

Exports to EU, US grow but Asia, Africa suffer

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New Delhi, 14 May

India's merchandise shipments to certain Asian and African regions contracted in FY23, thus weighing on overall growth in exports.

There was growth in exports to the European Union and the US, notwithstanding the economic downturn and heightened geopolitical risks in the developed world. India's merchandise exports had risen 6.7 per cent to \$450.4 billion in FY23.

According to disaggregated data released by the commerce

department, a decline in exports to Northeast Asia, comprising China (-27.9 per cent), Hong Kong (-9.9 per cent), South Korea (-17.7 per cent), Japan (-11.5 per cent), pared

India's overall exports growth. While the "Zero Covid" policy in China for most of FY23

reduced demand for Indian goods,

Japan and South Korea slashed imports of diamonds and petroleum products from India, as it sourced such items from the sanctioned-hit Russia.



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DESTINATION CHECK

Key regions that drove exports in FY23

Regions	Exports (in \$bn)	YoY chg in %
North America	87.8	4.14
European Union	74.8	15.19
GCC nations	51.3	16.79
Asean	44	3.97
Latin America	17.7	18.56

Key regions that dragged exports in FY23

Regions	Exports (in \$bn)	YoY chg in %
Northeast Asia	40	-18.83
South Asia	27.4	-19.94
East Asia	7.7	-13.69
CIS nations	3.8	-6.61
Central Africa	1.6	-6.39

Source: Commerce Ministry

Exports...

"Japan and South Korea have become cautious about importing such products from India because India imports large quantities of rough diamond and crude oil from Russia," a government official said.

The debt and forex reserve crises in India's neighbouring countries in South Asia also meant a significant drop in exports to this region in FY23. The economic crisis in Sri Lanka (-11.9 per cent) led to a decline in India's shipments. Nepal (-17 per cent) and Bangladesh (-27.8 per cent) also put curbs on non-essential imports due to depleting forex reserves, thus hitting India's shipments of automobiles and electronic items to these neighbouring countries. Bangladesh and Nepal, which were India's fourth- and eleventh-largest export destinations in FY22, dropped to the sixth and the eighteenth positions, respectively, in FY23.

Among the East Asian region, exports to Australia, with which India recently signed an Economic Cooperation and Trade Agreement, declined 16.1 per cent as the country reduced its exposure for petroleum prod-

ucts and diamonds from India.

The Russian invasion of Ukraine in February last year has led to decline in India's exports to Russia (-3.3 per cent), Ukraine (-71.9 per cent) and Belarus (-32.8 per cent).

Exports to Central African countries declined in FY23. Uganda (-19.7 per cent) and Malawi (-27.8 per cent) reduced pharmaceutical imports as Indian-made cough syrups to African countries came under scanner.

On the other hand, exports to European Union countries rose in double digits, led by the Netherlands (72.3 per cent), which became India's third-largest exports destination as it ramped up imports of petroleum products from here. However, exports to countries, such as Belgium (-12.1 per cent), Spain (-1.4 per cent), Poland (-14.7 per cent), and Portugal (-15.6 per cent), contracted last financial year.

Exports to the United States saw modest 3.1 per cent growth but the country retained its top export destination status; shipments to Brazil shot up 52.9 per cent on the back of a jump in petroleum exports.

Against the merchandise export increase of 6.7 per cent at \$450.4 billion in FY23, India's merchandise imports rose 16.5 per cent to \$714 billion, leading to a trade deficit of \$263.6 bil-

lion. In contrast, India's services exports rose 26.6 per cent to \$322 billion in FY23, while services imports grew 22.2 per cent to \$179.7 billion, amounting to a services trade surplus of \$142.5 billion.

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In a separate news conference, Ryan Weir, vice-president (sales and marketing for India), Boeing Commercial Airplanes, raised concern about the impact on the lease rates in India if the current order (on repossession of aircraft) stands.

"His (Weir) concern would be better addressed to P&W and his other co-members whereby they are persuaded to meet their obligation to supply engines and aircraft that perform and not cause the grounding of hundreds of aircraft as was the case in the past," a Wadia group source said.

The Airbus NEO (new engine options) with P&W engines, sold on the plank of higher fuel efficiency, also failed.

"Rather than making statements on India, AWG should ask its member P&W to abide by the rules of international laws and honour two arbitration awards and address the cause that has taken Go First to

