

India eyes China's electronics pie

ANUP ROY

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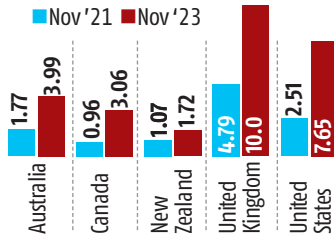
India is chipping away China's dominance in electronics exports in some key markets as manufacturers diversify supply chains away from the world's factory to other parts of Asia, a study by London-based Fathom Financial Consulting shows.

The impact is most pronounced in the UK and US, where geopolitical tensions with China have increased in recent years. India's electronics exports to the US as a ratio of China's increased to 7.65 per cent last year from 2.51 per cent

ELECTRONICS EXPORTS

As share of China's exports (%)

Source: LSEG Datastream, Fathom Consulting
Note: Data represents 12-month moving averages



in November 2021, according to the report. In the UK, the share rose to 10 per cent from 4.79 per cent.

The government is luring electronics manufacturers with heavy incentives, such as tax cuts, rebates, easier land acquisition and capital support. The aim is to expand the domestic manufacturing industry in

order to export more, and help businesses grow to global scale through partnerships. India houses Samsung Electronics biggest mobile phone factory, while Apple Inc. makes at least 7 per cent of all its iPhones through its contract manufacturer Foxconn Technology Group and Pegatron Corp.

The rise in electronic exports is "likely the result of Foxconn's increasing investment in India," Andrew Harris, an economist at Fathom Financial Consulting, wrote in a note last week. India's progress in gaining market share has been more limited in Europe and Japan, "suggesting a move towards dual supply chains (China plus one) rather than a complete abandonment of China-based production, at least for now," Harris said. The report shows that India's electronics exports as a ratio of China's was 3.38 per cent in Germany and 3.52 per cent globally. **BLOOMBERG**