

Indian engineering exports to UK defies Brexit fears; up 12% in July

The sentiment hit by Britain's decision to leave the European Union has not come in the way of India's engineering exports to UK and other two big markets of Germany and France , as these destinations defied the general declining trend , giving positive growth to the manufacturing and high-tech exports, an analysis by EEPC India has noted.

Engineering exports to Britain went up smartly by over 12 per cent to USD 215 million in July, 2016 from USD 192 million in the same month of the previous year. Shipments to Germany were even better close to USD 200 million , rising by over 19 per cent year on year from USD 168 million in July,2015. Exports to another key market, France were moderately higher by 2.29 per cent to USD 86 million from USD about USD 84 million for the period under review.

The engineering exports to UK are in line with the trend of the Britain's economy defying concerns which centered around the outcome of the June 23 referendum in that country . In one of the most keenly watched events around the world, the Yes vote in favour of Exit won , though by a thin margin. While the exit would be negotiated and is a time consuming process, the initial reactions were of that of fears and concerns.

"Somehow, the reality has sunk in . Besides a quick decision on the change of the Prime Minister in UK too helped calm the nerves. New Prime Minister Teresa May is well respected , giving a re-assurance to the business community," Chairman of the EEPC India, Mr T S Bhasin said.

International media reports quoting official UK data suggested that the number of people claiming unemployment sops dropped by 8,600 in July, clearly indicating there was no keen-jerk reaction to Brexit .

Besides, another key indicator of UK retail sales in July also showed 1.4 per cent increase . "From the engineering exports point of view, it is important to see that our shipments went up to UK despite about 11 per cent trade-weighted drop in prices of Pound Sterling, making Britain's imports expensive." Mr Bhasin said.

The positive trend to UK and other key European markets has come about in the face of an overall negative growth in India's engineering exports. After rising for the consecutive two months of May and June 2016, Indian engineering exports slipped yet again in July contracting by 12.11 percent as against a positive growth by 2.57 percent in the previous month. Cumulative engineering exports continued to decline as engineering exports for the first four months of the current fiscal dropped by 5.82 percent to USD 20.27 billion in Apr-July 2016-17 from USD 21.53 billion during Apr - July 2015-16.