

Engineering Export-Import Monitor

APRIL 2024



Engineering The Future

EEPCINDIA
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ENGINEERING TRADE ANALYSIS FOR APRIL 2024

Engineering exports started the new fiscal with a decline of 3.17%

Trade Flow	Export figures (in US\$ billion)		Growth (%)
	Apr-2023	Apr-2024	Apr-2024 over Apr-2023
Engineering exports	8.95	8.67	-3.17%
Overall merchandise exports	34.62	34.99	1.08%
Share of engineering (%)	25.85%	24.76%	---
Service Exports	25.78	29.57	14.70

Source: Compiled from data by DGCIS and Quick Estimates published by the Government of India

After registering a marginal increase in 2023-24, Indian engineering exports started the new fiscal 2024-25 with a decline of 3.2% year-on-year in April 2024. Share of engineering however was above 25 percent during the month. The decline in engineering exports was mainly due to 36.4 percent drop in exports of Iron and Steel. Lower shipment of steel was mainly witnessed in Italy, Nepal, UAE, Netherland, USA, China and Korea among others.

HIGHLIGHTS

- ✚ After registering a marginal increase in fiscal 2023-24, Indian engineering exports started the new fiscal 2024-25 with a decline of 3.17% year-on-year in April 2024.
- ✚ Engineering exports in April 2024 dropped to USD 8,665.39 million from USD 8,949.36 million in April 2023.
- ✚ According to the Quick Estimates of Department of Commerce, Government of India, share of engineering exports in India's total merchandise exports during

April 2024 was recorded at a higher 25.85 percent as against 24.76 percent in April 2023 and 25.01 percent during the entire fiscal 2023-24.

- ✚ In April 2024, 16 out of 34 engineering panels witnessed positive year-on-year growth, while 18 remaining engineering panels experienced decline. Exports of Iron and Steel, Products of Iron and Steel, Non-Ferrous products including Copper, Zinc and Nickel products, Pumps, IC Engines, Machine Tools, Motor Vehicle/Cars, Auto Components and parts, Hand Tools and cutting tools and Office Equipment dropped.
- ✚ Region wise, North America and European Union remained India's topmost destinations for engineering exports with share of 21.1% and 18.4% respectively, in India's total engineering exports. North East Asia registered the highest growth of 24.5% during April 2024 vis-à-vis the same period last year followed by CIS (growth of 7.9%), North America (growth of 4.7%) and WANA (growth of 3.1%), remaining all regions witnessed negative growth in exports.
- ✚ Among top exporting destinations, USA, Saudi Arabia, UAE, Singapore, UK, Mexico and China experienced positive growth in April 2024 while Germany, Italy, Turkey, Korea Rep, Japan, Nepal, Brazil, Thailand, France, Bangladesh and many more saw negative export growth.

Overall Engineering Exports vs Engineering Exports Excluding Steel Segment
(Values in USD Million)

Trade Flow	Export in March 2023	Exports in March 2024	Growth (%)
Overall engineering exports	8949.36	8665.39	-3.17
Engineering exports excluding Iron and Steel	7622.24	7821.49	2.61

Source: DGCI&S, Govt. of India

Observation: Excluding the export of iron and steel, engineering exports recorded a growth of 2.61% during April 2024. A substantial 36.41 percent decline in exports of Iron and Steel therefore was the single-most important reason behind the year-on-year decline in overall engineering exports during April 2024.

ENGINEERING EXPORTS: MONTHLY TREND

The monthly engineering figures for 2024-25 vis-à-vis 2023-24 are shown below as per the latest DGCI&S estimates:

Table 1: Engineering Exports: Monthly Trend in 2024-25

Values in US\$ million

Month	2023-24	2024-25	Growth (%)
April	8949.36	8665.39	-3.17

Source: DGCIS, Govt. of India

TOP 25 ENGINEERING EXPORT DESTINATIONS IN APRIL 2024

We now look at the export scenario of the top 25 nations that had highest demand for Indian engineering products during April 2024 over April 2023. The data clearly shows that top 25 countries contribute more than 75% of total engineering exports.

Table 2: Engineering exports country wise

US\$ million

Countries	April 2023	April 2024	Growth (%)
U S A	1399.27	1416.67	1.2%
SAUDI ARABIA	292.72	435.72	48.9%
UAE	360.51	392.55	8.9%
SINGAPORE	296.57	375.91	26.8%
GERMANY	353.12	321.62	-8.9%
ITALY	398.60	309.14	-22.4%
U K	276.69	301.16	8.8%
MEXICO	251.49	296.45	17.9%
TURKEY	274.51	219.06	-20.2%
CHINA	183.24	210.29	14.8%
KOREA RP	212.65	209.33	-1.6%
TAIWAN	49.16	183.02	272.3%
JAPAN	178.17	173.65	-2.5%
NEPAL	214.48	171.61	-20.0%
BRAZIL	174.27	165.41	-5.1%
THAILAND	161.10	152.57	-5.3%
FRANCE	182.45	152.27	-16.5%
BANGLADESH	199.84	148.18	-25.9%
BELGIUM	138.62	147.83	6.6%

Countries	April 2023	April 2024	Growth (%)
PHILIPPINES	57.72	145.28	151.7%
NETHERLAND	211.48	137.75	-34.9%
SOUTH AFRICA	176.10	130.68	-25.8%
INDONESIA	286.96	118.79	-58.6%
RUSSIA	130.91	118.56	-9.4%
VIETNAM	112.57	116.45	3.4%
Total engineering exports to top 25 countries	6573.19	6549.94	-0.4%
Total engineering exports	8949.36	8665.39	-3.2%
Share % of Top 25 destinations	73%	76%	

Source: DGC&S

REGION WISE INDIA'S ENGINEERING EXPORTS

The following table depicts region wise India's engineering exports for April 2024 as opposed to April 2023.

Table 3: Region wise engineering exports in April 2024 vis-à-vis April 2023

US\$ million

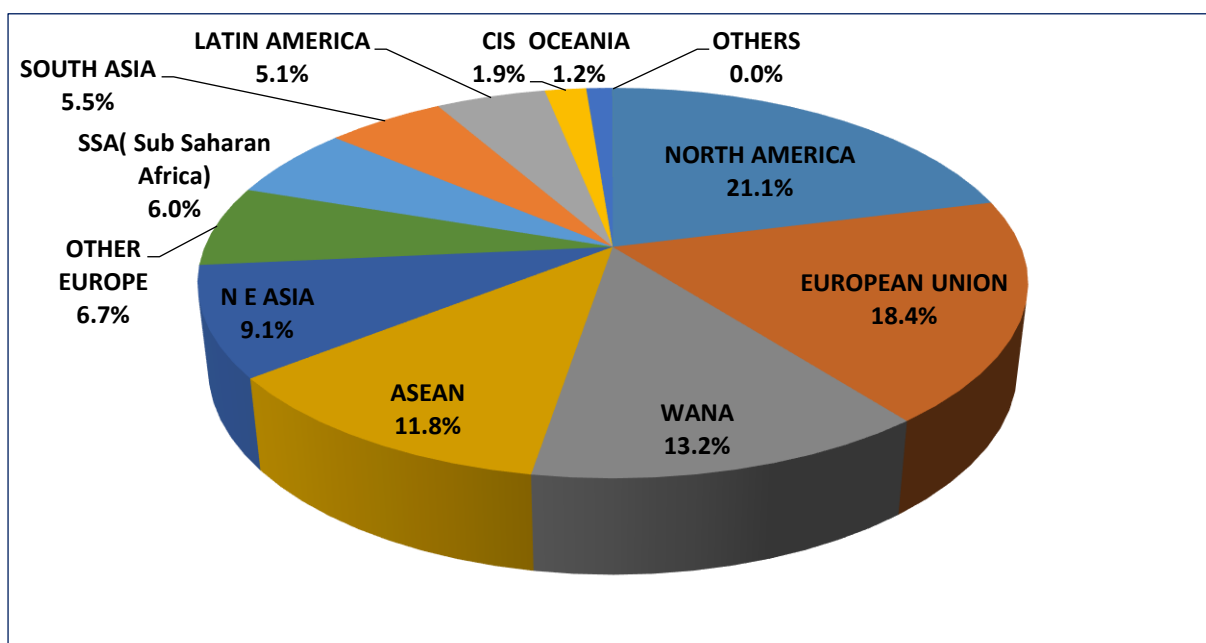
Regions	April 2023	April 2024	Growth (%)
NORTH AMERICA	1742.3	1824.6	4.7%
EUROPEAN UNION	1921.8	1593.6	-17.1%
WANA	1106.1	1140.9	3.1%
ASEAN	1044.5	1021.5	-2.2%
N E ASIA	633.2	788.1	24.5%
OTHER EUROPE	580.5	579.5	-0.2%
SSA(Sub Saharan Africa)	640.0	522.2	-18.4%
SOUTH ASIA	507.2	476.6	-6.0%
LATIN AMERICA	483.2	444.4	-8.0%
CIS	155.3	167.6	7.9%

Regions	April 2023	April 2024	Growth (%)
OCEANIA	133.4	105.5	-20.9%
OTHERS	2.1	0.9	-56.1%
Grand Total	8949.4	8665.4	-3.2%

Source: DGCI&S

Note: Myanmar has been included in ASEAN and not in South Asia, since ASEAN is a formal economic grouping.

Fig 1: Region-wise shares of India's engineering exports during April 2024



PANEL-WISE ANALYSIS

In this section we look at the Engineering Panel wise exports for the month of April 2024 vis-à-vis April 2023 for the new fiscal 2024-25. These are indicated in the tables below.

Table 4: Panel-wise Export Analysis for April 2024 vis-à-vis April 2023

Product panels	April - 23	April-24	Growth
Ferrous			
Iron and Steel	1327.1	843.9	-36%
Products of Iron and Steel	830.9	730.9	-12%
Sub Total	2158.0	1574.8	-27%
Non-ferrous			

Product panels	April - 23	April-24	Growth
Copper and products	193.9	128.4	-34%
Aluminium and products	623.8	647.2	4%
Zinc and products	92.0	66.7	-28%
Nickel and products	13.6	13.2	-3%
Lead and products	39.3	63.1	61%
Tin and products	0.6	1.2	100%
Other Non-Ferrous Metals	61.8	60.8	-2%
Sub Total	1024.9	980.6	-4%
Industrial Machinery			
Industrial Machinery like Boilers, parts, etc.	58.4	65.7	13%
IC Engines and Parts	300.1	286.7	-4%
Pumps of all types	123.5	107.6	-13%
Air condition and Refrigerators	135.3	137.0	1%
Industrial Machinery for dairy, food processing, textiles etc.	662.2	685.3	3%
Machine Tools	66.3	59.6	-10%
Machinery for Injecting moulding, valves and ATMs	209.0	206.3	-1%
Sub Total	1554.9	1548.2	0%
Electrical Machinery			
Electrical Machinery	941.9	1032.8	10%
Automobile and auto component			
Motor Vehicle/cars	676.5	602.8	-11%
Two and Three Wheelers	204.2	248.7	22%
Auto Components/Part	609.5	605.2	-1%
Auto Tyres and Tubes	227.7	253.2	11%
Sub Total	1718.0	1709.9	-0.5%
Aircrafts and related products			
Aircrafts and Spacecraft parts and products	105.6	278.7	164%
Ships Boats and Floating products and parts			
Ships Boats and Floating products and parts	323.2	265.2	-18%
Miscellaneous engineering products			
Medical and Scientific instruments	184.9	189.3	2%
Railway Transport	27.7	31.2	12%
Hand Tools & Cutting Tools	78.1	77.6	-1%

Product panels	April - 23	April-24	Growth
Bicycle & Parts	29.5	27.9	-5%
Cranes Lifts & Winches	64.6	94.9	47%
Office Equipment	30.4	19.0	-37%
Other Construction Machinery	220.1	242.9	10%
Prime Mica & Mica Products	3.9	2.2	-43%
Project Goods	0.3	0.1	-68%
Other Rubber Product Except Footwear	130.2	136.7	5%
Other Misc. Items	353.2	453.6	28%
Total engineering exports	8949.4	8665.4	-3.17%

ENGINEERING EXPORTS – STATE-WISE ANALYSIS

State wise engineering export performance

The table below indicates the exports from top Indian states. It is evident from the table that almost 90.4 % of India's exports is contributed by the listed 12 states. Within this almost 50 percent of exports is done by Maharashtra, Tamil Nadu and Gujarat together.

Table 5: Top state wise engineering export performance – April-March 2023-24

US\$ Million

Top States	Apr'22 – March' 23 (\$Mn)	Apr'23 - March'24 (\$Mn)	Growth%	%Share in India's Eng Export	Remark
Maharashtra	22602.7	22992.9	1.7%	21.0%	90.4 % share covered by top 12 states
Tamil Nadu	17315.0	16844.6	-2.7%	15.4%	
Gujarat	13519.8	14753.3	9.1%	13.5%	
Odisha	7809.6	7125.2	-8.8%	6.5%	
Haryana	6212.9	6753.8	8.7%	6.2%	
Karnataka	5731.1	6709.1	17.1%	6.1%	
Andhra Pradesh	5715.8	4885.6	-14.5%	4.5%	
Delhi	3480.1	4599.7	32.2%	4.2%	
Uttar Pradesh	4648.6	4117.9	-11.4%	3.8%	
Rajasthan	3412.1	3405.3	-0.2%	3.1%	
West Bengal	3494.7	3134.8	-10.3%	2.9%	
Telangana	1827.9	3458.0	89.2%	3.2%	

Source: NIRYAT portal

- Top 12 states constitute over 90.4 % of India's engineering Exports. Odisha retained its 4th position during the fiscal 2023-24 and Karnataka has moved down to 6th position, while Haryana has moved up to 5th position compared to the same period last fiscal.
- Major negative growth witnessed in states like Tamil Nadu, Odisha, Andhra Pradesh, Uttar Pradesh, Rajasthan, West Bengal, Madhya Pradesh, etc during April-March 2023-24 compared to same period last fiscal.
- Telegana had the most positive growth deviation in the current month as well as the current fiscal, while Meghalaya had the most negative growth deviation in the current month.
- Maharashtra being the highest state in terms of Engineering Goods exports is leading by US\$ 6148 million from Tamil Nadu (Second Highest State) during April-March 2023-24.

India's Region wise engineering exports

In terms of region, western region which includes industrial states like Maharashtra and Gujarat is the front runner in terms of exports with 34.5 percent share. Tamil Nadu from the Southern Region has improved its export performance and it ranked second after Maharashtra, while Gujarat and Odisha ranked third and fourth during April-March 2023-24 and Haryana came up to fifth position while Karnataka came down to sixth position compared to previous the previous months.

Table 6: Region wise exports from India

Value in US\$ million

Region	March 2023 (\$Mn)	March 2024 (\$Mn)	Growth %	Apr'22 – March' 23 (\$Mn)	Apr'23 - March'24 (\$Mn)	Growth %
EASTERN REGION	1300.7	1096.3	-16%	13870.6	12236.7	-12%
NORTHERN REGION	2088.0	2234.9	7%	21455.5	22651.0	6%
SOUTHERN REGION	2792.6	3884.2	39%	31372.3	33012.2	5%
WESTERN REGION	4005.3	4070.3	2%	39552.9	41415.4	5%
Total	10186.5	11285.6	11%	106251.3	109315.3	3%

Source: NIRYAT portal

Note: The total engineering exports given in the above table is taken from NIRYAT as per the latest available data and may not tally with the total engineering exports as given by DGCI&S.

Note: Latest data available till March 2024.

CORRELATION BETWEEN MANUFACTURING PRODUCTION AND ENGINEERING EXPORTS

Engineering sector is an important component of the broader manufacturing sector and the share of engineering production in overall manufacturing output is quite significant. As exports generally come from what is produced within a country, some correlation between manufacturing production growth and engineering export growth should exist. We briefly looked at the trend in manufacturing growth as also engineering export growth to see if they move in tandem. It may be mentioned that manufacturing has 77.63% weightage in India's industrial production.

Engineering export growth and manufacturing output growth moved in the same direction in as many as nine out of twelve months in each of the fiscal years 2019-20 and 2020-21. During fiscal 2021-22, engineering export growth and manufacturing growth moved in the same direction in seven out of twelve months while in fiscal 2022-23, as many as 10 out of 12 months saw engineering exports and manufacturing output moved in the same direction.

During fiscal 2023-24, engineering exports growth and manufacturing output growth moved in the same direction in 10 out of 12 months except the first and last month of the fiscal. During April, decline in engineering export was slightly higher over Mar 2024 while manufacturing output growth recorded a sharp rise. During May and July 2023, engineering exports witnessed slower decline and manufacturing output managed higher growth over the previous month while in June 2023, engineering exports conceded higher decline and manufacturing output growth slowed down. During August, October, December in 2023 and February 2024, both engineering exports and manufacturing output recorded higher growth (engineering exports came back to growth path in August and December 2023 from decline in previous month) while in September 2023, November 2023 and January 2024, both of them conceded slower growth or decline. During Mar 2024 however, engineering exports growth moderated while manufacturing output growth accelerated in comparison to the previous month.

The link between these two may not be established on a monthly basis, but a positive correlation may be seen if medium to long term trend is considered.

Table 7: Engineering exports growth vis-à-vis manufacturing growth from April 2022

Months/ Year	Engg. Export Growth (%)	Manufacturing Growth (%)
April 2022	21.37	5.6
May 2022	12.64	20.7
Jun 2022	3.09	12.9
July 2022	-1.85	3.1
August 2022	-13.00	-0.5
September 2022	-11.39	2.0
October 2022	-19.68	-5.8
November 2022	0.09	6.7
December 2022	-11.60	3.6
January 2023	-9.76	4.0
February 2023	-9.73	5.9
March 2023	-7.49	1.2
April 2023	-7.52	5.5
May 2023	-4.25	6.3
June 2023	-11.12	3.5
July 2023	-6.91	5.3
August 2023	7.66	10.0
September 2023	6.50	5.1
October 2023	6.99	10.6
November 2023	-3.48	1.3
December 2023	9.82	4.6
January 2024	4.20	3.6
February 2024	15.90	4.9
March 2024	10.66	5.2

(Source: Department of Commerce and CSO)

IMPACT OF EXCHANGE RATE ON INDIA'S EXPORTS

How did the exchange rate fare during April 2024 and what was the recent trend in Re-Dollar movement? In order to get a clearer picture of the recent Re-Dollar trend,

not only we took the exchange rate of April 2024, but also considered monthly average exchange rate of Rupee vis-à-vis the US Dollar for each month of fiscal 2023-24 as mere one-month figure does not reflect any trend. The following two tables clearly depicts the short-term trend:

Table 8: USD-INR monthly average exchange rate in 2024-25 vis-à-vis 2023-24

(As per latest data released by FBIL)

Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2023-24	2024-25				
April	82.02	83.41	1.69	Depreciation	0.49	Depreciation

Rupee depreciation vis-à-vis the US Dollar continued on a year-on-year basis in the new fiscal 2024-25 and on a month-on-month basis also rupee depreciated for the second straight month in April 2024. Outflow of funds from Indian capital market due to global economic and geo political uncertainty continued to weigh on Rupee.

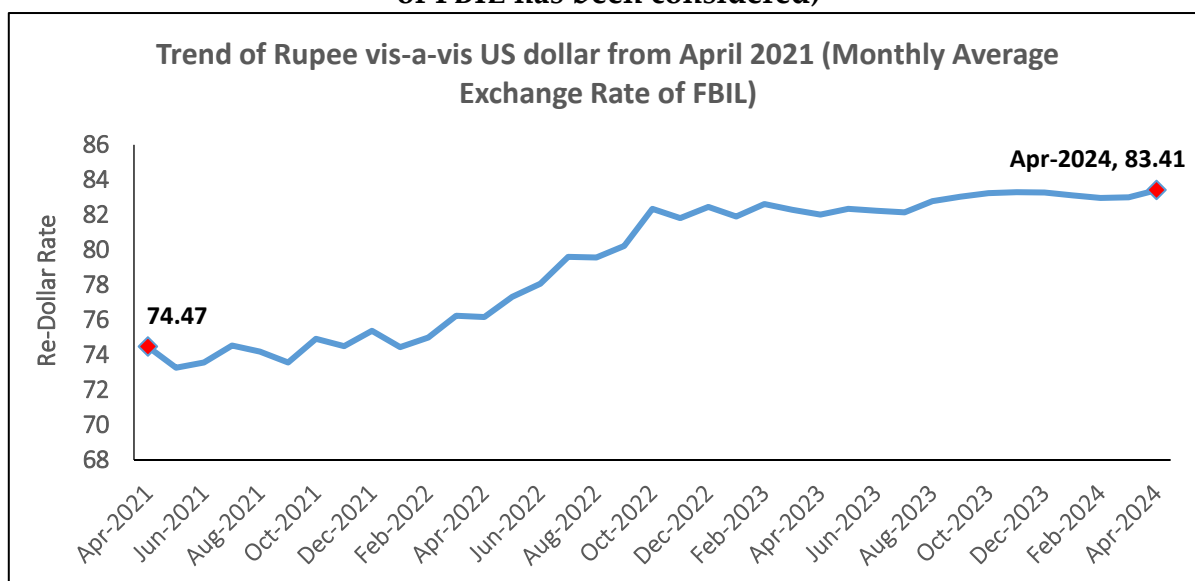
Table 9: USD-INR monthly average exchange rate in 2023-24 vis-à-vis 2022-23

(As per latest data released by FBIL)

Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2022-23	2023-24				
April	76.17	82.02	7.68	Depreciation	-0.33	Appreciation
May	77.32	82.34	6.49	Depreciation	0.39	Depreciation
June	78.04	82.23	5.37	Depreciation	-0.13	Appreciation
July	79.60	82.15	3.20	Depreciation	-0.10	Appreciation
August	79.56	82.79	4.06	Depreciation	0.78	Depreciation
September	80.23	83.04	3.50	Depreciation	0.30	Depreciation
October	82.34	83.24	1.09	Depreciation	0.24	Depreciation
November	81.81	83.30	1.82	Depreciation	0.07	Depreciation
December	82.46	83.28	0.99	Depreciation	-0.02	Appreciation
January	81.90	83.12	1.49	Depreciation	-0.19	Appreciation
February	82.61	82.96	0.42	Depreciation	-0.19	Appreciation

Monthly Average Exchange Rate (1 USD to INR)			Year-on-Year Change (%)	Direction	Month-on-Month Change (%)	Direction
Month	2022-23	2023-24				
March	82.29	83.00	0.86	Depreciation	0.05	Depreciation

Fig 2: Trend of Rupee vis-a-vis US dollar from April 2020 (Monthly Average Rate of FBIL has been considered)



ANALYSIS OF INDIA'S ENGINEERING IMPORTS

India's Engineering imports during April 2024 were valued at US\$ 10985.6 million compared to US\$ 11034.8 million in April 2023 recording a negative growth of 0.4 percent in dollar terms. Machine Tools recorded the highest growth in imports followed by Medicinal & Pharmaceutical products, Professional instrument, Optical goods, etc. and Non-ferrous metals. Iron and Steel recorded the highest decline in imports followed by Machinery, electrical & non-electrical and Transport equipment during April 2024 compared to April 2023.

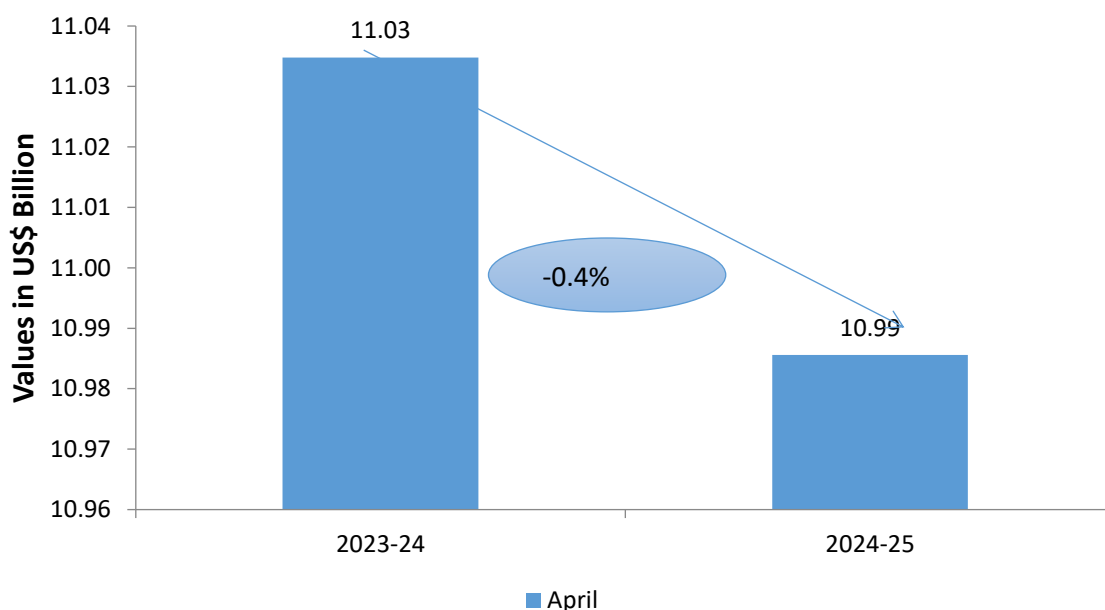
The share of engineering imports in India's total merchandise imports in April 2024 was estimated at 20.3 percent, lower than that of April 2023 which was estimated at 22.5%. The table & the figure below depicts engineering imports for **April 2024 compared to April 2023**.

Table 10: India's engineering imports in April 2024 vis-à-vis April 2023

Values in US\$ MN	April '23	April'24	Growth %
India's Engineering Imports	11034.8	10985.6	-0.4

Source: Quick Estimates, MoC

Fig 3: Monthly Engineering Imports for April 2024 vis-a-vis April 2023



Source: EEPC India analysis

TREND IN ENGINEERING TRADE BALANCE

We now present the trend in two-way yearly trade for the engineering sector for the 2024-25 depicted in the table below:

Table 11: Monthly Trend in Engineering Trade Balance for the current FY 2024-25 (US\$ Billions)

Trade Flow	Apr
Engineering Export	8.7
Engineering Import	11.0
Trade Balance	-2.3

Source: DGCI&S, EEPC India Analysis

CONCLUSION

After experiencing steady growth in the last four months, India's engineering exports declined in April 2024 by 3.2%. The decline was also witnessed in almost all regions barring North America, North East Asia, WANA and CIS. The decline was mainly led by metals especially iron and steel and copper. In fact, engineering exports excluding iron and steel grew at 2.6%. The decline in steel exports can be attributed to low international demand in major markets and an increasing trend of nearshoring amongst developed markets. There is also significant decline in Chinese steel demand which is encouraging Chinese exports at a much more competitive price compared to India. As per S&P global China's finished steel exports hit the highest level in six years at 90.26 million mt in 2023, up 36.2%, or 23.988 million mt, from 2022. Other factors include slow pick up of global demand since the trade contraction of 2023, tightening interest rates due to inflation in many major markets and logistics issues such as the Red Sea Crisis. However industry is hopeful that global trade will pick up and India's engineering exports would also get some boost in the coming months.



ANNEXURE I

ENGINEERING PRODUCT PANELS – COUNTRY-WISE ANALYSIS

We now analyze the performance of some of the important products for the fiscal April 2024 vis-à-vis April 2023. We have taken the major panels and computed the top importers to get an idea of the current trade pattern.

Engineering Product Panel - Country matrix

US\$ Million

Product panels	Top 5 nations	Apr-23	Apr-24	Growth
Iron and Steel	Italy	220.6	160.0	-27%
	Belgium	62.7	75.1	20%
	UK	46.3	58.6	26%
	Nepal	96.2	49.8	-48%
	UAE	71.3	41.9	-41%
Products of Iron and Steel	USA	218.6	231.7	6%
	Saudi Arabia	33.9	48.6	43%
	UAE	41.7	37.3	-10%
	Germany	34.9	33.9	-3%
	UK	28.2	28.1	-1%
Industrial Machinery	USA	306.1	313.8	2%
	Germany	82.5	79.5	-4%
	UAE	63.9	74.2	16%
	Thailand	71.8	66.1	-8%
	China	57.8	59.4	3%
Automobiles (Motor Vehicles/Cars and Two and Three Wheelers)	Saudi Arabia	84.6	125.7	48%
	Mexico	102.3	125.7	23%
	South Africa	101.5	67.5	-33%
	Turkey	36.7	48.8	33%
	Japan	13.3	40.6	205%
Non-Ferrous metals	Taiwan	16.8	138.2	723%
	USA	114.7	125.3	9%
	Korea RP	118.1	101.0	-14%
	China	27.5	64.4	135%
	Japan	75.2	51.7	-31%
Electrical Machinery and Components	USA	216.6	227.7	5%
	Singapore	61.5	112.6	83%
	UK	47.9	57.3	20%
	Germany	77.0	50.1	-35%
	Korea RP	17.2	47.4	176%

Product panels	Top 5 nations	Apr-23	Apr-24	Growth
Aircrafts and Space crafts	Saudi Arabia	0.5	110.0	20831%
	UAE	2.4	40.3	1571%
	USA	31.1	34.0	9%
	Sri Lanka	0.0	23.6	81792%
	UK	9.3	14.9	60%
Ships, Boats and Floating Structures and parts	Singapore	145.1	170.7	18%
	UAE	12.0	38.0	217%
	Norway	0.0	33.4	---
	Finland	0.0	11.7	---
	Sri Lanka	12.9	7.5	-42%
Auto Components (including Auto Parts and Auto Tyre)	USA	181.4	184.4	2%
	Germany	43.7	54.0	24%
	Turkey	39.2	48.8	25%
	Brazil	44.6	47.1	6%
	Mexico	36.6	38.8	6%

Source: DGCI&S

- In April 2024, Italy, Belgium and UK ranked as the top importers of Indian Iron and Steel, while the USA, Saudi Arabia and UAE lead in importing 'Products of Iron & Steel.'
- The USA stood out as the primary importer of Indian 'Industrial machinery,' making up 20% of India's global exports in this category, followed by Germany and UAE with 5% and 5% shares, respectively.
- Saudi Arabia, Mexico and South Africa were top three importers of India's Automobiles during April 2024 in India's global exports respectively over April 2023.
- Taiwan, USA and South Korea were the top three importers of India's Non-ferrous metals and products' during April 2024 whereas USA, Singapore and UK were the three top importers of Indian Electrical Machinery & Components during the same month.
- Saudi Arabia, UAE and USA were the top three importers of India's Aircrafts and Spacecraft during April 2024 in India's total global exports of the product followed by Sri Lanka and UK.
- Singapore, UAE and Norway became the largest importer of ships, boats and floating structures followed by Finland and Sri Lanka. While for the auto components' product group, USA remained the top importer in April 2024 followed by Germany, Turkey, Brazil and Mexico.

ANNEXURE II

COUNTRY WISE ANALYSIS

During April 2024 compared to April 2023, it has been observed that certain key export destinations, witnessed a decline in demand for Indian engineering products.

Table: Negative Engineering exports country wise (Values in US\$ million)

Countries	Apr-23	Apr-24	Growth (%)
Germany	353.12	321.62	-8.9%
Italy	398.60	309.14	-22.4%
Turkey	274.51	219.06	-20.2%
Korea RP	212.65	209.33	-1.6%
Japan	178.17	173.65	-2.5%
Nepal	214.48	171.61	-20.0%
Brazil	174.27	165.41	-5.1%
Thailand	161.10	152.57	-5.3%
France	182.45	152.27	-16.5%
Bangladesh	199.84	148.18	-25.9%
Netherland	211.48	137.75	-34.9%
South Africa	176.10	130.68	-25.8%
Indonesia	286.96	118.79	-58.6%
Russia	130.91	118.56	-9.4%
Total Engineering Exports to these countries	3154.6	2528.6	-19.8%
Total Engineering Exports	8949.36	8665.39	-3.2%
Share %	35%	29%	

Source: DGCI&S

Germany, Italy, France and Netherlands

India's engineering exports to Germany, Italy, France and Netherlands have declined by 8.9 percent, 22.4 percent, 16.5 percent and 34.9 percent during April 2024 vis-à-vis April 2023. Upon analyzing the imports of each country from other global counterparts, it has been noted that imports from certain major players in the global market have decreased during the fiscal year (2023-24) compared to the previous fiscal year.

Countries with negative export growth rate to Germany, Italy, France and Netherlands

(Values in US\$ Mn)

Exporting Country	Apr-Feb 2023-24	Apr-Feb 2023-24	Growth%
Germany			

Exporting Country	Apr-Feb 2023-24	Apr-Feb 2023-24	Growth%
China	181677.7	151082.9	-16.8%
USA	91758.2	89908.3	-2.0%
Turkey	23887.9	23753.5	-0.6%
Vietnam	14590.3	13612.0	-6.7%
South Africa	13454.8	11076.9	-17.7%
Malaysia	12055.4	11030.8	-8.5%
France			
China	73970.5	69246.4	-6.4%
USA	59181.1	50764.1	-14.2%
Vietnam	6874.2	6318.9	-8.1%
Saudi Arabia	7173.6	5193.5	-27.6%
Canada	4061.5	3975.6	-2.1%
Brazil	4330.0	3942.5	-9.0%
Exporting Country	Apr-Jan 2023-24	Apr-Jan 2023-24	Growth%
Italy			
China	49080.2	42048.2	-14.3%
Korea, Republic of	5279.0	5210.8	-1.3%
Saudi Arabia	6891.1	5071.7	-26.4%
Viet Nam	4335.9	4040.1	-6.8%
Brazil	5119.8	3955.1	-22.7%
Iraq	4605.5	3096.9	-32.8%
Netherlands			
China	121854.0	102404.0	-16.0%
Malaysia	9757.4	7470.4	-23.4%
Korea, Republic of	8227.2	6372.5	-22.5%
Thailand	5838.0	5587.7	-4.3%
Turkey	5396.5	5322.0	-1.4%
Saudi Arabia	6831.0	3075.5	-55.0%

Source: ITC Trade Map

The decline in demand for India's engineering exports to the Euro region can be attributed to several factors impacting European markets. The conflict in Ukraine, tight monetary policies, supply chain disruptions, and persistent inflation within the EU have significantly contributed to the reduced demand for India's engineering exports. Additionally, the implementation of non-tariff measures like CBAM and other green initiatives has further decreased the volume of Indian engineering exports.

Further, the recent Red Sea Crisis, arising from geopolitical conflicts, has significantly affected India's exports to Europe, as well as to other markets such as the US East Coast, the Middle East, and Africa. The crisis has led to longer shipping routes, inflating shipping costs by 40-60% and causing delays of approximately 20 days due

to rerouting. Furthermore, India's exports to Europe may face additional challenges due to the Iran-Israel conflict.

Japan

The engineering exports from India to the Japan have witnessed a decline of 2.5% to reach USD 173.65 million in the month of April 2024 as compared to USD 178.17 million in April 2023.

Japan's economy has been facing several challenges, resulting in economic contraction in recent months. Both exports and imports have declined. Natural disruptions, such as the major earthquake in January 2024, have halted production in many industries, leading to reduced demand for imported raw materials from around the world. Inflation has also been rising, prompting the Bank of Japan to increase interest rates for the first time in 17 years. Furthermore, the Japanese yen, once considered a safe haven currency, has recently fallen to its lowest levels against the dollar in three decades.

Countries with negative export growth rate to Japan

(Values in US\$ Mn)

Exporting Country	Apr-Feb 2022-23	Apr-Feb 2023-24	Growth%
China	170870.8	155359.4	-9.1%
USA	82505.3	75197.4	-8.9%
Australia	84344.3	53820.6	-36.2%
UAE	42830.1	33502.5	-21.8%
Saudi Arabia	39673.7	30027.7	-24.3%
Korea, Republic of	30131.3	28255.9	-6.2%
Viet Nam	24149.1	23676.1	-2.0%
Thailand	23982.2	23098.2	-3.7%
Indonesia	27396.5	20764.5	-24.2%
Germany	20658.5	20047.1	-3.0%

Source: ITC Trade Map

Brazil

The engineering exports from India to the Brazil have witnessed a decline of 5.1% to reach USD 165.41 million in the month of April 2024 as compared to April 2023.

Brazil's economy is dealing with debt, tax deficits and changing trade patterns. Several structural challenges persist, including a complex tax system, a cumbersome business environment that discourages entrepreneurship, low savings and infrastructure investments, and limited integration into global markets, which curbs innovation and hampers competitiveness.

There are some other countries such as China, USA, UK, Japan, UAE, Netherlands and many others that have also experienced substantial decreases in their exports to the Brazil.

Countries with negative export growth rate to Brazil

(Values in US\$ Mn)

Exporting Country	Apr-Mar 2022-23	Apr-Mar 2023-24	Growth%
China	58571.3	54766.7	-6.5%
USA	50022.1	37765.1	-24.5%
Germany	13634.7	12978.7	-4.8%
Argentina	13488.8	11777.6	-12.7%
Japan	5327.2	5111.7	-4.0%
Korea, RP	5188.2	4732.7	-8.8%
Saudi Arabia	4881.8	3515.9	-28.0%
UK	2879.4	2807.2	-2.5%
Netherlands	3053.3	2667.4	-12.6%
UAE	2457.3	1216.5	-50.5%

Source: ITC Trade Map

South Korea

The engineering exports to South Korea experienced a decline of 1.6 percent during April 2024 against April 2023. The exports valued at USD 209.33 million in April 2024.

South Korea's economy has declined due to weakening export demand, ongoing geopolitical concerns, and dwindling domestic demand. The country faces significant long-term structural challenges due to demographic changes. Geopolitics also influences South Korean trade, with the nation caught in the middle of the US-China tech war because of its critical role in supply chains for semiconductors and electric vehicle (EV) batteries.

Additionally, weakening domestic demand, driven by higher inflation, has contributed to the slowdown. Although inflation has been decreasing, high interest rates continue to dampen private consumption and investment.

Countries with negative export growth rate to South Korea

(Values in US\$ Mn)

Exporting Country	Apr-Mar 2022-23	Apr-Mar 2023-24	Growth%
China	155715.8	138702.1	-10.9%
USA	81695.2	69758.4	-14.6%
Japan	52866.3	46854.2	-11.4%
Saudi Arabia	40638.5	31892.4	-21.5%
Australia	43626.1	30481.9	-30.1%

Exporting Country	Apr-Mar 2022-23	Apr-Mar 2023-24	Growth%
Germany	24054.7	22530.5	-6.3%
UAE	17800.3	17066.5	-4.1%
Malaysia	15297.0	14640.3	-4.3%
Qatar	17260.4	14086.4	-18.4%
Indonesia	15508.2	11802.3	-23.9%

Source: ITC Trade Map

Due to the above mentioned factors, the overall import of South Korea has declined in 2023-24 against 2022-23 from the major exporters such as China, USA, Japan, Germany, UAE, etc.

Turkey

India's engineering export to Turkey has declined by 20.2 percent in April 2024 compared to April 2023. The exports were valued USD 219.06 million in April 2024 against USD 274.51 million during same period last fiscal.

Countries with negative export growth rate to Turkey

(Values in US\$ Mn)

Exporting Country	Apr-Feb 2022-23	Apr-Feb 2023-24	Growth%
Russia	55341.6	40878.1	-26.1%
Switzerland	22345.7	12424.8	-44.4%
Brazil	4259.7	3892.2	-8.6%
Malaysia	3846.0	3737.9	-2.8%
Saudi Arabia	3518.1	2641.2	-24.9%
Iran	2869.8	1854.6	-35.4%

Source: ITC Trade Map

The changes in global supply chains, increased competition, and fragmentation in trade due to the COVID-19 pandemic have enhanced the tendency to source goods from nearby and friendly nations. Turkey, with its strategic location, is one of the countries most positively affected by these trends.

Simultaneously, the pandemic and Russia's invasion of Ukraine led to a surge in global inflation. While most central banks responded by raising interest rates, Turkey went on an interest rate cutting spree. Keeping rates artificially low contributed to the rise in domestic inflation, and has made Turkey an inflation champion.

Further, a significant part of Turkey's imports consists of inputs crucial for its production processes, notably in the automotive, machinery, and mechanical sectors, which collectively constitute nearly half of the country's exports. Large fluctuations in the value of the lira has pushed up input costs, make it more expensive to import. The Central Bank of Turkey responded to inflationary pressures with a strong

and unexpected rate hike in March this year, a large set of macro-prudential measures and liquidity tightening. There has been deterioration in some of the manufacturing sector. As a result the Turkey's imports from some of the major players has also declined.

South Africa

India's engineering exports to South Africa faces decline of 25.8 percent to reach USD 130.68 million in April 2024 as compared to USD 176.10 million in April 2023. There has been a persistent challenge of declining quality of services and institutions resulting in increased political instability and violence in South Africa. Consequently, foreign businesses feels hesitant from engaging with such a high-risk environment.

Weak structural growth and the COVID-19 pandemic have exacerbated socio-economic challenges. South Africa's GDP has recovered to its pre-pandemic levels, but the strength of the recovery has been hindered by multiple structural constraints, including ongoing power shortages and logistics bottlenecks.

Countries with negative export growth rate to South Africa

(Values in US\$ Mn)

Exporting Country	Apr-Feb 2022-23	Apr-Feb 2023-24	Growth%
China	20564.9	19575.5	-4.8%
UAE	3943.9	3476.7	-11.8%
Saudi Arabia	3759.7	2790.7	-25.8%
Japan	2498.1	2400.8	-3.9%
Oman	2694.0	2376.4	-11.8%
France	1954.3	1887.8	-3.4%

Source: ITC Trade Map

Indonesia and Thailand

The engineering exports to Indonesia and Thailand experienced a decline of 58.6 percent, and 5.3 percent, respectively, during April 2024 against April 2023. Indonesia and Thailand are experiencing a broad decline in imports from countries including Japan, South Korea, the USA, the UAE, Australia, and others.

Countries with negative export growth rate to Indonesia and Thailand

(Values in US\$ Mn)

Exporting Country	Apr-Feb 2022-23	Apr-Feb 2023-24	Growth%
Indonesia			
China	61436.6	59580.9	-3.0%
Japan	15661.7	14471.0	-7.6%
USA	11025.4	10318.9	-6.4%

Exporting Country	Apr-Feb 2022-23	Apr-Feb 2023-24	Growth%
Korea, Republic of	10491.5	9076.3	-13.5%
Australia	9061.1	8683.6	-4.2%
Saudi Arabia	4717.9	4046.1	-14.2%
Thailand			
Japan	31083.5	30594.1	-1.6%
UAE	17058.6	16009.3	-6.2%
Malaysia	13473.6	13143.3	-2.5%
Korea, Republic of	9166.8	8625.2	-5.9%
Indonesia	9146.2	8332.3	-8.9%
Switzerland	6372.0	6072.0	-4.7%

Source: ITC Trade Map

ASEAN countries has historically demonstrated resilience in navigating global economic shifts. However, in 2023, ASEAN countries encountered a dynamic interplay of opportunities and challenges within its economic landscape, particularly in international trade. This was influenced by a variety of factors, such as geopolitical dynamics, the impact of the COVID-19 pandemic, and ongoing efforts to achieve regional economic integration. Both ASEAN exports and imports saw a decrease, with imports experiencing a larger decline compared to exports. Persistent geopolitical tensions, high levels of debt, and widespread economic fragility are anticipated to exert negative influences on global trade patterns. This outlook may also have implication for ASEAN, given the region deep's integration into the global economy.

Bangladesh

India's engineering export to Bangladesh has declined by 25.9 percent in April 2024 compared to April 2023. The exports were valued USD 148.18 million in April 2024 against USD 199.84 million during April 2023.

In its bid to boost Bangladesh's shrinking forex reserves, the Central bank of Bangladesh has implemented several measures aimed at discouraging imports. The economy is facing a multifaceted economic landscape. While reducing imports may reduce pressure on the dollar, it also carries drawbacks. The significant decline in imports of industrial raw materials, capital machinery, and consumer goods in Bangladesh has notably affected overall production levels in industrial facilities.

Countries with negative export growth rate to Bangladesh

(Values in US\$ Mn)

Exporting Country	Apr-Mar 2022-23	Apr-Mar 2023-24	Growth%
China	26939.5	20031.4	-25.6%
Brazil	2418.9	2226.7	-7.9%
USA	2553.6	2039.3	-20.1%

Japan	2275.0	1494.5	-34.3%
Korea, Republic of	2476.2	1464.7	-40.9%
Australia	1343.2	1082.6	-19.4%
Canada	1327.0	826.8	-37.7%

Source: ITC Trade Map

Between April and March 2023-24, exports to Bangladesh from various countries, including China, Brazil, USA, Japan, South Korea, Australia, etc., have registered a decline compared to the same period in 2022-23.

Nepal

India's engineering exports to Nepal have experienced a notable decline of 20 percent, totaling USD 171.61 million during April 2024 as compared to USD 214.48 million in April 2023. The consumer spending in Nepal has been affected, leading to a reduction in the import as well exports. This is clearly visible in table below reflecting the 14 percent decline in overall trade in 2022 amid the ongoing economic challenges.

Nepal's Trade Pattern

(Values in US\$ Mn)

	2021	2022	Growth%
Nepal's Global Exports	1665.7	1299.6	-22.0%
Nepal's Global Imports	15792.7	13716.4	-13.1%
Total Trade	17458.4	15016	-14.0%

Source: ITC Trade Map

Countries with negative export growth rate to Nepal

(Values in US\$ Mn)

Exporting Country	2021	2022	Growth%
China	2377.6	1849.5	-22.2%
UAE	414.8	321.1	-22.6%
USA	297.6	293.2	-1.5%
Argentina	450.0	235.5	-47.7%
Australia	227.7	141.7	-37.8%
Ukraine	197.5	137.1	-30.6%

Source: ITC Trade Map

The nation is grappling with diminishing industrial output, an expanding trade deficit, and rising unemployment rates. Numerous industries are either closing down or operating significantly below their capacity. The decrease in demand within Nepal is dissuading imports from key trading partners such as China, the UAE, the USA, Australia, and Argentina. This decline in domestic demand is resulting in reduced consumption levels, impacting both businesses and consumers alike.