

Engineering goods exports slip 9.8% in January amid slowdown in EU, China

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Engineering goods exports declined 9.8 per cent (year-on-year) in January 2023 to \$8.41 billion owing to the continued slowdown in EU and China, and a sharp fall in exports of iron and steel, according to exporters' body EEPC India.

The decline in exports of engineering goods was steeper than the 6.58 per cent overall fall in merchandise exports in January 2023 at \$32.91 billion. Engineering goods accounted for a fourth of the country's total merchandise exports in January.

"The global situation does not look too optimistic with the IMF estimating a 2.9 per cent decline in global growth in 2023 from 3.4 per cent last year and a further decline in demand (for engineering goods) may be expected in the coming months," according to EEPC India Chairman Arun Kumar Garodia.

Cumulative engineering exports during April-January 2022-23 declined by 3.68 per cent year-on-year to \$88.27 billion.

FTA IMPACT

On the positive side, India's recent Free Trade Agreements (FTAs) with Australia and the UAE may reverse some of the negative impact of global decline on India's exports, Garodia said.

The recent withdrawal of export duty on selected steel items is also expected to restore exports of iron and steel and, in the process, push up engineering exports in the coming months provided global economic



Arun Kumar Garodia,
Chairman, EEPC India

activities are healthy, he added. An EEPC India analysis showed exports of iron and steel declined 42 per cent in January 2023 over January 2022 and by 42.7 per cent during April-January 2022-23 over the same period last fiscal.

"Exports of iron and steel are likely to show an upward trend as early as February 2023 as global orders are placed about three months in advance and the benefit of the withdrawal of export duties on iron and steel in November 2022 will start showing," a government official told *businessline*.

OTHER FACTORS

Iron and steel demand has fallen sharply across the globe owing to high energy prices, the ongoing Ukraine-Russia crisis and a sharp downturn in China, the statement said.

"Not only steel, similar trends are also seen in metals such as aluminium and copper. For India, another critical factor has been the decline in demand in its major South Asian neighbours, including Bangladesh, Nepal and Sri Lanka due to dwindling foreign exchange reserves in these countries," said Garodia.