

## Direction of Trade

6.32 Direction of exports in 2000-01 show significant increases in India's exports to destinations like OECD, OPEC and developing countries in Asia, Africa and Latin America. Exports in US Dollar value grew by 11.2 per cent to OECD, 24.6 per cent to OPEC and 25.9 per cent to other developing countries in 2000-01 as compared with lower increases of 10.0 per cent, 9.5 per cent and 16.1 per cent respectively in 1999-00. Amongst the developing countries, exports to Latin America & Caribbean region increased by 50.0 per cent, to African region by 27.1 per cent and to Asian region by 23.8 per cent. Exports to Eastern Europe, however, recorded a decline of 3.8 per cent (due mainly to a downturn in exports to Russia) in 2000-01 as against a rise of 24.7 per cent in the preceding year. In terms of region-wise share in total exports (Figure 6.2), while the shares of OECD and Eastern Europe declined in 2000-01, those of OPEC and other developing countries increased during this period. Notwithstanding the decline in share in total exports to OECD countries, exports to major developed countries in this region like France, UK, Canada, USA, Germany, Belgium and Japan, recorded significant increases during the year. Main countries contributing to increased share of exports to developing countries of Asia, Africa and Latin America included Thailand, Malaysia, China, Sri Lanka, Singapore, Bangla Desh, Egypt, Kenya, Nigeria, Brazil, Mexico and Chile.

6.33 The broad trends of the declining share in total exports for OECD and Eastern Europe regions and rising shares for OPEC and other developing countries regions have been continued during the first seven months of the current financial year. Exports to the OECD region contracted significantly by 12.8 per cent during April-October, 2001 as against a rise of 13.8 per cent in the corresponding period of last year, reflecting the general slowdown in demand in this region. Major countries in the region witnessing decline in exports include USA, Canada, Japan, Germany, Netherlands, Belgium, Australia and UK. Decline in exports to Eastern Europe were mainly due to lower exports to Russia and Hungary. Export growth to OPEC region and

other developing countries also decelerated sharply during the first seven months of the current financial year.

6.34 An examination of the sources of imports reveal a lower share of imports from OECD countries, from 43.0 per cent in 1999-00 to 39.9 per cent (Figure 6.2), as imports from this region declined by 5.6 per cent in 2000-01. Similarly, the share of imports from Eastern Europe, OPEC region and from developing countries was lower at 1.3 per cent, 5.1 per cent and 17.5 per cent respectively during the year. Correspondingly, there was a sharp increase in the share in total imports from the residual category of imports. Given the relative stabilization of crude oil prices at higher levels during the year, decline in share of imports from OPEC region coupled with increase in share of imports from the residual destinations may suggest a change in sourcing of oil imports away from the OPEC region during the year. The share, in total imports, of imports from OECD region declined further to 38.3 per cent during the first seven months of the current financial year, notwithstanding significant increases in imports from countries like France, Germany, Netherlands, USA, Canada and Australia during April-October, 2001. Whereas the share of Eastern Europe has been maintained, the shares of imports from OPEC and developing countries have increased to 5.7 per cent and 19.1 per cent respectively. The share of imports from selected East Asian countries remained stagnant at around 12 per cent during the first seven months of the current financial year.

6.35 The USA continued to be our major trading partner in 2000-01, followed by UK, Belgium, Germany and Japan. However, during the current financial year, Switzerland has emerged as the fifth largest trading partner (after USA, UK, Belgium and Germany). Indo-China bilateral trade has displayed robust growth, expanding by around 26 per cent during 2000-01 and the first seven months of the current financial year. While our exports to China, in US Dollar value, increased by 53.9 per cent, imports from China were higher by 14.1 per cent during 2000-01. During April-October, 2001 while exports have expanded by 20.5 per cent, imports from China

have grown by 29.3 per cent. Growth in Indo-Nepal bilateral trade, on the other hand, decelerated from 30.2 per cent in 1999-00 to 16.8 per cent in 2000-01 due mainly to reduction in our exports to Nepal by 6.9 per cent. In the current financial year so far, while bilateral trade has picked up, imports from Nepal have surged by 85.1 per cent as compared with rise in our

exports by 57.7 per cent. Suitable modifications/ amendments in the Indo-Nepal Treaty on Trade are under consideration to protect the interests of the domestic industry. A limited extension of the Treaty for a period of three months from December 5, 2001 has been agreed to enable negotiations to the treaty to be concluded.