

Direction of trade

6.25 The main destinations of India's exports include OECD (mainly USA, EU and Japan), Asia and the OPEC region. However, exports to these regions, in US Dollar value, were either stagnant (OECD and OPEC recorded an increase of only 0.2 per cent each) or declined (by 14.0 per cent for Asia) in 1998-99. Exports to the African and Latin American regions increased by 9.5 per cent and 9.2 per cent respectively, with Egypt, Nigeria, Tanzania, Ghana, Ivory coast, Kenya, Venezuela, Mexico and Uruguay accounting for major increases. While OECD countries, as a group, increased their share in total exports from 55.7 per cent in 1997-98 to 58.0 per cent in 1998-99 (Figure 6.4), exports to many developed countries, like U.K (-10.9 per cent), Australia (-11.1 per cent), Japan (-13.0 per cent), Germany (-2.1 per cent) and Netherlands (-2.8 per cent), in this region declined during the year. On the other hand, exports to USA (7.8 per cent), Canada (10.1 per cent), France (10.9 per cent) and Belgium (6.7 per cent) posted healthy growth rates during the year. The pick up in exports to Saudi Arabia helped maintain the share of our exports to the OPEC region. Exports to Eastern Europe declined by 18.6 per cent due mainly to reduction in exports to Russia. The decline in exports to Asia was on account of the East Asian crisis, as a result of which the share of our exports in total exports to selected East Asian countries declined from 16.0 per cent in 1996-97 to 11.3 per cent in 1998-99.

6.26 While the broad trends in share of exports have continued during the current financial year, the trend of declining exports to the Asian region have been reversed somewhat with a growth of 21.1 per cent in (US Dollar value) during April-November, 1999. Exports during this period have increased by 90.8 per cent to Indonesia, by 62.4 per cent to South Korea, by 43.7 per cent to Malaysia, by 36.3 per cent to Singapore, by 32.1 per cent to Thailand and by 27.6 per cent to Hong Kong.

This has meant that the share of select East Asian countries in our exports has rebounded to 12.7 per cent in the first eight months of the current financial year as against 10.9 per cent during April-November, 1998. Exports to EU have increased by 8.8 per cent (as against a decline of 1.4 per cent in 1998-99) due mainly to a turnaround in exports to UK, Germany and Netherlands. Other main countries whose performance have witnessed improvement in the current year are Japan and Australia in the OECD region, Iran in the OPEC region and Russia in the Eastern Europe region.

6.27 As regards sources of imports, the share of OECD countries declined marginally from 51.4 per cent in 1997-98 to 51 per cent in 1998-99. Similarly, the share in imports of OPEC declined from 22.7 per cent to 18.7 per cent, due mainly to low international crude prices. The share of Eastern Europe declined from 2 per cent to 1.6 per cent. This decline in share of imports was balanced by an increase in the import share of Asia, Africa and Latin America, mainly contributed by countries like Argentina, Egypt, Ghana, South Africa, South Korea, Malaysia, Indonesia, Singapore and Hong Kong. The share in total imports from Asia increased from 13.7 per cent in 1997-98 to 15.7 per cent in 1998-99. The share of selected East Asian countries in total imports has thus risen from 11.6 per cent in 1996-97, the year preceding the East Asian crisis, to 14.4 per cent in 1998-99 and is further placed at 15.7 per cent during the first eight months of the current financial year.

6.28 Broadly the same trends have persisted in the first eight months of the current financial year, with the share of OECD region declining further to 44.9 per cent and that of developing countries rising further to 23.2 per cent. Given the recovery in international crude oil prices, imports from the OPEC region increased by 44.6 per cent during April-November, 1999, thus significantly enhancing the share of imports from the region to 24.5 per cent.