

Engineering Exports and Imports Monitor

December 2019



Engineering the future

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Overall Scenario

India's merchandise exports continued to decline for the fifth straight month to December 2019

- ❖ India's merchandise exports declined on a year-on-year basis for the fifth month in a row in December 2019. This time, the extent of decline was 1.80 percent as against 0.34 percent in November, 1.11 percent in October and a higher 6.57 percent in September 2019.
- ❖ Merchandise exports from India was recorded at USD 27.36 billion in December 2019 as compared to USD 27.86 billion in November 2018, registering 1.80 percent decline y-o-y as global slowdown led to slackening of demand from overseas. In rupee terms, merchandise exports declined by 1.16 percent Y-o-Y during the month.
- ❖ Cumulative merchandise exports for the first nine months of fiscal 2019-20 also conceded 1.96 percent decline over the same period last fiscal as it dropped to US\$ 239.29 billion during April-December 2019-20 from 244.08 billion during the same period last fiscal. In rupee terms, the decline was lower at 1.04 percent Y-o-Y during the same time period.
- ❖ Merchandise Imports in December 2019 were US\$ 38.61 billion, which was 8.83 percent lower in Dollar terms over imports of US\$ 42.35 billion in December 2018. The decline was 8.24 percent in Rupee terms.
- ❖ Cumulative value of imports for the period April-December 2019-20 were US\$ 357.39 billion as against US\$ 392.31 billion during the same period last fiscal, registering a negative growth of 8.90 percent in Dollar terms.
- ❖ Trade deficit at US\$ 11.25 billion in December 2019 was 22.4 percent lower than the deficit in November 2018 at US\$ 14.49 billion. On a cumulative basis, trade deficit narrowed down by 20.3 percent to US\$ 118.10 billion during April-December 2019-20 from US\$ 148.23 billion during the same period last fiscal.

India's engineering exports growth slipped to negative once again in December 2019

- ❖ Absence of any favourable base effect pulled down Indian engineering export growth to negative during December 2019 from 6.24 percent year-on-year growth in November 2019 driven by lower statistical base. However, engineering export during December 2019 was at its second highest in 2019-20 after May. The said month saw engineering exports at US\$ 6,836.48 million, which was 1.0 percent lower than US\$ 6,905.63 million recorded in the same month last fiscal.
- ❖ Cumulative estimates showed that engineering exports continued to slide on a y-o-y basis. It was recorded at US\$ 57,905.21 million during April-December 2019-20 as

against US\$ 59,054.93 million during the same period last fiscal, registering 1.95 percent decline.

- ❖ The share of engineering exports in India's total merchandise exports jumped to 25 percent during December 2019 from 23.49 percent during November 2019, 24.05 percent in October and 24.4 percent in September. The share was 24.3 percent in August, 22.7 percent in July, 25.4 percent in June and 24.2 percent in May 2019. On a cumulative basis, the contribution of engineering exports in India's total merchandise exports was 24.20 percent during April-December 2019-20.
- ❖ Out of 33 engineering panels, as much as 21 panels recorded year-on-year decline in exports during December 2019. The number of panels however reduced to 15 when estimated on a cumulative basis for the first nine months of fiscal 2019-20.
- ❖ During December 2019, 13 nations out of India's top 25 export destinations for engineering products recorded growth in exports vis-à-vis December 2018. On a cumulative basis for April-December 2019-20, the number of countries were 12.

India's November engineering imports down by 17.7 %

- ❖ India's Engineering imports during December 2019 were valued at US\$ 8,896.1 million compared to US\$ 10,331.2 million in December 2018 recording a significant negative growth of 13.9 percent in dollar terms.
- ❖ Cumulative engineering imports during April-December 2019-20 were valued at US\$ 75.7 billion compared to US\$ 82.7 billion registering a negative growth of 8.5 percent in dollar terms.
- ❖ The share of engineering imports in India's total merchandise imports in December 2019 at 23% has decreased in comparison to that of in December 2018 at 24.4%.

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:

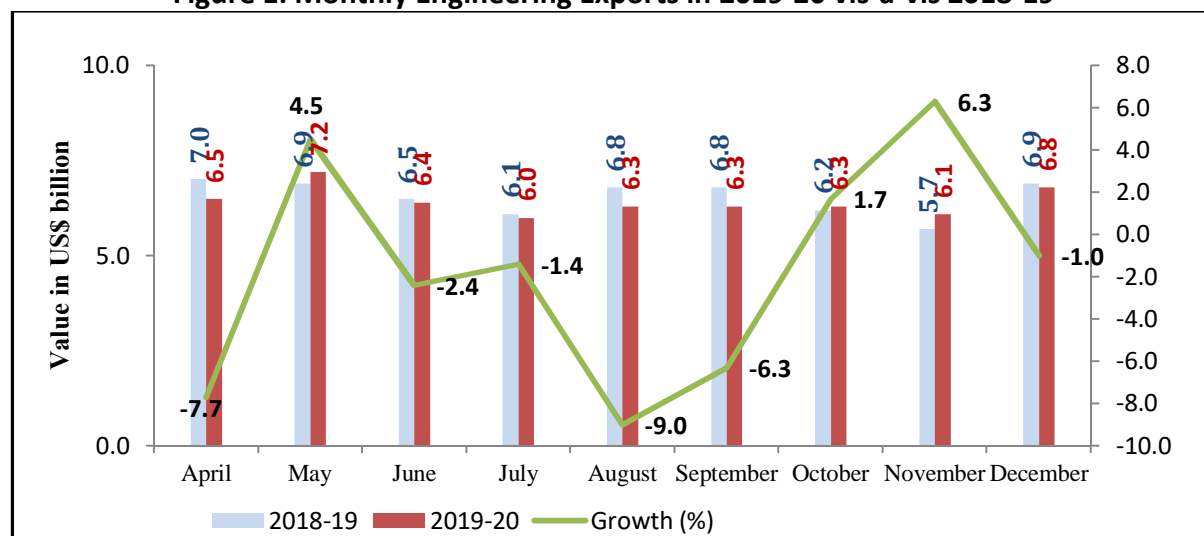
Table 1: Engineering Exports: Monthly trend
(US\$ million)

Month	2018-19	2019-20	Growth (%)
April	7020.54	6479.99	-7.70
May	6928.08	7244.48	4.57
June	6512.31	6352.15	-2.46
April-June	20460.93	20076.62	-1.88
July	6052.64	5948.79	-1.72
August	6974.48	6347.69	-8.99
September	6769.15	6344.86	-6.27
April-September	19796.27	18641.34	-5.83

October	6151.93	6252.62	1.64
November	5740.17	6098.15	6.24
December	6905.63	6836.48	-1.00
October-December	18797.73	19187.25	2.07
April-December	59054.93	57905.21	-1.95

Source: DGCIS, Govt. of India.

Figure 1: Monthly Engineering Exports in 2019-20 vis-a-vis 2018-19



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 while manufacturing witnessed accelerated growth. During August, engineering exports decelerated faster and manufacturing growth turned negative. The month of September 2019 again saw both moved in the opposite direction when decline in engineering exports moderated but decline in manufacturing growth accelerated. In October and November 2019, both moved in the same direction. Engineering exports bounced back to growth path in October 2019 while growth accelerated in November 2019. On the other hand, decline in manufacturing moderated in October and then registered decent growth in

November 2019. As per the latest figures, manufacturing output and engineering exports moved in the same direction in six out of the first eight months of fiscal 2019-20. Perhaps, the trend in Table 2 shows a lagged effect of a month. We need to see how this plays out during the course of 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	-7.70	2.5
May 2018	4.57	4.4
June 2019	-2.46	0.3
April-June 2019	-1.88	2.4
July 2019	-1.72	4.8
August 2019	-8.99	-1.6
September 2019	-6.27	-4.0
July-September 2019	-5.83	-0.3
October 2019	1.64	-2.1
November 2019	6.24	2.7
December 2019	-1.00	N A
April-December 2019	-1.95	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	6151.93*	8.51%
November	6872.84	5740.17*	-16.48%
December	7163.56	6905.63*	-3.60%
Quarter 3	19705.99	18797.73*	-4.61%
January	6217.28	6294.12	1.24%
February	6332.92	6439.29	1.68%

Months	2017-18	2018-19	Growth (%)
March	7839.32	9156.46	16.80%
Quarter 4	20389.52	21889.87	7.36%
April-March	76199.33	80944.80*	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:

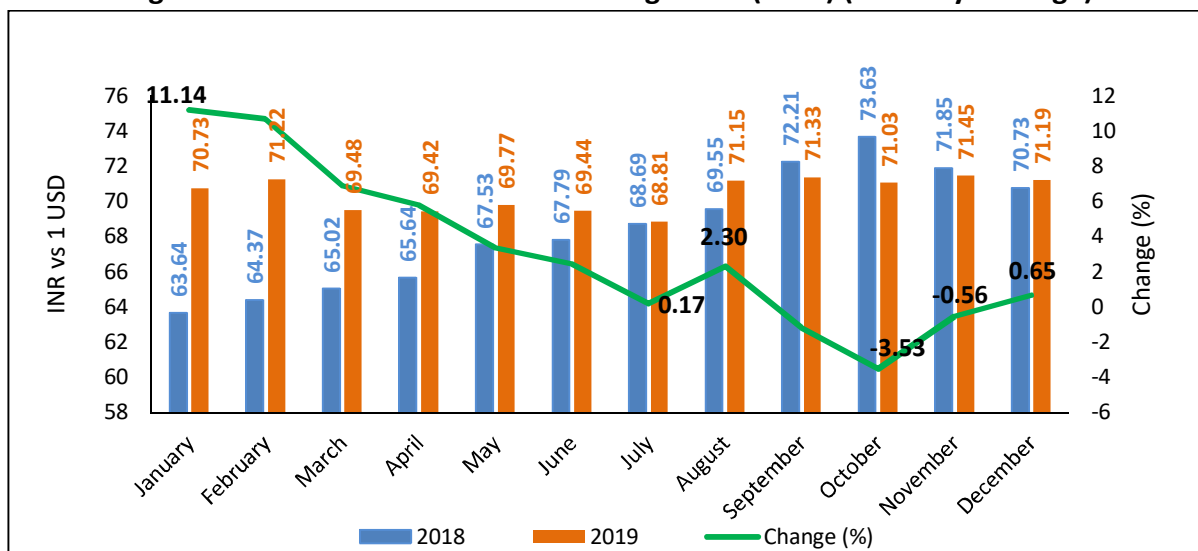
Table 4: USD-INR average exchange rate

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
October	73.63	71.03	-3.53	Appreciation
November	71.85	71.45	-0.56	Appreciation
December	70.73	71.19	0.65	Depreciation

Source: RBI, FBIL, EEPIC Research

Indian rupee conceded year-on-year depreciation over US Dollar in December 2019 after four months. It was however largely flat on a month-on-month basis. A noteworthy feature had been the relative hardening of Rupee in 2019 as indicated by the narrowing in the rate of depreciation over corresponding months of last year till July 2019, followed by appreciation in three months from September. Rupee has been hovering around 71 per US Dollar in the last five months. The pictorial representation presented below may provide a clearer picture.

Figure2: Movement of USD-INR Exchange Rate (2019) (Monthly Average)



Source: RBI, FBIL, EEPC Research

The chart shows that Indian Rupee had been depreciating since the very beginning of 2019 but at a moderating pace. 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 witnessed higher depreciation but then rupee started appreciating from September 2019 until the bull-run was arrested in December.

3. Top 25 engineering export destinations in December 2019

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during April- December 2019-20 over April- December 2018-19.

Table-5: Engineering exports country wise, (2019-20)

US\$ million

Country	December 2018	December 2019	Growth (%)	April-December 2018-19	April-December 2019-20	Growth (%)
U S A	1068.73	1157.48	8.30	8761.35	8926.67	1.89
UAE	269.34	327.88	21.73	3310.11	3315.20	0.15
GERMANY	264.31	250.53	-5.22	2490.50	2302.50	-7.55
NEPAL	261.99	222.58	-15.04	2311.15	2007.39	-13.14
BANGLADESH	258.58	236.19	-8.66	2066.61	1912.24	-7.47
U K	233.76	218.66	-6.46	2096.29	1876.34	-10.49
SINGAPORE	112.38	99.29	-11.65	1429.97	1834.78	28.31

Country	December 2018	December 2019	Growth (%)	April-December 2018-19	April-December 2019-20	Growth (%)
MEXICO	186.04	214.23	15.15	1919.93	1832.66	-4.55
MALAYSIA	220.86	237.12	7.36	1326.59	1793.60	35.20
CHINA	164.55	255.34	55.18	1333.55	1701.58	27.60
KOREA RP	121.60	165.43	36.04	1334.17	1484.74	11.29
ITALY	147.06	166.98	13.54	1652.39	1472.18	-10.91
VIETNAM	78.50	156.29	99.09	760.99	1420.82	86.71
NIGERIA	134.09	183.76	37.04	920.96	1302.49	41.43
THAILAND	149.90	163.34	8.96	1229.55	1230.51	0.08
SOUTH AFRICA	136.48	141.43	3.63	1273.74	1216.37	-4.50
SAUDI ARAB	172.58	161.92	-6.18	1058.84	1169.58	10.46
FRANCE	117.75	95.44	-18.95	1024.02	1024.36	0.03
SRI LANKA	338.74	123.60	-63.51	1252.56	974.51	-22.20
INDONESIA	187.66	78.94	-57.93	1304.69	949.27	-27.24
TURKEY	88.48	125.04	41.32	1400.88	841.84	-39.91
BELGIUM	93.73	90.61	-3.33	1291.63	802.32	-37.88
BRAZIL	91.50	106.18	16.04	741.99	794.13	7.03
JAPAN	119.69	94.88	-20.73	934.76	771.32	-17.49
NETHERLAND	81.23	66.10	-18.64	769.01	648.92	-15.62
Total engineering exports to top 25 countries	5099.55	5139.21	0.78	43996.24	43606.31	-0.89
Total engineering exports	6905.63	6836.48	-1.00	59054.93	57905.21	-1.95
Share (%)	73.85	75.17		74.50	75.31	

Source: Department of Commerce, Government of India

India's top 25 engineering export destinations: Some observations

- ❖ In 12 out of 25 countries, engineering exports recorded positive cumulative growth during April- December 2019-20 over April- December 2018-19.
- ❖ India's engineering exports to its top 25 nations accounted for 75.3 per cent of India's total engineering exports in April-December 2019-20, which is a little higher than its share in the April- December 2018-19.
- ❖ USA continues to rank as the number one destination for India's engineering products during December 2019 over December 2018 as well as for April- December 2019-20 over April- December 2018-19. Following the previous month trend India's exports to US recorded a significant high growth in December 2019 over December 2018 and a positive cumulative growth.
- ❖ Consecutively Vietnam for the fourth time in a row recorded highest positive cumulative growth during April- December 2019-20 over April- December 2018-19 as well as for December 2019 over December 2018.
- ❖ Among the ASEAN countries under the top 25 engineering exports destinations, Vietnam, Malaysia and Singapore recorded high positive growth and Thailand recorded a positive marginal growth during April- December 2019-20 over April- December 2018-19, barring Indonesia.
- ❖ India's engineering exports to China recorded high positive cumulative growth during April- December 2019-20 over April- December 2018-19 as well as monthly growth for December 2019 over December 2018.
- ❖ Like the previous months barring France, all the European nations falling under the top 25 engineering exports destinations, recorded negative growth during April-December 2019-20 over April- December 2018-19. However for Italy and Turkey, India's engineering exports recorded positive monthly growth during December 2019 over December 2018.
- ❖ India's engineering exports to its top 25 destinations during April- December 2019-20 over April- December 2018-19 recorded a negative growth which is less than in comparison to 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-December 2019-20 as opposed to April-December 2018-19.

Table 6: Region wise exports trend
US\$ million

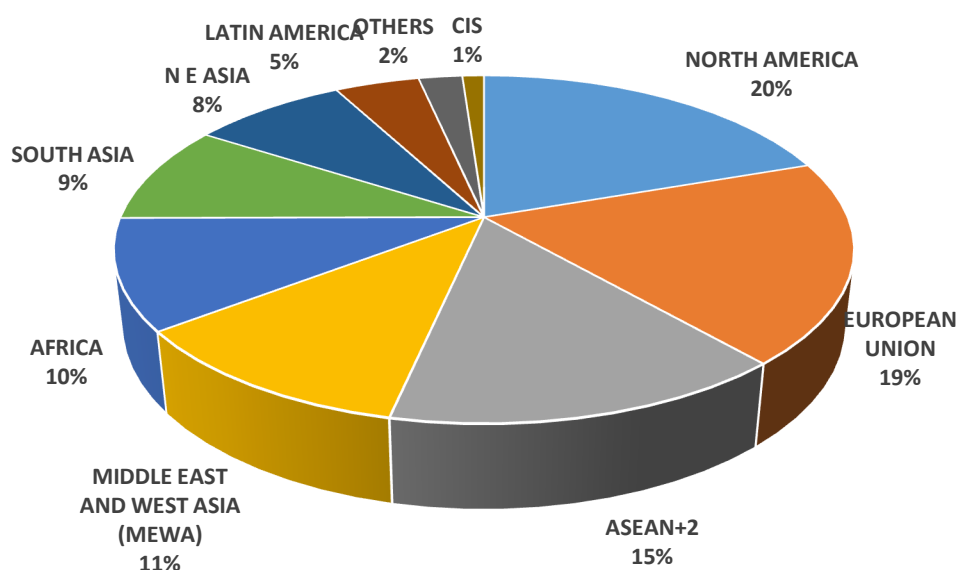
Regions	December 2018	December 2019	Growth (%)	April-December 2018-19	April-December 2019-20	Growth (%)
NORTH AMERICA	1345.95	1430.94	6.31	11322.72	11404.53	0.72
EUROPEAN UNION	1252.70	1186.01	-5.32	12161.30	10900.74	-10.37
ASEAN+2	922.05	914.48	-0.82	7517.74	8624.36	14.72
MIDDLE EAST AND WEST ASIA (MEWA)	712.95	780.51	9.48	6817.08	6498.97	-4.67

Regions	December 2018	December 2019	Growth (%)	April-December 2018-19	April-December 2019-20	Growth (%)
AFRICA	715.72	740.87	3.51	5929.61	5955.53	0.44
SOUTH ASIA	917.92	621.16	-32.33	6101.32	5297.87	-13.17
N E ASIA	528.34	601.31	13.81	4359.98	4691.82	7.61
LATIN AMERICA	311.49	322.28	3.46	2581.86	2555.74	-1.01
OTHERS	126.66	153.29	21.03	1675.69	1321.70	-21.12
CIS	71.86	85.64	19.17	587.62	653.94	11.29
Total engineering exports	6905.63	6836.48	-1.00	59054.93	57905.21	-1.95

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 3: India's region wise exports during April-December 2019-20



Source: Data from DGCI&S and EEPC India analysis

Region wise engineering exports: some observations

- ❖ North America retained its numero uno position as the region with highest shipment of engineering products from India during April-December 2019-20 over April-December 2018-19 with a share of 19.7 percent of total engineering exports.
- ❖ Like before India's exports to ASEAN+2 recorded highest positive growth during April-December 2019-20 over April-December 2018-19, followed by CIS.

- ❖ India's exports to EU and ASEAN+2 ranked second and third in global shipments of Indian engineering goods in April- December 2019-20 with a share of 18.8 percent and 14.9 percent of total engineering exports respectively.

Along with ASEAN+ 2, Africa, CIS and North East Asia, North America too recorded positive cumulative growth in exports of engineering products from India during April- December 2019-20 over April- December 2018-19.

5. Panel Wise Engineering Exports

We begin by looking at the Engineering Panel wise exports for the month of December 2019 vis-a-vis December 2018. The data is given in Table 7 below:

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

US\$ Million						
	December, 2018	December, 2019	Growth (%)	April,2018 - Dec,2018	April,2019 - Dec,2019	Growth (%)
Iron and Steel and Products made of Iron and Steel						
Iron and Steel	687.04	851.56	23.95	7205.28	7237.93	0.45
Products of Iron and Steel	663.98	651.04	-1.95	5323.04	5285.07	-0.71
Sub Total	1351.02	1502.60	11.22	12528.32	12523.00	-0.04
Non-Ferrous Metals and Products made of Non-Ferrous Metals						
Copper and products	109.86	135.37	23.22	806.15	707.45	-12.24
Aluminium and products	473.85	530.97	12.05	4365.82	3895.60	-10.77
Zinc and products	48.85	45.87	-6.10	453.23	406.11	-10.40
Nickel and products	5.82	7.60	30.58	55.29	82.15	48.58
Lead and products	43.47	40.96	-5.77	301.47	295.73	-1.90
Tin and products	1.21	0.46	-61.98	6.76	7.41	9.62
Other Non-Ferrous Metals	46.22	47.77	3.35	400.37	409.50	2.28
Sub Total	729.28	809.00	10.93	6389.09	5803.95	-9.16
Industrial Machinery						
Industrial Machinery like Boilers, parts, etc	74.15	67.94	-8.37	531.12	626.35	17.93
IC Engines and Parts	270.67	238.73	-11.80	2077.86	1922.66	-7.47
Pumps of all types	97.72	96.54	-1.21	738.88	740.03	0.16
Air condition and Refrigerators	163.42	117.11	-28.34	1519.09	1081.48	-28.81
Industrial Machinery for dairy, food processing , textiles etc	505.41	494.78	-2.10	4339.84	4180.33	-3.68
Machine Tools	46.03	39.26	-14.71	362.39	337.91	-6.76
Machinery for Injecting moulding, valves and ATMs	153.51	157.52	2.61	1182.03	1333.41	12.81
Sub Total	1310.91	1211.88	-7.55	10751.21	10222.17	-4.92
Electrical Machinery	654.37	833.2	27.33	6254.01	6687.25	6.93

Automobile						
Motor Vehicle/cars	834.74	788.54	-5.53	6403.71	6133.07	-4.23
Two and Three Wheelers	179.54	178.53	-0.56	1631.11	1595.23	-2.20
Auto Components/Part	533.85	461.31	-13.59	4267.61	4044.93	-5.22
Sub Total	1548.13	1428.38	-7.74	12302.43	11773.23	-4.30
Aircrafts and Spacecraft parts and products	120.66	127.36	5.55	1320.64	1074.77	-18.62
Ships Boats and Floating products and parts	401.14	142.11	-64.57	3065.87	3215.76	4.89
Other engineering products						
Medical and Scientific instruments	153.67	160.35	4.35	1252.64	1330.35	6.20
Railway Transport	31.35	16.54	-47.24	280.17	217.78	-22.27
Hand Tools & Cutting Tools	67.07	64.16	-4.34	567.88	571.07	0.56
Electrodes Accumulators	4.81	4.45	-7.48	39.57	43.54	10.03
Accumulator and Batteries	31.45	34.79	10.62	285.72	323.5	13.22
Bicycle & Parts	36.19	31.12	-14.01	283.46	286.33	1.01
Cranes Lifts & Winches	50.24	56.54	12.54	362.12	437.74	20.88
Office Equipment	20.11	18.56	-7.71	102.44	152.6	48.97
Other Construction Machinery	154.23	123.28	-20.07	1248.9	1071.48	-14.21
Prime Mica & Mica Products	3.35	3.14	-6.27	20.9	32.31	54.59
OTHER MISC. ITEMS	231.94	263.71	13.70	1952.42	2083.4	6.71
Sub Total	784.41	776.64	-0.99	6396.22	6550.1	2.41
Total engineering exports	6899.92	6831.17	-1.00	59007.79	57850.23	-1.96

Source: Department of Commerce, Government of India

Engineering products with negative growth in December 2019

- Exports of Zinc and products under Chapter 79: fell by 6.10% in December 2019 and 10.40% in April-December 2019
- Exports of Lead and products under Chapter 78: fell by 5.77% in December 2019 and 1.90% in April-December 2019
- Exports of Tin and products under Chapter 80: fell by 61.98% in December 2019 but increased by 9.62% in April-December 2019.

Panel wise engineering exports: Some observations

- ❖ Year on year decline for the month of December 2019 witnessed in 21 out of total 33 engineering panels. These include some of the key panels such as industrial machinery, automobiles, auto components, Ship, Boats and Floating Bodies, railway, transport and equipment and others. In cumulative terms, 15 out of 33 panels exhibited a year-on-year decline.
- ❖ After recovering from consecutive monthly decline last month, Iron and Steel figures continued to exhibit positive trend with a growth of 23.95% in December 2019 compared to December 2018., In cumulative terms too, Iron and steel figures grow although by a miniscule 0.45% in the first nine months of 2019-20 vis-à-vis same period last fiscal.
- ❖ Products of Iron and Steel however again registered a small negative growth of 1.95% in December 2019 vis-à-vis December 2018. Cumulative exports also registered negative growth to the extent of 0.71% during April-December 2019-20 compared to same period last fiscal. The significant rise in iron and steel however led to monthly growth in iron and steel and products of iron and steel to the extent of 11.22% percent in December 2019 corresponding to the same period last year. However, in cumulative terms the two panels together registered a fall of 0.04%
- ❖ The Non-Ferrous metal segment witnessed declining export growth in Tin and products to the extent of 62% in the month of December 2019. Decline was also witnessed in the panels of lead and zinc in December 2019. Copper which registered consecutive negative growth in the last several months, registered a 23% increase in December 2019. In cumulative terms though fall was noticed in four panels including copper, aluminium, zinc and lead
- ❖ Out of the seven panels under Industrial machinery six panels exhibited negative growth in December 2019 taking the total industrial machinery growth to -7.5% during December 2019. 2.61% positive growth was only witnessed in machinery for injecting, moulding valves and equipment. In cumulative terms too, the panel registered negative growth of 4.92% between April-December 2019 compared to the same period last year.
- ❖ Electrical Machinery and equipment which generally exhibits rise and is a major export for India experienced growth to the extent of 27.33% in December 2019 when compared to December 2018. In cumulative terms there was 6.93% growth in exports in April-December 2019 when compared to April-December 2018.
- ❖ The panel Automobiles recorded 64.57% percent decline during December 2019 due to fall in exports of motor vehicles, two and three wheelers and auto components. In cumulative terms too, the panel experienced a declining growth of 4.30% and in this case too, all the three panels under automobiles registered a decline in April to December 2019 compared to the same period last year.
- ❖ Exports of Aircrafts and Spacecraft parts and products recorded positive monthly growth (5.5%) and negative cumulative growth (18.62% drop). On the other hand, 'Ship, Boats and Floating Bodies' exhibited a negative monthly growth in exports (-64.57%) and positive cumulative exports (4.89% rise).
- ❖ Negative growth was witnessed in some other miscellaneous sectors such as Railway transport, Hand Tools, Office equipment, Electrodes Accumulators, Bicycle and parts, other construction machinery and prime mica products. Medical and scientific devices registered a 4.35% positive growth in exports in monthly terms and 6.20% growth in cumulative terms.

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

Table 8A: Chapter 78: Lead and Products					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	26.58	27.35	2.91	30.1	10.1
May	15.41	35.8	132.35	24.75	-30.9
June	15.02	32.68	117.56	19.5	-40.3
July	27.13	31.24	15.15	19.47	-37.7
August	35.27	33.04	-6.33	38.90	17.7
September	41.56	31.05	-25.28	36.69	18.2
October	30.09	38.15	26.80	39.60	3.8
November	31.63	28.69	-9.31	45.76	59.5
December	38.94	43.47	11.64	40.96	5.8
April-December	261.63	301.47	15.23	295.73	-1.9

Table 8B: Chapter 78: Lead and Products					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	11.10	11.02	-0.73	13.89	26.05
May	6.39	14.68	129.54	11.92	-18.81
June	6.50	13.20	102.92	9.49	-28.04
July	11.81	12.34	4.49	9.42	-23.67
August	15.20	13.81	-9.13	18.73	35.59
September	17.14	13.81	-19.43	17.10	23.84
October	12.13	17.25	42.13	18.13	5.12
November	12.61	13.17	4.53	20.53	55.87
December	15.27	20.65	35.23		
April-December	108.18	129.69	20.13	119.25 (Apr-Nov, 2019)	

Table 9A: Chapter 79: Zinc and Products					
Values in US\$ Million					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	56.73	79.65	40.40	44.18	-27.05
May	54.36	69.39	27.65	45.79	424.26
June	61.62	68.34	10.91	48.92	-19.24
July	44.70	35.67	-20.20	52.14	-21.22

August	50.39	30.59	-39.29	32.30	-34.14
September	91.57	45.05	-50.80	50.76	24.45
October	62.61	29.62	-52.69	40.40	15.51
November	102.70	46.07	-55.14	45.75	22.58
December	110.61	48.85	-55.83	45.87	-6.10
April-December	659.26	453.30	-31.24	406.11	-10.40

Table 9B: Chapter 79: Zinc and Products					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	19.27	22.90	18.84	22.90	18.84
May	19.34	20.70	7.00	14.32	-30.78
June	22.04	20.23	-8.23	16.45	-18.67
July	15.45	11.18	-27.60	18.00	60.95
August	16.86	10.34	-38.67	12.01	16.18
September	26.42	16.70	-36.79	19.83	18.72
October	25.28	10.66	-57.83	16.88	58.33
November	29.41	15.41	-47.59	17.88	15.98
December	31.84	16.74	-47.42		
April-December	205.96	144.90	-29.65	128.60 (Apr-Nov, 2019)	

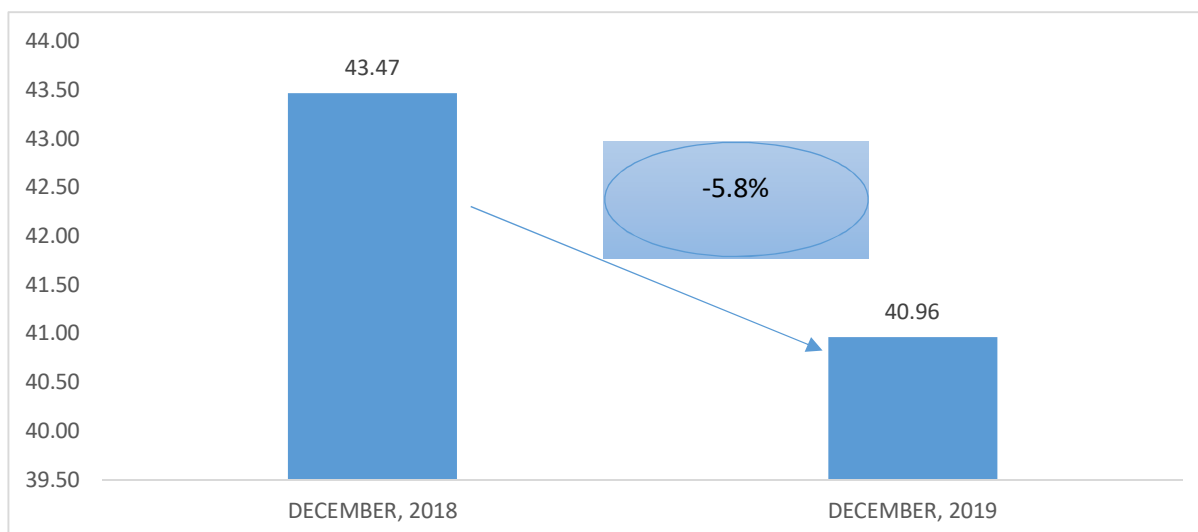
Table 10A: Chapter 80: Tin and Products					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)
April	1.18	0.49	-58.5	0.65	32.7
May	1.98	0.33	-83.3	0.91	175.8
June	0.73	0.77	5.50	0.97	26.0
July	0.45	0.81	80.0	0.48	-40.7
August	0.69	0.77	11.6	1.22	58.4
September	1.58	0.57	-63.9	0.84	47.4
October	0.50	0.67	34.0	0.78	16.4
November	0.66	1.14	72.7	1.1	-3.5
December	0.51	1.21	139.9	0.46	-61.98
April-December	8.28	6.76	-18.4	7.41	9.62

Table 10B: Chapter 80: Tin and Products					
Volume in '000 Metric tons					
Month	2017-18	2018-19	Growth (%)	2019-20	Growth (%)

April	146.23	73.80	-49.5	62.69	-15.05
May	163.14	123.13	-24.5	119.53	-2.92
June	138.12	130.20	-5.7	98.97	-23.99
July	69.73	68.30	-2.1	61.00	-10.69
August	56.29	72.78	29.3	110.78	52.22
September	38.14	38.14	0.0	65.82	72.57
October	37.19	43.23	16.2	126.87	193.45
November	51.65	63.73	23.40		
December	44.07	67.78	53.79		
April-December	787.34	681.08	-13.50	704.42 (April - Nov)	

Slump in Lead Products exports

Figure4: Slump in Lead Exports in December 2019 v/s December 2018 (in USD million)

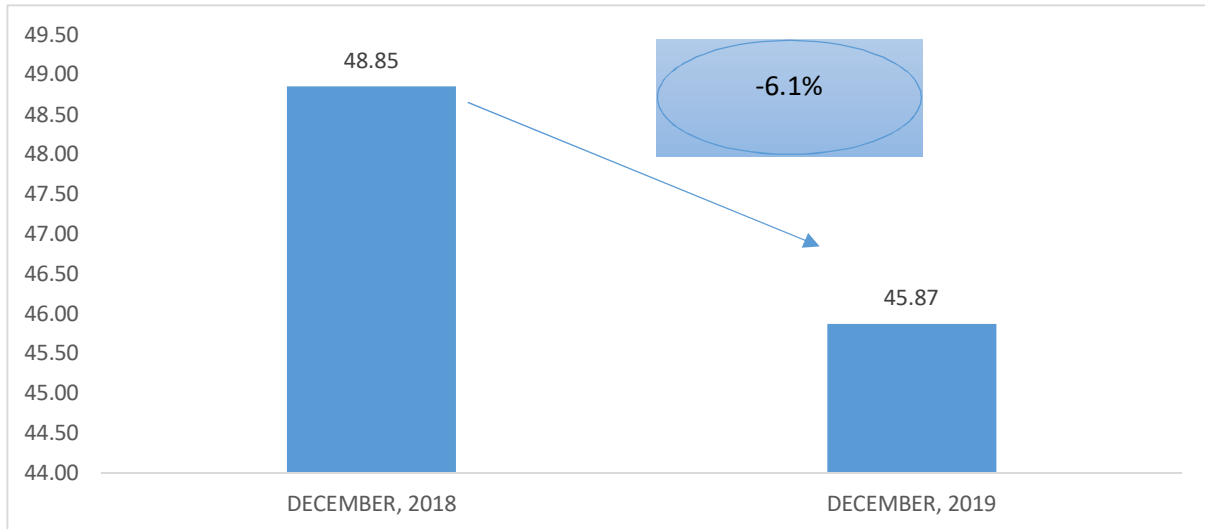


Reasons for the fall

Globally all base metal markets have been reeling under the growing trade tensions and falling LME prices.

Slump in Zinc Products exports

Figure 5: Slump in Zinc Exports in December 2019 v/s December 2018 (in USD million)

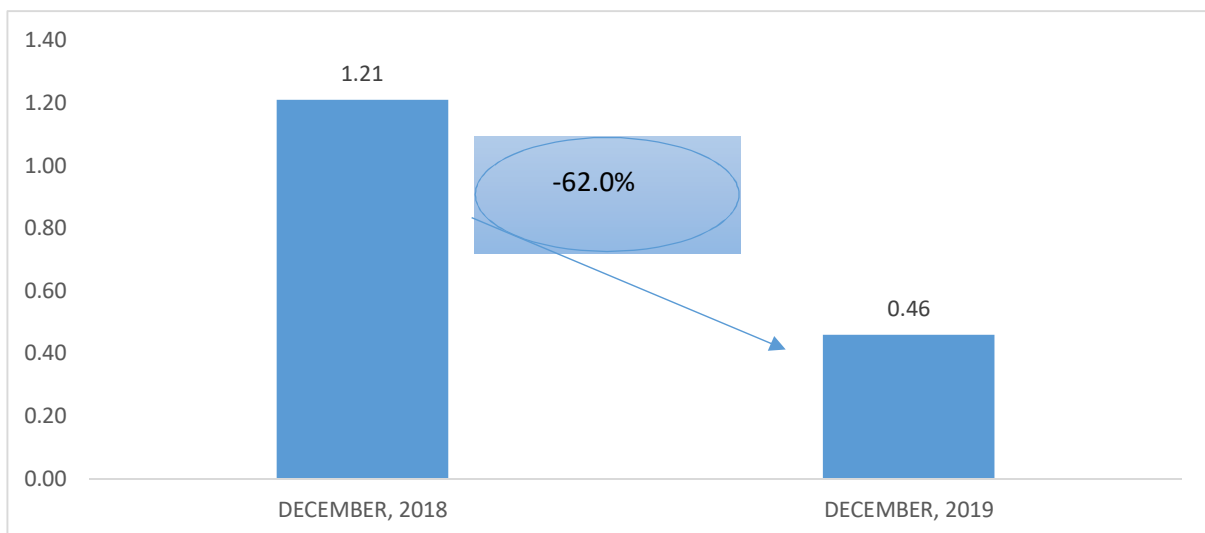


Reasons for the fall

- ❖ As already mentioned last month, the fall in export of zinc may be explained by the rising demand in the domestic market due to increased usage of galvanised steel in different sectors. The rising demand has increased sales in the domestic market and affected exports

Slump in Tin Products exports

Figure 6: Slump in Tin Exports in December 2019 v/s December 2018 (in USD million)



Reason for fall

The tin sector is experiencing a negative growth in the last two consecutive months mainly due to the sliding LME prices. Core demand weakness continued to remain owing to fall in

demand in the semiconductor sector, where cyclical downturn is exacerbated by the current trade tensions between Japan and South Korea.

6. Engineering panels – country-wise analysis

We now analyse the performance of some of the important products during December 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 11-19)

Table 11: Export of Iron & Steel
US\$ Million
(Source: Department of Commerce, Government of India)

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL-DECEMBER 2018	APRIL-DECEMBER 2019	Growth (%)
Top Five Importers						
VIETNAM	15.04	81.42	441.48	258.62	902.35	248.92
NEPAL	90.20	78.07	-13.45	911.83	714.47	-21.64
U A E	54.81	62.64	14.28	522.50	569.40	8.98
ITALY	21.66	77.14	256.17	543.34	537.94	-0.99
CHINA	37.23	61.70	65.73	203.63	451.78	121.87
High cumulative growth						
VIETNAM	15.04	81.42	441.48	258.62	902.35	248.92
CHINA	37.23	61.70	65.73	203.63	451.78	121.87
BHUTAN	6.81	7.67	12.72	39.84	61.61	54.64
OMAN	15.82	14.68	-7.23	57.05	84.64	48.37
HONG KONG	0.07	0.11	58.59	42.87	63.48	48.06
RUSSIA	5.60	8.89	58.85	60.57	85.40	41.00
Sharp cumulative decline						
ETHIOPIA	4.87	1.35	-72.19	69.95	41.64	-40.48
SAUDI ARABIA	13.58	4.61	-66.06	108.69	67.86	-37.57
KOREA	31.41	19.10	-39.18	362.31	226.98	-37.35
MEXICO	9.13	6.28	-31.22	79.39	54.09	-31.87
U S A	17.61	9.82	-44.24	196.02	135.00	-31.13
INDONESIA	16.36	13.51	-17.46	213.37	147.12	-31.05

- ❖ Vietnam, Nepal and UAE were the three top three importers of Indian Iron and Steel during April- December 2019 with market shares of 12.47 percent, 9.87 percent and 7.87 percent respectively.

- ❖ Vietnam, China, Bhutan, Oman, Hong Kong and Russia recorded more than 40 percent year-on-year growth in exports of Indian Iron and Steel during April- December 2019 compared to April- December 2018.
- ❖ Saudi Arabia, Ethiopia and Korea experienced sharp downfall to the extent of more than 35% drop in exports during April- December 2019 compared to same period last fiscal.

Table 12: Export of Products of Iron & Steel
US\$ Million

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL- DECEMBER 2018	APRIL- DECEMBER 2019	Growth (%)
Top Five Importers						
U S A	167.57	133.90	-20.09	1226.65	1213.87	-1.04
UAE	38.38	44.20	15.16	327.58	317.26	-3.15
GERMANY	37.89	35.06	-7.48	316.39	289.07	-8.64
CANADA	25.37	15.84	-37.55	197.87	259.28	31.04
U K	29.39	27.99	-4.76	234.24	225.65	-3.67
High cumulative growth						
PERU	0.69	6.85	891.84	4.15	52.17	1158.74
LIBYA	0.19	18.82	10021.03	3.62	22.18	513.42
PAKISTAN	1.30	0.00	-100.00	3.72	15.82	324.96
ETHIOPIA	1.39	5.25	278.72	10.84	37.43	245.20
INDONESIA	5.30	6.80	28.39	44.72	74.36	66.26
BANGLADESH	9.58	8.78	-8.43	75.90	117.95	55.41
Sharp cumulative decline						
IRAQ	0.46	0.36	-21.30	30.67	3.83	-87.52
EGYPT	4.68	3.43	-26.70	77.73	28.05	-63.91
TANZANIA	3.70	2.19	-40.83	69.00	26.36	-61.79
KUWAIT	17.45	4.49	-74.28	86.37	49.00	-43.26
SOUTH AFRICA	6.54	3.82	-41.57	69.83	44.16	-36.76
QATAR	13.37	8.87	-33.65	110.47	75.98	-31.22
CHILE	1.42	1.76	24.24	52.63	36.29	-31.05

(Source: Department of Commerce, Government of India)

- ❖ USA, UAE and Germany were the top three importers of India's 'Products of Iron & Steel' during April-December 2019 with 22.97 percent, 6.00 percent and 5.47 percent shares respectively in India's global import of the same.
- ❖ Peru, Libya, Pakistan and Ethiopia experienced more than 200% growth in import of 'Products of Iron and Steel' during April-December 2019.
- ❖ Iraq, Egypt and Tanzania conceded substantial decline in imports by more than 60% for the said product group from India during April-December 2019.

Table 13: Export of Industrial Machinery

US\$ Million

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL- DECEMBER 2018	APRIL- DECEMBER 2019	Growth (%)
Top Five Importers						
U S A	202.54	190.35	-6.01	1717.38	1607.33	-6.41
THAILAND	61.19	66.31	8.37	474.52	515.61	8.66
BANGLADESH	68.04	55.32	-18.70	484.50	509.25	5.11
GERMANY	53.85	51.02	-5.26	481.67	450.44	-6.48
CHINA	55.19	42.83	-22.41	386.04	433.09	12.19
High cumulative growth						
UGANDA	3.51	7.51	114.13	43.12	66.13	53.35
MYANMAR	4.50	4.91	9.04	37.04	55.65	50.24
NIGERIA	45.17	50.11	10.94	276.43	405.16	46.57
SINGAPORE	14.69	22.33	52.02	160.66	229.68	42.96
PHILIPPINES	11.29	9.41	-16.69	60.18	82.44	37.00
BELGIUM	9.59	9.97	3.90	87.16	106.11	21.75
BRAZIL	16.19	35.95	122.01	158.41	190.84	20.47
Sharp cumulative decline						
IRAN	6.29	5.69	-9.47	155.50	43.80	-71.83
VIETNAM	15.99	18.47	15.52	150.04	96.84	-35.45
KENYA	14.07	13.87	-1.42	157.82	102.20	-35.24
TURKEY	29.00	38.53	32.88	357.13	244.94	-31.41
U K	49.81	38.77	-22.17	403.34	284.30	-29.51
SAUDI ARABIA	46.95	22.26	-52.58	289.66	207.56	-28.34

(Source: Department of Commerce, Government of India)

- ❖ USA was the largest importer of Indian 'Industrial machinery' during April- December 2019 with 15.72 percent share in India's global import of the product group. Thailand and Bangladesh were the two immediate followers of USA with 5.04 percent and 4.98 percent shares respectively.
- ❖ Uganda, Myanmar, Nigeria and Singapore were among the major importing nations witnessing growth of more than 40% in imports of Industrial machinery from India during April- December 2019 over the same period last fiscal.
- ❖ Among the major importers, Iran, Turkey, Vietnam, UK, Kenya and Saudi Arabia recorded over 25 percent year-on-year declines in imports during April- December 2019.

Table 14: Automobiles

US\$ Million

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL- DECEMBER 2018	APRIL- DECEMBER 2019	Growth (%)
Top Five Importers						
MEXICO	103.21	129.13	25.11	1027.31	1097.98	6.88
SOUTH AFRICA	75.01	91.90	22.52	587.39	744.99	26.83
U S A	147.91	143.99	-2.65	844.09	738.48	-12.51
SAUDI ARABIA	65.87	65.27	-0.91	227.78	496.32	117.90
NIGERIA	47.03	58.63	24.68	313.16	404.15	29.06
High cumulative growth						
SAUDI ARABIA	65.87	65.27	-0.91	227.78	496.32	117.90
KUWAIT	8.66	10.23	18.13	36.74	75.13	104.49
U ARAB EMTS	22.18	52.53	136.90	169.92	252.77	48.76
ETHIOPIA	6.43	9.22	43.41	50.52	71.06	40.67
PERU	9.81	17.78	81.22	97.36	130.53	34.07
NIGERIA	47.03	58.63	24.68	313.16	404.15	29.06
Sharp cumulative decline						
EGYPT	14.89	2.87	-80.73	108.35	16.97	-84.34
BELGIUM	3.87	1.91	-50.70	49.44	9.59	-80.61
SPAIN	7.59	0.11	-98.60	52.38	20.17	-61.49
ALGERIA	0.00	0.00	-	193.10	80.74	-58.19
CANADA	12.52	8.38	-33.04	105.37	47.70	-54.73
ECUADOR	3.84	11.73	205.75	69.20	34.26	-50.49
INDONESIA	37.27	4.49	-87.94	279.72	150.60	-46.16

*(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- December 2019 with 14.21, 9.64 and 9.56 percent share in India's global exports respectively over the same period last fiscal.
- ❖ Saudi Arabia and Kuwait recorded over 100 percent growth in imports of the product group from India during April- December 2019 over the same period last fiscal.
- ❖ Countries like Belgium, Egypt and Spain saw their imports of automobile lower by more than 60% during April- December 2019 compared to same period last fiscal.

Table 15: Export of Non-Ferrous metals
US\$ Million

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL- DECEMBER 2018	APRIL- DECEMBER 2019	Growth (%)
Top Five Importers						
MALAYSIA	138.65	176.74	27.47	728.04	949.31	30.39
KOREA	47.78	108.65	127.37	668.58	903.26	35.10
U S A	85.61	66.81	-21.97	784.23	709.09	-9.58
CHINA	27.35	103.39	278.00	248.11	361.74	45.80
TAIWAN	75.57	27.14	-64.09	270.59	211.67	-21.78
High cumulative growth						
OMAN	4.68	5.06	8.08	37.20	56.90	52.96
SINGAPORE	30.58	9.86	-67.77	51.62	76.76	48.72
CHINA	27.35	103.39	278.00	248.11	361.74	45.80
ETHIOPIA	2.14	3.74	74.92	20.00	28.57	42.87
AUSTRALIA	2.16	3.54	63.69	22.02	30.94	40.49
BAHARAIN	5.54	2.84	-48.81	30.85	42.11	36.51
Sharp cumulative decline						
TURKEY	1.54	7.23	370.62	412.51	36.78	-91.08
SPAIN	19.06	4.88	-74.39	179.37	66.14	-63.13
ITALY	14.93	9.28	-37.89	231.70	87.41	-62.28
MEXICO	11.99	13.89	15.90	271.73	108.67	-60.01
NETHERLAND	13.69	6.94	-49.34	146.87	73.65	-49.85
BANGLADESH	20.96	29.39	40.20	201.18	138.58	-31.12

(Source: Department of Commerce and CSO)

- ❖ Malaysia, Korea, and USA were the top three importers of India's Non-ferrous metals and products' during April- December 2019 with 16.36 percent, 15.56 percent and 12.22 percent shares respectively in India's global import of the same.
- ❖ Oman experienced more than 50% growth in import of Non-ferrous metals and products ' during April- December 2019.
- ❖ Turkey, Italy, Mexico and Spain conceded substantial decline in imports by more than 60% for the said product group from India during April- December 2019 vis-à-vis same period last fiscal.

Table 16: Export of Electrical Machinery and Components
US\$ Million

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL- DECEMBER 2018	APRIL- DECEMBER 2019	Growth (%)
Top Five Importers						
U S A	140.26	324.90	131.65	1480.97	1996.55	34.81
GERMANY	74.05	62.72	-15.30	720.75	667.23	-7.43
U K	33.10	55.32	67.12	365.82	504.47	37.90
SINGAPORE	10.65	29.05	172.80	380.72	363.21	-4.60
FRANCE	19.57	15.86	-18.99	164.90	198.27	20.24
High cumulative growth						
NIGERIA	10.06	32.61	224.13	61.18	183.04	199.18
SOUTH AFRICA	3.67	4.69	27.94	26.95	51.87	92.47
MEXICO	2.95	5.31	79.74	50.15	89.75	78.98
KOREA	4.33	4.62	6.84	31.04	46.55	49.96
POLAND	7.18	7.18	0.00	58.54	86.43	47.64
Sharp cumulative decline						
BELGIUM	3.95	2.65	-33.03	287.75	90.61	-68.51
INDONESIA	12.64	4.95	-60.85	110.49	36.87	-66.63
EGYPT	8.75	1.53	-82.55	43.41	17.38	-59.98
JAPAN	44.11	18.48	-58.10	192.25	87.76	-54.35
SWITZERLAND	11.55	2.38	-79.42	35.17	19.47	-44.64
ROMANIA	3.86	2.98	-22.76	33.58	22.25	-33.74

(Source: Department of Commerce and CSO)

- ❖ USA, Germany and UK were the three top importers of Indian Electrical Machinery and Components during April- December 2019 with market shares of 29.85 percent, 9.98 percent and 7.54 percent respectively. Out of these top three importers, Germany and Singapore experienced a drop in imports during April- December 2019 compared to April- December 2018.
- ❖ Nigeria, South Africa, Mexico, Poland and Korea recorded more than 45% growth in imports of India's Electrical Machinery and Components during April- December 2019 vis-a-vis April- December 2018.
- ❖ Belgium and Indonesia experienced the sharp decline in its imports, approx. -69% and 67% in April- December 2019 when compared to April- December 2018. It is also the case for Egypt and Japan which experienced more than 50 percent drop.

Table 17: Export of Aircrafts and Space crafts

US\$ million

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL- DECEMBER 2018	APRIL- DECEMBER 2019	Growth (%)
Top Five Importers						

U S A	36.28	45.12	24.35	401.91	383.19	-4.66
SINGAPORE	18.22	14.68	-19.44	189.17	128.12	-32.27
FRANCE	15.44	12.80	-17.06	188.19	126.91	-32.56
U K	22.98	13.36	-41.88	174.71	124.74	-28.60
GERMANY	5.23	7.59	45.12	88.21	54.36	-38.37
High cumulative growth						
MAURITIUS	0.02	0.02	-14.71	0.45	4.50	911.84
SPAIN	0.18	0.23	30.30	1.40	3.83	173.09
VIETNAM	0.04	1.76	3943.51	2.71	5.93	118.71
MEXICO	0.48	1.30	169.82	4.07	8.73	114.18
RUSSIA	3.77	9.47	151.26	15.50	26.86	73.32
CANADA	0.54	1.27	134.36	8.09	12.75	57.64
Sharp cumulative decline						
SEYCHELLES	0.03	0.00	-99.25	23.16	0.14	-99.40
BELGIUM	0.64	0.13	-79.04	12.59	1.59	-87.36
IRELAND	0.36	0.28	-22.47	12.79	1.94	-84.81
POLAND	0.27	0.21	-22.50	11.24	3.30	-70.65
SWITZERLAND	0.67	0.52	-22.77	19.43	6.88	-64.61

(Source: Department of Commerce and CSO)

- ❖ USA, Singapore and France were the top three importers of India's 'Aircrafts and Spacecrafts' during April- December 2019 with around 36.65, 11.92 and 11.81 percent shares respectively in India's total global exports of the product.
- ❖ Mauritius, Spain, Vietnam and Mexico registered substantial growths of more than 100% in import of the product group from India during April- December 2019 as compared with the same period last fiscal.
- ❖ On the flipside, demand for India's 'Aircrafts &Spacecrafts' from Seychelles, Ireland, Belgium, Poland and Switzerland dropped more than 60 percent on a year-on-year basis during April- December 2019 when compared to April- December 2018.

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

US\$ million

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL- DECEMBER 2018	APRIL- DECEMBER 2019	Growth (%)
Top Five Importers						
U A E	9.31	17.69	90.08	1195.34	990.35	-17.15
SINGAPORE	11.36	0.00	-99.96	396.04	815.87	106.01
CYPRUS	0.00	0.00	-	0.00	349.98	-
SRI LANKA	261.82	20.99	-91.98	470.97	195.46	-58.50
MALAYSIA	8.52	0.00	-100.00	8.52	191.34	2146.34
High cumulative growth						

U K	0.01	0.00	-100.00	0.01	9.61	82968.9
MALAYSIA	8.52	0.00	-100.00	8.52	191.34	2146.34
FRANCE	0.00	0.00	-	2.97	22.55	658.28
SINGAPORE	11.36	0.00	-99.96	396.04	815.87	106.01
BANGLADESH	0.08	31.64	37905.5	20.56	34.03	65.48
Sharp cumulative decline						
BAHRAIN	0.00	0.00	-	63.63	0.00	-100.00
SOUTH AFRICA	0.00	0.00	-	198.48	0.00	-100.00
BELGIUM	0.00	0.00	-	150.05	0.01	-100.00
NIGERIA	0.00	0.00	-	24.87	0.00	-99.99
QATAR	0.00	0.00	-	29.01	0.01	-99.97
SAUDI ARABIA	0.00	0.00	-	104.60	4.71	-95.49

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 Sri Lanka and Malaysia. Their respective shares are 30.80 percent, 25.37 percent, 10.88 percent, 6.08 percent and 5.95 percent.
- ❖ Imports to UK recorded significantly large increase as they had practically no import in April- December 2018. Malaysia, France and Singapore registered substantial growths of more than 100% in import of the product group from India during April- December 2019 as compared with the same period last fiscal.
- ❖ However, sharp decline was noticed in exports to Saudi Arabia. In fact exports to these countries have been less than US\$ 5 million in April- December 2019. Whereas the exports dropped to zilch for Bahrain, South Africa, Belgium, Nigeria and Qatar.

Table 19: Export of Auto Components

US\$ Million

COUNTRY	DECEMBER 2018	DECEMBER 2019	Growth (%)	APRIL- DECEMBER 2018	APRIL- DECEMBER 2019	Growth (%)
Top Five Importers						
U S A	122.24	92.83	-24.06	929.75	895.01	-3.74
BANGLADESH	25.31	24.49	-3.26	224.75	211.37	-5.95
BRAZIL	27.39	21.66	-20.95	214.86	206.59	-3.85
TURKEY	21.44	26.45	23.35	247.79	199.64	-19.43
GERMANY	25.24	25.00	-0.96	201.23	195.37	-2.92
High cumulative growth						
PHILIPPINES	8.14	8.49	4.26	37.41	70.63	88.82

CZECH REPUBLIC	2.39	2.73	14.26	15.08	26.26	74.15
SAUDI ARABIA	2.14	1.53	-28.16	15.98	24.68	54.41
TAIWAN	2.02	2.63	30.20	13.33	18.60	39.56
MALAYSIA	2.65	2.41	-9.29	20.00	26.80	33.99
CHILE	2.05	1.80	-12.09	13.98	18.24	30.51
Sharp cumulative decline						
UZBEKISTAN	1.28	0.50	-60.96	14.88	2.53	-83.00
KENYA	3.22	0.87	-72.98	20.67	13.25	-35.88
MYANMAR	2.16	1.81	-16.16	24.79	15.96	-35.62
ALGERIA	1.03	1.22	18.50	13.25	8.92	-32.64
SINGAPORE	4.40	1.13	-74.26	16.00	11.70	-26.87

(Source: Department of Commerce and CSO)

- ❖ USA remained the top importer of auto components in April- December 2019 with a share of 22.13 percent. It is followed by Bangladesh, Brazil, Turkey and Germany with respective shares of 5.23 percent, 5.11 percent, 4.94 percent and 4.83 percent.
- ❖ Philippines, Czech Republic and Saudi Arabia recorded maximum increase of more than 50 percent in imports from April- December 2019 when compared to April- December 2018
- ❖ However, Uzbekistan, Myanmar, Algeria, Kenya and Singapore recorded significant decline of more than 25 percent in April- December 2019 when compared to April- December 2018.

Analysis of India's engineering imports

India's Engineering imports during December 2019 were valued at US\$ 8896.1 million compared to US\$ 10331.2 million in December 2018 recording a high negative growth of 13.9 percent in dollar terms.

Cumulative engineering imports during April- December 2019-20 was recorded at US\$ 75.7 billion as against US\$ 82.7 billion during the same period last fiscal registering a fall of 8.5 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 December 2019 has decreased to that of during December 2018 estimated at 23.0%.

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

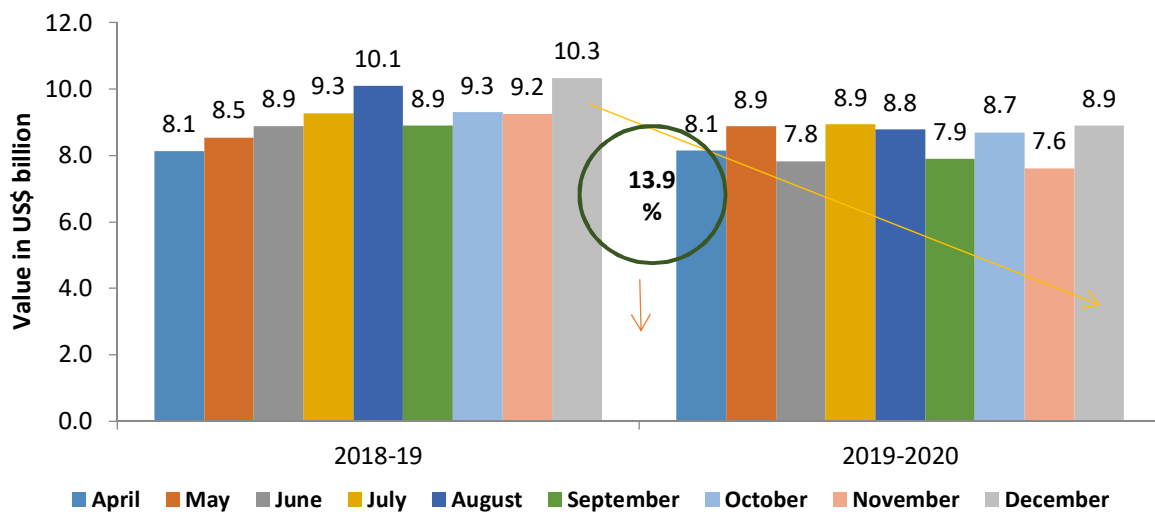
Table 20: Engineering Imports
(US\$ Million)

Months	2018-19	2019-20	Growth (%)
April	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
October	9346.29	8711.71	-6.8
November	9245.44	7611.71	-17.7
December	10331.2	8896.1	-13.9

Source: Department of Commerce, Government of India

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

Fig 7: Monthly Engineering Imports for 2019-20 vis-a-vis 2018-19
US\$ billion



Source: EEPC 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 nine months of the current fiscal 2019-20 depicted in the table below:

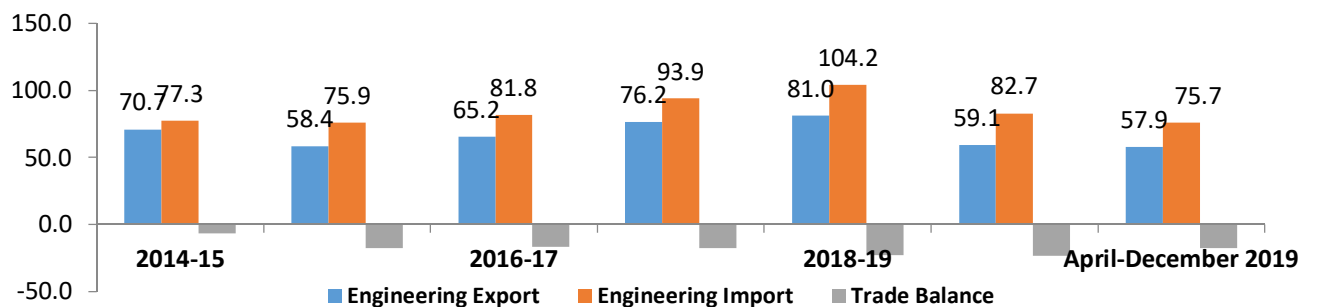
Table 21: Engineering Trade
(US\$ Billion)

Trade Flow	2014-15	2015-16	2016-17	2017-18	2018-19	Growth %	April-December 2018	April-December 2019	Growth %
Engineering Export	70.7	58.4	65.2	76.2	81.0	6.3	59.1	57.9	-1.9
Engineering Import	77.3	75.9	81.8	93.9	104.2	10.9	82.7	75.7	-8.5
Trade Balance	-6.6	-17.5	-16.6	-17.7	-23.1		-23.7	-17.8	

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

Figure 7 below depicts the yearly trend in engineering trade from 2014-15 to 2018-19 as well as April-December 2019-20 of the current fiscal

Figure 8: Trend in Monthly Engineering Trade (USD Million)



To conclude...

After experiencing positive growth for the last two months, Indian engineering exports again registered a negative growth of 1% in December 2019 compared to December 2018. This fall is mainly attributed to fall in exports of industrial machinery (-7.55%) and automobiles (-

7.74%), two of the major export items from India's engineering sector. However, given that the fall has been miniscule, the industry still remains hopeful that the engineering exports will again move into a growth path in the coming months

However, Global trade scenario continue to remain depressing due to several factors such as the US-China trade war, trade tensions between Japan and South Korea, falling industrial production in major nations and dwindling demand. The situation is further jeopardised by the newly emanated tensions between US and Iran as economists globally predict the negative effect of this conflict on global growth. According to the World Bank, global growth is projected at 2.5% in 2020 just above the post-crisis low registered last year. The organisation further reiterates that greater growth could be achieved if trade tension and the political conflicts can be reduced. Export declines have been witnessed in major manufacturing economies including Mexico, Japan and China. As per reports Japan's exports fell for the 13th straight month in December.¹ Mexico's export of cars and trucks to the rest of the world also fell by 3.4% in 2019.² China's exports rose only 0.5 per cent in US dollar terms in 2019, a decline from the earlier rise of 9.9 per cent in 2018.³ On the domestic front there has been a decline in India's container trade in the third quarter of 2019 which surely indicates a fall in trade. The report attributes this fall to weakening domestic demand, as well as dampening global trade.⁴

While the government is taking concerted steps to address the trade issues, the global trade downturn is affecting India. For instance Global trade is destined to face a heavy blow this year as the Appellate process of the WTO has become dysfunctional with the US blocking the appointment of new judges. Appointment of judges in the Appellate Body of WTO, a seven-member standing body appointed for a period of four years with a maximum of two terms requires consensus among member countries, and non-approval from the US halted the process of forming the body. While the rule requires at least three members in the body to consider an appeal of a panel report, the Appellate Body is left with just one active judge. A non-functional Appellate Body may take the global trade to pre-WTO era with high degree of protectionism. India recently was served a notice from the WTO Appellate body for withdrawing its export promotion schemes which are not WTO compatible. Accordingly the government also had repeated consultations with the industry and also announced the Remission of Duties and Taxes on Export Products (RODTEP). However in case of dissolution of the Appellate body of WTO, there remains a sense of unambiguity amongst the Indian policy makers and the industry regarding the future of the export promotion schemes.

¹ <https://www.nasdaq.com/articles/poll-japan-dec-exports-seen-falling-at-slower-pace-on-tech-pick-up-2020-01-17>

² <https://wolfstreet.com/2020/01/11/gm-shifts-even-more-production-to-mexico-as-its-us-sales-fall-but-fords-imports-from-mexico-plunge-fca-audi-nissan-down-too/>

³ <https://www.scmp.com/economy/global-economy/article/3045955/chinas-export-growth-lost-steam-2019-amid-us-trade-war>

⁴ <https://www.financialexpress.com/economy/container-trade-in-third-quarter-of-2019-seen-flat-compared-to-global-growth-of-1-5-maersk/1800277/>

Overall there is a sense of ambiguity in both the global as well as domestic trade scenario which is prompting both the government and industry to follow cautious steps. However, the industry remains positive that given government's sincere efforts to revive the industry Indian engineering trade will have a positive future journey.

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