

Covid explosion in China gives exporters the jitters

Importers of pharmaceuticals, auto components, and electronics may also feel the heat

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There is a looming fear among exporters of further deceleration in shipments to China, amid a fresh spike in the number of Covid-19 cases in the neighbouring country.

Any massive or large-scale lockdown there may have a cascading impact on India's exports, as well as imports. The sectors at risk, as far as imports are concerned, according to trade bodies, include pharmaceuticals, automobile components, and electronic goods and parts.

The importance of China as India's top trading partner cannot be understated.

During the first seven months of the current financial year, China was India's second-largest trading partner, and the largest import partner. It is also important to note that China's share of global trade is huge and any further disruption can affect several countries dependent on China for supplies. However, as far as exports are concerned, the country was India's fourth-largest export market, against being the third-biggest market in the previous financial year, as multiple shocks hit the Chinese economy, including tepid demand due to the Zero Covid policy and the crisis in its real estate market.

Exports to China have been contracting since December 2021. During April-October, India exported \$8.84 billion of merchandise to China, down 37 per cent YoY. Petroleum products, marine products, organic chemicals, and non-basmati rice are other signifi-



	Export	Import	Growth(%)
2022	\$bn		
Apr	1.45	-36.46	
	7.94	21.93	
May	1.61	-25.1	
	7.52	5.37	
Jun	1.57	-31.61	
	8.84	26.59	
Jul	1.26	-40.86	
	10.24	45.51	
Aug	0.91	-46.17	
	9.41	44.99	
Sep	1.00	-39.95	
	8.45	2.87	
Oct	1.00	-44.18	
	7.85	-9.73	
Total	8.84	-37.17	
	60.272	17.98	

Source: Department of Commerce

cant export items to China. During the same period, India imported goods worth over \$60 billion from China, up 17 per cent YoY. India mostly imports electronic goods, engineering goods, chemicals and related products, and textiles from China.

Ajay Sahai, director general and chief executive officer of the Federation of Indian Exports Organisation, said the rise in Covid cases in China and some other countries is a "dangerous sign for global trade". "Exports have been falling since the end of last year and a further rate of decline will be measured with respect to a lower base.

However, companies are dependent on China for their raw materials and any disruption that lasts longer than two-three months can be a matter of concern," said Sahai, adding that based on their earlier experiences, firms have now started maintaining inventory.

Sujit Patra, secretary (exports) of the Indian Tea Association, said: "China is still a big tea (export) market for India, although outbound shipments have reduced to half as compared to what they were three years ago."

Rahul Chauhan, commodity analyst at iGrain India, said China is the biggest importer of almost all commodities like rice, cotton, grains (corn, barley & wheat), soybean, sugar, edible oils like palm oil and soy oil, and any disruption in markets there is bound to shake up the world trade.

Cumulatively, according to trade sources, between January and November 2022, China imported 80.53 million tonnes (mt) of soybean, 19.75 mt of cotton, 10 mt of sorghum, 8.8 mt of wheat, 5.8 mt of rice and paddy, and 5.4 mt of cotton from across the world to meet its demand. From India, China imports rice, cotton, groundnut, coriander, cumin and other spices, sesame seed, castor oil, etc.

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NO NEED TO PANIC AMID RISING COVID IN CHINA: POONAWALLA

Serum Institute of India (SII) CEO Adar Poonawalla on Tuesday expressed concern over reports of a rising Covid-19 graph in China but said there is no need to panic as the vaccination coverage in India is excellent. Poonawalla's tweet came a day after the Union Health Ministry urged all states and UTs to ramp up the whole genome sequencing of positive samples to keep track of newer variants, if any, amid a spurt in cases in the US and China.

"The news of rising COVID cases coming out of China is concerning, we need not panic given our excellent vaccination coverage and track record. We

must continue to trust and follow the guidelines set by the Government of India and @MoHFW_INDIA (sic)," Poonawalla tweeted.

During the Covid-19 pandemic, the Pune-based SII had collaborated with Oxford University and pharmaceutical company Astra Zeneca for making the Covishield vaccine. In October, Poonawalla said the SII stopped

producing the vaccine in December 2021. Of the total stock available at that time, about 100 million doses had already expired, he had said.

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LENS ON RAHUL'S YATRA



Health Minister Mansukh Mandaviya has urged Congress leader Rahul Gandhi to consider suspending the Bharat Jodo Yatra if adherence to Covid protocols cannot be ensured. But the Congress has accused the BJP of playing politics PHOTO: PTI