

Exports to UK holding up among top 10 countries

Merchandise exports fell 14.5% to \$136.2 billion during April-July period

SHREYA NANDI & ASIT RANJAN MISHRA
New Delhi, 16 August

Among India's top 10 export destinations, India's merchandise exports in the first four months (April-July) of 2023-24 expanded only to the United Kingdom (UK) while shipments to all other major economies contracted amid sluggish global demand.

Overall merchandise exports fell 14.5 per cent to \$136.2 billion during the April-July period with outbound shipments contracting for the sixth consecutive month. However, exports to the UK grew at a robust 20.6 per cent to \$4.5 billion during the same period, elevating the country to India's fifth largest export destination from eighth position during the same period in FY23. While disaggregated country-wise trade data for July is not available, data for April-June period shows exports of aviation turbine fuel (\$324 million), smartphones (\$292.5 million) and wallpapers (\$147.2 million) drove India's exports to the UK.

Among other top export destinations, outbound shipments to the US (-12.5 per cent), China (-14.9 per cent), Singapore (-13 per cent) and Bangladesh (-36.5 per cent) contracted in double digits. Among India's top 10 sources for merchandise imports, except for Russia (96.3 per cent) and Switzerland (15.8 per cent), inbound shipments from the rest of the countries contracted. While a 171 per cent jump in discounted crude oil imports drove inbound shipments from Russia during April-June period, a 30 per cent jump in gold shipments propelled imports from Switzerland during the same period. India and the UK are currently negotiating a Free Trade Agreement (FTA). Out of the total 26 chapters in the proposed FTA, 19 chapters have been closed. India is hoping to resolve pending issues like the rules of origin, bilateral investment treaty and intellectual property rights, among others, by the end of this month. Next week, key officials from the UK would be visiting India for the Trade and Investment Working Group (TIWG) meeting in Jaipur.

Minister of Commerce and Industry Piyush Goyal visited London last month to hold discussions with his counterpart Kemi Badenoch that saw the "closure of several chapters" in the negotiations.

"The ministers identified and focused on low-hanging fruits, which



AT SNAIL'S PACE

TOP 10 MERCHANDISE EXPORT DESTINATIONS

Country	Apr-Jul '23	Growth (% YoY)
1 US	24.89	-12.48
2 UAE	10.11	-7.67
3 Netherlands	6.2	0.64
4 China	5.03	-14.89
5 UK	4.51	20.58
6 Singapore	3.73	-13.05
7 Saudi Arabia	3.56	1.13
8 Germany	3.24	-7.69
9 Bangladesh	3.13	-36.51
10 Italy	3.07	-3.45

Source: Commerce department

TOP 10 MERCHANDISE IMPORT SOURCES

Countries	Apr-Jul '23	Growth (% YoY)
1 China	32.7	-5.35
2 Russia	20.45	96.25
3 USA	14.23	-17.07
4 UAE	13.39	-27.42
5 Saudi Arabia	10.26	-25.59
6 Iraq	8.71	-37.15
7 Indonesia	7.34	-32.84
8 Singapore	6.67	-12.35
9 South Korea	6.53	-2.53
10 Switzerland	6.17	15.75

included the closure of several chapters in the negotiations. This pragmatic approach aimed at resolving issues where negotiators had encountered challenges. The visit proved to be critical in overcoming crucial obstacles and charting a path towards an ambitious and mutually beneficial trade deal," according to a statement released by the commerce department.

India is also negotiating a Trade and Economic Partnership Agreement (TEPA) with the European Free Trade Association (EFTA) states that include Iceland, Liechtenstein, Norway, and Switzerland. Goyal held discussions on the progress of the agreement with a delegation from the European Free Trade Association, led by the Swiss State Secretary for Economic Affairs, Helene Budliger Artieda, in London on July 11 and 12.

Union Minister of State for Commerce and Industry Anupriya

Patel last week informed Parliament that FTA negotiations or its review are a long-drawn process and the timeline for completion of such negotiations cannot be predicted since the parties to the negotiations are required to agree to the outcome.

"The Government enters into FTA with its trading partners considering various factors such as leveraging comparative advantages and the market access thereof for Indian products including those from agriculture sector, the trade complementarities, the strategic relationship, promotion of cooperative and collaborative activities as well as the domestic sensitivities. The benefits under FTA in terms of exports or competitive and diversified imports depend on a number of factors including externalities like the domestic industrial growth, domestic consumption trajectory, growth in partner country," Patel had told Rajya Sabha.