

Direction of Trade

6.29 Direction of exports in 1999-00 show significant increases in India's exports to its major destinations like OECD, Asia and OPEC regions. Exports in US Dollar value, grew by 12.8 per cent to OECD, 20.1 per cent to Asia (other than OPEC countries) and 12.3 per cent to OPEC in 1999-00 as compared with declines of 1.5 per cent, 14.4 per cent and low growth of 0.8 per cent respectively in 1998-99. Other regions recording robust growth in exports included Eastern Europe (due mainly to turnaround in exports to Russia) and Latin America & Caribbean region with Mexico, Peru, Chile, Barbados and Panama accounting for major increases. Exports to developing countries in Africa, however, declined by 5.4 per cent in 1999-00 as against a rise of 9.9 per cent in the previous year. In terms of region-wise share in total exports (Figure 6.4), while the share of OECD, OPEC and developing countries from Africa declined in 1999-00, those of Eastern Europe and Asian developing countries increased during this period. The share of developing countries from the Latin America & Caribbean region was, however, maintained at 1.7 per cent. Although the share in total exports to OECD countries, as a group, registered a marginal decline from 57.8 per cent in 1998-99 to 57.6 per cent in 1999-00, exports to many developed countries like Canada (25.8 per cent), U.K. (21.1 per cent), U.S.A. (18.5 per cent), Netherlands (16.1 per cent), France (10.9 per cent) and Belgium (7.2 per cent), in this region recorded significant increases during the year. The sharp rise in share of exports to developing countries of Asia was largely on account of the recovery from the crisis by East Asian countries as a result of which the share of our exports to selected East Asian countries rebounded from 11.6 per cent in 1998-99 to 13.7 per cent in 1999-00.

6.30 Export performance during the first seven months of the current financial year has improved to the OECD and OPEC regions and to the other developing countries (other than OPEC) with exports to these regions rising by 15 per cent, 24.6 per cent and 21.9 per cent respectively. Export growth to the Eastern Europe region, however, declined by 4 per cent during this period. The share in total exports, thus, amounted to 55.6 per cent for OECD,

10.5 per cent for OPEC and 25.2 per cent for other developing countries during April-October 2000. The share of the Eastern Europe, however, declined to 2.5 per cent. The shares of other developing countries from Asia and Africa were maintained at around 20 per cent and 3.2 per cent respectively during this period. Although exports to selected East Asian countries continue to post robust growth, the growth rate has decelerated from 37.9 per cent during April-October 1999 to 17.8 per cent during first seven months of the current financial year, thus resulting in a decline in share of our exports to these countries to 13.1 per cent in the current year. Major countries recording strong export performance in the current year so far include U.S.A., Canada, Japan, U.K., France, Belgium and Germany in the OECD region, Iran, Kuwait and Saudi Arabia in OPEC region, Chile, Argentina, Brazil and Mexico in the Latin American region and China, Hong Kong, Singapore and Thailand, Malaysia and Sri Lanka from the Asian region.

6.31 Sources of imports reveal a sharp decline in share of imports in total imports from OECD countries from 51.6 per cent in 1998-99 to 44.8 per cent in 1999-00 as imports from these countries declined by 3.2 per cent in 1999-00. Bulk of this decline in share was appropriated by imports from the OPEC region whose share rose to 23.8 per cent in 1999-00 (as compared to 18.3 per cent in 1998-99) mainly because of increase in international petroleum crude oil prices. Similarly, the share of imports sourced from non-OPEC developing countries (of Africa, Asia and Latin America & Caribbean) improved from 21.1 per cent in 1998-99 to 22.6 per cent in 1999-00. The share of imports from Eastern Europe was broadly maintained in 1999-00 due mainly to recovery in imports from Russia. Imports from developing countries of Africa and Latin America & Caribbean regions grew by 21.9 per cent and 20.3 per cent respectively in 1999-00 and was contributed among others, by countries like Egypt, Ghana, Brazil, Chile and South Africa. Imports from developing countries from Asia also recorded a high increase of 18.5 per cent with robust growth from countries like China, Hong Kong, Malaysia and Thailand. The share of selected East Asian countries in total imports increased from 14.9 per cent in 1998-99 to 15.5 per cent in 1999-00

due partly to the sharp depreciation of currencies of these countries during the Asian crisis.

6.32 The trend of rising imports from these East Asian countries has been reversed in the current financial year with the share of selected East Asian countries in total imports declining to 12.1 per cent due to a reduction in imports from these countries by 13.4 per cent during April-October, 2000. The reduction in imports seems to be spread across all the major regions

with declines of 6.7 per cent in OECD, 71.2 per cent in OPEC, 2.2 per cent in Eastern Europe and 12.4 per cent in other developing countries of Africa, Asia and Latin America & Caribbean regions. A sharp increase in imports from other residual destinations, coupled with decline in share of OPEC region, may suggest a change in sourcing of oil imports away from the OPEC region during the current financial year.