

Direction of trade

6.30 Direction of exports over the 1990s show greater consistency in our exports to Organization for Economic Cooperation and Development (OECD) countries, including the European Union (EU) region and larger fluctuations/dispersal to areas like the Organization of Petroleum Exporting Countries (OPEC), Eastern Europe and other developing countries. In 2001-02, exports to OECD countries declined by 7.9 percent due mainly to lower exports to major countries like USA (-8.5 percent), Japan (-15.8 percent), Canada (-10.9 percent), U.K (-6.0 percent), Germany (-6.2 percent), France (-7.4 percent) and Belgium (-5.4 percent). Decline in exports to Eastern Europe was due to lower exports to Russia. The rise in exports to OPEC region by 8.6 percent was mostly contributed by higher exports to Nigeria, Indonesia and Iraq. Among the other developing countries, exports from Africa increased by 15.1 percent and from Asia by 2.9 percent, with enhanced exports to countries like Thailand, Malaysia, Philippines, China, Nepal, Mexico, South Africa, Egypt and Kenya contributing significantly to this growth. Overall, while the OECD countries' and Eastern Europe region share in total exports declined to 49.3 percent and 2.3 percent respectively, the shares, in total exports, increased to 12.0 percent for OPEC region and 28.0 percent for other developing countries in 2001-02.

6.31 The declining trend in OECD share in total exports has been reversed in the current financial year with a 20.4 percent growth in exports to this region during April-October 2002. All the major countries in the region including USA, Japan, Canada, Australia, UK, Netherlands, Germany, France and Belgium recorded strong growth in exports, reflecting a revival of demand in this region. The shares of exports to OPEC and other developing countries continued to rise in the current financial year due to sharp rise in exports to these regions by 31.3 percent and 25.0 percent respectively. While bulk of the rise in the former was due to higher exports to Indonesia, Iran and UAE, countries like Egypt, Kenya, South

Africa, China, Singapore, Korea, Thailand, Israel, Philippines, Brazil and Mexico contributed the rising share to the latter region. Exports to selected East Asian countries increased by 24.3 percent, while exports to SAARC region grew by a 12.7 percent due mainly to buoyant exports to Sri Lanka and Bhutan.

6.32 The regional shares in sourcing of imports in 2001-02 reveal enhanced shares from all the major regions, with a corresponding reduction in share of residual category. This was contributed by an increase in imports from OECD by 2.4 percent, from OPEC by 9.9 percent, from Eastern Europe by 7.1 percent and from other developing countries by 11.3 percent. The shares of these regions in total imports have, however, declined in the first seven months of the current financial year with the exception of other developing countries from Asia. Major countries recording lower imports included Netherlands, Australia and Japan in OECD countries, Saudi Arabia and Iran in OPEC and Romania in Eastern Europe. The share of imports from selected East Asian countries continued to be around 12 percent during the current financial year. Imports from SAARC region declined by 27.3 percent, due mainly to lower imports from Nepal and Pakistan.

6.33 The USA continued to be our major trading partner in 2001-02, followed by UK, Belgium, Germany, Japan, UAE and Switzerland. However, during the current financial year, UAE has emerged as the fifth largest trading partner and China has climbed to the sixth spot, ahead of Japan and Switzerland. Export growth to Nepal continues to be robust at 24.2 percent while imports have declined substantially by 39.7 percent during April-October 2002. Indo-Pakistan trade also continues to be depressed with decline in our exports by 22.9 percent in 2001-02. Although exports have recovered in the current financial year, imports from Pakistan have declined almost by half in April-October 2002 due to mainly no imports of sugar and lower imports of pulses, cotton yarn and fruits and nuts. Sino-India bilateral trade continues to display

robust growth, expanding by 28.1 percent during 2001-02 and 43.4 percent in the first seven months of the current financial year, as China remains relatively unaffected by global recession. While our exports to China, in US dollar value, have increased by 67.0 percent, imports from China grew by 32.4 percent in April-October, 2002. A comparison of direction of exports of India and China show that, while their shares of exports to industrial and developing countries are broadly comparable,

China's exports to developing countries in Asia constitute around 33 percent of its total exports as compared with a share of about 24 percent for India. India exports higher shares to developing countries in Africa and the Middle East regions. Country-wise, while share of exports to USA is around 21 percent for both the countries, China's exports to Japan and Hong Kong constitute around 35 percent of its total exports, as against India's share of only around 9 percent to these countries.