

Indian merchandise exports have European silver lining

Shipments to Europe saw 2% growth in 2023 against 4.8% decline overall

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Despite tough economic conditions, Europe provided a modest boost to Indian merchandise exports during the calendar year 2023, even as overall shipments from the country contracted.

Exports to Europe, comprising 27 European Union (EU) countries, four European Free Trade Association (EFTA) nations, and seven other countries, witnessed 2 per cent growth year-on-year (Y-o-Y) at \$98 billion during 2023, while merchandise exports saw a 4.8 per cent contraction in the year.

The increase, even though modest, came even as the region was nearly hit by recession and recorded tepid economic growth. "Indian exporters shouldn't shy away from exporting goods to Europe, which is India's largest export market region-wise," a government official told *Business Standard*.

Exports to the EU saw 2.05 per cent Y-o-Y growth at \$75.18 billion in 2023, while those to the EFTA came in at \$1.88 billion, up 2.8 per cent.

Other European countries, including large markets such as the United Kingdom (UK), Turkey, and five other countries, imported goods worth \$21.56 billion from India, up 0.59 per cent.

The increase in exports to the following countries was robust: The United Kingdom (10.72 per cent), Switzerland (3.09 per cent), the Netherlands (24.57 per cent), Romania (116.85 per cent), the Czech Republic (25.51 per cent), Austria (4.43 per cent), Hungary (0.43 per cent), Norway (1.87 per cent), among others.

This was driven by demand for products such as pharmaceuticals, textiles, petroleum products, engineering products, machinery, as well as chemicals, the government data showed.

The jump was the sharpest in the case of the Netherlands. Exports grew by a fourth to \$23.11 billion. The UK also saw growth of almost 11 per cent to \$12.42 bil-



lion. Ajay Sahai, director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO), said one of the reasons that drove the growth was the ongoing free-trade agreement (FTA) talks with the EU and UK.

"Because of the FTA talks, exporters are keen to look into the EU and the UK market. In the hope of the UK FTA, exporters have started building trade relationships with businesses in these countries and even started exporting. Secondly, we have been able to increase our petroleum exports to Europe in 2023. Otherwise, many economies are in depression. Considering that, growth has

been encouraging," Sahai.

However, India's otherwise big markets in the EU, such as Belgium, France, Germany, and Spain witnessed a contraction, indicating that growth was uneven.

The contraction can be attributed to the overall trend in most of the advanced economies of tepid demand largely due to inflation triggered by high interest rates. Exports to Belgium contracted 18.13 per cent at \$7.97 billion, while those to Germany fell 7.58 per cent to \$9.67 billion. In the case of France, the dip was 10.8 per cent at \$7.12 billion, with a contraction in exports to Spain at 3.88 per cent at \$4.62 billion.