

Recession in Germany may hit electronics, machinery exports

The recession in Germany may be a dampener for trade as India's exports to the country had been rising, led by a surge in the sale of telecom instruments to the country.

Exports to Germany were up 14 per cent since 2018-19, compared to a 5 per cent rise in imports from the European country.

Segments affected would likely include chemicals, machinery, and electronics according to Sanjay Budhia, chairman of the Confederation of Indian Industry's national committee on imports and exports. Germany's recession became official with statistical data released last week. Indian exports to Germany have increased faster than imports over the last decade.

Exports to the country increased by 39.9 per cent to \$10.1 billion in 2022-23 compared to \$7.2 billion in 2012-13, showed a *Business Standard* analysis of government trade data. India's imports from the European country increased by 11.2 per cent to \$15.9 billion in 2022-23, from \$14.3 billion in 2012-13.

The difference between India's imports from Germany, and its exports to the country had narrowed in recent years. It was down to \$5.8 billion in 2022-23, lower than \$7.1 billion in 2012-13.

The notable export success since the pandemic is the surge in telecom instruments going from Germany to India. They have increased by 16 times since 2018-19 from around \$30 million to nearly \$500 million in 2022-23. Exports of industrial machinery for dairy, etc. increased from \$0.25 billion in 2018-19 to \$0.5 billion in 2022-23.

India's other major exports to Germany in 2022-23 included electric machinery and equipment, readymade cotton garments, and products of iron and steel. The top ten items accounted for 42.1 per cent of Indian exports to Germany in 2022-23.

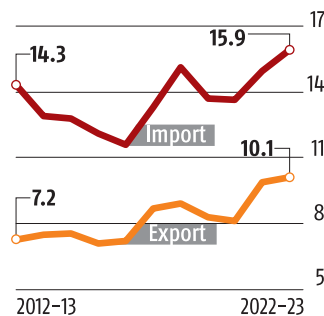
Laggards among the top ten items included electric machinery and equipment was down 16.3 per cent in 2022-23 compared to 2018-19. Leather footwear exports showed a 14.3 per cent decline over the same period.

Readymade cotton garments recorded a maximum trade surplus of \$0.6 billion, followed by \$0.4 billion for telecom instruments.

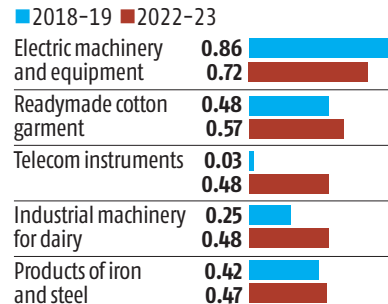
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EXPORTS HAD INCREASED FASTER THAN IMPORTS SINCE PANDEMIC (in \$ bn)

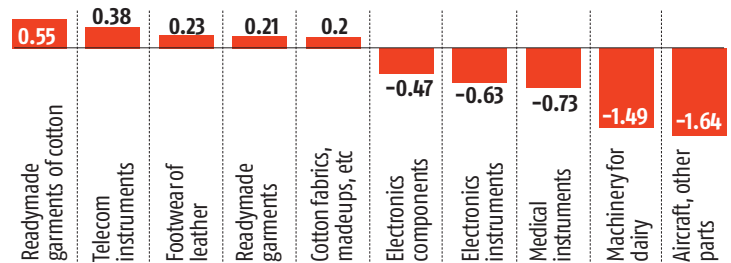


TELECOM INSTRUMENTS SAW SHARPEST RISE IN EXPORTS (in \$ bn)



Note: Data for top 5 export commodities in 2022-23.

TEXTILES RETAIN TOP SPOT IN TERMS OF TRADE BALANCE (in \$ bn)



Note: Trade balance for top 5 and bottom 5 items of trade in 2022-23. Source: Ministry of Commerce and Industry