

Engineering Export-Import Monitor

June 2019



Engineering the future

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Analysis of Indian engineering exports and imports for June 2019

India's Merchandise Trade scenario

- ❖ During June 2019, merchandise exports from India declined for the first time in fiscal 2019-20 on a year-on-year basis. After registering 0.64 percent and 3.93 percent growth in the first two months of this fiscal respectively, the month of June 2019 saw 9.71 percent decline in India's merchandise exports over the same month last fiscal. During the month, merchandise export was at US\$ 25.01 billion as against US\$ 27.70 billion in June 2018. In Rupee terms also, merchandise exports conceded 7.52 percent decline in the reporting month.
- ❖ Cumulative merchandise exports during April-June 2019-20 was US\$ 81.08 billion, which was 1.69 percent lower than the US\$ 82.47 billion of exports recorded during the same period last fiscal.
- ❖ Imports in June 2019 were US\$ 40.29 billion, which was 9.06 percent lower in Dollar terms over imports of US\$ 44.30 billion in June 2018.
- ❖ Cumulative value of imports for the period April-June 2019-20 was US\$ 127.04 billion as against US\$ 127.41 billion during the period of April-June 2018-19, registering a negative growth of 0.29 percent.
- ❖ The trade deficit in June 2019 narrowed down by 8 percent to US\$ 15.28 billion from US\$ 16.60 billion in June 2018. On a cumulative basis, trade deficit mounted by 2.3 percent to US\$ 45.96 billion in April-June 2019-20 from US\$ 44.94 billion during the same period last fiscal.

India's Engineering Exports scenario

- ❖ Indian Engineering exports declined by 2.31 percent in June 2019 over the same month last fiscal. It registered 4.54 percent growth in May after a 7.7 percent Y-O-Y decline in April 2019. Engineering exports was at US\$ 6.36 billion in June 2019 as against US\$ 6.51 billion in the same month last fiscal.
- ❖ Cumulative engineering exports during the first quarter (April-June) of 2019-20 also witnessed 1.85 percent decline over the same period last fiscal. It was US\$ 20.08 billion during the first quarter of 2019-20 as against US\$ 20.46 billion during the same period last fiscal.
- ❖ Share of engineering exports in total merchandise exports was somewhat higher at 25.4 percent during Jun 2019 as compared to 24.2 percent during May 2019. On a cumulative basis, it was 24.8 percent during April-June 2019-20.
- ❖ Out of 33 engineering panels, 15 panels recorded growth in exports during April-June 2019 over the same period last year while for June 2019, the number of such panels was 16.
- ❖ During April-Jun 2018-19, 10 out of top 25 countries recorded positive growth in

engineering exports from India over the same period last year.

India's Engineering Imports scenario

- ❖ India's Engineering imports during June 2019 were valued at US\$ 9236.01 million compared to US\$ 8959.49 million in June 2018 registering 3.1 percent in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports is estimated at a higher 22.5 percent in June 2019 as against 21.8 percent in June 2018.

1. Trend in overall merchandise trade

During June 2019, merchandise exports from India declined for the first time in fiscal 2019-20 on a year-on-year basis. After registering 0.64 percent and 3.93 percent growth in the first two months of this fiscal respectively, the month of June 2019 saw 9.71 percent decline in India's merchandise exports over the same month last fiscal. During the month, merchandise export was at USD 25.01 billion as against USD 27.70 billion in June 2018. In Rupee terms also, merchandise exports conceded 7.52 percent decline in the reporting month.

Imports in June 2019 were USD 40.29 billion, which was 9.06 percent lower in Dollar terms over imports of USD 44.30 billion in June 2018. Oil imports in June 2019 were USD 11.03 billion which was 13.33 percent lower compared to USD 12.73 billion in June 2018. Oil imports in April-June 2019-20 were USD 34.85 billion which was 0.62 percent higher in Dollar terms compared to USD 34.64 billion over the same period last year. Non-oil imports in June 2019 were estimated at USD 29.26 billion which was 7.34 percent lower in Dollar terms compared to USD 31.58 billion in June 2018. Non-oil imports in April-June 2019-20 were USD 92.19 billion which was 0.62 percent lower in Dollar terms compared to USD 92.77 billion in April-June 2018-19.

Trade deficit in June 2019 narrowed down by 8 percent to US\$ 15.28 billion from US\$ 16.60 billion in June 2018. On a cumulative basis, trade deficit mounted by 2.3 percent to USD 45.96 billion in April-June 2019-20 from USD 44.94 billion during the same period last fiscal.

2. Engineering exports

After witnessing year-on-year growth in May 2019, Indian Engineering exports again declined by 2.31 percent in June 2019 over the same month last fiscal. It registered 4.54 percent growth in May after a 7.7 percent Y-O-Y decline in April 2019. Engineering exports was at US\$ 6.36 billion in June 2019 as against US\$ 6.51 billion in the same month last fiscal.

Cumulative engineering exports during the first quarter (April-June) of 2019-20 also witnessed 1.85 percent decline over the same period last fiscal. It was US\$ 20.08 billion during the first quarter of 2019-20 as against US\$ 20.46 billion during the same period last

fiscal. Share of engineering exports in total merchandise exports was somewhat higher at 25.4 percent during Jun 2019 as compared to 24.2 percent during May 2019. On a cumulative basis, it was 24.8 percent during April-June 2019-20.

The monthly engineering figures for 2019-20 vis-à-vis 2018-19 are depicted below as per the latest quick estimates:

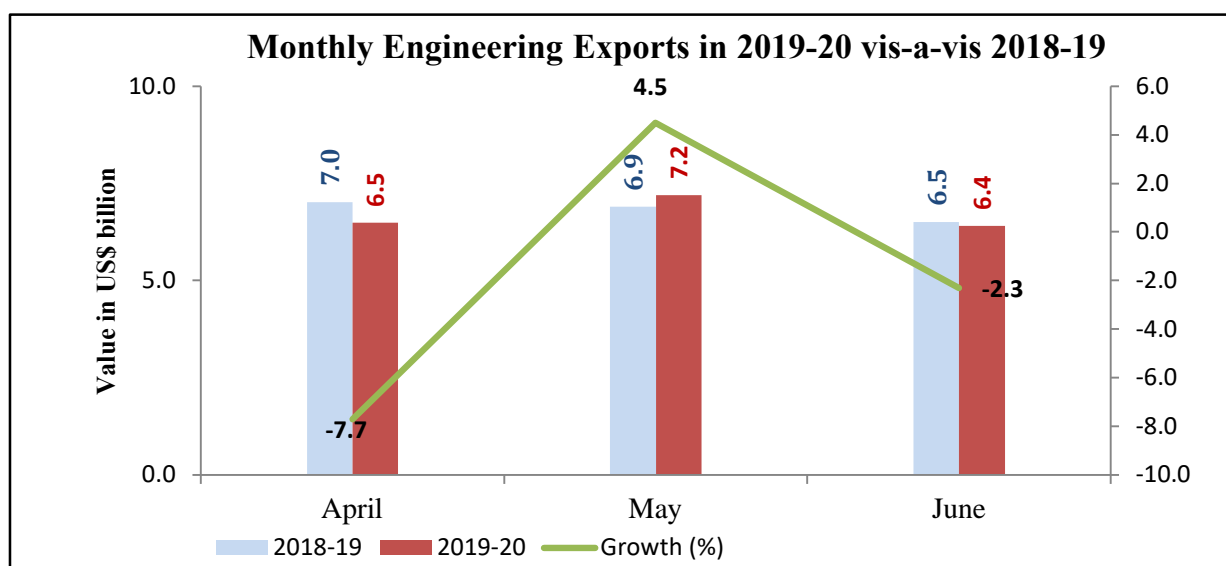
Table 1: Engineering Exports
(US\$ million)

Month	2018-19	2019-20	Growth (%)
April	7020.54	6477.51	-7.73
May	6928.08	7242.49	4.54
June	6512.31	6361.98	-2.31
April-June	20460.93	20081.98	-1.85

Source: DGCIS, Govt. of India.

Figure 1 below depicts the monthly trend in engineering exports during Fiscal 2019-20 vis-à-vis fiscal 2018-19.

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



(Source: QE, Ministry of Commerce; 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. As exports happen over and above production generally, some correlation between manufacturing production growth and engineering export growth should exist. We briefly look at the trend in manufacturing growth as also engineering export growth to see if they move in tandem. It may be mentioned that manufacturing has 77.63% weightage in India's industrial production.

The new fiscal 2019-20 saw engineering exports growth and manufacturing growth moving in the opposite direction in April and May 2019 respectively. In April 2018, manufacturing growth accelerated while engineering exports dropped to negative. While in May, engineering exports recorded growth while manufacturing growth decelerated. Perhaps, the trend in Table 2 shows a lagged effect of a month. We will need to see how this plays out during the course of the rest of the year.

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

Table 2: Engineering exports growth vis-à-vis manufacturing growth (2019-20)

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April-March 2017-18	16.81	4.5
April 2019	-7.72	4.0
May 2018	4.54	2.5
June 2019	-2.31	N A
April-June 2019	-1.85	N A

(Source: Department of Commerce and CSO)

We also present the month wise corresponding **revised engineering exports for 2018-19** as opposed to 2017-18.

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

Months	2017-18	2018-19	Growth (%)
April	5902.86	7020.54*	18.93%
May	6047.26	6928.08*	14.57%
June	5703.28	6512.31*	14.19%
Quarter 1	17653.40	20460.93*	15.90%
July	5595.63	6111.92	9.23%
August	5766.60	6979.96	21.04%
September	7088.19	6769.70	-4.49%
Quarter 2	18450.42	19861.58	7.65%
October	5669.59	6153.58	8.54%
November	6872.84	5737.61	-16.52%
December	7163.56	6911.61	-3.52%
Quarter 3	19705.99	18802.80	-4.58%
January	6217.28	6294.12	1.24%
February	6332.92	6439.29	1.68%

March	7839.32	9156.46	16.80%
Quarter 4	20389.52	21889.87	7.36%
April-March	76199.33	81015.18*	6.32%

Source: DGCI&S * Revised data

3. Impact of Exchange Rate

How has the exchange rate changed in June 2019 vis-à-vis June 2018? We look at the monthly average exchange rate for both June 2019 and June 2018. The table below provides the same:

Table 4: Average exchange rate

Average Exchange Rate (1 USD to INR)			Year-on-	Direction
Month	2018	2019	Year Change (%)	
January	63.64	70.73	11.14	Depreciation
February	64.37	71.22	10.64	Depreciation
March	65.02	69.48	6.86	Depreciation
April	65.64	69.42	5.76	Depreciation
May	67.53	69.77	3.32	Depreciation
June	67.79	69.44	2.43	Depreciation

Source: RBI, FBIL, EEPC Research

During June 2019, the official exchange rate of rupee vis-à-vis the US Dollar depreciated by 2.43 percent over June 2018. A noteworthy feature has been the relative hardening of the Rupee since January 2019, indicated by the narrowing in the rate of depreciation over corresponding months of last year.

4. Panel Wise Engineering Exports

We begin by looking at the Engineering Panel wise exports for the month of June 2019 vis-à-vis June 2018. The data is given in Table 5 below:

Table 5: Trends in engineering panel Exports for June 2019 compared to June 2018

US\$ Million

		JUNE, 2018	JUNE, 2019	Growth (%)	APRIL,2018 JUNE,2018	APRIL,2019 JUNE,2019	Growth (%)
1. Iron and Steel and Products made of Iron and Steel							
A	Iron and Steel	735.48	653.72	-11.12	2350.12	2061.25	-12.29
B	Products of Iron and Steel	585.22	589.50	0.73	1722.14	1689.03	-1.92
Sub Total		1320.70	1243.22	-5.87	4072.26	3750.29	-7.91
2. Non-Ferrous Metals and Products made of Non-Ferrous Metals							

A	Copper and products	69.23	54.43	-21.38	245.15	185.35	-24.39
B	Aluminium and products	542.75	418.56	-22.88	1469.76	1203.53	-18.11
C	Zinc and products	68.34	48.85	-28.52	217.38	138.82	-36.14
D	Nickel and products	6.81	5.50	-19.24	19.63	45.18	130.16
E	Lead and products	32.68	19.50	-40.33	95.83	74.35	-22.41
F	Tin and products	0.77	0.97	25.97	1.59	2.53	59.12
G	Other Non-Ferrous Metals	44.36	43.84	-1.17	133.61	131.88	-1.29
Sub Total		764.94	591.65	-22.65	2182.95	1781.64	-18.38
3. Industrial Machinery							
A	Industrial Machinery like Boilers, parts, etc	49.84	65.88	32.18	156.85	223.76	42.66
B	IC Engines and Parts	235.25	206.30	-12.31	593.46	619.67	4.42
C	Pumps of all types	77.99	80.67	3.44	238.78	251.21	5.21
D	Air condition and Refrigerators	189.09	142.20	-24.80	501.30	386.86	-22.83
E	Industrial Machinery for dairy, food processing, textiles etc	467.27	452.92	-3.07	1411.38	1362.94	-3.43
F	Machine Tools	43.67	38.96	-10.79	127.06	117.41	-7.59
G	Machinery for Injecting moulding, valves and ATMs	133.29	141.05	5.82	372.23	422.01	13.37
Sub Total		1196.40	1127.98	-5.72	3401.06	3383.86	-0.51
4	Electrical Machinery	718.6	694.9	-3.30	1998.24	2174.61	8.83
5. Automobiles							
A	Motor Vehicle/cars	701.27	638.47	-8.96	2088.02	1981.25	-5.11
B	Two and Three Wheelers	199.79	169.76	-15.03	544.82	496.34	-8.90
C	Auto Components/Part	455.92	459.05	0.69	1366.39	1345.01	-1.56
Sub Total		1356.98	1267.28	-6.61	3999.23	3822.6	-4.42
6	Aircrafts and Spacecraft parts and products	185.11	105.7	-42.90	530.33	314.48	-40.70

7	Ships Boats and Floating products and parts	285.34	583.27	104.41	2209.27	2626.85	18.90
8. Other engineering products							
A	Medical and Scientific instruments	141.57	144.92	2.37	411.04	433.77	5.53
B	Railway Transport	22	33.76	53.45	92.93	94.8	2.01
C	Hand Tools & Cutting Tools	58.86	65.86	11.89	177.59	201.83	13.65
D	Electrodes Accumulators	4.1	5.04	22.93	12.18	14.87	22.09
E	Accumulator and Batteries	30.89	32.47	5.11	90.15	102.76	13.99
F	Bicycle & Parts	29.75	30.06	1.04	90.68	96.34	6.24
G	Cranes Lifts & Winches	39.56	46.96	18.71	110.18	135.68	23.14
H	Office Equipment	9.68	21.3	120.04	20.3	51.12	151.82
I	Other Construction Machinery	131.33	122.06	-7.06	439.14	383.44	-12.68
J	Prime Mica & Mica Products	1.64	8.8	436.59	6.19	15.47	149.92
K	OTHER MISC. ITEMS	209.58	230.18	9.83	601.27	679.35	12.99
Sub total		678.96	741.41	9.20	2051.65	2209.43	7.69
Total engineering exports		6512.31	6361.98	-2.31	20460.93	20081.98	-1.85

(Source: Department of Commerce, Government of India)

Some observable trends are:

- ❖ Exports of engineering goods in June 2019 declined by around 2.31% to US\$ 6361.98 million compared to US\$ 6512.31 million in June 2018.
- ❖ Year on year decline was witnessed in 16 out of total 33 engineering panels. These include some of the key panels such as iron and steel, non-ferrous metals, electrical machinery, aircrafts, spacecraft and parts and several panels under industrial machinery.
- ❖ The cumulative total of this fiscal (April to June 2019-20) also exhibited a decline from the same period last year. In cumulative terms too, 15 out of 33 panels exhibited a year-on-year decline.
- ❖ Iron and Steel figures continued to drop by 11.2 percent during June 2019 with an overseas shipment recording US\$ 653.72 million from US\$ 735.48 million in the same month last year.
- ❖ Products of Iron and Steel showed an insignificant resulting in cumulative fall in iron and steel and products of iron and steel which dropped by 7.9% percent to the same period last year.

- ❖ The fall in major segments in the Non-Ferrous metal is one of the major features of June 2019. Heavyweight segments like Copper, aluminium, zinc and lead recorded more than 15% decline in June 2019 over June 2018. In cumulative terms too, five out of seven non-ferrous panels experienced a decline in June 2019 when compared to June 2018.
- ❖ Industrial machinery panel also exhibited a decline in both monthly and cumulative terms. Four out of six panels exhibited decline in June 2019 when compared to June 2018. 32.18% growth was witnessed in 'Industrial Boilers' making it the highest recorded y-o-y growth within the broader panel in June 2019. 5.82% growth was also witnessed in 'Machinery for injecting moulds, valves and ATMs'. Maximum decline in June 2019, occurred in air-condition and refrigerators. In cumulative terms though the record is a bit better as the decline is witnessed in only three panels and the total decline is also marginal at 0.51% compared to 5.72% decline in June 2019.
- ❖ 'Electrical Machinery and equipment' which generally exhibits rise and is a major export for India also experienced a decline of 3.30% in June 2019 when compared to June 2018. Although in cumulative terms there was an 8.83% rise in exports in April-June 2019 when compared to April-June 2018.
- ❖ The panel 'Automobiles' recorded 6.6 percent negative growth during June 2019, moving down from US\$ 1356.98 million in June 2018 to US\$ 1267.28 million in June 2019. The decline was accounted for by the drop in y-o-y exports of 'Motor vehicles/cars' by 8.9 percent and 'Two and three wheelers' by 15.03%. Marginal rise in exports was only witnessed in 'Auto components'. In cumulative terms though the picture is grim as all three sub-panels recorded a decline in April to June 2019 when compared to the same period last year. Overall in cumulative terms the total 'Automobiles' panel recorded a 4.42% decline.
- ❖ Exports of 'Aircrafts and Spacecraft parts and products' recorded decline in both monthly (42.9 percent drop) and cumulative (40.70 percent drop) terms. On the other hand, 'Ship, Boats and Floating Bodies' exhibited a significantly high growth in exports in both monthly (104.41 percent rise) and cumulative (18.90 percent rise) terms.
- ❖ Some other miscellaneous sectors such as 'Office equipment', 'Electrodes Accumulators', 'Hand Tools & Cutting Tools' 'Bicycle & Parts', 'Cranes Lifts & Winches' and 'Medical and Scientific instruments' experienced growth in exports in both monthly and cumulative terms although decline in both terms is exhibited by the 'other construction machinery' panel.

Products with negative growth in June 2019 compared to June 2018

- a) Slowdown in global trade demand has been a major reason behind poor performance by engineering exports this month. In their latest edition of Global Economic Prospects (June 2019), World Bank clearly predicted that the global trade growth in 2019 would only be 2.6%, slightly lower than what was witnessed during 2015-16 global slowdown and the weakest since the global financial crisis.¹ The organization further added that factors such as further escalation of trade tensions

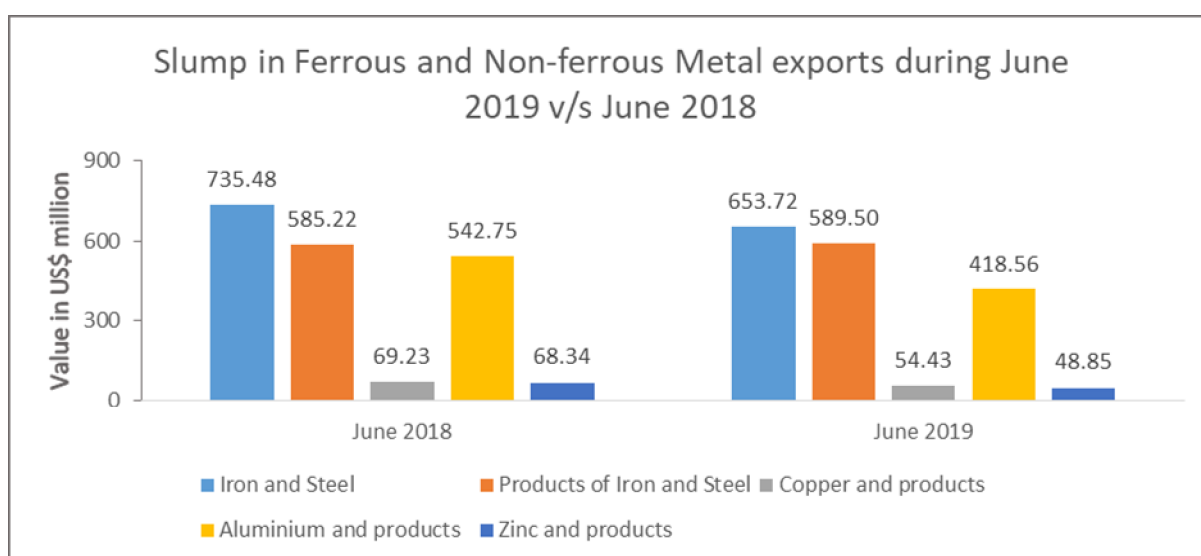
¹ <https://www.worldbank.org/en/publication/global-economic-prospects>

between major economies, sharper-than-expected slowdowns in major economies and renewed financial turmoil in several emerging markets would continue to depress global demand and make recovery slower. Negative export trend has been witnessed in a number of economies including US, Japan, EU, etc. China is also witnessing an overall sluggish trade due to the on-going tariff war with USA. China's June exports fell by 1.3% when compared to June 2018.

- b) Withdrawal of India from US- GSP benefits is also expected to show negative impact on India's exports given that USA is a major export destination. Experts opine that while India may have had opportunities of capturing key US market on the side-lines of the US-China trade war, withdrawal from US-GSP may have negative impact on that scope.
- c) The decline in June 2019 has also been on the account of the high export base of June 2018 which has been a remarkable period for Indian exports.
- d) Some heavy ticket exports products which have shown drastic fall both monthly as well as on cumulative basis are:
 - a. Exports of primary steel under Chapter 72: fell by 11.12% in June 2019 and 12.29% in April-June 2019
 - b. Exports of Copper and Copper products under Chapter 74: fell by 21.38% in June 2019 and 24.39% in April-June 2019
 - c. Exports of Aluminium and its products under Chapter 76: fell by 22.88% in June 2019 and 18.11% in April-June 2019
 - d. Exports of Zinc and products: fell by 28.52% in June 2019 and 36.14% in April-June 2019
 - e. Exports of Lead and its products: fell by 40.33% in June 2019 and 22.41% in April-June 2019

The cumulative impact of the fall in the above five product lines is USD 253.42 million for June 2019 and 714.94 million in April-June 2019.

Figure 2



Data for panels experiencing a decline in the month June 2019 vis-à-vis June 2018

Table 6: Chapter 72: Iron & Steel										
Month	Values in US\$ Million					Volume in '000 Metric tons				
	2017-18	2018-19	Growth (%)	2019-20	Growth (%)	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	900.36	837.85	-6.94	715.13	-14.65	1,286.78	1,018.92	-20.82	1,006.47	-1.22
May	787.41	776.79	-1.35	692.45	-10.86	1,118.11	887.05	-20.67		
June	691.32	735.22	6.35	653.72	-11.09	952.27	860.81	-9.6		
July	850.94	804.63	-5.44			1,337.84	973.33	-27.25		
August	895.7	1,053.20	17.58			1,300.25	1,390.23	6.92		
September	1,064.53	843.61	-20.75			1,573.40	1,060.93	-32.57		
October	941.68	755.77	-19.74			1,105.94	1,298.89	17.45		
November	1203.34	710.46	-40.96			1,798.01	873.76	-51.4		
December	1069.17	686.95	-35.75			1,520.10	886.88	-41.66		
January	916.07	816.34	-10.91			1,225.15	1,140.27	-6.93		
February	877.47	802.75	-8.51			1,135.12	1,164.31	2.57		
March	1014.38	906.9	-10.6			1264.94	1291.34	2.09		
Total	11212.4	9730.47	-13.22	2061.3		14,352.97	11,555.38	-19.49	1,006.47	

Table 7: Chapter 74: Copper and Products										
Month	Values in US\$ Million					Volume in '000 Metric tons				
	2017-18	2018-19	Growth (%)	2019-20	Growth (%)	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	208.75	109.54	-47.53	67.11	-38.73	33.06	15.12	-54.26	7.46	-50.66
May	241.27	66.38	-72.49	63.79	-3.90	37.94	7.35	-80.62		
June	285.15	69.22	-75.73	54.43	-21.37	46.05	7.03	-84.73		

July	261.6	55.51	-78.78		42.89	6.42	-85.04	
August	324.04	77.73	-76.01		46.69	9.35	-79.97	
September	345.68	95.73	-72.31		49.63	12.72	-74.37	
October	301.99	108.38	-64.11		44.01	15.32	-65.18	
November	302.29	113.35	-62.50		42.62	15.26	-64.20	
December	310.50	109.86	-64.62		43.37	15.29	-64.75	
January	321.91	75.44	-76.56		43.83	9.11	-79.22	
February	253.24	56.65	-77.61		36.41	5.93	-83.71	
March	324.85	127.43	-60.77		45.00	16.00	-64.45	
Total	3481.27	1065.22	-69.40	185.33	511.50	134.90	-73.63	7.46

Table 8: Chapter 79: Zinc and Products										
Month	Values in US\$ Million					Volume in '000 Metric tons				
	2017-18	2018-19	Growth (%)	2019-20	Growth (%)	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	56.73	79.65	40.40	44.18	-44.53	19.28	22.91	18.84	13.62	-40.55
May	54.36	69.39	27.65	45.79	-34.01	19.35	20.70	7.00		
June	61.62	68.34	10.91	48.85	-28.52	22.05	20.23	-8.23		
July	44.7	35.67	-20.20			15.45	11.19	-27.60		
August	50.39	30.59	-39.29			16.87	10.34	-38.67		
September	91.57	45.05	-50.80			26.43	16.71	-36.79		
October	86.6	29.62	-65.80			25.29	10.66	-57.83		
November	102.62	46.07	-55.11			29.41	15.42	-47.59		
December	110.29	48.85	-55.71			31.85	16.75	-47.42		
January	83.07	68.44	-17.61			23.51	24.22	3.01		

February	78.35	44.43	-43.29		21.22	14.88	-29.88	
March	135.37	36.86	-72.77		36.27	11.87	-67.27	
Total	955.67	602.96	-36.91	138.82	286.98	195.88	-31.74	13.62

Table 9: Chapter 76: Aluminium and Products										
Month	Values in US\$ Million					Volume in '000 Metric tons				
	2017-18	2018-19	Growth (%)	2019-20	Growth (%)	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	395.75	410.14	3.6%	407.91	-0.5%	164.35	163.31	-0.6%	178.78	9.47
May	291.4	512.52	75.9%	384.1	-25.1%	129.38	197.5	52.7%		
June	331.32	540.59	63.2%	418.56	-22.6%	147.6	207.71	40.7%		
July	341.04	473.28	38.8%			150.35	185.55	23.4%		
August	359.46	502.17	39.7%			156.97	198.46	26.4%		
September	451.66	492.31	9.0%			192.78	202.27	4.9%		
October	405.08	475.74	17.4%			170.3	200.96	18.0%		
November	420.6	467.29	11.1%			174.01	197.06	13.2%		
December	474.94	471.97	-0.6%			196.09	195.45	-0.3%		
January	437.08	461.33	5.5%			178.89	202.68	13.3%		
February	383.55	408.01	6.4%			152.94	178.03	16.4%		
March	519.83	487.93	-6.1%			197.78	208.88	5.6%		
Total	4811.71	5703.28	18.5%	1210.57		2011.44	2337.86	16.2%	178.78	

Reasons for the fall

Iron and Steel

- There was a fall in the exports by 10.9 % (i.e. US\$ 692.45 million) in June 2019 vis-à-vis June 2018 (US\$ 776.79 million). In cumulative terms it declined by 12.8 percent in April-June 2019 vis-à-vis April-June 2018. Steel exports in June 2019 declined by 3% when compared to April 2019.
- Decline in exports was witnessed in some of India's major export destinations including Indonesia (-67.3%), Spain (-51.63%), Korea (-31.49%), Netherlands (19.63%), Italy (11.79%) and Turkey (34.59%) in the month of June 2019 compared to June 2018.
- The fall in exports to the EU countries is on account of the Quota imposed by EU on 14 India steel products post September 2018. Thus, the base effect of this Quota on steel exports growth to EU countries will impact post September 2019 steel exports.
- Exports to China exhibited a healthy growth of 46.52% in June 2019 when compared to June 2018 which is a positive news. However, China is witnessing an overall sluggish trade due to the on-going tariff war with USA. China's June exports fell by 1.3% when compared to June 2018. If this trend continues it will have a declining impact on India's exports to China.
- In domestic front, higher input prices are also affecting the steel exports from India.

Copper and Copper products:

- There was a fall in the exports by 21.38 % in June 2019 vis-à-vis June 2018.
- Fall in exports have been witnessed in UK (12.2%), Germany (29.2%), Saudi Arabia (74.3%) etc. While exports to USA exhibited a marginal rise of 4.6% there was significant rise in exports to China (194.1%).
- The industry is still reeling from the impact of shutdown of the 400 KT, Tuticorin smelter of Sterlite which accounted for 40% of the country's copper smelting capacity, though the base effect has reduced the fall considerably.
- Furthermore recent reports by the industry show that China has stepped up domestic copper production (increase of almost 8% in 2018) due to which the country's demand for copper concentrate has increased drastically thereby creating pressure on the concentrate market. As per reports, China's import of copper concentrate increased by 13.7% in 2018 compared to 2017. Simultaneously, the copper concentrate production is expected to see a deficit in 2019 due to reduced production in several regions. For instance, Grasberg in Indonesia, world's second largest copper mine is having major production problems due to changes in rules by the government. On the other hand Chile's Codelco, the world's top copper mine reported an 18% y-o-y drop in its first

quarter copper production. Therefore, rising copper concentrate demand by Chinese and globally falling production of the same is creating issues for Indian copper producers.

- Also imposition of export tax by Indonesia is making our imports expensive. Indonesia is an FTA partner of India under India – ASEAN FTA and the Government should take up this issue at G2G level.
- Additionally the 2.5% duty on the copper concentrate is leading to inverted duty structure. Government could consider removal of this duty in order to help the industry becoming globally competitive.
- In the domestic front the copper wire industry is reeling from the impact of inverted duty as the basic input that copper cathode can be imported in India at 5% whereas the final product can be imported duty free under India-ASEAN FTA. .

Aluminium and Aluminium Products

- There was a fall in exports by 22.88% in June 2019 when compared to June 2018.
- Aluminium exporters of primary products like ingots say that the fall is due to the US market being impacted as supplies from Canada and Mexico, who are no longer impacted by Section 232, are displacing Indian exports while domestic regulations in US are making it difficult for India to exports Aluminium products.
- Significantly, global prices of Aluminium too have fallen which further disincentives exports from the country.

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 June 2019 over June 2018 in absolute value.

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

Country	June 2018	June 2019	Growth (%)	April-June 2018-19	April-June 2019-20	Growth (%)
U S A	913.0	990.5	8.5	2775.8	2921.1	5.2
UAE	292.4	333.8	14.2	1678.2	1695.7	1.0
SINGAPORE	226.4	281.5	24.3	709.4	1065.3	50.2
GERMANY	282.1	274.8	-2.6	839.5	789.8	-5.9
NEPAL	238.1	235.5	-1.1	756.5	684.8	-9.5
U K	282.8	200.6	-29.1	704.0	631.6	-10.3

Country	June 2018	June 2019	Growth (%)	April-June 2018-19	April-June 2019-20	Growth (%)
BANGLADESH	213.4	188.7	-11.6	650.8	631.4	-3.0
MEXICO	266.0	219.1	-17.6	762.8	620.0	-18.7
MALAYSIA	104.6	152.7	46.0	262.9	616.1	134.3
KOREA RP	161.5	165.2	2.2	527.1	503.3	-4.5
ITALY	194.4	154.1	-20.8	598.6	490.5	-18.1
CHINA	145.0	139.1	-4.1	446.8	456.3	2.1
THAILAND	140.0	125.8	-10.1	349.2	407.1	16.6
INDONESIA	163.7	139.4	-14.8	441.1	405.4	-8.1
SOUTH AFRICA	119.6	138.6	15.9	576.8	385.3	-33.2
NIGERIA	116.5	130.0	11.6	312.6	367.2	17.4
CYPRUS	0.5	0.7	25.2	2.6	352.3	13432.6
FRANCE	122.0	102.2	-16.3	343.9	334.4	-2.7
SAUDI ARAB	92.5	93.5	1.1	364.0	294.6	-19.1
VIETNAM	75.0	85.0	13.2	198.8	289.1	45.4
JAPAN	120.8	93.3	-22.7	332.7	263.0	-20.9
BELGIUM	115.5	80.5	-30.3	501.8	258.2	-48.5
BRAZIL	87.5	88.4	1.0	250.1	255.4	2.1
SRI LANKA	147.4	97.8	-33.7	320.5	252.8	-21.1
TURKEY	181.6	76.3	-58.0	557.2	241.3	-56.7
Top 25 Countries Total	4802.3	4587.0	-4.5	15263.7	15211.9	-0.3
Grand Total	6512.3	6362.0	-2.3	20460.9	20082.0	-1.9
Share % Total Engineering	73.7	72.1		74.6	75.7	

Country	June 2018	June 2019	Growth (%)	April-June 2018-19	April-June 2019-20	Growth (%)
Exports						

Note: Red font indicates negative growth

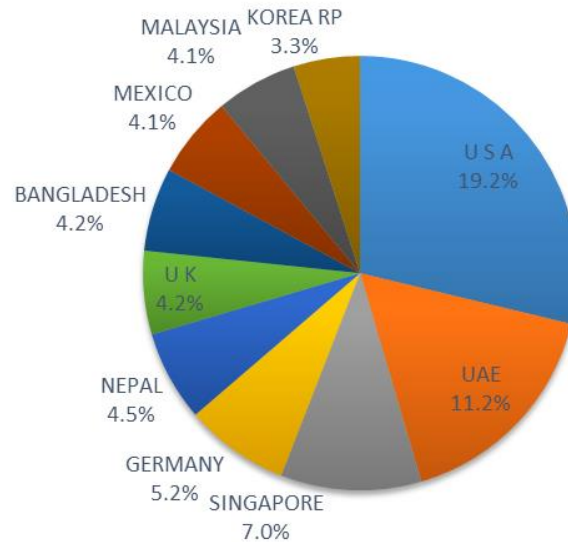
(Source: Department of Commerce, Government of India)

The country wise engineering export figures for June 2019 show the following facts:

- ❖ In most of the 25 countries, we witness uneven growth pattern over last month performance.
- ❖ The termination of US GSP on June 5, 2019 does not seem to have an overly negative impact on Indian exports, at least in June 2019. This could be because exports have already been contracted out and the margins lost may have been shared by both the exporters and importers. We will need to monitor the trend in the next few months. USA retained its numero uno position, being the top exporting destination for India's engineering products during June 2019 over June 2018 as well as for April-June 2019 over April-June 2018, registering a positive growth rate.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Malaysia once again recorded the highest growth during April-June 2019 over April-June 2018. Like the previous period barring Indonesia, all the other four countries – Singapore, Malaysia, Thailand and Vietnam recorded positive cumulative growth during April-June 2019 over April-June 2018.
- ❖ India's engineering exports to Cyprus recorded the highest positive cumulative growth once again during April-June 2019 over April-June 2018.
- ❖ All the European nations falling under the top 25 engineering exports destinations, recorded negative growth during April-June 2019 over April-June 2018.
- ❖ India's engineering exports to China continued to recorded positive cumulative growth during April-June 2019 over April-June 2018, after a prolonged hiatus.
- ❖ India's engineering exports to its top 25 nations accounted for 75.7 per cent of India's total engineering exports in April-June 2019, which is marginally higher than its share in the April-June 2018.
- ❖ India's engineering exports to its top 25 destinations during April-June 2019 over April-June 2018 recorded a negative growth in line with the negative growth in India's total global engineering exports during the same period.

We present a pie chart showing the top nations comprising of more than 65 percent share within the top 25 exporting destinations of India’s global engineering exports during April-June 2019

Figure 3: Share% of India’s top exporting destinations in April-June 2019



Source: EEPC India analysis

6. Regional distribution of engineering exports

We now look at the regional distribution of engineering exports for April-June 2019 as opposed to April-June 2018. Table 7 gives this picture:

Table -7: Region wise exports trend

US\$ million

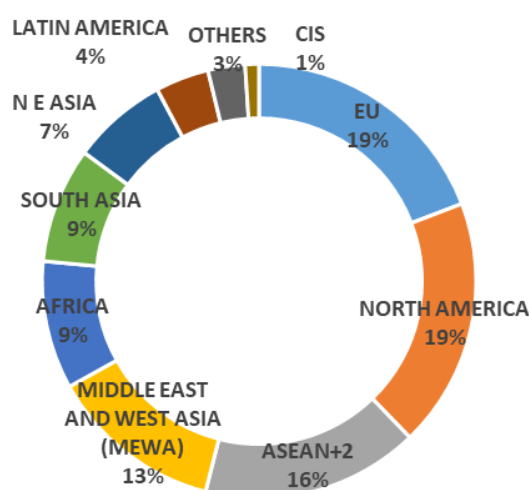
Regions	June 2018	June 2019	Growth (%)	April-June 2018-19	April-June 2019-20	Growth (%)
EU	1379.83	1144.08	-17.09	4247.59	3855.34	-9.23
NORTH AMERICA	1240.52	1272.32	2.56	3742.01	3732.10	-0.26
ASEAN+2	860.80	936.98	8.85	2448.13	3253.00	32.88
MIDDLE EAST AND WEST ASIA (MEWA)	643.71	628.79	-2.32	2933.82	2600.46	-11.36

AFRICA	648.63	637.30	-1.75	2001.31	1917.43	-4.19
SOUTH ASIA	656.08	569.29	-13.23	1885.06	1728.60	-8.30
N E ASIA	509.83	467.62	-8.28	1535.14	1432.88	-6.66
LATIN AMERICA	301.57	294.88	-2.22	842.76	799.79	-5.10
OTHERS	210.07	336.67	60.27	654.64	555.01	-15.22
CIS	61.26	74.05	20.87	170.48	207.37	21.64
Grand Total	6512.31	6361.98	-2.31	20460.93	20081.98	-1.85

(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 April-June 2019



(Source: EEPC India analysis)

- ❖ EU ranked the region with highest shipment of engineering products from India during April-June 2019 over April-June 2018 with a share of 19.2 percent of total engineering exports.
- ❖ India's exports to ASEAN+2 recorded highest positive growth during April-June 2019 over April-June 2018.

- ❖ India's exports to North America and ASEAN+2 ranked second and third in global shipments of Indian engineering goods in April-June 2019 with a share of 18.6 percent and 16.2 percent of total engineering exports respectively.
- ❖ Like before barring ASEAN+ 2 and CIS, all the other major regions recorded negative cumulative growth in exports of engineering products from India during April-June 2019 over April-June 2018.

7. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during June 2019. We have taken the major panels and computed the top importers and sharp declines to get an idea of the current trade pattern. (Tables 13-21)

Table 13: Export of Iron & Steel

US\$ Million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL-JUNE 2018	APRIL-JUNE 2019	Growth (%)
Top Five Importers						
NEPAL	101.43	106.57	5.07	306.96	283.51	-7.64
UAE	46.34	68.24	47.25	138.05	178.97	29.64
VIETNAM	27.82	22.09	-20.60	51.36	129.55	152.22
ITALY	41.81	36.88	-11.79	197.28	118.46	-39.95
CHINA	23.78	34.85	46.52	61.99	111.37	79.65
High cumulative growth						
OMAN	3.16	10.87	244.20	10.36	41.54	300.94
VIETNAM	27.82	22.09	-20.60	51.36	129.55	152.22
CHINA	23.78	34.85	46.52	61.99	111.37	79.65
RUSSIA	7.23	11.92	64.88	20.71	30.02	44.98
MALAYSIA	18.39	20.55	11.72	56.07	76.26	36.00
BANGLADESH	18.85	24.17	28.22	67.96	92.26	35.76
U A E	46.34	68.24	47.25	138.05	178.97	29.64
Sharp cumulative decline						
INDONESIA	26.97	8.82	-67.30	77.12	30.97	-59.85
TAIWAN	10.68	11.02	3.24	61.67	31.64	-48.69
SPAIN	17.93	8.67	-51.63	83.79	44.23	-47.21
KOREA	34.88	23.90	-31.49	130.47	73.71	-43.51
NETHERLAND	13.23	10.63	-19.63	48.58	27.89	-42.59
ITALY	41.81	36.88	-11.79	197.28	118.46	-39.95
TURKEY	13.56	8.87	-34.59	43.36	27.19	-37.28

(Source: Department of Commerce, Government of India)

- ❖ Nepal, UAE and Vietnam were the three top three importers of Indian Iron and Steel during April-June 2019 with market shares of 13.75 percent, 8.68 percent and 6.28 percent respectively.
- ❖ Oman, Vietnam, China, Russia and Malaysia recorded more than 35 percent year-on-year growth in exports of Indian Iron and Steel during April-June 2019-20 compared to April-June 2018-19.
- ❖ Indonesia, Taiwan, Spain, Korea and Netherland experienced sharp downfall to the extent of more than 40% drop in exports during April-June 2019-20 compared to same period last fiscal.

Table 14: Export of Products of Iron & Steel

US\$ Million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL-JUNE 2018	APRIL-JUNE 2019	Growth (%)
Top Five Importers						
U S A	127.50	146.47	14.87	378.28	422.53	11.70
UAE	34.56	33.64	-2.65	125.41	112.65	-10.17
GERMANY	33.74	33.69	-0.13	100.19	96.41	-3.78
U K	23.64	25.48	7.80	71.10	74.23	4.40
CANADA	20.26	19.59	-3.31	60.20	58.58	-2.68
High cumulative growth						
MALAYSIA	3.20	2.80	-12.73	8.90	12.72	42.89
PHILIPPINES	2.14	2.24	4.69	7.76	10.15	30.89
CHINA	5.54	5.97	7.69	14.92	18.37	23.08
FRANCE	12.79	14.43	12.85	37.09	42.75	15.26
SAUDI ARABIA	10.78	14.64	35.74	37.78	42.23	11.77
U S A	127.50	146.47	14.87	378.28	422.53	11.70
Sharp cumulative decline						
IRAQ	17.99	0.49	-97.25	18.76	1.47	-92.18
TANZANIA	17.68	2.43	-86.24	25.97	8.05	-69.00
OMAN	10.07	7.10	-29.47	25.24	14.86	-41.13
QATAR	11.78	7.68	-34.80	40.00	25.57	-36.06
KUWAIT	5.05	3.42	-32.18	15.70	10.69	-31.90
SINGAPORE	6.14	4.35	-29.06	17.23	12.00	-30.32
BRAZIL	8.63	5.49	-36.39	22.83	16.28	-28.68

(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-June 2019-20 with 25.1 percent, 6.7 percent and 5.7 percent shares respectively in India's global import of the same.
- ❖ Malaysia, Philippines and China experienced more than 20% growth in import of 'Products of Iron and Steel' during April- June 2019-20.
- ❖ Iraq, Tanzania, Oman, Qatar and Kuwait conceded substantial decline in imports by more than 30% for the said product group from India during April-June 2019.

Table 15: Export of Industrial Machinery

US\$ Million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL- JUNE 2018	APRIL- JUNE 2019	Growth (%)
Top Five Importers						
U S A	195.12	183.09	-6.16	569.07	547.99	-3.70
THAILAND	50.03	53.97	7.87	110.66	172.90	56.25
BANGLADESH	49.06	48.44	-1.25	150.70	165.33	9.70
GERMANY	53.89	53.59	-0.56	151.72	158.85	4.70
CHINA	44.26	48.81	10.28	137.40	132.42	-3.63
High cumulative growth						
KOREA	11.65	21.58	85.28	34.47	60.44	75.35
THAILAND	50.03	53.97	7.87	110.66	172.90	56.25
NIGERIA	29.51	34.01	15.25	93.59	121.18	29.47
JAPAN	10.06	15.62	55.35	29.56	37.38	26.45
FRANCE	24.70	20.42	-17.32	62.93	78.64	24.97
EGYPT	19.24	27.56	43.22	55.90	66.00	18.07
U A E	30.71	36.43	18.63	103.35	121.81	17.86
OMAN	9.87	11.77	19.23	37.18	42.93	15.48
Sharp cumulative decline						
IRAN	25.16	6.53	-74.06	54.02	14.66	-72.87
ALGERIA	10.35	3.85	-62.80	28.52	14.28	-49.93
TURKEY	42.78	25.48	-40.44	137.29	76.61	-44.20
SPAIN	17.04	14.94	-12.31	68.08	52.37	-23.08
SAUDI ARABIA	34.12	20.29	-40.53	89.17	70.18	-21.30
NETHERLAND	16.44	17.81	8.36	53.41	42.66	-20.13
KENYA	16.62	10.10	-39.21	40.61	32.80	-19.23
SRI LANKA	14.40	11.50	-20.13	38.20	31.93	-16.42

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April-June 2019-20 with 16.2 percent share in India's global import of the product group. Thailand and

Bangladesh were the two immediate followers of USA with 5.1 percent and 4.9 percent shares respectively.

- ❖ Korea, Thailand, Nigeria, Japan and France were among the major importing nations witnessed highest growths in imports of Industrial machinery from India during April-June 2019-20 over the same period last fiscal.
- ❖ Among the major importers, Iran, Algeria, Turkey, Spain, Saudi Arabia and Netherlands recorded over 20 percent year-on-year declines in imports during April-June 2019-20.

Table 16: Automobiles

US\$ Million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL- JUNE 2018	APRIL- JUNE 2019	Growth (%)
Top Five Importers						
MEXICO	132.88	121.54	-8.53	421.76	350.97	-16.78
SOUTH AFRICA	65.34	89.64	37.19	220.43	233.34	5.86
U S A	70.35	54.19	-22.96	276.02	222.46	-19.40
NIGERIA	34.36	43.87	27.67	86.64	117.62	35.76
BANGLADESH	39.77	33.87	-14.84	128.26	108.77	-15.20
High cumulative growth						
ISRAEL	1.81	7.02	287.33	2.45	38.52	1472.65
VIETNAM	0.00	11.98	-	2.71	27.22	904.86
KUWAIT	3.25	6.54	101.51	4.67	15.45	230.54
SAUDI ARABIA	13.54	31.70	134.06	36.44	86.51	137.37
ITALY	10.09	17.42	72.71	34.52	71.45	106.97
ALGERIA	13.53	7.06	-47.83	41.15	80.69	96.07
CONGO	5.85	6.56	12.19	11.92	18.15	52.33
NIGERIA	34.36	43.87	27.67	86.64	117.62	35.76
Sharp cumulative decline						
ARGENTINA	5.45	0.54	-90.15	22.04	2.70	-87.77
BELGIUM	9.46	0.52	-94.53	24.87	4.12	-83.45
EGYPT	13.70	1.67	-87.84	35.30	9.29	-73.68
AUSTRALIA	9.50	2.60	-72.64	24.99	8.01	-67.95
ECUADOR	5.63	2.21	-60.76	24.67	9.02	-63.42
SRI LANKA	70.96	19.04	-73.16	133.18	56.47	-57.60
CANADA	10.80	1.46	-86.51	38.35	17.24	-55.04
U K	29.27	10.70	-63.46	49.13	26.78	-45.49

(Source: Department of Commerce, Government of India)

Automobiles include Motor Vehicles/cars and Two and Three Wheelers

- ❖ Mexico, South Africa and USA were top three importers of India's Automobiles during April-June 2019-20 with 14.2, 9.4 and 8.9 percent share in India's global exports respectively over the same period last fiscal.
- ❖ Israel, Vietnam, Kuwait, Saudi Arabia and Italy recorded over 100 percent growth in imports of the product group from India during April-June 2019-20 over the same month last fiscal.
- ❖ Countries like Argentina, Belgium, Egypt, and Australia saw their imports of automobile lower by more than 65% during April-June 2019-20 compared to same period last fiscal.

Table 17: Export of Non-Ferrous metals

US\$ Million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL- JUNE 2018	APRIL- JUNE 2019	Growth (%)
Top Five Importers						
KOREA	95.08	100.37	5.56	308.30	297.81	-3.40
U S A	89.67	87.79	-2.10	250.26	231.44	-7.52
MALAYSIA	40.78	63.12	54.79	80.77	207.41	156.80
CHINA	4.84	16.84	247.62	60.79	92.02	51.36
TAIWAN	22.53	28.70	27.40	58.94	69.83	18.47
High cumulative growth						
SINGAPORE	1.34	10.60	690.75	2.98	31.91	971.87
EGYPT	0.88	11.30	1188.38	2.72	13.27	388.58
MALAYSIA	40.78	63.12	54.79	80.77	207.41	156.80
POLAND	1.74	2.45	40.69	5.42	11.48	111.92
OMAN	3.50	7.32	109.00	9.72	20.40	109.93
CHINA	4.84	16.84	247.62	60.79	92.02	51.36
Sharp cumulative decline						
GREECE	3.45	0.20	-94.10	56.89	0.79	-98.61
BULGARIA	3.55	0.15	-95.80	30.45	0.48	-98.43
TURKEY	55.05	4.06	-92.62	192.01	9.94	-94.82
MEXICO	69.02	14.85	-78.49	139.01	47.06	-66.15
ITALY	50.05	19.27	-61.50	93.73	47.30	-49.53
SPAIN	17.78	4.83	-72.85	52.90	29.08	-45.02
NETHERLAND	25.41	10.95	-56.91	53.17	29.66	-44.23
VIETNAM	9.12	8.23	-9.82	33.55	19.08	-43.13

(Source: Department of Commerce and CSO)

- ❖ Korea, USA and Malaysia were the top three importers of India's Non-ferrous metals and products' during April-June 2019-20 with 16.7 percent, 12.9 percent and 11.6 percent shares respectively in India's global import of the same.
- ❖ Singapore, Egypt, Malaysia, Poland and Oman experienced more than 100% growth in import of Non-ferrous metals and products ' during April-June 2019-20.
- ❖ Greece, Bulgaria, Turkey and Mexico conceded substantial decline in imports by more than 60% for the said product group from India during April-June 2019-20 vis-à-vis same period last fiscal.

Table 18: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL- JUNE 2018	APRIL- JUNE 2019	Growth (%)
Top Five Importers						
U S A	129.04	201.97	56.51	410.78	592.63	44.27
GERMANY	90.86	80.94	-10.92	259.40	243.57	-6.10
U K	50.56	55.32	9.42	130.22	201.12	54.45
SINGAPORE	55.54	36.21	-34.81	131.49	136.55	3.85
FRANCE	26.86	13.75	-48.80	60.37	59.20	-1.95
High cumulative growth						
MEXICO	2.62	17.94	586.03	21.32	44.74	109.81
KOREA	6.01	2.77	-53.95	11.71	24.10	105.76
NIGERIA	4.70	12.18	159.36	17.98	31.92	77.60
U K	50.56	55.32	9.42	130.22	201.12	54.45
POLAND	5.65	11.08	96.10	17.16	26.26	53.05
U S A	129.04	201.97	56.51	410.78	592.63	44.27
Sharp cumulative decline						
CHINA	46.86	9.14	-80.50	103.79	27.78	-73.23
JAPAN	28.23	8.00	-71.65	62.17	21.14	-66.00
CANADA	2.13	3.43	61.03	18.17	9.26	-49.06
INDONESIA	10.72	3.08	-71.23	20.79	12.41	-40.30
BELGIUM	44.82	13.15	-70.65	81.95	48.96	-40.26
NETHERLAND	7.79	5.94	-23.74	22.26	14.93	-32.95
TURKEY	18.78	3.98	-78.82	33.46	22.97	-31.36

(Source: Department of Commerce and CSO)

- ❖ USA, Germany and UK were the three top importers of Indian Electrical Machinery and Components during April-June 2019-20 with market shares of 27.25 percent, 11.2 percent and 9.25 percent respectively. Out of these top three importers, Germany and

France experienced a drop in imports during April-June 2019-20 compared to April-June 2018-19.

- ❖ Mexico and Korea recorded more than 100% growth in imports from India during April-June 2019-20 vis-a-vis April-June 2018-19. Nigeria, UK and Poland recorded more than 50 percent growth in imports of India's Electrical Machinery and Components during April-June 2019-20 when compared with April-June 2018-19.
- ❖ China experienced the sharp decline in its imports (73.23%) in April-June 2019-20 when compared to April-June 2018-19. It is also the case for Japan and Canada which experienced more than 45 percent drop.

Table 19: Export of Aircrafts and Space crafts

US\$ million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL- JUNE 2018	APRIL- JUNE 2019	Growth (%)
Top Five Importers						
U S A	45.82	41.29	-9.88	143.55	124.46	-13.30
U K	39.82	19.96	-49.89	79.72	46.93	-41.14
FRANCE	22.16	10.68	-51.79	69.51	33.98	-51.12
SINGAPORE	27.96	8.42	-69.87	78.14	26.49	-66.10
MALAYSIA	4.45	5.69	27.77	10.75	13.60	26.58
High cumulative growth						
SPAIN	0.13	0.33	165.83	0.46	0.96	110.64
ISRAEL	0.59	2.50	324.48	5.41	9.92	83.33
MEXICO	0.40	0.88	119.82	1.35	2.09	54.75
DENMARK	0.21	0.50	134.37	0.44	0.67	49.76
PHILIPPINES	0.34	0.52	51.84	1.14	1.52	34.19
MALAYSIA	4.45	5.69	27.77	10.75	13.60	26.58
SWEDEN	0.73	0.67	-7.85	2.76	3.26	18.45
Sharp cumulative decline						
SEYCHELLES	19.63	0.01	-99.95	19.63	0.05	-99.73
BELGIUM	0.31	0.02	-92.46	11.31	1.18	-89.59
SWITZERLAND	0.87	0.73	-15.82	14.03	3.25	-76.84
GERMANY	8.98	5.29	-41.09	41.41	13.19	-68.16
SINGAPORE	27.96	8.42	-69.87	78.14	26.49	-66.10
FRANCE	22.16	10.68	-51.79	69.51	33.98	-51.12
RUSSIA	1.57	0.26	-83.41	7.52	3.95	-47.46
U K	39.82	19.96	-49.89	79.72	46.93	-41.14

(Source: Department of Commerce and CSO)

- ❖ USA, UK and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April-June 2019-20 with around 39.57, 14.92 and 10.8 percent shares respectively in India's total global exports of the product.
- ❖ Spain, Israel and Mexico registered substantial growths of more than 50% in import of the product group from India during April-June 2019 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Seychelles, Belgium, Switzerland, Germany, Singapore and France dropped more than 50 percent on a year-on-year basis during April-June 2019-20 when compared to April-June 2018-19.

Table 20: Export of Ships, Boats and Floating Structures and parts

US\$ million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL- JUNE 2018	APRIL- JUNE 2019	Growth (%)
Top Five Importers						
UAE	96.65	93.17	-3.60	1046.69	948.06	-9.42
SINGAPORE	88.37	172.03	94.67	351.40	714.44	103.31
CYPRUS	0.00	0.00	-	0.00	349.98	-
MALAYSIA	0.00	21.73	-	0.00	191.33	-
INDONESIA	17.48	28.08	60.60	37.07	89.70	142.00
High cumulative growth						
BHUTAN	0.00	0.00	-	0.00	0.01	1275.97
DENMARK	0.00	0.00	-	0.01	0.05	476.83
MAURITIUS	0.00	0.00	-	1.85	5.89	218.33
INDONESIA	17.48	28.08	60.60	37.07	89.70	142.00
SINGAPORE	88.37	172.03	94.67	351.40	714.44	103.31
AUSTRALIA	0.01	0.01	57.76	0.01	0.01	62.54
Sharp cumulative decline						
BELGIUM	0.00	0.00	-	150.05	0.00	-100.00
NIGERIA	24.87	0.00	-100.00	24.87	0.00	-100.00
OMAN	0.00	0.00	-	187.76	0.00	-100.00
QATAR	28.01	0.00	-100.00	29.01	0.00	-100.00
SOUTH AFRICA	0.00	0.00	-	198.48	0.00	-100.00
SAUDI ARABIA	0.00	0.02	-	104.60	4.71	-95.49
BANGLADESH	0.00	0.00	-	20.07	2.39	-88.09

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, Singapore and Cyprus became the largest importer of ships, boats and floating structures followed by Malaysia and Indonesia. Their respective shares are 36.1 percent, 27.2 percent, 13.3 percent, 7.28 percent and 3.41 percent.
- ❖ Imports to Cyprus and Malaysia recorded significantly large increase as they had practically no import in April-June 2018.
- ❖ However, sharp decline was noticed in exports to Saudi Arabia and Bangladesh. In fact exports to these countries have been less than US\$ 5 million in April-June 2019-20. Whereas the exports dropped to zilch for Belgium, Nigeria, Oman, Qatar and South Africa.

Table 21: Export of Auto Components
US\$ Million

COUNTRY	JUNE 2018	JUNE 2019	Growth (%)	APRIL- JUNE 2018	APRIL- JUNE 2019	Growth (%)
Top Five Importers						
U S A	95.03	110.94	16.74	289.94	314.32	8.41
BRAZIL	25.63	24.12	-5.92	71.86	72.76	1.26
BANGLADESH	29.96	20.37	-32.00	80.21	64.89	-19.10
GERMANY	20.47	21.53	5.17	60.99	63.10	3.44
TURKEY	33.91	19.81	-41.58	101.34	60.21	-40.59
High cumulative growth						
SAUDI ARABIA	0.55	0.98	79.16	2.45	5.56	126.53
PERU	1.53	2.02	32.02	3.61	6.92	91.65
MALAYSIA	1.93	2.39	23.42	5.75	9.80	70.60
U A E	11.80	16.89	43.16	26.41	44.17	67.24
PHILIPPINES	2.21	4.68	111.40	8.40	13.58	61.74
CZECH REPUBLIC	1.51	2.12	40.07	4.61	7.02	52.51
CHILE	1.47	2.42	64.90	4.52	6.57	45.26
KOREA	3.97	6.04	52.03	11.36	16.32	43.56
Sharp cumulative decline						
MYANMAR	2.36	1.28	-45.70	8.75	4.32	-50.70
TURKEY	33.91	19.81	-41.58	101.34	60.21	-40.59
SRI LANKA	8.16	4.48	-45.12	18.06	12.40	-31.37
KENYA	1.93	1.96	1.81	5.94	4.17	-29.83
NETHERLAND	2.95	2.07	-29.76	8.50	6.56	-22.88
JAPAN	12.78	13.99	9.46	50.41	39.19	-22.26
SPAIN	4.19	3.27	-22.02	14.50	11.49	-20.71

(Source: Department of Commerce and CSO)

- ❖ USA remained the top importer of auto components in April-June 2019-20 with a share of 23.37 percent. It is followed by Brazil, Bangladesh, Germany and Turkey with respective shares of 5.4 percent, 4.8 percent, 4.7 percent and 4.8 percent.
- ❖ Saudi Arabia, Peru and Malaysia recorded maximum increase of more than 70 percent in imports from April-June 2019-20 when compared to April-June 2018-19
- ❖ However, Myanmar, Turkey and Sri Lanka recorded significant decline of more than 30 percent in April-June 2019-20 when compared to April-June 2018-19.
- ❖

7. Import Analysis of Engineering Goods

India's Engineering imports during June 2019 were valued at US\$ 7828 million compared to US\$ 8890.9 million in June 2018 recording a negative growth of 12 percent in dollar terms.

Cumulative engineering imports during Apr-June 2019-20 was recorded at US\$ 24.85 billion as against US\$ 25.57 billion during the same period last fiscal registering fall of 2.8 percent.

Engineering imports for the year 2018-19 was recorded at US\$ 104.2 billion as against US\$ 93.9 billion during 2017-18 and US\$ 81.83 billion in 2016-17 registering a cumulative growth of 10.9 and 11.6% respectively.

The share of engineering imports in India's total merchandise imports in June 2019 is similar to that during June 2018 estimated at 19.6%.

The monthly engineering import figures for fiscal June 2019 vis-à-vis June 2018 is depicted below as per the latest availability of figure:

**Table 22: Engineering Imports
(US\$ Million)**

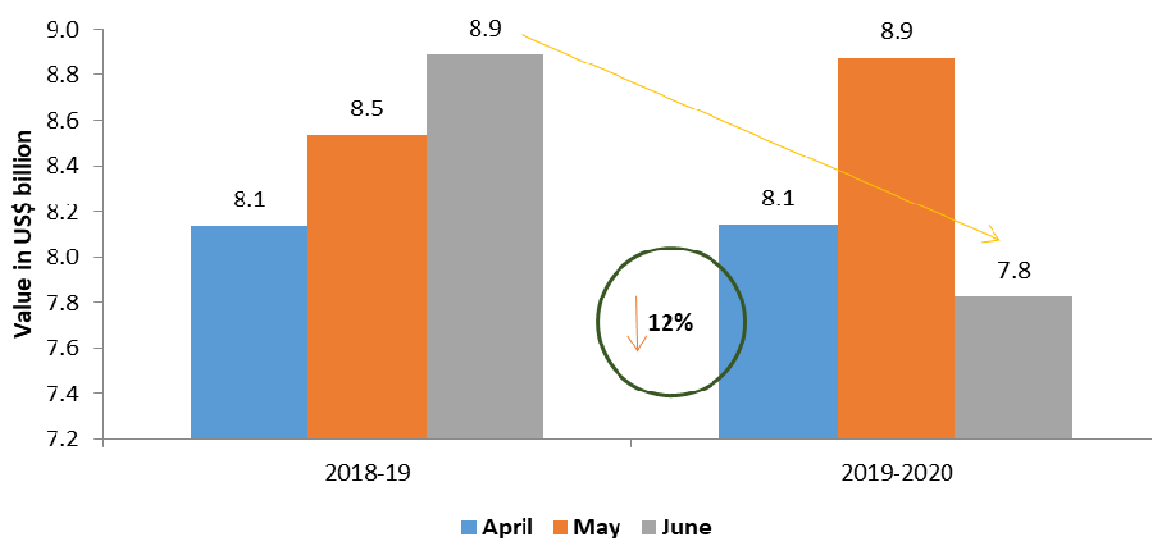
Months	2018-19	2019-20	Growth (%)
Apr	8139.45	8143.84	0.1
June	8536.0	8875.2	4.0
June	8890.89	7827.95	-12.0

(Source: Department of Commerce, Government of India)

Figure 5 below depicts the monthly trend in engineering imports for June 2019 and June 2018

Figure 5: Trend in Monthly Engineering Imports (In US\$ billion) for 2018-19

Monthly Engineering Imports for 2019-20 vis-a-vis 2018-19



(Source: EEPC India analysis)

8. Trend in two-way engineering trade

We now present the trend in two way yearly trade for the engineering sector from 2014-15 to 2018-19 as well as the first three months of the current fiscal 2019-20 depicted in the table below:

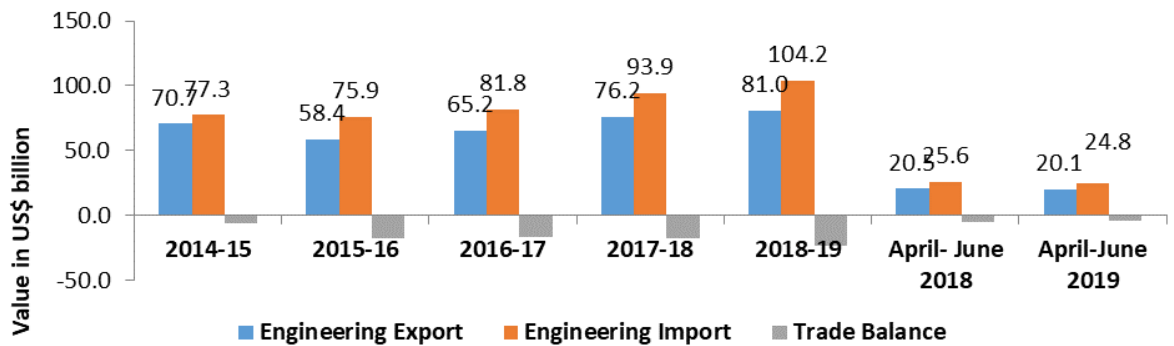
Table 23: Engineering Trade
(US\$ Million)

	2014-15	2015-16	2016-17	2017-18	2018-19	Growth %	April-June 2018	April-June 2019	Growth %
Engineering Export	70661.2	58351.58	65239.19	76199.33	81017.29	6.3	20460.93	20081.98	-1.9
Engineering Import	77279.45	75859.72	81834.75	93897.2	104163	10.9	25566.34	24846.99	-2.8
Trade Balance	-6618.25	-17508.14	-16595.6	-17697.9	-23145.7		-5105.4	-4765.0	

(*) Figures for 2016-17 both the Engineering Export and Import values are updated as per latest Quick Estimate values

Figure 6 below depicts the yearly trend in engineering trade from 2014-15 to 2018-19 as well as April-June 2019-20 of the current fiscal

Figure 6: Trend in Monthly Engineering Trade (In US\$ Billion)



9. Summary on global trends

After showing somewhat optimistic performance in the first quarter (Q1) of 2019, global economic activity has been losing pace after as apprehended, reflecting further slowdown in trade and manufacturing activities. Among the developed economies, US saw its best first quarter in last four years with 3.2 percent growth supported by higher government spending, increase in private investment and lower imports. However, factory activity and retail sales moderated in April. The recent drop in import volumes may cause a disruption in global value chains and lead to weaker export and investment growth in the coming quarters. Economic activity in the Euro area has remained weak with 1.5 percent year-on-year growth in Q1 due to muted industrial activity and weak business confidence. Leading indicators point to a further slowdown in the Euro area in Q2. In the UK, GDP growth for Q1 picked up on high retail sales and government expenditure. However, the outlook is clouded by uncertainty relating to global trade tension and Brexit. The Japanese economy accelerated in Q1 on net exports gains and increased public investment. In April, industrial production improved, while retail sales fell. Economic activity has slowed in many emerging market economies during Q1 of 2019, the Chinese economy grew at the same pace as in the previous quarter, but that was slightly better than expectations. However, data on industrial production and retail sales suggest that the growth momentum may weaken in Q2. The Russian economy, which had shown some signs of recovery in Q4:2018, weakened in Q1 on muted domestic activity and trade. Economic activity in South Africa contracted in Q1 led mainly by a sharp decline in manufacturing activity. Brazil's economy contracted in Q1 for the first time since 2016 and there are fears that it could return to recession.

(Source: RBI)

10. Conclusion

Both merchandise as well as engineering exports from India conceded drop in exports during the month of June 2019 and also on a cumulative basis during the first quarter of the ongoing fiscal. However, it can be said that engineering exports outperformed the broader merchandise export as the former recorded lower decline at 2.31 percent as compared to 9.71 percent decline in merchandise exports during June 2019. This fall in exports was led mainly by year-on-year decline in shipments of major exported product groups like Iron and Steel, Aluminium and products, Industrial machinery, Electrical machinery and Automobiles. On a cumulative basis, all these major exported product groups saw decline in shipment other than Electrical machinery. It seems that external factors like US-China tariff war, protectionist policies adopted by several developed regions like Europe and the US, withdrawal of GSP benefit to Indian exporters by the US and growing geopolitical disputes in the Middle East. The impact of protectionist policies adopted by both EU and US was apprehended to increase cross-dumping in other regions and create further pressure on Indian exporters. The impact is already witnessed in the slowing imports of ferrous and non-ferrous metals. WTO in its quarterly World Trade Outlook report projected global merchandise exports growth to fall from 3.9% in 2018 to 3.7% in 2019.

Bach home, factors like somewhat high cost of procuring inputs and high ocean freight rate have been affecting the profitability of the exporters since months. Shutdown of the Sterlite factory have affected the production and consequently export of various products. Frequent fluctuations in Rupee due to the continuing global disputes is also a cause of concern for the exporters. In addition, lack of adequate credit flow to the export sector is also leading to fund crisis for the exporters.

