

Engineering Exports and Imports Monitor

December 2018



Engineering the future

EEPCINDIA
ENGINEERING THE FUTURE

Analysis of Indian engineering exports and imports for December 2018

India's Merchandise Trade scenario

- ❖ Merchandise export from India recorded a meagre 0.34 percent year-on-year growth during the month of December 2018. This rate of growth was lower in comparison to that of in November 2018 at 0.8 percent. Merchandise exports during December 2018 stood at US\$ 27.93 billion as compared to US\$ 27.83 billion in December 2017. In rupee terms however, merchandise exports recorded double-digit year-on-year growth at 10.48 percent during the month.
- ❖ This feeble growth in December was attributed to higher statistical base, poor outbound shipments mostly from labour-intensive sectors, higher cost of shipment and adverse impact of the panic on global trade war led by the US and China. Exports from sectors like Leather (-7.4%), Gems and jewellery (-19.2%), Man-made yarn (-1.3%), Marine products (-7.4%), Engineering (-3.1%) and Pharmaceuticals (-0.7%) conceded decline in year-on-year exports.
- ❖ Major commodity groups of exports showing positive year-on-year growth in December 2018 were Electronic Goods (50.81%), Plastic & Linoleum (20.18%), Petroleum Products (13.18%), Organic & Inorganic Chemicals (5.5%) and RMG of all Textiles (2.77%).
- ❖ Cumulative exports still continued to grow at double-digit as it went up to US\$ 245.44 billion during April-December 2018-19 from US\$ 222.77 billion during the same period last fiscal, registering a growth of 10.18 percent.
- ❖ India's Merchandise Imports declined by 2.44 percent in dollar terms during the month of December 2018. Imports in December 2018 were at US\$ 41.01 billion as against US\$ 42.03 billion in December 2017. In rupee terms however, imports were 7.41 percent higher over the same month last year.
- ❖ Major commodity groups of imports showing high growth in December 2018 over the same month last year were Iron and Steel (15.61%), Coal, Coke & Briquettes, etc. (11.39%), Machinery, electrical & non-electrical (8.38%), Petroleum, Crude & products (3.16%) and Organic & Inorganic Chemicals (2.72%).
- ❖ Cumulative value of imports for the period April-December 2018-19 was US\$ 386.65 billion as against US\$ 343.34 billion during the same period last fiscal, registering a positive growth of 12.61 percent.
- ❖ Trade deficit shrank by 7.89 percent as contraction in imports pulled down the trade deficit to 10-month low of US\$ 13.08 billion during the reporting month from US\$ 14.2 billion in December 2017. Cumulative trade deficit for the first nine months of fiscal 2018-19 however zoomed by 17.11 percent to US\$ 141.20 billion from US\$ 120.57 billion during April-December 2017-18.

India's Engineering Exports scenario

- ❖ Indian engineering exports declined on a year-on-year basis for the second straight month to December 2018. However, the extent of decline moderated to single digit. It was the third monthly decline of India's engineering exports in the current fiscal on a year-on-year basis. India's engineering exports was recorded at US\$ 6915.53 million in December 2018, which was 3.46 percent lower than the exports recorded during the same month last fiscal at US\$ 7163.56 million.
- ❖ A high statistical base, elevated ocean freight cost and external impediment like panic on US-china trade war were the key factors responsible behind this decline in overseas shipment of engineering products from India.
- ❖ Cumulative engineering exports during April-December 2018-19 continued to be on the growth track with 5.95 percent increase over the same period last fiscal. Engineering exports during the first nine months of fiscal 2018-19 stood at US\$ 59,127.88 million as against US\$ 55,809.81 million during the corresponding period of the previous fiscal.
- ❖ The share of engineering exports in India's total merchandise exports surged to 24.76 percent in December 2018 from 21.68 percent in November 2018. The share was seen at 24.09 percent when calculated on a cumulative basis for April-December 2018-19.

India's Engineering Imports scenario

- ❖ India's Engineering imports during December 2018 were valued at US\$ 9072.2 million compared to US\$ 8703.46 million in December 2017 registering 4.2 percent in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports is estimated at a higher 22.1 percent in December 2018 as against 20.7 percent in December 2017.

1. Trend in overall merchandise trade

Merchandise export from India recorded a meagre 0.34 percent year-on-year growth during the month of December 2018. This rate of growth was lower in comparison to that of in November 2018 at 0.8 percent. Merchandise exports during December 2018 stood at US\$ 27.93 billion as compared to US\$ 27.83 billion in December 2017. In rupee terms however, merchandise exports recorded double-digit year-on-year growth at 10.48 percent during the month.

This feeble growth in December was attributed to higher statistical base, poor outbound shipments mostly from labour-intensive sectors, higher cost of shipment and ripple effect of US-China trade war. Exports from sectors like leather (-7.4%), gems and jewellery (-19.2%), man-made yarn (-1.3%), Marine products (-7.4%), Engineering (-3.1%) and pharmaceuticals (-0.7%) conceded decline in year-on-year exports.

Major commodity groups of exports showing positive year-on-year growth in December 2018 were Electronic Goods (50.81%), Plastic & Linoleum (20.18%), Petroleum Products (13.18%), Organic & Inorganic Chemicals (5.5%) and RMG of all Textiles (2.77%).

Cumulative exports still continued to grow at double-digit as it went up to US\$ 245.44 billion during April-December 2018-19 from US\$ 222.77 billion during the same period last fiscal, registering a 10.18 percent.

Non-petroleum and Non Gems and Jewellery exports in December 2018 were US\$ 21.11 billion as against US\$ 20.88 billion in December 2017, exhibiting a positive growth of 1.08 percent. Non-petroleum and Non Gems and Jewellery exports in April-December 2018-19 rose to US\$ 177.66 billion from US\$ 164.66 billion during the corresponding period in 2017-18, securing an increase of 7.90 percent.

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Major commodity groups of imports showing high growth in December 2018 over the same month last year were Iron and Steel (15.61%), Coal, Coke & Briquettes, etc. (11.39%), Machinery, electrical & non-electrical (8.38%), Petroleum, Crude & products (3.16%) and Organic & Inorganic Chemicals (2.72%).

Cumulative value of imports for the period April-December 2018-19 was US\$ 386.65 billion as against US\$ 343.34 billion during the same period last fiscal, registering a positive growth of 12.61 percent.

Oil imports in December 2018 were US\$ 10.67 Billion which was 3.16 percent higher as compared to US\$ 10.35 billion in December 2017. Oil imports in April-December 2018-19 were US\$ 108.10 billion which was 42.85 percent higher as compared to US\$ 75.67 billion during the same period last year. In this connection it is to be mentioned that the global price of Brent Crude oil (US\$/bbl) decreased by 12.07 percent in December 2018 vis-à-vis December 2017 as per data available from World Bank (Pink Sheet).

Non-oil imports in December 2018 were estimated at US\$ 30.33 billion which was 4.27 percent lower in comparison to US\$ 31.69 billion in December 2017. Non-oil imports in April-December 2018-19 were US\$ 278.54 billion which was 4.06 percent higher as compared to US\$ 267.66 Billion seen in April-December 2017-18.

Trade deficit shrank by 7.89 percent as contraction in imports pulled down the trade deficit to 10-month low of US\$ 13.08 billion during the reporting month from US\$ 14.2 billion in December 2017. Cumulative trade deficit for the first nine months of fiscal 2018-19 however zoomed by 17.11 percent to US\$ 141.20 billion from US\$ 120.57 billion during April-December 2017-18.

2. Engineering exports

Indian engineering exports declined on a year-on-year basis for the second straight month to December 2018. However, the extent of decline moderated to single digit. It was the third monthly decline of India's engineering exports in the current fiscal on a year-on-year basis. India's engineering exports was recorded at US\$ 6915.53 million in December 2018, which was 3.46 percent lower than the exports recorded during the same month last fiscal at US\$ 7163.56 million.

A high statistical base, elevated ocean freight cost and external impediment like panic on US-china trade war were the key factors responsible behind this decline in overseas shipment of engineering products from India.

Cumulative engineering exports during April-December 2018-19 continued to be on the growth track with 5.95 percent increase over the same period last fiscal. Engineering exports during the first nine months of fiscal 2018-19 stood at US\$ 59,127.88 million as against US\$ 55,809.81 million during the corresponding period of the previous fiscal.

The share of engineering exports in India's total merchandise exports surged to 24.76 percent in December 2018 from 21.68 percent in November 2018. The share was seen at 24.09 percent when calculated on a cumulative basis for April-December 2018-19.

The monthly engineering figures for 2018-19 vis-à-vis 2017-18 are depicted below as per the latest availability of figure:

Table1: Engineering Exports
(US\$ Million)

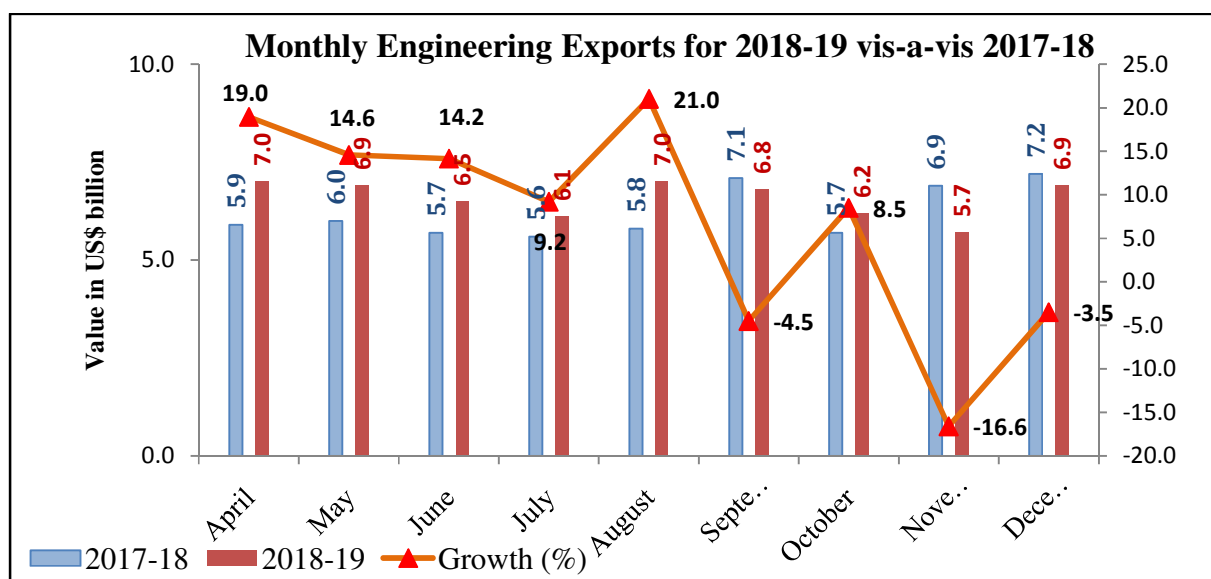
Month	2017-18	2018-19	Growth (%)
April	5902.86	7021.89	18.96
May	6047.26	6929.81	14.59
June	5703.28	6511.69	14.17
April-June	17653.40	20463.39	15.92
July	5595.63	6111.86	9.23
August	5766.60	6979.95	21.04

Month	2017-18	2018-19	Growth (%)
September	7088.19	6769.75	-4.49
July-September	18450.42	19861.56	7.65
October	5669.59	6153.10	8.53
November	6872.84	5734.30	-16.57
December	7163.56	6915.53	-3.46
October-December	19706.00	18802.93	-4.58
April-December	55809.81	59127.88	5.95

Source: Department of Commerce

Figure 1 below depicts the monthly trend in engineering exports for **December 2018 vis-à-vis December 2017**.

Figure1: Trend in Monthly Engineering Exports (In US\$ billion)



(Source: EEPC India analysis)

Correlation between Manufacturing Production and Engineering Exports

Engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. Now, as production and exports are directly correlated, some correlation between manufacturing production growth and engineering export growth is very likely to exist. Hence, a broad analysis of industrial production, especially of manufacturing sector is effective in the context of engineering export analysis as manufacturing has 77.63% weightage in India's industrial production.

During the first and second month of fiscal 2018-19, both engineering exports and manufacturing moved in the same direction. Growth accelerated for both in April 2018. During May 2018, both engineering exports and manufacturing growth slowed down. However, these two moved in opposite directions in each month between June and August 2018. During June and July, manufacturing growth surged but engineering exports growth moderated, while in August, just the reverse happened. Again the next three months saw both of them moving in the same direction. In September 2018, engineering exports declined and manufacturing growth slowed down. October 2018 witnessed rebound in engineering exports to growth path and acceleration in manufacturing growth. In November 2018, both manufacturing output and engineering exports declined over the same month last fiscal. The manufacturing Index in the Index of Industrial Production (IIP) stood at 127.2 in November 2018 as against 133.9 in October, 131.4 in September 2018, 130.6 in August 2018, 127.6 in July, 128.6 in June, 130.1 in May and 123.1 in April 2018.

The growth rates in Engineering Exports and the Growth rate of Manufacturing in the country during the current fiscal is shown in Table 2 below:

Table 2: Engineering exports growth vis-à-vis manufacturing growth (2018-19)

Months/ Year	Engg. Export growth (%)	Manufacturing growth (%)
April-March 2017-18	16.81	4.5
April 2018	18.96	4.9
May 2018	14.59	3.6
Jun 2018	14.17	6.9
April-June 2018	15.92	5.1
July 2018	9.23	7.0
August 2018	21.04	5.2
September 2018	-4.49	4.6
July-September 2018	7.65	5.6
October 2018	8.51	8.2
November 2018	-16.40	-0.4
December 2018	-3.12	N A

Months/ Year	Engg. Export growth (%)	Manufacturing growth (%)
October-December 2018	-4.39	N A

(Source: Department of Commerce and CSO)

We also present the month wise corresponding revised engineering exports for 2017-18 as opposed to 2016-17.

Table 3: Revised engineering exports for 2017-18 (US\$ million)

Month	2016-17	2017-18	Growth (%)
April	4744.32	5902.86	24.42%
May	5636.17	6047.26	7.29%
June	5066.99	5703.28	12.56%
Quarter 1	15447.48	17653.40	14.28%
July	4794.12	5595.63	16.72%
August	4873.71	5766.60	18.32%
September	4917.78	7088.19	44.13%
Quarter 2	14585.61	18450.42	26.50%
October	5133.58	5669.59	10.44%
November	4841.37	6872.84	41.96%
December	5688.32	7163.56	25.93%
Quarter 3	15663.27	19705.99	25.81%
January	5334.66	6217.67	16.55%
February	6501.99	6332.64	-2.60%
March	7706.18	7850.32	1.87%
Quarter 4	19542.83	20400.63	4.39%
April-March	65239.19	76210.44	16.82%

Source: DGCI&S (Data Revised up to Dec 2018)

3. Impact of Exchange Rate

How has the exchange rate changed in December 2018 vis-à-vis December 2017? In order to find it out, we look at the average exchange rate for both December 2018 and 2017. The table below provides the same:

Table 4: Average exchange rate

December	Average exchange rate 1 USD to INR
2017	64.24
2018	70.73

(Source: Calculated from RBI archive)

During December 2018, the official exchange rate of rupee vis-à-vis the US Dollar depreciated by 10.10 percent over December 2018. The pace of year-on-year depreciation in December 2018 slightly decelerated from that of in November 2018 at 10.78 percent.

4. Panel-wise analysis of engineering exports

We begin by looking at the engineering panel-wise exports for the month of December 2018 vis-à-vis December 2017. The data is given in Table 5.

Table5: Trends in engineering panel exports for December 2018 compared to December 2017 (US\$ million)

SI no.	Panel	December 2017	December2018	Growth %	April-December 2017-18	April-December 2018-19	Growth %
1. Iron and Steel and Products of Iron and Steel							
A	A. Iron and Steel	1069.17	687.58	-35.7	8404.45	7205.19	-14.3
B	B. Products of Iron and Steel	671.64	666.6	-0.8	5020.42	5326.29	6.1
Subtotal		1740.81	1354.18	-22.21	13424.9	12531.5	-6.65
2. Non Ferrous Metals and Products							
A	Copper and products	310.5	109.94	-64.59	2581.27	805.77	-68.78
B	Aluminium and products	477.19	484.92	1.62	3453.26	4376.87	26.75
C	Zinc and products	110.29	48.76	-55.79	658.88	453.14	-31.23
D	Nickel and products	3.19	5.82	82.45	35.05	55.29	57.75
E	Lead and products	38.94	43.47	11.63	261.63	301.47	15.23
F	Tin and products	0.5	1.21	142.00	7.62	6.76	-11.29
G	Other Non-Ferrous Metals	46.35	46.17	-0.39	370.43	400.27	8.06
Sub Total		986.96	740.29	-24.99	7368.14	6399.57	-13.15
3. Industrial Machinery and parts							
A	Industrial Machinery like Boilers, parts, etc	51.46	74.18	44.2	418.32	531.61	27.1
B	IC Engines and Parts	201.98	269.53	33.4	1858.46	2077.11	11.8
C	Pumps of all types	96.55	97.93	1.43	720.3	739.02	2.60
D	Air condition and Refrigerators	127.16	163.65	28.7	870.9	1519.04	74.4
E	Industrial Machinery for dairy, food processing , textiles etc	529.45	504.59	-4.7	3873.14	4336.98	12.0
F	Machine Tools	41.15	44.48	8.09	351.04	360.69	2.75
G	Machinery for Injecting moulding, valves and ATMs	149.56	152.95	2.3	1133.38	1181.39	4.2

SI no.	Panel	December 2017	December 2018	Growth %	April-December 2017-18	April-December 2018-19	Growth %
	Sub Total	1197.31	1307.31	9.2	9225.54	10745.8	16.5
4	Electrical Machinery	607.64	654.91	7.78	4648.81	6254.15	34.53
A	Motor Vehicle/cars	989.03	834.96	-15.6	6116.52	6404.45	4.7
B	Two and Three Wheelers	182.07	179.56	-1.4	1490.71	1631.13	9.4
C	Auto Components/Part	505.45	531.99	5.25	3771.39	4265.69	13.11
	Sub Total	1676.55	1546.51	-7.76	11378.62	12301.27	8.11
6	Aircrafts and Spacecraft parts and products	211.03	112.66	-46.61	1533.31	1319.47	-13.95
7	Ships Boats and Floating products and parts	27.94	401.24	1336.08	2615.34	3133.52	19.81
8. Miscellaneous							
A	Medical and Scientific instruments	163.16	150.64	-7.67	1213.27	1249.96	3.02
B	Railway Transport	18.58	31.35	68.73	213.19	280.15	31.41
C	Hand Tools & Cutting Tools	65.73	67.32	2.42	525.08	568.16	8.20
D	Electrodes Accumulators	4.75	4.8	1.05	33.49	39.54	18.07
E	Accumulator and Batteries	27.69	31.4	13.40	199.85	285.74	42.98
F	Bicycle and Parts	29.22	36.87	26.18	233.61	283.87	21.51
G	Cranes Lifts and Winches	41.06	50.09	21.99	265.76	361.94	36.19
H	Office Equipments	5.96	20.11	237.42	66.41	102.44	54.25
I	Other Construction Machinery	141.66	153.5	8.36	1018.41	1245.81	22.33
J	Prime Mica and Mica Products	1.56	2.13	36.54	15.94	19.68	23.46
K	OTHER MISC. ITEMS	215.95	250.22	15.87	1830.17	2005.29	9.57
	Sub total	715.32	798.43	11.62	5615.18	6442.58	14.74
	Total engineering exports	7163.56	6915.53	-3.46	55809.81	59127.88	5.95

(Source: Department of Commerce, Government of India)

Some trends that need to be noted are:

- ❖ During April-December 2018-19, exports of engineering goods registered a growth of 5.95 percent compared to April- December 2017-18. While the monthly engineering exports declined to US\$6915.53 million in December 2018 compared to US\$ 7163.6 million in December 2017, recording a decline of 3.46 percent.
- ❖ 28 out of 33 engineering panels sharing almost 85 percent of the products recorded growth in exports during April- December 2018-19, over the same period last fiscal, while the remaining five panels demonstrated decline in exports.

- ❖ Products of Iron and steel recorded a growth of 6.1 percent in exports during April-December 2018-19 with overseas shipments of US\$ 5326.3 million from US\$ 5020.42 million over the same period last fiscal.
- ❖ Among the seven non-ferrous metals and products, more than 50 percent i.e. four products recorded positive growth in December 2018 compared to December 2017. Tin and products recorded highest growth of staggering 142 percent followed by Nickel and products growing by 82.4 percent during December 2018 over the same period last fiscal.
- ❖ The cumulative figures for Industrial machinery as a whole recorded growth in exports of 16.5 percent during April-December 2018-19 vis-à-vis the same period last fiscal. All the sectors under this panel recorded positive cumulative growth figures, with sectors like Air condition and Refrigerators recording highest growth in exports to the extent of 74 percent in April- December 2018-19 compared to April- December 2017-18. Industrial Machinery for Boilers, IC Engines, Machinery for dairy recorded double digit cumulative growth while the remaining panels recorded single digit growth.
- ❖ The electrical machinery and equipments panel recorded growth in exports in December 2018 by 7.8 percent after a dip observed in November 2018. Cumulative exports for April- November 2018-19 recorded 34.5 percent growth, moving up to US\$ 6254.15 million from US\$ 4648.8 million in April- December 2017-18.
- ❖ Exports of Auto and auto components recorded a decline of 7.8 percent during December 2018, descending from US\$ 1676.55 million in December 2017 to US\$ 1546.5 million in December 2018. The drop in monthly exports have been largely due to the fall in exports observed in Motor Vehicles/cars slumping by 15.6 percent in December 2018 and Two and Three Wheelers dipping by 1.4 percent. Cumulative exports for Auto and Auto parts recorded 8.11 percent growth for April- December 2018-19.
- ❖ Exports of Aircrafts and spacecraft parts and products recorded negative monthly growth in December 2018 to the extent of 46.6 percent compared to December 2017 as well as negative cumulative growth by 13.95 percent during April- December 2018-19 over the same period last year. Ships, Boats and Floating Structures recorded sudden boost in exports during December 2018 scaling up from US\$ 27.9 million in December 2017 to US\$ 401.24 million in December 2018. .
- ❖ It has been observed that all sectors under panel namely miscellaneous registered positive cumulative growth in exports. Only Medical devices and parts recorded negative growth for December 2018 falling by 7.7 percent. Office Equipments recorded highest cumulative growth of 54.25 percent during April-Dec 2018-19 followed by Accumulators and batteries growing by 42.98 percent. Cranes, lifts and winches and

Railway Transport equipment recorded substantial growth in exports to the extent of 36 percent and 31 percent during April- December 2018-19 over the same period last year.

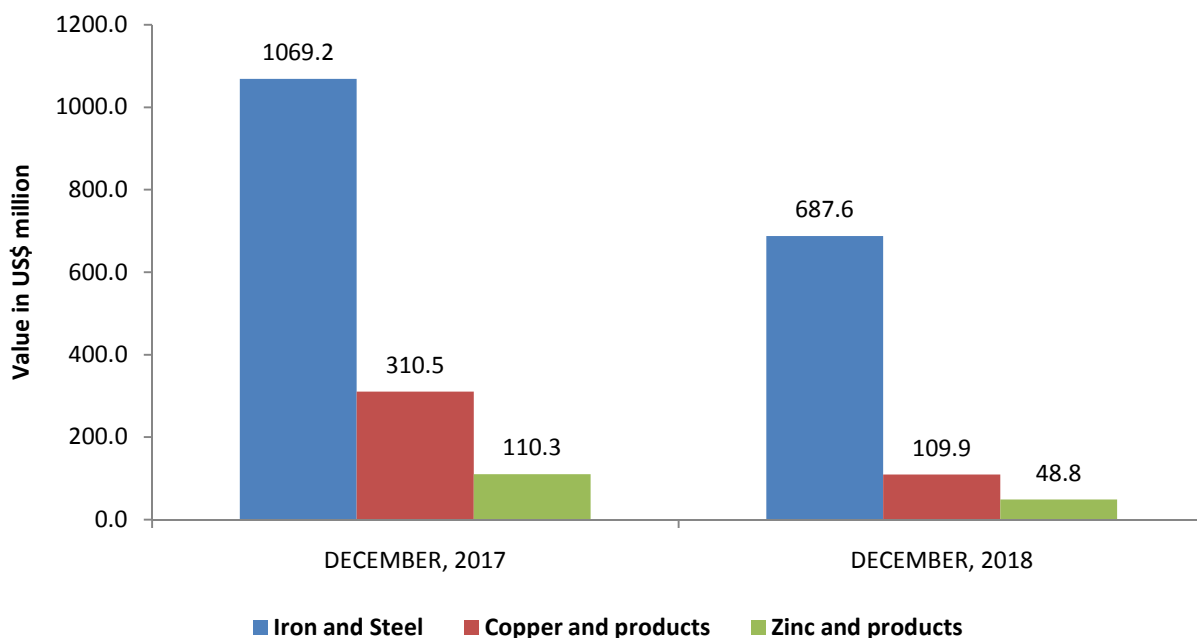
Products with negative growth in December 2018 compared to December 2017 and April-December 2018-19 vis-a-vis April-December 2017-18

- a) In our view, while the exchange rate may be a factor in the margin, the main reasons for the falling engineering exports is the sharp decline in exports in both ferrous and non-ferrous primary products. The three heavy ticket exports products which have shown drastic fall are:
- a. Exports of primary steel under Chapter 72: fell by 36% in December and 14.3% in the first nine months.
 - b. Exports of Copper and Copper products under Chapter 74: fell by 65% in December 2018 and 69% in first the nine months.
 - c. Exports of Zinc and products: fell by 56% in December 2018 and 31.2% in the first nine months

The cumulative impact of the fall in the above three product lines is USD 3.2 billion for the first nine months (without any growth). Had this figure been added to the USD 59 billion for the first nine months of the current fiscal, our exports growth would have been shot up to over 12% than the current growth rate of over 6%, even if we assume that there was no growth in the above three metals exports.

Figure 2

Slump in ferrous and non ferrous metal exports during December 2018 v/s December 2017



Reasons for the fall

- In recent months, global steel prices have fallen and as per the feedback from the Industry (both producers and users) because the domestic price realization is far better than external prices, our steel majors are cutting back on exports and supplying in the domestic market. Global price trends indicate that the Chinese have dropped steel prices between 11% and 20% in various categories and this has further impacted our steel exports negatively. In fact India's domestic price trend of one of the main primary steel product used by most MSME engineering exporter, Hot Rolled Coil (HRC) vis-à-vis in China, and in Europe varies from USD 50 per tonne to over USD 200 per tonne thereby affecting almost all the key segments/industries of the engineering sector using HRC as the raw material.
- It may be pertinent to add that the domestic steel input cost ranges from 30-50% of total operating cost of engineering industry with major consumer segments being Automotive, Machineries and various steel articles. With a 5-10% increase in steel prices, the prices for finished products can show a variation up to 3-5% which is a big number when competing in the global market.

- Indian HRC producers' continued to maintain domestic offer prices above Rupee 48,000-54,000/mt throughout the week. Trade activity remained very low, as most of the buyers' price expectations fell to as low as Rupee 49,000/mt in the western region, amid prolonged liquidity problems in the market and even weaker international prices, meaning exports are also nonviable.(Source: JPC)
- **Prognosis for rest of the current fiscal:** This trend is likely to continue unless the international prices pick up. For a full year, our steel exports may fall by USD 500 million vis-à-vis 2017-18 to maintain zero growth in this segment.

Exports of Copper and Copper products (Chapter 74)

- Indian domestic refined copper production has fallen by 54.8% during the first half of current fiscal. Fall in production is **majorly attributable to the permanent shutdown of the 400 KT, Tuticorin smelter of Sterlite which accounted for 40% of the country's copper smelting capacity.** During the first half of the year, Hindustan Copper (HCL) and Hindalco output was also restrained due to the shutdown of their smelters for maintenance purposes. This too has added to the decline in production of the metal. **The drop in domestic production during the first half has led to the domino effect of a sharp increase in the country's imports and fall in the exports thus turning India into a net importer of refined copper. (India used to be the net exporter of refined copper).**
- **Prognosis for rest of the current fiscal:** In April-Dec 2017-18, India's global exports for Copper and products were US \$2.58 billion. The cumulative impact of fall in exports has been estimated to be around US \$ 1.8 billion in April-Dec 2018-19. Additional growth is not even contemplated in this exercise given the sharp fall in domestic production. The NGT has now directed that the Tuticorin Plant be reopened. However, it may take another couple of months to restart the plant, if it is allowed to reopen by the State Authorities. Thus, while some amount of loss in exports may perhaps be made up, it would still be in the red over the full fiscal.

Exports of Zinc and Zinc products

- There has been a drop in the Zinc mined by Hindustan Zinc Ltd for the first six months by 13% from 386000 MT in first half of 2017-18 to 334,000 MT in the first half of current fiscal. As per the company, *"the export quantum for zinc is generally in the range of 15-25 Kt. When there is a shortfall in our production, we allocate more material to fulfil domestic demand and hence export allocations are reduced. Also, during same time last year, Zinc LME was at \$3200/ton as compared to current LME of \$2600/ton. This is a decrease of 26%. This is showing in the reduction in export amount"*.
- b) Other than ferrous and non-ferrous metals, products like Motor Vehicles, Two-Three Wheelers, Aircraft and Spacecraft, Other Industrial Machinery and Medical Instruments have shown drastic fall in exports. Reasons for such fall in exports mainly because the

domestic industries are facing tough competition in international market due to support given to many industries in the form of incentives and subsidies by various countries and comparatively cheaper global prices. India is lacking behind in technological capacity to produce and export globally for products like Electric Vehicles and others. India needs to generate absorptive as well as innovation capabilities to remain competitive in the world engineering goods trade.

5. Top 25 destinations for Indian engineering exports

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during April-December 2018 over April- December 2017 in absolute value and also for December 2018 viz-a-viz December 2017.

Table-6: Engineering exports country wise, (2018-19)
(Values in US\$ million)

Country	December 2017	December 2018	Growth (%)	April-December 2017-18	April-December 2018-19	Growth (%)
U S A	1045.25	1069.80	2.35	7506.02	8763.54	16.75
UAE	292.52	268.61	-8.17	3378.56	3309.38	-2.05
GERMANY	304.84	263.35	-13.61	2298.51	2491.07	8.38
NEPAL	246.31	257.31	4.46	1789.43	2298.39	28.44
U K	261.67	233.84	-10.64	2102.34	2098.67	-0.17
BANGLADESH	250.00	258.56	3.43	1738.99	2066.46	18.83
MEXICO	219.64	186.21	-15.22	2025.56	1920.09	-5.21
ITALY	212.22	147.68	-30.41	1858.10	1653.30	-11.02
SINGAPORE	192.65	111.65	-42.05	1490.27	1430.12	-4.04
TURKEY	120.93	88.48	-26.83	1188.56	1400.88	17.86
KOREA RP	151.05	122.03	-19.21	1390.86	1334.33	-4.06
CHINA	302.65	164.27	-45.72	2302.65	1332.52	-42.13
MALAYSIA	224.67	223.93	-0.33	1548.84	1329.70	-14.15
INDONESIA	141.23	187.58	32.82	1259.45	1304.64	3.59
BELGIUM	142.06	94.07	-33.78	975.69	1292.26	32.45
SOUTH AFRICA	131.02	136.48	4.17	1050.11	1273.75	21.30
SRI LANKA	132.76	338.70	155.12	1082.70	1252.53	15.69
THAILAND	99.74	150.62	51.01	896.57	1230.33	37.23
SAUDI ARAB	184.69	172.57	-6.56	935.68	1058.84	13.16
FRANCE	138.44	117.40	-15.20	1058.85	1024.67	-3.23
JAPAN	97.19	119.77	23.23	742.54	934.83	25.90
NIGERIA	102.79	134.08	30.44	578.97	920.94	59.07

Country	December 2017	December 2018	Growth (%)	April-December 2017-18	April-December 2018-19	Growth (%)
SPAIN	102.54	84.84	-17.26	832.72	877.43	5.37
NETHERLAND	79.01	81.38	2.99	629.37	769.16	22.21
VIETNAM	132.70	78.36	-40.95	945.42	760.85	-19.52
Top 25 Countries Total	5308.60	5091.57	-4.09	41606.76	44128.65	6.06
Grand Total	7163.52	6915.48	-3.46	55809.73	59127.32	5.94
Share % Total Engineering Exports	74.11	73.63		74.55	74.63	

Note: Red font indicates negative growth

(Source: Department of Commerce, Government of India)

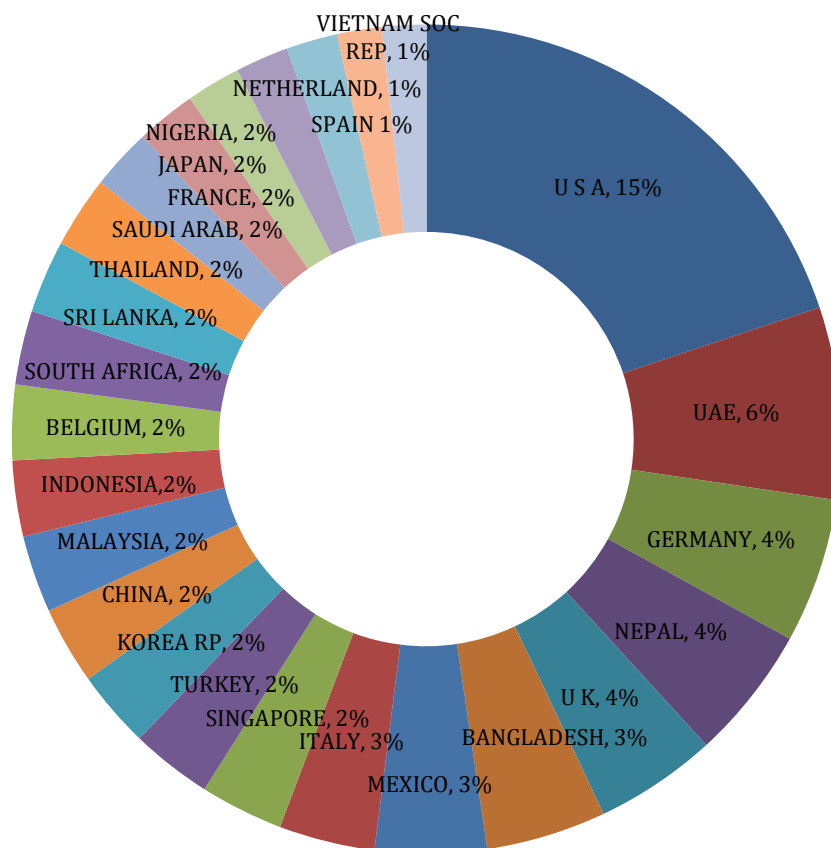
The country wise engineering export figures for December 2018 show the following facts:

- ❖ In 15 out of 25 countries, engineering exports recorded positive cumulative growth during April- December 2018-19 over April- December 2017-18.
- ❖ USA like the previous month retained its numero uno position, being the top exporting destination for India's engineering products in December 2018. It registered significant positive cumulative growth during April- December 2018-19 over April- December 2017-18 of 16.75 percent.
- ❖ Germany and Nepal ranked next in terms of cumulative engineering imports during April-December 2018-19 over April-December 2017-18 registering noteworthy growth.
- ❖ India's engineering exports to China once again recorded negative growth in December 2018 over the same month last year. It registered highest negative cumulative growth during April- December 2018 over April- December 2017 of 42.13 percent.
- ❖ Among European nations falling under the top 25 engineering exports destinations, exports to Belgium once again recorded the highest growth on cumulative basis. Engineering exports to other European nations too recorded negative growth in December 2018 over December 2017. One of the reasons could be provisional safeguard duties on 23 steel products, including 14 engineering goods imported from India, by the European Commission (EC) valid for 200 days, started in July 2018. Further there is also uncertainty amongst Indian exporters about the future exports beyond February 2019, when the 200 day period for the safeguard provisions comes to an end and the EU takes decision on whether it would be extended or not.

- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Thailand recorded the highest monthly as well as the highest cumulative growth. Barring Indonesia, other three ASEAN countries namely - Singapore, Malaysia and Vietnam recorded negative cumulative growth during April- December 2018-19 vis-à-vis April-December 2017-18.
- ❖ India's engineering exports to its top 25 nations accounted for nearly 73.6 per cent of India's total engineering exports in December 2018.
- ❖ India's engineering exports to its top 25 destinations during April- December 2018-19 over April- December 2017-18 was marginally higher compared to India's total global engineering exports during the same period.

We present pie chart showing the share percentage of India's top exporting destination (top 25 destinations) comprising an export share of approximately 75% of India's global engineering exports.

Figure 3: Share% of India's top exporting destinations during April-December 2018-19



Source: EEPC India analysis

6. Regional distribution of engineering exports

We now look at the regional distribution of engineering exports for December 2018 as opposed to December 2017. Table 7 gives this picture:

Table -7: Region wise exports trend

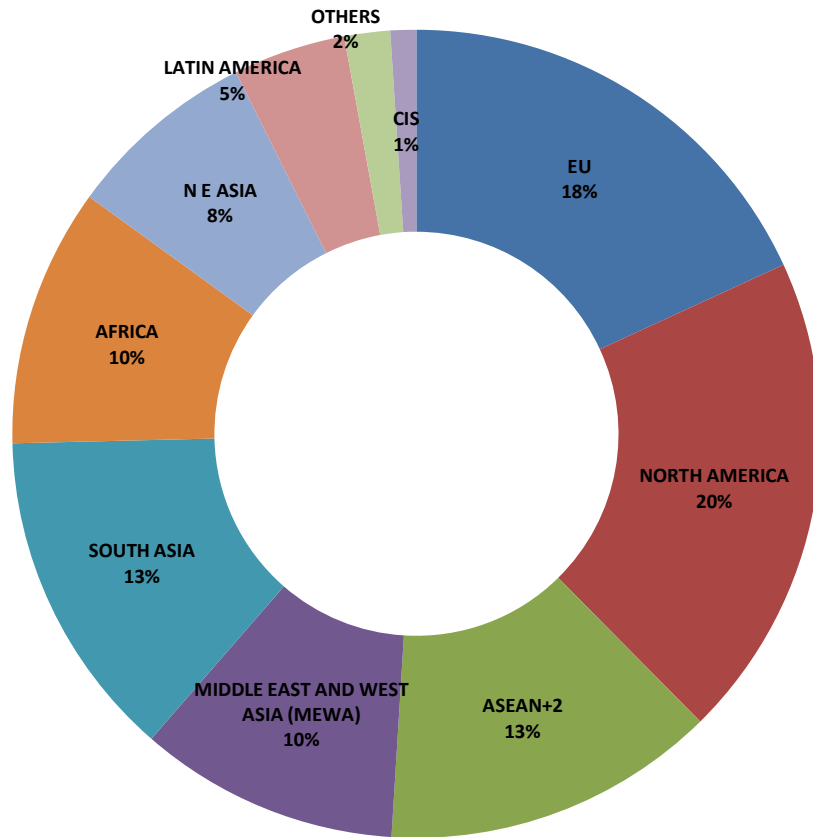
US\$ million

Regions	December 2018	December 2017	Growth (%)	April-December 2018-19	April-December 2017-18	Growth (%)
EU	1518.36	1253.39	-17.45	11590.48	12169.03	4.99
NORTH AMERICA	1365.74	1347.33	-1.35	10019.86	11325.23	13.03
ASEAN+2	980.74	924.84	-5.70	7560.06	7521.54	-0.51
MIDDLE EAST AND WEST ASIA (MEWA)	767.53	719.97	-6.20	6676.06	6884.95	3.13
SOUTH ASIA	693.67	915.13	31.93	5018.09	6090.24	21.37
AFRICA	680.75	715.65	5.13	5178.76	5930.63	14.52
N E ASIA	635.24	528.95	-16.73	5204.03	4359.55	-16.23
LATIN AMERICA	311.31	311.78	0.15	2526.01	2582.15	2.22
OTHERS	153.29	126.58	-17.42	1509.69	1675.97	11.01
CIS	56.91	71.86	26.27	526.69	588.02	11.65
Grand Total	7163.52	6915.48	-3.46	55809.73	59127.32	5.94

(Source: Department of Commerce, Government of India)

Note: *Figures have been rounded off. Source: DGCI&S; **Myanmar has been included in ASEAN+2 and not in South Asia, since ASEAN is a formal economic grouping.

Figure 4: India's region wise exports during December 2018



(Source: EEPC India analysis)

- ❖ North America ranked the region with highest shipment of engineering products from India during December 2018 with a share of 19.5 percent of total engineering exports.
- ❖ India's exports to South Asia countries recorded the highest positive growth in December 2018 vis-à-vis December 2017, followed by CIS.
- ❖ India's exports to EU and ASEAN+2 ranked second and third in global shipments of Indian engineering goods during December 2018 with a share of 18.1 percent and 13.4 percent of total engineering exports respectively.
- ❖ Africa and Latin America recorded positive growth in exports during December 2018 vis-à-vis December 2017.

- ❖ Baring ASEAN+2 and North East Asia, all the other regions recorded positive cumulative growth in exports of engineering products from India during April- December 2018-19 over April- December 2017-18.

7. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during December 2018. We have taken the major panels and computed the top importers and sharp declines to get an idea of the current trade pattern. (Tables 8-16)

Table 8: Export of Iron & Steel

US\$ Million

COUNTRY	DECEMBER, 2017	DECEMBER, 2018	Growth (%)	APRIL, 2017- DECEMBER, 2017	APRIL, 2018 - DECEMBER, 2018	Growth (%)
Top Five Importers						
NEPAL	73.67	90.46	22.79	596.29	911.37	52.84
ITALY	92.91	21.67	-76.68	764.99	543.36	-28.97
UAE	91.9	54.83	-40.34	549.59	522.51	-4.93
BELGIUM	79.56	45.41	-42.93	575.95	459.86	-20.16
KOREA RP	31.18	31.42	0.77	259.27	362.33	39.75
High cumulative growth						
DJIBOUTI	2.21	6.49	194.33	26.18	59.64	127.83
BHUTAN	6.34	6.78	6.9	21.9	39.81	81.77
NIGERIA	3.41	3.4	-0.23	26.77	44.8	67.31
CANADA	4.94	4.56	-7.64	28.01	44.51	58.88
NEPAL	73.67	90.46	22.79	596.29	911.37	52.84
KOREA	31.18	31.42	0.77	259.27	362.33	39.75
AUSTRALIA	2.93	3.96	34.98	22.65	31.05	37.08
GERMANY	10.51	7.77	-26.12	89.93	122.17	35.85
Sharp cumulative decline						
HONG KONG	16.34	0.07	-99.58	110.71	42.87	-61.28
INDONESIA	41.59	16.37	-60.65	428.03	213.38	-50.15
VIETNAM	75.36	15.04	-80.05	515.72	258.62	-49.85
SRI LANKA	45.23	17.38	-61.57	213.53	111.17	-47.94
IRAN	11.4	1.86	-83.65	101.01	56.79	-43.78
PHILIPPINES	14.38	1.71	-88.12	131.84	81.39	-38.27
TAIWAN	27.6	22.67	-17.87	276.1	188.26	-31.81
MEXICO	8.94	9.13	2.09	112.46	79.39	-29.41

(Source: Department of Commerce, Government of India)

- ❖ Nepal, Italy and UAE were the three top three importers of Indian Iron and Steel during April - December 2018 with market shares of 12.64 percent, 7.54 percent and 7.25 percent respectively.
- ❖ Djibouti recorded more than 100 percent year-on-year growth in exports of Indian Iron and Steel during April– December 2018.
- ❖ Hong Kong, Indonesia and Vietnam experienced sharp downfall in exports during April-December 2018.

Table 9: Export of Products of Iron & Steel
US\$ Million

COUNTRY	DECEMBER, 2017	DECEMBER, 2018	Growth (%)	APRIL, 2017- DECEMBER, 2017	APRIL, 2018- DECEMBER, 2018	Growth (%)
Top Five Importers						
U S A	132.24	167.8	26.89	1217.65	1227.02	0.77
U A E	36.62	38.35	4.71	308.99	327.54	6.01
GERMANY	36.35	37.86	4.14	283.9	317.91	11.98
U K	27.9	29.42	5.43	212.31	234.26	10.34
CANADA	31.67	25.37	-19.9	160.04	197.87	23.64
High cumulative growth						
CHILE	1.19	1.42	18.6	16.48	52.63	219.4
TANZANIA	10.65	3.71	-65.22	33.51	69	105.93
EGYPT	4.85	4.68	-3.52	41.08	77.73	89.24
QATAR	9.63	13.36	38.75	59.44	110.46	85.85
SINGAPORE	5.44	5.28	-2.93	32.81	50.28	53.26
NEPAL	9.63	12.77	32.59	55.8	82.07	47.07
MEXICO	5.44	7.96	46.44	47.51	67.41	41.88
Sharp cumulative decline						
IRAN	1.27	0.3	-76.47	49.05	3.66	-92.54
SENEGAL	7.43	1.79	-75.93	41.66	16.79	-59.71
OMAN	18.44	5.15	-72.08	144.39	59.21	-58.99
COLOMBIA	2.07	15.51	649.93	63.96	29.04	-54.59
SAUDI ARAB	42.57	15.74	-63.02	228.54	117.68	-48.51
MALAYSIA	3.07	3.05	-0.65	41.23	28.05	-31.97

(Source: Department of Commerce, Government of India)

- ❖ USA, UAE and Germany were the top three importers of India's 'Products of Iron & Steel' during April - December 2018 with 23.04 percent, 6.15 percent and 5.98 percent shares respectively in India's global import of the same.
- ❖ Chile and Tanzania were among the nations witnessing significant growth of more than 100 per cent in import of 'Products of Iron and Steel' during April - December 2018.
- ❖ Iran, Colombia, Oman and Senegal conceded substantial decline in imports of more than half for the said product group from India during April - December 2018.

Table 10: Export of Industrial Machinery

US\$ Million

COUNTRY	DECEMBER, 2017	DECEMBER, 2018	Growth (%)	APRIL, 2017- DECEMBER, 2017	APRIL, 2018 - DECEMBER, 2018	Growth (%)
Top Five Importers						
U S A	179.00	202.36	13.05	1420.89	1717.27	20.86
BANGLADESH	52.41	68.18	30.08	420.16	484.52	15.32
GERMANY	56.13	54.01	-3.78	403.07	481.84	19.54
THAILAND	26.47	61.11	130.87	224.03	474.44	111.78
U K	56.98	48.53	-14.82	443.20	402.30	-9.23
High cumulative growth						
HONG KONG	1.16	1.41	21.47	11.85	31.15	162.97
UZBEKISTAN	3.92	3.07	-21.50	21.21	45.00	112.17
THAILAND	26.47	61.11	130.87	224.03	474.44	111.78
PORTUGAL	2.63	7.69	192.89	17.56	29.92	70.45
ALGERIA	6.92	8.98	29.77	44.94	75.93	68.95
NIGERIA	31.66	45.16	42.64	164.19	276.40	68.34
DENMARK	3.60	10.65	195.47	22.37	37.51	67.66
TAIWAN	2.64	3.88	47.29	25.40	42.33	66.66
INDONESIA	30.21	35.88	18.76	188.41	289.51	53.66
SPAIN	16.58	18.89	13.89	121.64	182.52	50.05
Sharp cumulative decline						
SENEGAL	2.05	2.34	14.18	31.10	15.60	-49.84
KUWAIT	17.70	14.23	-19.60	195.80	105.72	-46.01
BHUTAN	1.79	1.78	-0.69	33.23	20.45	-38.45
MYANMAR	7.22	4.50	-37.63	49.16	37.04	-24.64
PHILIPPINES	9.30	11.25	20.98	78.13	60.14	-23.02
SWITZERLAND	2.31	2.78	20.25	28.74	22.38	-22.12

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April– December 2018 with 15.98 percent share in India's global import of the product group, followed by Bangladesh and Germany with 4.51 percent and 4.48 percent shares respectively.

- ❖ Hong Kong, Uzbekistan and Thailand were among the importing nations witnessed over 100 percent growths in imports of Industrial machinery from India during April - December 2018 over the same period last fiscal.
- ❖ Among the major importers, Senegal, Kuwait and Bhutan recorded sharp year-on-year declines in imports during April - November 2018.

Table 11: Export of Automobiles

US\$ Million

COUNTRY	DECEMBER, 2018	DECEMBER, 2017	Growth (%)	APRIL, 2018- DECEMBER, 2018	APRIL, 2017 - DECEMBER, 2017	Growth (%)
Top Five Importers						
MEXICO	141.36	103.22	-26.98	1,356.28	1,027.31	-24.25
U S A	151.97	147.97	-2.63	351.11	844.16	140.42
SOUTH AFRICA	73.85	75.01	1.57	613.79	587.39	-4.3
BANGLADESH	64.65	56.99	-11.85	426.84	536.03	25.58
NEPAL	36.99	36.68	-0.83	352.81	400.24	13.45
High cumulative growth						
U S A	151.97	147.97	-2.63	351.11	844.16	140.42
BHUTAN	2.32	9.06	291.34	27.2	63.66	134.08
CANADA	23.18	12.52	-46	46.7	105.37	125.61
CONGO	4.16	3.76	-9.63	19.73	39.63	100.89
NIGERIA	25.65	47.03	83.38	163.83	313.16	91.15
TUNISIA	7.29	6.01	-17.48	35.56	56.77	59.66
EGYPT	11.45	14.89	30.03	78.3	108.35	38.37
U A E	25.48	22.28	-12.56	125.11	170.02	35.9
Sharp cumulative decline						
COTE D' IVOIRE	9.29	2.66	-71.39	76.19	11.4	-85.03
ISRAEL	9.31	2	-78.5	52.34	9.82	-81.24
ARGENTINA	10.07	1.25	-87.56	90.99	27.63	-69.63
THAILAND	3.79	0.49	-86.94	26.6	11.74	-55.86
GERMANY	12.38	7.88	-36.36	147.21	68.85	-53.23
SINGAPORE	2.01	0.23	-88.39	22.26	10.67	-52.05
ITALY	20.85	21.43	2.78	220.62	115.89	-47.47

(Source: Department of Commerce, Government of India)

(Note: Automobiles sector includes Motor vehicles and Two & Three Wheelers)

- ❖ Mexico, USA and South Africa were top three importers of India's Automobiles during April- December of 2018 witnessing 12.78, 10.51 and 7.31 percent share respectively.

- ❖ Countries like Canada, USA, Congo and Bhutan saw over 100 percent growths in imports of Indian automobile during April- December 2018 among major importers.
- ❖ Cote D'Ivoire, Israel, Thailand and Argentina conceded substantial decrease in imports of Automobiles from India during April- December 2018.

Table 12: Export of Non-Ferrous metals

US\$ Million

COUNTRY	DECEMBER, 2017	DECEMBER, 2018	Growth (%)	APRIL, 2017- DECEMBER, 2017	APRIL, 2018 - DECEMBER, 2018	Growth (%)
Top Five Importers						
U S A	123.25	87.24	-29.22	753.45	785.85	4.30
MALAYSIA	158.08	141.91	-10.23	895.93	731.30	-18.38
KOREA	90.35	48.26	-46.59	854.35	669.09	-21.69
TURKEY	4.70	1.54	-67.28	126.55	412.51	225.98
MEXICO	15.06	12.15	-19.35	129.19	271.90	110.46
High cumulative growth						
EGYPT	0.83	11.31	1259.63	8.64	28.87	234.17
TURKEY	4.70	1.54	-67.28	126.55	412.51	225.98
BULGARIA	3.60	0.18	-95.02	17.91	52.52	193.27
VIETNAM	3.66	9.08	148.43	28.04	76.59	173.12
NETHERLAND	8.64	13.83	60.00	58.54	147.00	151.11
MEXICO	15.06	12.15	-19.35	129.19	271.90	110.46
POLAND	1.64	2.57	56.17	9.67	19.58	102.46
ETHIOPIA	0.56	2.14	282.85	10.10	20.00	98.10
THAILAND	7.82	21.14	170.19	87.42	165.58	89.40
SPAIN	10.58	19.78	86.97	97.65	180.09	84.42
Sharp cumulative decline						
CHINA	186.15	27.35	-85.31	1338.01	247.67	-81.49
SINGAPORE	39.03	32.18	-17.55	246.40	53.22	-78.40
IRAN	2.01	0.42	-78.89	33.08	9.11	-72.46
MONTENEGRO	3.02	0.59	-80.32	25.70	8.65	-66.34
UAE	31.31	19.47	-37.81	459.86	177.61	-61.38
COLOMBIA	13.25	3.24	-75.56	75.75	38.97	-48.55
PHILIPPINES	4.18	1.36	-67.35	28.36	15.19	-46.43
OMAN	5.77	4.76	-17.61	67.69	37.28	-44.93
QATAR	25.06	1.54	-93.86	134.73	77.51	-42.47
INDONESIA	10.33	8.55	-17.18	101.71	62.82	-38.24

- ❖ USA (US\$ 785.85 million), Malaysia (US\$ 731.30 million) and Korea (US\$ 669.09 million) were the top three importers of Indian Non-ferrous metals during April - December 2018 with market shares of 12.28 percent, 11.43 percent and 10.46 percent respectively.
- ❖ Egypt, Turkey, Bulgaria, Vietnam, Netherland, Mexico and Poland witnessed over 100 percent year-on-year growths in imports of Indian Non-ferrous metal products during April- December 2018.
- ❖ China, Singapore and Iran were the nations conceded highest declines in imports of non-ferrous metals from India during the April - December 2018 over the same period last fiscal.

Table 13: Export of Electrical Machinery and Components
US\$ Million

COUNTRY	DECEMBER, 2017	DECEMBER, 2018	Growth (%)	APRIL, 2017- DECEMBER, 2017	APRIL, 2018 - DECEMBER, 2018	Growth (%)
Top Importers						
U S A	113.54	140.89	24.09	886.03	1481.62	67.22
GERMANY	100.27	74.5	-25.70	657.08	721.21	9.76
SINGAPORE	51.68	11.05	-78.62	180.61	381.11	111.02
U K	22.27	33.45	50.20	285.55	366.26	28.27
BELGIUM	3.66	3.97	8.67	35.87	288.01	703.02
High cumulative growth						
BELGIUM	3.66	3.97	8.67	35.87	288.01	703.02
EGYPT	2.66	8.75	228.56	15.47	43.41	180.65
INDONESIA	5.92	12.64	113.67	46.15	110.49	139.43
JAPAN	5.52	44.11	698.93	81.06	192.25	137.17
CANADA	6.54	15.69	139.87	24.05	50.87	111.48
SINGAPORE	51.68	11.05	-78.62	180.61	381.11	111.02
NETHERLAND	3.44	4.67	35.49	32.94	56.99	73.04
U S A	113.54	140.89	24.09	886.03	1481.62	67.22
Sharp cumulative decline						
TAIWAN	8.65	0.7	-91.92	45.33	21.07	-53.51
VIETNAM	21.4	6.3	-70.56	108.81	52.45	-51.79
KUWAIT	4.66	3.84	-17.64	47.59	35.63	-25.13
TURKEY	3.02	14.94	394.03	110.68	84.72	-23.45
UAE	19.4	16.52	-14.83	223.47	171.85	-23.1
SOUTH AFRICA	4.13	3.67	-11.25	31.55	26.95	-14.59
FRANCE	18.06	19.82	9.73	180.14	165.22	-8.28

(Source: Department of Commerce and CSO)

- ❖ USA (US\$ 1481 million), Germany (US\$ 721 million) and Singapore (US\$ 381 million) were the three top importers of Indian Electrical Machinery and Components during April - December 2018 with market shares of 23.69 percent, 11.53 percent and 6.09 percent respectively.
- ❖ Belgium, Egypt and Indonesia recorded highest growth in imports of India's Electrical Machinery and Components during April - December 2018.
- ❖ On the other hand, Vietnam, Taiwan, Kuwait and Turkey conceded highest declines in imports of India's Electrical Machinery and Components during April- December 2018.

Table 14: Export of Aircrafts and Spacecrafts
US\$ million

COUNTRY	DECEMBER, 2017	DECEMBER, 2018	Growth (%)	APRIL, 2017- DECEMBER, 2017	APRIL, 2018 - DECEMBER, 2018	Growth (%)
Top Five Importers						
U S A	70.93	34.75	-51.01	479.16	401.4	-16.23
FRANCE	33.89	14.85	-56.18	187.27	188.25	0.52
SINGAPORE	22.19	14.7	-33.77	195.08	186.22	-4.54
U K	15.61	22.41	43.6	163.1	175.99	7.9
GERMANY	19.83	4.47	-77.43	175.26	87.45	-50.1
High cumulative growth						
SEYCHELLES	0.06	0.03	-57.88	1.3	23.16	1682.33
SOUTH AFRICA	0.41	0.19	-54.5	1.58	7.65	383.03
IRELAND	0.92	0.36	-60.5	5.26	12.79	142.98
SWEDEN	0.56	1.51	171.04	5.1	9.62	88.8
UAE	1.07	0.91	-14.85	5.63	6.85	21.8
SWITZERLAND	0.94	0.64	-31.88	16.29	19.66	20.75
Sharp cumulative decline						
THAILAND	3.24	0.6	-81.62	14.43	6.2	-57.05
POLAND	4.53	0.27	-94.07	26.14	11.24	-57.01
CHINA	0.81	0.56	-30.09	26.72	11.95	-55.28
RUSSIA	2.29	3.08	34.81	33.37	15.08	-54.81
NETHERLAND	1.29	0.34	-73.99	11.89	5.48	-53.93
GERMANY	19.83	4.47	-77.43	175.26	87.45	-50.1
ISRAEL	3.04	1.52	-49.95	39.45	22.47	-43.04

(Source: Department of Commerce and CSO)

- ❖ USA, France and Singapore were the top three importers of India's 'Aircrafts and Spacecrafts' during April- December 2018-19 with around 30.42, 14.27, and 14.12 percent shares respectively in India's total global exports of the product.

- ❖ Seychelles, South Africa and Sweden continued to register substantial growths in import of the product group during April- December 2018-19 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Thailand, Poland, China, Russia and Netherland dropped significantly on a year-on-year basis during April- December 2018 along with some other nations.

Table 15: Export of Ships, Boats and Floating Structures and parts - US\$ million

COUNTRY	DECEMBER, 2017	DECEMBER, 2018	Growth (%)	APRIL, 2017- DECEMBER, 2017	APRIL, 2018 - DECEMBER, 2018	Growth (%)
Top 5 Importers						
UAE	3.68	9.31	153.14	1040.01	1195.43	14.94
SRI LANKA	-	261.83	-	156.75	471.01	200.49
SINGAPORE	24.25	11.37	-53.14	442.97	396.12	-10.58
OMAN	-	60.61	-	2.47	276.45	11104.65
SOUTH AFRICA	-	-	-100	-	198.48	66722216
High cumulative growth						
SOUTH AFRICA	-	-	-100	-	198.48	66722215.52
OMAN	-	60.61	-	2.47	276.45	11104.65
ISRAEL	-	-	-	3.87	59.57	1439.63
SAUDI ARAB	-	-	-	19.11	104.6	447.45
INDONESIA	-	49.42	-	36.07	109.6	203.85
SRI LANKA	-	261.83	-	156.75	471.01	200.49
Sharp cumulative decline						
CAMEROON	-	-	-	20.63	-	-100
EGYPT	-	-	-	213.77	-	-100
LIBERIA	-	-	-	84.61	-	-100
MYANMAR	-	-	-	21.28	-	-100
NORWAY	-	-	-	82.42	-	-100
U S A	-	0.02	-	443.69	-	-99.96

Note: Export figures in case of some nations are showing zero due to rounding off but actually they are very small in value.

(Source: Department of Commerce and CSO)

- ❖ UAE is the largest importer of India's 'Ships, boats and floating structures and parts' during April- December 2018-19 with 38.15 percent share in India's total global exports of the product followed by Sri Lanka and Singapore with 15.03 and 12.64 percent share respectively.
- ❖ South Africa, Oman, Israel and Saudi Arabia recorded robust growth in imports of 'Ships, Boats and Floating Structures and Parts' during April- December 2018-19.

- ❖ Cameroon, Egypt and Liberia were among the nations that recorded no imports during April - December 2018 against substantial export during the same period last fiscal. USA also saw significant downfall in imports from India.

Table 16: Export of Auto Components

US\$ Million

COUNTRY	DECEMBER, 2017	DECEMBER, 2018	Growth (%)	APRIL, 2017- DECEMBER, 2017	APRIL, 2018- DECEMBER, 2018	Growth (%)
Top 5 Importers						
U S A	101.5	122.3	20.5	751.57	929.82	23.72
TURKEY	32.36	21.44	-33.75	272.95	247.79	-9.22
BANGLADESH	33.26	25.2	-24.25	196.51	224.63	14.31
BRAZIL	24.85	27.39	10.23	180.54	214.86	19.01
GERMANY	22.85	24.38	6.67	163.94	200.38	22.23
High cumulative growth						
COLOMBIA	6.24	9.91	58.91	39.28	69.02	75.72
ROMANIA	12.52	8.55	-31.74	43.06	73.67	71.1
UAE	9.8	16.69	70.25	84.52	130.79	54.75
VIETNAM	10.81	15.17	40.4	87.24	122.1	39.96
JAPAN	11.11	14.49	30.44	93.22	123.8	32.8
EGYPT	6.75	8.23	21.86	45.42	58.23	28.21
U S A	101.5	122.3	20.5	751.57	929.82	23.72
GERMANY	22.85	24.38	6.67	163.94	200.38	22.23
BRAZIL	24.85	27.39	10.23	180.54	214.86	19.01
Sharp cumulative decline						
SAUDI ARAB	4.95	2.14	-56.85	28.09	15.98	-43.09
PERU	1.79	2.33	29.82	25.22	20.07	-20.43
NETHERLAND	3.39	3.63	7.27	27.04	23.86	-11.79
POLAND	4.21	3.93	-6.68	35.25	31.53	-10.56
TURKEY	32.36	21.44	-33.75	272.95	247.79	-9.22

(Source: Department of Commerce and CSO)

- ❖ USA is the topmost importer of auto components/parts from India during April-December 2018 with a share of 21.79 percent in India's global exports of auto components. Turkey and Bangladesh were the immediate followers of USA with 5.81 percent and 5.27 percent shares respectively.
- ❖ Romania, Colombia and UAE are among the prominent nations recorded significant increase in imports of Indian Auto Components/Parts during April- December 2018-19 over April- December 2017-18.
- ❖ Saudi Arab, Peru and Netherland conceded highest declines in imports during April-December 2018-19 over the same period last fiscal followed by Poland and Canada.

8. Import analysis of engineering goods

India's Engineering imports during December 2018 were valued at US\$ 9072.2 million compared to US\$ 8703.46 million in December 2017 registering a significant growth to the extent of 4.2 percent in dollar terms.

Cumulative engineering imports during Apr-Dec 2018-19 was recorded at US\$ 77.7 billion as against US\$ 67.9 billion during the same period last fiscal registering a cumulative growth of 14.5 percent.

The share of engineering imports in India's total merchandise imports is estimated at a higher 22.1 percent in December 2018 as against 20.7 percent in December 2017.

The monthly engineering import figures for fiscal 2018-19 vis-à-vis 2017-18 are depicted below as per the latest availability of figure:

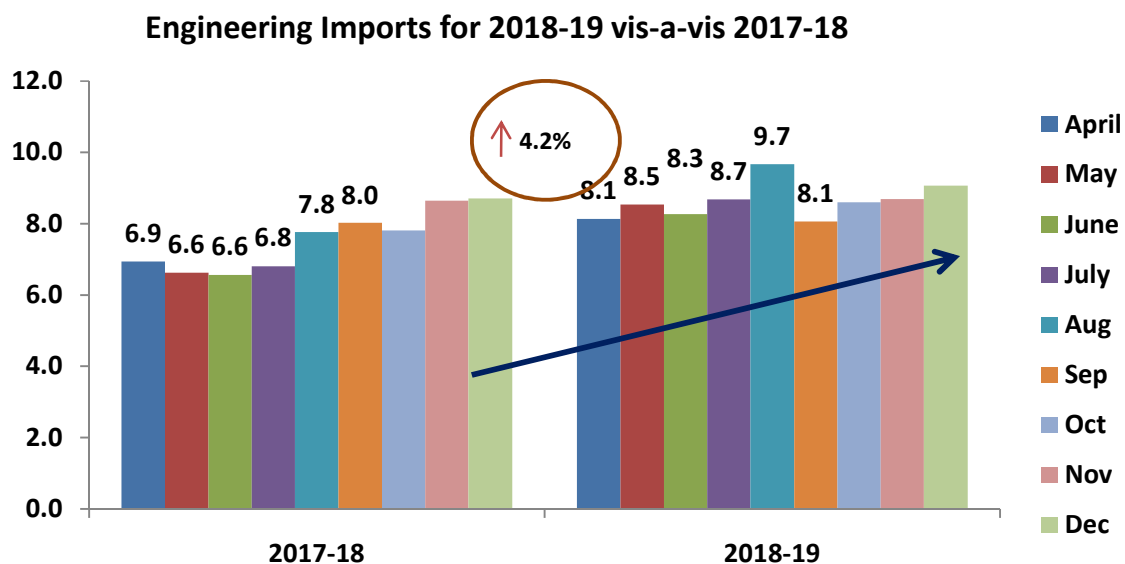
Table 17: Engineering Imports
(US\$ Million)

Months	2017-18	2018-19	Growth (%)
April	6936.7	8139.45	17.34
May	6628.73	8535.98	28.77
June	6567.1	8268.14	25.90
Quarter 1 (April-June)	20132.53	24943.57	23.90
July	6811.16	8683.39	27.49
August	7769.3	9667.6	24.43
September	8028.2	8064.26	0.45
Quarter 2 (July-September)	22608.66	26415.25	16.84
October	7812.5	8599.9	10.08
November	8644.2	8686.4	0.5
December	8703.5	9072.2	4.2
Quarter 3 (October-December)	25160.11	26358.51	4.76
April-December	67901.30	77717.13	14.46

(Source: Department of Commerce, Government of India)

Figure 5 below depicts the monthly trend in engineering imports for 2018-19 vis-a-vis 2017-18

Figure5: Trend in Monthly Engineering Imports (In US\$ billion) for 2018-19



(Source: EEPC India analysis)

9. Trend in two-way engineering trade

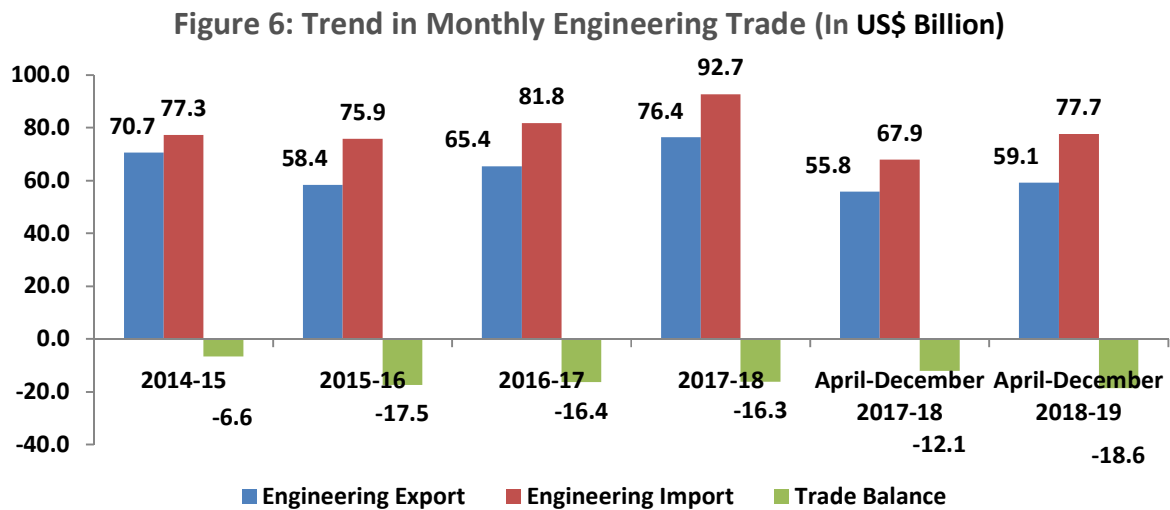
We now present the trend in two way yearly trade for the engineering sector from 2014-15 to 2017-18 as well as the current fiscal of 2018-19 depicted in the table below:

Table 18: Engineering Trade
(US\$ billion)

	2014-15	2015-16	2016-17	2017-18	Growth %	April-December 2017-18	April-December 2018-19	Growth %
Engineering exports	70.7	58.4	65.4	76.4	16.81	56.0	59.1	6.0
Engineering imports	77.3	75.9	81.8	92.7	13.27	67.9*	77.7*	14.5
Trade balance	-6.6	-17.5	-16.4	-16.3		-12.1	-18.6	

(*)Engineering Import figures for April-December 2018-19 v/s 2017-18 are updated as per latest Quick Estimate values

Figure 6 below depicts the yearly trend in engineering trade **from 2014-15 to 2017-18 and April-December of the current fiscal 2018-19**



10. Conclusion

India's merchandised exports recorded virtually no growth in December 2018 vis-a-vis December 2017. However on a cumulative basis, merchandise exports grew by 10.18 % during April-December 2018-19.

In line with the broader merchandise exports, Indian engineering exports also fell by 3.12 percent during the month of December 2018 as compared to the same month last fiscal, but continued to move northward when cumulative figures were taken into consideration.

In both cases, the decline was driven largely by a number of domestic factors like higher statistical base of the last year, rising cost of raw material for engineering goods and increase in the cost of shipment due to rise in Ocean Freight Rate. On the external front, ripple effect of the trade war between the US and China also weighed on the sentiment and volume of shipment decreased as a consequence.

The external threats to foreign trade still persist as the fear of an imminent tariff war aggravated with the initiation of safeguard investigation by the European Commission on a number of steel products imported by EU. US investigation on India's compliance with the norms under Generalised System of Preference is another external shock for the exporting community. These two concerns along with the volatile trend of Rupee clouded the outlook for global exports. Back home, manufacturers seeks better credit flow on the back of rising raw material cost and post-GST fund shortage for the exporters while exporters want reduction in the cost of shipment.

11. Summary on global trends

Finally, a word about the future and a brief summing up about the global trends at this point. Among advanced economies (AEs), economic activity appears to be slowing in the US in Q4:2018, after a buoyant Q3. The Euro area growth lost pace in Q3, impacted by weaker trade growth and new vehicle emission standards. The Japanese economy contracted in Q3 on subdued external and domestic demand. Economic activity also decelerated in major emerging market economies (EMEs) in Q3. In China, growth slowed down on weak domestic demand. The ongoing trade tensions and the possible cooling of the housing market pose major risks to growth in China. The Russian economy lost some traction, pulled down largely by a weak agriculture harvest, though the growth was buttressed by strong performance of the energy sector. The Brazilian economy seems to be recovering gradually from the economic disruption in the first half of the year. The South African economy expanded in Q3, after contracting in the previous two quarters, driven by agriculture and manufacturing.

These then are the uncertainties for the rest of the year from the external side for Indian exporters.

12. Projections for 2018-19

In FY 2017-18, total engineering exports was to the tune of USD 76 billion. In the first nine months of FY 2018-19, the total engineering exports is USD 59.13 billion. Annualizing this leads to USD 78.84 billion in FY 2018-19 which amounts to a modest growth of over 3%.

Without the headwinds, both domestic and external faced in the first nine months of the current fiscal, our exports may have increased by another 3 to 4 billion and our exports in FY 2018-19 may have been in the vicinity of USD 82 to 83 billion.

