

Engineering Export-Import Monitor

September 2019



Engineering the future

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Analysis of Indian engineering exports and imports for September 2019

Overall Scenario

India's merchandise exports dropped by 6.57% in September 2019

- ❖ Global slowdown continued to take its toll on Indian exports as merchandise exports from India conceded its second monthly decline in a row during September 2019 on a year-on-year (y-o-y) basis. Merchandise exports from India was recorded at US\$ 26.03 billion as against US\$ 27.87 billion in September 2018, registering 6.57 percent decline y-o-y as global slowdown led to slackening of demand from overseas. In rupee terms, the slump was even higher at 7.71 percent.
- ❖ Cumulative merchandise exports during the first half (April-September) of fiscal 2019-20 also recorded a negative growth of 2.39 percent in Dollar terms as it dropped to US\$ 159.57 billion from US\$ 163.48 billion during April-September 2018-19. This time, cumulative exports also declined in rupee terms by 0.42 percent.
- ❖ Merchandise imports registered a higher 13.85 percent decline in September 2019 over the same month last fiscal. Imports in September 2019 stood at US\$ 36.89 billion as against US\$ 42.82 billion in September 2018. In Rupee terms, imports were 14.90 percent lower over the same month last fiscal.
- ❖ Cumulative value of imports for the period April-September 2019-20 was US\$ 243.28 billion as against US\$ 261.63 billion during the period April-September 2018-19, registering a negative growth of 7.01 percent. In rupee terms, it was down by 5.18 percent.
- ❖ Trade deficit narrowed down to seven-month low as decline in imports were much higher than that of export. Trade deficit narrowed down by 27.4 percent to US\$ 10.86 billion in September 2019 from US\$ 14.95 billion in September 2018. On a cumulative basis, trade deficit shrank by 14.7 percent to US\$ 83.70 billion during April-September 2019-20 from US\$ 98.15 billion during the same period last fiscal.

India's engineering exports recorded 6.11 percent decline in Sep 2019

- ❖ Following the broader merchandise trend, engineering exports from India witnessed 6.11 percent decline during September 2019, conceding its fourth straight monthly decline and fifth in fiscal 2019-20. As on date, engineering exports from India dropped in all months of fiscal 2019-20 barring May 2019.
- ❖ During September 2019, shipment of Indian engineering products stood at US\$ 6.36 billion as against US\$ 6.77 billion in the same month last fiscal.
- ❖ Cumulative engineering exports during April-September 2019-20 dropped to US\$ 38.74 billion from US\$ 40.26 billion during the same period last fiscal, registering 3.77 percent decline.
- ❖ Despite the fall in engineering export, its share in total merchandise exports rose marginally to 24.4 percent in September 2019 from 24.3 percent in August 2019 and 22.7 percent in July 2019. However, the share was higher at 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-September 2019-20.

- ❖ Out of 33 engineering panels, only 13 panels recorded year-on-year growth in exports during September 2019. The number of panels remained the same even when estimated on a cumulative basis for the first six months of fiscal 2019-20.
- ❖ During September 2019, 12 nations out of India's top 25 export destinations for engineering products recorded growth in exports viz-a-viz September 2018. The number of countries reduced to 10 when estimated on a cumulative basis.

India's September engineering imports down by 10.6 %

- ❖ India's Engineering imports during September 2019 were valued at US\$ 7.9 billion compared to US\$ 8.9 billion in September 2018 registering 10.6 per cent decline in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports in September 2019 has increased marginally to that during September 2018 estimated at 21.5%.

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	6481.1	-7.68
May	6928.08	7246.89	4.60
June	6512.31	6352.48	-2.45
April-June	20460.93	20080.47	-1.86
July	6052.64	5956.85	-1.58
August	6974.48	6347.93	-8.98
September	6769.15	6355.57	-6.11
April-September	19796.27	18660.35	-5.74

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 four months saw just the reverse. In April 2019, manufacturing growth accelerated while engineering exports dropped to negative. During May, engineering exports bounced bank 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. Again in August, engineering exports decelerated faster and manufacturing growth turned negative. 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	-7.68	2.5
May 2018	4.60	4.5
June 2019	-2.45	0.2
April-June 2019	-1.86	2.4
July 2019	-1.58	4.5
August 2019	-8.98	-1.2
September 2019	-6.11	N A
July-September 2019	-5.74	N A
April-September 2019	-3.77	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	6769.15*	-4.50%
Quarter 2	18450.42	19796.27*	7.29%
October	5669.59	6153.58	8.54%
November	6872.84	5737.61	-16.52%

Months	2017-18	2018-19	Growth (%)
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	80949.87*	6.23%

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:

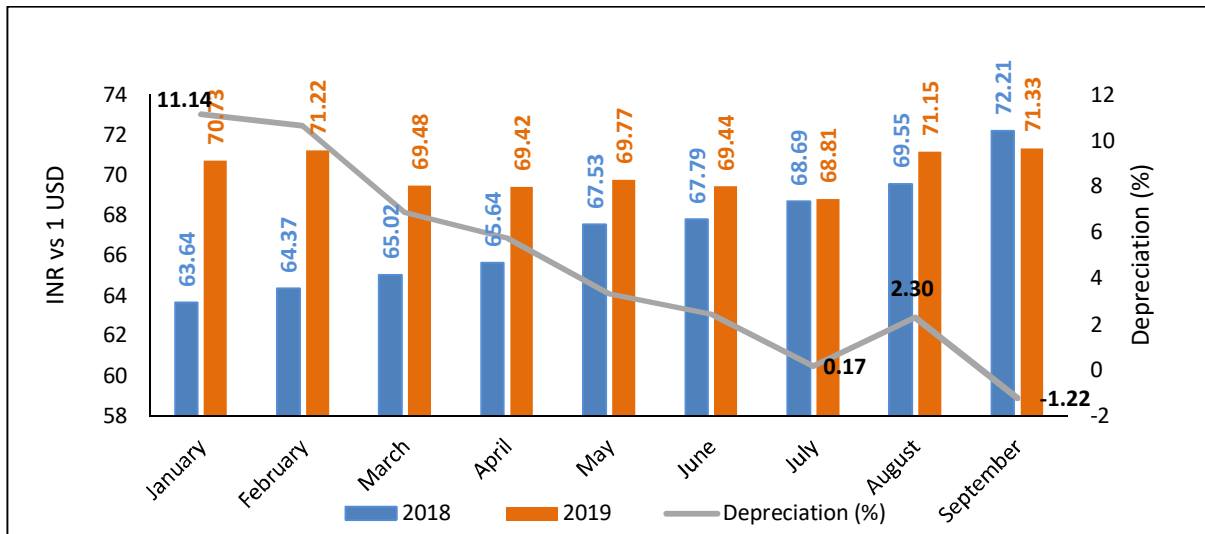
Table 4: USD-INR average exchange rate

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
September	72.22	71.33	-1.22	Appreciation

Source: RBI, FBIL, EEPC Research

The month of September saw rupee depreciated over the month but appreciated vis-à-vis the US Dollar over the same month last year after witnessing depreciation in all months till August 2019. A noteworthy feature had been the relative hardening of the Rupee in 2019 as indicated by the narrowing in the rate of depreciation over corresponding months of last year. However, the pace of depreciation accelerated in August 2019 as the official exchange rate of rupee dropped below 71 per dollar once again after March 2019. Rupee continued to remain below 71 in September but it appreciated vis-à-vis the US Dollar in the month as rupee was even lower in the same month of 2018. 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. The month of August witnesses higher depreciation while September 2019 witnessed an appreciation of 1.22 percent.

3. Top 25 engineering export destinations in September 2019

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

Table-5: Engineering exports country wise, (2018-19)

US\$ million

Country	September 2018	September 2019	Growth (%)	April-September 2018-19	April-September 2019-20	Growth (%)
U S A	1056.42	963.81	-8.77	5800.75	5759.19	-0.72
UAE	282.33	220.61	-21.86	2467.30	2468.86	0.06
GERMANY	315.61	265.26	-15.95	1711.07	1567.85	-8.37
SINGAPORE	103.95	108.39	4.27	1116.17	1468.81	31.59
NEPAL	261.00	240.15	-7.99	1512.76	1396.88	-7.66
BANGLADESH	231.14	232.45	0.57	1357.30	1283.76	-5.42
U K	245.30	201.22	-17.97	1473.11	1276.71	-13.33
MEXICO	211.32	202.23	-4.30	1431.45	1263.30	-11.75

Country	September 2018	September 2019	Growth (%)	April-September 2018-19	April-September 2019-20	Growth (%)
MALAYSIA	150.84	204.10	35.31	718.95	1126.56	56.70
ITALY	195.02	207.97	6.64	1163.04	1054.35	-9.35
KOREA RP	161.27	184.41	14.35	953.22	1011.51	6.12
CHINA	130.64	196.40	50.33	825.76	974.46	18.01
VIETNAM	87.98	220.45	150.58	519.16	860.56	65.76
THAILAND	150.68	136.55	-9.38	813.67	803.59	-1.24
SOUTH AFRICA	122.73	130.46	6.30	918.37	791.66	-13.80
NIGERIA	110.35	171.43	55.35	588.47	790.10	34.26
FRANCE	119.67	141.19	17.99	714.03	717.59	0.50
SAUDI ARABIA	120.78	151.50	25.43	686.23	708.98	3.32
INDONESIA	119.11	93.15	-21.79	861.20	671.07	-22.08
SRI LANKA	173.96	122.34	-29.67	713.12	622.80	-12.67
JAPAN	124.51	96.73	-22.31	647.00	535.40	-17.25
BRAZIL	82.99	87.86	5.87	514.54	522.73	1.59
TURKEY	154.24	100.36	-34.93	1063.24	509.33	-52.10
BELGIUM	170.37	80.08	-53.00	951.83	504.15	-47.03
NETHERLAND	87.96	82.97	-5.67	529.57	441.56	-16.62
Total engineering exports to top 25 countries	4970.18	4842.10	-2.58	30051.28	29131.75	-3.06
Total engineering exports	6769.15	6355.57	-6.11	40257.20	38740.82	-3.77
Share (%)	73.42	76.19		74.65	75.20	

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- September 2019-20 over April- September 2018-19.
- ❖ India's engineering exports to its top 25 nations accounted for a little more than 75 per cent of India's total engineering exports in April-September 2019, which is marginally higher than its share in the April- September 2018.
- ❖ USA maintained its numero uno position, being the top exporting destination for India's engineering products during September 2019 over September 2018 as well as for April-September 2019-20 over April- September 2018-19. However like the previous months India's exports to US recorded a moderate negative growth in September 2019 over September 2018 and a marginal negative cumulative growth as well. 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 Vietnam recorded highest positive cumulative growth during April- September 2019 over April- September 2018 as well as for September 2019 over September 2018.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Vietnam recorded the highest growth during April- September 2019-20 over April- September 2018-19, replacing Malaysia. Indonesia once again recorded negative cumulative growth during April- September 2019-20 over April- September 2018-19.
- ❖ India's engineering exports to China recorded significant positive cumulative growth during April- September 2019-20 over April- September 2018-19 as well as monthly growth for September 2019 over September 2018.
- ❖ Barring France, all the European nations falling under the top 25 engineering exports destinations, recorded negative growth during April- September 2019-20 over April- September 2018-19.
- ❖ India's engineering exports to its top 25 destinations during April- September 2019-20 over April- September 2018-19 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-September 2019-20 as opposed to April-September 2018-19.

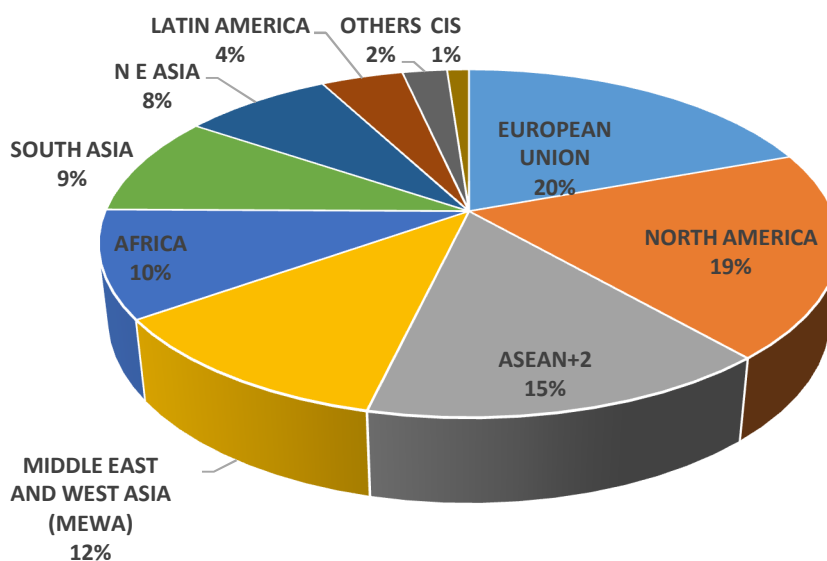
Table 6: Region wise exports trend
US\$ million

Regions	September 2018	September 2019	Growth (%)	April-September 2018-19	April-September 2019-20	Growth (%)
EUROPEAN UNION (EU)	1453.62	1268.74	-12.72	8474.17	7516.88	-11.30
NORTH AMERICA	1332.81	1227.25	-7.92	7651.74	7422.25	-3.00
ASEAN+2	790.07	929.03	17.59	5000.86	5859.98	17.18
MIDDLE EAST AND WEST ASIA (MEWA)	694.07	578.19	-16.70	4839.19	4455.08	-7.94
AFRICA	735.06	683.91	-6.96	4024.23	3861.66	-4.04
SOUTH ASIA	728.57	631.49	-13.32	3906.08	3602.23	-7.78
N E ASIA	491.51	559.21	13.78	2930.12	3014.41	2.88
LATIN AMERICA	277.17	281.12	1.43	1792.23	1662.01	-7.27
OTHERS	180.15	125.76	-30.19	1240.61	903.77	-27.15
CIS	86.14	70.87	-17.72	397.97	442.55	11.20
Total engineering exports	6769.15	6355.57	-6.11	40257.20	38740.82	-3.77

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-September 2019-20



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-September 2019-20 over April- September 2018-19 with a share of 19.4 percent of total engineering exports.
- ❖ India’s exports to ASEAN+2 recorded highest positive growth during April- September 2019-20 over April- September 2018-19, followed by CIS which recorded the highest positive growth in the previous period.
- ❖ India’s exports to North America and ASEAN+2 ranked second and third in global shipments of Indian engineering goods in April- September 2019-20 with a share of 19.2 percent and 15.1 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- September 2019-20 over April- September 2018-19.

5. Panel Wise Engineering Exports

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

Table 7: Trends in engineering panel Exports for September 2019 compared to September 2018

US\$ Million

Engineering Panels	September , 2018	September , 2019	Growth (%)	April-September 2018	April-September 2019	Growth (%)
1. Iron and Steel and Products made of Iron and Steel						

Engineering Panels	September , 2018	September , 2019	Growt h (%)	April-September 2018	April-September 2019	Growt h (%)
Iron and Steel	843.61	933.1	10.6	5051.56	4651.11	-7.9
Products of Iron and Steel	613.18	568.75	-7.2	3560.42	3474.74	-2.4
Sub Total	1456.79	1501.85	3.09	8611.98	8125.85	-5.64
2. Non-Ferrous Metals and Products made of Non-Ferrous Metals						
Copper and products	95.89	87.55	-8.70	474.42	400.09	-15.67
Aluminium and products	494.77	490.96	-0.77	2943.88	2503.57	-14.96
Zinc and products	45.05	50.77	12.70	328.69	274.1	-16.61
Nickel and products	5.89	7.33	24.45	39.07	62.22	59.25
Lead and products	31.05	36.69	18.16	191.16	169.41	-11.38
Tin and products	0.57	0.84	47.37	3.74	5.07	35.56
Other Non-Ferrous Metals	43.97	45.64	3.80	269.35	267.69	-0.62
Sub Total	717.19	719.78	0.36	4250.31	3682.15	-13.37
3. Industrial Machinery						
Industrial Machinery like Boilers, parts, etc.	71.15	73.3	3.0	352.35	426.69	21.1
IC Engines and Parts	254.45	181.71	-28.6	1347.87	1266.65	-6.0
Pumps of all types	93.41	77.8	-16.71	486.84	490.33	0.72
Air condition and Refrigerators	211.44	130.93	-38.1	1053.65	747.83	-29.0
Industrial Machinery for dairy, food processing , textiles etc.	531.73	449.22	-15.5	2893.85	2739.7	-5.3
Machine Tools	38.04	35.24	-7.36	243.48	228.73	-6.06
Machinery for Injecting moulding, valves and ATMs	141.01	152.56	8.2	774.28	874.19	12.9
Sub Total	1341.23	1100.76	-17.9	7152.32	6774.12	-5.29
Electrical Machinery	843.84	749.13	-11.22	4368.74	4295.21	-1.68

Engineering Panels	September , 2018	September , 2019	Growt h (%)	April-September 2018	April-September 2019	Growt h (%)
5. Automobiles						
Motor Vehicle/cars	740.84	692.12	-6.6	4309.39	4060.6	-5.8
Two and Three Wheelers	185.59	179.11	-3.5	1107.87	1050.76	-5.2
Auto Components/Part	498.35	459.8	-7.74	2828.91	2739.49	-3.16
Sub Total	1424.78	1331.03	-6.58	8246.17	7850.85	-4.79
Aircrafts and Spacecraft parts and products	135.33	121.69	-10.08	975.8	671.33	-31.20
Ships Boats and Floating products and parts	140.08	84.5	-39.68	2435.47	2894.19	18.83
8. Other engineering products						
Medical and Scientific instruments	142.88	145.61	1.91	838.64	873.96	4.21
Railway Transport	25.86	30.82	19.18	184.87	174.26	-5.74
Hand Tools & Cutting Tools	67.71	59.93	-11.49	372.99	388.05	4.04
Electrodes Accumulators	4.5	5.2	15.56	25.13	30.53	21.49
Accumulator and Batteries	29.08	32.77	12.69	193.05	218.03	12.94
Bicycle & Parts	32	30.31	-5.28	185.38	189.44	2.19
Cranes Lifts & Winches	39.9	60.78	52.33	228.11	291.59	27.83
Office Equipment	15.51	20.33	31.08	61.25	100.92	64.77
Other Construction Machinery	114.88	111.32	-3.10	800.12	733.64	-8.31
Prime Mica & Mica Products	2.99	1.83	-38.80	13.4	25.2	88.06
Other misc. items	234.6	247.93	5.68	1313.47	1421.5	8.22
Sub total	709.91	746.83	5.20	4216.41	4447.12	5.47

Engineering Panels	September , 2018	September , 2019	Growth (%)	April-September 2018	April-September 2019	Growth (%)
Total engineering exports	6769.15	6355.57	-6.11	40257.2	38740.82	-3.77

Source: Department of Commerce, Government of India

Engineering products with negative growth in September 2019

- Exports of Products of Iron and steel under Chapter 73: fell by 7.2% in September 2019 and 2.4% in April-September 2019
- Export of Copper and products under Chapter 74: fell by 8.7% in September 2019 and 15.7% in April-September 2019
- Exports of Aluminium and products under Chapter 76: fell by 0.8% in September 2019 and 14.9% in April-September 2019

Panel wise engineering exports: Some observations

- ❖ Year on year decline was witnessed in 18 out of total 33 engineering panels. These include some of the key panels such as 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, 18 out of 33 panels exhibited a year-on-year decline.
- ❖ Iron and Steel figures recovered from the negative growth observed in previous months and registered 10.6 percent growth during September 2019 with an overseas shipment recording US\$ 933.1 million from US\$ 843.61 million in the same month last year. In cumulative terms, Iron and steel figures fell by 7.9 % in the first two quarter 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 7.2% and 2.4% respectively quite similar to the previous month. This led to cumulative fall in iron and steel and products of iron and steel to the extent of 5.64% percent in April-September 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 September 2019. Heavyweight segments like Copper and Aluminium products recorded 8.7% and 0.77%% decline respectively in September 2019 over September 2018. In cumulative terms too, four major out of seven non-ferrous panels experienced a decline in April-September 2019 when compared to April-September 2018.
- ❖ Industrial machinery panel exhibited (-) 17.9% growth during September 2019 over September 2018 and even recorded decline in cumulative growth to the extent of 5.29% in the first two quarter of 2019-20 compared to same period last fiscal. Five out of seven panels exhibited decline in September 2019 when compared to September 2018. Air Condition and Repair Machinery recorded maximum decline to the extent of 38% in September 2019 vis-à-vis last month. 28.6% negative growth was also witnessed in IC

Engines and parts in September 2019. Sectors like Pumps and Valves, Industrial Machinery for agriculture and Machine Tools also witnessed negative growth in September 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 5.29% 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 11.22% in September 2019 when compared to September 2018. In cumulative terms there was 1.68% fall in exports in April-September 2019 when compared to April-September 2018.
- ❖ The panel Automobiles recorded 6 percent negative growth during September 2019, moving down from US\$ 926.43 million in September 2018 to US\$ 871.23 million in September 2019. The decline was accounted for by the drop in y-o-y exports of Motor vehicles/cars by 6.6 percent. Similar decline was only witnessed in Auto components and parts to the extent of 7.7% in September 2019. In cumulative terms though the picture is grim as all three sub-panels recorded a decline in April-September 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 (10.08 percent drop) and cumulative (31.20 percent drop) terms. On the other hand, 'Ship, Boats and Floating Bodies' exhibited a negative growth in exports monthly (39.68 percent rise) and positive cumulative exports (18.83 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 cumulative 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 September 2019 vis-à-vis September 2018

Table 8A: Chapter 73:Products of Iron & Steel					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	529.64	563.00	6.6%	557.1	-1.1%
May	511.27	573.93	12.6%	542.74	-5.3%
June	518.62	585.22	13.3%	589.72	0.6%
July	520.50	536.62	3.6%	592.28	10.5%
August	593.79	688.47	16.4%	624.15	-9.3%
September	641.24	613.18	-4.4%	568.75	-7.2%
April-September	3315.06	3560.42	7.4%	3474.74	-2.4%

Table 8B: 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%	440.83	34.4%
September	362.63	293.51	-19.1%		
April-September	1910.67	1708.99	-10.6%	1865.95 (April-August)	

Table 9A: 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%	62.63	-19.3%
September	340.95	95.89	-71.9%	87.55	-8.7%
April-September	1638.31	474.42	-71.0%	400.09	-15.7%

Table 9B: 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%	7.66	18.9%
August	46.69	9.35	-80.0%	7.05	-24.6%
September	49.63	12.68	-74.5%		
April-September	256.24	57.96	-77.4%	34.84 (April-August)	

Table 10A: Chapter 76: Aluminium and Products

Values in US\$ Million

Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	395.75	412.51	3.6%	407.91	-1.1%
May	291.4	514.50	75.9%	375.44	-27.0%
June	331.32	542.75	63.2%	412.74	-24.0%

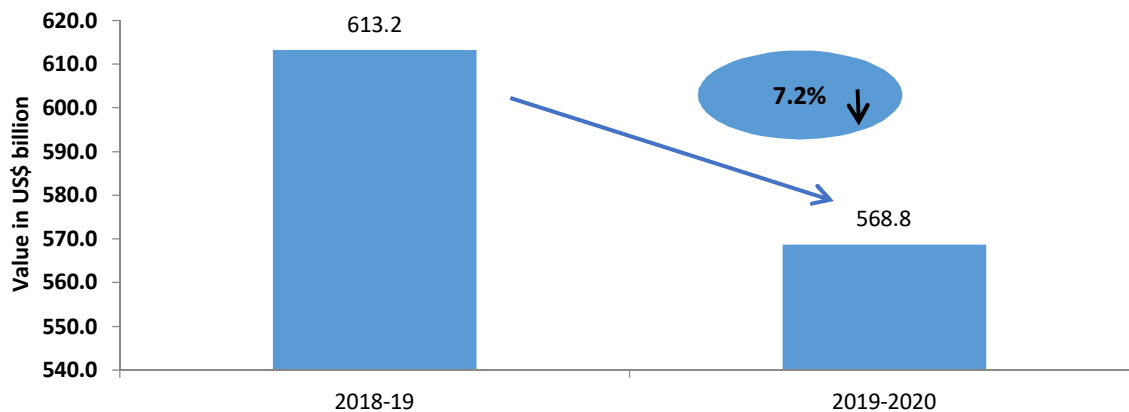
July	341.04	475.16	38.8%	399.74	-15.9%
August	359.46	504.19	40.3%	417.68	-17.2%
September	451.66	494.77	9.5%	490.96	-0.8%
April-September	2134.65	2943.88	37.9%	2504.47	-14.9%

Table 10B: 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%	187.23	-5.66%
September	192.78	202.27	4.92%		
April-September	941.75	1154.82	22.6%	880.47(April-August)	

Slump in Products of Iron and Steel exports

- ❖ India's exports of products Iron and Steel exhibited a decline to the extent of 7.2 % from US\$ 613.18 million in September 2018 to US\$ 568.75 million in September 2019). In cumulative terms it declined by 2.4% in April-September 2019 vis-à-vis April-September 2018
- ❖ Continuing with the trend last month decline in Iron and Steel product exports was witnessed majorly in the Middle East and Africa region including countries such as Egypt (-70.13%), Tanzania (-85.32%), Kuwait (-65.65%), Qatar (-26.93%), and South Africa (-54.11%) and Chile (-32.26%) in the month of September 2019 compared to September 2018

Figure 3: Slump in Products of Iron and Steel Exports in September 2019 v/s September 2018



Reasons for the fall

- ❖ 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.
- ❖ The decline has majorly happened in the Middle East and North Africa region. The decline in Africa can be explained by the fact that the steel demand from the region has been significantly affected by the ongoing trade tensions between US and China. As per a review by the United Nations intensified trade tensions and increased trade policy uncertainty in the United States, slower growth in China, lower commodity prices and tighter financial conditions have the potential to lower growth in sub-Saharan Africa by 2 percentage points this year and 1½ percentage points next year. This would imply further contraction in demand and may affect India's exports to the region¹
- ❖ Furthermore, after the imposition of Section 232 Tariff Act on Turkey, it is expected that the Turkish steel manufacturers will concentrate far more on the Middle East and North African markets. Turkish steel exports to USA are already coming down due to weaker demand.²
- ❖ Additionally, OECD's second quarter report on 'Latest Development in Steelmaking Capacity'³ states that both the Middle East and North Africa region are adding significant capacity to their steel making. The report states In Africa, there are some investment projects that are planned or already underway, aimed at increasing domestically produced steel for use in the development of the region's infrastructure. In Middle East too steelmaking capacity has increased significantly in the last decade. This would imply lesser reliance on exports from other countries including India.
- ❖ 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

¹ <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-september-2019-briefing-no-130/>

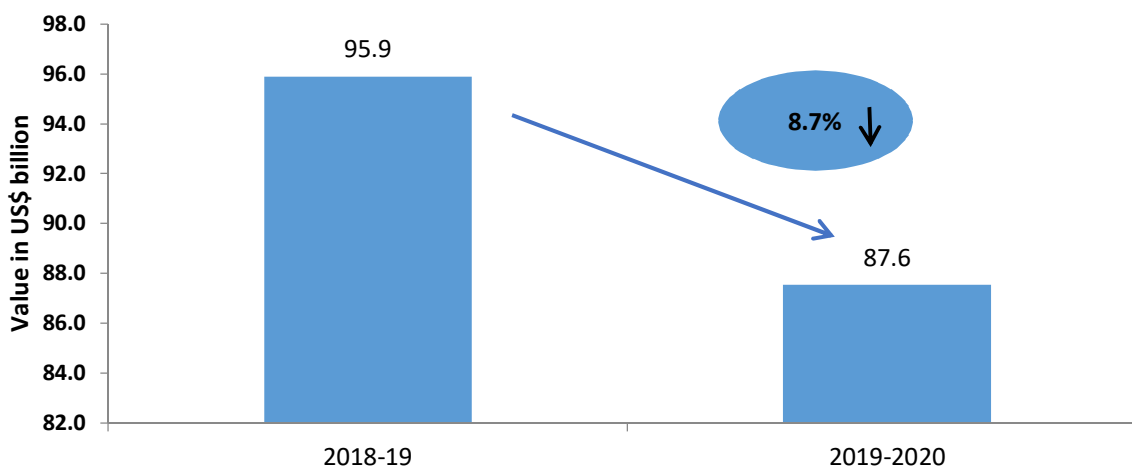
² <https://www.metalbulletin.com/Article/3899069/Apex/Impact-of-redoubled-US-Section-232-tariffs-on-Turkish-steel-market-said-minimal.html>

³ [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DSTI/SC\(2019\)3/FINAL&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DSTI/SC(2019)3/FINAL&docLanguage=En)

Slump in Copper and Copper Products exports

- ❖ India's exports of copper and copper products exhibited a decline to the extent of 8.7 % from US\$ 95.9 million in September 2018 to US\$ 87.6 million in September 2019). In cumulative terms it declined by 15.7% in April-September 2019 vis-à-vis April-September 2018

Figure 4: Slump in Copper Exports in September 2019 v/s September 2018



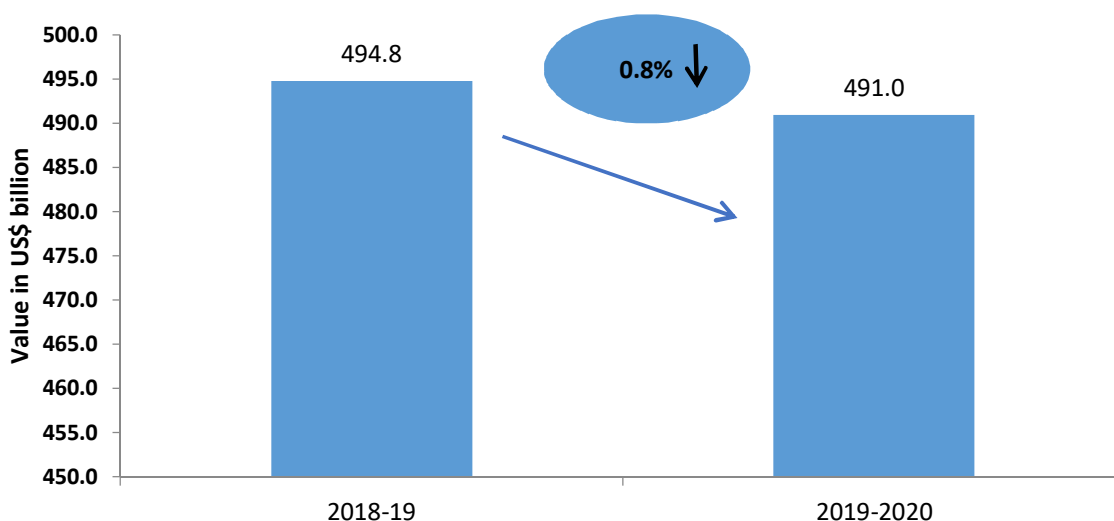
Reasons for fall

- ❖ 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 0.8% in September 2019 when compared to September 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 14.9% from in April-September 2019-20 from April-September 2018-19

Figure 5: Slump in Aluminium Exports in September 2019 v/s September 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.⁴
- ❖ 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.⁵

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)

⁴ https://www.business-standard.com/article/markets/flagging-consumption-and-import-surge-hurt-india-s-aluminium-producers-119082001074_1.html

⁵ https://www.business-standard.com/article/companies/vedanta-to-export-over-50-of-aluminium-as-india-increases-imports-119073001222_1.html

Table 11: Export of Iron & Steel

US\$ Million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
Top Five Importers						
VIETNAM	33.94	165.97	389.03	191.74	533.90	178.46
NEPAL	99.29	68.13	-31.38	617.92	524.52	-15.12
U A E	66.89	43.35	-35.19	354.26	382.32	7.92
ITALY	74.02	104.12	40.67	401.05	360.56	-10.10
CHINA	9.78	40.46	313.81	121.03	233.08	92.58
High cumulative growth						
VIETNAM	33.94	165.97	389.03	191.74	533.90	178.46
OMAN	4.17	3.12	-25.23	28.81	59.95	108.06
CHINA	9.78	40.46	313.81	121.03	233.08	92.58
HONG KONG	1.18	0.68	-42.49	41.84	62.69	49.84
RUSSIA	7.79	8.75	12.30	43.92	60.01	36.61
BANGLADESH	29.46	28.20	-4.29	136.51	182.89	33.98
Sharp cumulative decline						
INDONESIA	27.00	18.05	-33.15	148.93	65.65	-55.92
BELGIUM	71.21	34.85	-51.06	318.64	193.60	-39.24
TURKEY	8.45	19.73	133.54	112.70	68.50	-39.22
KOREA	45.61	28.07	-38.45	251.01	157.01	-37.45
NETHERLAND	14.23	9.17	-35.56	88.18	55.47	-37.09
SPAIN	31.73	36.33	14.50	185.15	117.53	-36.52
SAUDI ARABIA	11.89	13.73	15.47	71.15	45.55	-35.98

(Source: Department of Commerce, Government of India)

- ❖ Vietnam, Nepal and UAE were the three top three importers of Indian Iron and Steel during April- September 2019 with market shares of 11.48 percent, 11.28 percent and 8.22 percent respectively.
- ❖ Vietnam, Oman, China, Hong Kong, Russia and Bangladesh recorded more than 30 percent year-on-year growth in exports of Indian Iron and Steel during April- September 2019 compared to April- September 2018.
- ❖ Indonesia, Belgium and Turkey experienced sharp downfall to the extent of more than 35% drop in exports during April- September 2019 compared to same period last fiscal.

Table 12: Export of Products of Iron & Steel

US\$ Million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
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Top Five Importers						
U S A	141.76	124.87	-11.92	798.84	842.33	5.44
UAE	34.09	24.15	-29.16	221.67	204.11	-7.92
GERMANY	36.39	34.40	-5.45	209.96	196.65	-6.34
U K	27.21	23.33	-14.27	153.03	149.90	-2.05
CANADA	20.40	18.46	-9.52	140.18	144.22	2.88
High cumulative growth						
PAKISTAN	0.24	0.00	-100.00	0.70	15.81	2150.69
PERU	0.32	2.21	585.07	2.73	26.29	863.57
ETHIOPIA	1.94	2.74	40.85	6.40	18.86	194.63
COLOMBIA	2.64	3.18	20.44	6.67	14.35	115.18
DOMINICAN REPUBLIC	0.83	0.95	14.47	5.37	10.54	96.35
BANGLADESH	4.41	24.90	464.53	52.28	81.57	56.01
Sharp cumulative decline						
IRAQ	0.22	0.52	133.53	29.81	3.06	-89.74
EGYPT	13.75	4.11	-70.13	62.74	17.39	-72.28
TANZANIA	14.16	2.08	-85.32	47.93	16.64	-65.28
KUWAIT	18.13	6.23	-65.65	53.71	27.08	-49.57
CHILE	1.77	1.20	-32.26	47.70	30.16	-36.77
SOUTH AFRICA	7.93	3.64	-54.11	48.29	31.48	-34.82
QATAR	11.40	8.33	-26.93	75.36	49.44	-34.40

(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- September 2019 with 24.24 percent, 5.87 percent and 5.66 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- September 2019.
- ❖ Iraq, Egypt and Tanzania conceded substantial decline in imports by more than 65% for the said product group from India during April- September 2019.

Table 13: Export of Industrial Machinery

US\$ Million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
Top Five Importers						
U S A	200.81	175.28	-12.72	1145.94	1078.61	-5.88
BANGLADESH	52.37	60.08	14.74	302.65	339.64	12.22
THAILAND	71.83	46.17	-35.72	304.93	335.72	10.10
GERMANY	53.14	48.39	-8.94	324.06	310.03	-4.33
CHINA	37.96	47.39	24.84	257.61	276.19	7.21
High cumulative growth						

PHILIPPINES	6.94	8.03	15.85	35.26	56.07	58.99
NIGERIA	41.30	53.80	30.27	175.03	239.50	36.83
KOREA	21.67	17.48	-19.33	86.48	117.43	35.79
SINGAPORE	13.35	21.34	59.83	112.45	152.69	35.79
FRANCE	22.07	23.95	8.51	135.20	167.01	23.53
BELGIUM	9.83	9.40	-4.33	59.51	72.69	22.15
JAPAN	12.33	12.13	-1.66	68.74	83.03	20.78
Sharp cumulative decline						
IRAN	33.61	6.62	-80.31	123.29	27.64	-77.58
KENYA	43.94	11.75	-73.25	116.32	67.35	-42.10
VIETNAM	15.07	7.95	-47.22	98.46	58.66	-40.43
TURKEY	41.83	26.55	-36.51	252.11	152.61	-39.47
U K	53.56	31.06	-42.01	277.68	180.38	-35.04
SPAIN	25.99	14.33	-44.87	129.98	97.37	-25.09

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April- September 2019 with 15.92 percent share in India's global import of the product group. Bangladesh and Thailand were the two immediate followers of USA with 5.01 percent and 4.96 percent shares respectively.
- ❖ Philippines, Nigeria, Korea and Singapore were among the major importing nations witnessing growth of more than 35% in imports of Industrial machinery from India during April- September 2019 over the same period last fiscal.
- ❖ Among the major importers, Iran, Turkey, Vietnam, UK, Kenya and Spain recorded over 25 percent year-on-year declines in imports during April- September 2019.

Table 14: Automobiles

US\$ Million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
Top Five Importers						
MEXICO	115.31	129.24	12.09	784.96	753.26	-4.04
SOUTH AFRICA	65.06	76.30	17.28	397.74	477.68	20.10
U S A	96.57	71.52	-25.94	504.66	425.75	-15.64
SAUDI ARABIA	29.29	68.69	134.52	125.61	281.67	124.25
NEPAL	58.48	56.24	-3.84	261.76	249.07	-4.85
High cumulative growth						
ISRAEL	1.70	7.67	351.25	4.76	58.17	1121.53
VIETNAM	0.59	2.10	255.78	6.09	35.62	484.46
JORDAN	1.39	1.81	30.09	7.67	26.70	248.07
KUWAIT	3.69	7.07	91.49	17.76	47.49	167.34

SAUDI ARABIA	29.29	68.69	134.52	125.61	281.67	124.25
ITALY	14.02	20.52	46.35	67.47	135.15	100.31
IRAQ	4.19	7.11	69.84	15.92	26.25	64.95
QATAR	3.60	7.67	113.24	18.99	28.94	52.36
Sharp cumulative decline						
EGYPT	14.03	0.35	-97.54	70.40	10.11	-85.64
BELGIUM	2.22	0.28	-87.51	37.74	6.23	-83.48
ECUADOR	8.72	2.09	-76.01	59.21	16.53	-72.09
CANADA	9.56	0.83	-91.35	71.31	24.91	-65.07
ALGERIA	42.78	0.00	-100.00	163.31	80.74	-50.56
SRI LANKA	31.14	25.55	-17.94	215.41	131.31	-39.04
BANGLADESH	73.57	32.51	-55.81	337.13	214.01	-36.52

(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- September 2019 with 14.74, 9.35 and 8.33 percent share in India's global exports respectively over the same period last fiscal.
- ❖ Israel, Vietnam, Jordan, Kuwait, Saudi Arabia and Italy recorded over 100 percent growth in imports of the product group from India during April- September 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- September 2019 compared to same period last fiscal.

Table 15: Export of Non-Ferrous metals

US\$ Million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
Top Five Importers						
KOREA	75.47	116.05	53.76	488.95	596.51	22.00
MALAYSIA	93.82	126.28	34.59	319.32	485.10	51.92
U S A	72.10	97.93	35.82	438.28	405.56	-7.47
TAIWAN	24.24	21.55	-11.11	144.17	143.69	-0.33
THAILAND	17.33	19.69	13.64	105.46	101.27	-3.97
High cumulative growth						
SINGAPORE	2.09	0.84	-60.10	8.50	59.79	603.71
CHINA	8.11	15.22	87.63	44.36	99.71	124.78
EGYPT	6.46	0.89	-86.16	9.74	20.85	114.02
OMAN	3.39	4.89	44.47	12.80	26.24	104.94
BAHARAIN	3.69	0.96	-74.08	18.63	35.26	89.24
POLAND	1.81	0.65	-64.06	8.57	15.68	82.98
Sharp cumulative decline						

TURKEY	50.72	3.44	-93.23	337.70	16.13	-95.22
GREECE	2.02	2.57	27.15	62.99	6.78	-89.24
MEXICO	20.18	8.49	-57.92	220.34	75.88	-65.56
ITALY	19.13	5.48	-71.34	158.98	60.00	-62.26
SPAIN	19.82	6.43	-67.54	116.54	45.85	-60.65
NETHERLAND	19.00	6.35	-66.59	97.42	46.36	-52.41

(Source: Department of Commerce and CSO)

- ❖ Korea, Malaysia and USA were the top three importers of India's Non-ferrous metals and products' during April- September 2019 with 18.18 percent, 14.78 percent and 12.36 percent shares respectively in India's global import of the same.
- ❖ Singapore, China, Egypt and Oman experienced more than 100% growth in import of Non-ferrous metals and products ' during April- September 2019.
- ❖ Greece, Turkey and Mexico conceded substantial decline in imports by more than 65% for the said product group from India during April- September 2019 vis-à-vis same period last fiscal.

Table 16: Export of Electrical Machinery and Components

US\$ Million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
Top Five Importers						
U S A	224.34	195.60	-12.81	1022.88	1137.68	11.22
GERMANY	112.84	82.92	-26.51	516.07	455.70	-11.70
U K	41.79	37.64	-9.93	273.59	367.69	34.39
SINGAPORE	49.76	30.13	-39.45	299.26	272.65	-8.89
FRANCE	18.53	24.17	30.45	121.45	122.66	1.00
High cumulative growth						
NIGERIA	5.83	36.96	533.73	38.51	102.05	165.01
POLAND	5.20	8.43	62.06	33.18	66.87	101.52
MEXICO	6.71	5.79	-13.68	40.50	74.39	83.69
KOREA	2.46	4.31	75.11	20.71	34.94	68.71
U K	41.79	37.64	-9.93	273.59	367.69	34.39
Sharp cumulative decline						
INDONESIA	12.96	3.44	-73.47	81.13	24.34	-69.99
BELGIUM	59.52	9.33	-84.33	212.38	69.54	-67.26
JAPAN	40.37	20.57	-49.04	132.40	54.98	-58.47
SPAIN	12.30	3.00	-75.60	36.63	23.09	-36.97
CHINA	19.15	29.80	55.64	173.23	116.60	-32.69
NETHERLAND	5.13	4.41	-13.90	38.29	29.16	-23.84

(Source: Department of Commerce and CSO)

- ❖ USA, Germany and UK were the three top importers of Indian Electrical Machinery and Components during April- September 2019 with market shares of 26.49 percent, 10.61 percent and 8.56 percent respectively. Out of these top three importers, Germany experienced a drop in imports during April- September 2019 compared to April- September 2018.
- ❖ Mexico, Poland, Korea and Nigeria recorded more than 65% growth in imports of India's Electrical Machinery and Components during April- September 2019 vis-a-vis April- September 2018.
- ❖ Indonesia experienced the sharp decline in its imports (-69.99%) in April- September 2019 when compared to April- September 2018. It is also the case for Belgium and Japan which experienced more than 55 percent drop.

Table 17: Export of Aircrafts and Space crafts
US\$ million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
Top Five Importers						
U S A	42.44	29.61	-30.24	294.38	234.85	-20.22
U K	13.50	19.77	46.40	123.51	88.06	-28.70
FRANCE	23.84	16.73	-29.83	145.01	84.09	-42.01
SINGAPORE	16.22	14.33	-11.66	140.61	65.76	-53.23
GERMANY	9.92	8.12	-18.10	68.95	34.95	-49.32
High cumulative growth						
SPAIN	0.12	1.09	778.01	0.80	2.71	236.82
MEXICO	0.70	1.01	44.33	2.87	5.18	80.61
HONG KONG	0.40	0.43	8.44	2.27	4.01	76.97
VIETNAM	0.07	0.02	-76.64	2.36	4.12	74.63
CANADA	1.39	5.95	329.08	5.90	10.14	71.90
SWEDEN	0.86	2.45	185.46	5.88	8.71	48.12
Sharp cumulative decline						
SEYCHELLES	0.44	0.00	-99.90	22.95	0.09	-99.62
BELGIUM	0.27	0.03	-89.75	11.73	1.36	-88.44
POLAND	1.15	0.44	-61.53	10.33	2.26	-78.09
SWITZERLAND	0.66	0.59	-11.85	15.99	5.09	-68.15
SINGAPORE	16.22	14.33	-11.66	140.61	65.76	-53.23

(Source: Department of Commerce and CSO)

- ❖ USA, UK and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April- September 2019 with around 34.98, 13.12 and 12.53 percent shares respectively in India's total global exports of the product.

- ❖ Spain, Mexico and Hong Kong registered substantial growths of more than 75% in import of the product group from India during April- September 2019 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts & Spacecrafts' from Seychelles, Belgium, Switzerland, Singapore and Poland dropped more than 50 percent on a year-on-year basis during April- September 2019 when compared to April- September 2018.

Table 18: Export of Ships, Boats and Floating Structures and parts

US\$ million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
Top Five Importers						
U A E	25.23	4.29	-82.98	1074.12	967.24	-9.95
SINGAPORE	0.00	13.96	-	379.61	759.26	100.01
CYPRUS	0.00	0.00	-	0.00	349.98	-
MALAYSIA	0.00	0.00	-	0.00	191.34	-
SRI LANKA	0.00	0.00	-	0.00	179.09	-
High cumulative growth						
NETHERLAND	0.00	0.00	-	0.03	6.69	21189.76
FRANCE	0.11	22.48	19454.30	2.61	22.55	765.04
MAURITIUS	0.00	0.00	-	2.33	5.90	153.02
INDONESIA	0.00	0.00	-100.00	37.07	89.70	142.00
SINGAPORE	0.00	13.96	-	379.61	759.26	100.01
Sharp cumulative decline						
BELGIUM	0.00	0.00	-	150.05	0.00	-100.00
SOUTH AFRICA	0.00	0.00	-	198.48	0.00	-100.00
NIGERIA	0.00	0.00	-	24.87	0.00	-99.99
QATAR	0.00	0.01	-	29.01	0.01	-99.97
OMAN	28.09	0.53	-98.11	215.84	0.53	-99.75
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 33.42 percent, 26.23 percent, 12.09 percent, 6.61 percent and 5.22 percent.

- ❖ Imports to Cyprus, Malaysia and Sri Lanka recorded significantly large increase as they had practically no import in April- September 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- September 2019. Whereas the exports dropped to zilch for Belgium, Nigeria, Qatar and South Africa.

Table 19: Export of Auto Components

US\$ Million

COUNTRY	SEPTEMBER 2018	SEPTEMBER 2019	Growth (%)	APRIL- SEPTEMBER 2018	APRIL- SEPTEMBER 2019	Growth (%)
Top Five Importers						
U S A	108.58	102.20	-5.87	603.78	622.26	3.06
BRAZIL	25.07	20.42	-18.54	149.18	142.89	-4.21
BANGLADESH	20.62	25.51	23.74	163.75	140.48	-14.21
GERMANY	21.82	20.72	-5.05	128.20	131.57	2.63
TURKEY	26.59	24.73	-6.99	182.37	125.08	-31.42
High cumulative growth						
SAUDI ARABIA	2.25	4.35	93.20	9.49	20.02	111.02
PHILIPPINES	5.47	7.40	35.30	21.00	41.45	97.40
CZECH REPUBLIC	1.82	4.29	135.35	9.69	16.31	68.34
CHILE	1.31	2.34	78.76	8.68	13.30	53.34
TAIWAN	1.43	2.31	61.64	7.87	11.38	44.74
MALAYSIA	2.31	2.75	18.88	12.83	18.41	43.51
KOREA	4.75	5.19	9.18	24.34	32.39	33.05
VIETNAM	15.30	19.58	27.96	76.96	100.37	30.41
Sharp cumulative decline						
UZBEKISTAN	5.06	0.29	-94.33	9.01	1.42	-84.29
MYANMAR	3.50	1.67	-52.21	18.37	8.55	-53.43
ALGERIA	0.83	1.10	33.56	9.90	5.59	-43.50
ARGENTINA	0.70	0.72	2.74	5.62	3.75	-33.17
TURKEY	26.59	24.73	-6.99	182.37	125.08	-31.42
AUSTRIA	1.25	1.12	-10.26	7.32	5.11	-30.13

(Source: Department of Commerce and CSO)

- ❖ USA remained the top importer of auto components in April- September 2019 with a share of 22.71 percent. It is followed by Brazil, Bangladesh, Germany and Turkey with respective shares of 5.22 percent, 5.13 percent, 4.80 percent and 4.57 percent.
- ❖ Saudi Arabia, Philippines Czech Republic and Chile recorded maximum increase of more than 50 percent in imports from April- September 2019 when compared to April- September 2018

- ❖ However, Uzbekistan, Myanmar, Algeria, Argentina, Turkey and Austria recorded significant decline of more than 30 percent in April- September 2019 when compared to April- September 2018.

Analysis of India's engineering imports

India's Engineering imports during September 2019 were valued at US\$ 7915.5 million compared to US\$ 8858.4 million in September 2018 recording a significant negative growth of 10.6 percent in dollar terms.

Cumulative engineering imports during April- September 2019-20 was recorded at US\$ 50.5 billion as against US\$ 53.8 billion during the same period last fiscal registering fall of 6.2 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 September 2019 has increased marginally to that during September 2018 estimated at 21.5%.

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

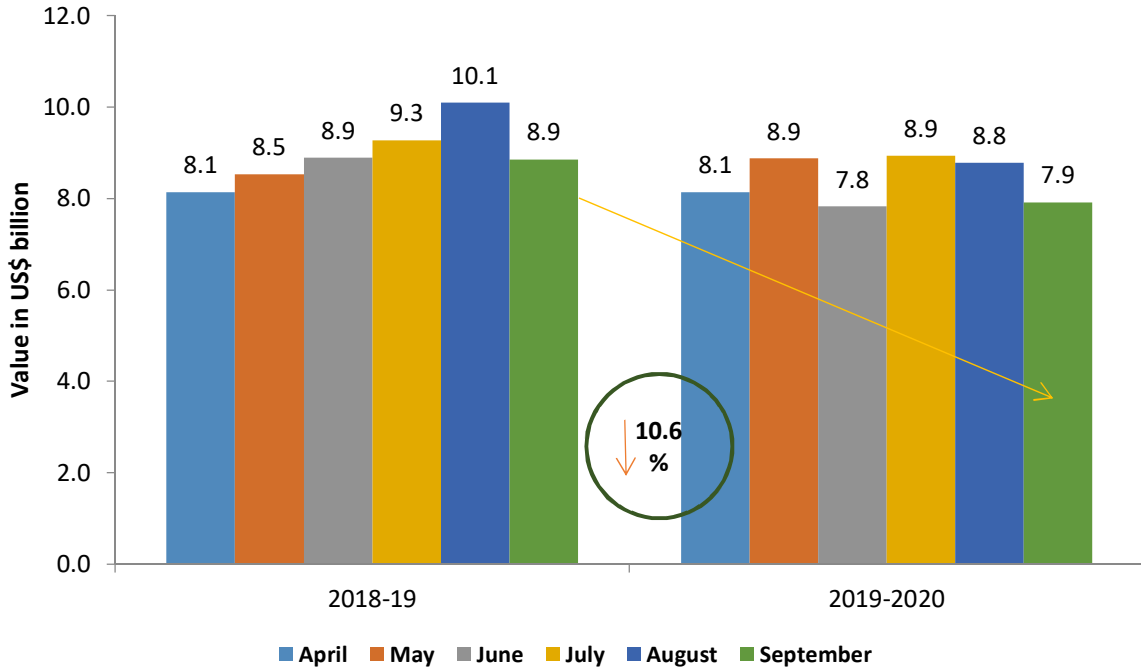
Table 20: Engineering Imports
(US\$ Million)

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
September	8858.41	7915.5	-10.6

Source: Department of Commerce, Government of India

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

Fig 6: Monthly Engineering Imports for 2019-20 vis-a-vis 2018-19
US\$ billion



Source: EEPIC India analysis

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 six months of the current fiscal 2019-20 depicted in the table below:

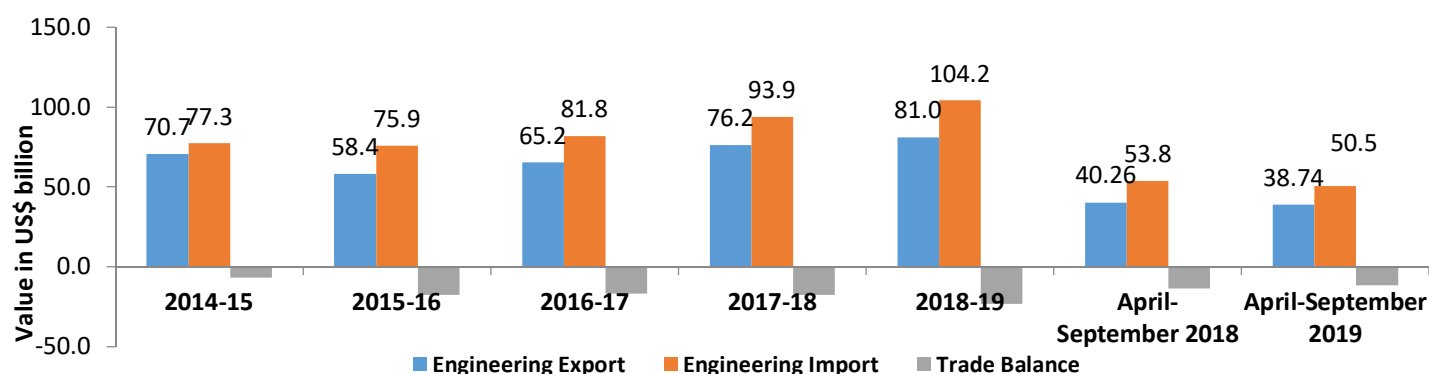
Table 21: Engineering Trade
(US\$ Million)

Trade Flow	2014-15	2015-16	2016-17	2017-18	2018-19	Growth %	April-September 2018	April-September 2019	Growth %
Engineering Export	70.7	58.4	65.2	76.2	81.0	6.3	40.26	38.74	-3.8
Engineering Import	77.3	75.9	81.8	93.9	104.2	10.9	53.8	50.5	-6.2
Trade Balance	-6.6	-17.5	-16.6	-17.7	-23.1		-13.5	-11.7	

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

Figure 7: Trend in Monthly Engineering Trade
US\$ Billion



To conclude...

The downfall in Indian engineering exports continued in September 2019 due to depressing sentiment prevailing in the global trade following economic slowdown in many regions across the globe. The pace of decline was lower during September but that did not indicate any stability going forward. Nine major economies around the world, including the UK, Germany, Russia, Singapore and Brazil, are on the brink of recession or already in recession while economists fear the US is likely to follow soon.

Ripple effects of 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.

