

Engineering Export-Import Monitor

August 2019



Engineering the future

EEPCINDIA
ENGINEERING THE FUTURE

Analysis of Indian engineering exports and imports for August 2019

Overall Scenario

India's merchandise exports dropped by 6.05% in Aug 2019

- ❖ Merchandise exports from India declined by 6.05 percent year-on-year during August 2019, its second decline after June 2019 in fiscal 2019-20 as global slowdown led to slackening of demand from overseas. In rupee terms also, exports registered a fall of 3.89 percent in the reporting month.
- ❖ During August 2019, merchandise exports stood at US\$ 26.13 billion as compared to a higher US\$ 27.81 billion in the same month last fiscal.
- ❖ Cumulative merchandise exports during April-August 2019-20 also recorded a negative growth of 1.53 percent in Dollar terms as it dropped to US\$ 133.54 billion from US\$ 135.62 billion during April-August 2018-19.
- ❖ In rupee terms however, Cumulative exports recorded 1.18 percent growth.
- ❖ Merchandise imports registered deeper decline at 13.45 percent year-on-year in August 2019 as against 10.43 percent in July 2019. Imports in August 2019 slumped to US\$ 39.58 billion from US\$ 45.73 billion in August 2018. In Rupee terms, imports were 11.46 percent lower over the same month last fiscal.
- ❖ Cumulative value of imports for the period April-August 2019-20 was US\$ 206.39 billion as against US\$ 218.81 billion during the period April-August 2018-19, registering a negative growth of 5.68 percent.
- ❖ Trade deficit continued to decline. During August 2019, trade deficit narrowed down by 24.9 percent to US\$ 13.45 billion from US\$ 17.92 billion in August 2018. On a cumulative basis also trade deficit shrank by 12.4 percent to US\$ 72.85 billion during April-August 2019-20 from US\$ 83.19 billion during the same period last fiscal.

India's engineering exports recorded 8.92 percent decline in Aug 2019

- ❖ Engineering exports from India continued to see year-on-year decline for the third consecutive month to Aug 2019 and this time the fall was much higher at 8.92 percent as against 1.50 percent (revised) in July 2019. As on date, engineering exports from India dropped in all months of fiscal 2019-20 barring May 2019 and the month of August conceded highest monthly decline.
- ❖ During August 2019, shipment of Indian engineering products stood at US\$ 6.35 billion as against US\$ 6.97 billion in the same month last fiscal.
- ❖ Cumulative engineering exports during April-Aug 2019-20 dropped to US\$ 32.39 billion from US\$ 33.49 billion during the same period last fiscal, registering 3.27 percent decline.
- ❖ Despite the fall in engineering export, its share in total merchandise exports surged to 24.3 percent in August 2019 from 22.7 percent in July 2019. The share was 25.4 percent and 24.2 percent in June and May 2019 respectively. On a cumulative basis,

the contribution of engineering exports in India's total merchandise exports was 24.3 percent during April-August 2019-20.

- ❖ Out of 33 engineering panels, only 12 panels recorded year-on-year growth in exports during Aug 2019 while the number increased to 16 if considered on a cumulative basis for April-August 2019-20.
- ❖ During August 2019-20, 10 nations out of India's top 25 export destinations for engineering products recorded growth in exports during August 2019-20. The calculation yielded same result when considered on a cumulative basis during April-August 2019-20.

India's August engineering imports down by 13.1%

- ❖ India's Engineering imports during August 2019 were valued at US\$ 10.09 billion compared to US\$ 8.77 billion in August 2018 registering 13.1 per cent decline in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports remained almost same at 22.2 percent in August 2019 as against 22.08 percent in August 2018.

Analysis of India's engineering exports

1. Engineering exports: monthly trend

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

Table 1: Engineering Exports: monthly trend
(US\$ million)

Month	2018-19	2019-20	Growth (%)
April	7020.54	6480.78	-7.69
May	6928.08	7246.67	4.60
June	6512.31	6352.10	-2.46
April-June	20460.93	20079.55	-1.86
July	6052.64	5962.00	-1.50
August	6974.48	6352.58	-8.92
April-August	33488.05	32394.13	-3.27

Source: DGCIS, Govt. of India.

2. 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 generally come from what is produced within a country, some correlation between manufacturing production growth and engineering export growth should exist. We briefly looked 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 first month of fiscal 2019-20 saw engineering exports growth and manufacturing growth moving in the opposite direction but the next three months saw just the reverse. In April 2019, manufacturing growth accelerated while engineering exports dropped to negative. During May, engineering exports bounced back to growth path and manufacturing growth accelerated. Engineering exports declined once again in June 2019 and manufacturing growth also slowed down noticeably. The decline in engineering exports continued in July but at a slower pace. Manufacturing also witnessed accelerated growth. 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 fiscal.

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

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2019	-7.69	2.5
May 2018	4.60	4.5
June 2019	-2.46	0.2
April-June 2019	-1.86	2.4
July 2019	-1.50	4.2
August 2019	-8.92	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	6052.64*	8.17%
August	5766.60	6974.48*	20.95%
September	7088.19	6769.70	-4.49%
Quarter 2	18450.42	19796.82*	7.30%
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%

Months	2017-18	2018-19	Growth (%)
April-March	76199.33	80950.42*	6.24%

Source: DGCI&S * Revised data

Impact of Exchange Rate

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

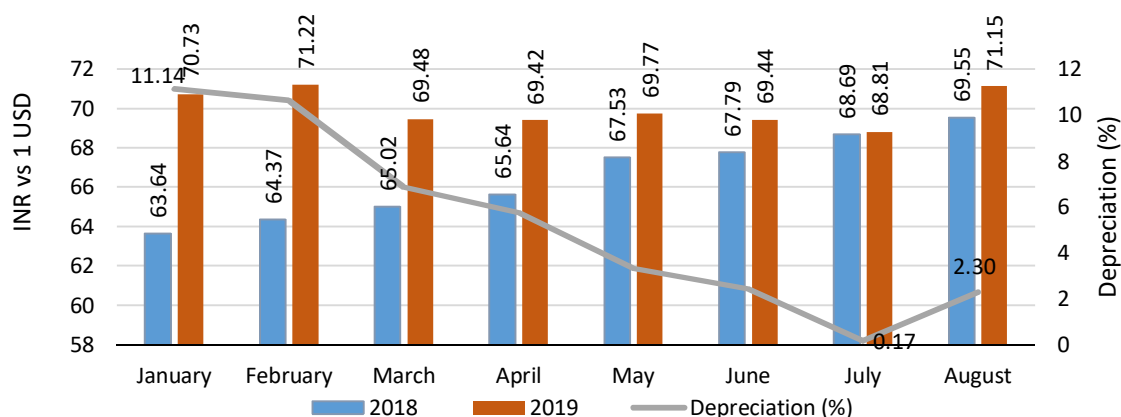
Table 4: USD-INR average exchange rate

Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction
Month	2018	2019		
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
July	68.69	68.81	0.17	Depreciation
August	69.55	71.15	2.30	Depreciation

Source: RBI, FBIL, EEPC Research

In 2019, rupee witnessed depreciation vis-à-vis the US Dollar in all months till July 2019 but a noteworthy feature had been the relative hardening of the Rupee as indicated by the narrowing in the rate of depreciation over corresponding months of last year. However, the pace of depreciation accelerated once again to 2.30 percent in August 2019 from 0.17 percent in July 2019 as the official exchange rate of rupee vis-à-vis the US Dollar dropped to below 70 level once again after March 2019. This following chart provides a clearer picture.

Figure1: Movement of USD-INR Exchange Rate (2019) (Monthly Average)



Source: RBI, FBIL, EEPC Research

The chart shows that Indian Rupee has been depreciating since the very beginning of 2019 but the pace of depreciation has been decelerating with time. While the year-on-year depreciation of rupee vis-à-vis the USD was 11.14 percent in January 2019, it was mere 0.17 percent in July 2019. Again, the month of August witnesses higher depreciation.

3. Top 25 engineering export destinations in August 2019

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during August 2019.

Table-5: Engineering exports country wise, (2018-19)
US\$ million

Country	August 2018	August 2019	Growth (%)	April-August 2018-19	April- August 2019-20	Growth (%)
U S A	1044.69	971.14	-7.04	4744.33	4796.15	1.09
UAE	277.62	280.60	1.07	2184.97	2248.39	2.90
SINGAPORE	131.53	139.97	6.42	1012.22	1360.50	34.41
GERMANY	312.52	254.51	-18.56	1395.46	1302.38	-6.67
NEPAL	246.31	235.53	-4.38	1251.76	1156.75	-7.59
U K	278.98	226.95	-18.65	1227.81	1075.42	-12.41
MEXICO	227.33	218.20	-4.02	1220.12	1061.23	-13.02
BANGLADESH	237.90	206.95	-13.01	1126.16	1051.30	-6.65
MALAYSIA	164.52	168.72	2.55	568.11	923.22	62.51

Country	August 2018	August 2019	Growth (%)	April-August 2018-19	April- August 2019-20	Growth (%)
ITALY	218.89	226.27	3.37	968.01	846.70	-12.53
KOREA RP	152.85	134.31	-12.13	791.95	827.92	4.54
CHINA	112.20	176.94	57.70	695.12	778.06	11.93
THAILAND	193.69	130.81	-32.46	662.99	667.06	0.61
SOUTH AFRICA	111.74	141.01	26.20	795.64	661.20	-16.90
VIETNAM	98.13	191.27	94.92	431.18	640.34	48.51
NIGERIA	80.26	138.22	72.22	478.12	618.58	29.38
INDONESIA	151.73	93.87	-38.13	742.10	577.85	-22.13
FRANCE	132.99	129.90	-2.32	594.37	576.50	-3.01
SAUDI ARAB	115.88	132.88	14.67	565.44	557.57	-1.39
SRI LANKA	137.95	144.47	4.72	539.16	500.42	-7.19
JAPAN	112.03	80.61	-28.05	522.49	438.52	-16.07
BRAZIL	97.33	89.55	-8.00	431.55	434.90	0.78
BELGIUM	167.27	78.39	-53.14	781.45	424.07	-45.73
TURKEY	168.49	92.24	-45.26	908.99	408.94	-55.01
NETHERLAND	88.16	72.54	-17.72	441.61	358.60	-18.80
Total engineering exports to top 25 countries	5061.00	4755.84	-6.03	25081.10	24292.54	-3.14
Total engineering exports	6974.48	6352.58	-8.92	33488.05	32394.13	-3.27
Share (%)	72.56	74.86		74.90	74.99	

Source: Department of Commerce, Government of India

India's top 25 engineering export destinations: Some observations

- ❖ In 10 out of 25 countries, engineering exports recorded positive cumulative growth during April- August 2019-20 over April- August 2018-19.
- ❖ India's engineering exports to its top 25 nations accounted for 75 per cent of India's total engineering exports in April-August 2019, which is marginally higher than its share in the April- August 2018.

- ❖ USA retained its numero uno position, being the top exporting destination for India's engineering products during August 2019 over August 2018 as well as for April- August 2019 over April- August 2018. However like the previous month India's exports to US recorded a negative growth in August 2019 over August 2018. But it is too early to relate it with the negative impact of termination of the US GSP which commenced from June 5, 2019. The impact of GSP on Indian engineering sector is expected to remain adverse in the coming months.
- ❖ India's engineering exports to China recorded significant positive cumulative growth during April- August 2019 over April- August 2018 as well as for August 2019 over August 2018.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Malaysia like the previous month once again recorded the highest growth during April- August 2019 over April- August 2018. Barring Indonesia, the remaining three countries- Singapore, Thailand and Vietnam recorded positive cumulative growth during April- August 2019 over April- August 2018.
- ❖ India's engineering exports to Malaysia recorded the highest positive cumulative growth once again during April- August 2019 over April- August 2018.
- ❖ Like the previous month once again all the European nations falling under the top 25 engineering exports destinations, recorded negative growth during April- August 2019 over April- August 2018.
- ❖ India's engineering exports to its top 25 destinations during April- August 2019 over April- August 2018 recorded a negative growth in line with the negative growth in India's total global engineering exports during the same period.

4. Region wise India's engineering exports

The following table depicts region wise India's engineering exports for April-August 2019 as opposed to April-August 2018.

Table 6: Region wise exports trend

US\$ million

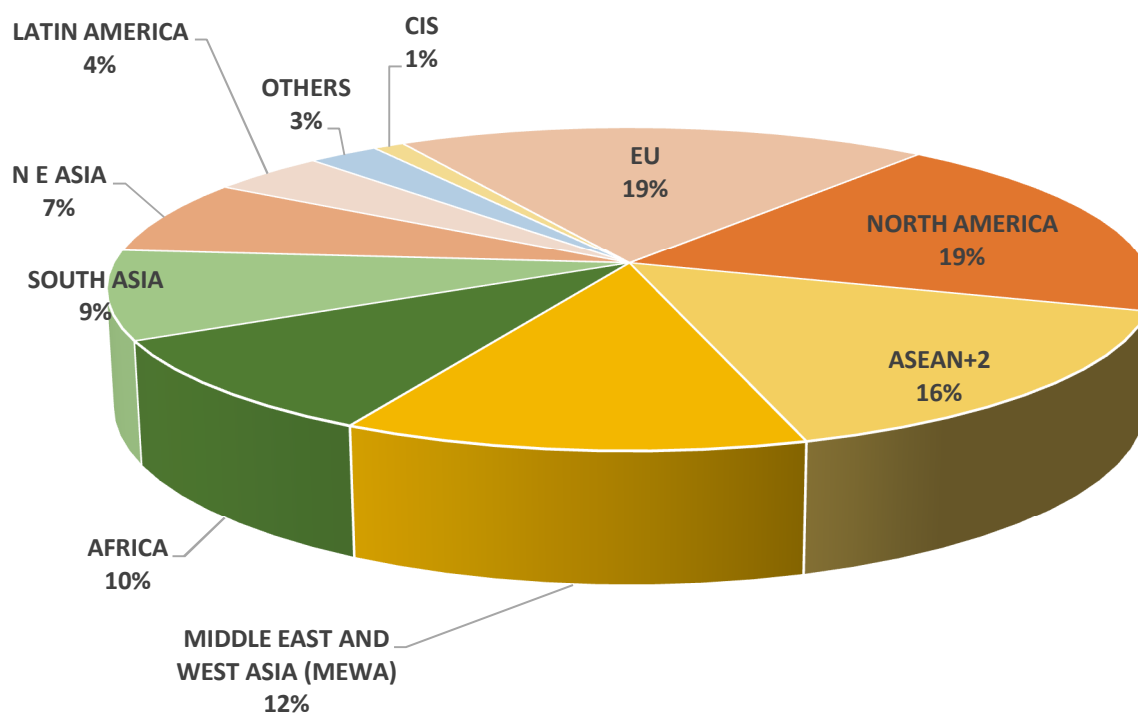
Regions	August 2018	August 2019	Growth (%)	April-August 2018-19	April-August 2019-20	Growth (%)
The European Union (EU)	1551.32	1256.21	-19.02	7020.55	6248.65	-10.99
North America	1363.84	1270.93	-6.81	6318.93	6195.90	-1.95
ASEAN+2	911.38	884.75	-2.92	4210.79	4936.74	17.24
Middle East and West Asia (MEWA)	670.12	650.09	-2.99	4145.12	3878.27	-6.44
Africa	693.23	649.12	-6.36	3289.17	3177.58	-3.39
South Asia	678.65	638.97	-5.85	3177.51	2970.12	-6.53
N E Asia	486.64	507.98	4.39	2438.62	2456.16	0.72
Latin America	351.44	290.45	-17.35	1515.07	1380.94	-8.85

Regions	August 2018	August 2019	Growth (%)	April-August 2018-19	April-August 2019-20	Growth (%)
Others	194.97	125.36	-35.70	1060.46	778.09	-26.63
CIS	72.89	78.72	7.99	311.84	371.67	19.19
Total engineering exports	6974.48	6352.58	-8.92	33488.05	32394.13	-3.27

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 2: India's region wise exports during April-August 2019



Source: Data from DGCI&S and EEPC India analysis

Region wise engineering exports: some observations

- ❖ EU ranked the region with highest shipment of engineering products from India during April-August 2019 over April- August 2018 with a share of 19.3 percent of total engineering exports.

- ❖ India's exports to CIS recorded highest positive growth during April- August 2019 over April- August 2018, followed by ASEAN+2 which recorded significant positive growth during the same.
- ❖ India's exports to North America and ASEAN+2 ranked second and third in global shipments of Indian engineering goods in April- August 2019 with a share of 19.1 percent and 15.2 percent of total engineering exports respectively.
- ❖ Barring ASEAN+ 2, CIS and North East Asia, all the other major regions recorded negative cumulative growth in exports of engineering products from India during April- August 2019 over April- August 2018.

5. Panel Wise Engineering Exports

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

Table 7: Trends in engineering panel Exports for August 2019 compared to August 2018
US\$ Million

Engineering Panels	August, 2018	August, 2019	Growth (%)	April-August 2018	April-August 2019	Growth (%)
1. Iron and Steel and Products made of Iron and Steel						
Iron and Steel	1053.2	907.48	-13.8	4207.95	3718.07	-11.6
Products of Iron and Steel	688.47	624.46	-9.3	2947.24	2905.69	-1.4
Sub Total	1741.67	1531.94	-12.04	7155.19	6623.76	-7.43
2. Non-Ferrous Metals and Products made of Non-Ferrous Metals						
Copper and products	77.73	62.72	-19.31	378.53	312.62	-17.41
Aluminium and products	504.19	422.53	-16.20	2449.11	2017.85	-17.61
Zinc and products	30.59	32.3	5.59	283.64	223.33	-21.26
Nickel and products	7.47	4.92	-34.14	33.18	54.9	65.46
Lead and products	33.04	38.9	17.74	160.11	132.72	-17.11
Tin and products	0.77	1.22	58.44	3.17	4.23	33.44
Other Non-Ferrous Metals	49.68	46.79	-5.82	225.38	222.04	-1.48
Sub Total	703.47	609.38	-13.38	3533.12	2967.69	-16.00
3. Industrial Machinery						
Industrial Machinery like Boilers, parts, etc.	70.13	62.59	-10.8	281.2	352.95	25.5
IC Engines and Parts	274.77	233.92	-14.9	1093.42	1084.11	-0.9
Pumps of all types	87.01	85.48	-1.76	393.43	420.32	6.83
Air condition and Refrigerators	179.9	125.04	-30.5	842.21	617.8	-26.6
Industrial Machinery for dairy, food processing, textiles etc.	501.16	479.6	-4.3	2362.12	2291.75	-3.0

Engineering Panels	August, 2018	August, 2019	Growth (%)	April-August 2018	April-August 2019	Growth (%)
Machine Tools	43.19	39.95	-7.50	205.44	193.42	-5.85
Machinery for Injecting moulding, valves and ATMs	147.43	148.69	0.9	633.27	721.29	13.9
Sub Total	1303.59	1175.27	-9.8	5811.09	5681.64	-2.23
Electrical Machinery	778.58	694.06	-10.86	3524.9	3548.95	0.68
5. Automobiles						
Motor Vehicle/cars	785.52	750.28	-4.5	3568.55	3368.74	-5.6
Two and Three Wheelers	185.27	193.8	4.6	922.28	871.66	-5.5
Auto Components/Part	517.26	470.73	-9.00	2330.56	2278.62	-2.23
Sub Total	1488.05	1414.81	-4.92	6821.39	6519.02	-4.43
Aircrafts and Spacecraft parts and products	156.91	110.1	-29.83	840.47	545.07	-35.15
Ships Boats and Floating products and parts	42.32	87.57	106.92	2295.39	2809.92	22.42
8. Other engineering products						
Medical and Scientific instruments	139.96	149.11	6.54	695.76	728.06	4.64
Railway Transport	37.59	27.52	-26.79	159.01	143.44	-9.79
Hand Tools & Cutting Tools	68.04	62.43	-8.25	305.28	328.13	7.48
Electrodes Accumulators	4.44	5	12.61	20.63	25.33	22.78
Accumulator and Batteries	33.96	35.86	5.59	163.97	185.25	12.98
Bicycle & Parts	34.22	32.68	-4.50	153.38	159.74	4.15
Cranes Lifts & Winches	43.45	49.17	13.16	188.21	230.75	22.60
Office Equipment	12.94	16.58	28.13	45.74	80.63	76.28
Other Construction Machinery	133.37	106.05	-20.48	685.24	614.83	-10.28
Prime Mica & Mica Products	2.17	2.22	2.30	10.41	23.39	124.69
Other misc. items	249.75	242.83	-2.77	1078.87	1178.53	9.24
Sub total	759.89	729.45	-4.01	3506.5	3698.08	5.46
Total engineering exports	6974.48	6352.58	-8.92	33488.05	32394.13	-3.27

Source: Department of Commerce, Government of India

Engineering products with negative growth in August 2019

- Exports of primary steel under Chapter 72: fell by 13.8% in August 2019 and 11.6% in April-August 2019
- Exports of Products of Iron and Steel under Chapter 73: fell by 9.3% in August 2019 and 1.4% in April-August 2019
- Exports of Copper and products under Chapter 74: fell by 19.3% in August 2019 and 17.6% in April-August 2019
- Exports Aluminium and products under Chapter 76: fell by 37.68% in August 2019 and 26.17% in April-August 2019 Facts derived from the above table

Panel wise engineering exports: Some observations

- ❖ Year on year decline was witnessed in 21 out of total 33 engineering panels. These include some of the key panels such as iron and steel and products of iron and steel, non-ferrous metals, electrical machinery, aircrafts, spacecraft and parts, motor vehicles and two-three wheelers and several panels under industrial machinery. In cumulative terms too, 17 out of 33 panels exhibited a year-on-year decline.
- ❖ Iron and Steel figures continued to drop by 13.8 percent during August 2019 with an overseas shipment recording US\$ 907.48 million from US\$ 1053.2 million in the same month last year. In cumulative terms, Iron and steel figures fell by 11.6 % in the first five months of 2019-20 vis-à-vis same period last fiscal.
- ❖ Products of Iron and Steel also exhibited negative monthly and cumulative growth to the extent of 9.3% and 1.4% respectively unlike the previous month. This led to cumulative fall in iron and steel and products of iron and steel to the extent of 12.04% percent in August 2019 corresponding to the same period last year.
- ❖ The fall in major segments in the Non-Ferrous metal is one of the major features of August 2019. Heavyweight segments like Copper, Aluminium, Nickel and products recorded more than 15% decline in August 2019 over August 2018. In cumulative terms too, five out of seven non-ferrous panels experienced a decline in April-August 2019 when compared to April-August 2018.
- ❖ Industrial machinery panel exhibited (-) 9.8% growth during August 2019 over August 2018 and even recorded decline in cumulative growth to the extent of 2.23% in the first five months of 2019-20 compared to same period last fiscal. Six out of seven panels exhibited decline in August 2019 when compared to August 2018. Air Condition and Repair Machinery recorded maximum decline to the extent of 30.5% in August 2019 vis-à-vis last month. 14.9% negative growth was also witnessed in 'Industrial Boilers' in August 2019. Sectors like Pumps and Valves, Industrial Machinery for agriculture and Machine Tools also witnessed negative growth in August 2019 compared to last month. In cumulative terms the panel witnessed negative growth trend in four panels and the total decline is also marginal at 2.23% compared to same period last fiscal.
- ❖ Electrical Machinery and equipment which generally exhibits rise and is a major export for India also experienced a decline of 10.86% in August 2019 when compared to August 2018. Although in cumulative terms there was 0.68% rise in exports in April-August 2019 when compared to April-August 2018.
- ❖ The panel Automobiles recorded 2.8 percent negative growth during August 2019, moving down from US\$ 970.79 million in August 2018 to US\$ 944.08 million in August 2019. The decline was accounted for by the drop in y-o-y exports of Motor vehicles/cars by 4.5

percent. Similar decline was only witnessed in Auto components and parts to the extent of 9% in August 2019. In cumulative terms though the picture is grim as all three sub-panels recorded a decline in April-August 2019-20 when compared to the same period last year. Overall in cumulative terms the total Automobiles panel recorded a 5.6% decline.

- ❖ Exports of Aircrafts and Spacecraft parts and products recorded decline in both monthly (29.83 percent drop) and cumulative (35.15 percent drop) terms. On the other hand, 'Ship, Boats and Floating Bodies' exhibited a significantly high growth in exports in both monthly (106.92 percent rise) and cumulative (22.42 percent rise) terms.
- ❖ Some other miscellaneous sectors such as Office equipment, Electrodes Accumulators, Accumulators and Batteries, Cranes Lifts & Winches and Medical and Scientific instruments experienced positive growth in exports in both monthly and cumulative terms although decline in both terms is exhibited by the other construction machinery panel and railway Transport and Equipment panel, etc.

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

Table 8A: Chapter 72: Iron & Steel					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	900.36	837.85	-6.9%	715.13	-14.6%
May	787.41	776.79	-1.3%	692.45	-10.9%
June	691.32	735.22	6.4%	653.72	-11.1%
July	850.94	804.63	-5.4%	749.6	-6.8%
August	899.14	1053.2	17.1%	907.48	-13.8%
April-August	4146.17	4207.95	1.5%	3718.07	-11.6%

Table 8B: Chapter 72: Iron & Steel					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	1,286.78	1,018.92	-20.8%	1,006.47	-1.2%
May	1,118.11	887.05	-20.7%	941.28	6.1%
June	952.27	860.81	-9.6%	843.09	-2.1%
July	1,337.84	973.33	-27.2%	1087.10	11.7%
August	1300.24	1390.90			
April-August	5995.24	5131.01	-14.4%	3877.62 (April-July)	

Table 9A: Chapter 73: Products of Iron & Steel					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	529.64	565.04	6.6%	558.78	-1.1%
May	511.27	575.87	12.6%	544.83	-5.3%
June	518.62	587.78	13.3%	591.46	0.6%

July	520.50	539.72	3.6%	596.79	10.5%
August	593.79	691.22	16.4%	624.46	-9.3%
April-August	2673.86	2947.24	10.2%	2905.69	-1.4%

Table 9B: Chapter 73: Products of Iron & Steel					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	310.06	265.94	-14.2%	264.65	-0.5%
May	311.18	295.46	-5.1%	247.63	-16.1%
June	296.59	288.75	-2.6%	292.50	1.3%
July	287.19	237.38	-17.3%	620.34	161.3%
August	343.02	327.95	-4.4%		
April-August	1548.07	1415.51	-8.6%	1425.14 (April-July)	

Table 10A: Chapter 74: Copper and Copper products					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	202.49	109.54	-45.9%	67.17	-38.7%
May	236.24	66.38	-71.9%	63.75	-4.0%
June	281.22	69.23	-75.4%	56.46	-18.4%
July	257.73	55.65	-78.4%	62.52	12.3%
August	319.68	77.73	-75.7%	62.72	-19.3%
April-August	1297.37	378.53	-70.8%	312.62	-17.4%

Table 10B: Chapter 74: Copper and Copper products					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	33.06	15.12	-54.3%	7.32	-51.6%
May	37.93	7.34	-80.6%	7.21	-1.8%
June	46.04	7.03	-84.7%	5.60	-20.3%
July	42.89	6.44	-85.0%	76.41	1085.2%
August	46.69	9.35	-80.0%		
April-August	206.63	45.30	-78.1%	96.56 (April-July)	

Table 11A: Chapter 76: Aluminium and Products					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	395.75	410.14	3.6%	407.91	-0.5%
May	291.4	512.52	75.9%	384.1	-25.1%

June	331.32	540.59	63.2%	418.56	-22.6%
July	341.04	473.28	38.8%	405.44	-14.3%
August	359.46	504.19	40.3%	422.53	-16.2%
April-August	1682.99	2449.11	45.5%	2017.85	-17.6%

Table 11B: Chapter 76: Aluminium and Products					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	164.35	163.31	-0.6%	178.78	9.47
May	129.38	197.5	52.7%	166.61	-15.64
June	147.6	207.71	40.7%	190.68	-8.2
July	150.35	185.55	23.4%	180.50	-2.7%
August	156.97	198.46	26.4%		
April-August	748.96	952.55	27.2%	704.55(April-July)	

Table 12A: Ch 75: Nickel and Products					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	2.74	6.1	122.6%	4.45	-27.0%
May	2.31	6.72	190.9%	35.23	424.3%
June	2.16	6.81	215.3%	5.50	-19.2%
July	2.65	6.08	129.4%	4.80	-21.1%
August	6.69	7.47	11.7%	4.92	-34.1%
April-August	16.56	33.18	131.8%	54.90	65.5%

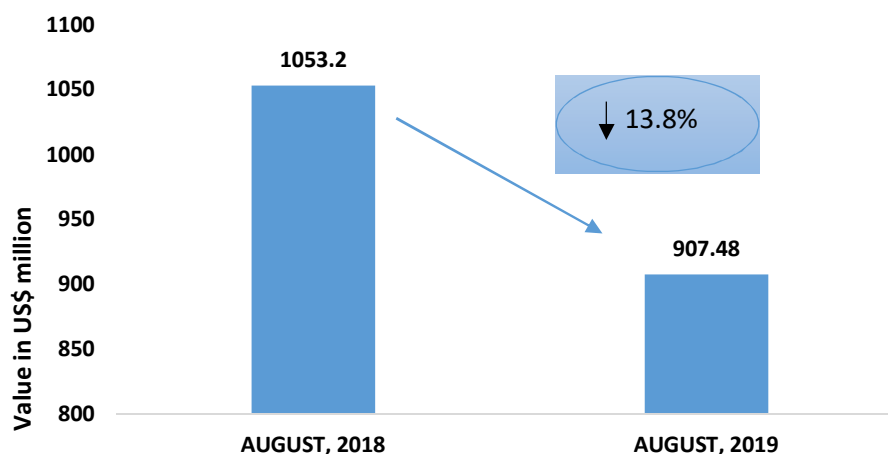
Table 12B: Ch 75: Nickel and Products					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	0.14	0.32	122.6%	0.26	-18.8%
May	0.13	0.32	190.9%	0.23	-28.1%
June	0.12	0.32	215.3%	0.27	-15.6%
July	0.18	0.28	129.4%	0.30	9.2%
August	0.56	0.35	-37.0%		
April-August	1.15	1.26	39.9%	1.07(April-July)	

Slump in Iron & Steel exports

- ❖ India's exports of Iron and Steel exhibited a decline to the extent of 13.8 % from US\$ 1053.2 million in August 2018 to US\$ 907.48 million in August 2019). In cumulative terms it declined by 11.64% in April-August 2019 vis-à-vis April-August 2018.
- ❖ Decline in Iron and Steel exports was witnessed in some of India's major export destinations including Indonesia (-60.96%), Turkey (-53.23%), Spain (-47.08%), Thailand (-

46.12%), Netherland (37.39%), Korea (-37.23%), and Belgium (-35.84%) in the month of August 2019 compared to August 2018.

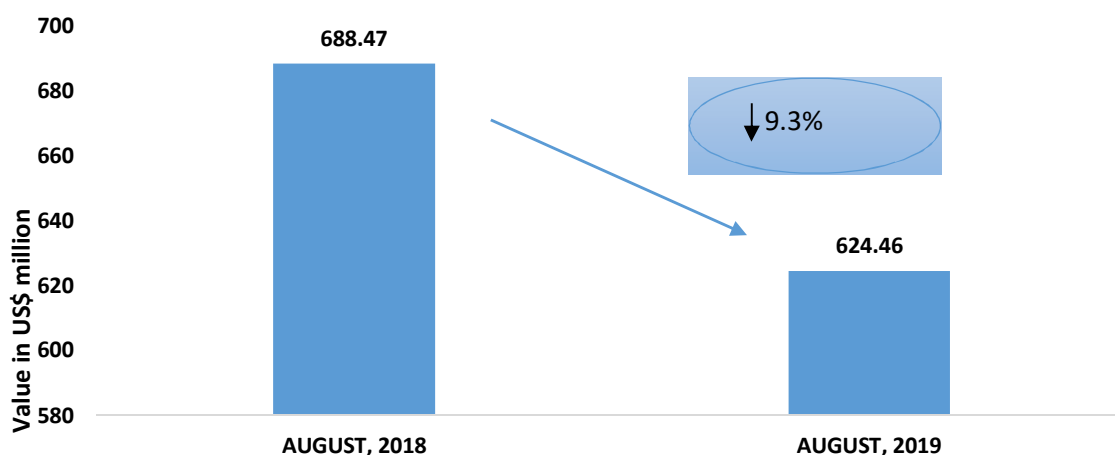
Figure 3: Slump in Iron and Steel Exports in August 2019 v/s August 2018



Slump in Products of Iron and Steel exports

- ❖ India’s exports of products Iron and Steel exhibited a decline to the extent of 9.3 % from US\$ 688.47 million in August 2018 to US\$ 624.46 million in August 2019). In cumulative terms it declined by 1.4% in April-August 2019 vis-à-vis April-August 2018.
- ❖ Decline in Iron and Steel exports was witnessed majorly in the Middle East and Africa region including countries such as Iraq (-93.21%), Egypt (-88.26%), Tanzania (-34.90%), Kuwait (-68.99%), Qatar (-38.71%), and South Africa (-50.90%) in the month of August 2019 compared to August 2018. Chile (-85.53%) is the only exception.

Figure 4: Slump in Products of Iron and Steel Exports in August 2019 v/s August 2018



Reasons for the fall

- ❖ The sharp decline in exports to all the three EU countries mentioned above was to the tune of 54.8% in August 2019 when compared to last year. This 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 further post September 2019 steel exports
- ❖ The World Steel Organisation mentions that steel demand in Korea has shown a declining trend since 2017 due to reduced demand from two major steel using sectors, shipbuilding and automotive. Steel demand is expected to continue declining in 2019 due to toughened real estate market measures and a deteriorating export environment¹
- ❖ While steel demand in ASEAN is expected to remain stable as per the World steel Organisation, latest reports show that steel imports from some of ASEAN's major partners such as China and Korea fell in the first quarter of 2019 when compared to 2018. For example during the above mentioned time import from China to Malaysia showed the largest decrease, down 37 percent, followed by exports to the Philippines (-22%), Vietnam (-7%), and Indonesia (-1%)²
- ❖ The steel sector witnessed a continuous declining trend in the production and consumption (except July 2019) since June 2019. Steel prices have been continuously softening while iron ore prices have seen a slight increase over May 2019 and remained constant till August 2019
- ❖ Higher input prices are also affecting the steel exports from India. On the basis of our calculations it is found that the price difference between domestic and international steel prices for the MSME exporters would amount to around Rs 3000 crores.
- ❖ Higher domestic steel prices are also gradually affecting the exports of chapter 73 (products of iron and steel) which is evident from this month's results. Also given that the exports to the MENA region has mostly come down it can be assumed that political and administrative instability in the region is likely affecting the demand of products of iron and steel

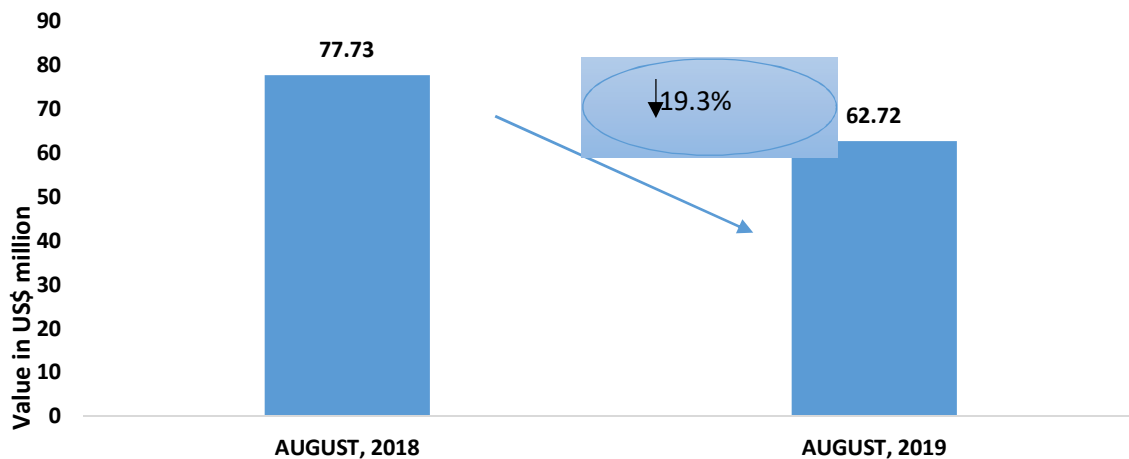
Slump in Copper and Copper Products exports

- ❖ India's exports of copper and copper products exhibited a decline to the extent of 19.3 % from US\$ 77.73 million in August 2018 to US\$ 62.72 million in August 2019). In cumulative terms it declined by 17.41% in April-August 2019 vis-à-vis April-August 2018.

¹ <https://www.worldsteel.org/media-centre/press-releases/2019/worldsteel-short-range-outlook-april-2019.html>

² <https://www.trade.gov/steel/countries/pdfs/exports-china.pdf>

Figure 5: Slump in Copper Exports in August 2019 v/s August 2018



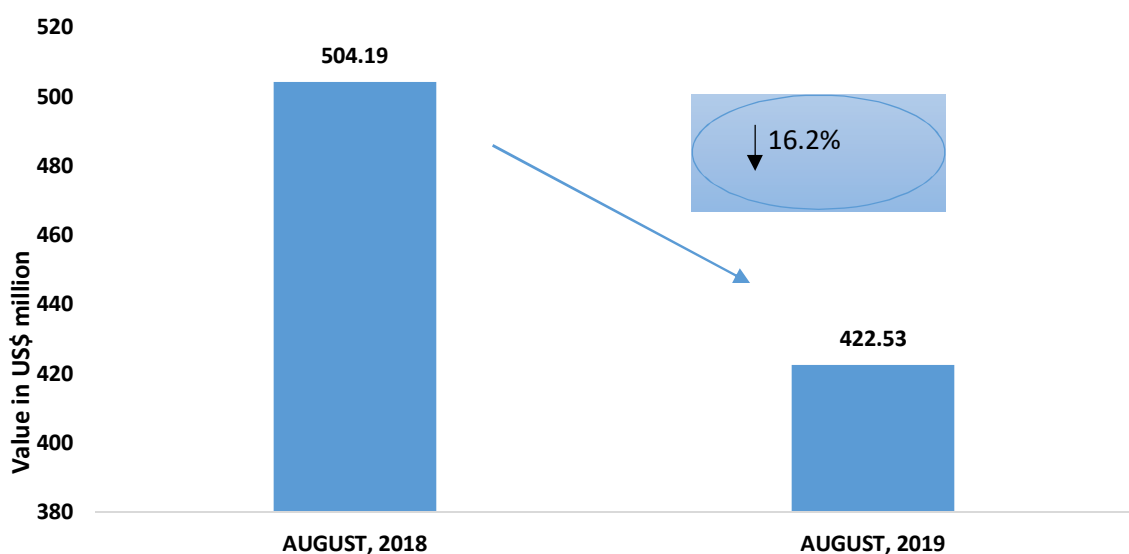
Reasons for fall

- ❖ Copper exports continue to exhibit their downward trend which started since the closure of the Starlite factory in 2018. Starlite accounted for 70% of India’s copper production. This trend is likely to continue given that the company is still prohibited from resuming production

Slump in Aluminium and Aluminium Products exports

- ❖ There has been a fall in India’s Aluminium exports to the extent of 16.2% in August 2019 when compared to August 2018. Aluminium is one of the heavy weight segment under the section of Non-ferrous metals. On the other hand, in cumulative terms, India’s exports of Aluminium and products fell by 17.6% from USD 2449.11 million in April-August 2018-19 to USD 2017.85 million in April-August 2019-20.

Figure 6: Slump in Aluminium Exports in August 2019 v/s August 2018



Reasons for the fall

- ❖ The LME price has been down since January by about 21% due to the ongoing US-China trade war and its massive negative impact on the Chinese economy. This has impacted even big domestic aluminium companies such as HINDALCO which posted a 28% fall in its first quarter consolidated net profit. Infact the downward trend of LME has impacted the overall base metal industry.³
- ❖ The continuing US-China trade war had a detrimental impact on global commodity markets and the subdued global industrial and economic activities lead to declining demand
- ❖ Additionally, Indian domestic industry is also affected by cheaper imports from South-East Asian FTA partners which is also affecting their export capability.⁴

6. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during August 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	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
NEPAL	100.03	80.13	-19.90	518.63	456.39	-12.00
VIETNAM	33.44	126.42	278.03	157.80	367.93	133.17
U A E	78.23	84.88	8.50	287.37	338.97	17.96
ITALY	86.04	106.47	23.75	327.04	256.40	-21.60
CHINA	22.73	54.61	140.31	111.26	192.62	73.14
High cumulative growth						
VIETNAM	33.44	126.42	278.03	157.80	367.93	133.17
OMAN	7.83	10.03	28.12	24.64	56.83	130.67
CHINA	22.73	54.61	140.31	111.26	192.62	73.14
HONG KONG	11.90	27.25	128.96	40.65	62.25	53.12
BANGLADESH	15.03	15.66	4.17	107.04	154.69	44.51
RUSSIA	7.58	9.72	28.30	36.13	51.25	41.86
Sharp cumulative decline						
INDONESIA	35.22	13.00	-63.11	121.93	47.61	-60.96
TURKEY	50.51	10.32	-79.58	104.25	48.76	-53.23
SPAIN	51.44	18.75	-63.56	153.42	81.20	-47.08
THAILAND	52.89	11.15	-78.91	109.54	59.02	-46.12
NETHERLAND	13.76	9.64	-29.93	73.95	46.30	-37.39

³ https://www.business-standard.com/article/markets/flagging-consumption-and-import-surge-hurt-india-s-aluminium-producers-119082001074_1.html

⁴ https://www.business-standard.com/article/companies/vedanta-to-export-over-50-of-aluminium-as-india-increases-imports-119073001222_1.html

KOREA	45.34	28.68	-36.74	205.40	128.94	-37.23
BELGIUM	68.48	32.09	-53.14	247.43	158.75	-35.84

(Source: Department of Commerce, Government of India)

- ❖ Nepal, Vietnam and UAE were the three top three importers of Indian Iron and Steel during April- August 2019 with market shares of 12.27 percent, 9.90 percent and 9.12 percent respectively.
- ❖ Oman, Vietnam, China, Hong Kong, Bangladesh and Russia recorded more than 40 percent year-on-year growth in exports of Indian Iron and Steel during April- August 2019 compared to April- August 2018.
- ❖ Indonesia, Turkey, Spain and Thailand experienced sharp downfall to the extent of more than 45% drop in exports during April- August 2019 compared to same period last fiscal.

Table 14: Export of Products of Iron & Steel

US\$ Million

COUNTRY	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
U S A	148.56	147.53	-0.69	657.08	717.50	9.20
UAE	33.33	31.62	-5.13	187.58	180.05	-4.01
GERMANY	42.43	33.58	-20.85	173.57	162.36	-6.46
U K	30.96	25.05	-19.08	125.82	126.57	0.59
CANADA	39.19	40.22	2.63	119.78	125.81	5.04
High cumulative growth						
PAKISTAN	0.03	4.15	14350.66	0.46	15.81	3352.89
PERU	0.36	3.01	724.44	2.41	24.08	900.92
ETHIOPIA	0.66	6.30	847.53	4.46	16.12	261.73
COLOMBIA	1.58	2.34	47.49	4.02	11.16	177.42
CHINA	4.76	9.15	92.36	24.72	33.32	34.80
NIGERIA	5.17	13.88	168.47	43.08	57.22	32.83
Sharp cumulative decline						
IRAQ	10.45	0.71	-93.21	29.59	2.55	-91.39
EGYPT	26.69	3.13	-88.26	48.99	13.30	-72.85
TANZANIA	3.98	2.59	-34.90	33.77	14.57	-56.87
KUWAIT	15.58	4.83	-68.99	35.58	20.86	-41.38
CHILE	7.81	1.13	-85.53	45.93	28.96	-36.94
QATAR	11.94	7.32	-38.71	63.96	41.11	-35.73
SOUTH AFRICA	9.59	4.71	-50.90	40.36	27.84	-31.02

(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-August 2019 with 24.69 percent, 6.20 percent and 5.59 percent shares respectively in India's global import of the same.
- ❖ Pakistan, Peru, Ethiopia and Colombia experienced more than 100% growth in import of 'Products of Iron and Steel' during April- August 2019.
- ❖ Iraq, Tanzania, Egypt and Kuwait conceded substantial decline in imports by more than 40% for the said product group from India during April- August 2019.

Table 15: Export of Industrial Machinery

US\$ Million

COUNTRY	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
U S A	209.38	186.09	-11.12	945.12	903.80	-4.37
THAILAND	70.14	55.02	-21.56	233.10	289.55	24.22
BANGLADESH	47.00	65.16	38.65	250.28	279.77	11.78
GERMANY	70.95	50.39	-28.99	270.92	261.64	-3.43
CHINA	43.20	49.76	15.19	219.65	228.80	4.16
High cumulative growth						
PHILIPPINES	5.99	9.60	60.21	28.33	48.04	69.58
KOREA	16.26	19.29	18.59	64.81	99.92	54.19
NIGERIA	20.94	37.24	77.79	133.73	185.74	38.89
SINGAPORE	19.53	25.36	29.87	99.10	131.57	32.76
BELGIUM	11.14	16.13	44.74	49.68	63.30	27.43
FRANCE	26.40	41.94	58.87	113.13	143.42	26.78
JAPAN	15.28	12.64	-17.25	56.41	70.88	25.65
THAILAND	70.14	55.02	-21.56	233.10	289.55	24.22
Sharp cumulative decline						
IRAN	18.32	4.13	-77.45	89.68	21.02	-76.56
TURKEY	37.42	27.49	-26.54	210.28	126.07	-40.05
VIETNAM	22.43	7.74	-65.47	83.39	50.69	-39.22
U K	70.73	31.33	-55.71	224.12	148.86	-33.58
KENYA	19.25	11.86	-38.37	72.37	55.53	-23.27
SPAIN	19.44	15.62	-19.64	103.99	83.04	-20.14

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April- August 2019 with 15.91 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.
- ❖ Philippines, Korea, Nigeria, Singapore and Belgium were among the major importing nations witnessed highest growths in imports of Industrial machinery from India during April- August 2019 over the same period last fiscal.

- ❖ Among the major importers, Iran, Turkey, Vietnam, UK, Kenya and Spain recorded over 20 percent year-on-year declines in imports during April- August 2019.

Table 16: Automobiles

US\$ Million

COUNTRY	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
MEXICO	120.46	140.20	16.39	669.65	624.02	-6.81
SOUTH AFRICA	50.25	86.43	71.98	332.68	401.38	20.65
U S A	74.95	95.08	26.86	408.09	354.23	-13.20
SAUDI ARABIA	33.15	64.37	94.19	96.32	213.17	121.31
NIGERIA	28.58	43.56	52.43	153.46	198.65	29.45
High cumulative growth						
ISRAEL	0.25	3.26	1179.80	3.06	50.49	1549.38
VIETNAM	2.79	2.36	-15.61	5.50	33.51	509.04
JORDAN	0.16	3.25	1925.43	6.28	24.89	296.44
KUWAIT	6.04	11.68	93.28	14.07	40.43	187.22
SAUDI ARABIA	33.15	64.37	94.19	96.32	213.17	121.31
ITALY	12.91	29.94	131.88	53.45	114.63	114.46
JAPAN	6.49	5.16	-20.55	24.54	36.77	49.81
BOLIVIA	6.92	5.01	-27.66	16.02	23.15	44.51
Sharp cumulative decline						
BELGIUM	2.59	1.32	-49.28	35.52	5.96	-83.23
EGYPT	11.86	0.00	-100.00	56.37	9.77	-82.68
ECUADOR	10.24	3.72	-63.62	50.49	14.43	-71.41
CANADA	14.51	5.83	-59.78	61.75	24.08	-61.00
AUSTRALIA	3.26	4.76	46.07	29.88	15.76	-47.25
SRI LANKA	31.22	27.11	-13.15	184.27	105.76	-42.61
TUNISIA	11.33	4.42	-61.00	32.17	19.32	-39.94
AUSTRIA	1.16	1.29	11.93	25.74	16.10	-37.43

(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- August 2019 with 14.7, 9.5 and 8.4 percent share in India's global exports respectively over the same period last fiscal.
- ❖ Israel, Vietnam, Kuwait, Jordan, Saudi Arabia and Italy recorded over 100 percent growth in imports of the product group from India during April- August 2019 over the same period last fiscal.
- ❖ Countries like Belgium, Egypt and Ecuador saw their imports of automobile lower by more than 70% during April- August 2019 compared to same period last fiscal.

Table 17: Export of Non-Ferrous metals

US\$ Million

COUNTRY	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
KOREA	70.93	66.39	-6.40	413.48	481.22	16.39
MALAYSIA	81.88	96.11	17.37	225.50	360.05	59.67
U S A	80.47	63.79	-20.73	366.19	308.43	-15.77
TAIWAN	38.63	21.93	-43.22	119.92	122.20	1.89
CHINA	1.69	5.92	250.32	36.24	84.48	133.10
High cumulative growth						
SINGAPORE	2.20	14.81	571.86	6.40	59.10	823.01
EGYPT	0.57	0.70	22.81	3.29	19.96	507.20
BAHRAIN	2.62	28.79	997.97	14.94	35.33	136.47
CHINA	1.69	5.92	250.32	36.24	84.48	133.10
OMAN	2.64	4.35	65.23	9.42	21.44	127.63
POLAND	1.70	3.48	105.01	6.76	15.04	122.57
Sharp cumulative decline						
BULGARIA	7.97	0.04	-99.45	42.85	0.41	-99.04
TURKEY	24.23	1.75	-92.77	286.97	12.70	-95.58
GREECE	2.60	2.02	-22.37	60.97	4.29	-92.96
MEXICO	22.95	8.99	-60.83	200.17	67.58	-66.24
ITALY	24.42	5.19	-78.76	139.85	54.65	-60.93
SPAIN	27.74	6.62	-76.14	96.72	39.64	-59.02
NETHERLAND	15.39	6.16	-59.96	78.42	40.02	-48.96
BANGLADESH	33.53	17.70	-47.21	110.49	63.09	-42.90

(Source: Department of Commerce)

- ❖ Korea, Malaysia and USA were the top three importers of India's Non-ferrous metals and products' during April-August 2019 with 19.7 percent, 12.6 percent and 11.6 percent shares respectively in India's global import of the same.
- ❖ Singapore, Egypt, Bahrain, China, Poland and Oman experienced more than 100% growth in import of Non-ferrous metals and products ' during April- August 2019.
- ❖ Greece, Bulgaria, Turkey and Mexico conceded substantial decline in imports by more than 65% for the said product group from India during April- August 2019 vis-à-vis same period last fiscal.

Table 18: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
U S A	190.60	169.77	-10.93	798.54	944.06	18.22
GERMANY	82.79	66.51	-19.66	403.23	373.18	-7.45

U K	45.58	72.68	59.44	231.80	330.46	42.56
SINGAPORE	45.22	58.26	28.86	249.49	242.80	-2.68
FRANCE	23.97	25.91	8.08	102.92	98.51	-4.29
High cumulative growth						
POLAND	5.64	13.93	147.06	27.98	58.44	108.87
MEXICO	10.48	6.06	-42.18	33.79	68.60	103.02
NIGERIA	6.79	17.66	160.11	32.68	65.08	99.16
KOREA	3.64	2.32	-36.17	18.25	30.64	67.86
U K	45.58	72.68	59.44	231.80	330.46	42.56
Sharp cumulative decline						
INDONESIA	7.35	4.68	-36.27	68.17	20.83	-69.44
JAPAN	25.59	5.15	-79.89	92.03	34.41	-62.61
BELGIUM	52.66	2.86	-94.57	152.85	60.21	-60.61
CHINA	13.37	30.35	126.96	154.08	86.80	-43.67
MALAYSIA	18.77	3.20	-82.95	53.49	34.70	-35.12
NETHERLAND	4.85	4.98	2.76	33.16	24.83	-25.13
TURKEY	4.78	13.59	184.66	54.50	41.00	-24.77

(Source: Department of Commerce and CSO)

- ❖ USA, Germany and UK were the three top importers of Indian Electrical Machinery and Components during April-August 2019 with market shares of 27.13 percent, 10.75 percent and 9.03 percent respectively. Out of these top three importers, Germany experienced a drop in imports during April-August 2019 compared to April-August 2018.
- ❖ Mexico, Poland, Korea and Nigeria recorded more than 65% growth in imports of India's Electrical Machinery and Components during April-August 2019 vis-a-vis April-August 2018.
- ❖ Indonesia experienced the sharp decline in its imports (-69.44%) in April-August 2019 when compared to April-August 2018. It is also the case for Belgium and Japan which experienced more than 60 percent drop.

Table 19: Export of Aircrafts and Space crafts

US\$ million

COUNTRY	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
U S A	53.64	37.75	-29.63	251.94	202.74	-19.53
U K	18.05	11.90	-34.09	110.01	68.28	-37.93
FRANCE	25.97	11.05	-57.46	121.17	66.96	-44.74
SINGAPORE	22.11	9.84	-55.51	124.39	50.84	-59.13
GERMANY	8.26	5.85	-29.16	59.04	26.16	-55.68
High cumulative growth						
SPAIN	0.13	0.45	260.89	0.68	1.62	138.15
MEXICO	0.38	1.09	187.40	2.16	4.16	92.39
HONG KONG	0.36	2.93	722.86	1.87	3.58	91.59

VIETNAM	0.01	3.39	23188.69	2.29	4.10	79.14
DENMARK	0.22	0.06	-70.93	0.66	1.03	55.22
MALAYSIA	2.41	3.65	51.43	15.84	21.91	38.27
PHILIPPINES	0.39	0.37	-3.84	1.94	2.49	28.48
Sharp cumulative decline						
SEYCHELLES	2.89	0.03	-98.86	22.51	0.09	-99.62
BELGIUM	0.10	0.02	-80.12	11.47	1.31	-88.58
POLAND	2.13	0.38	-82.16	9.18	1.82	-80.16
SWITZERLAND	0.75	0.73	-1.76	15.33	4.51	-70.58
SINGAPORE	22.11	9.84	-55.51	124.39	50.84	-59.13
GERMANY	8.26	5.85	-29.16	59.04	26.16	-55.68

(Source: Department of Commerce)

- ❖ USA, UK and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April-August 2019 with around 37.19, 12.53 and 12.28 percent shares respectively in India's total global exports of the product.
- ❖ Spain, Hong Kong and Mexico registered substantial growths of more than 90% in import of the product group from India during April- August 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 Poland dropped more than 50 percent on a year-on-year basis during April- August 2019 when compared to April- August 2018.

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

US\$ million

COUNTRY	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
U A E	0.08	0.01	-91.62	1048.89	962.95	-8.19
SINGAPORE	0.01	9.10	101198.07	379.61	745.31	96.33
CYPRUS	0.00	0.00	-	0.00	349.98	-
MALAYSIA	0.00	0.00	-	0.00	191.33	-
SRI LANKA	41.72	50.44	20.92	92.86	129.14	39.07
High cumulative growth						
NETHERLAND	0.03	0.00	-96.24	0.03	6.69	21185.72
MAURITIUS	0.48	0.00	-99.01	2.33	5.90	153.02
INDONESIA	0.00	0.00	-	37.07	89.70	142.00
SINGAPORE	0.01	9.10	101198.07	379.61	745.31	96.33
SRI LANKA	41.72	50.44	20.92	92.86	129.14	39.07
Sharp cumulative decline						
BELGIUM	0.00	0.00	-	150.05	0.00	-100.00
NIGERIA	0.00	0.00	-	24.87	0.00	-100.00
QATAR	0.00	0.00	-	29.01	0.00	-100.00

SOUTH AFRICA	0.00	0.00	-	198.48	0.00	-100.00
OMAN	0.00	0.12	-	187.76	0.12	-99.94
SAUDI ARABIA	0.00	0.00	-	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 Sri Lanka. Their respective shares are 34.27 percent, 26.52 percent, 12.45 percent, 6.81 percent and 4.60 percent.
- ❖ Imports to Cyprus and Malaysia recorded significantly large increase as they had practically no import in April- August 2018.
- ❖ However, sharp decline was noticed in exports to Oman, Saudi Arabia and Bangladesh. In fact exports to these countries have been less than US\$ 5 million in April- August 2019. Whereas the exports dropped to zilch for Belgium, Nigeria, Qatar and South Africa.

Table 21: Export of Auto Components

US\$ Million

COUNTRY	AUGUST 2018	AUGUST 2019	Growth (%)	APRIL- AUGUST 2018	APRIL- AUGUST 2019	Growth (%)
Top Five Importers						
U S A	112.01	102.92	-8.11	495.20	520.03	5.01
BRAZIL	28.61	25.16	-12.06	124.11	122.15	-1.58
BANGLADESH	25.98	21.80	-16.11	143.13	114.76	-19.82
GERMANY	25.27	24.31	-3.81	106.37	110.82	4.18
TURKEY	29.85	20.21	-32.31	155.78	100.35	-35.59
High cumulative growth						
PHILIPPINES	4.40	11.94	171.34	15.53	34.05	119.28
SAUDI ARABIA	1.51	1.49	-1.54	7.23	15.66	116.53
CZECH REPUBLIC	1.77	2.45	38.27	7.86	12.01	52.70
MALAYSIA	2.80	2.87	2.65	10.51	15.65	48.89
CHILE	1.42	2.18	53.29	7.37	10.96	48.82
TAIWAN	1.75	2.08	19.05	6.44	9.08	40.99
U A E	18.97	17.93	-5.49	55.36	77.72	40.38
KOREA	4.29	4.64	8.15	19.59	27.20	38.84
Sharp cumulative decline						
MYANMAR	3.33	1.60	-51.94	14.87	6.87	-53.84
ALGERIA	2.88	0.71	-75.44	9.07	4.49	-50.53
AUSTRIA	1.56	1.28	-18.31	6.07	3.89	-35.89
TURKEY	29.85	20.21	-32.31	155.78	100.35	-35.59

SRI LANKA	5.80	4.45	-23.14	29.38	21.03	-28.40
SLOVAKIA	1.18	0.85	-27.83	6.03	4.60	-23.75
KENYA	1.92	1.40	-27.34	9.30	7.30	-21.54

(Source: Department of Commerce and CSO)

- ❖ USA remained the top importer of auto components in April-August 2019 with a share of 22.82 percent. It is followed by Brazil, Bangladesh, Germany and Turkey with respective shares of 5.36 percent, 5.04 percent, 4.86 percent and 4.40 percent.
- ❖ Saudi Arabia, Philippines and Czech Republic recorded maximum increase of more than 50 percent in imports from April- August 2019 when compared to April-August 2018
- ❖ However, Myanmar, Austria, Turkey and Algeria recorded significant decline of more than 35 percent in April- August 2019 when compared to April- August 2018.

Analysis of India's engineering imports

India's Engineering imports during August 2019 were valued at US\$ 8779.3 million compared to US\$ 10097.3 million in August 2018 recording a significant negative growth of 13.1 percent in dollar terms.

Cumulative engineering imports during April- August 2019-20 was recorded at US\$ 42.6 billion as against US\$ 44.9 billion during the same period last fiscal registering fall of 5.3 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 August 2019 has remained almost same to that during August 2018 estimated at 22.2%.

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

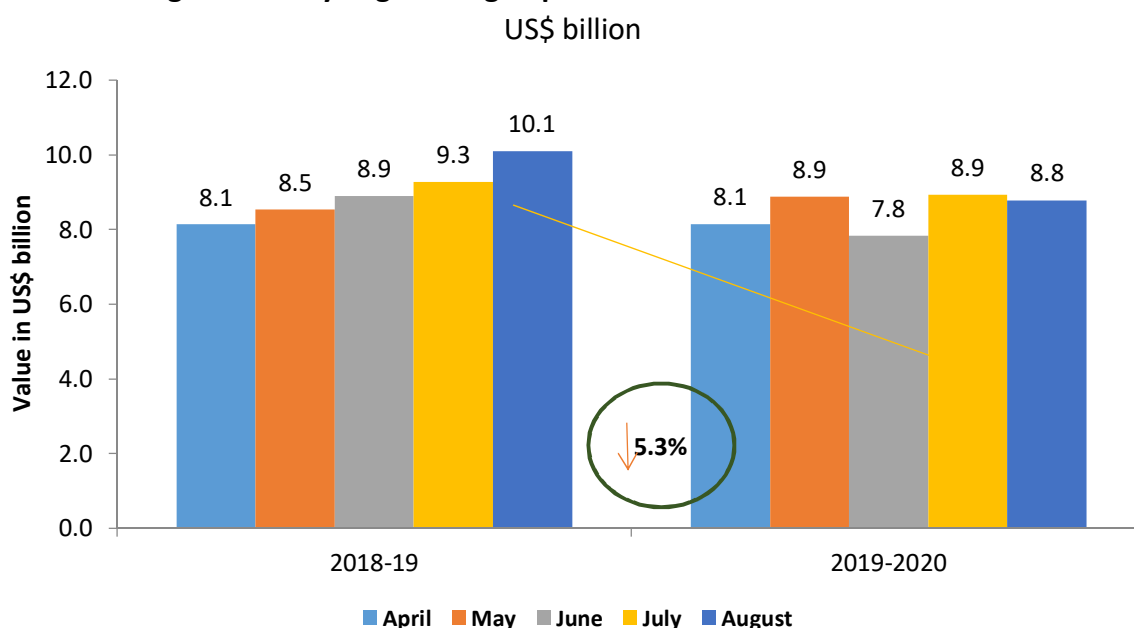
Table 22: Engineering Imports
(US\$ Million)

Months	2018-19	2019-20	Growth (%)
Apr	8139.45	8143.84	0.1
May	8536	8875.2	4.0
June	8890.89	7827.95	-12.0
July	9272.5	8938.2	-3.6
August	10097.3	8779.3	-13.1

Source: Department of Commerce, Government of India

Figure below depicts the monthly trend in engineering imports **for August 2019 and August 2018**

Fig 7: Monthly Engineering Imports for 2019-20 vis-a-vis 2018-19



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:

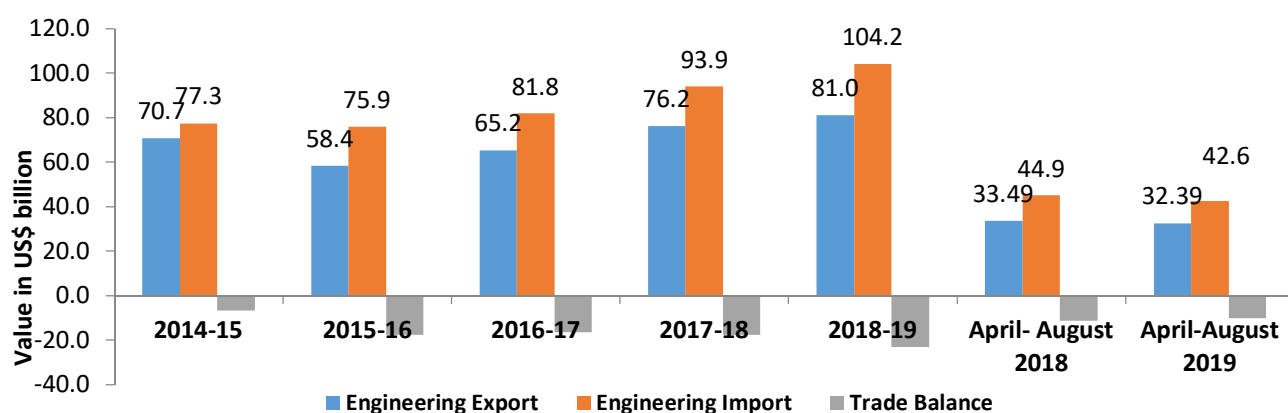
Table 23: Engineering Trade
(US\$ Million)

Trade Flow	2014-15	2015-16	2016-17	2017-18	2018-19	Growth %	April-August 2018	April-August 2019	Growth %
Engineering Export	70.7	58.4	65.2	76.2	81.0	6.3%	33.49	32.39	-3.3%
Engineering Import	77.3	75.9	81.8	93.9	104.2	10.9%	44.9	42.6	-5.3%
Trade Balance	-6.6	-17.5	-16.6	-17.7	-23.1		-11.4	-10.2	

(*) 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-August 2019-20 of the current fiscal**

Figure 8: Trend in Monthly Engineering Trade
US\$ Billion



To conclude....

Indian engineering exports continued to exhibit a downward trend in August 2019 when compared to August 2018. As on date, engineering exports declined in all months in fiscal 2019-20 barring May 2019 and in August it was highest negative growth.

This declining trend is reflective of the overall global trade slowdown. The murmurs of a global recession are getting louder. Nine major economies around the world, including the UK, Germany, Russia, Singapore and Brazil, are on the brink of recession or already there and economists fear the US is likely to follow soon.

Furthermore 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 have been impacting the Indian exports adversely. This situation is expected to be further exacerbated by rising trade tension between Korea and Japan.

The slowdown in global trade is reflected in WTO's latest quarterly World Trade Outlook report where it projects global merchandise exports growth to fall from 3.9% in 2018 to 3.7% in 2019. The global trade policy uncertainty index (WUI) published by World Economic Forum is also rising sharply, having been stable at low levels for about 20 years. The index shows increased uncertainty starting around the third quarter of 2018, coinciding with a heavily publicized series of tariff increases by the United States and China. It then declined in the fourth quarter of 2018 as US and Chinese officials announced a deal to halt the escalation of tariffs at the G-20 meeting in December in Buenos Aires. It significantly spiked again in the first quarter of 2019 following a substantial expansion of American tariffs on imports from China on March 1.

Back home exporters are suffering from issues such as high input prices and limited availability of credit especially for the MSMEs. Additionally, Indian exporters are also suffering due to cheap and low quality inputs. Frequent fluctuations in Rupee due to the continuing global disputes is also a cause of concern for the exporters. Rupee once again dropped below 70 level recently.

The newly introduced Steel Import Monitoring System (SIMS) which is effective from 5th September onwards may lead to higher domestic prices of steel as SIMS is a cost-based registration system where inner deadline for registration may be hard to meet in many cases. To resolve this issue EEPC already wrote to Honourable Commerce and Industry Minister (CIM) requesting him to waive the registration fee and make the timeline of registration in line with those mentioned in SIMA of the USA. On top of these, several of India's major export destinations including USA have dragged India to WTO on the grounds of WTO non-compliance of our export incentives.

In this situation, a series of measures announced by our honourable Finance Minister to boost industry and export sector is a welcoming move. To counter the allegations of WTO non-compliance of our export incentives, the government has already announced the introduction of Remission of duties or taxes on export product (RoDTEP), a scheme which is expected to replace MEIS effective from January 1st 2020.

A fully electronic refund module for Input Tax Credit (ITC) was also proposed to be implemented by the end of September 2019. Export finance was of utmost importance for the government and several measures were put forward including Expanding scope of Export Credit Insurance Scheme (ECIS) by ECGC and revising Priority Sector Lending (PSL) norms for Export Credit in favour of exporters. A number of effective measures were also adopted by the government for spreading awareness on utilization of benefits provided under FTAs.

Furthermore given the fact that standards are assuming far more importance as non-tariff barriers following the Doha Round government has proposed to set up a Working Group on Standards to ensure time bound adoption of all necessary mandatory technical standards by the Industry and their effective enforcement to elevate the quality and performance. Another one was to develop affordable testing and certification infrastructure in PPP mode to enable exporters to get all internationally accepted tests and certifications done within India. All these measures would definitely be of much help for the exporting community and may go a long way in countering the slowdown the industry is facing currently.

