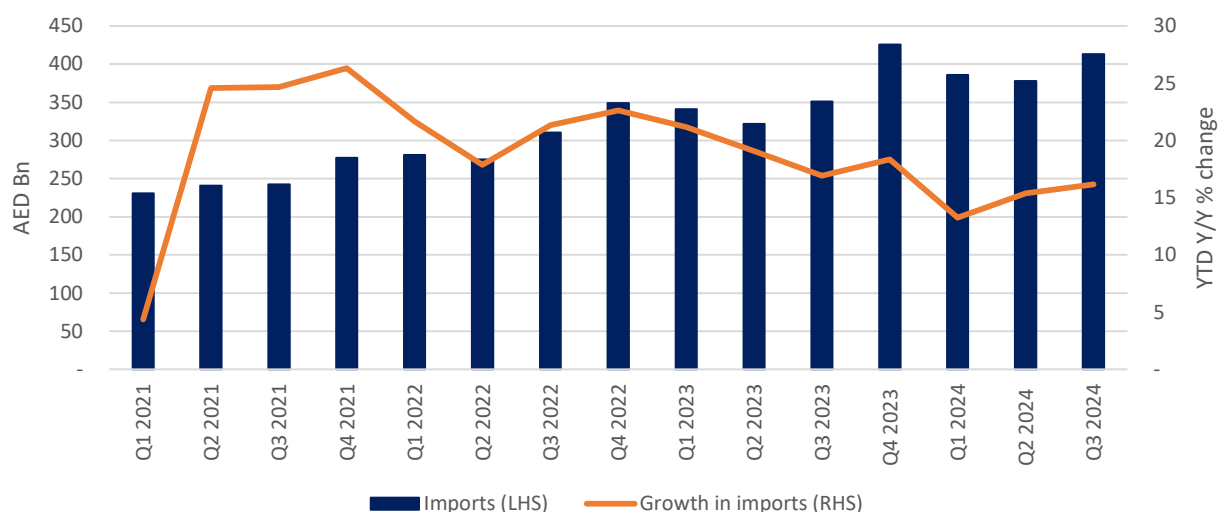
Rank	Largest destination markets for UAE value-added exports (2023-Q3 2024)	Average share of value-added exports (2023 - Q3 2024)	Ranking by size of change in value-added exports between Q2 and Q3 2024	Change in UAE value-added exports to destination markets between Q2 and Q3 2024 (AED bn)	Share of value-added exports (Q3 2024)
1	India	11.9%	India	15.52	18.5%
2	Turkey	10.5%	Turkey	5.44	11.3%
3	Switzerland	8.6%	Switzerland	1.92	10.5%
4	Saudi Arabia	8.6%	United States Of America	0.82	3.1%
5	Hong Kong	8.4%	Libya	0.76	1.3%

Source: FCSC, ENBD Research

### The value of UAE imports also rose sharply in Q3 2024

Growth in Q3 2024 was not just limited to the value of non-oil exports, with FCSC data showing imports into the UAE have also risen in recent quarters, growing 9.3% q/q to a value of AED 413bn in Q3. This leaves the value of imports 16% higher year-to-date relative to the same period in 2023, at AED 1.17tn.

### Value of UAE imports



Source: FCSC, ENBD Research

The UAE's largest sources of imports in Q3 2024 were China, India, USA and Turkey. But the largest changes between Q2 and Q3 were seen from India, China, Russia, and Turkey. The products with the largest increases between Q2 and Q3 include pearls, stones, precious metals, jewelry & coins (HS code 71), mineral oils

and products (HS code 27), electrical machinery and equipment (HS code 85) and vehicles (HS code 87).

### UAE continues to negotiate and sign CEPAs

The UAE continues to prioritize the development of trade as an engine of growth for the economy. The importance ascribed to trade is evident in the wide range of Comprehensive Economic Partnership Agreements (CEPA) the UAE has sought to negotiate in recent years. Six CEPAs are currently in force, including agreements with India, Israel, Indonesia, Turkey, Cambodia, and Georgia.

Negotiations are ongoing with a multitude of other nations, while several other CEPA agreements – including those with New Zealand, Kenya and Malaysia have recently been signed.

We estimate that countries who have existing CEPAs, or CEPAs currently under negotiation, accounted for roughly 39% of the UAE's goods exports and 25% of goods imports in 2023.

While it is likely to be too early to observe a significant impact as a result of the CEPAs, the associated reduction in both tariff and non-tariff barriers alike, should be supportive of trade growth in future periods.

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