



# IMPACT OF COVID-19 ON INDIA'S INTERNATIONAL TRADE

STRATEGIES AND POLICY PERSPECTIVE





# EXPORT-IMPORT BANK OF INDIA

## MAIN REPORT

### IMPACT OF COVID-19 ON INDIA'S INTERNATIONAL TRADE: STRATEGIES AND POLICY PERSPECTIVES

Submitted By

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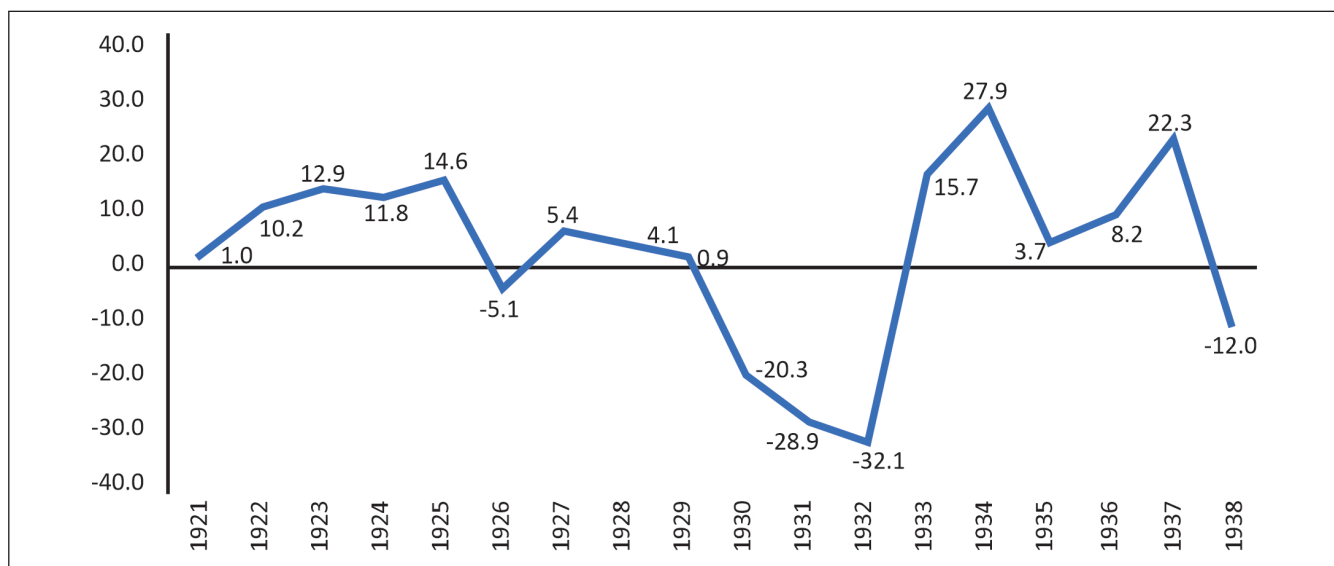
## CHAPTER 1

# GLOBAL TRADE SCENARIO FOLLOWING THE PANDEMIC: OVERVIEW

### 1. Global Growth and Trade:

COVID -19 crisis has come out of the blue. This is worse than the great depression as the economic crisis is due to the health crisis and the world has to fight against an unknown enemy. The extent of fall in world trade, however, is somewhat similar in both the situations. (Figure 1.1 and Figure 1.2)

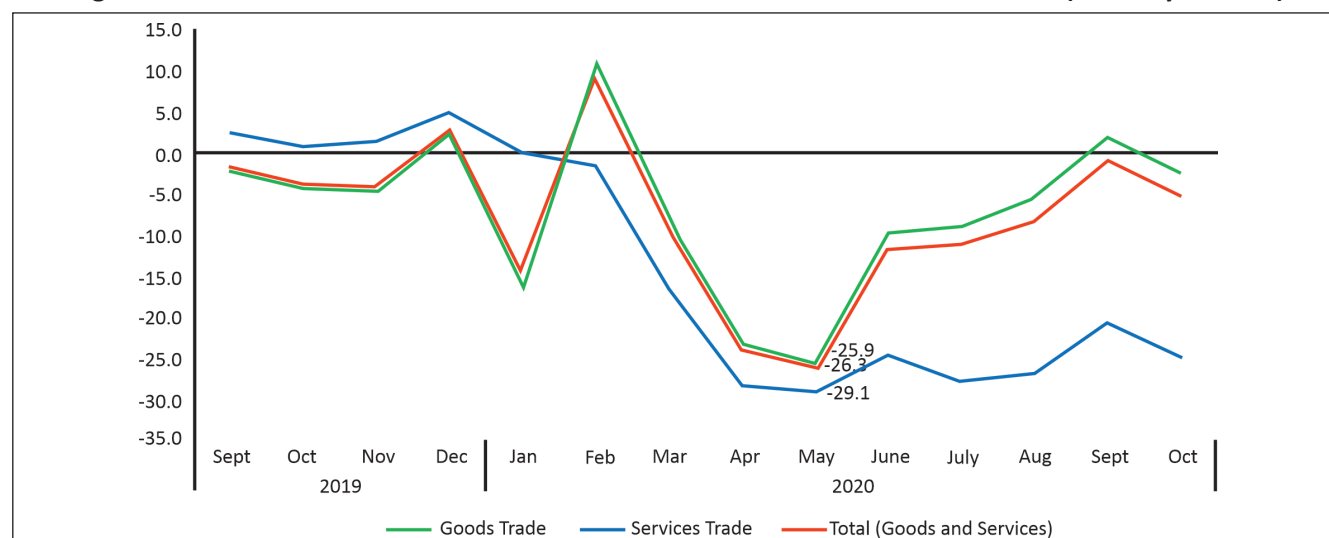
**Figure 1.1: World Export Growth during Great Depression (%)**



Sources: Based on UNSTATS data.

While world export growth reached the lowest level by falling steeply by 32.1% in 1932 during the great depression, after which recovery started, growth in total world trade of goods and services fell steeply in April 2020 by 24.0%, with growth reaching a trough in May 2020 of -26.3%, due to COVID-19 crisis, after which recovery started. World services trade growth was even lower at -29.1%, resulting in a steep decline in total world trade growth (goods & services) by -26.3%.

**Figure 1.2: World Trade Performance before and after the arrival of the Pandemic (Monthly Growth)**



Source: Based on WTO data (Aggregate of only 74 countries whose data are available for Goods and only 47 countries for Services)

As per the IMF World Economic outlook October 2020, Global GDP growth is projected at -4.4 percent in 2020, 0.8 percentage point above the June 2020 WEO Update forecast. Global growth is projected at 5.2 percent in 2021, slightly lower than in the June 2020 WEO Update. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated. While world trade volume is expected to contract by 10.4% in 2020, in the case of advanced economies, greater export contraction is expected at -11.6%, while for emerging market developing (EMD) economies, the export contraction is expected at -7.7%. Import contraction is almost similar for these two groups of countries. World trade volume (goods and services) is expected to pick up in 2021 by 8.3%, with export growth of EMD economies expected at 9.5% and advanced economies at 7.0%. (Table 1.1) However, there are downside risks as the pandemic still rages in many countries. Contact-intensive sectors and tourism-intensive and remittance-dependent countries are likely to be more affected by the pandemic. Added to this are the geopolitical tensions like the trade tensions between the US and China despite the reaffirmation of the Phase One Trade deal between the US and China; trade tensions and lack of trust between China and Australia and other countries including India; and frayed ties among the OPEC+ coalition that includes Russia and non-OPEC oil exporters.

As per the WTO, merchandise trade value has fallen by 2.8% in 2019 and in 2020 it is projected to fall by 9.2%. However, in 2021 it is projected to increase by 7.2%. Service trade growth was 2.1% in 2019, and total (goods and services) trade growth was -1.7% as per WTO data. (Table 1.1)

**Table 1.1: World Trade Performance before and after the arrival of the Pandemic (Annual)**

|  | Growth (%) |      |                |                |
|--|------------|------|----------------|----------------|
|  | 2018       | 2019 | 2020 Projected | 2021 Projected |
| IMF data                                   |            |      |                |                |
| <b>Total (Goods &amp; Services) Volume</b> | 3.8        | 1.0  | -10.4          | 8.3            |
| <b>Exports</b>                             |            |      |                |                |
| Advanced Economies                         | 3.3        | 1.3  | -11.6          | 7.0            |
| EMD Economies                              | 4.1        | 0.9  | -7.7           | 9.5            |
| <b>Imports</b>                             |            |      |                |                |
| Advanced Economies                         | 3.3        | 1.7  | -11.5          | 7.3            |
| EMD Economies                              | 5.1        | -0.6 | -9.4           | 11.0           |

|   | Growth (%)  |             |                |                |
|---|-------------|-------------|----------------|----------------|
|   | 2018        | 2019        | 2020 Projected | 2021 Projected |
| <b>WTO data</b>                                 |             |             |                |                |
| <b>Goods Trade Value</b>                        | <b>10.0</b> | <b>-2.8</b> | <b>-9.2*</b>   | <b>7.2*</b>    |
| Exports   | 9.8         | -2.8        |                |                |
| Imports   | 10.3        | -2.8        |                |                |
| <b>Services Trade Value</b>                     | <b>8.4</b>  | <b>2.1</b>  |                |                |
| Exports   | 9.1         | 2.0         |                |                |
| Imports   | 7.6         | 2.2         |                |                |
| <b>Total (Goods &amp; Services) Trade Value</b> | <b>9.6</b>  | <b>-1.7</b> |                |                |

Source: Based on IMF WEO (October, 2020) and WTO data

Note: \* indicates forecasts based on WTO 6 October 2020 Press release

Monthly trade figures show that while goods trade growth was negative in many months since September 2019, it became highly negative since April 2020, with the highest contraction in April and May 2020, when many countries resorted to lockdown to control the pandemic. In June and July 2020, it has become less negative. Services trade growth was slightly negative in January and February 2020, but since March 2020, it has been continuously and highly negative. (Table 1.2)

**Table 1.2: World Trade Performance before and after the arrival of the Pandemic (Monthly Growth)**

|                                   | 2019          |               |               |               | 2020           |                |               |                |               |               |               |               |               |               |
|-----------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                   | Sep           | Oct           | Nov           | Dec           | Jan            | Feb            | Mar           | Apr            | May           | Jun           | July          | Aug           | Sep           | Oct           |
| <b>Goods Trade</b>                | <b>-2.4</b>   | <b>-4.4</b>   | <b>-4.9</b>   | <b>2.3</b>    | <b>-16.7</b>   | <b>10.6</b>    | <b>-8.4</b>   | <b>-23.4</b>   | <b>-25.9</b>  | <b>-9.9</b>   | <b>-9.0</b>   | <b>-5.7</b>   | <b>1.6</b>    | <b>-2.6</b>   |
| <b>(M-o-M) Growth</b>             | <b>(3.3)</b>  | <b>(5.2)</b>  | <b>(-4.5)</b> | <b>(-1.5)</b> | <b>(-16)</b>   | <b>(19.4)</b>  | <b>(-4.7)</b> | <b>(-19.1)</b> | <b>(0.1)</b>  | <b>(14.4)</b> | <b>(7.5)</b>  | <b>(-3.2)</b> | <b>(11.4)</b> | <b>(0.9)</b>  |
| <i>Goods Exports</i>              | -2.5          | -3.1          | -4.3          | 3.0           | -17.9          | 11.6           | -8.8          | -23.6          | -25.2         | -9.5          | -6.8          | -4.4          | 2.6           | -0.9          |
| <b>(M-o-M) Growth</b>             | <b>(4.3)</b>  | <b>(5.4)</b>  | <b>(-4.2)</b> | <b>(-1.1)</b> | <b>(-19.4)</b> | <b>(24)</b>    | <b>(-4.7)</b> | <b>(-20.6)</b> | <b>(2.3)</b>  | <b>(15)</b>   | <b>(7.7)</b>  | <b>(-4.1)</b> | <b>(11.9)</b> | <b>(1.7)</b>  |
| <i>Goods Imports</i>              | -2.3          | -5.6          | -5.5          | 1.7           | -15.5          | 9.7            | -8.0          | -23.3          | -26.6         | -10.3         | -11.1         | -7.0          | 0.6           | -4.1          |
| <b>(M-o-M) Growth</b>             | <b>(2.4)</b>  | <b>(5.1)</b>  | <b>(-4.7)</b> | <b>(-1.9)</b> | <b>(-12.7)</b> | <b>(15.2)</b>  | <b>(-4.7)</b> | <b>(-17.6)</b> | <b>(-2)</b>   | <b>(13.8)</b> | <b>(7.3)</b>  | <b>(-2.2)</b> | <b>(10.8)</b> | <b>(0.1)</b>  |
| <b>Services Trade</b>             | <b>2.3</b>    | <b>0.7</b>    | <b>1.4</b>    | <b>4.9</b>    | <b>-0.1</b>    | <b>-1.7</b>    | <b>-16.8</b>  | <b>-28.4</b>   | <b>-29.1</b>  | <b>-24.6</b>  | <b>-28.0</b>  | <b>-27.0</b>  | <b>-20.8</b>  | <b>-24.8</b>  |
| <b>(M-o-M) Growth</b>             | <b>(-4)</b>   | <b>(0.2)</b>  | <b>(-0.1)</b> | <b>(8.6)</b>  | <b>(-7.7)</b>  | <b>(-7.7)</b>  | <b>(-9)</b>   | <b>(-13.3)</b> | <b>(-0.5)</b> | <b>(4.3)</b>  | <b>(0.1)</b>  | <b>(0.3)</b>  | <b>(4.1)</b>  | <b>(-4.9)</b> |
| <i>Services Exports</i>           | 2.1           | 1.1           | 1.1           | 5.2           | 0.6            | 0.3            | -15.7         | -24.5          | -25.4         | -21.7         | -24.8         | -23.7         | -18.1         | -21.8         |
| <b>(M-o-M) Growth</b>             | <b>(-3.8)</b> | <b>(1.1)</b>  | <b>(-0.1)</b> | <b>(7.2)</b>  | <b>(-7.6)</b>  | <b>(-4.3)</b>  | <b>(-9.8)</b> | <b>(-11.9)</b> | <b>(1.1)</b>  | <b>(3.7)</b>  | <b>(-0.7)</b> | <b>(0.2)</b>  | <b>(3.3)</b>  | <b>(-3.5)</b> |
| <i>Services Imports</i>           | 2.5           | 0.1           | 1.7           | 4.5           | -0.8           | -3.9           | -17.9         | -32.5          | -33.1         | -28.0         | -31.5         | -30.5         | -23.8         | -28.2         |
| <b>(M-o-M) Growth</b>             | <b>(-4.2)</b> | <b>(-0.8)</b> | <b>(-0.2)</b> | <b>(10.2)</b> | <b>(-7.8)</b>  | <b>(-11.5)</b> | <b>(-8)</b>   | <b>(-14.9)</b> | <b>(-2.4)</b> | <b>(5.1)</b>  | <b>(1.1)</b>  | <b>(0.3)</b>  | <b>(5.1)</b>  | <b>(-6.6)</b> |
| <b>Total (Goods and Services)</b> | <b>-1.9</b>   | <b>-3.8</b>   | <b>-4.2</b>   | <b>2.7</b>    | <b>-14.7</b>   | <b>9.1</b>     | <b>-9.4</b>   | <b>-24.0</b>   | <b>-26.3</b>  | <b>-11.8</b>  | <b>-11.3</b>  | <b>-8.5</b>   | <b>-1.1</b>   | <b>-5.1</b>   |
| <b>(M-o-M) Growth</b>             | <b>(2.4)</b>  | <b>(4.6)</b>  | <b>(-4.0)</b> | <b>(-0.3)</b> | <b>(-15)</b>   | <b>(15.6)</b>  | <b>(-5.2)</b> | <b>(-18.5)</b> | <b>(0.0)</b>  | <b>(13.3)</b> | <b>(6.7)</b>  | <b>(-2.8)</b> | <b>(10.6)</b> | <b>(0.4)</b>  |

Source: Based on WTO data (Aggregate of only 74 countries whose data are available for Goods and only 47 countries for Services)

Note: Monthly data is considered from September 2019 to see the impact of COVID-19 as the virus is supposed to have been first detected in December 2019 in China.

## 1.2 Select Literature on Impact of Covid-19 on International Trade:

This section highlights some of the existing literature on the impact of Covid-19 on international trade and policy response. This includes, among others, studies by different international organizations like the WTO, World Bank, IMF, OECD, UNCTAD and also different institutions like KPMG, ITC, and IFPRI.

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**WTO** (2020) states that the COVID-19 pandemic represents an unprecedented disruption to the global economy and World trade, as production and consumption are scaled back across the globe. As per the WTO press release dated October 6, 2020, World trade shows signs of bouncing back from a deep, COVID-19 induced slump, but WTO economists caution that any recovery could be disrupted by the ongoing pandemic effects. The WTO forecasts a 9.2% decline in the volume of world merchandise trade in 2020, followed by a 7.2% rise in 2021, subject to an unusually high degree of uncertainty since they depend on the evolution of the pandemic and government responses to it. Strong trade performance in June and July have brought some signs of optimism for overall trade growth in 2020. Trade growth in COVID-19 related products was particularly strong in these months, showing trade's ability to help governments obtain needed supplies. It also stated that the performance of trade for the year to date exceeded expectations due to a surge in June and July 2020, as lockdowns were eased and economic activity accelerated. The pace of expansion could slow sharply once pent-up demand is exhausted and business inventories have been replenished. However, more negative outcomes are possible if there is a resurgence of COVID-19 in the fourth quarter. In contrast to trade, GDP fell more than expected in the first half of 2020, causing forecasts for the year to be downgraded. Consensus estimates now put the decline in world market-weighted GDP in 2020 at -4.8% compared to -2.5% under the more optimistic scenario outlined in the WTO's April forecast. GDP growth is expected to pick up to 4.9% in 2021, but this is highly dependent on policy measures and the severity of the disease.

**World Bank** (2020) working paper titled "Covid-19 and Food Protectionism: The Impact of the Pandemic and Export Restrictions on World Food Markets" analysed the impact of Covid-19 and uncooperative trade policies on World food markets. It quantifies the initial shock due to the pandemic under the assumption that products that are more labor-intensive in production are more affected through workers' morbidity and containment policies. It then estimates how escalating export restrictions to shield domestic food markets could magnify the initial shock. The analysis shows that in the quarter following the outbreak of the pandemic, the global export supply of food could decrease between 6 and 20 percent and global prices increase between 2 and 6 percent on average. Escalating export restrictions would multiply the initial shock by a factor of 3, with World food prices rising by up to 18 percent on average. Countries highly reliant on food imports, which are mostly developing and least developed countries, would be most affected.

**UNCTAD** Report dated 4 March (2020) on "Global trade impact of the Coronavirus (COVID-19) Epidemic" mentioned that the novel strain of coronavirus (COVID-19) has the potential to significantly slow down not only the Chinese economy but also the global economy. China has become the central manufacturing hub of many global business operations. Any disruption of China's output is expected to have repercussions elsewhere through regional and global value chains. As per the UNCTAD estimate, the slowdown of manufacturing in China due to the COVID-19 outbreak is disrupting World trade and could result in a \$50 billion decrease in exports across global value chains. The most affected sectors include precision instruments, machinery, automotive, and communication equipment. Among the most affected economies are the European Union (\$15.6 billion), the United States (\$5.8 billion), Japan (\$5.2 billion), South Korea (\$3.8 billion), Taiwan Province of China (\$2.6 billion) and Vietnam (\$2.3 billion). India is among the 15 most-affected economies due to the COVID-19 epidemic and slowdown in production in China, with a trade impact of \$348 million. The trade impact for India is less when compared to other economies such as the EU, the U.S., Japan and South Korea. The trade impact for Indonesia is \$312 million. For India, the trade impact is estimated to be the most for the chemicals sector at \$129 million, textiles and apparel at \$64 million, automotive sector at \$34 million, electrical machinery at \$12 million, leather products at \$13 million, metals and metal products at \$27 million and wood products and furniture at \$15 million.

**UNCTAD** in its policy brief released in April 2020 on "COVID-19: A 10-Point Action Plan to Strengthen International Trade and Transport Facilitation in Times of Pandemic", highlighted that, the coronavirus disease (COVID-19) pandemic is substantially impacting people's lives and livelihoods and putting extreme stress on socio-economic systems. International collaboration, coordination and solidarity among all is going to be key to overcoming this



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unprecedented global challenge. As part of efforts aimed at reducing the international spread of the virus and to mitigate the potentially crippling longer-term consequences of the pandemic, especially for the most vulnerable countries, policymakers need to take a number of measures to ensure the facilitation of international trade and the transport of goods. It is crucial to keep ships moving, ports open, and cross-border and transit trade flowing, while ensuring that border agencies can safely undertake all necessary controls. A 10-point action plan suggested by UNCTAD to support the logistics of international trade include (i) Ensure uninterrupted shipping (ii) Maintain ports open, (iii) Protect international trade of critical goods and speed up customs clearance and trade facilitation, (iv) Facilitate cross-border transport (v) Ensure the right of transit, (vi) Safeguard transparency and up-to-date information, (vii) Go paperless as physical contact between people needs to be minimized (viii) Address early on legal implications for commercial parties (ix) Protect shippers and transport service providers alike (x) Prioritize technical assistance.

**IMF's** External Sector Report published in August 2020 mentioned that the COVID-19 pandemic has caused a sharp contraction in global trade, especially in services, and tighter external financing conditions in the early stage of the crisis, with implications for external positions varying widely across countries. For economies dependent on commodities, tourism, and remittances, the adverse effects on their economies and external positions could be severe, and likely to require significant economic adjustment and financing. There is also the concern of the recent rise in trade restrictions, especially on pharmaceutical and medical products. IMF has cautioned that a worsening of risk sentiment could re-trigger capital flow reversals and currency pressures, increasing risks of an external crisis for economies with pre-existing vulnerabilities, such as large current account deficits, a high share of foreign currency debt, and limited international reserves. The IMF's update October 28, 2020, on "Response to COVID-19" report mentioned that international cooperation is vital to minimize the duration of the crisis and ensure a resilient recovery. Areas where collective action is key include: Guaranteeing adequate health supplies through cooperation on the production, purchase, and fair distribution of effective therapeutics and vaccines, including across borders; avoiding further ruptures in the global trade system by countries doing their best to keep global supply chains open, accelerating efforts to reform the World Trade Organization, and seeking a comprehensive agreement on digital taxation; ensuring that developing countries can finance critical spending needs and meet debt sustainability challenges. The IMF has called for extending the G20's Debt Service Suspension Initiative and strengthening the international debt architecture.

**OECD** (June 2020) in its Policy Responses to Coronavirus (COVID-19) Report titled "COVID-19 and international trade: Issues and Actions" mentioned that in an unprecedented global health crisis, trade is essential to save lives and livelihoods; and international co-operation is needed to keep trade flowing. Amid significant uncertainty, there are four things suggested that can be done: 1) boost confidence in trade and global markets by improving transparency about trade-related policy actions and intentions; 2) keep supply chains flowing, especially for essentials such as health supplies and food; 3) avoid making things worse, through unnecessary export restrictions and other trade barriers; and 4) even in the midst of the crisis, think beyond the immediate.

**OECD** Report on Policy Responses (Nov 2020) on "Getting goods across borders in times of COVID-19" mentioned the updates on new border protocols and trade facilitation measures impacting traders since COVID-19 and exploring what more can be done to prepare for the next stages of the pandemic as uncertainty persists. It highlights the importance of transparency and availability of timely trade-related information in mapping bottlenecks and risks, as well as the importance of trade facilitation measures in supporting business recovery and resilience across different goods sectors.

**KPMG India** (2020) on "Ramping up the supply chain post-COVID-19" highlighted that the COVID-19 pandemic is challenging businesses to think in unique and different ways. The disruptions caused by the virus outbreak have left deep impacts on consumer behaviour and preferences. Customers are now increasingly exercising caution on what, where, and how they buy. As demand surges for essential products, companies across the globe have been

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scrambling to streamline their supply chains to secure immediate operations. At the same time, there is pent-up demand waiting to be released for semi-essential and regular consumption categories that do not qualify for the 'essential' tag.

**Yannick Joller and Dzmitry Kniahinn, ITC (2020)** article on "Global chain reaction: Unprecedented trade measures to tackle COVID-19" mentioned that Governments have put in place several trade policy responses to contain the pandemic and its consequences. The daily tracker on the ITC Market Access Map, officially launched on 9 April, 2020 shows that more than 100 countries have implemented 128 temporary export measures and 134 countries have implemented 157 temporary import measures to combat COVID-19. The exponential rise in extraordinary export and import measures coincided with WHO's pandemic declaration on 12 March. However, by mid-April the curve of adopted measures began to 'flatten', and in May-June, some countries began lifting COVID-19 trade measures. Most of the adopted export measures are export restrictions, such as export bans, affecting trade in medical and key food products. Likewise, most import measures are liberalizations that remove duties and taxes on medical and key food products. Governments adopt these measures to safeguard short-term domestic availability of vital medical supplies and equipment, medicines and key food staples. It was positive that the number of liberalizing measures exceeded the number of restrictive measures in June. However, by the end of June, some governments phased out their temporary liberalizations, and trade policies went back to normal. In response to export restrictions by producing countries, some countries responded by introducing export bans and import liberalizations on key food staples such as cereals, dairy, potatoes, rice and sugar. According to the World Food Programme estimates, 130 million additional people are at risk of starvation due to coronavirus and trade-related impacts on food supply. In the wake of new realities, governments have to adopt further trade-facilitating measures to mitigate the negative economic impact on small businesses. These measures, already adopted by some governments, include customs facilitation, such as relaxations in issuing certificates of origin, extending time frames for payment of customs duties and fees, enabling paperless trade and keeping trade finance flowing. Such measures, combined with timely trade policy and market access information, can empower small businesses to make informed decisions and effectively diversify market risks. Staying alert and responding to sudden trade-policy changes will become part of a new daily life of small businesses in the near future.

**IFPRI (2020)** in its report titled "Covid-19 Food Trade Policy Tracker" mentioned that in the current COVID-19 crisis, a movement of some national governments to restrict food exports, have dire unintended consequences for vulnerable people in food-importing countries, increasing prices and exacerbating issues of food insecurity already inflamed by the COVID-19 pandemic. It may also negatively affect producers in export-restricting countries.

**Richard (2020)** has stated that 2020 will show a trade collapse that is far larger since the 'COVID concussion' is both a demand shock and a supply shock while the 2008-09 collapse was driven mostly by a demand shock.

**Dripcapital (2020)** in its working paper series presented the impact of COVID-19 on India's exports. The paper mentioned that the exporter community particularly will need some handholding to wade through these troubled times. Incentives like easier pre- and post-shipment credit, relaxation of duties, and support in increasing market access remain key pointers that need to be quickly acted upon. Most importantly, the new Foreign Trade Policy (FTP) needs to be revised and adjusted as per the current state of affairs. However, as global economies start to stabilize in the medium- to long-term, the following key factors could be helpful in driving the recovery of Indian exports: Christmas/Holiday season in the US and the EU has historically driven demand in these geographies, which might provide a positive stimulus to Indian exports. A weak rupee against the dollar could very well give a short boost to Indian exports, once global trade gets back on track. India's export market is interconnected with global value chains more than ever, with India being a leading exporter in agricultural and other essential commodities such as pharmaceuticals which will be in demand during and in the aftermath of the pandemic. Other factors including historically low crude oil prices and lowest ever lending rates by the RBI could further aid this growth in future quarters. Decoding Indian Exports, it mentioned that India's supremacy in specific

sectors such as mineral fuels, gems & jewellery, pharmaceuticals, chemicals, textiles, engineering goods and food commodities has contributed to it becoming a key part of the global value chain. While India exported to over 200+ geographies in 2019, trade was largely concentrated in a handful of them. In fact, India's top 10 trading partners constitute nearly 50% of all exports originating from the country. Such geographical concentration may pose a risk for Indian exporters in the current situation, given that export recovery will largely be led by an increase in demand from these countries.

### 1.3 Impact of Covid-19 on World Economy, Industry, Services and Investment:

**While World Trade growth fell steeply in April-May 2020, World GDP growth also saw a fall in the quarter ending June 2020 at -6.9%, with the growth of developed countries falling to -13.6% and developing countries to -11.3%** (as per the IMF World Economic outlook October 2020). World GDP growth is projected at -4.4 percent in 2020, 0.8 percentage point above the June 2020 WEO Update forecast and it is projected at 5.2 percent in 2021. Quarterly growth forecasts of World GDP show growth becoming positive in 2021 Q1 at 4.6% powered by the 17.9 percent growth of China and by 11.1% in 2021 Q2 powered by the 11.9% growth of advanced economics and 13.9% growth of the emerging market and developing economies (EMDEs) excluding China. Even China's growth was reasonably good. 2021 Q3 and 2021 Q4 World GDP growths are modest at 6.6% and 4.7%, respectively, with moderation in the growth of advanced countries, China and EMDEs excluding China. (Table 1.3)

**Table 1.3: Impact of COVID-19 on the World Economy**

|   | Annual and Quarterly GDP Growth Forecast |      |         |         |         |         |         |         |         |         |
|---|--|------|---------|---------|---------|---------|---------|---------|---------|---------|
|   | 2020                                     | 2021 | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 |
| World   | -4.4                                     | 5.2  | -1.4    | -6.9    | -2.6    | -0.3    | 4.6     | 11.1    | 6.6     | 4.7     |
| Advanced Economies  | -5.8                                     | 3.9  | -1.1    | -13.6   | -9.2    | -6.6    | -3.2    | 11.9    | 7.3     | 5.1     |
| Emerging market and developing economies excluding China* | -3.3                                     | 6.0  | 1.3     | -11.3   | -5.5    | -3.0    | -0.8    | 13.1    | 6.6     | 4.4     |
| China   | 1.9                                      | 8.2  | -6.8    | 2.6     | 3.5     | 4.4     | 17.9    | 6.5     | 5.4     | 4.3     |

Source: IMF WEO data. Note: Quarterly data are based on IMF's WEO June 2020 update.

Note: \* in Full year forecast for 2020 and 2021, Emerging Market and Developing Economies includes China.

### 1.4 Impact of Covid-19 on Trade of Some Major Trading Partners/Groups of India

Since the first few cases of COVID-19 were first reported in Wuhan, China in December 2019, as stated by WHO (April 2020), data for analysis in this report is considered mainly from September 2019 onwards to see the impact of COVID-19 – before and after its onset. In this section, an attempt has been made to see the impact of Covid-19 on the trade of some major trading partners of India for which recent monthly data are available, and compare them with the impact on India's trade. Major countries/ groups like the US, EU, China, Japan and ASEAN have been considered here. (Table 1.4)

**The US** merchandise export growth has been negative since March 2019. But it worsened since March 2020 due to the impact of Covid-19 and the lockdown, with the steepest decline recorded during April-June 2020, after which, it has become less and less negative. Even in October 2020, it continued to be negative at -7.0%. Similar is the case with the US imports (goods), though there was modest growth in September and October 2020. US Services Export Growth was positive during September 2019 to January 2020, became slightly negative in February 2020, but since March 2020 was highly negative. It was highly negative even in October 2020 at -24.3%. US Services Import Growth was positive till February 2020 but became highly negative since then. It was also highly negative even in October 2020. (Figure 1.4a)

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**The EU** merchandise export and import growths were negative for almost all months from September to December 2019 and became increasingly negative since March 2020, though from June 2020, the magnitude of decline has been declining and there was even a marginal growth in September 2020. EU services export and import growths which became negative since January 2020, became highly negative from April 2020 and continued to be so with negative growth reaching a trough of -52% for both exports and imports in October 2020. (Figure 1.4b)

**China's** merchandise export growth was negative from September-November 2019 and became positive in December 2019. Export data of China for January and February 2020, are not available separately and are in fact clubbed together as the total exports for the 2 months of around \$292.5 billion, which is near to one month's exports (e.g. December 2019 exports is \$237.7 billion). This is a reflection of the fact that China was affected early by COVID-19. There is negative export growth only in March and May 2020 and positive export growth in all other months, with export growth in November 2020 at a high of 21.1%. This indicates that while China's export sector has been able to cope up with the crisis, the situation is still volatile. China's merchandise import growth is highly negative in April and May 2020. Since then it has been less negative and was even positive in June 2020 and also from September 2020 onwards. China's services export growth has been positive from September to December 2019. It has been registering marginally negative growth, during March to June 2020. From July 2020 to October 2020 it has been oscillating between negative and positive growth rates. However, China's services import growth has been negative from September to November 2019 and highly negative from March 2020 to October 2020. (Figure 1.4c)

**Japan's** merchandise export growth was slightly negative during September to December 2019 and became highly negative since April 2020. Only since September 2020, it is less negative or marginally positive. Japan's merchandise import growth was also negative from October-December 2019 and highly negative since May 2020 till November 2020. Japan's services export growth was positive during September-December 2019, turned negative in January 2020, and highly negative from February to October 2020. Japan's services import growth was negative from October-December 2019 and negative in all months of 2020 till October 2020, though its magnitude of decline is comparatively less than that of export growth. (Figure 1.4d)

**ASEAN's** merchandise export growth was negative from September-November 2019, highly negative in April and May 2020 after which the magnitude of decline has reduced. ASEAN's merchandise import growth was negative from September to December 2019 and all months of 2020 with high negative growths since April 2020. ASEAN's services export growth was positive from October 2019 to January 2020, after which it has been highly negative. ASEAN's services import growth has been positive from September 2019 to January 2020 after which it has been highly negative. (Figure 1.4e)

**India's** merchandise export growth was negative during September-December 2019 and declined steeply during March to May 2020. After that it has become less negative. Though it became positive in September 2020, it has again become negative. India's merchandise import growth has also been negative from September to December 2019 and became highly negative since March 2020. India's services export growth has been positive from September 2019 till March 2020. Only since April 2020, it is continuously negative, but less negative compared to merchandise export growth in most of the months. India's services import growth has followed a similar pattern with positive growth from September 2019 till February 2020 and becoming negative since March 2020. Its negative growth is relatively higher than that of export growth of services. (Figure 1.4f)

**Table 1.4: Impact of COVID-19 on Trade of Major Trading Partners/Groups of India**

|          |                    | Growth (%) |       |       |      |      |       |       |       |       |       |       |       |       |       |       |
|----------|--------------------|------------|-------|-------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|          |                    | 2019       |       |       |      | 2020 |       |       |       |       |       |       |       |       |       |       |
|          |                    | Sep        | Oct   | Nov   | Dec  | Jan  | Feb   | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep   | Oct   | Nov   |
| 1. USA   | Exports (Goods)    | -3.7       | -3.1  | -2.4  | 0.7  | -0.5 | 1.7   | -9.4  | -29.0 | -36.3 | -23.8 | -15.2 | -14.7 | -9.5  | -7.0  | NA    |
|          | Imports (Goods)    | -2.5       | -7.2  | -6.9  | -2.5 | -4.1 | -4.0  | -6.6  | -20.6 | -25.4 | -13.1 | -8.1  | -5.4  | 0.1   | 0.4   | NA    |
|          | Exports (Services) | 1.5        | 2.1   | 2.2   | 2.5  | 0.9  | -0.6  | -18.6 | -26.7 | -26.8 | -26.0 | -25.3 | -24.9 | -24.2 | -24.3 | NA    |
|          | Imports (Services) | 4.1        | 3.4   | 3.2   | 2.7  | 2.6  | 1.2   | -19.3 | -31.0 | -31.6 | -32.3 | -29.1 | -27.2 | -25.1 | -24.4 | NA    |
| 2. EU    | Exports (Goods)    | -1.3       | -1.3  | -5.1  | 1.6  | -2.6 | -2.9  | -9.9  | -33.5 | -30.4 | -8.3  | -7.3  | -3.1  | 5.1   | -0.9  | NA    |
|          | Imports (Goods)    | -2.4       | -4.6  | -5.8  | -0.9 | -3.3 | -4.3  | -11.1 | -30.7 | -29.1 | -10.0 | -9.7  | -3.3  | 2.3   | -3.1  | NA    |
|          | Exports (Services) | 12.9       | 14.5  | 12.6  | 14.2 | -2.0 | -1.0  | -11.5 | -27.4 | -27.4 | -20.8 | -20.3 | -17.4 | -13.8 | -52.3 | NA    |
|          | Imports (Services) | 13.9       | 15.8  | 12.1  | 15.3 | -3.4 | 1.7   | -9.4  | -26.4 | -26.3 | -19.1 | -14.0 | -14.1 | -10.5 | -52.0 | NA    |
| 3. China | Exports (Goods)    | -3.2       | -0.8  | -1.3  | 8.1  | NA   | NA    | -6.6  | 3.4   | -3.2  | 0.5   | 7.2   | 9.5   | 9.9   | 11.4  | 21.1  |
|          | Imports (Goods)    | -8.2       | -6.1  | 1.0   | 16.7 | NA   | NA    | -1.1  | -14.2 | -16.6 | 2.7   | -1.4  | -2.1  | 13.2  | 4.7   | 4.5   |
|          | Exports (Services) | 6.1        | 4.0   | 1.5   | 13.7 | NA   | NA    | -5.3  | -1.7  | -5.9  | -4.7  | 1.3   | -6.0  | 8.1   | -0.3  | NA    |
|          | Imports (Services) | -3.6       | -6.8  | -4.4  | 2.7  | NA   | NA    | -18.2 | -35.9 | -32.6 | -25.4 | -30.1 | -30.8 | -16.1 | -24.7 | NA    |
| 4. Japan | Exports (Goods)    | -1.2       | -5.4  | -4.1  | -3.7 | -2.8 | -0.6  | -8.9  | -19.1 | -26.4 | -25.8 | -18.0 | -14.6 | -3.2  | 2.6   | -1.9  |
|          | Imports (Goods)    | 2.7        | -11.1 | -12.2 | -2.1 | -3.9 | -13.6 | -1.9  | -3.7  | -24.2 | -14.0 | -21.1 | -20.6 | -15.8 | -10.9 | -12.5 |
|          | Exports (Services) | 11.1       | 7.8   | 6.0   | 10.9 | -3.7 | -18.1 | -22.4 | -31.3 | -24.3 | -23.0 | -35.0 | -35.7 | -18.9 | -29.5 | NA    |
|          | Imports (Services) | 8.5        | -2.6  | -2.3  | -0.7 | -4.6 | -1.7  | -10.0 | -6.0  | -4.0  | -1.8  | -23.1 | -18.9 | -4.7  | -11.6 | NA    |
| 5. ASEAN | Exports (Goods)    | -4.8       | -7.1  | -5.4  | 3.6  | -1.2 | 2.3   | -4.8  | -16.2 | -26.5 | -7.0  | -7.6  | -5.8  | 1.9   | -4.6  | NA    |
|          | Imports (Goods)    | -4.2       | -10.6 | -7.8  | -1.6 | -3.7 | -0.1  | -4.7  | -21.5 | -34.3 | -13.2 | -19.8 | -14.5 | -7.5  | -13.5 | NA    |
|          | Exports (Services) | -1.6       | 9.6   | 8.4   | 7.1  | 10.8 | -6.6  | -22.9 | -47.1 | -36.4 | -29.3 | -38.9 | -26.6 | -12.1 | NA    | NA    |
|          | Imports (Services) | 17.0       | 3.4   | 18.6  | 6.6  | 9.6  | -10.8 | -31.1 | -56.5 | -49.1 | -33.4 | -41.8 | -38.0 | -36.0 | NA    | NA    |
| 6. India | Exports (Goods)    | -6.5       | -1.7  | -1.4  | -2.5 | -2.1 | 3.1   | -34.5 | -61.0 | -35.6 | -12.2 | -9.6  | -12.1 | 6.0   | -5.2  | -8.7  |
|          | Imports (Goods)    | -11.9      | -15.0 | -12.0 | -6.3 | -0.7 | 3.5   | -28.2 | -59.7 | -51.0 | -48.1 | -29.6 | -25.9 | -19.6 | -11.6 | -13.3 |
|          | Exports (Services) | 7.1        | 5.3   | 7.9   | 11.6 | 7.0  | 6.9   | 1.2   | -8.9  | -10.2 | -8.4  | -10.8 | -9.9  | -1.4  | -6.3  | NA    |
|          | Imports (Services) | 11.6       | 7.6   | 13.5  | 10.4 | 8.8  | 12.8  | -2.2  | -18.4 | -20.4 | -15.3 | -21.7 | -20.1 | -8.7  | -12.3 | NA    |

Sources: Based on WTO database accessed on 31.12.2020

Note: Note: For ASEAN Goods exports/imports, it is an aggregate of only 6 nations viz. Indonesia, Malaysia, Philippines, Cambodia, Singapore, Thailand.

For China and Japan, the data for November 2020 is based on <https://tradingeconomics.com/> and <https://www.ceicdata.com/>.

Figure 1.4 a: Impact of COVID-19 on Trade of USA – Growth (%)

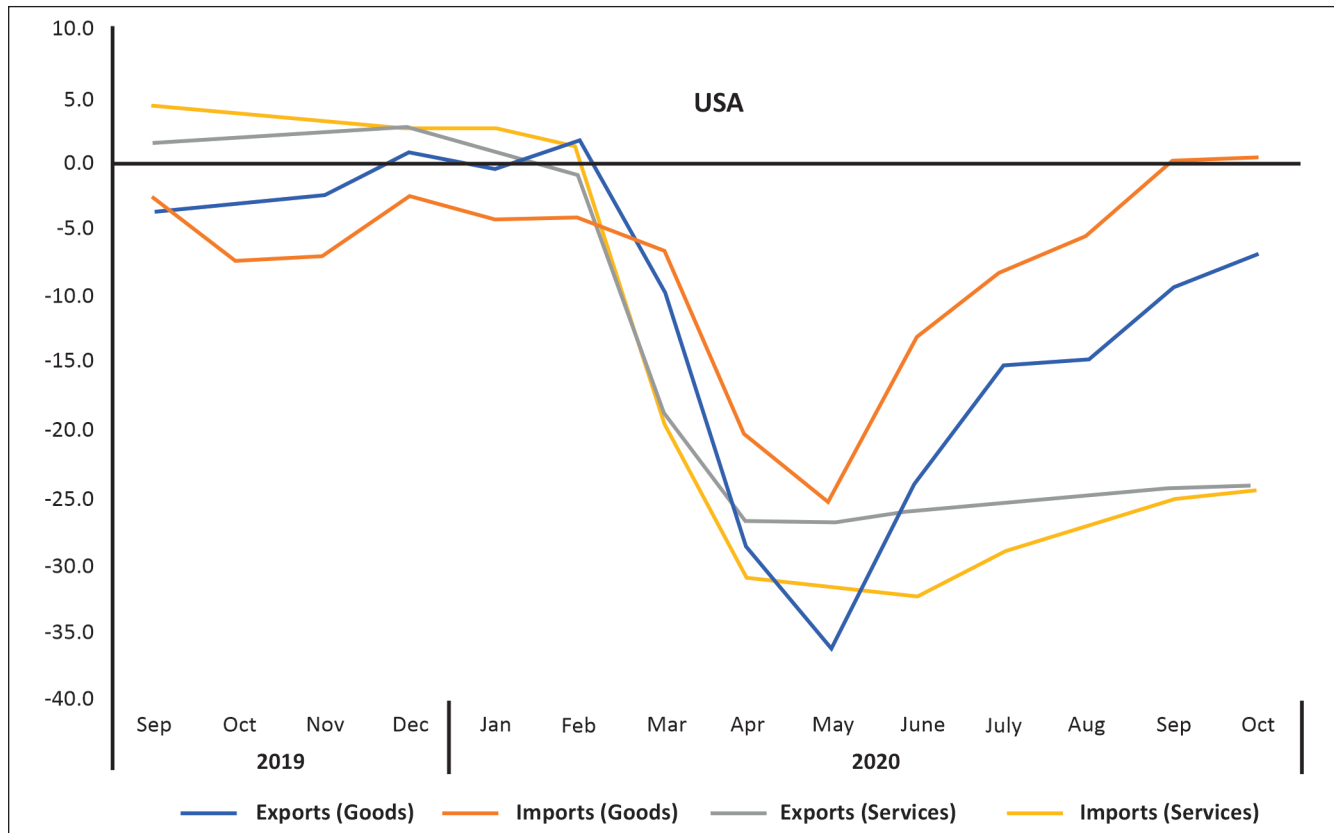


Figure 1.4 b: Impact of COVID-19 on Trade of EU – Growth (%)

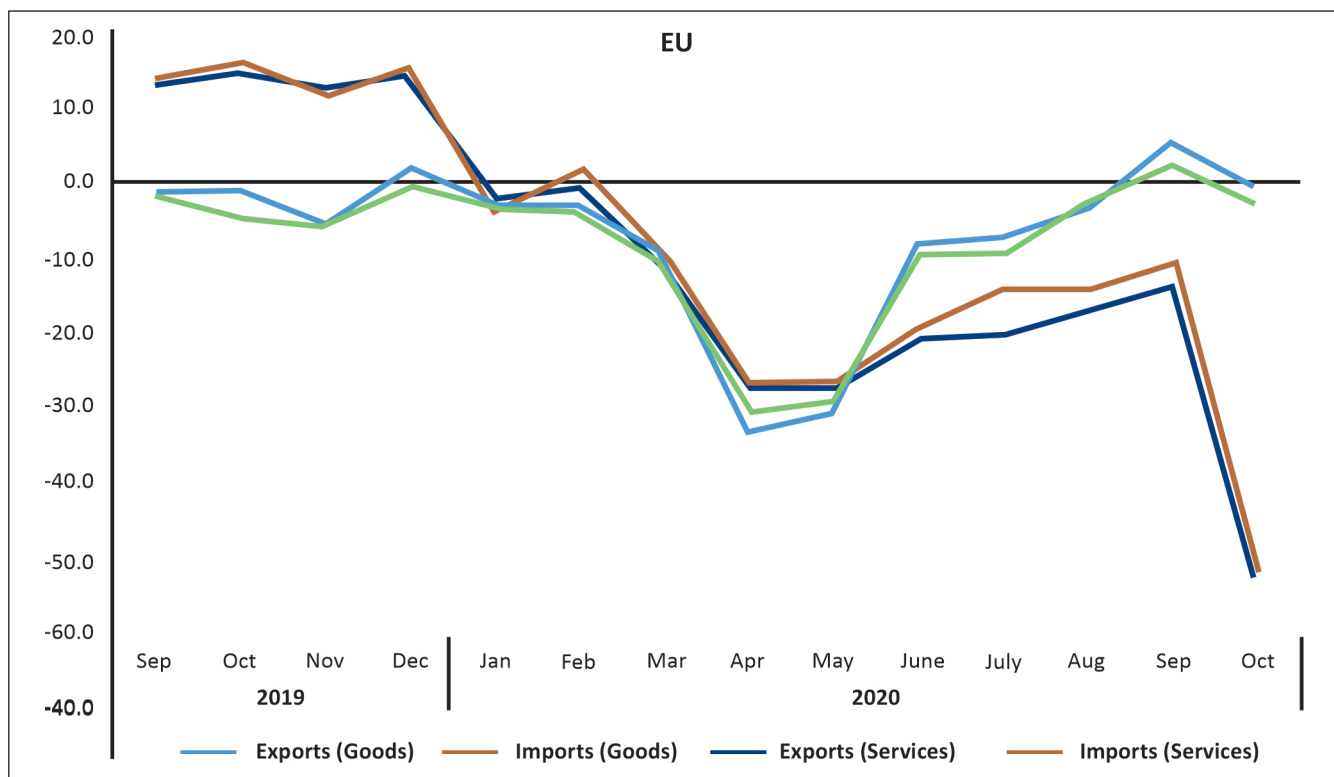


Figure 1.4 c: Impact of COVID-19 on Trade of China – Growth (%)

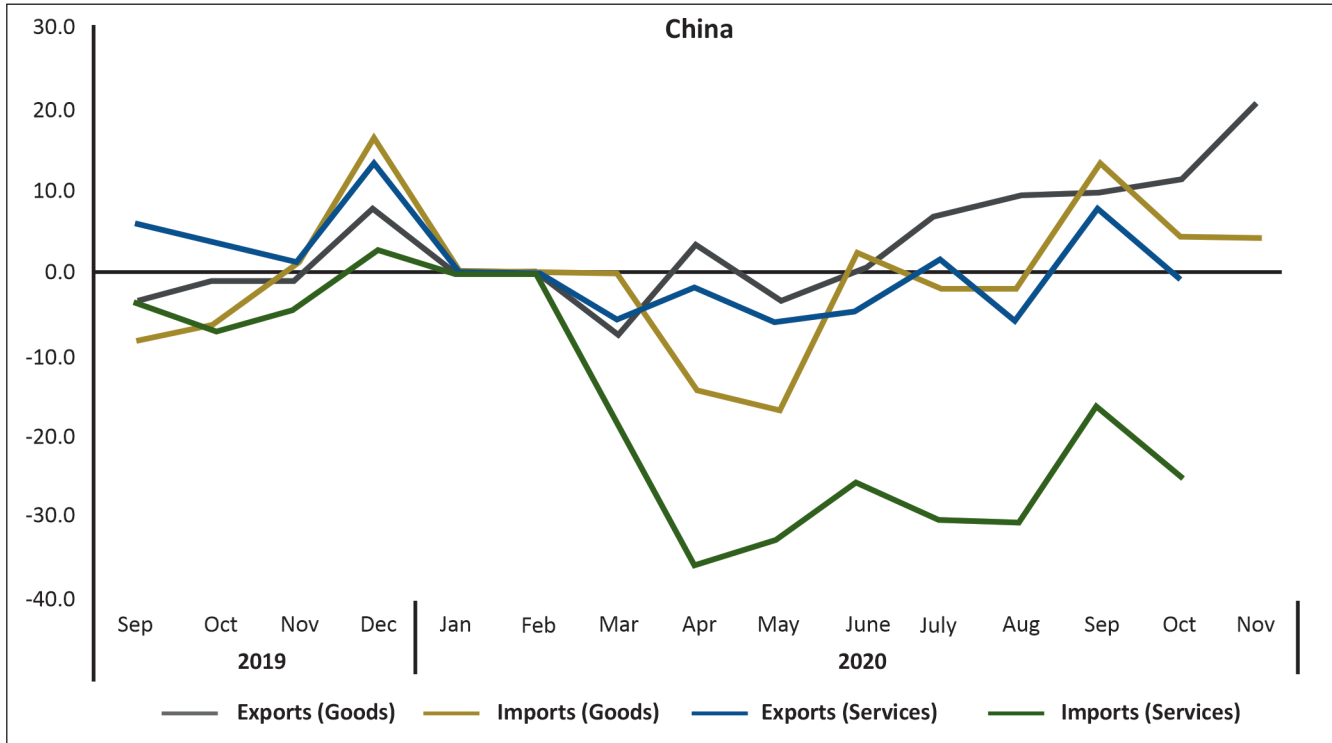


Figure 1.4 d: Impact of COVID-19 on Trade of Japan – Growth (%)

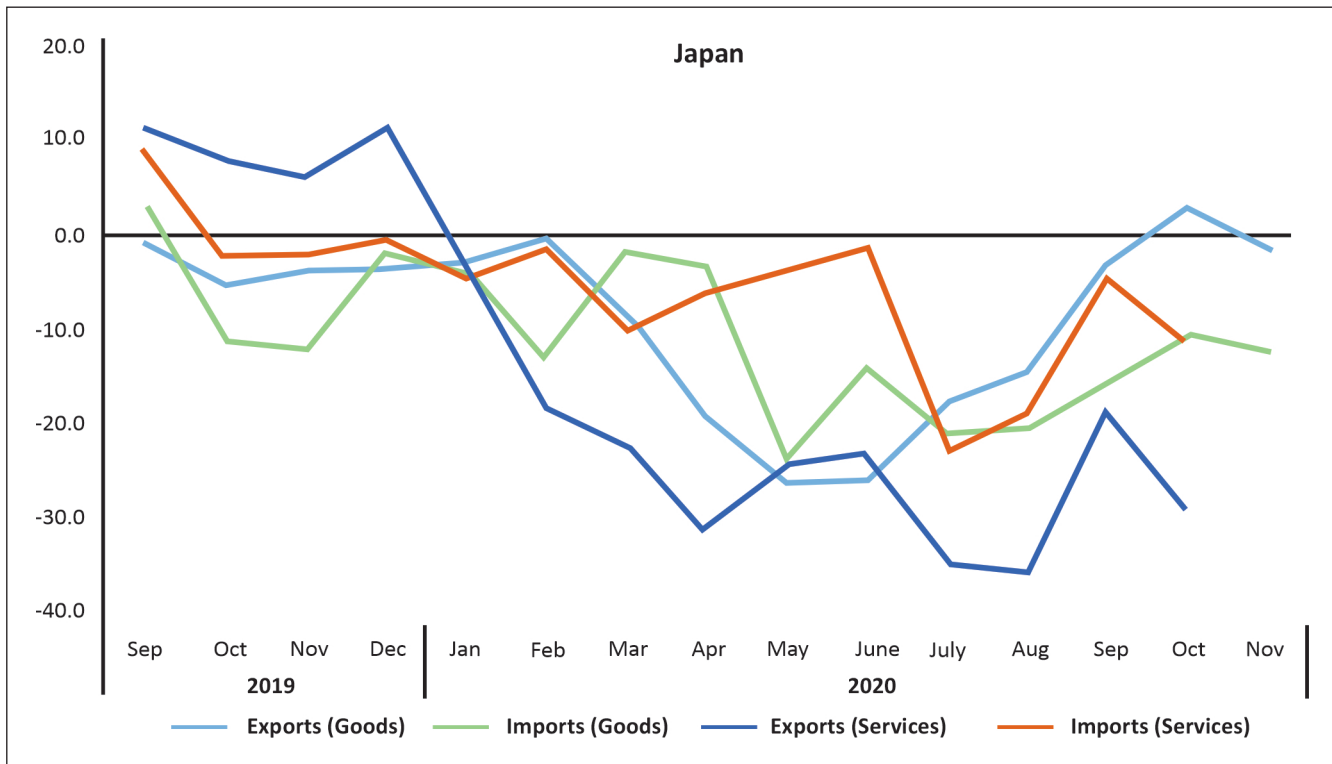


Figure 1.4 e: Impact of COVID-19 on Trade of ASEAN – Growth (%)

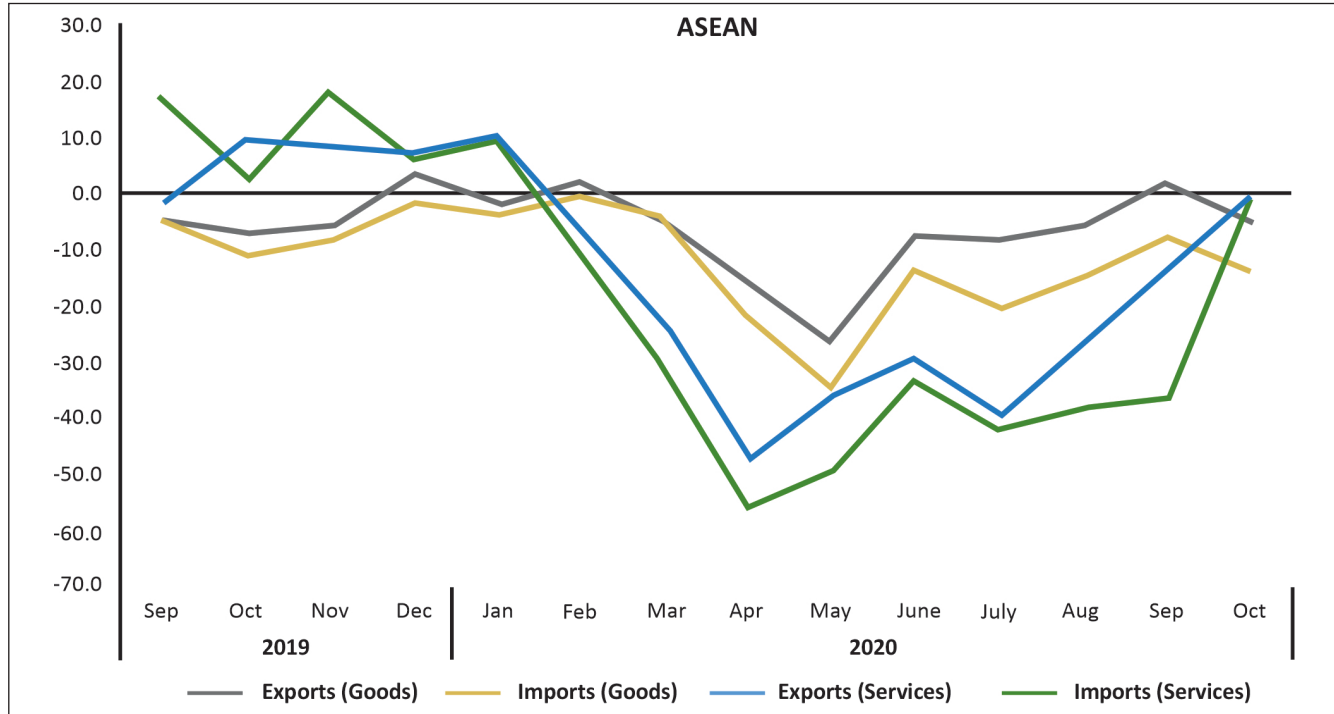
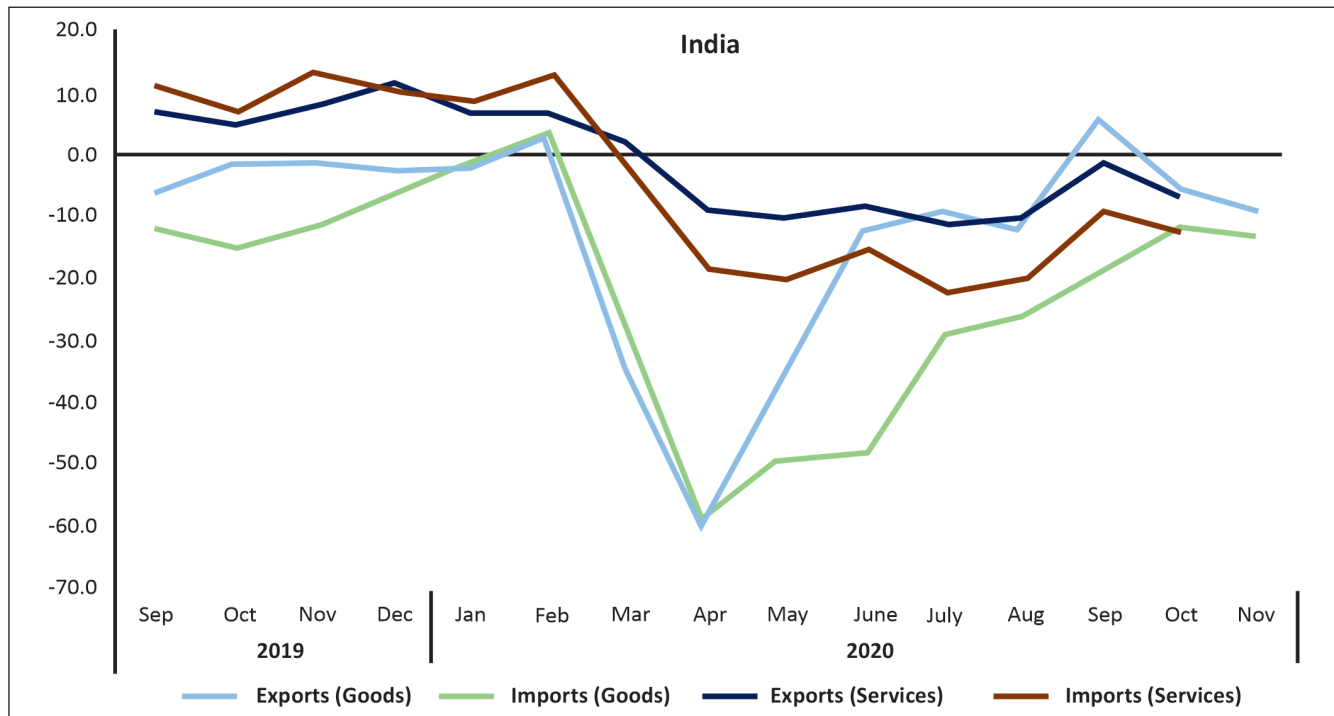


Figure 1.4 f: Impact of COVID-19 on Trade of India – Growth (%)



Sources: Based on WTO database accessed on 31.12.2020

Note: For ASEAN Goods exports/imports, it is an aggregate of only 6 nations viz. Indonesia, Malaysia, Philippines, Cambodia, Singapore, Thailand. For China and Japan, the data for November 2020 are based on <https://tradingeconomics.com/> and <https://www.ceicdata.com/>.



## 1.5 Impact of Covid-19 on Trade of World and India's Important Trading Partners/ Groups by Major Sectors

### 1.5.1 Impact on Merchandise Trade

In the case of Merchandise Trade of the World, the monthly growth rates of the top 10 products of World Trade at the two-digit HS level with a share of above 60% in World Trade in 2019, shows that even in October 2019, there was negative trade growth in these items. High negative growth started from March/April 2020 for most of them, though for some items like electrical machinery and equipment (HS Chapter 85) and machinery, mechanical appliances, nuclear reactors (HS Chapter 84), it started in January 2020 itself. Only in the case of Pharmaceutical products (HS Chapter 30), there was continuous positive growth till July 2020. In August 2020 there was a slight decline in pharma exports growth and in October 2020, there was a steep decline in pharma exports, when the second wave of COVID-19 started in western countries. (Table 1.5)

**Table 1.5: Impact of COVID-19 on Trade in Major Merchandise Sectors of World (Export Growth rates)**

| HS code | Top 10 Major Sectors (Goods)                       | 2019        |             |             |             | 2020         |              |              |              |              |              |              |              |              |              | 2019 Share |
|---------|--|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
|         |  | Sep         | Oct         | Nov         | Dec         | Jan          | Feb          | Mar          | Apr          | May          | Jun          | July         | Aug          | Sep          | Oct          |            |
| 85      | Electrical machinery and equipment                 | -5.4        | -5.4        | -5.1        | 0.5         | -33.4        | -23.0        | -7.6         | -13.7        | -14.5        | -1.5         | -8.0         | -42.9        | -39.4        | -72.8        | 14.6       |
| 84      | Machinery, mechanical appliances, nuclear reactors | -7.9        | -6.5        | -8.2        | -3.6        | -27.1        | -21.1        | -14.5        | -21.9        | -23.3        | -9.9         | -12.0        | -34.3        | -25.8        | -67.2        | 11.9       |
| 27      | Mineral fuels, mineral oils                        | -13.7       | -18.8       | -15.1       | -0.9        | -9.9         | -16.4        | -29.1        | -51.4        | -59.0        | -49.3        | -50.9        | -49.2        | -50.6        | -71.4        | 11.0       |
| 87      | Vehicles other than railway                        | -6.1        | -9.5        | -10.7       | -8.1        | -13.0        | -10.3        | -23.0        | -66.5        | -58.0        | -25.8        | -15.2        | -19.4        | -6.6         | -53.8        | 8.0        |
| 30      | Pharmaceutical products                            | 13.2        | 10.3        | 2.9         | 8.5         | 2.1          | 3.9          | 16.8         | 7.1          | 2.8          | 7.2          | 1.3          | -4.7         | 1.2          | -57.0        | 3.4        |
| 71      | Natural or cultured pearls                         | 0.6         | 13.9        | 13.0        | 27.4        | -9.1         | -21.9        | -15.7        | -19.2        | -23.9        | -20.2        | -18.7        | -21.0        | -16.2        | -43.5        | 3.4        |
| 39      | Plastics and articles thereof                      | -6.6        | -6.7        | -9.3        | -2.2        | -23.9        | -17.1        | -7.3         | -18.9        | -24.0        | -9.9         | -12.1        | -28.5        | -20.2        | -63.5        | 3.3        |
| 90      | Optical, photographic                              | -2.0        | -2.7        | -2.7        | 0.7         | -17.2        | -10.1        | -10.8        | -18.7        | -22.1        | -9.0         | -10.6        | -27.3        | -20.7        | -58.8        | 3.3        |
| 29      | Organic chemicals                                  | -18.5       | -14.9       | -13.7       | -8.5        | -26.8        | -31.5        | -3.3         | -10.1        | -24.4        | -13.8        | -26.7        | -28.6        | -24.0        | -53.1        | 2.2        |
| 72      | Iron and steel                                     | -42.1       | -33.9       | -38.3       | -33.0       | -41.6        | -49.5        | -17.0        | -32.6        | -38.3        | -27.7        | -30.8        | -35.9        | -27.5        | -60.1        | 2.0        |
|         | <b>Total Goods</b>                                 | <b>-5.0</b> | <b>-5.7</b> | <b>-7.2</b> | <b>-0.2</b> | <b>-22.7</b> | <b>-18.6</b> | <b>-14.4</b> | <b>-28.0</b> | <b>-29.5</b> | <b>-15.3</b> | <b>-17.0</b> | <b>-33.1</b> | <b>-26.9</b> | <b>-63.8</b> | <b>100</b> |

Source: Based on ITC Trade map database accessed on 28 December 2020.

In the case of merchandise trade of developed market economies also high negative growth started since March/April 2020 for most of the top 10 HS code items. Only in the case of Pharmaceutical products, there was continuous positive growth in all months (September 2019 to September 2020) except October 2020 when there was high negative growth of -55.5%. (Table 1.6)

**Table 1.6: Impact of COVID-19 on Trade in Major Merchandise Sectors of Developed Market Economies (Export Growth rates)**

| HS code | Top 10 Major Sectors (Goods)                       | 2019 |      |      |      | 2020 |      |       |       |       |       |       |      |      |       | 2019 Share |
|---------|--|------|------|------|------|------|------|-------|-------|-------|-------|-------|------|------|-------|------------|
|         |  | Sep  | Oct  | Nov  | Dec  | Jan  | Feb  | Mar   | Apr   | May   | Jun   | July  | Aug  | Sep  | Oct   |            |
| 84      | Machinery, mechanical appliances, nuclear reactors | -3.3 | -2.8 | -5.4 | -0.6 | -4.6 | -4.6 | -13.5 | -30.8 | -29.3 | -11.9 | -9.8  | -9.5 | -0.2 | -57.2 | 13.3       |
| 87      | Vehicles other than railway                        | 3.2  | -1.1 | -2.5 | 0.2  | -4.2 | -3.7 | -22.7 | -71.5 | -59.2 | -23.1 | -10.6 | -7.7 | 3.5  | -52.6 | 11.1       |

| HS code | Top 10 Major Sectors (Goods)       | 2019        |             |             |            | 2020        |             |             |              |              |              |              |             |            |              | 2019 Share |
|---------|------------------------------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|------------|--------------|------------|
|         |                                    | Sep         | Oct         | Nov         | Dec        | Jan         | Feb         | Mar         | Apr          | May          | Jun          | July         | Aug         | Sep        | Oct          |            |
| 85      | Electrical machinery and equipment | 0.0         | -0.5        | -3.6        | 2.4        | -1.5        | 0.2         | -7.5        | -23.2        | -23.2        | -5.2         | -1.3         | -3.3        | 3.8        | -52.1        | 9.3        |
| 27      | Mineral fuels, mineral oils        | -11.7       | -18.7       | -13.3       | 4.8        | 1.7         | -3.4        | -23.2       | -46.4        | -55.2        | -43.8        | -37.9        | -31.4       | -32.8      | -66.7        | 8.2        |
| 30      | Pharmaceutical products            | 14.9        | 11.8        | 3.6         | 9.3        | 6.7         | 8.9         | 22.5        | 10.2         | 4.7          | 10.1         | 5.3          | 1.7         | 7.3        | -55.5        | 5.9        |
| 90      | Optical, photographic              | 2.7         | 2.4         | 0.6         | 2.9        | 0.0         | 2.4         | -8.7        | -21.7        | -27.0        | -11.4        | -5.7         | -7.0        | 0.8        | -47.8        | 4.1        |
| 39      | Plastics and articles thereof      | -4.3        | -5.4        | -9.2        | -3.2       | -5.0        | -3.2        | -4.8        | -19.7        | -24.9        | -11.3        | -8.8         | -5.2        | 2.1        | -56.1        | 3.6        |
| 71      | Natural or cultured pearls         | -1.1        | 20.4        | 17.2        | 51.5       | 19.7        | 2.8         | 7.5         | -7.8         | -6.9         | 6.0          | 5.5          | 2.9         | 10.9       | -30.9        | 3.1        |
| 72      | Iron and steel                     | -44.5       | -31.0       | -37.7       | -29.8      | -28.9       | -36.5       | -15.6       | -34.4        | -38.3        | -25.7        | -23.6        | -17.4       | -6.7       | -61.5        | 2.1        |
| 88      | Aircraft, spacecraft               | -8.2        | 1.9         | -10.0       | 2.4        | -10.0       | -3.6        | -27.9       | -62.7        | -62.2        | -49.5        | -43.6        | -38.5       | -35.1      | -53.2        | 3.0        |
|         | <b>Total Goods</b>                 | <b>-1.4</b> | <b>-1.9</b> | <b>-4.5</b> | <b>2.6</b> | <b>-1.5</b> | <b>-2.2</b> | <b>-9.6</b> | <b>-29.9</b> | <b>-30.5</b> | <b>-13.2</b> | <b>-10.2</b> | <b>-7.1</b> | <b>0.0</b> | <b>-55.0</b> | <b>100</b> |

Source: Based on ITC Trade map database accessed on 28 December 2020.

**In the case of merchandise Trade of developing market economies**, trade growth was already in the negative territory in January 2020 itself and continued to decelerate throughout the year, across all major products at HS-2 digit level with the highest negative growth in October 2020. (Table 1.7)

**Table 1.7: Impact of COVID-19 on Trade in Major Merchandise Sectors of Developing Market Economies (Export Growth rates)**

| HS code | Top 10 Major Sectors (Goods)                       | 2019        |              |              |             | 2020         |              |              |              |              |              |              |              |              |              | 2019 Share |
|---------|--|-------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
|         |  | Sep         | Oct          | Nov          | Dec         | Jan          | Feb          | Mar          | Apr          | May          | Jun          | July         | Aug          | Sep          | Oct          |            |
| 85      | Electrical machinery and equipment                 | -8.6        | -8.4         | -6.1         | -0.6        | -54.9        | -43.0        | -7.6         | -7.0         | -8.6         | 1.0          | -12.5        | -67.8        | -66.8        | -86.7        | 20.5       |
| 84      | Machinery, mechanical appliances, nuclear reactors | -15.0       | -12.5        | -12.4        | -8.0        | -63.4        | -55.3        | -16.1        | -6.4         | -13.3        | -6.6         | -15.6        | -73.9        | -70.0        | -85.0        | 11.7       |
| 27      | Mineral fuels, mineral oils                        | -15.8       | -18.9        | -17.1        | -6.9        | -23.7        | -31.8        | -35.9        | -56.9        | -63.6        | -55.9        | -65.8        | -69.7        | -70.3        | -76.6        | 10.6       |
| 87      | Vehicles other than railway                        | -30.4       | -32.2        | -32.6        | -27.6       | -45.5        | -40.2        | -24.2        | -46.6        | -53.4        | -36.3        | -31.1        | -58.1        | -46.1        | -58.2        | 4.4        |
| 71      | Natural or cultured pearls                         | 3.0         | 6.3          | 7.8          | 4.7         | -43.7        | -52.4        | -45.2        | -36.4        | -47.6        | -51.2        | -51.4        | -51.8        | -52.2        | -60.3        | 3.6        |
| 72      | Iron and steel                                     | -38.7       | -37.4        | -39.1        | -36.0       | -57.1        | -65.5        | -18.9        | -30.2        | -38.4        | -30.3        | -39.9        | -57.3        | -53.4        | -58.2        | 2.5        |
| 39      | Plastics and articles thereof                      | -10.2       | -8.9         | -9.4         | -0.8        | -55.0        | -44.8        | -11.6        | -17.5        | -22.6        | -7.6         | -17.4        | -63.3        | -58.2        | -76.3        | 3.3        |
| 90      | Optical, photographic                              | -11.2       | -13.2        | -9.7         | -3.8        | -55.8        | -44.6        | -16.3        | -11.7        | -10.6        | -3.5         | -21.7        | -71.6        | -70.0        | -85.1        | 2.6        |
| 29      | Organic chemicals                                  | -20.6       | -22.8        | -17.3        | -10.5       | -62.9        | -61.8        | -27.2        | -18.6        | -31.3        | -26.1        | -41.4        | -79.1        | -76.8        | -84.4        | 2.2        |
| 61      | Apparel and clothing                               | -10.0       | -7.2         | -6.5         | -1.3        | -79.2        | -73.9        | -40.9        | -55.3        | -55.9        | -36.0        | -34.2        | -89.7        | -87.0        | -87.3        | 1.8        |
|         | <b>Total Goods</b>                                 | <b>-9.9</b> | <b>-11.2</b> | <b>-11.0</b> | <b>-3.9</b> | <b>-53.5</b> | <b>-47.8</b> | <b>-21.9</b> | <b>-24.8</b> | <b>-27.8</b> | <b>-18.3</b> | <b>-27.1</b> | <b>-68.7</b> | <b>-66.0</b> | <b>-77.4</b> | <b>100</b> |

Source: Based on ITC Trade map database accessed on 28 December 2020.

**In the case of merchandise exports from the USA**, of the top 10 products at the HS-2 digit level, high negative growth started from March/April 2020 for most of the items. Only in the case of pharmaceutical products the negative growth was low and that too from December 2019 to May 2020. Growth was positive though low in June and July 2020, and September and October 2020. Thus, the Pharmaceutical sector is one major sector in the US exports which was not affected much by the Pandemic. (Table 1.8)

**Table 1.8: Impact of COVID-19 on Trade in Major Sectors of the USA (Export Growth rates)**

| HS code | Top 10 Major Sectors (Goods)       | 2019        |             |             |            | 2020        |            |             |              |              |              |              |              |             |             | Share 2019 |
|---------|------------------------------------|-------------|-------------|-------------|------------|-------------|------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|------------|
|         |                                    | Sep         | Oct         | Nov         | Dec        | Jan         | Feb        | Mar         | Apr          | May          | Jun          | July         | Aug          | Sep         | Oct         |            |
| 84      | Machinery                          | -8.3        | -6.2        | -2.5        | -7.6       | -6.1        | -0.7       | -11.1       | -29.2        | -33.3        | -14.7        | -11.5        | -11.9        | -1.8        | -3.9        | 12.5       |
| 85      | Electrical Machinery and Equipment | 0.5         | 0.8         | -4.2        | 0.3        | 2.3         | 1.8        | -4.6        | -17.1        | -25.1        | -8.4         | 1.4          | -14.9        | -5.9        | -4.5        | 10.5       |
| 27      | Mineral fuels                      | 2.0         | -5.1        | -5.3        | 17.4       | 14.7        | 19.0       | -2.8        | -35.9        | -55.0        | -42.9        | -27.0        | -25.3        | -27.7       | -29.0       | 12.1       |
| 87      | Vehicles other than railways       | 4.0         | 0.4         | 9.1         | 0.2        | -2.9        | -0.7       | -16.4       | -69.4        | -74.4        | -38.1        | -10.2        | -14.7        | -5.0        | -4.3        | 8.1        |
| 90      | Optical and Photographic           | 2.2         | 1.9         | 2.1         | -2.2       | -0.7        | 6.1        | -11.0       | -15.5        | -23.0        | -15.1        | -6.9         | -12.0        | -7.4        | -3.3        | 5.5        |
| 88      | Aircraft, Spacecraft               | -7.3        | -6.6        | -13.8       | 4.3        | -3.4        | -9.4       | -20.8       | -53.2        | -58.7        | -54.8        | -50.1        | -44.7        | -49.8       | -40.8       | 8.3        |
| 39      | Plastics                           | -4.5        | -2.9        | -6.0        | -2.8       | -3.5        | 2.5        | -1.5        | -18.5        | -22.7        | -16.4        | -11.5        | -12.2        | -3.7        | -3.8        | 3.9        |
| 30      | Pharmaceutical products            | 6.5         | 5.2         | 11.9        | -4.2       | -0.2        | -1.8       | -3.6        | -2.0         | -3.7         | 2.9          | 0.6          | -2.6         | 0.8         | 2.8         | 3.3        |
| 71      | Natural and cultured pearls        | -17.5       | -6.0        | 25.8        | 9.5        | 0.8         | -0.3       | -18.4       | -30.2        | -31.0        | -21.7        | -1.2         | 31.6         | 15.2        | 25.0        | 3.6        |
| 29      | Organic chemicals                  | -15.2       | -7.4        | -6.0        | -13.0      | -8.2        | -21.4      | -0.5        | -16.2        | -25.0        | -19.7        | -39.3        | -16.8        | -10.9       | -0.1        | 2.4        |
|         | <b>All products</b>                | <b>-3.3</b> | <b>-3.2</b> | <b>-2.2</b> | <b>1.0</b> | <b>-0.3</b> | <b>1.2</b> | <b>-9.2</b> | <b>-29.1</b> | <b>-36.3</b> | <b>-23.9</b> | <b>-15.2</b> | <b>-14.9</b> | <b>-9.8</b> | <b>-6.9</b> | <b>100</b> |

Source: Based on ITC Trade map database accessed on 30 December 2020.

**In the case of merchandise exports of the EU**, of the top 10 products at the HS-2 digit level, there was high negative growth from March to May 2020 for most items. The exceptions are Pharmaceuticals with positive growth in all months and good growth particularly in March 2020, and natural and cultured pearls where since October 2019 there is positive growth and negative growth was only in May and June 2020. Iron and Steel Exports registered relatively high negative growth from October 2019 onwards till August 2020. (Table 1.9)

**Table 1.9: Impact of COVID-19 on Trade in Major Sectors of the EU (Export Growth rates)**

| HS code | Top 10 Major Sectors (Goods)       | 2019        |             |             |            | 2020        |             |              |              |              |             |             |             |            |            | Share 2019 |
|---------|------------------------------------|-------------|-------------|-------------|------------|-------------|-------------|--------------|--------------|--------------|-------------|-------------|-------------|------------|------------|------------|
|         |                                    | Sep         | Oct         | Nov         | Dec        | Jan         | Feb         | Mar          | Apr          | May          | Jun         | July        | Aug         | Sep        |            |            |
| 84      | Machinery and Appliances           | -1.4        | -1.0        | -5.4        | 1.6        | -3.6        | -4.8        | -13.6        | -32.8        | -29.5        | -8.9        | -8.2        | -7.5        | 1.7        | 14.2       |            |
| 85      | Electrical Machinery and equipment | 0.1         | -0.3        | -3.9        | 3.8        | -2.4        | -0.8        | -9.2         | -28.0        | -24.3        | -1.4        | -0.5        | 1.2         | 7.1        | 9.5        |            |
| 30      | Pharmaceutical Products            | 10.0        | 12.8        | 2.7         | 10.8       | 6.3         | 11.8        | 24.2         | 10.2         | 5.7          | 14.1        | 6.2         | 0.0         | 11.9       | 6.7        |            |
| 87      | Vehicles other than railway        | 3.1         | -0.9        | -4.1        | 1.9        | -4.2        | -4.7        | -26.1        | -76.5        | -54.2        | -14.7       | -7.3        | -2.6        | 6.5        | 11.8       |            |
| 39      | Plastics                           | -4.4        | -5.8        | -10.4       | -4.3       | -5.8        | -5.1        | -6.4         | -22.6        | -27.2        | -9.2        | -7.8        | -3.0        | 3.6        | 3.9        |            |
| 90      | Optical, Photographic              | 4.1         | 3.7         | 0.3         | 5.0        | 0.0         | 0.4         | -8.6         | -26.3        | -30.1        | -9.5        | -5.2        | -3.8        | 4.1        | 3.8        |            |
| 27      | Mineral fuels                      | -15.9       | -23.4       | -18.9       | -2.3       | -3.8        | -16.0       | -33.2        | -58.2        | -60.4        | -45.3       | -41.0       | -33.9       | -36.5      | 5.4        |            |
| 29      | Organic Chemicals                  | -22.3       | -7.9        | -11.7       | -5.4       | -10.1       | -20.1       | 22.3         | -2.2         | -21.4        | -4.7        | -13.1       | 13.1        | 16.0       | 2.6        |            |
| 71      | Natural or cultured pearls         | -11.9       | 11.7        | 42.6        | 74.5       | 32.3        | 14.7        | 4.3          | 2.1          | -15.5        | -12.0       | 8.2         | 15.8        | 14.3       | 1.8        |            |
| 72      | Iron and Steel                     | -14.6       | -19.5       | -22.1       | -19.7      | -14.7       | -14.4       | -21.4        | -39.6        | -40.2        | -24.2       | -22.3       | -15.3       | -3.5       | 2.3        |            |
| 73      | Articles of iron or steel          | -3.9        | -5.3        | -9.2        | -7.2       | -8.7        | -6.9        | -12.5        | -31.8        | -28.7        | -9.2        | -10.9       | -6.3        | 1.1        | 2.1        |            |
| 38      | Other Chemical Products            | 5.1         | 2.0         | -1.9        | 4.8        | 1.5         | -2.6        | 2.6          | -6.7         | -11.8        | 6.2         | 2.9         | 14.8        | 17.3       | 1.6        |            |
|         | <b>All Products</b>                | <b>-1.7</b> | <b>-1.2</b> | <b>-5.1</b> | <b>3.0</b> | <b>-2.3</b> | <b>-3.3</b> | <b>-10.7</b> | <b>-32.8</b> | <b>-30.4</b> | <b>-9.2</b> | <b>-7.6</b> | <b>-3.5</b> | <b>3.9</b> | <b>100</b> |            |

Source: Based on ITC Trade map database accessed on 30 December 2020.

**In the case of merchandise exports of China**, of the top 10 products at the HS-2 digit level, data are not available for January and February 2020, while it is available again from March 2020 to July 2020. Except for items like Articles of Apparel and Clothing accessories, knitted (HS61), in most other top items, export growth was positive in June/July 2020. Other made-up textile articles (HS63) recorded robust export growth from April to July 2020, which could also be due to data issues or backlogs which suddenly piled up. In the case of optical, photographic, cinematographic, measuring, etc. items (HS90) negative export growth is only in March 2020, while for other months it is positive. (Table 1.10)

**Table 1.10: Impact of COVID-19 on Trade in Major Sectors of China (Export Growth rates)**

| HS code | Major Top 10 Sectors (Goods)                  | 2019        |             |            | 2020      |           |             |            |             |            |            | Share 2019   |
|---------|---|-------------|-------------|------------|-----------|-----------|-------------|------------|-------------|------------|------------|--------------|
|         |   | Oct         | Nov         | Dec        | Jan       | Feb       | Mar         | Apr        | May         | Jun        | July       |              |
| 85      | Electrical Machinery and Equipment            | -2.7        | 0.6         | 5.4        | NA        | NA        | -6.7        | 3.0        | -2.6        | 4.0        | 15.6       | 26.9         |
| 84      | Machinery                                     | -1.5        | -6.0        | 1.7        | NA        | NA        | -11.4       | 16.5       | 4.0         | 0.4        | 7.7        | 16.7         |
| 94      | Furniture: Bedding, Mattresses                | -3.4        | -9.3        | 16.5       | NA        | NA        | -18.5       | -8.1       | -9.0        | 8.9        | 23.4       | 4.0          |
| 39      | Plastics                                      | 7.5         | -2.6        | 14.7       | NA        | NA        | 6.2         | 9.4        | -2.3        | 13.9       | 17.4       | 3.4          |
| 63      | Other made-up textile articles                | 0.7         | -4.7        | 4.3        | NA        | NA        | 20.1        | 345.7      | 517.5       | 336.2      | 242.7      | 1.1          |
| 95      | Toys, games and sports requisites             | -3.6        | -1.6        | 11.2       | NA        | NA        | -16.2       | -11.6      | -6.9        | -1.6       | 14.9       | 2.5          |
| 90      | Optical and Photographic                      | 1.6         | 2.4         | 7.6        | NA        | NA        | -8.1        | 11.3       | 15.1        | 15.4       | 17.3       | 2.9          |
| 62      | Apparel and clothing accessories, not knitted | -10.2       | -11.0       | 4.4        | NA        | NA        | -27.2       | -21.7      | -12.8       | 2.5        | -0.1       | 2.7          |
| 61      | Apparel and clothing accessories, knitted     | -4.0        | -4.5        | 3.6        | NA        | NA        | -19.1       | -36.5      | -42.6       | -24.5      | -16.5      | 2.9          |
| 73      | Articles of iron or steel                     | 2.2         | -4.5        | 14.6       | NA        | NA        | -5.7        | 2.0        | -7.7        | 8.1        | 3.8        | 2.8          |
|         | <b>All products</b>                           | <b>-2.0</b> | <b>-2.7</b> | <b>7.8</b> | <b>NA</b> | <b>NA</b> | <b>-6.8</b> | <b>3.5</b> | <b>-3.3</b> | <b>0.3</b> | <b>7.2</b> | <b>100.0</b> |

Source: Based on ITC Trade map database accessed on 30 December 2020.

**In the case of merchandise exports of Japan**, of the top 10 products, high negative growth has been registered particularly since April/May 2020 for most of the items. Only in the case of natural or cultured pearls, etc. (HS 71), there is negative export growth only in March and June 2020. Except Machinery (HS 84) and Organic Chemicals (HS 29) with negative growth in all months and Iron and Steel (HS 72) with negative growth in most months, in all other items, some positive growth in recent months can be seen. (Table 1.11)

**Table 1.11: Impact of COVID-19 on Trade in Major Sectors of Japan (Export Growth rates)**

| HS code | Major Top 10 Sectors (Goods)       | 2019        |             |             |             | 2020        |             |             |              |              |              |              |              |             |            | Share 2019   |
|---------|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|------------|--------------|
|         |                                    | Sep         | Oct         | Nov         | Dec         | Jan         | Feb         | Mar         | Apr          | May          | Jun          | July         | Aug          | Sep         | Oct        |              |
| 84      | Machinery                          | -7.7        | -9.1        | -8.5        | -3.4        | -9.8        | -8.8        | -15.2       | -20.4        | -20.6        | -24.0        | -16.7        | -16.7        | -6.3        | -0.2       | 19.4         |
| 87      | Vehicles other than railways       | -1.0        | -5.8        | -3.6        | -8.6        | -4.7        | -3.3        | -10.8       | -45.2        | -61.2        | -49.7        | -29.1        | -19.4        | -0.5        | 5.8        | 21.1         |
| 85      | Electrical Machinery and Equipment | -0.6        | -4.5        | -2.5        | -0.7        | -1.7        | 10.8        | 1.1         | -5.3         | -10.6        | -17.8        | -6.8         | -5.1         | 3.2         | 7.2        | 14.6         |
| 90      | Optical and Photographic           | -5.3        | -5.3        | 1.2         | 2.9         | 0.3         | 6.3         | -5.6        | -8.2         | -14.2        | -16.3        | -5.5         | -12.4        | -2.7        | 5.6        | 5.5          |
| 39      | Plastics                           | -1.3        | -5.6        | -2.1        | 2.7         | 2.0         | 2.4         | 1.1         | 1.8          | -5.9         | -16.7        | -8.7         | -8.1         | 1.6         | 16.4       | 3.6          |
| 72      | Iron and Steel                     | -4.2        | -16.1       | -16.0       | -16.6       | -3.3        | 8.2         | 11.4        | -6.4         | -26.1        | -28.0        | -31.2        | -27.8        | -22.9       | -11.8      | 3.7          |
| 71      | Natural and cultured pearls        | 21.5        | 37.5        | 37.0        | 6.6         | 66.5        | 5.4         | -11.7       | 17.8         | 39.2         | -1.3         | 23.8         | 23.6         | 32.9        | 17.4       | 1.6          |
| 29      | Organic chemicals                  | -3.4        | -15.9       | -16.2       | -12.0       | -11.9       | -8.7        | -17.0       | -21.9        | -28.0        | -25.1        | -22.9        | -21.0        | -19.1       | -11.9      | 2.5          |
| 38      | Other Chemical Products            | 1.0         | -2.4        | 0.6         | -4.6        | -16.3       | 6.4         | -1.5        | -0.5         | 11.0         | -14.3        | -4.3         | -0.1         | 11.4        | 7.3        | 1.7          |
| 74      | Copper and articles thereof        | -10.6       | -19.1       | -17.4       | -3.1        | 17.0        | 19.1        | 3.0         | -10.2        | -9.0         | -3.3         | 26.5         | 37.8         | 61.0        | 53.5       | 1.1          |
|         | <b>All products</b>                | <b>-1.2</b> | <b>-5.2</b> | <b>-4.2</b> | <b>-3.6</b> | <b>-2.9</b> | <b>-0.7</b> | <b>-8.7</b> | <b>-19.0</b> | <b>-26.4</b> | <b>-25.8</b> | <b>-18.1</b> | <b>-14.6</b> | <b>-3.2</b> | <b>2.6</b> | <b>100.0</b> |

Source: Based on ITC Trade map database accessed on 30 December 2020.

**In the case of Merchandise exports of ASEAN**, of the top 10 products, there is negative growth even from October 2019, and high negative growth since February/March 2020 and particularly during July, August, September 2020 for almost all the items. In the case of natural and cultured pearls (HS 71), a significant decline in export growth was recorded in February and June to September 2020. Even during July to September 2020, there is very high negative growth in exports of all items. (Table 1.12)

**Table 1.12: Impact of COVID-19 on Trade in Major Sectors of ASEAN (Export Growth rates)**

| HS code | Top 10 Major Sectors (Goods)                       | 2019        |             |             |            | 2020        |              |              |              |              |              |              |              |              | 2019 Share |
|---------|--|-------------|-------------|-------------|------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
|         |  | Sep         | Oct         | Nov         | Dec        | Jan         | Feb          | Mar          | Apr          | May          | Jun          | July         | Aug          | Sep          |            |
| 85      | Electrical machinery and equipment                 | -4.9        | -1.8        | -3.4        | 5.2        | -1.3        | 1.9          | -7.5         | -15.0        | -16.6        | 6.4          | -77.9        | -76.3        | -72.9        | 24.9       |
| 84      | Machinery, mechanical appliances, nuclear reactors | -0.3        | -1.3        | -0.5        | 0.7        | 1.0         | 5.2          | -10.4        | -28.9        | -28.3        | -3.9         | -66.7        | -65.9        | -61.2        | 12.2       |
| 27      | Mineral fuels, mineral oils                        | -22.0       | -26.4       | -22.0       | -7.1       | -9.2        | -34.4        | -37.5        | -58.4        | -71.2        | -57.3        | -95.5        | -95.0        | -94.9        | 11.3       |
| 71      | Natural or cultured pearls                         | 14.4        | -6.1        | 23.1        | 21.1       | 51.0        | -27.1        | 25.6         | 42.0         | 18.7         | -57.5        | -53.7        | -43.7        | -74.5        | 4.0        |
| 87      | Vehicles other than railway                        | 7.9         | 3.9         | -8.7        | -6.6       | -4.0        | -20.3        | -18.3        | -44.3        | -63.2        | -44.4        | -53.9        | -50.7        | -41.2        | 3.9        |
| 39      | Plastics and articles thereof                      | -9.5        | -12.3       | -8.1        | -8.6       | -15.3       | -25.3        | -21.0        | -29.0        | -28.9        | -16.4        | -72.1        | -68.4        | -64.5        | 3.7        |
| 90      | Optical, photographic                              | 9.4         | 10.4        | 6.5         | 15.5       | -2.3        | 22.2         | -9.2         | -17.5        | -23.2        | 2.0          | -83.3        | -82.5        | -83.5        | 3.5        |
| 40      | Rubber and Articles                                | -3.5        | -5.3        | -3.9        | 3.9        | 4.8         | -12.5        | -24.7        | -31.3        | -35.9        | -2.9         | -55.2        | -48.8        | -43.9        | 2.8        |
| 64      | Footwear   | -7.7        | -6.2        | -8.4        | -4.5       | -20.1       | -77.2        | -83.8        | -90.8        | -89.7        | -81.2        | -90.8        | -90.4        | -90.2        | 0.6        |
| 61      | Apparel and clothing                               | -10.5       | 0.1         | -4.4        | -7.9       | -44.6       | -72.4        | -78.7        | -83.9        | -83.8        | -74.5        | -87.5        | -88.8        | -86.7        | 1.2        |
|         | <b>Total Goods</b>                                 | <b>-5.1</b> | <b>-6.4</b> | <b>-5.4</b> | <b>2.7</b> | <b>-3.7</b> | <b>-16.4</b> | <b>-20.6</b> | <b>-30.2</b> | <b>-37.9</b> | <b>-21.9</b> | <b>-75.7</b> | <b>-73.1</b> | <b>-72.0</b> | <b>100</b> |

Source: Based on ITC Trade map database accessed on 28 December 2020.

**Thus ASEAN is the only grouping where green shoots of export growth have not yet appeared in all major items. However, due to the non-availability of data, only 6 ASEAN countries have been considered here, namely Indonesia, Malaysia, Philippines, Cambodia, Singapore and Thailand.**

### 1.5.2 Impact on Services Trade:

Quarterly data on major Services Trade are available till Q2 2020 in the WTO database, based on BPM6. Other commercial services, Transport, and Travel are the major services. Goods-related services and Government goods and services, n.i.e. are small components in total services trade.

**In the case of World services trade**, while all the categories of services registered negative growth rate in Q1 and Q2 2020, Travel is the worst hit with export growth in Q2 2020 at -82.2%, followed by Transport at -31.9% and this is not the second largest, in terms of decline in exports growth rate. While transport registered a low negative growth even in 2019 (all quarters) due to escalating trade tensions and a slowing global economy, other services had positive growth in most of the quarters of 2019. Thus, the impact of the Pandemic which started in Q1 2020 aggravated in Q2 2020 with a further fall in export growth across different services. (Table 1.13)

**Table 1.13: Impact of COVID-19 on Services Trade in Major Services of World (Export Growth rates)**

| Sr. | Major Services                       | 2018 |      |      |      | 2019 |      |      |      | 2020  |       | 2019 Share (%) |
|-----|--------------------------------------|------|------|------|------|------|------|------|------|-------|-------|----------------|
|     |                                      | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1    | Q2    |                |
| 1   | Total services                       | 17.3 | 11.5 | 6.3  | 5.2  | 0.7  | 2.4  | 2.9  | 2.8  | -7.8  | -30.1 | 100.0          |
| 2   | Commercial services                  | 17.5 | 11.5 | 6.3  | 5.3  | 0.9  | 2.6  | 3.1  | 3.0  | -8.1  | -30.4 | 99.0           |
| 3   | Goods-related services               | 21.9 | 19.6 | 14.9 | 13.7 | 2.2  | 2.5  | 1.3  | 0.4  | -8.9  | -23.2 | 3.8            |
| 4   | Transport                            | 16.5 | 11.4 | 7.1  | 5.6  | -0.1 | 0.0  | -0.3 | -0.7 | -7.7  | -31.9 | 16.4           |
| 5   | Travel                               | 16.2 | 10.0 | 3.3  | 3.2  | -1.4 | 1.2  | 1.6  | 1.8  | -26.6 | -82.2 | 22.8           |
| 6   | Other commercial services            | 17.8 | 11.6 | 7.1  | 5.4  | 2.0  | 4.1  | 4.8  | 4.3  | -1.1  | -15.1 | 54.6           |
| 7   | Government goods and services n.i.e. | 8.7  | 11.6 | 8.6  | -0.1 | -1.8 | -2.1 | 2.4  | 2.4  | -1.3  | -12.9 | 1.2            |

Source: Based on WTO data accessed on 31.12.2020

**In the case of the Developed and Developing market economies**, the extent of negative growth of total services exports is less in all major services for Developed Market economies than for the Developing Market Economies

in 2020 Q1, but in 2020 Q2, there was high negative growth in all sectors for exports of both developed and developing market economies. (Table 1.14 and 1.15)

**Table 1.14: Impact of COVID-19 on Services Trade in Major Services of Developed Market Economies (Export Growth rates)**

| Sr. | Major Services                       | 2018 |      |      |      | 2019 |      |     |     | 2020  |       | 2019 Share (%) |
|-----|--------------------------------------|------|------|------|------|------|------|-----|-----|-------|-------|----------------|
|     |                                      | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3  | Q4  | Q1    | Q2    |                |
| 1   | Total services                       | 16.9 | 10.5 | 5.0  | 3.6  | -0.3 | 2.0  | 2.7 | 3.3 | -5.5  | -26.2 | 100.0          |
| 2   | Commercial services                  | 17.0 | 10.4 | 4.9  | 3.6  | -0.3 | 2.1  | 2.7 | 3.3 | -5.6  | -26.4 | 98.8           |
| 3   | Goods-related services               | 21.8 | 18.4 | 12.9 | 13.4 | 0.7  | 1.6  | 2.9 | 0.2 | -9.2  | -19.3 | 3.7            |
| 4   | Transport                            | 16.8 | 11.4 | 5.3  | 3.0  | -1.9 | -0.6 | 0.0 | 0.4 | -6.8  | -32.9 | 15.1           |
| 5   | Travel                               | 16.7 | 8.4  | 1.6  | 2.1  | -4.2 | -0.2 | 0.7 | 2.6 | -20.2 | -77.7 | 19.6           |
| 6   | Other commercial services            | 16.7 | 10.5 | 6.0  | 3.7  | 1.1  | 3.7  | 4.1 | 4.2 | -1.1  | -16.9 | 59.1           |
| 7   | Government goods and services n.i.e. | 14.8 | 15.6 | 6.5  | 2.0  | -1.7 | -3.6 | 4.8 | 3.0 | 2.7   | -8.0  | 1.2            |

Source: Based on WTO data accessed on 31.12.2020

**Table 1.15: Impact of COVID-19 on Services Trade in Major Services of Developing Market Economies (Export Growth rates)**

| Sr. | Major Services                       | 2018 |      |      |      | 2019 |     |      |      | 2020  |       | 2019 Share (%) |
|-----|--------------------------------------|------|------|------|------|------|-----|------|------|-------|-------|----------------|
|     |                                      | Q1   | Q2   | Q3   | Q4   | Q1   | Q2  | Q3   | Q4   | Q1    | Q2    |                |
| 1   | Total services                       | 18.2 | 13.9 | 9.5  | 8.8  | 3.0  | 3.3 | 3.3  | 1.6  | -12.7 | -38.7 | 100.0          |
| 2   | Commercial services                  | 18.6 | 14.0 | 9.5  | 9.0  | 3.6  | 4.0 | 4.1  | 2.3  | -13.2 | -39.2 | 99.4           |
| 3   | Goods-related services               | 22.0 | 22.1 | 19.0 | 14.3 | 5.6  | 4.3 | -2.0 | 0.9  | -8.4  | -31.0 | 3.9            |
| 4   | Transport                            | 16.0 | 11.4 | 10.2 | 10.0 | 2.8  | 1.1 | -0.8 | -2.6 | -9.4  | -30.1 | 19.4           |
| 5   | Travel                               | 15.6 | 12.7 | 6.2  | 4.7  | 2.1  | 3.2 | 3.0  | 0.7  | -34.2 | -89.3 | 29.7           |
| 6   | Other commercial services            | 21.2 | 15.3 | 10.5 | 10.7 | 4.5  | 5.3 | 6.9  | 4.5  | -1.1  | -9.7  | 44.6           |
| 7   | Government goods and services n.i.e. | -3.2 | 3.2  | 13.5 | -4.5 | -1.9 | 1.5 | -3.0 | 1.2  | -10.5 | -23.7 | 1.2            |

Source: Based on WTO data accessed on 31.12.2020

**The impact of the pandemic on services exports is low for the US in Q1 2020 but became high in Q2 2020.** Among the major services, travel and transport were the worst affected recording negative export growth rates of -75.6% and -54.9% in Q2 2020, respectively. Even in 2019 (all quarters), these two sectors registered negative export growth rates. Other commercial services export growth of the US was still positive at 0.3% in Q1 2020, but became negative at -9.4% in Q2 2020. (Table 1.16)

**Table 1.16: Impact of COVID-19 on Services Trade in Major Services of USA (Export Growth rates)**

| Sr. | Major Services                       | 2018 |      |      |      | 2019 |      |      |      | 2020  |       | 2019 Share (%) |
|-----|--------------------------------------|------|------|------|------|------|------|------|------|-------|-------|----------------|
|     |                                      | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1    | Q2    |                |
| 1   | Total services                       | 7.4  | 3.5  | 3.1  | 1.8  | -1.0 | 3.0  | 1.6  | 2.5  | -5.5  | -30.2 | 100.0          |
| 2   | Commercial services                  | 7.4  | 3.2  | 3.1  | 1.6  | -1.0 | 3.2  | 1.4  | 2.4  | -6.0  | -31.0 | 97.4           |
| 3   | Goods-related services               | 11.4 | 13.4 | 32.5 | 24.5 | 2.1  | -2.6 | -1.2 | 0.7  | -37.4 | -49.9 | 3.2            |
| 4   | Transport                            | 10.6 | 9.9  | 8.2  | 3.6  | -0.3 | -1.5 | -5.0 | -2.2 | -10.0 | -54.9 | 10.4           |
| 5   | Travel                               | 6.9  | 0.4  | 0.4  | -1.2 | -3.4 | -0.6 | -2.1 | -0.4 | -18.6 | -75.6 | 22.1           |
| 6   | Other commercial services            | 6.8  | 2.7  | 2.0  | 1.2  | -0.5 | 5.8  | 4.3  | 4.2  | 0.3   | -9.4  | 61.8           |
| 7   | Government goods and services n.i.e. | 7.8  | 16.7 | 6.2  | 9.9  | -1.8 | -2.7 | 9.2  | 6.4  | 14.8  | -1.8  | 2.6            |

Source: Based on WTO data accessed on 31.12.2020

In the case of the EU also, travel and transport were the worst hit registering a decline in exports by -82.0% and -28.3% in Q2 2020, respectively. Other commercial services were relatively less affected. (Table 1.17)

**Table 1.17: Impact of COVID-19 on Services Trade in Major Services of the EU (Export Growth rates)**

| Sr. | Major Services                       | 2018 |      |      |      | 2019 |      |     |      | 2020  |       | 2019 Share (%) |
|-----|--------------------------------------|------|------|------|------|------|------|-----|------|-------|-------|----------------|
|     |                                      | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3  | Q4   | Q1    | Q2    |                |
| 1   | Total services                       | 22.7 | 14.3 | 6.2  | 4.2  | -1.0 | 2.0  | 2.5 | 2.3  | -4.4  | -25.9 | 100.0          |
| 2   | Commercial services                  | 22.7 | 14.2 | 6.2  | 4.2  | -1.0 | 2.0  | 2.5 | 2.3  | -4.4  | -25.9 | 99.3           |
| 3   | Goods-related services               | 26.7 | 19.6 | 8.8  | 10.5 | -4.2 | -0.1 | 1.6 | -2.2 | -2.1  | -13.0 | 4.7            |
| 4   | Transport                            | 20.8 | 14.9 | 7.4  | 4.7  | -1.1 | 0.9  | 1.7 | -0.2 | -5.9  | -28.3 | 18.2           |
| 5   | Travel                               | 21.9 | 12.9 | 2.5  | 1.4  | -5.0 | -1.3 | 0.1 | 2.1  | -19.2 | -82.0 | 19.0           |
| 6   | Other commercial services            | 23.1 | 13.9 | 7.6  | 4.3  | 0.4  | 3.8  | 4.0 | 3.5  | -0.4  | -6.7  | 57.5           |
| 7   | Government goods and services n.i.e. | 22.2 | 29.3 | 10.2 | -1.0 | -1.7 | -5.7 | 3.8 | -6.2 | -5.5  | -13.5 | 0.7            |

Source: Based on WTO data accessed on 31.12.2020

In the case of China, other commercial services were least affected and registered positive export growth since Q1 2018, though in Q1 and Q2 2020 there was only marginal positive growth. Travel was the worst-hit service sector with negative growth of -40.3% and -52.7% in Q1 and Q2 2020, respectively. Export growth of transport sector was negative only in Q1 2020. (Table 1.18)

**Table 1.18: Impact of COVID-19 on Services Trade in Major Services of China (Export Growth rates)**

| Sr. | Major Services                       | 2018 |      |       |       | 2019  |       |       |       | 2020  |       | 2019 Share (%) |
|-----|--------------------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|----------------|
|     |                                      | Q1   | Q2   | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    |                |
| 1   | Total services                       | 23.2 | 25.7 | 14.2  | 13.7  | 4.4   | 0.4   | 7.2   | 5.4   | -7.4  | -3.9  | 100.0          |
| 2   | Commercial services                  | 23.2 | 25.8 | 14.3  | 14.0  | 4.6   | 0.5   | 7.3   | 5.6   | -7.5  | -4.8  | 99.5           |
| 3   | Goods-related services               | 16.5 | 26.6 | 21.0  | 21.1  | 18.0  | 3.1   | -8.7  | -3.9  | -24.0 | -25.5 | 10.5           |
| 4   | Transport                            | 18.4 | 12.5 | 7.8   | 17.8  | 13.7  | 9.8   | 9.1   | 3.2   | -7.0  | 27.0  | 16.2           |
| 5   | Travel                               | 2.2  | 14.1 | 2.0   | -9.5  | -19.7 | -17.6 | -11.0 | -1.7  | -40.3 | -52.7 | 12.2           |
| 6   | Other commercial services            | 32.4 | 33.4 | 18.8  | 18.5  | 6.1   | 2.5   | 14.8  | 9.5   | 1.4   | 0.9   | 60.6           |
| 7   | Government goods and services n.i.e. | 31.9 | 14.7 | -11.0 | -17.5 | -20.5 | -7.7  | 0.3   | -16.1 | 16.8  | 152.4 | 0.5            |

Source: Based on WTO data accessed on 31.12.2020

In the case of Japan also, Travel and Transport sectors were the worst hit with negative growth of -90.1% and -32.4% respectively in Q2 2020. As against this, Travel export growth of Japan was high in 2019 (all quarters) and robust in 2018 (all quarters). (Table 1.19)

**Table 1.19: Impact of COVID-19 on Services Trade in Major Services of Japan (Export Growth rates)**

| Sr. | Major Services                       | 2018 |       |       |       | 2019  |      |      |      | 2020  |       | 2019 Share (%) |
|-----|--------------------------------------|------|-------|-------|-------|-------|------|------|------|-------|-------|----------------|
|     |                                      | Q1   | Q2    | Q3    | Q4    | Q1    | Q2   | Q3   | Q4   | Q1    | Q2    |                |
| 1   | Total services                       | 11.8 | 4.8   | 1.7   | -2.2  | 3.8   | 6.7  | 8.7  | 8.2  | -15.3 | -29.9 | 100.0          |
| 2   | Commercial services                  | 11.8 | 5.1   | 1.9   | -2.1  | 4.1   | 7.0  | 8.9  | 8.4  | -15.5 | -30.2 | 97.8           |
| 3   | Goods-related services               | 23.2 | -5.5  | 15.8  | 6.3   | 14.1  | 19.3 | 13.9 | 8.0  | 11.3  | -14.7 | 1.0            |
| 4   | Transport                            | 6.9  | -19.5 | -23.3 | -23.3 | -25.6 | -7.8 | -0.5 | 0.0  | -8.8  | -32.4 | 12.6           |
| 5   | Travel                               | 32.6 | 29.4  | 12.1  | 21.6  | 5.2   | 11.2 | 13.1 | 8.2  | -37.5 | -90.1 | 22.2           |
| 6   | Other commercial services            | 7.5  | 5.5   | 6.6   | -3.1  | 11.8  | 8.7  | 9.6  | 10.5 | -10.3 | -7.1  | 62.0           |
| 7   | Government goods and services n.i.e. | 8.9  | -7.0  | -6.3  | -5.7  | -7.0  | -6.2 | -0.4 | -2.9 | -9.2  | -14.5 | 2.2            |

Source: Based on WTO data accessed on 31.12.2020

In the case of ASEAN also, travel services exports was the worst-hit at -93.8% in Q2 2020, followed by Transport with -34.4% growth. The decline came after Travel registered positive growth in all quarters of 2019 with relatively high positive growth in Q3 and Q4 2019. Other commercial services registered positive growth in all quarters of 2018 and 2019 and Q1 2020, but registered negative growth of -9.9% in Q2 2020. (Table 1.20)

**Table 1.20: Impact of COVID-19 on Services Trade in Major Services of ASEAN (Export Growth rates)**

| Sr. | Major Services                       | 2018 |      |      |      | 2019 |      |      |      | 2020  |       | 2019<br>Share (%) |
|-----|--------------------------------------|------|------|------|------|------|------|------|------|-------|-------|-------------------|
|     |                                      | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1    | Q2    |                   |
| 1   | Total services                       | 25.4 | 17.2 | 11.0 | 9.0  | 0.6  | 1.8  | 5.1  | 7.2  | -14.2 | -43.1 | 100.0             |
| 2   | Commercial services                  | 25.5 | 17.2 | 11.0 | 9.0  | 0.5  | 1.7  | 5.1  | 7.2  | -14.2 | -43.2 | 99.5              |
| 3   | Goods-related services               | 39.2 | 29.6 | 25.4 | 10.4 | -0.4 | 9.4  | 13.3 | 18.0 | 3.0   | -45.1 | 4.3               |
| 4   | Transport                            | 33.1 | 23.9 | 18.8 | 15.4 | -4.2 | -1.3 | -2.2 | -0.5 | -9.1  | -34.4 | 18.4              |
| 5   | Travel                               | 21.4 | 8.4  | 2.7  | 5.0  | 3.2  | 3.4  | 9.9  | 6.9  | -38.3 | -93.8 | 31.4              |
| 6   | Other commercial services            | 24.7 | 19.8 | 13.2 | 9.1  | 0.2  | 0.9  | 3.7  | 8.5  | 1.9   | -9.9  | 41.6              |
| 7   | Government goods and services n.i.e. | 13.6 | 4.9  | 21.1 | 7.6  | 20.6 | 11.8 | 2.9  | -8.7 | -21.4 | -29.1 | 0.5               |

Source: Based on WTO data accessed on 31.12.2020

The above analysis shows that the pandemic has affected the exports of all the major trading partners except China where the negative growth of total services exports was small and it was mainly Travel that was affected.

**Thus, the COVID-19 pandemic has affected World Trade in both goods and services and also in major sectors of major trading partners of India, though the impact on different sectors/services and countries varies.**



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## Chapter 2

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# Impact of Covid-19 on India's External Trade: General and by Major Sectors

### 2.1 Impact of Covid-19 on the Indian Economy:

**Like other economies, the Indian economy has also been badly affected by COVID-19. In Q2 2020, India's GDP declined by 23.9%.** While positive agricultural growth continued at 3.4%, Industrial growth fell by 38.1%, with manufacturing growth falling by 39.3% and construction sector growth falling by 50.3%. Services sector growth also fell by 20.6%, with trade, hotels and transport category falling by 47% and Public administration, defense and other services category declining by 10.3%. Financial services, real estate and professional services growth also fell by 5.3%. Gross Capital Formation reflecting Investment declined by 47.1%, with FDI equity flows falling for three consecutive months, by 47.2% in April 2020, 41% in May 2020 and 78.7% in June 2020.

**In Q3 2020, the extent of decline in GDP growth softened to -7.5%**, with agriculture growth being the same as in Q2 2020 at 3.4%; Industrial growth at -2.1%, with manufacturing being marginally positive at 0.6%, while construction sector growth continued to be negative at -8.6%; and services growth continuing to be negative at -11.4% as trade, hotels, etc. continued to register negative growth of -15.6% and Financial Services, etc. at -8.1%. Gross Capital formation (Investment) continued to be negative at -7.3%, (though much better than in Q2 2020), with FDI equity growth at 585% in August, mainly due to foreign investment flows to computer hardware and software sector in Gujarat, and 6% in September 2020. Merchandise trade growth which was negative for many months became positive in February 2020, but became continuously and highly negative since March 2020 (growth of -30.7% in March 2020), reaching a trough of -60.2% in April 2020 and continuing to be negative till November 2020, though becoming less negative over the months. In December 2020 it became slightly positive at 4.5%. The Unemployment rate as per the CMIE survey shot up to 23.5% in April 2020 and then decelerated reaching 9.1% in December 2020. These indicators show that COVID-19 has badly affected the Indian economy, though things are getting better now. (Table 2.1 A and B)

**Table 2.1-A: Impact of COVID-19 on the Indian Economy – Growth (%)**

| GDP by sectors  | 2019 |     |      |      | 2020 |       |       | Sectors' Share in 2019 (%) |
|---|------|-----|------|------|------|-------|-------|----------------------------|
|   | Q1   | Q2  | Q3   | Q4   | Q1   | Q2    | Q3    |                            |
| <b>GDP</b>  | 5.7  | 5.2 | 4.4  | 4.1  | 3.1  | -23.9 | -7.5  | 100.0                      |
| <b>Agricultural</b>                                       | 1.6  | 3.0 | 3.5  | 3.6  | 5.9  | 3.4   | 3.4   | 14.5                       |
| <b>Industrial</b>   | 2.6  | 4.2 | 0.5  | -0.3 | -0.6 | -38.1 | -2.1  | 30.5                       |
| Manufacturing   | 2.1  | 3.0 | -0.6 | -0.8 | -1.4 | -39.3 | 0.6   | 17.6                       |
| Construction Sector                                       | 6.0  | 5.2 | 2.6  | 0.0  | -2.2 | -50.3 | -8.6  | 7.9                        |
| <b>Services</b>   | 8.7  | 5.5 | 6.5  | 5.7  | 4.4  | -20.6 | -11.4 | 55.0                       |
| Trade, hotels, transport, storage and communication       | 6.9  | 3.5 | 4.1  | 4.3  | 2.6  | -47.0 | -15.6 | 19.4                       |
| Financial services, real estate and professional services | 8.7  | 6.0 | 6.0  | 3.3  | 2.4  | -5.3  | -8.1  | 22.0                       |
| Public administration, defence and other services         | 11.6 | 7.7 | 10.9 | 10.9 | 10.1 | -10.3 | -12.2 | 13.6                       |
| <b>Investment (Gross Capital Formation)</b>               | 4.4  | 4.6 | -3.9 | -5.2 | -6.5 | -47.1 | -7.3  |                            |

Source: Based on MoSPI data.

**Table 2.1-B: Impact of COVID-19 on the Indian Economy (%)**

| Indicators                                    | 2019  |       |      |      | 2020 |      |       |       |       |       |       |       |      |      |       |     |
|---|-------|-------|------|------|------|------|-------|-------|-------|-------|-------|-------|------|------|-------|-----|
|   | Sep   | Oct   | Nov  | Dec  | Jan  | Feb  | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep  | Oct  | Nov   | Dec |
| <b>Investment Growth (FDI equity inflows)</b> | -40.9 | -31.7 | 61.2 | 6.1  | 26.4 | 17.3 | 18.8  | -47.2 | -41.0 | -78.7 | -31.8 | 585.0 | 6.0  |      |       |     |
| <b>Merchandise Trade Growth</b>               | -9.8  | -10.0 | -7.8 | -5.0 | -1.3 | 3.4  | -30.7 | -60.2 | -45.1 | -34.6 | -21.8 | -18.2 | -8.8 | -8.7 | -11.4 | 4.5 |
| <b>Unemployment Rate (%)</b>                  | 7.1   | 8.1   | 7.2  | 7.6  | 7.2  | 7.8  | 8.8   | 23.5  | 21.7  | 10.2  | 7.4   | 8.4   | 6.7  | 7.0  | 6.5   | 9.1 |

Source: Based on DIPP data on FDI equity Inflow, Trade data based on DGCI&S data, and Unemployment rate is based on CMIE Survey.

Note: FDI equity inflows in August 2019 were US\$ 2,553 million and in August 2020 it was 17,487 million which resulted in a growth of 585%.

**Some Services Sector indicators, some of which also indicate the performance of the merchandise sector help in assessing the impact of COVID-19 on the Indian economy.** (Table 2.2)

**Aviation indicators** like Aircraft movements, total passengers handled and cargo handled crashed in April 2020 with the Pandemic and the Lockdown, but slowly started recovering. While passengers handled particularly international passengers handled has been slow in picking up, cargo handled, both domestic and international have picked up and nearly reached pre-COVID levels in October and November 2020.

**In the case of the Telecom sector,** all the indicators show no major changes, except internet broadband subscriber base which has jumped from 676.1 million in April 2020 to 734.8 million in October 2020. Teledensity in urban areas shows a continuous decrease from February 2020 till July 2020, after which there is a small rise in the next 3 months.

**Tourism sector** collapsed with a sudden fall in both the number of foreign tourist arrivals and foreign exchange earnings in March 2020. However, data after March 2020 is not available. The RBI Systemic Risk Survey of April-May 2020 points to 5 sectors that are adversely affected by COVID-19. Of them, Tourism and Hospitality sector is top in the list with 90% of the respondents mentioning that the prospects are bleak in the next 6 months. Aviation, a related sector is next in the list with 84.6% of the respondents considering the prospects as bleak in the next six months.

**Railways freight** was affected mainly in April 2020 but started picking up after that as reflected in the revenue earning freight traffic both in terms of Net Tonne km and revenue earnings. Net tonne kms has in fact reached pre-COVID levels in September, October, November 2020. But passenger traffic has been greatly affected.

**Table 2.2: Performance of India's Key Services Sub-Sectors- High Frequency Monthly Indicators**

| Sub-sector                             | Indicators   | Unit                                   | 2020         |        |        |        |        |        |        |         |          |          |         |    |
|--|--|--|--------------|--------|--------|--------|--------|--------|--------|---------|----------|----------|---------|----|
|  |  |  | Jan          | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug     | Sep      | Oct      | Nov     |    |
| Aviation                               | Total :Aircraft movements  | '000 Numbers                           | 235          | 223    | 164    | 6      | 17     | 59     | 67     | 75      | 97.1     | 118.5    | 128.7   |    |
|  | Total :Passengers handled  | '000 Numbers                           | 31316        | 29479  | 17540  | 62     | 717    | 4250   | 4590   | 6164    | 8451.3   | 11170.4  | 13567.8 |    |
|  | Total :Cargo handled   | '000 Tonnes                            | 276          | 268    | 210    | 47     | 95     | 163    | 192    | 204     | 239      | 259      | 243.5   |    |
|  | Domestic :Aircraft movements                                       | '000 Numbers                           | 195          | 186    | 142    | 3      | 12     | 51     | 57     | 65      | 86       | 106.4    | 115.6   |    |
|  | Domestic :Passengers handled                                       | '000 Numbers                           | 24829        | 24066  | 14961  | 11     | 605    | 3855   | 4044   | 5577    | 7789.8   | 10325    | 12523.5 |    |
|  | Domestic :Cargo handled  | '000 Tonnes                            | 112          | 106    | 77     | 7      | 19     | 56     | 69     | 76      | 95.2     | 110.5    | 101.1   |    |
|  | International :Aircraft movement                                   | '000 Numbers                           | 40           | 37     | 22     | 3      | 5      | 9      | 10     | 10      | 11.1     | 12.1     | 13.1    |    |
|  | International :Passengers handled                                  | '000 Numbers                           | 6487         | 5414   | 2579   | 51     | 112    | 395    | 546    | 587     | 661.5    | 845.4    | 1044.3  |    |
|  | International :Cargo handled                                       | '000 Tonnes                            | 164          | 162    | 133    | 40     | 76     | 107    | 123    | 129     | 143.8    | 148.5    | 142.5   |    |
|  | Total -Subscribers   | Million nos                            | 1177.0       | 1180.9 | 1178.0 | 1169.4 | 1163.7 | 1160.5 | 1164.0 | 1167.8  | 1168.7   | 1171.8   |         |    |
|  | Mobile/Wireless - Subscribers                                      | Million nos                            | 1156.4       | 1160.6 | 1157.7 | 1149.5 | 1143.9 | 1140.7 | 1144.2 | 1147.9  | 1148.6   | 1151.8   |         |    |
|  | Wireline -Subscribers  | Million nos                            | 20.6         | 20.3   | 20.2   | 19.9   | 19.8   | 19.8   | 19.8   | 19.9    | 20.1     | 20.0     |         |    |
| Telecom                                | Internet Broadband Subscriber base                                 | Million nos                            | 673.4        | 681.1  | 687.4  | 676.1  | 683.8  | 698.2  | 705.4  | 716.2   | 726.3    | 734.8    |         |    |
|  | Teledensity Total  | Per cent                               | 87.45        | 87.66  | 87.37  | 86.66  | 86.15  | 86     | 86     | 86      | 86.22    | 86.38    |         |    |
|  | Teledensity Urban  | Per cent                               | 144.16       | 143.59 | 142.31 | 140.06 | 137.81 | 137    | 137    | 138     | 138.25   | 140.57   |         |    |
|  | Teledensity Rural  | Per cent                               | 58.03        | 58.61  | 58.79  | 58.85  | 59.23  | 59     | 59     | 59      | 58.96    | 58.94    |         |    |
|  | Teledensity:Wireless -Total  | Per cent                               | 85.92        | 86.15  | 85.87  | 85.18  | 84.69  | 84     | 85     | 85      | 84.74    | 84.9     |         |    |
|  | Teledensity:Wireless -Urban  | Per cent                               | 140.20       | 139.68 | 138.41 | 136.22 | 133.99 | 134    | 134    | 134     | 134.37   | 136.65   |         |    |
|  | Teledensity:Wireless -Rural  | Per cent                               | 57.76        | 58.35  | 58.54  | 58.61  | 58.99  | 59     | 59     | 59      | 58.74    | 58.72    |         |    |
|  | Teledensity:Wire-line -Total                                       | Per cent                               | 1.53         | 1.50   | 1.50   | 1.48   | 1.46   | 1      | 1      | 1       | 1.48     | 1.47     |         |    |
|  | Teledensity:Wire-line -Urban                                       | Per cent                               | 3.96         | 3.91   | 3.90   | 3.84   | 3.81   | 4      | 4      | 4       | 3.88     | 3.92     |         |    |
|  | Teledensity:Wire-line -Rural                                       | Per cent                               | 0.27         | 0.26   | 0.25   | 0.24   | 0.24   | 0      | 0      | 0       | 0.22     | 0.22     |         |    |
|  | Tourism  | Foreign Tourist Arrivals               | '000 Numbers | 1118   | 1016   | 328    | NA     | NA     | NA     | NA      | NA       | NA       | NA      | NA |
|  |  | Foreign Exchange Earnings from Tourism | Rs Million   | 202820 | 182810 | 58330  | NA     | NA     | NA     | NA      | NA       | NA       | NA      | NA |
| Foreign Exchange Earnings from Tourism |  | US\$ Million                           | 2844         | 2557   | 785    | NA     | NA     | NA     | NA     | NA      | NA       | NA       | NA      |    |
| Railways                               | Revenue Earning Freight Traffic: Net Tonne Km (NTKm)               | Million Units                          | 60778        | 58332  | 54531  | 33502  | 41939  | 49783  | 52110  | 52688   | 58172    | 58438    | 60432   |    |
|  | Revenue Earning Freight Traffic : Earnings per Net Tonne Km (NTKm) | Rs                                     | 1.84         | 1.84   | 1.87   | 1.79   | 1.77   | 1.77   | 1.72   | 1.72    | 1.7      | 1.78     | 1.77    |    |
|  | Goods Traffic  | '000 tonnes                            | 110380       | 106280 | 102900 | 65300  | 82460  | 93450  | 95010  | 94500   | 102080   | 108010   | NA      |    |
|  | Passenger Traffic  | Million nos                            | 715          | 676    | 436    | NA     | NA     | 4      | 15     | 22      | 39.4     | 61.9     | NA      |    |
|  | Gross receipts of Indian Railways                                  | Rs. Million                            | 151383       | 160187 | 128907 | 49839  | 74103  | 87245  | 105227 | 102030  | 113186.9 | 123731.9 | NA      |    |
| Revenue Earning Freight Traffic        | Rs. Million  | 111739                                 | 107277       | 102150 | 59988  | 74376  | 88297  | 89696  | 90435  | 99056.9 | 104167.3 | 106888.2 |         |    |

| Sub-sector  | Indicators                   | Unit            | 2020  |       |        |        |       |       |       |       |       |       |       |  |
|---|------------------------------|-----------------|-------|-------|--------|--------|-------|-------|-------|-------|-------|-------|-------|--|
|   |                              |                 | Jan   | Feb   | Mar    | Apr    | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   |  |
| Shipping  | Cargo Traffic at Major Ports | '000 tonnes     | 61577 | 57233 | 61120  | 47432  | 45398 | 49052 | 51454 | 51611 | 53511 | 56258 | NA    |  |
|   | VLCC                         | Tankers USD/day | 68238 | 26772 | 169551 | 147666 | 53789 | 41932 | 29802 | 20657 | 19133 | 15113 | 12043 |  |
|   | Suezmax                      | Tankers USD/day | 60079 | 29265 | 79041  | 79308  | 36485 | 14580 | 14077 | 13146 | 8065  | 4758  | 8339  |  |
|   | Aframax                      | Tankers USD/day | 49793 | 25973 | 46553  | 51919  | 30711 | 9408  | 10266 | 9904  | 5945  | 4867  | 7016  |  |
|   | Clean                        | Tankers USD/day | 19024 | 14788 | 23622  | 42275  | 25234 | 10235 | 9623  | 10234 | 7288  | 5874  | 5315  |  |
|   | Baltic dry index             | Dry bulk        | 701   | 461   | 601    | 664    | 489   | 1146  | 1633  | 1517  | 1399  | 1631  | 1180  |  |
|   | Baltic capesize index        | Dry bulk        | 714   | -243  | -222   | 726    | 247   | 2267  | 3024  | 2341  | 2144  | 2850  | 1588  |  |
|   | Baltic panamax index         | Dry bulk        | 777   | 675   | 898    | 784    | 656   | 997   | 1379  | 1626  | 1384  | 1345  | 1284  |  |
|   | Baltic supramax index        | Dry bulk        | 571   | 513   | 696    | 430    | 455   | 598   | 844   | 913   | 951   | 976   | 930   |  |
|   | Baltic handysize index       | Dry bulk        | 389   | 306   | 386    | 287    | 241   | 336   | 447   | 507   | 568   | 596   | 600   |  |
| IHS Markit India Purchasing Managers' Index (PMI) | Manufacturing PMI            | Index Numbers   | 55.3  | 54.5  | 51.8   | 27.4   | 30.8  | 47.2  | 46    | 52    | 56.8  | 58.9  | 56.3  |  |
|   | Services PMI                 | Index Numbers   | 55.5  | 57.5  | 49.3   | 5.4    | 12.6  | 33.7  | 34.2  | 41.8  | 49.8  | 54.1  | 53.7  |  |
|   | Composite PMI                | Index Numbers   | 56.3  | 57.6  | 50.6   | 7.2    | 14.8  | 37.8  | 37.2  | 46    | 54.6  | 58    | 56.3  |  |

Source: Based on data accessed on 01.01.2021 from CMIE Economic Outlook database

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**In the case of the Shipping sector,** cargo traffic at major ports fell in April- May 2020, but started picking up after that. However, the earnings of various types of tanker vessels like VLCC, Suezmax, Aframax, Clean, etc. have started falling since April-May 2020 which is also due to slump in the oil market. The different indices indicating the carriage of dry bulk cargo like Baltic dry index, Baltic capsized, Baltic panamax, Baltic supramax, Baltic handysize which fell in April/May 2020 have picked up, particularly during June 2020 to October 2020 with the unlocking of economies opening up the floodgates of trade again.

**The IHS Markit PMI** for manufacturing which fell from 51.8 in March 2020 to 27.4 in April 2020 has picked up to reach 58.9 in October and 56.3 in November 2020. The Services PMI which fell from 49.3 in March 2020 to 5.4 in April 2020 has also picked up to reach 54.1 in October 2020 and 53.7 in November 2020. The composite PMI which fell from 50.6 in March 2020 to 7.2 in April 2020 has picked up to 58 in October and 56.3 in November 2020. Thus, both the manufacturing and services sector have recovered and are above the cut off of 50. **The relaxations in the lockdown restrictions and firming demand conditions helped in output growth though it softened slightly in November 2020.**

## **2.2 Impact of COVID-19 on India's International Trade**

**India's merchandise exports** worth US\$ 324.3 billion in 2019 declined by -0.2% as per DGCI&S data and by -0.1% as per WTO data. Thus, even before the pandemic, India's export growth was marginally negative. As per DGSI&S data, with the Pandemic, export growth which was positive at 3.3% in February 2020 fell steeply by 34.3% in March 2020, reaching a low of -61.0% in April 2020. In subsequent months, it became less negative and even became positive in September 2020. But after that, it has again become negative in October and November 2020, though export growth was marginally positive in December 2020 at 0.1%. Merchandise import growth was also negative at -5.6 % in 2019 and became slightly positive at 3.6% in February 2020. But in March 2020, it became negative at -28.0% reaching a trough of -59.7% in April 2020, and thereafter becoming less negative with even a positive growth of 7.6% in December 2020.

**India's Services exports** grew by 8.3% as per both Indian and WTO data in 2019 and continued to register positive growth till March 2020. In April 2020, services export growth plummeted to -8.9% reaching a trough of -10.8% in July 2020, and even in November 2020, it registered negative growth. Services import growth was also positive at 11.5% in 2019 and grew robustly from September 2019 to February 2020 with a growth of 12.8% in February 2020. But in March 2020, it became negative reaching a low of -21.7% in July 2020. Even in October 2020, it was highly negative.

As per DGCI&S data, total exports (G&S) growth became negative in March 2020, reaching a trough of -39.7% in April 2020 and then becoming less negative with even a small positive growth in September 2020, though in October and November 2020, it was again negative. Similarly, total imports (G&S) growth became negative in March 2020, reaching a low of -51.0% in April 2020 and continuing to be negative even in November 2020 and more negative than Total exports (G&S) growth. Total trade (G&S) had a marginal growth of 0.2% in 2019. Since March 2020, total trade growth became negative with a low of -45.9% in April 2020 and continuing to be negative even in October 2020, though with less intensity. (Table 2.3)

**Table 2.3: India's Trade Performance before and after the arrival of the Pandemic - Monthly Growth (%)**

|                              | 2019<br>(Value US\$<br>Million) | 2019<br>(Growth<br>in %) |              |              |              | 2020         |             |             |               |               |               |               |               |               |              |              |               |         |
|------------------------------|---------------------------------|--------------------------|--------------|--------------|--------------|--------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------|
|                              |                                 | Sep                      | Oct          | Nov          | Dec          | Jan          | Feb         | Mar         | Apr           | May           | Jun           | July          | Aug           | Sep           | Oct          | Nov          | Dec           |         |
| <b>Indian Data</b>           |                                 |                          |              |              |              |              |             |             |               |               |               |               |               |               |              |              |               |         |
| Goods Exports                | 324269                          | -0.18                    | -6.60        | -1.66        | -1.15        | -2.69        | -2.10       | 3.26        | -34.31        | -61.01        | -35.76        | -12.43        | -9.89         | -12.13        | 6.04         | -4.76        | -8.54         | 0.13    |
|                              |                                 | (0.14)                   | (0.14)       | (0.8)        | (-1.76)      | (5.18)       | (-4.62)     | (7.3)       | (-22.53)      | (-52.76)      | (88.87)       | (14.29)       | (7.86)        | (-3.39)       | (20.84)      | (-9.47)      | (-5.66)       | (15.16) |
| Goods Imports                | 485951                          | -5.56                    | -11.96       | -14.98       | -11.76       | -6.51        | -0.74       | 3.59        | -28.01        | -59.70        | -51.05        | -48.04        | -29.57        | -22.17        | -19.07       | -11.47       | -13.31        | 7.55    |
|                              |                                 | (-5.4)                   | (0.77)       | (1.42)       | (1.42)       | (2.78)       | (3.93)      | (-7.89)     | (-16.97)      | (-45.72)      | (33.77)       | (-6.71)       | (33.56)       | (8.93)        | (-1.64)      | (10.24)      | (-0.7)        | (27.52) |
| Services Exports             | 218128                          | 8.32                     | 7.05         | 5.25         | 7.91         | 11.59        | 6.99        | 6.88        | 1.22          | -8.92         | -10.24        | -8.39         | -10.76        | -9.88         | -1.43        | -6.30        | -5.09         |         |
|                              |                                 |                          | (-3.88)      | (0.92)       | (1.68)       | (11.16)      | (-5.09)     | (-6.64)     | (2.47)        | (-9.43)       | (1.92)        | (1.37)        | (0.21)        | (-3.46)       | (5.13)       | (-4.06)      | (3)           |         |
| Services Imports             | 138675                          | 11.45                    | 11.56        | 7.58         | 13.48        | 10.36        | 8.83        | 12.82       | -2.23         | -18.43        | -20.45        | -15.29        | -21.69        | -20.06        | -8.66        | -12.33       | -11.79        |         |
|                              |                                 |                          | (-7.58)      | (-2.09)      | (5.6)        | (9.44)       | (-4.41)     | (-7.78)     | (0.41)        | (-16.3)       | (6.85)        | (0.22)        | (0.87)        | (-4.48)       | (5.61)       | (-6.02)      | (6.25)        |         |
| <b>Goods Trade</b>           | 810220                          | -3.48                    | -9.84        | -10.00       | -7.79        | -4.99        | -1.27       | 3.45        | -30.71        | -60.19        | -45.09        | -34.55        | -21.83        | -18.21        | -8.82        | -8.73        | -11.40        | 4.53    |
|                              |                                 |                          | (-3.22)      | (0.78)       | (0.12)       | (3.74)       | (0.45)      | (-2.03)     | (-19.32)      | (-48.58)      | (54.31)       | (2.87)        | (20.54)       | (3.34)        | (7.89)       | (0.88)       | (-2.81)       | (22.4)  |
| Services Trade               | 356803                          | 9.52                     | 8.76         | 6.12         | 10.01        | 11.11        | 7.69        | 9.09        | -0.12         | -12.60        | -14.33        | -11.07        | -15.15        | -13.92        | -4.23        | -8.59        | -7.70         |         |
|                              |                                 |                          | (-5.35)      | (-0.24)      | (3.17)       | (10.49)      | (-4.83)     | (-7.08)     | (1.68)        | (-12.04)      | (3.7)         | (0.94)        | (0.46)        | (-3.84)       | (5.31)       | (-4.78)      | (4.18)        |         |
| Total Exports (G&S)          | 542397                          | 3.08                     | -1.54        | 1.01         | 2.38         | 2.90         | 1.55        | 4.64        | -21.73        | -39.67        | -25.94        | -10.71        | -10.25        | -11.20        | 3.03         | -5.38        | -7.12         |         |
|                              |                                 |                          | (-1.52)      | (0.85)       | (-0.37)      | (7.64)       | (-4.82)     | (1.4)       | (-12.79)      | (-32.91)      | (35.1)        | (8.26)        | (4.52)        | (-3.42)       | (14.27)      | (-7.39)      | (-2.21)       |         |
| Total Imports (G&S)          | 624626                          | -2.25                    | -7.52        | -10.82       | -7.01        | -2.94        | 1.27        | 5.54        | -22.69        | -50.95        | -44.59        | -40.75        | -27.67        | -21.68        | -16.70       | -11.66       | -12.96        |         |
|                              |                                 |                          | (-5.91)      | (0.12)       | (2.35)       | (4.31)       | (1.92)      | (-7.87)     | (-13.04)      | (-38.04)      | (24.28)       | (-4.61)       | (23.15)       | (5.43)        | (0.07)       | (6.18)       | (0.83)        |         |
| <b>Total Trade (G&amp;S)</b> | <b>1167023</b>                  | <b>0.16</b>              | <b>-4.80</b> | <b>-5.58</b> | <b>-2.85</b> | <b>-0.25</b> | <b>1.40</b> | <b>5.10</b> | <b>-22.23</b> | <b>-45.87</b> | <b>-36.19</b> | <b>-27.17</b> | <b>-19.66</b> | <b>-16.86</b> | <b>-7.40</b> | <b>-8.68</b> | <b>-10.24</b> |         |
|                              |                                 |                          | (-3.89)      | (0.46)       | (1.06)       | (5.86)       | (-1.28)     | (-3.63)     | (-12.92)      | (-35.57)      | (29.72)       | (2.12)        | (12.82)       | (0.89)        | (7.05)       | (-0.94)      | (-0.66)       |         |
| <b>WTO data</b>              |                                 |                          |              |              |              |              |             |             |               |               |               |               |               |               |              |              |               |         |
| Goods Exports                | 324339                          | -0.14                    | -6.50        | -1.71        | -1.37        | -2.51        | -2.09       | 3.14        | -34.48        | -60.96        | -35.56        | -12.18        | -9.56         | -12.06        | 6.00         | -5.16        | -8.69         |         |
|                              |                                 |                          | (0.22)       | (0.81)       | (-1.86)      | (5.3)        | (-4.63)     | (7.19)      | (-22.7)       | (-52.56)      | (89.11)       | (14.38)       | (7.97)        | (-3.82)       | (20.8)       | (-9.8)       | (-5.51)       |         |
| Goods Imports                | 486059                          | -5.52                    | -11.86       | -15.02       | -11.95       | -6.33        | -0.72       | 3.46        | -28.19        | -59.67        | -51.04        | -48.07        | -29.57        | -25.89        | -19.61       | -11.56       | -13.26        |         |
|                              |                                 |                          | (-5.33)      | (0.79)       | (1.31)       | (2.89)       | (3.93)      | (-7.98)     | (-17.14)      | (-45.52)      | (33.65)       | (-6.69)       | (33.66)       | (3.56)        | (2.69)       | (10.88)      | (-0.65)       |         |
| Services Exports             | 218128                          | 8.32                     | 7.05         | 5.25         | 7.91         | 11.59        | 6.99        | 6.88        | 1.22          | -8.92         | -10.24        | -8.39         | -10.76        | -9.88         | -1.43        | -6.30        | -5.09         |         |
|                              |                                 |                          | (-3.88)      | (0.92)       | (1.68)       | (11.16)      | (-5.09)     | (-6.64)     | (2.47)        | (-9.43)       | (1.92)        | (1.37)        | (0.21)        | (-3.46)       | (5.13)       | (-4.06)      |               |         |
| Services Imports             | 138675                          | 11.45                    | 11.56        | 7.58         | 13.48        | 10.36        | 8.83        | 12.82       | -2.23         | -18.43        | -20.45        | -15.29        | -21.69        | -20.06        | -8.66        | -12.33       | -11.79        |         |
|                              |                                 |                          | (-7.58)      | (-2.09)      | (5.6)        | (9.44)       | (-4.41)     | (-7.78)     | (0.41)        | (-16.3)       | (6.85)        | (0.22)        | (0.87)        | (-4.48)       | (5.61)       | (-6.02)      |               |         |
| <b>Goods Trade</b>           | 810398                          | -3.44                    | -9.75        | -10.04       | -8.00        | -4.81        | -1.25       | 3.32        | -30.88        | -60.16        | -45.00        | -34.47        | -21.70        | -20.43        | -9.15        | -8.95        | -11.43        |         |
|                              |                                 |                          | (-3.14)      | (0.8)        | (0.01)       | (3.86)       | (0.45)      | (-2.13)     | (-19.49)      | (-48.38)      | (54.33)       | (2.94)        | (20.62)       | (0.2)         | (10.59)      | (1.03)       | (-2.71)       |         |
| Services Trade               | 356803                          | 9.52                     | 8.76         | 6.12         | 10.01        | 11.11        | 7.69        | 9.09        | -0.12         | -12.60        | -14.33        | -11.07        | -15.15        | -13.92        | -4.23        | -8.59        | -7.70         |         |
|                              |                                 |                          | (-5.35)      | (-0.24)      | (3.17)       | (10.49)      | (-4.83)     | (-7.08)     | (1.68)        | (-12.04)      | (3.7)         | (0.94)        | (0.46)        | (-3.84)       | (5.31)       | (-4.78)      |               |         |
| Total Exports (G&S)          | 542467                          | 3.10                     | -1.48        | 0.98         | 2.25         | 3.02         | 1.56        | 4.56        | -21.83        | -39.65        | -25.81        | -10.57        | -10.06        | -11.16        | 3.01         | -5.62        | -7.59         |         |
|                              |                                 |                          | (-1.47)      | (0.86)       | (-0.43)      | (7.71)       | (-4.83)     | (1.34)      | (-12.88)      | (-32.78)      | (35.23)       | (8.32)        | (4.59)        | (-3.67)       | (14.24)      | (-7.59)      |               |         |
| Total Imports (G&S)          | 624734                          | -2.22                    | -7.45        | -10.86       | -7.18        | -2.79        | 1.29        | 5.44        | -22.84        | -50.93        | -44.58        | -40.77        | -27.68        | -24.54        | -17.12       | -11.73       | -12.96        |         |
|                              |                                 |                          | (-5.85)      | (0.13)       | (2.26)       | (4.4)        | (1.92)      | (-7.94)     | (-13.18)      | (-37.88)      | (24.21)       | (-4.59)       | (23.22)       | (1.46)        | (3.41)       | (6.65)       |               |         |
| <b>Total Trade (G&amp;S)</b> | <b>1167201</b>                  | <b>0.19</b>              | <b>-4.72</b> | <b>-5.62</b> | <b>-3.00</b> | <b>-0.12</b> | <b>1.41</b> | <b>5.02</b> | <b>-22.36</b> | <b>-45.85</b> | <b>-36.12</b> | <b>-27.11</b> | <b>-19.58</b> | <b>-18.38</b> | <b>-7.63</b> | <b>-8.84</b> | <b>-10.24</b> |         |
|                              |                                 |                          | (-3.83)      | (0.47)       | (0.99)       | (5.94)       | (-1.28)     | (-3.69)     | (-13.03)      | (-35.42)      | (29.74)       | (2.16)        | (12.88)       | (-1.18)       | (8.84)       | (-0.84)      |               |         |

Source: Based on DGCIS and WTO data. Note: Figures outside brackets give growth (y-o-y) and figures in brackets give growth (MoM).

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## 2.3 COVID-19 Related Disruptions for India

### 2.3.1 Disruptions in Merchandise Trade

**Disruptions in merchandise trade due to COVID-19 have taken place both from the demand side and supply side.** While imports from a country by other countries are usually considered to reflect the demand for the exports of a country, in the present case it is difficult to distinguish between demand side and supply side disruptions. This is because the Pandemic was world-wide and lockdown and supply chain disruptions were all-pervasive with less scope for trade diversion in the initial stages. So, whether the fall in imports is due to the fall in demand or due to disruption of supply is difficult to gauge by the import data of other countries. However, it will help to see the extent to which India was affected by these disruptions in World imports and imports of different countries.

**An attempt has been made here to see India's import growth from the World and some major markets.** (Table 2.4) Growth in imports of World (from World) was negative even during the pre-pandemic period as reflected in the negative growth during September to December 2019, but in 2020, there were bouts of sharp negative growth in January and February 2020, when China was affected by the pandemic, in April and May 2020 and July to October 2020 when the whole world was affected by the pandemic. However, there was only low negative growth of World imports from India from October 2019 to February 2020, but in March 2020, it was high and in April 2020 the fall in imports was very sharp by 61.0 % which could be greatly attributed to supply side disruptions as a result of the lockdown in India. But after that growth of imports of World from India became less negative, while high negative growth of World imports from the World continued. (Table 2.4).

If we see the import growth of the major export partners of India, US imports from the World became highly negative from April 2020 to June 2020, which also corresponds to the relatively higher fall in US imports from India. In the case of China, its import growth from the World shows major ups and downs. While during September -October 2019, the growth was negative, in November and December it was positive. In January and February 2020, no data is available. Since March 2020 its imports from the World are negative except in June 2020 when there is a small positive growth. China's import growth from India also shows wide variations from being highly negative in April 2020 to being highly positive in June and July 2020. In the case of Singapore's import growth from the World, there was low negative growth from September 2019 to January 2020. From April 2020 to June 2020, negative growth was high. During April-May 2020 its import growth from India was more negative than its import growth from the World. In June 2020, its import growth from India was highly positive while it was negative from the World

UK's import growth from the World was also highly negative during March to May 2020 and its import growth from India was more negative than from the World from April to August and even in October 2020. Netherland's and Germany's import growth also show similar trends with high negative growth from the World in April-May 2020 and higher negative import growth from India. Japan's import growth from the World was highly negative in May 2020, while its import growth from India was more negative. EU's import growth from the World was also highly negative in April-May 2020 and its import growth from India was more negative particularly from April-July 2020. ASEAN's import growth from the World started becoming increasingly negative from February 2020 itself till May 2020, with very high negative growth during July-September 2020. Its import growth from India during this period was more negative in some months and less negative in some months, with growth in February, June and July 2020 being even positive. (Table 2.4)

**Table 2.4: COVID-19: Demand Side/Supply Side Disruptions: Merchandise Import Growths of World and India's Major Export Partners from World and India**

(in percent)

| Total Imports by | From   | 2019  |       |       |       | 2020  |       |       |       |       |       |       |       |       |       |
|------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                  |        | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep   | Oct   |
| World            | World  | -4.8  | -7.9  | -8.1  | -1.2  | -21.8 | -20.5 | -14.2 | -28.6 | -31.4 | -15.8 | -20.4 | -30.2 | -24.9 | -58.1 |
|                  | India* | -6.6  | -1.7  | -1.2  | -2.7  | -2.1  | 3.3   | -34.3 | -61.0 | -35.8 | -12.4 | -9.9  | -12.1 | 6.0   | -4.8  |
| USA              | World  | -2.5  | -7.3  | -6.9  | -2.5  | -4.1  | -4.1  | -6.6  | -20.6 | -25.4 | -13.2 | -8.2  | -5.5  | 0.1   | 0.5   |
|                  | India  | 2.0   | -5.6  | 9.9   | 8.0   | 2.0   | -2.2  | -12.3 | -33.6 | -61.8 | -21.3 | -16.5 | -9.5  | 7.9   | 7.8   |
| UAE              | World  | 13.4  | 6.5   | 1.6   | 2.1   | NA    | NA    | NA    | NA    | NA    | NA    | NA    | NA    | NA    | NA    |
|                  | India  | 18.8  | 24.0  | 23.1  | 14.1  | NA    | NA    | NA    | NA    | NA    | NA    | NA    | NA    | NA    | NA    |
| China            | World  | -8.6  | -6.8  | 0.4   | 16.4  | NA    | NA    | -0.5  | -13.8 | -16.4 | 3.3   | -0.9  | NA    | NA    | NA    |
|                  | India  | 0.5   | -11.5 | -3.1  | -4.1  | NA    | NA    | -6.0  | -36.3 | -9.5  | 80.6  | 67.1  | NA    | NA    | NA    |
| Singapore        | World  | -5.4  | -9.7  | -4.9  | -1.4  | -0.5  | 6.6   | -4.2  | -17.3 | -28.6 | -11.9 | NA    | NA    | NA    | NA    |
|                  | India  | 5.1   | -23.4 | -41.4 | -6.6  | 38.3  | -12.6 | 7.2   | -60.9 | -53.7 | 33.4  | NA    | NA    | NA    | NA    |
| UK               | World  | 13.9  | 10.6  | -5.9  | -1.5  | -9.4  | -11.2 | -20.8 | -31.0 | -31.8 | -6.7  | -14.7 | -8.4  | 3.8   | -5.1  |
|                  | India  | -14.7 | 11.5  | -4.0  | 9.9   | -7.7  | -6.3  | -9.0  | -48.8 | -72.3 | -33.0 | -36.3 | -21.1 | -2.7  | -11.8 |
| Netherland       | World  | -0.7  | -2.7  | -2.0  | 3.4   | -1.2  | -5.2  | -9.2  | -23.1 | -23.0 | -5.2  | -8.8  | -6.8  | 1.9   | NA    |
|                  | India  | 3.6   | 19.5  | 11.5  | 11.3  | 70.0  | -25.5 | -19.6 | -57.7 | -61.1 | -50.7 | -29.0 | -8.1  | 2.2   | NA    |
| Germany          | World  | -3.5  | -3.9  | -4.2  | -1.0  | -4.2  | -6.3  | -6.3  | -24.2 | -23.6 | -10.3 | -9.3  | -0.9  | 2.9   | NA    |
|                  | India  | -4.4  | -6.1  | -1.1  | 2.1   | 10.4  | -9.8  | -5.1  | -20.9 | -52.6 | -17.7 | -9.4  | 4.1   | 13.6  | NA    |
| Japan            | World  | 2.7   | -11.0 | -12.2 | -2.1  | -3.9  | -13.6 | -1.6  | -3.7  | -24.3 | -14.1 | -21.2 | -20.5 | -15.9 | -10.9 |
|                  | India  | 1.9   | -2.2  | -7.8  | 16.4  | 3.8   | 13.9  | 3.7   | -6.1  | -61.2 | -12.0 | -1.1  | -21.6 | -3.8  | -0.3  |
| Malaysia         | World  | 1.3   | -9.1  | -3.0  | 1.9   | -1.5  | 9.0   | -7.7  | -13.1 | -33.1 | -8.1  | NA    | NA    | NA    | NA    |
|                  | India  | 18.3  | -20.2 | -17.8 | 6.8   | 4.4   | 59.8  | 39.7  | -29.6 | -29.2 | 12.9  | NA    | NA    | NA    | NA    |
| EU               | World  | -0.7  | -2.9  | -5.9  | -1.0  | -3.9  | -5.0  | -12.2 | -30.7 | -29.2 | -9.5  | -9.8  | -4.0  | 2.7   | NA    |
|                  | India  | -1.8  | 4.5   | -7.6  | 6.4   | 3.7   | -7.8  | -11.1 | -41.6 | -59.1 | -26.3 | -15.9 | -5.2  | -6.1  | NA    |
| ASEAN            | World  | -3.9  | -9.5  | -6.8  | -0.7  | -5.2  | -16.4 | -20.9 | -36.1 | -44.1 | -27.5 | -76.2 | -73.9 | -71.2 | NA    |
|                  | India* | -27.6 | -21.1 | -21.3 | -21.8 | -5.4  | 18.4  | -56.5 | -37.2 | -28.5 | 8.6   | 13.5  | -20.7 | NA    | NA    |

Source: Based on ITC Trade map database accessed on 31.12.2020 and DGCIS data.

Note: \* indicates India's Exports to World/ASEAN/SAARC as per DGCIS data considered as their Imports from India.

**Thus, while the disruptions in trade due to the Pandemic was present world-wide, the months and intensity of the impact on India's Trade from the World and major export partners varied.**

### 2.3.2 Disruptions in Services Trade

Services import growth of the World (from World) became continuously negative from January 2020, and highly negative particularly from April-October 2020. World's services import grown from India continued to be positive till March 2020 mainly due to Telecommunications, Computer and Information Services and Other Business Services and became negative from April to October 2020. But the extent of negative growth of the World from India was much less compared to its negative growth from the World. (Table 2.5)



**Table 2.5: COVID-19: Demand Side/Supply Side Disruptions:  
Services Import Growth of the World from India and the World**

(in percent)

|   | 2019 |     |     |      | 2020 |      |       |       |       |      |       |       |       |       |
|---|------|-----|-----|------|------|------|-------|-------|-------|------|-------|-------|-------|-------|
|   | Sep  | Oct | Nov | Dec  | Jan  | Feb  | Mar   | Apr   | May   | Jun  | July  | Aug   | Sep   | Oct   |
| Total Services Imports of World (from World)  | 2.5  | 0.1 | 1.7 | 4.5  | -0.8 | -3.9 | -17.9 | -32.5 | -33.1 | -28  | -31.5 | -30.5 | -23.8 | -28.2 |
| Total Services Imports of World (from India*) | 7.1  | 5.3 | 7.9 | 11.6 | 7    | 6.9  | 1.2   | -8.9  | -10.2 | -8.4 | -10.8 | -9.9  | -1.4  | -6.3  |

Note: \* India's exports to World data.

**Bilateral Services Trade** show that the major countries/country groups which imported India's services are the US, the UK, the EU, Singapore, the Netherlands, Australia, Japan, Switzerland, Canada and Sweden with Telecommunications, Computer and Information Services; Travel; and Transport being the important services imported from India. In some countries, Business Management, Consulting and Public Relations; and Accounting, Auditing, Bookkeeping and Tax Consultancy were the important services imported from India. However, data for only 2019 are available for some countries and for some others, it is even older. (Annexure 2.1)

Since the latest data on imports of services from India by India's major services markets, are not available, to gauge the impact of the pandemic on India's services exports to major markets, the total import growth of services by major services markets of India has been considered for different quarters. The major services markets of India have been identified by taking the share of their services imports from India in 2019 (or the latest available year) as a percentage of India's total services exports in 2019. This is a rough indicator to see the importance of India's major services markets. (Table 2.6)

**Table 2.6: Services Import growth of major services Markets of India (%)**

| Major Markets* |             | Growth in Imports from World (Y-o-Y) (%) |         |         |         |         |         |
|----------------|-------------|--|---------|---------|---------|---------|---------|
|                |             | 2019 Q1                                  | 2019 Q2 | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 1              | USA         | 4.5                                      | 6.5     | 4.8     | 2.8     | -4.7    | -34.1   |
| 2              | EU          | -0.3                                     | 11.2    | 2.9     | 6.4     | 3.8     | -28.4   |
| 3              | UK          | 2.7                                      | 4.8     | 9.2     | 14.0    | -6.2    | -32.0   |
| 4              | Singapore   | -2.7                                     | -0.3    | -1.3    | 1.4     | -5.5    | -26.7   |
| 5              | Netherlands | -1.3                                     | 1.4     | 1.6     | 7.6     | 2.3     | -18.6   |
| 6              | Australia   | -3.1                                     | -0.1    | -2.1    | -2.6    | -16.5   | -57.6   |
| 7              | Japan       | 2.5                                      | -2.5    | 8.3     | -1.9    | -5.4    | -16.1   |
| 8              | Switzerland | -8.4                                     | -0.1    | 3.6     | -2.5    | 6.5     | -23.7   |
| 9              | Canada      | -1.5                                     | -0.5    | 2.0     | 2.7     | -4.3    | -36.9   |
| 10             | Sweden      | 2.5                                      | 8.2     | 4.5     | 0.7     | -4.1    | -20.3   |

Source: Based on WTO data accessed on 27 Dec 2020.

Note: \* Major markets are based on Share of imports of services by each market from India in 2019 (or latest available year) to total services exports of India in 2019.

As can be seen from the above table, services import growth rates of all the major markets of India were highly negative in Q2 2020 and naturally, their import growth from India could also have been affected.

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## 2.4 Sector-Specific/ Product -Specific Impact of COVID-19 on India's Exports of Goods and Services

### 2.4.1 Sector-Specific Impact on Merchandise Trade

#### 2.4.1.1 Impact of COVID-19 on Principal Export Commodities

An examination of the growth rates of India's principal export commodities shows that Agri and allied commodities sector's exports have rebounded from June to November 2020 after being severely affected in March-April 2020. Plantation crops recovered only in July 2020 but have again slipped back in August 2020 with negative export growth till October 2020. The Marine products exports sector which was severely affected in March-April 2020 has not yet recovered from the effect of the Pandemic with negative growth of -16.1% even in November 2020.

Ores and minerals exports sector was affected only in March-April 2020 and has registered positive export growth since May 2020 with robust growth in May-June 2020 and October-November 2020. Petroleum Crude and Products exports were badly affected in almost all months from March 2020, with export growth highly negative even in November 2020 at -59.4%.

If we examine India's manufactures exports, leather and leather manufactures, Gems and Jewellery, Transport equipment, textiles and allied products which have been registering negative growth even before March 2020 registered high negative growth during March to June 2020. However, Textiles and allied products, has registered positive growth from September to November 2020 and Gems and Jewellery in November 2020. Leather and leather manufacturers continued to register negative growth even in November 2020, while transport equipment has registered marginal positive growth in September and November 2020.

In the case of Electronic items, negative growth which started from March 2020 continued till October 2020, though in November 2020 there is marginal positive growth.

In the case of Project Goods, exports in February 2019 were around \$1 million, whereas in February 2020 it was \$18 million resulting in 2156% growth. While the high negative growth which started in March 2020 continued even in November 2020, before the onset of the pandemic and the lockdown, export growth was positive and robust.

In the case of Chemicals and Related Products, export growth has become positive from June 2020 onwards, though there was high negative growth in March-April 2020.

Base metals exports which registered high negative growth in March-April 2020 recovered from May to September 2020, but again became slightly negative in October and November 2020.

**Thus like Agri and Allied items and Ores and Minerals, some manufactures like Chemicals and related products, Textiles, Transport equipment and even Gems and Jewellery are showing green shoots. (Table 2.7)**

**Table 2.7: Impact of COVID-19 on India's Principal Exports to World -Growth Rate (in percent)**

| Description  | Value 2019<br>(US \$ Million) | 2019  |       |       |       |       |        |       |       |       |       |       |       | 2020  |       |       |  |  |  |  |  |  |  |  |  |
|--|-------------------------------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|--|--|--|--|--|--|--|--|
|  |                               | Sep   | Oct   | Nov   | Dec   | Jan   | Feb    | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep   | Oct   | Nov   |  |  |  |  |  |  |  |  |  |
| <b>India's Merchandise Exports to World (Total)</b>  | <b>324269</b>                 | -6.6  | -1.7  | -1.2  | -2.7  | -2.1  | 3.3    | -34.3 | -61.0 | -35.8 | -12.4 | -9.9  | -12.1 | 6.0   | -4.8  | -8.5  |  |  |  |  |  |  |  |  |  |
| 1. Plantation  | 1673                          | -1.7  | 0.4   | -7.8  | -3.1  | -16.8 | -9.1   | -28.1 | -55.2 | -15.6 | -3.3  | 3.6   | -10.4 | -1.9  | -6.5  | 6.5   |  |  |  |  |  |  |  |  |  |
| 2. Agri & Allied Products  | 27282                         | -7.4  | -12.0 | -1.1  | -6.2  | -9.0  | 2.3    | -27.9 | -28.0 | -5.4  | 15.4  | 21.0  | 25.0  | 42.2  | 48.2  | 18.9  |  |  |  |  |  |  |  |  |  |
| 3. Marine Products   | 6850                          | -10.1 | 7.8   | 9.0   | 7.8   | -0.2  | 1.7    | -25.4 | -44.0 | -18.1 | -9.7  | -20.2 | -23.0 | -5.4  | -8.1  | -16.1 |  |  |  |  |  |  |  |  |  |
| 4. Ores & Minerals   | 4546                          | 28.0  | 9.5   | 12.8  | 15.4  | 21.4  | 3.4    | -6.7  | -4.0  | 42.2  | 35.2  | 6.5   | 10.7  | 14.5  | 38.9  | 35.0  |  |  |  |  |  |  |  |  |  |
| 5. Leather & Leather Manufactures  | 5016                          | -10.5 | -6.3  | -3.0  | -5.9  | -7.6  | -3.5   | -36.6 | -93.2 | -74.7 | -39.4 | -25.8 | -15.5 | -1.1  | -14.8 | -27.4 |  |  |  |  |  |  |  |  |  |
| 6. Gems & Jewellery  | 38438                         | -5.5  | 6.1   | -8.1  | -8.1  | -11.6 | -20.1  | -41.0 | -98.7 | -69.0 | -50.6 | -50.0 | -43.3 | -24.7 | -21.3 | 4.1   |  |  |  |  |  |  |  |  |  |
| 7. Sports Goods  | 297                           | -7.6  | -21.8 | -13.6 | -19.7 | -18.6 | -17.7  | -40.3 | -86.3 | -66.5 | -4.4  | -4.7  | 0.4   | 28.4  | 21.6  | 5.1   |  |  |  |  |  |  |  |  |  |
| 8. Chemicals & Related Products  | 45660                         | -0.1  | 4.9   | 10.4  | 2.8   | 6.4   | 11.8   | -28.4 | -25.8 | -0.2  | 11.4  | 8.5   | 3.9   | 12.4  | 9.6   | 0.2   |  |  |  |  |  |  |  |  |  |
| 9. Plastic & Rubber Articles   | 8780                          | -17.6 | -12.3 | -16.5 | -19.5 | -21.8 | -7.7   | -36.2 | -31.6 | -11.5 | -5.4  | 3.1   | -1.3  | 6.0   | -5.8  | -20.6 |  |  |  |  |  |  |  |  |  |
| 10. Articles of Stone, Plaster, Cement, Asbestos, Mica Or Similar Materials; Ceramic Products; Glass And Glassware | 5280                          | 1.4   | 1.7   | -8.0  | -7.5  | 10.4  | 11.0   | -19.5 | -81.7 | -37.7 | -6.3  | 12.8  | 1.1   | 40.0  | 31.9  | 22.8  |  |  |  |  |  |  |  |  |  |
| 11. Paper & Related Products   | 3549                          | -2.3  | 7.5   | 7.0   | -11.9 | -13.1 | -0.4   | -35.8 | -80.6 | -46.5 | -13.6 | 0.4   | -1.4  | 14.6  | 7.9   | 16.0  |  |  |  |  |  |  |  |  |  |
| 12. Base Metals  | 24820                         | 1.9   | 5.4   | 6.6   | 10.3  | -5.8  | -2.9   | -30.5 | -46.1 | 24.4  | 40.2  | 31.6  | 3.7   | 7.0   | -4.0  | -5.8  |  |  |  |  |  |  |  |  |  |
| 13. Optical, Medical & Surgical Instruments  | 2386                          | -2.1  | 6.2   | 4.5   | 5.1   | 8.5   | 13.8   | -26.5 | -65.3 | -37.8 | -11.4 | -5.5  | -9.9  | 9.2   | 4.1   | -0.7  |  |  |  |  |  |  |  |  |  |
| 14. Electronics Items  | 10853                         | 33.4  | 39.7  | 42.4  | 30.7  | 33.6  | 38.6   | -21.6 | -69.4 | -44.4 | -23.2 | -16.6 | -14.3 | -0.2  | -10.2 | 0.7   |  |  |  |  |  |  |  |  |  |
| 15. Machinery  | 29190                         | -12.1 | -1.6  | 18.0  | 3.1   | 0.3   | 9.8    | -29.0 | -79.4 | -39.7 | -15.4 | 5.1   | -5.0  | 7.6   | 2.2   | -16.0 |  |  |  |  |  |  |  |  |  |
| 16. Office Equipment   | 194                           | 29.8  | 73.7  | 35.1  | -6.8  | -7.8  | 10.0   | -18.5 | -76.7 | -58.3 | -42.4 | 7.3   | -14.8 | -29.2 | -37.4 | -26.6 |  |  |  |  |  |  |  |  |  |
| 17. Transport Equipment  | 25885                         | -8.2  | -0.3  | -3.3  | -17.3 | -9.3  | 16.6   | -60.4 | -65.0 | -40.8 | -38.9 | -12.4 | -22.8 | 1.5   | -11.7 | 0.3   |  |  |  |  |  |  |  |  |  |
| 18. Project Goods  | 15                            | -17.8 | 54.7  | 100.8 | 118.1 | 50.7  | 2155.8 | -75.7 | -99.8 | -91.9 | -39.8 | -57.5 | -73.4 | -89.3 | -80.9 | -91.2 |  |  |  |  |  |  |  |  |  |
| 19. Textiles & Allied Products   | 34964                         | -9.0  | -5.4  | -7.9  | -1.8  | 0.5   | -1.0   | -33.5 | -86.9 | -57.1 | -19.6 | -8.7  | -6.7  | 13.8  | 9.4   | 6.8   |  |  |  |  |  |  |  |  |  |
| 20. Petroleum Crude & Products   | 42052                         | -18.6 | -18.8 | -18.9 | -10.7 | -0.7  | 11.6   | -30.4 | -62.3 | -65.4 | -30.2 | -49.3 | -43.7 | 4.9   | -52.1 | -59.4 |  |  |  |  |  |  |  |  |  |
| 21. Others   | 6536                          | -7.6  | 1.3   | -1.9  | 8.3   | 3.1   | -4.2   | -34.6 | -67.1 | -43.3 | -5.9  | -23.8 | -27.9 | 2.5   | 2.3   | 22.2  |  |  |  |  |  |  |  |  |  |

Source: Based on DGCIS data.

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#### 2.4.1.2 Sector-wise Impact of COVID-19 at HS-2 digit level

To see the sector-wise impact of the Pandemic on Merchandise Exports to the World, we have also examined India's export growth rate of the different items at the HS-2 digit level by taking items with a value of US\$ 1 billion and above exports in 2019.

Major agricultural exports like cereals (HS10), coffee, tea, mate and spices (HS09); meat and edible meat offal (HS02); edible vegetables, etc. (HS07) have recovered in June/July 2020 after the easing of the nationwide lockdown.

Fish, crustaceans, etc. (HS03) registered high negative growth in April 2020 and continued to register negative growth till November 2020.

Exports of mineral fuels, etc. (HS27) continued to register high negative growth even in November 2020, with a marginal temporary recovery in the month of September 2020. Ores, slag, ash, etc. (HS26) had negative export growth only in February 2020. Before and after that, it had high positive growth.

The performance of the major manufactured items is as follows:

Organic chemicals (HS29), a major export item, registered positive growth in June-July 2020 but again slipped to negative growth territory in August 2020.

Pharmaceutical Products (HS30) exports performed well, with robust export growth in all months of 2020 except March 2020 when it registered negative growth.

Miscellaneous chemical products (HS38), which recovered with positive growth in June-July 2020 after high negative growth in April-May 2020, again slipped to high negative growth in August 2020.

Plastics and articles (HS39) which had registered negative growth from September 2019 to June 2020, registered positive growth in July-September 2020 but slipped to negative growth territory in October 2020.

Rubber and Articles (HS40) also registered positive export growth in July 2020 after high negative growth in March-May 2020, but slipped back to negative growth territory in August 2020 before again recovering in the subsequent three months.

Exports of articles of leather, etc. (HS42), which has been registering negative growth for several months already, was severely affected in April-August 2020 with very high negative growth. There was slight positive growth in September 2020, but the exports further declined in the following two months. (Table 2.8)

**Table 2.8: Product Specific Impact of COVID-19 on India's Merchandise Exports to World - Growth Rate**

(in percent)

| HS Code                                      | Description   | Value 2019 (US \$ Million) | Growth Rate (%) |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|--|---|----------------------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  |   |                            | 2019            |       |       |       |       |       | 2020  |       |       |       |       |       |       |       |       |
|  |   |                            | Sep             | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep   | Oct   | Nov   |
| India's Merchandise Exports to World (Total) |   |                            | -6.6            | -1.7  | -1.2  | -2.7  | -2.1  | 3.3   | -34.3 | -61.0 | -35.8 | -12.4 | -9.9  | -12.1 | 6.0   | -4.8  | -8.5  |
| By Major Sectors/Products (at 2 digit level) |   |                            |                 |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| 01   | Live Animals  | 30.4                       | -39.7           | -45.7 | 52.2  | 28.9  | 113.2 | 25.8  | -98.4 | -93.3 | -87.3 | -30.5 | -44.9 | -49.1 | -63.5 | -74.6 | -87.6 |
| 02   | Meat And Edible Meat Offal  | 3449.0                     | -20.2           | 0.4   | 16.7  | -6.1  | 2.9   | -11.1 | -40.2 | -61.2 | -62.2 | -26.9 | 21.4  | 10.9  | 21.0  | 16.5  | 2.4   |
| 03   | Fish And Crustaceans, Molluscs And Other Aquatic Invertebrates  | 6294.7                     | -10.3           | 9.5   | 11.2  | 8.9   | -3.2  | 0.9   | -26.5 | -42.9 | -21.2 | -13.4 | -23.0 | -26.9 | -10.3 | -11.9 | -19.7 |
| 04   | Dairy Produce; Birds' Eggs; Natural Honey; Edible Products Of Animal Origin N.E.S.                        | 446.4                      | -41.1           | -27.1 | -40.5 | -55.1 | -37.8 | -43.0 | -69.4 | -57.2 | -26.2 | -0.8  | 26.3  | -8.0  | 0.3   | 2.3   | -4.2  |
| 05   | Products Of Animal Origin, N.E.S. Of Included   | 101.5                      | -40.4           | -57.7 | -5.3  | -61.5 | -9.4  | -47.8 | -24.3 | -69.7 | 16.8  | -74.6 | 18.8  | 45.1  | 31.4  | 78.2  | -4.0  |
| 06   | Live Trees & Other Plants; Bulbs; Roots & The Like; Cut Flowers & Ornamental Foliage                      | 79.4                       | -11.4           | -0.1  | -10.2 | -11.5 | -11.0 | 2.6   | -32.5 | -70.9 | -55.5 | 1.4   | -7.0  | 15.8  | 13.4  | 16.7  | 35.9  |
| 07   | Edible Vegetables And Certain Roots And Tubers  | 1139.9                     | 3.8             | -36.8 | -34.4 | -33.1 | -31.8 | -18.7 | -0.9  | 34.0  | 26.1  | 13.3  | 22.1  | 21.4  | -15.6 | 7.7   | 14.3  |
| 08   | Edible Fruit & Nuts; Peel Of Citrus Fruit Or Melons   | 1509.1                     | -10.6           | -4.4  | -23.6 | -11.7 | -4.9  | 6.1   | -13.6 | -41.2 | -21.7 | -19.4 | -8.3  | -26.1 | -19.4 | -4.7  | -9.3  |
| 09   | Coffee, Tea, Mate & Spices  | 3320.6                     | 10.6            | -7.5  | -12.9 | 5.2   | 8.2   | 9.2   | -17.5 | -33.5 | -1.0  | 26.7  | 10.3  | 6.1   | 31.9  | 39.4  | 38.4  |
| 10   | Cereals   | 7121.4                     | -17.8           | -31.1 | 4.3   | -5.6  | -18.0 | -5.3  | -28.8 | -6.8  | 6.0   | 32.2  | 54.0  | 72.0  | 109.0 | 138.8 | 40.5  |
| 11   | Products Of The Milling Industry; Malt; Starches; Insulin; Wheat Gluten                                   | 335.9                      | -6.3            | -14.9 | -15.7 | 2.9   | -8.1  | 21.5  | -17.2 | -38.8 | -7.4  | 8.9   | 18.6  | 16.5  | 40.4  | 48.3  | 47.3  |
| 12   | Oil Seeds Oleaginous Fruits; Misc. Grains, Seeds & Fruits; Industrial Or Medicinal Plants; Straw & Fodder | 1707.1                     | -22.1           | -12.9 | 45.0  | 79.1  | 27.9  | 40.3  | -11.4 | -59.3 | -19.8 | 44.5  | 41.9  | 25.0  | 43.4  | 50.0  | -6.2  |
| 13   | Lac; Gums, Resins & Other Vegetables Saps & Extracts  | 907.7                      | -24.3           | -5.7  | -2.1  | -17.2 | -18.9 | -29.4 | -40.7 | -42.8 | -24.9 | -2.1  | -2.9  | -13.9 | -19.2 | -16.7 | -22.0 |
| 14   | Vegetable Plaiting Materials; Vegetable Products Not Elsewhere Specified Or Included                      | 50.4                       | -3.3            | -16.8 | -26.8 | -17.2 | -8.8  | -22.5 | -29.1 | -70.7 | -19.7 | -1.2  | -18.8 | -33.0 | -5.1  | 6.8   | 7.4   |
| 15   | Animal Or Vegetable Fats & Oils & Their Cleavage Products; Animal Vegetable Waxes                         | 1176.2                     | -4.1            | -0.2  | 6.5   | -2.1  | 7.8   | -3.6  | -14.6 | -35.9 | 11.9  | -9.1  | 9.1   | -12.7 | 28.4  | 73.3  | 94.9  |

| HS Code | Description   | Value 2019 (US \$ Million) | Growth Rate (%) |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|---------|---|----------------------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|         |   |                            | 2019            |       |       |       |       |       | 2020  |       |       |       |       |       |       |       |       |
|         |   |                            | Sep             | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep   | Oct   | Nov   |
| 16      | Preparations Of Meat Of Fish Or Of Crustaceans, Molluscs Of Other Aquatic Invertebrates                           | 467.7                      | 8.2             | 21.1  | 28.5  | 17.6  | 36.8  | 15.8  | -9.3  | -45.4 | 31.9  | 89.2  | 30.2  | 32.3  | 71.5  | 40.8  | 17.4  |
| 17      | Sugars And Sugar Confectionery  | 1971.4                     | 32.5            | 18.0  | 17.5  | 1.2   | 39.8  | 82.9  | -3.7  | 23.9  | 42.7  | 57.5  | 63.5  | 76.3  | 135.3 | 77.0  | 2.4   |
| 18      | Cocoa And Cocoa Preparations  | 189.6                      | -12.4           | -15.6 | 13.7  | -21.2 | -17.4 | -8.1  | -36.2 | -60.5 | -65.3 | -8.3  | -25.7 | -1.3  | -27.9 | -30.9 | -42.0 |
| 19      | Preparations Of Cereals, Flour, Starch Or Miliik; Pastry Cook' Products   | 543.9                      | -6.0            | 4.6   | 4.8   | 0.7   | -4.2  | 0.1   | -25.4 | -49.6 | -25.6 | 6.3   | 14.2  | 15.9  | 42.2  | 31.6  | 18.4  |
| 20      | Preparations Of Vegetables, Fruits, Nuts Or Other Parts Of Plants   | 608.7                      | -3.0            | 5.2   | 9.0   | 9.0   | 14.9  | 22.9  | -8.1  | -39.9 | 14.1  | 25.1  | 23.6  | 17.3  | 31.4  | 13.9  | 0.2   |
| 21      | Miscellaneous Edible Preparations   | 829.2                      | 0.2             | 17.2  | 19.2  | 11.8  | 11.5  | 21.5  | -20.3 | -50.7 | -12.0 | 12.3  | 9.2   | 7.2   | 16.3  | 22.7  | 6.0   |
| 22      | Beverages, Spirits And Vinegar  | 276.4                      | -26.7           | -29.0 | 3.6   | -14.8 | -21.1 | -2.4  | -46.7 | -55.6 | -5.7  | 44.8  | 62.4  | 99.1  | 108.7 | 64.7  | 25.2  |
| 23      | Residues And Waste From The Food Industries; Prepared Animal Fodder   | 1471.8                     | -16.2           | -31.7 | -52.3 | -54.4 | -55.6 | -35.6 | -65.0 | -51.3 | -27.6 | 4.8   | 17.9  | 31.0  | 38.7  | 65.7  | 63.9  |
| 24      | Tobacco And Manufactured Tobacco Substitutes  | 965.2                      | -0.3            | 2.9   | -11.1 | -2.3  | -23.6 | -27.0 | -22.0 | -68.2 | -13.8 | 3.5   | -19.5 | 10.7  | 11.2  | 4.4   | 8.7   |
| 25      | Salt; Sulphur; Earths And Stone; Plastering Materials; Lime And Cement  | 2013.8                     | -8.7            | -10.6 | -3.8  | -10.0 | 3.3   | 5.9   | -19.0 | -62.2 | -36.6 | 3.7   | 6.6   | -4.6  | 9.2   | 4.6   | -15.4 |
| 26      | Ores, Slag And Ash  | 3034.1                     | 62.2            | 43.0  | 21.9  | 37.8  | 58.7  | -0.5  | 8.6   | 7.5   | 90.0  | 57.3  | 18.4  | 19.0  | 26.8  | 55.5  | 65.7  |
| 27      | Mineral Fuels, Mineral Oils & Products; Bituminous Substances; Mineral Waxes                                      | 43526.6                    | -19.2           | -18.9 | -19.2 | -9.2  | -0.6  | 10.9  | -31.6 | -65.6 | -64.8 | -28.4 | -52.9 | -40.4 | 3.4   | -52.2 | -58.8 |
| 28      | Inorganic Chemicals, Compounds Of Precious Metals, Or Rare-Earth Metals, Of Radio-Active Elements Or Of Isotopes. | 1820.5                     | -11.3           | -17.1 | 9.6   | -12.7 | -11.6 | 15.2  | -28.6 | -35.1 | -19.2 | -22.5 | -4.5  | -18.6 | -5.6  | 5.7   | -2.8  |
| 29      | Organic Chemicals   | 18011.3                    | -9.6            | -4.3  | -2.4  | -10.0 | -1.1  | 13.4  | -35.7 | -33.7 | -0.7  | 28.1  | 0.8   | -0.6  | 2.0   | -3.8  | -5.0  |
| 30      | Pharmaceutical Products   | 16244.8                    | 9.0             | 13.5  | 23.9  | 16.5  | 16.1  | 10.0  | -18.4 | 3.9   | 22.6  | 8.8   | 21.1  | 18.2  | 27.4  | 23.1  | 10.0  |
| 31      | Fertilizers   | 126.6                      | -40.4           | 36.6  | 64.6  | -20.5 | -26.8 | -26.5 | -9.4  | -8.7  | -15.0 | 116.3 | 165.2 | -73.1 | -23.5 | 31.8  | 8.8   |
| 32      | Dyeing, Tanning Colouring Matter  | 3504.6                     | -1.5            | 10.4  | 13.8  | 5.9   | 4.4   | 8.5   | -28.3 | -65.6 | -28.8 | -28.0 | -14.3 | -20.8 | -1.3  | -10.7 | -8.2  |
| 33      | Essential Oils Resinoids; Cosmetic And Other Similar Preparations   | 2363.9                     | 35.4            | 14.0  | 16.5  | 13.1  | -17.3 | -5.3  | -49.8 | -59.1 | -21.9 | -17.1 | -15.7 | -18.7 | -15.6 | -4.7  | -25.6 |
| 34      | Soap & Other Similar Preparations; Polishes & Creams ; Candles And The Like, Dental Waxes & Preparations          | 640.7                      | -0.9            | 1.8   | 5.8   | 1.6   | -2.6  | 9.2   | -23.5 | -49.5 | -16.1 | 5.2   | 18.8  | 8.2   | 30.1  | 29.3  | 23.4  |
| 35      | Albuminoidal Substances; Modified Starches; Glues; Enzymes  | 233.2                      | -15.0           | -16.3 | -8.5  | -22.1 | -7.7  | -12.0 | -26.9 | -34.8 | -3.5  | -8.7  | 18.2  | 4.8   | 16.8  | 9.9   | -3.9  |

| HS Code | Description   | Value 2019 (US \$ Million) | Growth Rate (%) |       |       |       |       |       |       |        |       |       |       |       |       |       |       |
|---------|---|----------------------------|-----------------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|
|         |   |                            | 2019            |       |       |       |       |       | 2020  |        |       |       |       |       |       |       |       |
|         |   |                            | Sep             | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr    | May   | Jun   | July  | Aug   | Sep   | Oct   | Nov   |
| 36      | Explosives; Matches; Certain Combustibles Preparations  | 118.5                      | -23.7           | 23.0  | 103.9 | -57.8 | 165.7 | -3.7  | -59.9 | -48.1  | -33.4 | 20.2  | -30.7 | -23.9 | 107.5 | -29.9 | 11.5  |
| 37      | Photographic Or Cinematographic Goods   | 11.2                       | -25.3           | -28.8 | -15.6 | -13.5 | 73.9  | -6.2  | -45.6 | -80.4  | -63.4 | -9.3  | -5.5  | -7.8  | 21.8  | 19.4  | 6.7   |
| 38      | Miscellaneous Chemical Products   | 5132.9                     | 9.1             | 11.9  | 12.7  | 9.7   | 3.1   | 12.9  | -32.7 | -42.8  | -27.3 | 9.9   | 0.6   | -6.7  | 6.9   | 24.9  | -5.4  |
| 39      | Plastics And Articles Thereof   | 7356.1                     | -19.5           | -12.4 | -17.4 | -20.8 | -22.6 | -4.1  | -37.4 | -17.8  | -3.7  | -3.4  | 4.4   | 1.1   | 5.9   | -8.5  | -24.7 |
| 40      | Rubber And Articles Thereof   | 3228.3                     | -2.1            | 3.6   | 8.9   | 3.2   | 3.2   | 8.6   | -30.7 | -73.8  | -31.4 | -5.2  | 2.2   | -1.4  | 15.3  | 7.6   | 5.3   |
| 41      | Raw Hides And Skins (Other Than Furskins) And Leather   | 555.0                      | -36.1           | -26.8 | -24.6 | -24.5 | -22.7 | 5.1   | -39.2 | -92.0  | -65.7 | -26.7 | -28.7 | -20.8 | -15.9 | -23.5 | -29.2 |
| 42      | Articles Of Leather , Saddlery Harness And Animal Guts  | 2512.4                     | -7.0            | -8.5  | -6.9  | -6.1  | -8.3  | -2.4  | -34.6 | -94.8  | -77.0 | -39.8 | -25.5 | -14.9 | 2.6   | -0.6  | -17.5 |
| 43      | Furskins And Artificial Fur, Manufactures Thereof   | 13.0                       | 37.1            | 21.8  | 34.8  | -11.8 | 51.0  | 34.6  | -56.3 | -91.9  | -75.1 | -52.6 | 27.6  | 12.5  | 4.6   | 12.1  | 7.4   |
| 44      | Wood & Articles Of Woods ; Wood Charcoal  | 480.0                      | 3.4             | 11.6  | 5.8   | -26.3 | 0.4   | 8.7   | -58.2 | -89.2  | -54.9 | -19.3 | 12.4  | 18.8  | 30.5  | 30.7  | 28.8  |
| 45      | Cork & Articles Of Cork   | 3.2                        | 29.4            | -9.1  | -33.1 | -45.3 | 137.2 | -35.1 | -45.8 | -58.6  | -11.9 | -14.7 | 61.3  | 1.7   | -9.9  | 20.9  | 94.7  |
| 46      | Manufactures Of Plaiting Materials ; Basketware & Wickerwork                                      | 47.8                       | -7.7            | 8.2   | 26.5  | 23.5  | 17.1  | 28.5  | -5.2  | -78.3  | -27.8 | 19.1  | -7.8  | -0.2  | 10.1  | 16.9  | 21.3  |
| 47      | Pulp Of Wood Or Of Other Materials; Waste And Scrap Of Paper Or Paperboard                        | 8.3                        | -53.9           | 18.1  | 898.8 | 500.3 | 188.6 | 211.9 | 47.5  | 2398.3 | 273.1 | 16.9  | -26.1 | -14.5 | 567.0 | 3.5   | -62.5 |
| 48      | Paper And Paperboard; Articles Of Paper Pulp, Of Paper And Paperboard                             | 2065.1                     | -8.6            | 10.6  | 12.1  | 4.6   | -23.5 | -4.6  | -29.7 | -74.2  | -33.6 | -10.2 | -4.4  | -8.7  | 12.5  | -0.4  | 1.2   |
| 49      | Printed Books & Other Products Of Printing Industry   | 367.6                      | 15.7            | -19.1 | -13.7 | -61.4 | -13.6 | -20.5 | -44.3 | -92.5  | -75.9 | -31.6 | -15.7 | -13.9 | -20.6 | -9.3  | -10.3 |
| 50      | Silk  | 84.2                       | -12.4           | -8.3  | 21.9  | 38.2  | 24.7  | 7.5   | -33.1 | -88.9  | -42.4 | 23.3  | 18.5  | 22.2  | 6.3   | 64.2  | 3.6   |
| 51      | Wool, Fine Or Coarse Animal Hair  | 181.6                      | -9.6            | -23.3 | -17.7 | -25.9 | -18.1 | -23.7 | -58.7 | -86.4  | -73.1 | -45.5 | -31.0 | -34.0 | -53.8 | -36.0 | -29.0 |
| 52      | Cotton  | 6000.4                     | -25.5           | -22.2 | -24.6 | -18.1 | 8.3   | -2.6  | -40.0 | -84.1  | -43.4 | 26.4  | 35.9  | 18.1  | 31.9  | 24.9  | 23.2  |
| 53      | Other Vegetable Textile Fibres; Paper Yarn And Fabrics  | 450.2                      | -18.1           | 8.4   | -6.5  | -13.8 | -0.4  | 13.6  | -17.8 | -60.9  | -5.2  | 11.8  | 14.2  | 8.4   | 27.5  | 37.9  | 41.8  |
| 54      | Man-Made Filaments  | 2341.9                     | -1.7            | 6.5   | 9.3   | 22.7  | 21.1  | 23.3  | -15.6 | -89.7  | -70.2 | -46.3 | -40.2 | -37.2 | -22.9 | -23.2 | -25.5 |
| 55      | Man-Made Staple Fibres  | 1751.5                     | -17.7           | -2.7  | -3.1  | -7.3  | -12.7 | 0.9   | -34.7 | -78.0  | -61.2 | -28.8 | -14.8 | -21.3 | -10.2 | -24.4 | -17.4 |
| 56      | Wadding, Felt And Nonwovens; Special Yarns; Twine, Cordage, Ropes And Cables And Articles Thereof | 422.4                      | -15.8           | -9.2  | 0.2   | 2.0   | -0.9  | -4.1  | -21.1 | -72.5  | -28.2 | 7.3   | 5.9   | 18.8  | 61.5  | 32.0  | 48.1  |

| HS Code | Description  | Value 2019 (US \$ Million) | Growth Rate (%) |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|---------|--|----------------------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|         |  |                            | 2019            |       |       |       |       |       | 2020  |       |       |       |       |       |       |       |       |
|         |  |                            | Sep             | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep   | Oct   | Nov   |
| 57      | Carpets And Other Textile Floor Coverings  | 1713.9                     | -9.6            | -14.1 | -6.7  | -5.0  | -4.1  | 4.0   | -31.2 | -91.4 | -45.6 | -5.4  | 5.7   | 16.9  | 44.7  | 38.9  | 21.2  |
| 58      | Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery             | 413.9                      | 18.9            | 21.4  | 22.9  | 15.4  | 20.7  | 45.2  | -32.9 | -93.1 | -70.8 | -36.7 | -5.2  | -27.1 | -15.1 | -11.1 | -0.8  |
| 59      | Impregnated, Coated & Laminated Textile Fabrics; Textile Articles For Industrial Use               | 277.3                      | 9.1             | 26.6  | 39.6  | 26.9  | 39.7  | 34.9  | -8.8  | -77.7 | 1.0   | 15.4  | 28.1  | 37.7  | 59.9  | 39.7  | 17.7  |
| 60      | Knitted Or Crocheted Fabrics   | 443.0                      | -3.5            | 1.4   | 1.6   | -5.5  | -6.4  | -2.1  | -38.0 | -78.8 | -1.6  | 25.0  | 24.5  | 0.9   | 15.9  | 11.0  | 10.7  |
| 61      | Articles Of Apparel And Clothing Accessories, Knitted Or Crocheted                                 | 7881.6                     | -1.7            | -4.3  | -10.2 | 2.6   | -9.2  | -5.0  | -35.9 | -90.6 | -65.5 | -35.3 | -19.5 | -9.4  | 10.0  | 9.7   | 8.0   |
| 62      | Articles Of Apparel And Clothing Accessories, Not Knitted Or Crocheted                             | 8369.0                     | -2.7            | 0.7   | -2.3  | 2.1   | -1.2  | -4.0  | -33.9 | -91.3 | -66.8 | -34.3 | -24.7 | -19.2 | 10.8  | 2.5   | -10.2 |
| 63      | Other Made Up Textile Articles; Sets; Worn Textile Articles; Rags                                  | 5162.9                     | -8.9            | 0.3   | -1.4  | 3.5   | -0.5  | -4.8  | -28.1 | -81.0 | -48.2 | -13.1 | -1.6  | -2.6  | 22.6  | 18.7  | 25.1  |
| 64      | Footwear, Gaiters And The Like; Parts Of Such Articles   | 2809.0                     | -4.6            | -6.0  | -9.1  | -8.7  | -12.4 | -18.9 | -38.1 | -92.8 | -73.5 | -40.8 | -23.6 | -14.8 | 0.7   | -21.4 | -27.5 |
| 65      | Headgear And Parts Thereof   | 57.6                       | 34.1            | 44.3  | 20.5  | 15.7  | 37.0  | 35.6  | -9.5  | -93.9 | -65.7 | -4.6  | -4.3  | -24.9 | 6.3   | 22.5  | 22.5  |
| 66      | Umbrellas, Walking & Seat Sticks; Whips, Riding Crops And Parts Thereof                            | 3.4                        | 10.4            | -33.0 | -39.2 | -12.3 | -78.8 | 191.1 | -27.9 | -86.0 | -85.4 | -41.1 | -40.9 | 47.5  | 56.0  | 41.9  | 6.7   |
| 67      | Prepared Feathers & Down With Articles, Artificial Flowers; Articles Of Human Hair                 | 273.8                      | 48.7            | 29.4  | 25.6  | 23.5  | -16.2 | -43.8 | -9.9  | -77.7 | -15.9 | -10.3 | 20.7  | 67.7  | 63.1  | 66.8  | 23.1  |
| 68      | Articles Of Stone, Plaster, Cement, Asbestos, Mica Or Similar Materials                            | 1701.2                     | 0.4             | 5.1   | -5.4  | -7.3  | 5.9   | 7.4   | -23.9 | -90.3 | -39.2 | -8.4  | 8.1   | 2.1   | 44.7  | 34.9  | 37.3  |
| 69      | Ceramic Products   | 1821.2                     | 21.7            | 2.0   | -9.0  | 21.6  | 26.9  | 40.5  | 2.8   | -78.1 | -29.3 | -7.0  | 15.5  | -2.1  | 47.9  | 53.3  | 31.7  |
| 70      | Glass & Glassware  | 910.2                      | -4.0            | -8.1  | -9.1  | -39.4 | -18.2 | -24.6 | -42.4 | -74.7 | -40.8 | -14.4 | 1.8   | -6.9  | 15.2  | 5.5   | 0.8   |
| 71      | Pearls, Precious Or Semi-Precious Stones/Metals And Articles Thereof; Imitation Jewellery And Coin | 38626.6                    | -5.6            | 6.0   | -8.2  | -8.1  | -11.5 | -20.0 | -41.0 | -98.7 | -69.1 | -50.5 | -49.8 | -43.1 | -24.5 | -21.2 | 4.1   |
| 72      | Iron & Steel   | 9762.7                     | 10.6            | 19.6  | 17.0  | 22.4  | -11.4 | -14.2 | -30.7 | -35.3 | 70.5  | 102.2 | 73.9  | 12.7  | 1.5   | -17.1 | -12.5 |
| 73      | Articles Of Iron & Steel   | 7251.6                     | -7.4            | 4.0   | 7.4   | -2.1  | 3.8   | 3.7   | -36.2 | -81.8 | -30.9 | -18.7 | -10.0 | -12.9 | 17.3  | 6.8   | -4.0  |
| 74      | Copper & Articles Thereof  | 897.6                      | -8.5            | 6.9   | -52.2 | 25.5  | 12.8  | 27.0  | -55.7 | -57.1 | 108.9 | 170.6 | 84.7  | 55.7  | 14.2  | -17.6 | 52.9  |
| 75      | Nickel & Articles Thereof  | 94.2                       | 15.9            | 9.3   | 26.6  | 28.5  | 21.2  | -27.3 | -27.2 | -71.7 | -91.6 | 15.4  | 1.2   | -8.2  | -28.4 | -53.4 | 0.6   |
| 76      | Aluminium & Articles Thereof   | 5225.0                     | -2.0            | -17.7 | 0.4   | 10.7  | -8.7  | 3.7   | -22.3 | -4.2  | 16.6  | 8.9   | 11.1  | 6.8   | 2.9   | 15.4  | -3.9  |
| 78      | Lead & Articles Thereof  | 397.2                      | 18.2            | 3.8   | 59.5  | -5.8  | -32.6 | -5.6  | -29.8 | -71.6 | 63.0  | 133.3 | 13.1  | -43.1 | 17.7  | -34.7 | -53.5 |



| HS Code | Description   | Value 2019 (US \$ Million) | Growth Rate (%) |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|---------|---|----------------------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|         |   |                            | 2019            |       |       |       |       |       | 2020  |       |       |       |       |       |       |       |       |
|         |   |                            | Sep             | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | July  | Aug   | Sep   | Oct   | Nov   |
| 79      | Zinc & Articles Thereof   | 555.9                      | 12.7            | 36.4  | -0.7  | -6.1  | -24.2 | 22.6  | 53.4  | -71.1 | 91.9  | 84.9  | 40.4  | 65.4  | 7.5   | -10.9 | 26.1  |
| 80      | Tin & Articles Thereof  | 11.0                       | 49.5            | 20.7  | -4.7  | -59.8 | 128.6 | -38.9 | -59.9 | -73.9 | -62.6 | -37.3 | 76.6  | -54.4 | 95.3  | -8.0  | -49.5 |
| 81      | Other Base Metals; Cements; Articles Thereof  | 49.4                       | 15.0            | -10.4 | -10.1 | 77.5  | 21.0  | -20.8 | 24.2  | -77.0 | 8.5   | -25.3 | 62.8  | -44.8 | -38.5 | 35.9  | -10.5 |
| 82      | Tools And Their Parts Of Base Metal   | 890.8                      | -10.6           | -13.8 | 1.7   | -6.8  | 8.5   | 2.2   | -31.7 | -88.7 | -51.3 | -19.8 | 4.2   | -8.8  | 13.9  | 8.9   | 4.6   |
| 83      | Miscellaneous Articles Of Base Metal  | 666.2                      | 4.1             | 6.8   | 10.4  | 2.1   | 5.7   | 5.4   | -29.5 | -87.2 | -48.9 | -16.3 | -1.4  | -1.9  | 20.0  | 17.9  | 13.5  |
| 84      | Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof                             | 21382.9                    | -11.8           | 1.9   | 27.5  | 4.2   | -2.5  | 10.7  | -32.0 | -79.3 | -38.1 | -14.4 | 4.3   | -10.1 | 4.2   | -1.4  | -21.2 |
| 85      | Electrical Machinery & Equipment & Parts Thereof; Sound & Tv Recorders & Reproducers & Parts Thereof      | 14887.7                    | 14.5            | 24.5  | 29.1  | 15.4  | 25.0  | 25.5  | -20.9 | -74.3 | -45.0 | -20.7 | -10.0 | -10.1 | 3.4   | -7.3  | -1.0  |
| 86      | Railway/Tramway Locomotives, Trucks Etc., Equipment And Parts Thereof                                     | 355.0                      | 5.8             | -59.8 | -84.5 | -64.7 | -64.0 | -81.9 | -89.8 | -94.5 | -87.4 | -85.3 | -64.7 | -66.0 | -35.5 | -58.4 | 24.3  |
| 87      | Road Vehicles And Parts   | 17412.2                    | -8.4            | -1.7  | -1.4  | -7.2  | -14.1 | 3.1   | -32.7 | -92.4 | -68.9 | -33.8 | -26.9 | -27.1 | -8.2  | -5.2  | -8.2  |
| 88      | Aircraft, Spacecraft And Parts Thereof  | 1477.6                     | 0.2             | 9.6   | 10.7  | 13.7  | -1.4  | 49.0  | -55.7 | -75.1 | -67.0 | -31.2 | -7.8  | -28.1 | 52.0  | -17.8 | 0.6   |
| 89      | Ship, Boat & Floating Structure   | 5843.3                     | -39.7           | 0.0   | -44.7 | -66.5 | 11.7  | 56.7  | -87.0 | -18.4 | -4.8  | -55.3 | 179.7 | 76.8  | 78.1  | -61.0 | 167.0 |
| 90      | Optical, Measuring, Medical & Similar Instruments & Parts Thereof   | 3393.4                     | 2.1             | 5.2   | -1.1  | 8.5   | 10.1  | 21.4  | -30.8 | -57.6 | -35.2 | -17.2 | 4.3   | -3.0  | 7.7   | 6.1   | 0.7   |
| 91      | Clocks And Watches And Their Parts  | 96.8                       | -15.1           | -16.6 | -1.2  | 7.4   | -24.5 | -11.9 | -45.6 | -98.6 | -80.8 | -61.6 | 11.7  | -1.7  | 15.8  | -3.6  | 1.1   |
| 92      | Musical Instruments; Parts And Accessories  | 26.3                       | 142.3           | -53.1 | 87.1  | 347.6 | 16.5  | 41.7  | 21.8  | -97.6 | -61.9 | -6.8  | -18.0 | -4.4  | -27.4 | 11.3  | 58.4  |
| 93      | Arms And Ammunition; Parts And Accessories Thereof  | 118.7                      | -27.9           | -34.5 | 18.2  | 164.9 | 26.8  | -41.7 | 180.6 | -60.9 | 29.2  | 6.7   | 223.6 | 302.8 | 121.7 | 251.3 | 225.2 |
| 94      | Furniture, Bedding And Allied Articles; Lighting, Fittings, Illuminated Articles; Prefabricated Buildings | 1842.4                     | 8.8             | 16.9  | 5.7   | 15.1  | 13.7  | 22.8  | -22.6 | -93.6 | -60.5 | -23.6 | 4.4   | 10.4  | 31.4  | 23.7  | 45.6  |
| 95      | Toys, Games & Sports Requisites; Parts And Accessories Thereof  | 423.8                      | 3.2             | -3.5  | -4.3  | -13.0 | -13.2 | -9.8  | -37.9 | -85.8 | -58.7 | -7.2  | -0.9  | 2.1   | 20.7  | 17.2  | 8.4   |
| 96      | Miscellaneous Manufactured Articles   | 625.8                      | -2.7            | -0.5  | -3.7  | -1.0  | -2.2  | 10.8  | -29.6 | -69.8 | -41.2 | -17.4 | -6.7  | -11.3 | -4.7  | -7.5  | -17.2 |
| 97      | Works Of Art, Collectors' Pieces And Antiques   | 130.9                      | 8.4             | 187.6 | 139.8 | -40.7 | -34.4 | 35.7  | -55.1 | -97.5 | -98.2 | -81.0 | -43.0 | -70.9 | -47.0 | -33.4 | -40.6 |
| 98      | Projects Goods; Some Special Uses   | 40.0                       | 17.0            | -49.3 | 37.8  | 28.1  | -63.7 | 399.9 | -68.5 | -74.5 | -87.6 | -83.5 | -60.7 | -84.4 | -83.9 | -72.5 | -85.8 |
| 99      | Miscellaneous   | 211.0                      | -32.2           | 551.3 | 257.5 | -57.4 | 26.2  | -70.4 | -35.7 | -78.9 | -73.6 | -45.7 | 64.5  | -60.6 | -43.5 | -78.7 | -47.1 |

Source: Based on DGCIS data

Among the textiles exports, major items like Articles of apparel and clothing, accessories not knitted or crocheted (HS62) and Articles of apparel and clothing, accessories knitted or crocheted (HS61) registered very high negative export growth in April-May 2020 with negative growth continuing even in August 2020. Cotton (HS52) exports which had negative growth from September to March 2020 and high negative growth in April-May 2020 had a low positive growth in June-May 2020 and July-August 2020.

Pearls, Precious and Semi-precious stones, etc. (HS71), a major export item that has been experiencing negative growth for many months, registered very high negative growth in April-August 2020.

In the case of Engineering goods sector exports, Iron and Steel (HS72) exports registered negative growth in April 2020 but have registered robust positive growth after that till September 2020. Articles of Iron and Steel (HS73) registered high negative growth in April-May 2020 after which the situation is improving and there was even positive growth in September-October 2020. Aluminum and articles (HS76) exports registered positive growth in May-October 2020 after a low negative growth in April 2020. Nuclear reactors, boilers, machinery, etc. (HS84) a major export item registered high negative growth in April-May 2020, but recovered after that with even a low positive growth in July 2020 but has exhibited intermittent periods of growth and decline since then. Exports of Electrical machinery and equipment, etc. (HS85) registered a consistent decline from April-August 2020, before witnessing good positive export growth in September 2020 and once again registering a negative trajectory thereafter. Road vehicles and parts (HS87) which continuously registered negative export growth for many months, became highly negative in April-May 2020 and continued to register relatively high negative growth even till November 2020. Exports of Ship, Boat and Floating Structure (HS89) registered negative growth from April to June 2020 followed by high positive growths in July-September 2020 and November 2020. Exports of optical, measuring, medical and similar instruments (HS90) registered high negative growth in April-June 2020 but registered positive growth in July 2020 and then again slipped to negative territory in August 2020, but has registered positive growth thereafter during September-November 2020.

**Thus, while the pandemic has affected the different merchandise exports, green shoots can be seen in many sectors.**

#### **2.4.2 Sector-Specific Impact on Services**

**The quarterly data for services exports by major service sectors show the following:**

**The major sector - Telecommunications, Computer and Information Services** with a 44% share in exports in 2019 registered a marginal negative growth of -0.9% in Q2 2020, while both in Q1 and Q3 2020, it registered positive growth of 7.7%.

**Similarly, the second major services exports, Other Business Services** with 20.7% share in India's services exports in 2019 also registered a low negative growth of -1.7% in Q2 2020, but recovered with 6.9% growth in Q3 2020.

**The next major sector, Travel** with a 14.3% share, however, registered a negative growth of -9.5% in Q1 2020 and high negative growths of -73.4% in Q2 2020 and -73.6% in Q3 2020.

**Transport**, with a 9.8% share also registered negative growths in Q1 and Q2 2020, though it was less negative at -2.7% and -8.9% respectively and returned to positive export growth territory in Q3 2020.

**The remaining services** have a very low weightage in India's services exports. Among them, construction with 1.4% share in 2019, registered negative growths of -12.6% in Q2 and -13.0% in Q3 2020 respectively, while Financial services with 2.2% share registered negative growth even in Q3 and Q4 of 2019, and continued to register negative growth in Q1, Q2 and Q3 of 2020 with the last two quarters having high negative growth. (Table 2.9)

**Table 2.9: Sector-Specific Impact of COVID-19 on India's Services Exports (to World)**

| Different Services   | Value 2019<br>(US\$<br>Million) | Share<br>2019<br>(%) | Growth Rate (%) |             |             |              |              |              |              |
|--|---------------------------------|----------------------|-----------------|-------------|-------------|--------------|--------------|--------------|--------------|
|  |                                 |                      | 2019            |             |             |              | 2020         |              |              |
|  |                                 |                      | Q1              | Q2          | Q3          | Q4           | Q1           | Q2           | Q3           |
| <b>India's Total Services Exports to World (Total)</b>           | <b>214761.6</b>                 | <b>100.0</b>         | <b>5.9</b>      | <b>8.3</b>  | <b>5.4</b>  | <b>0.2</b>   | <b>-2.9</b>  | <b>-10.3</b> | <b>-5.4</b>  |
| <b>Manufacturing services on physical inputs owned by others</b> | <b>245.2</b>                    | <b>0.1</b>           | <b>41.3</b>     | <b>32.9</b> | <b>-0.2</b> | <b>-23.3</b> | <b>-16.1</b> | <b>137.0</b> | <b>17.1</b>  |
| Maintenance and repair services n.i.e.                           | 194.4                           | 0.1                  | -31.3           | 11.7        | 1.4         | 0.5          | -1.2         | -29.2        | -19.9        |
| <b>Transport</b>   | <b>21125.4</b>                  | <b>9.8</b>           | <b>9.9</b>      | <b>9.9</b>  | <b>11.6</b> | <b>13.3</b>  | <b>-2.7</b>  | <b>-8.9</b>  | <b>4.4</b>   |
| <b>Travel</b>  | <b>30720.5</b>                  | <b>14.3</b>          | <b>-1.7</b>     | <b>7.8</b>  | <b>8.6</b>  | <b>15.9</b>  | <b>-9.5</b>  | <b>-73.4</b> | <b>-73.6</b> |
| Construction   | 2912.1                          | 1.4                  | 39.5            | -25.3       | -11.6       | -15.2        | 24.7         | -12.6        | -13.0        |
| Insurance and pension services                                   | 2527.0                          | 1.2                  | 12.8            | -3.0        | -6.8        | -10.5        | -13.4        | -3.9         | -2.1         |
| Financial services   | 4821.3                          | 2.2                  | -34.1           | 15.8        | -5.5        | -10.6        | -7.9         | -21.6        | -19.1        |
| Charges for the use of intellectual property n.i.e.              | 871.6                           | 0.4                  | -43.6           | 40.0        | 53.2        | 1.0          | 52.2         | 24.9         | 26.1         |
| <b>Telecommunications, computer, and information services</b>    | <b>94405.2</b>                  | <b>44.0</b>          | <b>8.2</b>      | <b>13.8</b> | <b>11.8</b> | <b>12.3</b>  | <b>7.7</b>   | <b>-0.9</b>  | <b>7.7</b>   |
| <b>Other business services</b>                                   | <b>44531.6</b>                  | <b>20.7</b>          | <b>3.6</b>      | <b>21.6</b> | <b>15.6</b> | <b>19.1</b>  | <b>11.5</b>  | <b>-1.7</b>  | <b>6.9</b>   |
| Personal, cultural, and recreational services                    | 2069.4                          | 1.0                  | -6.0            | 7.3         | 23.4        | 16.5         | 30.5         | -6.1         | -3.8         |
| Government goods and services n.i.e.                             | 633.6                           | 0.3                  | -12.8           | -11.0       | 21.1        | 8.7          | 16.4         | -2.2         | -14.7        |
| Others n.i.e.  | 9704.6                          | 4.5                  | 22.5            | -63.1       | -61.6       | -84.2        | -64.4        | 81.9         | 15.8         |

Source: Based on RBI BoP data

**Thus, India's services exports have been relatively less affected by the pandemic than merchandise exports as the major exports are Computer and IT services, though there are sectoral differences.**

## Annexure 2.1 - India's Bilateral Services Trade

| Reporting Country/Indicators                            | Commercial services exports by Reporting Country to India and World By Sector – annual ( US\$ Million) |      |      |       |          |       |        |      | Commercial services imports by Reporting Country from India and World – annual (US\$ Million) |      |        |        |            |        |      |      |
|---|--|------|------|-------|----------|-------|--------|------|---|------|--------|--------|------------|--------|------|------|
|   | to India   |      |      |       | to World |       |        |      | from India  |      |        |        | from World |        |      |      |
|   | 2016   | 2017 | 2018 | 2019  | 2016     | 2017  | 2018   | 2019 | 2016  | 2017 | 2018   | 2019   | 2016       | 2017   | 2018 | 2019 |
| <b>Australia</b>  |  |      |      |       |          |       |        |      |   |      |        |        |            |        |      |      |
| <b>Total services</b>                                   | 2814   | 3381 | 4180 | 58032 | 65129    | 69325 | 69975  | 1450 | 1720  | 1939 | 62418  | 68421  | 73059      | 71531  |      |      |
| Transport   | 19   | 34   | 29   | 5384  | 5816     | 5638  | 5564   | 3    | 4   | 0    | 12225  | 12624  | 13800      | 12992  |      |      |
| Travel  | 2632   | 3181 | 3988 | 37040 | 41732    | 45036 | 45373  | 684  | 866   | 1077 | 30803  | 34409  | 36803      | 35909  |      |      |
| Construction  | 0  | 0    | 0    | 136   | 440      | 675   | 604    |      |   |      | 0      | 0      | 0          | 0      |      |      |
| Pension services  |  |      |      | 25    | 20       | 21    |        |      |   |      | 103    | 77     | 73         |        |      |      |
| Financial services                                      | 40   | 31   | 24   | 2700  | 3273     | 3559  | 3603   | 15   | 22  | 20   | 1837   | 2269   | 2049       | 2222   |      |      |
| Telecommunications, computer, and information services  | 28   | 58   | 58   | 2453  | 2816     | 3468  | 3631   | 261  | 305   | 328  | 2641   | 3016   | 3353       | 3571   |      |      |
| Telecommunications services                             |  |      |      | 601   | 622      | 799   | 624    |      |   |      | 847    | 1111   | 1297       | 1192   |      |      |
| Computer services                                       |  |      |      | 1663  | 1982     | 2260  | 2549   |      |   |      | 1583   | 1652   | 1777       | 2056   |      |      |
| Information services                                    |  |      |      | 190   | 212      | 409   | 457    |      |   |      | 211    | 252    | 279        | 324    |      |      |
| Research and development services                       |  |      |      | 681   | 643      | 578   | 606    |      |   |      | 139    | 127    | 164        | 228    |      |      |
| <b>Commercial services</b>                              | 2797   | 3362 | 4161 | 57224 | 64271    | 68472 | 69168  | 1393 | 1677  | 1888 | 61453  | 67296  | 71816      | 70228  |      |      |
| <b>Canada</b>   |  |      |      |       |          |       |        |      |   |      |        |        |            |        |      |      |
| <b>Total services</b>                                   | 1259   | 1511 | 1627 | 87364 | 94218    | 98901 | 100342 | 1140 | 1233  | 1280 | 104511 | 112121 | 115442     | 115167 |      |      |
| Transport   | 94   | 96   |      | 12311 | 13383    | 13963 | 14073  |      |   |      | 20385  | 22316  | 24578      | 24194  |      |      |
| Travel  | 994  | 1219 | 1313 | 22605 | 25002    | 26375 | 26849  | 103  | 106   | 97   | 32715  | 34684  | 34400      | 34707  |      |      |
| Construction  | 0  | 0    |      | 195   | 354      | 385   | 376    | 0    | 0   |      | 233    | 290    | 310        | 311    |      |      |
| Financial services                                      | 3  | 4    |      | 8130  | 8353     | 9399  | 9172   | 10   | 6   |      | 8385   | 8590   | 8387       | 7900   |      |      |
| Telecommunications, computer, and information services  | 33   | 33   |      | 7175  | 8143     | 8878  | 8877   | 512  | 567   |      | 4946   | 6105   | 6118       | 5892   |      |      |
| Telecommunications services                             | 11   | 9    |      | 1741  | 1530     | 1529  |        | 4    | 13  |      | 1353   | 1606   | 1648       |        |      |      |
| Computer services                                       | 22   | 24   |      | 4757  | 5673     | 6304  |        | 509  | 554   |      | 2723   | 3176   | 3156       |        |      |      |
| Information services                                    |  |      |      | 678   | 941      | 1045  |        |      |   |      | 871    | 1322   | 1314       |        |      |      |
| Research and development services                       | 2  | 2    |      | 5116  | 5345     | 5368  | 5225   | 87   | 92  |      | 1188   | 1208   | 1555       | 1485   |      |      |
| Legal services  |  |      |      | 1987  | 2079     | 2220  |        |      |   |      | 672    | 714    | 787        |        |      |      |
| Business and management consulting and public relations |  |      |      | 10267 | 11208    | 10624 |        |      |   |      | 9332   | 10709  | 11094      |        |      |      |

| Reporting Country/Indicators                           | Commercial services exports by Reporting Country to India and World By Sector – annual ( US\$ Million) |       |       |       |         |          |         |         |       |       | Commercial services imports by Reporting Country from India and World – annual (US\$ Million) |       |         |         |         |            |        |        |      |      |
|--|--|-------|-------|-------|---------|----------|---------|---------|-------|-------|---|-------|---------|---------|---------|------------|--------|--------|------|------|
|  | to India   |       |       |       |         | to World |         |         |       |       | from India  |       |         |         |         | from World |        |        |      |      |
|  | 2016   | 2017  | 2018  | 2019  | 2020    | 2016     | 2017    | 2018    | 2019  | 2020  | 2016  | 2017  | 2018    | 2019    | 2020    | 2016       | 2017   | 2018   | 2019 | 2020 |
| <b>Commercial services</b>                             | 1219   | 1465  |       |       | 86157   | 92940    | 97640   | 99057   |       |       |   |       |         |         | 103534  | 111141     | 114456 | 114093 |      |      |
| <b>European Union</b>                                  |  |       |       |       |         |          |         |         |       |       |   |       |         |         |         |            |        |        |      |      |
| <b>Total services</b>                                  | 12592  | 14882 | 16480 | 17000 | 1818483 | 2013577  | 2222295 | 2259817 | 12220 | 14576 | 17098   | 17791 | 1672216 | 1827129 | 1973472 | 2075337    |        |        |      |      |
| Transport  | 3033   | 3880  | 4623  | 4556  | 325598  | 365329   | 403848  | 401040  | 1759  | 1949  | 2264  | 2240  | 293009  | 327086  | 360831  | 353330     |        |        |      |      |
| Travel   | 1496   | 1709  | 1588  | 1726  | 353359  | 392111   | 431521  | 431315  | 1129  | 1341  | 1515  | 1522  | 280367  | 311498  | 344280  | 344752     |        |        |      |      |
| Construction   | 124  | 159   | 189   | 219   | 28503   | 31722    | 33929   | 30905   | 76    | 104   | 115   | 238   | 18626   | 20051   | 23280   | 20509      |        |        |      |      |
| Financial services                                     | 292  | 313   | 248   | 293   | 148161  | 158075   | 166126  | 167364  | 141   | 178   | 237   | 266   | 114920  | 120339  | 126400  | 125445     |        |        |      |      |
| Telecommunications, computer, and information services | 4195   | 5083  | 5490  | 5648  | 232369  | 260396   | 303717  | 332158  | 2580  | 3474  | 3844  | 4218  | 132524  | 149109  | 165820  | 170186     |        |        |      |      |
| Telecommunications services                            |  |       |       |       | 34881   | 35838    | 36747   | 32548   |       |       |   |       | 33469   | 34150   | 34394   | 32123      |        |        |      |      |
| Computer services                                      |  |       |       |       | 187284  | 210837   | 250616  | 281666  |       |       |   |       | 91316   | 105386  | 120693  | 126851     |        |        |      |      |
| Information services                                   |  |       |       |       | 10206   | 13722    | 16355   | 17938   |       |       |   |       | 7737    | 9575    | 10733   | 11210      |        |        |      |      |
| Research and development services                      |  |       |       |       | 69238   | 78956    | 82246   | 81539   |       |       |   |       | 128111  | 126996  | 100933  | 184644     |        |        |      |      |
| Commercial services                                    | 12553  | 14835 | 16418 | 16941 | 1804181 | 1999399  | 2206467 | 2244366 | 12196 | 14540 | 17063   | 17754 | 1666397 | 1820962 | 1967074 | 2069682    |        |        |      |      |
| <b>Japan</b>   |  |       |       |       |         |          |         |         |       |       |   |       |         |         |         |            |        |        |      |      |
| <b>Total services</b>                                  | 2301   | 2448  | 2574  |       | 175807  | 186879   | 193537  | 205057  | 1801  | 1814  | 1845  |       | 186183  | 193037  | 200838  | 203585     |        |        |      |      |
| Transport  | 374  | 439   | 347   |       | 31705   | 34146    | 28905   | 26222   | 54    | 73    | 93  |       | 38088   | 40057   | 38337   | 34100      |        |        |      |      |
| Travel   | 152  | 186   | 234   |       | 30679   | 34054    | 42096   | 45224   | 128   | 132   | 170   |       | 18485   | 18189   | 20216   | 21095      |        |        |      |      |
| Construction   | 198  | 140   | 111   |       | 9369    | 10389    | 9245    | 10611   | 311   | 259   | 175   |       | 7456    | 8224    | 8166    | 7446       |        |        |      |      |
| Financial services                                     | 24   | 23    | 26    |       | 11836   | 10500    | 11524   | 13786   | 23    | 29    | 31  |       | 6206    | 7692    | 8201    | 8042       |        |        |      |      |
| Telecommunications, computer, and information services | 102  | 122   | 84    |       | 3859    | 5067     | 4584    | 6729    | 510   | 501   | 600   |       | 14339   | 14337   | 15795   | 19868      |        |        |      |      |
| Telecommunications services                            |  |       |       |       | 1275    | 1950     | 1261    | 1407    |       |       |   |       | 1948    | 1868    | 1695    | 1409       |        |        |      |      |
| Computer services                                      |  |       |       |       | 2388    | 2864     | 3056    | 4998    |       |       |   |       | 11632   | 11739   | 13328   | 17496      |        |        |      |      |
| Information services                                   |  |       |       |       | 195     | 253      | 267     | 323     |       |       |   |       | 759     | 730     | 773     | 963        |        |        |      |      |
| Research and development services                      |  |       |       |       | 7064    | 6922     | 7102    | 7642    |       |       |   |       | 18585   | 17373   | 20156   | 18789      |        |        |      |      |

| Reporting Country/Indicators                            | Commercial services exports by Reporting Country to India and World By Sector – annual ( US\$ Million) |      |      |      |          |        |        | Commercial services imports by Reporting Country from India and World – annual (US\$ Million) |      |      |      |            |        |        |        |        |
|---|--|------|------|------|----------|--------|--------|---|------|------|------|------------|--------|--------|--------|--------|
|   | to India   |      |      |      | to World |        |        | from India  |      |      |      | from World |        |        |        |        |
|   | 2016   | 2017 | 2018 | 2019 | 2016     | 2017   | 2018   | 2019  | 2016 | 2017 | 2018 | 2019       | 2016   | 2017   | 2018   | 2019   |
| <b>Commercial services</b>                              | 2295   | 2443 | 2568 |      | 170659   | 182025 | 188812 | 200541  | 1797 | 1808 | 1839 |            | 184153 | 191017 | 198837 | 201713 |
| <b>Netherlands</b>                                      |  |      |      |      |          |        |        |   |      |      |      |            |        |        |        |        |
| <b>Total services</b>                                   | 1057   | 1216 | 1351 | 1577 | 190943   | 220726 | 248306 | 264127  | 2341 | 2717 | 3572 | 3186       | 183555 | 216515 | 244900 | 246389 |
| Transport   | 129  | 149  | 192  | 179  | 34755    | 37937  | 43263  | 42774   | 44   | 53   | 120  | 152        | 21359  | 28093  | 32096  | 31738  |
| Travel  | 87   | 114  | 134  | 159  | 14934    | 17134  | 18878  | 19388   | 36   | 81   | 103  | 92         | 19907  | 21977  | 22833  | 22490  |
| Construction  | 35   | 25   | 72   | 185  | 2814     | 3478   | 3736   | 4054  | 6    | 42   | 102  | 801        | 2463   | 2582   | 3361   | 3274   |
| Pension services  |  | 2    | 1    |      | 116      | 130    | 133    |   |      |      | 1    |            | 2      | 5      | 5      |        |
| Financial services                                      | 1  | 5    | 4    | 3    | 6626     | 7424   | 7554   | 8044  | 40   | 41   | 24   | 32         | 9547   | 9663   | 10326  | 10821  |
| Telecommunications, computer, and information services  | 527  | 575  | 567  | 684  | 22838    | 25339  | 26721  | 28081   | 451  | 556  | 675  | 618        | 15043  | 16658  | 18442  | 18776  |
| Telecommunications services                             |  | 31   |      |      | 4249     | 4226   | 3882   | 3455  |      | 6    |      |            | 2771   | 2838   | 2915   | 2787   |
| Computer services                                       | 336  |      | 376  |      | 14174    | 14670  | 15637  | 16654   | 349  |      | 559  | 513        | 11144  | 12317  | 13778  | 14246  |
| Information services                                    |  |      |      |      | 4416     | 6443   | 7202   | 7973  |      |      |      |            | 1128   | 1503   | 1749   | 1742   |
| Research and development services                       | 11   | 8    | 10   |      | 4710     | 4466   | 8110   | 9715  | 97   | 149  | 210  |            | 5082   | 4743   | 7772   | 10204  |
| Legal services  | 2  | 3    |      |      | 1791     | 2078   | 2049   |   | 8    | 8    |      |            | 1974   | 2207   | 2490   |        |
| Accounting, auditing, bookkeeping, and tax consultancy  | 6  | 4    | 4    |      | 1908     | 2152   | 2438   |   | 27   | 25   | 37   |            | 2117   | 2282   | 2783   |        |
| Business and management consulting and public relations | 35   | 74   | 71   |      | 7310     | 13295  | 15939  |   | 217  | 395  | 494  |            | 11222  | 18646  | 21795  |        |
| <b>Commercial services</b>                              |  |      |      |      | 188901   | 218887 | 246336 | 262139  |      |      |      |            | 183273 | 216313 | 244587 | 246145 |
| <b>Singapore</b>  |  |      |      |      |          |        |        |   |      |      |      |            |        |        |        |        |
| <b>Total services</b>                                   | 3186   | 3681 | 4210 |      | 151690   | 169686 | 202622 | 204814  | 3302 | 3909 | 4856 |            | 158853 | 180247 | 200530 | 199050 |
| Transport   | 1339   | 1747 | 1889 |      | 41060    | 47572  | 60398  | 58443   | 706  | 772  | 934  |            | 43401  | 50911  | 62504  | 61129  |
| Travel  |  |      |      |      | 18944    | 19892  | 20418  | 20052   |      |      |      |            | 24081  | 25101  | 26246  | 26606  |
| Construction  | 36   |      | 9    |      | 987      | 768    | 1168   | 1187  | 7    | 18   | 18   |            | 372    | 376    | 555    | 576    |
| Financial services                                      | 360  | 389  | 438  |      | 21760    | 25423  | 28455  | 29380   | 194  | 210  | 172  |            | 4607   | 5611   | 6507   | 7626   |
| Telecommunications, computer, and information services  | 287  | 287  | 369  |      | 11848    | 12399  | 14603  | 14790   | 1025 | 966  | 1652 |            | 12769  | 14889  | 14393  | 14494  |
| Telecommunications services                             |  |      |      |      | 1488     | 1371   | 1568   | 1706  |      |      |      |            | 1459   | 1459   | 1502   | 1506   |
| Computer services                                       |  |      |      |      | 9985     | 10678  | 12580  | 12628   |      |      |      |            | 10740  | 12921  | 12210  | 12272  |
| Information services                                    |  |      |      |      | 375      | 350    | 454    | 455   |      |      |      |            | 571    | 509    | 681    | 716    |

| Reporting Country/Indicators                            | Commercial services exports by Reporting Country to India and World By Sector – annual ( US\$ Million) |             |             |            |               |               |               |               |      |             | Commercial services imports by Reporting Country from India and World – annual (US\$ Million) |             |             |      |               |               |               |               |      |      |
|---|--|-------------|-------------|------------|---------------|---------------|---------------|---------------|------|-------------|---|-------------|-------------|------|---------------|---------------|---------------|---------------|------|------|
|   | to India   |             |             |            |               | to World      |               |               |      |             | from India  |             |             |      |               | from World    |               |               |      |      |
|   | 2016   | 2017        | 2018        | 2019       | 2020          | 2016          | 2017          | 2018          | 2019 | 2020        | 2016  | 2017        | 2018        | 2019 | 2020          | 2016          | 2017          | 2018          | 2019 | 2020 |
| Research and development services                       |  |             |             |            | 684           | 768           | 762           | 742           |      |             |   |             |             |      | 11252         | 16186         | 15302         | 13991         |      |      |
| Legal services  |  |             |             |            | 630           | 706           | 734           | 735           |      |             |   |             |             |      | 244           | 250           | 292           | 296           |      |      |
| Accounting, auditing, bookkeeping, and tax consultancy  |  |             |             |            | 233           | 221           | 245           | 257           |      |             |   |             |             |      | 284           | 293           | 399           | 402           |      |      |
| Business and management consulting and public relations | 262  | 309         | 392         |            | 17051         | 17500         | 20088         | 19988         |      | 571         | 563   | 682         |             |      | 15521         | 16415         | 19044         | 19237         |      |      |
| <b>Commercial services</b>                              | <b>3186</b>  | <b>3681</b> | <b>4210</b> |            | <b>151397</b> | <b>169390</b> | <b>202317</b> | <b>204509</b> |      | <b>3302</b> | <b>3909</b>   | <b>4856</b> |             |      | <b>158628</b> | <b>180034</b> | <b>200299</b> | <b>198819</b> |      |      |
| <b>Sweden</b>   |  |             |             |            |               |               |               |               |      |             |   |             |             |      |               |               |               |               |      |      |
| <b>Total services</b>                                   | <b>471</b>   | <b>376</b>  | <b>458</b>  | <b>490</b> | <b>72795</b>  | <b>74363</b>  | <b>74529</b>  | <b>76613</b>  |      | <b>787</b>  | <b>889</b>  | <b>1110</b> | <b>1231</b> |      | <b>61774</b>  | <b>69991</b>  | <b>72778</b>  | <b>73860</b>  |      |      |
| Transport   | 32   | 22          | 32          | 22         | 10208         | 10712         | 10419         | 10305         |      | 40          | 24  | 18          | 18          |      | 10293         | 11020         | 11428         | 10917         |      |      |
| Travel  | 0  | 0           | 0           | 0          | 12747         | 14106         | 14949         | 15298         |      | 0           | 0   | 0           | 0           |      | 14887         | 16983         | 18058         | 17342         |      |      |
| Construction  | 3  | 3           | 4           | 7          | 1127          | 851           | 576           | 825           |      | 2           | 3   | 3           | 6           |      | 1599          | 1783          | 1843          | 2001          |      |      |
| Pension services  | 0  | 0           | 0           | 0          | 0             | 0             | 0             | 0             |      | 0           | 0   | 0           | 0           |      | 1             | 1             | 1             | 1             |      |      |
| Financial services                                      | 2  | 2           | 2           | 6          | 4652          | 3737          | 3720          | 3626          |      | 1           | 1   | 1           | 1           |      | 1904          | 2297          | 2284          | 1901          |      |      |
| Telecommunications, computer, and information services  | 275  | 250         | 288         | 292        | 14061         | 14331         | 15154         | 15280         |      | 257         | 329   | 382         | 406         |      | 6678          | 7681          | 7814          | 8230          |      |      |
| Telecommunications services                             | 6  | 11          | 5           | 5          | 1561          | 1778          | 1963          | 1620          |      | 7           | 5   | 10          |             |      | 1463          | 1386          | 1848          | 1773          |      |      |
| Computer services                                       | 269  | 237         | 252         | 256        | 12237         | 12197         | 12956         | 13211         |      | 251         | 324   | 370         | 393         |      | 4774          | 5757          | 5487          | 6004          |      |      |
| Information services                                    | 1  | 1           | 31          |            | 263           | 356           | 235           | 449           |      | 0           | 0   | 3           |             |      | 440           | 539           | 478           | 453           |      |      |
| Research and development services                       | 0  | 1           | 1           |            | 4336          | 4855          | 5082          | 4209          |      | 347         | 342   | 523         |             |      | 6322          | 5767          | 7050          | 5373          |      |      |
| Legal services  | 0  | 0           | 4           |            | 376           | 356           | 273           |               |      | 1           | 1   | 4           |             |      | 307           | 280           | 318           |               |      |      |

| Reporting Country/Indicators                            | Commercial services exports by Reporting Country to India and World By Sector – annual ( US\$ Million) |             |             |             |               |               |               |               |      | Commercial services imports by Reporting Country from India and World – annual (US\$ Million) |             |             |             |             |               |               |               |               |      |
|---|--|-------------|-------------|-------------|---------------|---------------|---------------|---------------|------|---|-------------|-------------|-------------|-------------|---------------|---------------|---------------|---------------|------|
|   | to India   |             |             |             |               | to World      |               |               |      | from India  |             |             |             |             | from World    |               |               |               |      |
|   | 2016   | 2017        | 2018        | 2019        | 2020          | 2016          | 2017          | 2018          | 2019 | 2020  | 2016        | 2017        | 2018        | 2019        | 2020          | 2016          | 2017          | 2018          | 2019 |
| Accounting, auditing, bookkeeping, and tax consultancy  | 1  | 0           | 1           |             | 418           | 587           | 651           |               |      |   | 3           | 5           | 2           |             | 413           | 497           | 526           |               |      |
| Business and management consulting and public relations | 6  | 16          | 9           |             | 1517          | 3152          | 2803          |               |      |   | 62          | 91          | 81          |             | 1965          | 4212          | 4395          |               |      |
| <b>Commercial services</b>                              | <b>467</b>   | <b>371</b>  | <b>453</b>  | <b>485</b>  | <b>72425</b>  | <b>73980</b>  | <b>74123</b>  | <b>76197</b>  |      |   | <b>785</b>  | <b>887</b>  | <b>1108</b> | <b>1228</b> | <b>61546</b>  | <b>69781</b>  | <b>72559</b>  | <b>73643</b>  |      |
| <b>Switzerland</b>                                      |  |             |             |             |               |               |               |               |      |   |             |             |             |             |               |               |               |               |      |
| <b>Total services</b>                                   | <b>952</b>   | <b>1056</b> | <b>1201</b> |             | <b>118819</b> | <b>122082</b> | <b>126842</b> | <b>121642</b> |      |   | <b>1544</b> | <b>1649</b> | <b>1726</b> |             | <b>98483</b>  | <b>105747</b> | <b>106039</b> | <b>104038</b> |      |
| Transport   | 106  | 131         | 149         |             | 11514         | 12639         | 13124         | 13236         |      |   | 152         | 155         | 152         |             | 9760          | 10403         | 11062         | 11601         |      |
| Travel  | 367  | 450         | 493         |             | 16007         | 16506         | 16976         | 17105         |      |   | 13          | 14          | 15          |             | 16484         | 17875         | 18335         | 18123         |      |
| Construction  |  |             |             |             | 819           | 1175          | 1273          | 792           |      |   |             |             |             |             | 391           | 448           | 506           | 733           |      |
| Financial services                                      | 17   | 13          | 15          |             | 19723         | 20260         | 21583         | 21425         |      |   | 2           | 3           | 3           |             | 3576          | 3737          | 3869          | 3319          |      |
| Telecommunications, computer, and information services  | 135  | 107         | 114         |             | 14067         | 13328         | 12810         | 10842         |      |   | 697         | 701         | 773         |             | 15948         | 17134         | 15404         | 15268         |      |
| Research and development services                       |  |             |             |             | 3748          | 3176          | 4382          | 4896          |      |   |             |             |             |             | 10641         | 13722         | 14046         | 14496         |      |
| Commercial services                                     |  |             |             |             | 117195        | 120397        | 124763        | 119597        |      |   |             |             |             |             | 98276         | 105501        | 105757        | 103761        |      |
| <b>United Kingdom</b>                                   |  |             |             |             |               |               |               |               |      |   |             |             |             |             |               |               |               |               |      |
| <b>Total services</b>                                   | <b>3216</b>  | <b>3013</b> | <b>5271</b> | <b>4013</b> | <b>363981</b> | <b>375325</b> | <b>409416</b> | <b>416307</b> |      |   | <b>5117</b> | <b>5886</b> | <b>6688</b> | <b>9765</b> | <b>226456</b> | <b>232762</b> | <b>263220</b> | <b>283785</b> |      |
| Transport   | 497  | 539         | 635         |             | 36513         | 37781         | 39317         | 39478         |      |   | 377         | 353         | 407         |             | 30281         | 28796         | 34053         | 32778         |      |
| Travel  | 867  | 861         | 1077        |             | 47887         | 47541         | 48605         | 49936         |      |   | 1276        | 1234        | 1106        |             | 67237         | 64999         | 69032         | 71131         |      |
| Construction  | 55   |             |             |             | 3039          | 2351          | 3564          | 3756          |      |   | 5           | 0           | 5           |             | 1888          | 2185          | 2788          | 3601          |      |
| Financial services                                      | 273  | 295         | 308         |             | 76372         | 76521         | 84349         | 80307         |      |   | 171         | 161         | 165         |             | 18923         | 18443         | 22704         | 24956         |      |
| Telecommunications, computer, and information services  | 346  | 193         | 1812        |             | 28540         | 27401         | 31967         | 29725         |      |   | 608         | 631         | 764         |             | 14092         | 14147         | 14344         | 13349         |      |
| Telecommunications services                             | 211  | 67          | 77          |             | 10032         | 7426          | 9810          | 9462          |      |   | 120         | 142         | 145         |             | 6962          | 6207          | 6367          | 6058          |      |
| Computer services                                       | 82   | 80          |             |             | 13799         | 14802         | 16725         | 14418         |      |   | 431         | 462         | 552         |             | 5443          | 5864          | 5936          | 5916          |      |
| Information services                                    | 53   | 46          |             |             | 4709          | 5173          | 5431          | 5845          |      |   | 57          | 27          | 67          |             | 1688          | 2076          | 2041          | 1375          |      |
| Research and development services                       | 49   | 62          | 53          |             | 9813          | 11336         | 13600         | 13898         |      |   | 170         | 151         | 132         |             | 6993          | 8673          | 10068         | 9976          |      |



| Reporting Country/Indicators                            | Commercial services exports by Reporting Country to India and World By Sector – annual ( US\$ Million) |              |              |              |               |               | Commercial services imports by Reporting Country from India and World – annual (US\$ Million) |               |              |              |               |               |               |
|---|--|--------------|--------------|--------------|---------------|---------------|---|---------------|--------------|--------------|---------------|---------------|---------------|
|   | to India   |              |              | to World     |               |               | from India  |               |              | from World   |               |               |               |
|   | 2016   | 2017         | 2018         | 2019         | 2020          | 2021          | 2016  | 2017          | 2018         | 2019         | 2020          | 2021          |               |
| Legal services  |  |              |              |              | 7477          | 7790          | 11436   |               |              |              | 1177          | 1158          | 1961          |
| Accounting, auditing, bookkeeping, and tax consultancy  |  |              |              |              | 2293          | 2228          | 2996  |               |              |              | 1495          | 1741          | 2180          |
| Business and management consulting and public relations |  |              |              |              | 24641         | 27232         | 33598   |               |              |              | 10467         | 10957         | 14149         |
| <b>Commercial services</b>                              |  |              |              |              | <b>360422</b> | <b>371695</b> | <b>405547</b>   |               |              |              | <b>222182</b> | <b>227720</b> | <b>258308</b> |
| <b>United States of America</b>                         |  |              |              |              |               |               |   |               |              |              |               |               |               |
| <b>Total services</b>                                   | <b>19510</b>   | <b>22010</b> | <b>23210</b> | <b>24333</b> | <b>780530</b> | <b>830388</b> | <b>862433</b>   | <b>875825</b> | <b>26447</b> | <b>28306</b> | <b>28874</b>  | <b>29738</b>  | <b>544836</b> |
| Transport   | 851  | 966          | 1153         | 1078         | 81779         | 86342         | 93251   | 91092         | 369          | 355          | 421           | 405           | 92391         |
| Travel  | 11421  | 12018        | 12602        | 13246        | 192868        | 193834        | 196465  | 193315        | 2600         | 2562         | 2602          | 2633          | 109155        |
| Construction  | 2  | 3            |              | 15           | 1690          | 2053          | 2948  | 3189          | 9            | 7            | 35            | 41            | 1768          |
| Financial services                                      | 1000   | 1118         | 1327         | 1402         | 114762        | 128035        | 132420  | 135698        | 551          | 610          | 486           | 511           | 32672         |
| Telecommunications, computer, and information services  | 1418   | 1590         | 1651         | 1808         | 43122         | 47657         | 49653   | 55657         | 15190        | 15382        | 14994         | 15569         | 39720         |
| Telecommunications services                             | 196  | 132          | 59           | 55           | 11446         | 10220         | 9045  | 7825          | 422          | 289          | 226           | 190           | 5800          |
| Computer services                                       | 1045   | 1196         | 1298         | 1479         | 24243         | 28838         | 30905   | 36828         | 14296        | 14599        | 14273         | 14653         | 31532         |
| Computer software                                       | 849  | 973          | 1055         | 1199         | 14942         | 18173         | 19792   | 23804         | 1735         | 1809         | 2143          | 3100          | 11423         |
| Information services                                    | 176  | 262          | 294          | 273          | 7432          | 8599          | 9703  | 11005         | 472          | 493          | 496           | 727           | 2388          |
| Research and development services                       | 118  | 222          | 210          | 138          | 40928         | 45550         | 46977   | 49614         | 3675         | 4115         | 4106          | 2691          | 35531         |
| Legal services  |  |              |              |              | 10122         | 11301         | 11726   | 13353         | 87           | 98           | 76            | 82            | 2921          |
| Accounting, auditing, bookkeeping, and tax consultancy  |  |              |              |              | 2200          | 2490          | 2632  | 2574          | 555          | 587          | 575           | 1069          | 3220          |
| Business and management consulting and public relations | 427  |              | 290          | 429          | 50065         | 54100         | 59734   | 66997         | 1441         | 1953         | 2144          | 2562          | 32449         |
| <b>Commercial services</b>                              | <b>19132</b>   | <b>21652</b> |              | <b>23965</b> | <b>761753</b> | <b>810464</b> | <b>840484</b>   | <b>853270</b> | <b>26399</b> | <b>28191</b> | <b>28818</b>  | <b>29694</b>  | <b>490395</b> |
|   |  |              |              |              |               |               |   |               |              |              |               |               | <b>522789</b> |
|   |  |              |              |              |               |               |   |               |              |              |               |               | <b>564276</b> |

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## Chapter 3

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# Impact of COVID-19 on India's Trade with Major Markets including QUAD and by Major Sectors – A Comparison with China

### 3.1 India's Merchandise Exports to QUAD and Some Major Markets: A Comparison with Exports of China

To see the impact of COVID-19 on India's exports in major markets, particularly the QUAD in comparison with China's exports to these markets, import data of these markets, sector-wise at HS-2 digit level, has been compiled and compared. For example, the share of the particular product in total imports of US from India/China and the share of India/China in total imports of the product by the US have been considered. The growth rate in 2019 and 4 quarters i.e. 2019 Q3 to 2020 Q2 have been considered to gauge the impact before and after the pandemic started. Similar analysis has been done for other major markets of India both for India's exports and imports from these countries.

#### 3.1.1 US Merchandise Imports from India and China

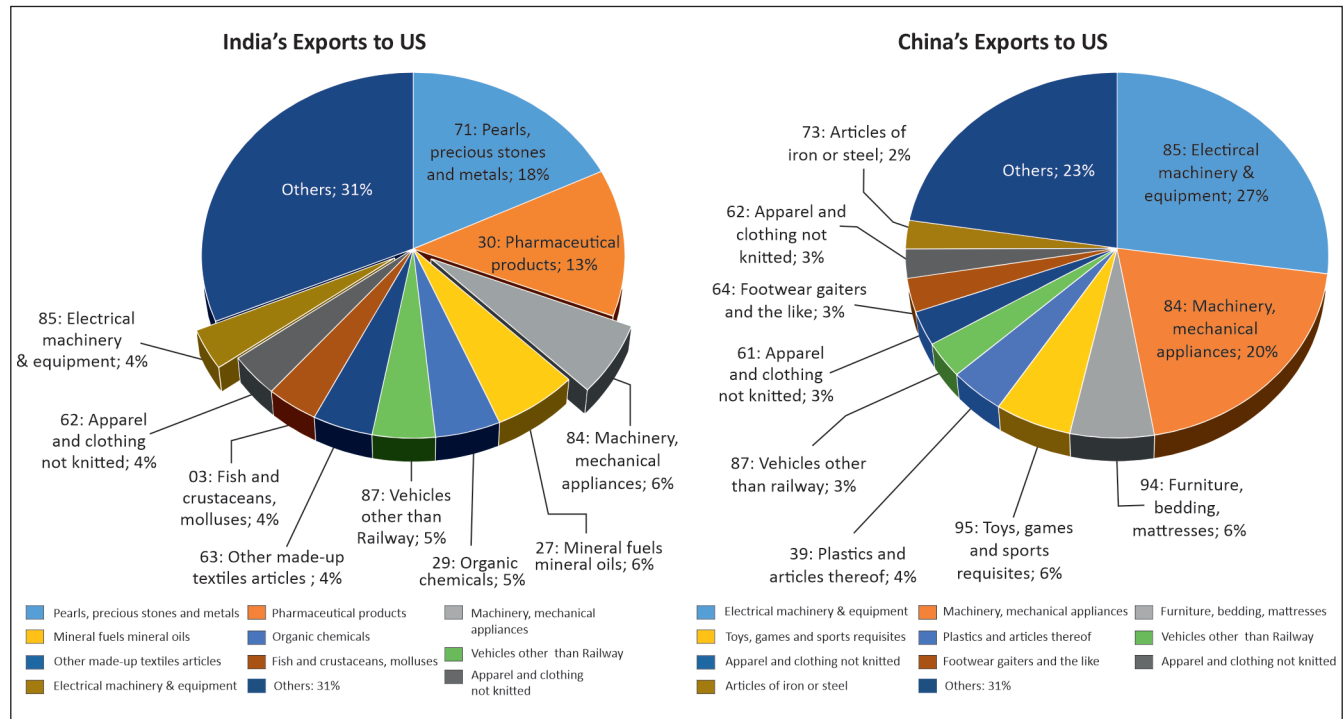
**US total imports from India** was only 2.3% of its total imports from the World in 2019, compared to China's share in US imports of 18.4%. The growth in total imports of the US from India (i.e. India's exports to the US) in 2019 was 6.0%, while the growth of the US imports from China was negative even in 2019 at -16.1%. **While the Quarterly import growth of the US from India was positive in 2019 Q3 and Q4, in 2020 Q1 it was negative and in Q2 2020, it was highly negative. However, the US import growth from China was negative in all the 4 quarters (2019 Q1 to 2020 Q2).** While the US trade war with China had impacted its imports from China in 2019 itself, the pandemic aggravated the situation.

**If we take the top items of imports of the US from India, with atleast a 1% share in total imports of the US from India, there are 20 items. The top 2 items with more than 10% share in the US imports from India are Pearls, Precious stones and metals, etc. (17.9% share) and Pharmaceutical products (13.0% share).** (Figure 3.1). Imports of Pearls, Precious stones and metals, etc. from India forms 18.5% of total US imports of this item, while in the case of China it is 4.7% in 2019. Growth in the US imports of this item from both China and India have been negative in all the last four quarters with high negative growth in 2020 Q2.

In the case of the second major imports of the US from India, i.e. Pharmaceutical products, India has 6.1% of the US market share compared to China's 1.3%. The US import growth from India of this item was high in 2019 (19.2%) and was positive in all 4 quarters, except 2020 Q1 when it was marginally negative at -1%. While growth

in the US imports of this item from China was only 1.3% in 2019, it was positive in all the 4 quarters with high growth of 46.6% in 2020 Q2, which indicates that the US imports of **Pharmaceutical products from China was not affected due to the pandemic and the acrimony regarding the origin of the coronavirus.**

**Figure 3.1: Export Composition of India and China to US in 2019- Top 10 major items at HS-2 digit level**  
(Percent to total)



Source: Based on ITC Trademap

Among the other items in the top 20, growth in imports of US from India of Machinery, etc. (Code 84) was negative in 2019 Q4 and highly negative in 2020 Q2; mineral fuels, etc. (Code 27) was negative in all four quarters except 2019 Q4; vehicles other than railways, etc. (Code 87) and Aluminum and articles, etc. (Code 76) were negative in all four quarters and even in 2019 (maybe also due to trade conflict with India); organic chemicals (Code 29), Fish and Crustaceans, etc. (Code 03), Articles of apparel not knit, etc. (Code 62), Furniture, etc. (Code 94), Rubber & Articles (Code 40) and Articles of Leather, etc. (Code 42) were negative only in 2020 Q2. **However, US imports from India of Electrical Machinery, etc. (Code 85) had high positive growth in 2019 and all the four quarters from 2019 Q3 to 2020 Q2. (Table 3.1)**

**Table 3.1: Quarterly Growth in imports of US from India and China: Sector-wise at HS-2 digit level**

| HS-2 digit | Items  | US Imports from India |   |        |   |           |         | US Imports from China |                      |   |        |   |           |         |         |         |         |
|------------|--|-----------------------|---|--------|---|-----------|---------|-----------------------|----------------------|---|--------|---|-----------|---------|---------|---------|---------|
|            |  | Value (US\$ Million)  | Share of the product in total US Imports from India | Growth | Share of India in US imports of the product | Growth in |         |                       | Value (US\$ Million) | Share of the product in total US Imports from China | Growth | Share of China in US imports of the product | Growth in |         |         |         |         |
|            |  |                       |   |        |   | 2019 Q3   | 2019 Q4 | 2020 Q1               |                      |   |        |   | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
|            | All products                                       | 59917                 | 100.0   | 6.0    | 2.3   | 1.5       | 3.2     | -4.3                  | -40.9                | 472473  | 100.0  | -16.1                                       | 18.4      | -15.1   | -24.0   | -28.3   | -6.5    |
| 71         | Pearls, precious stones and metals                 | 10734                 | 17.9  | -7.3   | 18.5  | -14.6     | -10.3   | -17.9                 | -75.4                | 2713  | 0.6    | -14.5                                       | 4.7       | -13.4   | -30.7   | -48.2   | -68.6   |
| 30         | Pharmaceutical products                            | 7782                  | 13.0  | 19.2   | 6.1   | 22.9      | 8.7     | -1.1                  | 8.6                  | 1605  | 0.3    | 1.3   | 1.3       | 4.1     | 10.3    | 6.3     | 46.6    |
| 84         | Machinery, mechanical appliances                   | 3816                  | 6.4   | 9.3    | 1.0   | 10.0      | -2.9    | 0.0                   | -42.1                | 94617   | 20.0   | -21.0                                       | 25.0      | -26.4   | -21.5   | -27.3   | 0.7     |
| 27         | Mineral fuels, mineral oils                        | 3742                  | 6.3   | 13.2   | 1.8   | -21.0     | 8.2     | -48.2                 | -63.5                | 299   | 0.1    | -60.7                                       | 0.1       | -61.9   | -56.6   | -79.2   | -57.3   |
| 29         | Organic chemicals                                  | 2892                  | 4.8   | 14.9   | 5.3   | 7.2       | 14.3    | 4.2                   | -18.5                | 8125  | 1.7    | -19.4                                       | 14.9      | -13.4   | -33.1   | -24.0   | 10.3    |
| 87         | Vehicles other than railway                        | 2786                  | 4.7   | -4.4   | 0.9   | -6.1      | -14.0   | -7.1                  | -46.3                | 14907   | 3.2    | -17.7                                       | 4.8       | -21.5   | -31.1   | -21.6   | -25.0   |
| 63         | Other made-up textile articles                     | 2677                  | 4.5   | 1.6    | 15.9  | 2.2       | -0.7    | 3.3                   | -45.5                | 9484  | 2.0    | 4.9   | 56.2      | 11.9    | -10.4   | -23.0   | 282.0   |
| 03         | Fish and crustaceans, molluscs                     | 2282                  | 3.8   | 6.8    | 12.3  | 12.0      | 13.0    | 20.2                  | -28.7                | 1554  | 0.3    | -26.1                                       | 8.4       | -28.7   | -33.9   | -5.2    | -13.6   |
| 62         | Apparel and clothing not knitted                   | 2256                  | 3.8   | 5.0    | 5.7   | 1.2       | 3.2     | 0.9                   | -66.2                | 12213   | 2.6    | -9.2  | 31.1      | -4.7    | -31.0   | -41.8   | -7.5    |
| 85         | Electrical machinery & equipment                   | 2133                  | 3.6   | 20.4   | 0.6   | 14.5      | 34.4    | 78.0                  | 18.0                 | 128715  | 27.2   | -17.4                                       | 36.5      | -17.2   | -21.1   | -30.8   | -15.3   |
| 61         | Apparel and clothing knitted                       | 2007                  | 3.4   | 6.7    | 4.2   | 4.9       | -1.9    | -5.5                  | -61.8                | 14184   | 3.0    | -7.9  | 29.4      | -1.9    | -30.3   | -41.4   | -53.4   |
| 73         | Articles of iron or steel                          | 1570                  | 2.6   | 15.9   | 3.8   | 11.2      | 11.0    | -3.5                  | -46.8                | 11894   | 2.5    | -16.3                                       | 28.9      | -17.2   | -29.1   | -25.1   | -10.9   |
| 94         | Furniture; bedding, mattresses                     | 1045                  | 1.7   | 6.9    | 1.6   | 6.6       | 11.5    | 23.1                  | -47.4                | 29180   | 6.2    | -23.4                                       | 43.4      | -24.9   | -39.5   | -36.0   | -28.3   |
| 57         | Carpets and other textile floor coverings          | 983                   | 1.6   | 2.4    | 32.2  | 1.5       | -0.6    | 2.5                   | -48.1                | 528   | 0.1    | -33.1                                       | 17.3      | -32.8   | -44.2   | -29.4   | -44.3   |
| 99         | Commodities not elsewhere specified                | 938                   | 1.6   | 19.3   | 0.8   | 10.3      | 27.3    | 9.7                   | -46.3                | 8591  | 1.8    | 22.4  | 7.6       | 16.6    | 19.3    | 8.0     | 19.5    |
| 68         | Articles of stone, plaster, cement, asbestos, mica | 760                   | 1.3   | 40.4   | 8.9   | 52.7      | 6.0     | -18.6                 | -52.0                | 1204  | 0.3    | -49.7                                       | 14.1      | -59.3   | -45.5   | -18.0   | -36.9   |
| 39         | Plastics and articles thereof                      | 708                   | 1.2   | 8.0    | 1.2   | 3.0       | -8.3    | -3.7                  | -33.6                | 19373   | 4.1    | -6.0  | 32.0      | -3.4    | -15.6   | -17.7   | 8.2     |
| 76         | Aluminium and articles thereof                     | 671                   | 1.1   | -6.1   | 3.0   | -21.8     | -5.6    | -25.8                 | -36.6                | 2500  | 0.5    | -17.3                                       | 11.2      | -1.3    | -22.2   | -25.4   | -14.8   |
| 40         | Rubber and articles thereof                        | 645                   | 1.1   | 16.9   | 2.1   | 9.3       | 11.3    | 3.9                   | -41.8                | 2843  | 0.6    | -35.1                                       | 9.5       | -38.0   | -50.8   | -38.6   | -8.4    |
| 42         | Articles of leather; saddlery and harness          | 610                   | 1.0   | 10.3   | 4.6   | 19.7      | 8.5     | 12.3                  | -54.8                | 5285  | 1.1    | -32.4                                       | 39.8      | -29.8   | -49.0   | -38.8   | -54.4   |

Source: Based on ITC Trademap data

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In the case of the US imports from China for the other top items of the US imports from India with 1% or >1% share, there is negative growth in 2019 and all the four quarters, with only Organic Chemicals (Code 29) having positive growth in 2020 Q2; Machinery, etc. (Code 84) having marginal positive growth in 2020 Q2 after high negative growth in 2019 and the other 3 quarters; and Plastics and Articles, etc. (Code 39) having positive growth in 2020 Q2 after negative growth in all the earlier three quarters and 2019. There are some other items with 1% and above share in US imports from China like Footwear, etc. (Code 64) and Miscellaneous articles of base metals (Code 83) with negative growth in 2019 and all the 4 quarters, and optical photographic items, etc. (Code 90) with negative growth in 2019 and all quarters except 2020 Q2.

Thus, for most of the top items of US imports from India, which are mostly the top items of US imports from China (with a few exceptions), the US import growth rates from China have been not only negative in 2019 and all the 3 quarters (2019 Q3 to 2020 Q1), but even more negative than India. This is possibly due to the Trade War earlier between the US and China and the acrimony against Chinese goods after the Pandemic was evident. However, in 2020 Q2, the opposite has happened with growth rates of most of the US imports from India being negative or more negative than from China. (Table 3.1)

**The above analysis clearly shows that the impact of the Pandemic and Lockdown was moderate on India and very high on China till 2020 Q1 though in 2020 Q2 growth in the US imports from China was less negative than from India.**

### **3.1.2 Japan's Merchandise Imports from India and China**

**In the case of Japan's total imports from India**, while import growth was slightly negative at -2.6% in 2019, positive though low in 2019 Q3 to 2020 Q1, in 2020 Q2 it was highly negative at -29.5%. Thus, India's exports to Japan were affected due to COVID-19 and lockdown only in 2020 Q2. Japan's total imports growth from China was negative in 2019 and 2019 Q4 & 2020 Q1. But it picked up in 2020 Q2 and was positive at 6.1%. **While Japan's imports from India and China were less affected by the Pandemic, India's share in total imports of Japan itself is very low at 0.7% in 2019 compared to China's 23.5%. Thus, there is great scope for trade diversion for Japan from China to India if the QUAD is strengthened and becomes a strategic economic group. (Table 3.2)**

**Taking the top import items of Japan from India**, there are 22 items at the HS-2 digit level with 1% and >1% share in Japan's imports from India. Among them, the top 6 items with 5% or above share are Organic Chemicals (Code 29), Minerals, etc. (Code 27), Fish and Crustaceans, etc. (Code 03), Pearls, Precious stones and metals (Code 71), Machinery, etc. (Code 84) and Ore, slag and ash (Code 26). Japan's import growth from India of Organic Chemicals was negative only in 2019 Q4 and 2020 Q2, while its import growth from China was negative in 2019 and all the four quarters. In the case of Mineral fuels, Japan's import growth from India was positive and high in 2019 Q4 and 2020 Q1 while in the other 2 quarters and 2019 it was negative. Its import growth from China was positive only in 2020 Q3. Japan's Fish & Crustaceans import growth from India was negative in 2019 Q3 and 2020 Q2, while from China it was negative in 2019 and all four quarters.

Pearls, Precious stones and metals is a major export item of India to Japan, but it forms only 3.2% of Japan's total imports of this item. Japan's import growth from India of this item is negative in 2019 and 3 quarters from 2019 Q4 to 2020 Q2, while its import growth of this item from China was positive in 2019 and all the four quarters. Japan's Machinery imports from India was negative only in 2020 Q1, while from China it was negative in 2019 Q4 and 2020 Q1. Japan's import growth of Ores, etc. from India was negative only in 2020 Q2, but positive and high in other quarters, while from China it was also negative in 2020 Q2 and very high in all other quarters and 2019.

Among the other top imports of Japan from India, Iron & Steel (Code 72) and Aluminum & articles (Code 76) were negative in 2019 and all the 4 quarters. The magnitude of decline was also high in many quarters. The situation is similar with its imports of these items from China. Japan's import growth of Electrical machinery (Code 85) from India, was surprisingly high in all quarters except 2020 Q2 when the lockdown was effective in India, but from

**Table 3.2: Quarterly Growth in Imports of Japan from India and China: Sector-wise at HS-2 digit level**

| HS-2 digit | Items  | Japan's Imports from India |       |   |      |           |         | Japan's Imports from China |         |  |         |           |         |       |       |       |       |
|------------|--|----------------------------|-------|---|------|-----------|---------|----------------------------|---------|--|---------|-----------|---------|-------|-------|-------|-------|
|            |  | Value (US\$ Million)       |       | Share of total Japan's Imports from India |      | Growth in |         | Value (US\$ Million)       |         | Share of the product in total Japan's Imports from China |         | Growth in |         |       |       |       |       |
|            |  | 2019                       | 2020  | 2019                                      | 2020 | 2019 Q3   | 2020 Q1 | 2019 Q3                    | 2020 Q1 | 2019 Q3  | 2020 Q1 | 2019 Q3   | 2020 Q1 |       |       |       |       |
|            | <b>All products</b>  | 5363                       | 100.0 | -2.6                                      | 0.7  | 0.3       | 2.1     | 6.7                        | -29.5   | 169252   | 100.0   | -2.5      | 23.5    | 1.7   | -8.9  | -15.6 | 6.1   |
| 29         | Organic chemicals  | 779                        | 14.5  | 8.2                                       | 4.8  | 30.5      | -12.8   | 21.9                       | -6.6    | 3639   | 2.2     | -6.3      | 22.6    | -1.4  | -15.6 | -13.7 | -2.7  |
| 27         | Mineral fuels, mineral oils                                  | 530                        | 9.9   | -37.6                                     | 0.3  | -63.0     | 86.9    | 141.6                      | -11.0   | 1063   | 0.6     | -29.9     | 0.7     | -27.9 | -38.9 | 24.3  | -61.5 |
| 03         | Fish and crustaceans, molluscs                               | 430                        | 8.0   | 2.4                                       | 3.7  | -2.0      | 9.2     | 7.9                        | -25.4   | 1226   | 0.7     | -3.6      | 10.6    | -0.6  | -3.8  | -6.4  | -27.1 |
| 71         | Pearls, precious stones and metals                           | 412                        | 7.7   | -8.2                                      | 3.2  | 7.7       | -21.8   | -11.1                      | -70.8   | 422  | 0.3     | 37.2      | 3.3     | 61.0  | 51.3  | 13.0  | 13.6  |
| 84         | Machinery, mechanical appliances                             | 337                        | 6.3   | 27.2                                      | 0.5  | 26.7      | 0.1     | -31.2                      | 29.4    | 31840  | 18.8    | 3.6       | 45.2    | 6.1   | -3.5  | -17.7 | 10.7  |
| 26         | Ores, slag and ash   | 274                        | 5.1   | 30.9                                      | 1.2  | 126.6     | 31.0    | 17.9                       | -34.7   | 193  | 0.1     | 290.0     | 0.9     | 887.6 | 353.0 | 104.0 | -16.4 |
| 62         | Apparel and clothing not knitted                             | 227                        | 4.2   | 8.3                                       | 1.6  | 12.1      | -2.1    | -5.4                       | -56.9   | 7832   | 4.6     | -7.6      | 54.7    | -2.2  | -11.3 | -19.4 | -11.1 |
| 87         | Vehicles other than railway                                  | 225                        | 4.2   | 6.7                                       | 0.9  | 56.7      | -5.7    | -28.8                      | -36.0   | 4299   | 2.5     | -3.7      | 18.1    | 3.6   | -14.7 | -18.5 | -25.1 |
| 72         | Iron and steel   | 212                        | 4.0   | -22.9                                     | 2.8  | -37.8     | -25.8   | -7.5                       | -47.7   | 1246   | 0.7     | -3.6      | 16.1    | -3.3  | -21.4 | -37.8 | -24.5 |
| 76         | Aluminium and articles thereof                               | 200                        | 3.7   | -4.9                                      | 2.5  | -13.3     | 25.4    | -7.6                       | -63.3   | 2027   | 1.2     | -1.0      | 25.3    | 2.7   | -13.4 | -26.7 | -17.3 |
| 85         | Electrical machinery & equipment                             | 130                        | 2.4   | 42.5                                      | 0.1  | 86.3      | 83.7    | 44.8                       | -22.0   | 46285  | 27.4    | -3.9      | 46.9    | -1.1  | -9.7  | -13.1 | 5.7   |
| 39         | Plastics and articles thereof                                | 118                        | 2.2   | -6.3                                      | 0.7  | -27.0     | -33.1   | -38.0                      | -37.9   | 4920   | 2.9     | -2.7      | 30.4    | -0.4  | -9.3  | -17.3 | 9.8   |
| 90         | Optical, photographic, cinematographic                       | 105                        | 2.0   | -1.5                                      | 0.4  | 1.2       | -24.6   | -6.0                       | -30.5   | 4956   | 2.9     | 1.4       | 17.6    | 8.0   | -7.9  | -10.6 | -6.7  |
| 32         | Tanning or dyeing extracts                                   | 96                         | 1.8   | 5.2                                       | 6.4  | -4.5      | -1.6    | -1.0                       | -23.6   | 362  | 0.2     | -6.9      | 24.2    | -8.2  | -25.1 | -13.0 | -3.0  |
| 42         | Articles of leather; saddlery and harness                    | 94                         | 1.8   | -2.4                                      | 1.5  | 6.9       | -4.8    | -5.9                       | -57.1   | 2605   | 1.5     | 0.2       | 41.0    | 4.7   | -4.5  | -19.4 | -18.1 |
| 30         | Pharmaceutical products                                      | 75                         | 1.4   | 21.7                                      | 0.3  | -3.7      | 11.3    | -9.2                       | 10.7    | 392  | 0.2     | -12.1     | 1.4     | -16.5 | -14.5 | -8.6  | 20.3  |
| 08         | Edible fruit and nuts; peel of citrus fruit or melons        | 72                         | 1.4   | -14.0                                     | 2.1  | -6.4      | -18.2   | -12.9                      | -32.0   | 133  | 0.1     | -1.9      | 3.8     | 10.2  | -11.4 | -23.2 | -11.5 |
| 38         | Miscellaneous chemical products                              | 72                         | 1.4   | 12.5                                      | 1.2  | 26.8      | -7.1    | 0.1                        | -5.0    | 1097   | 0.7     | -7.1      | 18.6    | -9.9  | -25.6 | -25.2 | 73.0  |
| 23         | Residues and waste from the food industries                  | 64                         | 1.2   | -12.3                                     | 2.5  | 6.3       | -69.5   | -74.3                      | -28.1   | 418  | 0.3     | -19.6     | 15.9    | -28.9 | -10.9 | 9.3   | 11.4  |
| 25         | Salt; sulphur; earths and stone; plastering, lime and cement | 62                         | 1.2   | 41.2                                      | 3.8  | 21.9      | 40.1    | -13.3                      | -20.0   | 629  | 0.4     | -12.9     | 38.8    | -11.9 | -19.0 | -29.8 | -13.0 |
| 52         | Cotton   | 62                         | 1.2   | -2.6                                      | 11.3 | -6.3      | -21.4   | -25.5                      | -38.7   | 103  | 0.1     | -16.2     | 18.9    | -19.1 | -18.7 | -18.6 | 39.3  |
| 63         | Other made-up textile articles                               | 57                         | 1.1   | 25.8                                      | 1.5  | 33.9      | 30.5    | 12.9                       | -46.9   | 2741   | 1.6     | -0.3      | 71.7    | 2.4   | -6.0  | -7.6  | 366.5 |

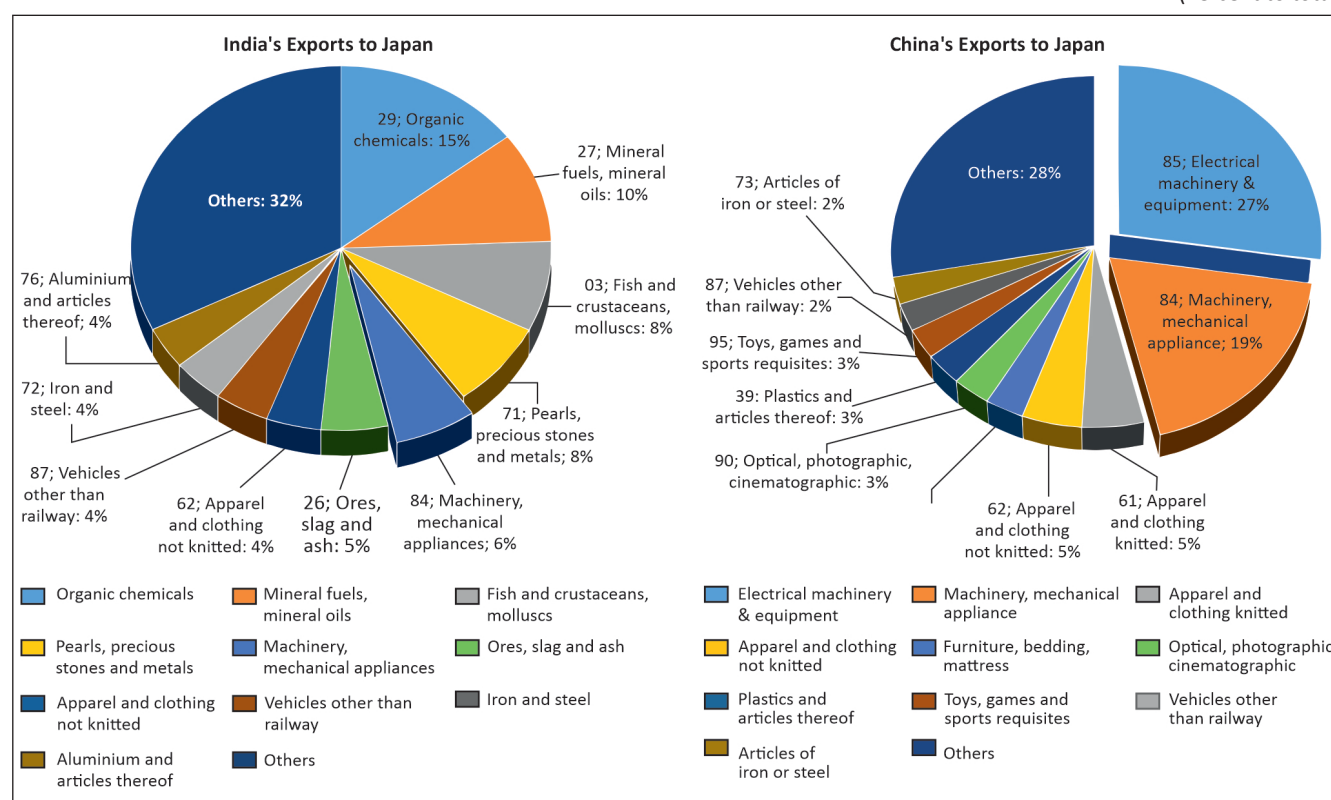
Source: Based on ITC Trademap database

China, it was negative in 2019 and 3 quarters from 2019 Q3 to 2020 Q1. Japan's import growth of Pharmaceutical products from India was negative only in 2019 Q1 and 2020 Q1; while from China, it was negative for all quarters except 2020 Q2.

Thus, Machinery mechanical, etc., Electrical machinery and Pharmaceuticals are the three major imports of Japan from India which were not much affected by the Pandemic. In most of the items, the impact was mainly in 2020 Q2 when India was under lockdown. China's major exports to Japan consist of Machinery, mechanical and Electrical machinery which are also the major exports of India and particularly in the latter there is negative growth in many quarters (Figure 3.2).

Figure 3.2: Export Composition of India and China to Japan in 2019- Top 10 major items at HS-2 digit level

(Percent to total)



Source: Based on ITC Trademap

Thus, there is scope for trade diversion of Japan from China to India, in many sectors. This needs the strengthening of QUAD as a strategic Trade and Economic Group as mentioned earlier.

### 3.1.3 Australia's Merchandise Imports from India and China

Australia's total import growths from India and China were negative in 2019 and the 4 quarters except for a marginal positive growth from India in 2020 Q1 and moderate growth from China in 2020 Q2. However, India has a small share in total imports of Australia at 1.5% in 2019, compared to China's share of 25.5%. (Table 3.3)

There are 20 items at the HS-2 digit level imported by Australia from India with 1 percent or above share. The top 5 items of Australia's imports from India with above 5% share are Pearls, Precious stones and metals (Code 71), Pharmaceutical products (Code 30), Mineral fuels, etc. (Code 27), Machinery, etc. (Code 84) and Railways, Tramways, etc. (Code 86). In the case of Pearls, Precious stones and metals, Australia's imports from India and China were negative in 2019 and all four quarters, except 2019 Q3 for India. The negative growth from India in

**Table 3.3: Quarterly Growth in imports of Australia from India and China : Sector-wise at HS-2 digit level**

| HS-2 digit | Items   | Australia's Imports from India |  |        |  |         |         | Australia's Imports from China |         |  |        |  |         |         |         |         |       |
|------------|---|--------------------------------|--|--------|--|---------|---------|--------------------------------|---------|--|--------|--|---------|---------|---------|---------|-------|
|            |   | 2019                           |  | 2019   |  | 2020    |         | 2019                           |         | 2019   |        | 2020   |         |         |         |         |       |
|            |   | Value (US\$ million)           | Share of the product in total Australia's Imports from India | Growth | Share of India in Australia's imports of the product | 2019 Q3 | 2019 Q4 | 2020 Q1                        | 2020 Q2 | Share of the product in total Australia's Imports from China | Growth | Share of China in Australia's imports of the product | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |       |
|            | All products  | 3226                           | 100  | -20.9  | 1.51   | -15.18  | -12.59  | 0.2                            | -8.93   | 54599  | 100    | -0.6   | 25.5    | -2.72   | -1.99   | -18.64  | 11.89 |
| 71         | Pearls, precious stones and metals                      | 324                            | 10.1   | -7.1   | 4.9  | 8.2     | -13.8   | -9.9                           | -63.7   | 173  | 0.3    | -6.1   | 2.6     | -7.4    | -0.8    | -14.7   | -34.1 |
| 30         | Pharmaceutical products                                 | 301                            | 9.3  | 3.8    | 3.6  | 9.7     | 11.0    | -0.6                           | 15.9    | 146  | 0.3    | 5.2  | 1.7     | 10.0    | 5.4     | 4.7     | 89.1  |
| 27         | Mineral fuels, mineral oils                             | 261                            | 8.1  | -7.9   | 1.0  | -46.5   | -28.2   | 381.6                          | 2316.0  | 2604   | 4.8    | 48.9   | 9.6     | 35.9    | 35.4    | -1.2    | -55.6 |
| 84         | Machinery, mechanical appliances                        | 236                            | 7.3  | 11.7   | 0.8  | 2.3     | -13.3   | -32.3                          | -44.2   | 10105  | 18.5   | -1.5   | 33.0    | -7.3    | 3.8     | -18.2   | 21.4  |
| 86         | Railway or tramway locomotives, rolling stock and parts | 226                            | 7.0  | -33.6  | 20.3   | -31.9   | -88.8   | -99.7                          | -99.9   | 422  | 0.8    | -11.4  | 37.9    | -72.8   | -41.9   | -69.0   | 65.5  |
| 85         | Electrical machinery & equipment                        | 140                            | 4.3  | -23.6  | 0.6  | -45.3   | -15.3   | -19.6                          | -1.3    | 12818  | 23.5   | 0.8  | 52.2    | 6.1     | -5.0    | -15.0   | 6.0   |
| 62         | Apparel and clothing not knitted                        | 137                            | 4.3  | 18.3   | 4.1  | 19.1    | 17.2    | 7.6                            | -67.7   | 2158   | 4.0    | -1.9   | 64.1    | -4.0    | -6.8    | -24.9   | -11.4 |
| 63         | Other made-up textile articles                          | 136                            | 4.2  | -1.4   | 9.8  | -3.3    | -2.7    | -7.7                           | -48.4   | 876  | 1.6    | -8.0   | 63.3    | -10.5   | -3.2    | -7.0    | 272.7 |
| 73         | Articles of iron or steel                               | 128                            | 4.0  | 7.6    | 2.9  | 4.7     | 11.8    | -3.6                           | -21.7   | 2163   | 4.0    | -12.5  | 48.1    | -16.2   | -14.7   | -20.6   | 3.7   |
| 29         | Organic chemicals                                       | 120                            | 3.7  | 20.0   | 5.5  | 91.4    | 57.7    | -29.3                          | 0.2     | 616  | 1.1    | -22.4  | 28.1    | -4.1    | -22.8   | -6.1    | 116.6 |
| 61         | Apparel and clothing knitted                            | 98                             | 3.0  | 12.4   | 3.0  | 4.0     | 21.0    | -6.8                           | -47.3   | 2035   | 3.7    | -3.1   | 63.0    | -5.5    | -4.5    | -20.5   | -22.4 |
| 42         | Articles of leather; saddlery and harness               | 81                             | 2.5  | -12.9  | 5.6  | -13.7   | -17.0   | -15.6                          | -70.3   | 697  | 1.3    | -10.6  | 48.1    | -16.2   | -13.8   | -26.1   | -40.2 |
| 87         | Vehicles other than railway                             | 77                             | 2.4  | -41.6  | 0.3  | -28.7   | 69.4    | 64.9                           | -29.4   | 1403   | 2.6    | 15.3   | 5.3     | 12.6    | 14.1    | -16.9   | -6.1  |
| 57         | Carpets and other textile floor coverings               | 71                             | 2.2  | 0.4    | 18.8   | -10.4   | -3.0    | -4.2                           | -40.3   | 110  | 0.2    | -7.1   | 28.9    | -12.5   | -9.6    | -25.5   | -3.4  |
| 39         | Plastics and articles thereof                           | 61                             | 1.9  | -6.0   | 1.0  | -8.8    | -10.4   | -21.2                          | -32.9   | 2154   | 3.9    | -2.5   | 36.9    | -5.6    | -2.4    | -15.2   | 31.6  |
| 10         | Cereals   | 61                             | 1.9  | 11.3   | 17.7   | 7.8     | 17.9    | 16.4                           | 29.0    | 3  | 0.0    | 51.8   | 1.0     | 63.4    | 81.6    | 70.5    | 166.3 |
| 40         | Rubber and articles thereof                             | 58                             | 1.8  | -13.1  | 1.8  | -24.8   | -26.2   | -15.1                          | -36.0   | 723  | 1.3    | -1.4   | 22.8    | -9.0    | 7.9     | -15.3   | 14.2  |
| 09         | Coffee, tea, maté and spices                            | 52                             | 1.6  | -13.1  | 8.2  | -2.6    | -8.9    | 3.0                            | -22.6   | 19   | 0.0    | -41.4  | 2.9     | -42.0   | -29.0   | -38.1   | 4.6   |
| 94         | Furniture; bedding, mattresses                          | 51                             | 1.6  | -3.9   | 1.1  | -10.0   | -15.6   | -13.0                          | -52.6   | 3139   | 5.8    | -3.6   | 68.9    | -9.3    | -2.4    | -23.2   | 0.0   |
| 90         | Optical, photographic, cinematographic,                 | 39                             | 1.2  | -6.9   | 0.5  | -19.3   | -18.8   | -16.2                          | -33.0   | 949  | 1.7    | 0.2  | 11.7    | -0.2    | 1.7     | -16.9   | 18.5  |
| 64         | Footwear, gaiters and the like                          | 31                             | 1.0  | -8.2   | 1.7  | -8.5    | -11.8   | -15.6                          | -70.6   | 891  | 1.6    | -2.8   | 50.1    | -5.1    | -6.3    | -25.2   | -41.6 |
| 72         | Iron and steel  | 31                             | 1.0  | -17.2  | 2.5  | -23.3   | -11.9   | 13.4                           | 18.2    | 179  | 0.33   | -6.1   | 14.3    | -13.08  | 9.41    | -14.8   | 2.47  |

Source: Based on ITC Trademap Database

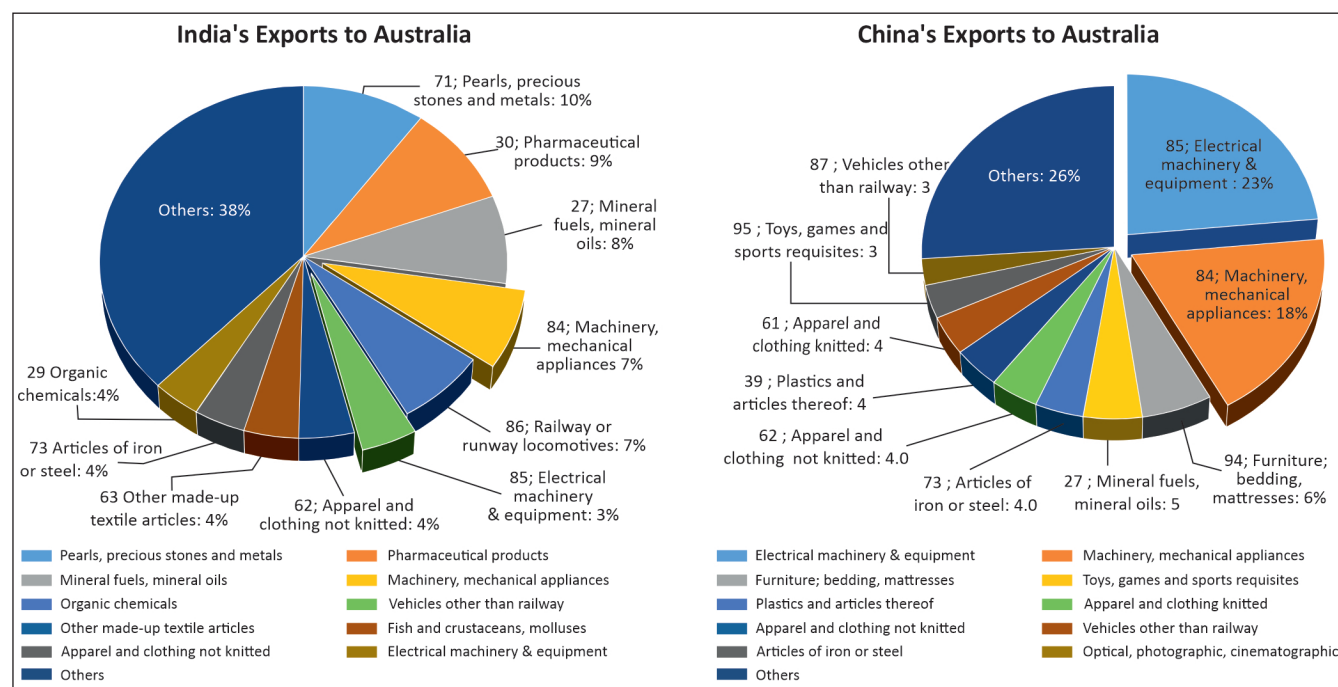


2020 Q2 was also very high at -63.7%. Australia's import growth of Pharmaceuticals from India and China were positive in 2019 and almost all the four quarters except for a marginal negative growth in 2020 Q1 for India. In fact, the import growth of this item from China in 2020 Q2 was very high at 89.1%. Australia's Mineral fuels import growth from India was positive and very high in 2020 Q1 and 2020 Q2, (which may also be due to India's efforts to import oil when it was cheap) while it was negative in the case of its imports from China in these 2 quarters. In the case of Railways or tramway locomotives, etc., Australia's import growth from India and China were negative in 2019 and almost all the four quarters except for 2020 Q2 for China when there was high positive growth.

**Among the other top items of Australia's imports from India**, Electrical machinery from India which was showing positive growth in US and Japanese markets, registered negative growth in Australia's import market. Australia registered positive import growth from India in 2019 and all four quarters only in cereals. In Australia's imports from China also it had positive and high growth in all the four quarters. Articles of Apparel and clothing is the other item with positive growth in Australia's imports from India, except in 2020 Q2, while from China it was negative in 2019 and all four quarters. **Thus, Australia's import experience from India and China is slightly different from that of the US and Japan with the composition of import items with positive import growth changing.**

**There is also plenty of scope for trade diversion by Australia from China to India. In fact, the export baskets of India and China to Australia are more or less the same. The two major items of exports of China to Australia, Machinery Mechanical Appliances, etc. and Electrical Machinery are also important in India's basket. (Figure 3.3)**

**Figure 3.3: Export Composition of India and China to Australia in 2019- Top 10 major items at HS-2 digit level**  
(Percent to total)



Source: Based on ITC Trademap database

### 3.1.4 QUADs Merchandise Imports from India and China

Total import growth from India by the QUAD(3) countries was positive in 2019 and 2019 Q3 and 2019 Q4 and negative only in 2020 Q1 and 2020 Q2 due to the Pandemic and Lockdown, while total import growth of QUAD(3) from China was negative in 2019 and all the four quarters 2019 Q3 to 2020 Q2. But the share of India in QUAD(3)'s total imports is only 1.96% compared to the share of China at 19.88%. (Table 3.4)

**Table 3.4: Quarterly Growth in imports of QUAD from India and China : Sector-wise at HS-2 digit level**

| HS-2 digit | Items  | QUAD Imports from India |   |            |   |             |            | QUAD Imports from China |              |                  |   |              |   |               |               |               |              |
|------------|--|-------------------------|---|------------|---|-------------|------------|-------------------------|--------------|------------------|---|--------------|---|---------------|---------------|---------------|--------------|
|            |  | 2019                    |   | 2019       |   | 2020        |            | 2019                    |              | 2019             |   | 2020         |   |               |               |               |              |
|            |  | Value                   | Share of the product in total QUAD's Imports from India | Growth     | Share of India in QUAD's imports of the product | 2019 Q3     | 2019 Q4    | 2020 Q1                 | 2020 Q2      | Value            | Share of the product in total QUAD's Imports from China | Growth       | Share of China in QUAD's imports of the product |               |               |               |              |
|            | <b>All products</b>                                | <b>68506203</b>         | <b>100</b>  | <b>3.7</b> | <b>1.96</b>                                     | <b>0.39</b> | <b>2.2</b> | <b>-3.25</b>            | <b>-38.7</b> | <b>696324025</b> | <b>100</b>  | <b>-12.0</b> | <b>19.88</b>                                    | <b>-10.83</b> | <b>-19.04</b> | <b>-24.32</b> | <b>-2.18</b> |
| 71         | Pearls, precious stones and metals                 | 11471094                | 16.74   | -7.4       | 14.81   | -13.31      | -10.89     | -17.43                  | -75.05       | 3308481          | 0.48  | -9.7         | 4.27  | -8.03         | -22.18        | -39.93        | -57.14       |
| 30         | Pharmaceutical products                            | 8158199                 | 11.91   | 18.6       | 4.98  | 22.1        | 8.84       | -1.12                   | 8.86         | 2143121          | 0.31  | -1.2         | 1.31  | 0.34          | 4.72          | 3.24          | 44.25        |
| 27         | Mineral fuels, mineral oils                        | 4532562                 | 6.62  | -10.8      | 1.15  | -31.16      | 13.9       | -16.07                  | -44.63       | 3965690          | 0.57  | -1.5         | 1.01  | -5.07         | -4.49         | -0.65         | -57.69       |
| 84         | Machinery, mechanical appliances                   | 4389281                 | 6.41  | 10.6       | 0.91  | 10.68       | -3.27      | -4.99                   | -37.65       | 136561602        | 19.61   | -15.1        | 28.44   | -19.51        | -16.04        | -24.24        | 4.25         |
| 29         | Organic chemicals                                  | 3791241                 | 5.53  | 13.6       | 5.21  | 13.53       | 8.1        | 6.44                    | -15.74       | 12379971         | 1.78  | -16.1        | 17  | -9.74         | -27.82        | -20.21        | 10.72        |
| 87         | Vehicles other than railway                        | 3088004                 | 4.51  | -5.2       | 0.86  | -2.84       | -11.92     | -7.44                   | -45.25       | 20609485         | 2.96  | -13.4        | 5.72  | -15.45        | -25.61        | -20.63        | -23.86       |
| 63         | Other made-up textile articles                     | 2869747                 | 4.19  | 1.9        | 13  | 2.43        | -0.38      | 2.93                    | -45.7        | 13100767         | 1.88  | 2.8          | 59.34   | 8.40          | -8.95         | -18.51        | 298.91       |
| 03         | Fish and crustaceans, molluscs                     | 2714570                 | 3.96  | 6.1        | 8.8   | 9.49        | 12.4       | 18.37                   | -28.13       | 2928643          | 0.42  | -17.1        | 9.49  | -18.78        | -22.89        | -6.87         | -21.21       |
| 62         | Apparel and clothing not knitted                   | 2620338                 | 3.82  | 5.9        | 4.6   | 3.14        | 3.99       | 0.45                    | -65.25       | 22201875         | 3.19  | -7.9         | 38.98   | -3.76         | -21.46        | -32.48        | -9.04        |
| 85         | Electrical machinery & equipment                   | 2402647                 | 3.51  | 17.4       | 0.51  | 11.75       | 32.56      | 68.91                   | 14.78        | 187817871        | 26.97   | -13.4        | 39.49   | -12.56        | -17.45        | -25.06        | -8.96        |
| 61         | Apparel and clothing knitted                       | 2154604                 | 3.15  | 7.0        | 3.31  | 5.07        | -0.73      | -4.94                   | -60.86       | 24288487         | 3.49  | -6.6         | 37.28   | -2.03         | -21.62        | -30.67        | -37.47       |
| 73         | Articles of iron or steel                          | 1720998                 | 2.51  | 14.8       | 3.23  | 10.31       | 10.81      | -3.94                   | -45.35       | 18246132         | 2.62  | -12.2        | 34.24   | -12.39        | -22.71        | -22.74        | -7.63        |
| 94         | Furniture; bedding, mattresses                     | 1113284                 | 1.63  | 6.3        | 1.39  | 5.84        | 9.5        | 20.52                   | -47.7        | 37342175         | 5.36  | -19.2        | 46.63   | -20.38        | -32.75        | -32.44        | -22.09       |
| 57         | Carpets and other textile floor coverings          | 1076722                 | 1.57  | 2.2        | 26.61   | 0.64        | -0.91      | 1.66                    | -47.61       | 1023164          | 0.15  | -21.7        | 25.29   | -20.99        | -28.48        | -23.57        | -24.17       |
| 99         | Commodities not elsewhere specified                | 963130                  | 1.41  | 18.2       | 0.75  | 8.99        | 26.38      | 9.86                    | -46.45       | 10291793         | 1.48  | 16.1         | 8.03  | 16.65         | 14.85         | 1.41          | 18.76        |
| 76         | Aluminium and articles thereof                     | 893247                  | 1.3   | -5.1       | 2.78  | -18.42      | 1.47       | -21.67                  | -42.51       | 5603415          | 0.8   | -9.2         | 17.41   | -1.44         | -16.05        | -25.44        | -13.86       |
| 39         | Plastics and articles thereof                      | 886406                  | 1.29  | 4.8        | 1.07  | -2.53       | -12.68     | -10.51                  | -34.11       | 26447210         | 3.8   | -5.1         | 32.02   | -3.03         | -13.38        | -17.43        | 10.24        |
| 68         | Articles of stone, plaster, cement, asbestos, mica | 792705                  | 1.16  | 38.9       | 7.31  | 50.65       | 7.02       | -18.34                  | -51.76       | 2389152          | 0.34  | -33.6        | 22.04   | -40.11        | -30.70        | -17.48        | -24.13       |
| 42         | Articles of leather; saddlery and harness          | 785854                  | 1.15  | 5.7        | 3.73  | 14.2        | 3.66       | 6.25                    | -56.72       | 8587148          | 1.23  | -23.3        | 40.7  | -21.20        | -36.09        | -31.83        | -43.28       |
| 40         | Rubber and articles thereof                        | 735307                  | 1.07  | 13.9       | 1.94  | 5.82        | 7.61       | 2.06                    | -41.47       | 4432202          | 0.64  | -25.7        | 11.69   | -27.99        | -38.24        | -30.83        | -4.74        |
| 90         | Optical, photographic, cinematographic,            | 694314                  | 1.01  | 0.3        | 0.52  | -7.91       | -7.35      | -2.97                   | -30.97       | 17544079         | 2.52  | -6.7         | 13.17   | 0.27          | -11.58        | -16.82        | 12.55        |

Source: Based on ITC Trademap database

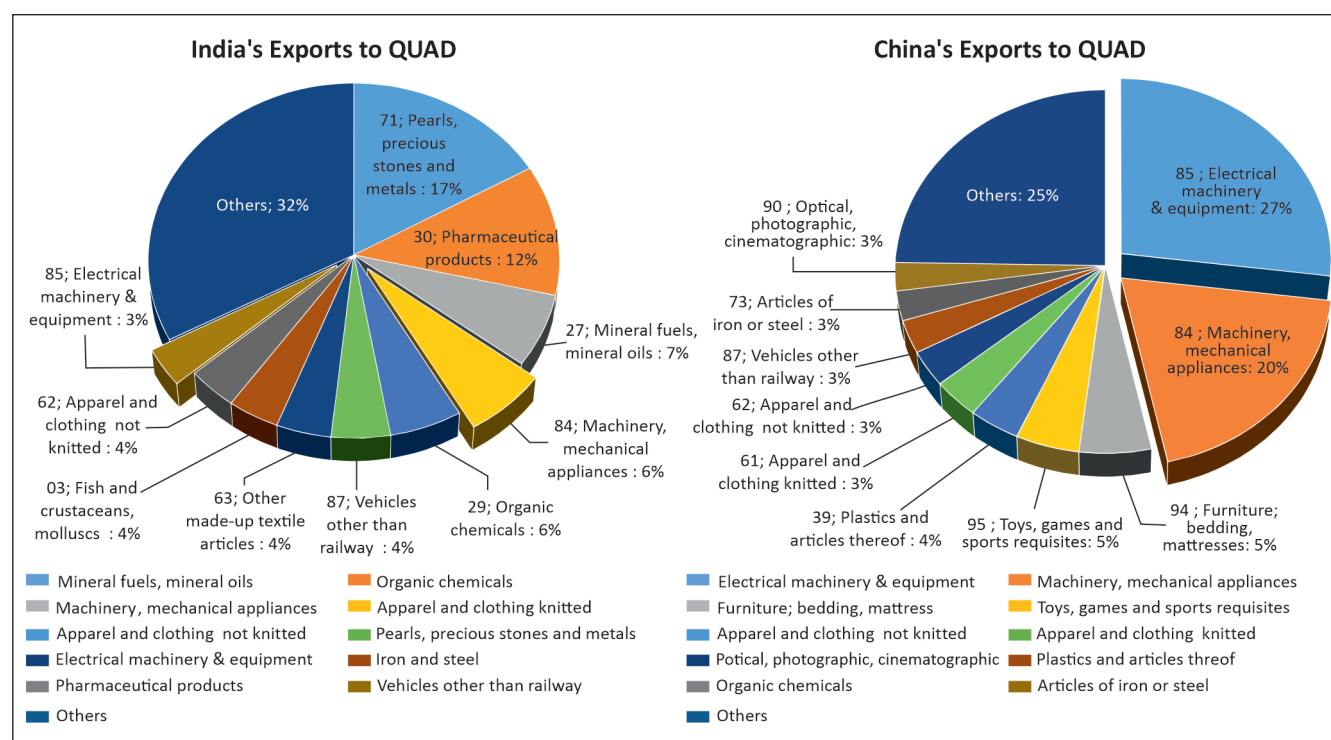
There are 21 items at the HS-2 digit level with a share of 1% and above in QUAD(3)'s imports from India. The two major items of imports of QUAD from India with a share of around 30% in its imports from India are Pearls, Precious stones and metals (Code 71) and Pharmaceutical products (Code 30). Import growths of Pearls, Precious stones and metals from India and China were negative in 2019 and all four quarters 2019 Q3 to 2020 Q2. QUAD's Pharmaceutical products import growth from India and China were mostly positive in all the four quarters except in 2020 Q1 when it was slightly negative at -1.12% in the case of India.

Among the other important items, QUAD's imports of Electrical Machinery, etc. from India registered positive growth in 2019 and all the four quarters, in contrast to QUAD's import growth from China with negative growth in 2019 and all the four quarters. Fish and crustaceans, etc. (Code 03) and Articles of apparel and Clothing (Code 62) are two other important items with QUAD's import growth from India being negative only in 2020 Q2 compared to its negative import growth from China in 2019 and all four quarters.

The composition of imports of top items of QUAD from India and China are similar and there is good scope for trade diversion by QUAD(3) from China to India. (Figure 3.4)

Figure 3.4: Export Composition of India and China to QUAD in 2019- Top 10 major items at HS-2 digit level

(Percent to total)



Source: Based on ITC Trademap data.

### 3.1.5 EU's Merchandise Imports from India and China

EU's total import growth from India was negative in 2019 and all four quarters except 2019 Q4, when growth was marginally positive, while its import growth from China was negative in 2019 Q4 and 2020 Q1. (Table 3.5)

**Table 3.5: Quarterly Growth in imports of EU from India and China: Sector-wise at HS-2 digit level**

| HS-2 digit | Items   | EU's Imports from India |   |        |   |         |         |         |         |                      |   | EU's Imports from China |   |         |         |         |         |  |  |  |  |
|------------|---|-------------------------|---|--------|---|---------|---------|---------|---------|----------------------|---|-------------------------|---|---------|---------|---------|---------|--|--|--|--|
|            |   | 2019                    |   |        |   |         | 2020    |         |         |                      |   | 2019                    |   |         |         |         | 2020    |  |  |  |  |
|            |   | Value (US\$ Million)    | Share of the product in total EU's Imports from India | Growth | Share of India in EU's imports of the product | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 | Value (US\$ Million) | Share of the product in total EU's Imports from China | Growth                  | Share of China in EU's imports of the product | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |  |  |  |  |
|            | All products  | 57016                   | 100.0   | -0.9   | 0.9   | -5.0    | 0.6     | -5.1    | -43.2   | 529576               | 100.0   | 0.9                     | 8.5   | 1.3     | -1.3    | -8.4    | 10.6    |  |  |  |  |
| 27         | Mineral fuels, mineral oils                           | 5432                    | 9.5   | 42.5   | 0.8   | -11.2   | 105.6   | -2.6    | -89.4   | 795                  | 0.2   | 16.4                    | 0.1   | -43.2   | -32.3   | -41.8   | -60.0   |  |  |  |  |
| 29         | Organic chemicals                                     | 5198                    | 9.1   | 8.6    | 3.1   | 5.5     | 7.9     | 6.0     | 5.6     | 12889                | 2.4   | -1.6                    | 7.6   | 6.2     | -11.2   | -6.7    | 13.5    |  |  |  |  |
| 84         | Machinery, mechanical appliances                      | 4517                    | 7.9   | -2.3   | 0.6   | -6.5    | -4.9    | -9.5    | -50.7   | 111881               | 21.1  | -0.5                    | 14.9  | -2.9    | -1.5    | -9.0    | 10.6    |  |  |  |  |
| 61         | Apparel and clothing knitted                          | 3321                    | 5.8   | -4.1   | 3.4   | 0.0     | -4.9    | -5.5    | -50.7   | 17134                | 3.2   | -4.2                    | 17.7  | -1.9    | -6.9    | -12.5   | -36.3   |  |  |  |  |
| 62         | Apparel and clothing not knitted                      | 3239                    | 5.7   | -4.2   | 3.3   | -5.4    | 2.6     | -6.8    | -51.0   | 19100                | 3.6   | -4.8                    | 19.5  | -4.3    | -7.7    | -16.8   | 7.5     |  |  |  |  |
| 71         | Pearls, precious stones and metals                    | 3041                    | 5.3   | -10.9  | 2.0   | -20.7   | -17.6   | -23.1   | -65.1   | 2101                 | 0.4   | 8.2                     | 1.4   | 19.8    | 8.8     | -7.7    | -23.7   |  |  |  |  |
| 85         | Electrical machinery & equipment                      | 2824                    | 5.0   | 9.5    | 0.4   | 12.0    | 4.4     | 20.1    | -43.1   | 162176               | 30.6  | 3.0                     | 23.9  | 2.7     | 3.3     | -6.5    | -0.5    |  |  |  |  |
| 72         | Iron and steel  | 2540                    | 4.5   | -23.2  | 1.7   | -12.0   | -8.7    | -11.3   | -26.0   | 3416                 | 0.7   | -19.0                   | 2.3   | 9.0     | -38.7   | -49.9   | -24.5   |  |  |  |  |
| 30         | Pharmaceutical products                               | 2163                    | 3.8   | 2.1    | 0.7   | 8.4     | 3.7     | 20.8    | -0.1    | 2227                 | 0.4   | -10.6                   | 0.7   | -31.4   | 1.1     | -8.4    | 29.0    |  |  |  |  |
| 87         | Vehicles other than railway                           | 2019                    | 3.5   | -8.2   | 0.3   | -14.7   | -25.8   | -30.5   | -56.4   | 11956                | 2.3   | 8.3                     | 1.8   | 19.6    | 9.9     | 1.1     | -7.4    |  |  |  |  |
| 64         | Footwear, gaiters and the like                        | 1734                    | 3.0   | -5.0   | 2.7   | -4.9    | 1.6     | -3.1    | -55.7   | 12168                | 2.3   | -3.1                    | 18.8  | -3.0    | -5.1    | -9.6    | -35.3   |  |  |  |  |
| 73         | Articles of iron or steel                             | 1705                    | 3.0   | 1.3    | 1.5   | 3.1     | -9.7    | -4.0    | -49.7   | 12691                | 2.4   | 6.5                     | 11.1  | 6.3     | -5.1    | -12.8   | -16.0   |  |  |  |  |
| 42         | Articles of leather; saddlery and harness             | 1638                    | 2.9   | 1.9    | 5.4   | 5.8     | 5.3     | 0.5     | -62.1   | 8508                 | 1.6   | -0.9                    | 27.9  | -1.6    | -5.6    | -12.5   | -37.9   |  |  |  |  |
| 63         | Other made-up textile articles                        | 1455                    | 2.6   | -4.7   | 6.7   | -5.6    | -8.3    | -7.3    | -46.3   | 5791                 | 1.1   | 3.6                     | 26.8  | 6.8     | -3.1    | 13.2    | 1057.6  |  |  |  |  |
| 39         | Plastics and articles thereof                         | 1396                    | 2.5   | 3.3    | 0.6   | -1.8    | -18.3   | -20.4   | -22.6   | 14125                | 2.7   | 4.0                     | 6.0   | 3.6     | -2.7    | -10.1   | 4.6     |  |  |  |  |
| 40         | Rubber and articles thereof                           | 1002                    | 1.8   | -6.2   | 1.5   | -10.6   | 0.3     | -1.7    | -29.7   | 4487                 | 0.9   | -3.3                    | 6.5   | 4.9     | -6.7    | -9.5    | 5.3     |  |  |  |  |
| 03         | Fish and crustaceans, molluscs                        | 892                     | 1.6   | -8.5   | 1.9   | -6.4    | -6.5    | 6.1     | -38.3   | 2130                 | 0.4   | 10.1                    | 4.6   | 3.9     | 10.0    | -11.4   | -20.6   |  |  |  |  |
| 90         | Optical, photographic, cinematographic,               | 848                     | 1.5   | -12.3  | 0.5   | -7.6    | -11.8   | -16.6   | -41.7   | 14904                | 2.8   | 5.7                     | 7.9   | 8.7     | 4.4     | -3.5    | 38.6    |  |  |  |  |
| 94         | Furniture; bedding, mattresses                        | 837                     | 1.5   | 3.8    | 0.9   | 6.8     | 0.9     | 6.1     | -49.8   | 22764                | 4.3   | 4.3                     | 23.6  | 6.0     | -0.2    | -8.2    | -18.0   |  |  |  |  |
| 32         | Tanning or dyeing extracts                            | 735                     | 1.3   | -1.4   | 2.1   | 5.1     | -1.5    | 3.5     | -23.8   | 2038                 | 0.4   | -5.6                    | 5.9   | 5.6     | 0.6     | -3.1    | 25.3    |  |  |  |  |
| 08         | Edible fruit and nuts; peel of citrus fruit or melons | 666                     | 1.2   | -6.3   | 1.2   | -24.2   | -11.1   | -6.8    | -26.6   | 483                  | 0.1   | 3.7                     | 0.9   | 23.7    | 7.3     | 25.4    | 19.9    |  |  |  |  |
| 09         | Coffee, tea, maté and spices                          | 644                     | 1.1   | -11.6  | 3.2   | -12.4   | -9.1    | -2.3    | -35.4   | 540                  | 0.1   | -3.3                    | 2.7   | -1.3    | -11.1   | -2.4    | 26.3    |  |  |  |  |
| 76         | Aluminium and articles thereof                        | 541                     | 1.0   | -45.4  | 0.7   | -56.7   | -65.1   | -38.7   | -58.8   | 4411                 | 0.8   | 2.2                     | 5.8   | -6.1    | -11.8   | -17.2   | -19.8   |  |  |  |  |

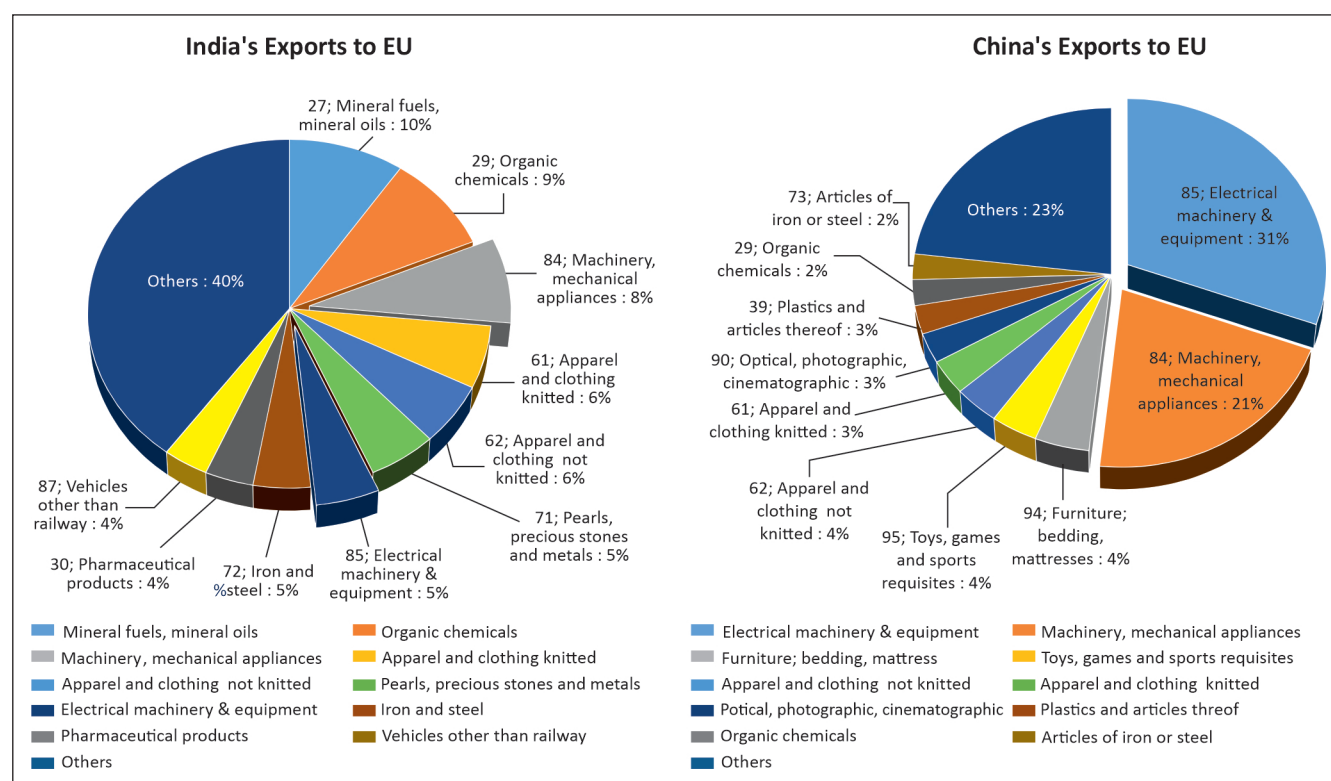
Source: Based on ITC Trademap database

**Among the top 22 import items (at HS-2 digit level) of EU from India**, only EU's imports of Organic Chemicals (Code 29) from India had positive growth in 2019 and all the four quarters from 2019 Q3 to 2020 Q2 while in its imports from China it was negative in 2019 Q4 and 2020 Q1. EU's import growth from India of four items, namely, Electrical machinery and equipment (Code 85), Pharmaceutical products (Code 30), Articles of leather, etc. (Code 42) and Furniture, Bedding, etc. (Code 94) were negative only in the last quarter 2020 Q2, while these were also negative in its imports from China in 2020 Q2 except Pharmaceuticals. All other important imports of EU from India registered negative growth in most of the quarters.

**In the case of EU imports from China** only Edible fruits and nuts, etc. (Code 08) registered positive growth in 2019 and all the four quarters 2019 Q3 to 2020 Q2, while in its imports from India, it registered negative growth in all four quarters. EU's imports from China of vehicles other than railways, etc. (Code 87) and other made up articles, etc. (Code 63), registered negative growth in one of the last four quarters, while its imports from India were negative in all four quarters.

**The export basket of India and China to the EU is similar except for the higher weightage for Machinery mechanical and Electrical machinery in the EU imports from China. India is competent in exports of these 2 items where greater trade diversion of the EU imports from China to India can take place.** (Figure 3.5)

**Figure 3.5: Export Composition of India and China to EU in 2019- Top 10 major items at HS-2 digit level**  
(Percent to total)



Source: Based on ITC Trademap data.

### 3.1.6 UK's Merchandise Imports from India and China

**UK's total import growth** from India was negative only in the last 2 quarters 2020 Q1 and 2020 Q2 while from China it was negative in 3 quarters 2019 Q3 to 2020 Q1, but slightly positive in 2020 Q2. (Table 3.6)

**Table 3.6: Quarterly Growth in imports of UK from India and China : Sector-wise at HS-2 digit level**

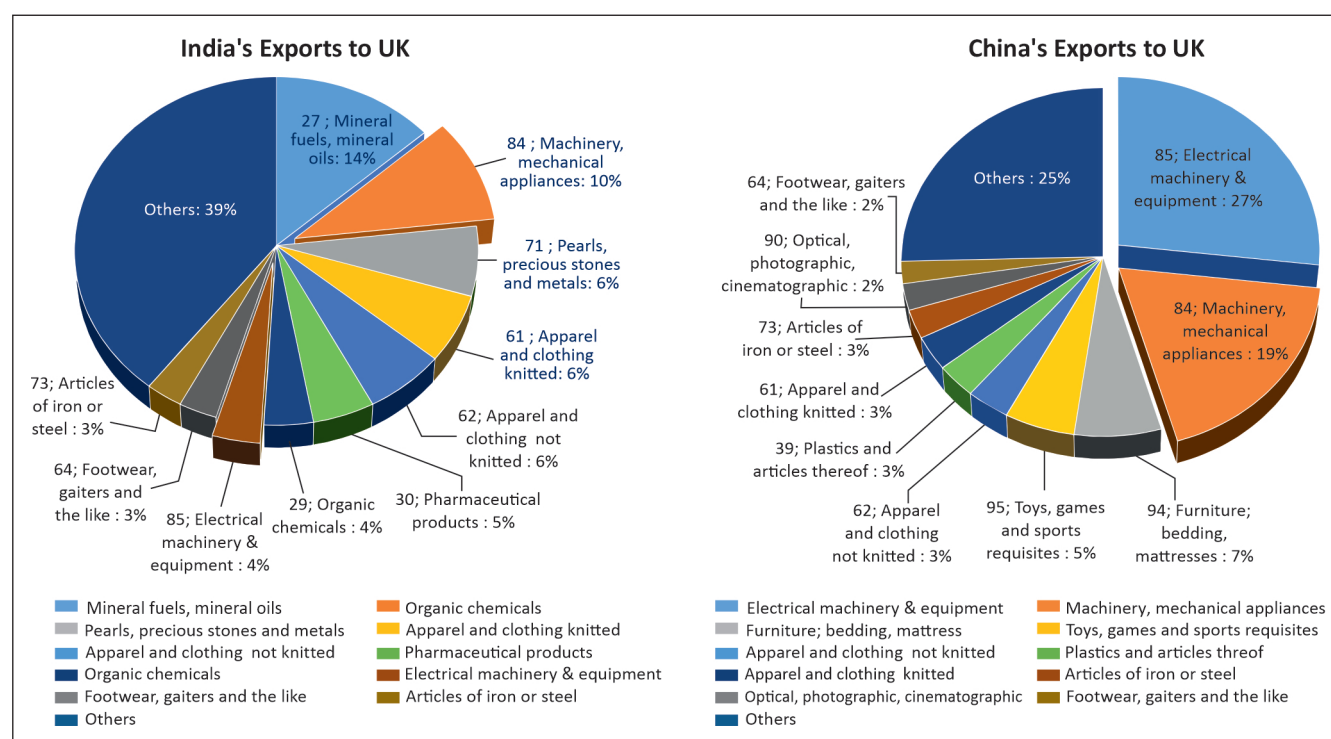
| HS-2 digit | Items  | UK's Imports from India |   |            |   |            |            | UK's Imports from China |                      |   |              |   |            |             |             |              |            |
|------------|--|-------------------------|---|------------|---|------------|------------|-------------------------|----------------------|---|--------------|---|------------|-------------|-------------|--------------|------------|
|            |  | Value (US\$ Million)    | Share of the product in total UK's Imports from India | Growth     | Share of India in UK's imports of the product | Growth in  |            |                         | Value (US\$ Million) | Share of the product in total UK's Imports from China | Growth       | Share of China in UK's imports of the product | Growth in  |             |             |              |            |
|            |  |                         |   |            |   | 2019 Q3    | 2019 Q4    | 2020 Q1                 |                      |   |              |   | 2019 Q3    | 2019 Q4     | 2020 Q1     | 2019 Q3      | 2019 Q4    |
|            | <b>All products</b>  | <b>9669</b>             | <b>100.0</b>  | <b>2.1</b> | <b>1.4</b>                                    | <b>1.1</b> | <b>5.5</b> | <b>-7.8</b>             | <b>-53.2</b>         | <b>64837</b>  | <b>100.0</b> | <b>3.3</b>                                    | <b>9.4</b> | <b>-2.1</b> | <b>-2.5</b> | <b>-17.4</b> | <b>2.1</b> |
| 27         | Mineral fuels, mineral oils                                  | 1304                    | 13.5  | 87.2       | 2.3   | 197.2      | 143.9      | 18.0                    | -99.4                | 135   | 0.2          | 87.1  | 0.2        | -92.5       | -63.7       | 3.7          | -89.7      |
| 84         | Machinery, mechanical appliances                             | 939                     | 9.7   | -9.6       | 1.1   | -9.0       | -1.5       | -10.2                   | -61.6                | 12089   | 18.6         | 3.9   | 14.3       | -1.9        | -2.6        | -17.1        | 8.2        |
| 71         | Pearls, precious stones and metals                           | 624                     | 6.5   | -22.7      | 0.7   | -41.4      | -45.7      | -50.8                   | -82.9                | 342   | 0.5          | 26.7  | 0.4        | 17.5        | -0.1        | -20.7        | -39.9      |
| 61         | Apparel and clothing knitted                                 | 614                     | 6.4   | 2.7        | 5.2   | 6.8        | 4.0        | 10.4                    | -57.7                | 2033  | 3.1          | -5.1  | 17.4       | 2.1         | -9.3        | 1.5          | -37.3      |
| 62         | Apparel and clothing not knitted                             | 610                     | 6.3   | 2.7        | 5.5   | 3.2        | 11.6       | 5.7                     | -63.9                | 2183  | 3.4          | -5.6  | 19.6       | -4.7        | -8.4        | -11.4        | 12.8       |
| 30         | Pharmaceutical products                                      | 466                     | 4.8   | -20.3      | 1.7   | -18.8      | -19.3      | 3.2                     | 20.4                 | 297   | 0.5          | -0.9  | 1.1        | -0.7        | -2.2        | -15.3        | 50.2       |
| 29         | Organic chemicals  | 369                     | 3.8   | 8.1        | 3.6   | 6.4        | 27.8       | 3.4                     | -23.7                | 995   | 1.5          | 1.9   | 9.8        | -5.4        | -15.4       | -28.0        | 11.5       |
| 85         | Electrical machinery & equipment                             | 361                     | 3.7   | 2.2        | 0.6   | 15.7       | -10.0      | -6.2                    | -51.4                | 17394   | 26.8         | 5.3   | 27.2       | -12.8       | 2.5         | -27.6        | -9.3       |
| 64         | Footwear, gaiters and the like                               | 288                     | 3.0   | -2.1       | 4.5   | -2.4       | 7.5        | -1.7                    | -70.3                | 1344  | 2.1          | -4.2  | 20.9       | 1.6         | -10.3       | -0.5         | -43.0      |
| 73         | Articles of iron or steel                                    | 279                     | 2.9   | 1.1        | 2.5   | 5.3        | -7.3       | -7.4                    | -57.3                | 1740  | 2.7          | 4.4   | 15.5       | 5.3         | -12.4       | -18.4        | -24.4      |
| 63         | Other made-up textile articles                               | 277                     | 2.9   | 3.7        | 10.9  | -5.6       | -3.0       | -14.6                   | -60.2                | 876   | 1.4          | 8.9   | 34.5       | 14.6        | 0.1         | -11.0        | 530.7      |
| 87         | Vehicles other than railway                                  | 272                     | 2.8   | 19.5       | 0.4   | 13.5       | 2.4        | -42.0                   | -10.6                | 1274  | 2.0          | 7.9   | 1.7        | 11.4        | -0.2        | -2.7         | -23.4      |
| 42         | Articles of leather; saddlery and harness                    | 231                     | 2.4   | -7.0       | 6.3   | -10.9      | -7.7       | 4.2                     | -60.8                | 1072  | 1.7          | 0.4   | 29.0       | -2.4        | -7.5        | -11.2        | -42.0      |
| 39         | Plastics and articles thereof                                | 195                     | 2.0   | 3.2        | 1.0   | 0.5        | -6.8       | -12.1                   | -27.7                | 2049  | 3.2          | 5.2   | 10.9       | 3.9         | -4.5        | -11.0        | 11.5       |
| 88         | Aircraft, spacecraft   | 177                     | 1.8   | 12.3       | 1.7   | -24.2      | 9.5        | -29.0                   | -78.4                | 172   | 0.3          | 8.8   | 1.6        | -21.6       | 29.3        | -6.5         | -50.1      |
| 90         | Optical, photographic, cinematographic,                      | 167                     | 1.7   | -40.9      | 0.9   | -26.3      | -34.5      | -44.2                   | -53.5                | 1585  | 2.5          | 10.8  | 8.3        | 9.8         | 9.2         | -10.9        | 93.4       |
| 25         | Salt; sulphur; earths and stone; plastering, lime and cement | 148                     | 1.5   | -2.8       | 13.4  | -8.2       | -9.1       | -10.9                   | -50.6                | 56  | 0.1          | 3.3   | 5.1        | 14.3        | -10.3       | -7.2         | -18.2      |
| 94         | Furniture; bedding, mattresses                               | 132                     | 1.4   | -1.8       | 1.1   | -5.6       | 0.1        | -6.4                    | -61.3                | 4382  | 6.8          | 7.6   | 37.0       | 12.4        | -1.4        | -12.5        | -26.3      |
| 09         | Coffee, tea, maté and spices                                 | 125                     | 1.3   | -10.0      | 7.2   | -1.3       | -1.7       | -0.2                    | -23.1                | 55  | 0.1          | -4.7  | 3.1        | -14.6       | -7.9        | -3.1         | 75.4       |
| 03         | Fish and crustaceans, molluscs                               | 122                     | 1.3   | -0.9       | 4.1   | -3.9       | -3.2       | 16.0                    | -42.6                | 352   | 0.5          | 35.5  | 11.7       | 39.6        | 49.6        | -12.0        | -16.8      |
| 40         | Rubber and articles thereof                                  | 120                     | 1.2   | -9.1       | 2.3   | -20.2      | -0.8       | -2.2                    | -29.2                | 815   | 1.3          | -4.5  | 15.5       | 1.8         | -8.6        | -7.7         | 1.8        |
| 10         | Cereals  | 118                     | 1.2   | 46.6       | 7.6   | 12.2       | -24.5      | -20.8                   | 90.4                 | 1   | 0.0          | 12.5  | 0.1        | -47.8       | 40.0        | 38.6         | 50.0       |
| 83         | Miscellaneous articles of base metal                         | 113                     | 1.2   | 6.6        | 4.2   | 11.3       | 5.2        | -4.0                    | -59.3                | 775   | 1.2          | -0.1  | 28.6       | -2.8        | -11.7       | -16.7        | -40.6      |
| 72         | Iron and steel   | 99                      | 1.0   | -12.8      | 1.6   | -70.7      | 75.0       | 84.9                    | -43.3                | 121   | 0.2          | 1.2   | 1.9        | 44.0        | -38.0       | -40.6        | -12.9      |

Source: Based on ITC Trademap database

There are 24 items in the UK's imports from India with a share of 1% or above in total UK's imports from India. Among the major imports of the UK from India, there is negative import growth only in the last quarter i.e. 2020 Q2 in the case of Mineral fuels, etc. (Code 27), Articles of apparel and clothing knitted (Code 61), Articles of Apparel and clothing Non-Knitted (Code 62) and Organic Chemicals (Code 29). In the case of some top items, there is negative growth in all the four quarters from 2019 Q3 to 2020 Q2. These include Machinery, etc. (Code 84), Natural or Cultured Pearls (Code 71) and Other Made-up Textiles, etc. (Code 63). In the case of Electrical machinery, etc. (Code 85), there is negative growth in the last three quarters.

In the case of imports of the UK from China, the top two items with a total share of around 45% are Machinery, etc. (Code 84) and Electrical Machinery (Code 85). In the case of the former, after continuous negative growth for 3 quarters from 2019 Q3 to 2020 Q1, there was positive growth of 8.2% in 2020 Q2. In the case of the latter, except for 2019 Q4, in all other 3 quarters, there was negative growth. **There is a need to focus on these two major imports of the UK from China where trade diversion is possible from China to India as India is also competent to manufacture them as revealed by the composition of exports.** (Figure 3.6)

Figure 3.6: Export Composition of India and China to the UK in 2019- Top 10 major items at HS-2 digit level (Percent to total)



Source: Based on ITC Trademap

### 3.1.7 Singapore's Merchandise Imports from India and China

Singapore's total import growth from India was negative only in the last 2 quarters at -4.3% in 2020 Q1 and -40.9% in 2020 Q2 while from China it was negative in 2019 and all four quarters from 2019 Q3 to 2020 Q2. (Table 3.7)

**Table 3.7: Quarterly Growth in imports of Singapore from India and China: Sector-wise at HS-2 digit level**

| HS-2 digit | Items  | Singapore's Imports from India |  |            |  |            |            | Singapore's Imports from China |                       |  |              |  |             |              |              |              |             |
|------------|--|--------------------------------|--|------------|--|------------|------------|--------------------------------|-----------------------|--|--------------|--|-------------|--------------|--------------|--------------|-------------|
|            |  | Value (US \$ Million)          | Share of the product in total Singapore's Imports from India | Growth     | Share of India in Singapore's imports of the product | Growth in  |            |                                | Value (US \$ Million) | Share of the product in total Singapore's Imports from China | Growth       | Share of China in Singapore's imports of the product | Growth in   |              |              |              |             |
|            |  |                                |  |            |  | 2019 Q3    | 2019 Q4    | 2020 Q1                        |                       |  |              |  | 2020 Q2     | 2019 Q3      | 2019 Q4      | 2020 Q1      | 2020 Q2     |
|            | <b>All products</b>                                | <b>59917</b>                   | <b>100.0</b>   | <b>6.0</b> | <b>2.3</b>   | <b>1.5</b> | <b>3.2</b> | <b>-4.3</b>                    | <b>-40.9</b>          | <b>472473</b>  | <b>100.0</b> | <b>-16.1</b>   | <b>18.4</b> | <b>-15.1</b> | <b>-24.0</b> | <b>-28.3</b> | <b>-6.5</b> |
| 71         | Pearls, precious stones and metals                 | 10734                          | 17.9   | -7.3       | 18.5   | -14.6      | -10.3      | -17.9                          | -75.4                 | 2713   | 0.6          | -14.5  | 4.7         | -13.4        | -30.7        | -48.2        | -68.6       |
| 30         | Pharmaceutical products                            | 7782                           | 13.0   | 19.2       | 6.1  | 22.9       | 8.7        | -1.1                           | 8.6                   | 1605   | 0.3          | 1.3  | 1.3         | 4.1          | 10.3         | 6.3          | 46.6        |
| 84         | Machinery, mechanical appliances                   | 3816                           | 6.4  | 9.3        | 1.0  | 10.0       | -2.9       | 0.0                            | -42.1                 | 94617  | 20.0         | -21.0  | 25.0        | -26.4        | -21.5        | -27.3        | 0.7         |
| 27         | Mineral fuels, mineral oils                        | 3742                           | 6.3  | 13.2       | 1.8  | -21.0      | 8.2        | -48.2                          | -63.5                 | 299  | 0.1          | -60.7  | 0.1         | -61.9        | -56.6        | -79.2        | -57.3       |
| 29         | Organic chemicals                                  | 2892                           | 4.8  | 14.9       | 5.3  | 7.2        | 14.3       | 4.2                            | -18.5                 | 8125   | 1.7          | -19.4  | 14.9        | -13.4        | -33.1        | -24.0        | 10.3        |
| 87         | Vehicles other than railway                        | 2786                           | 4.7  | -4.4       | 0.9  | -6.1       | -14.0      | -7.1                           | -46.3                 | 14907  | 3.2          | -17.7  | 4.8         | -21.5        | -31.1        | -21.6        | -25.0       |
| 63         | Other made-up textile articles                     | 2677                           | 4.5  | 1.6        | 15.9   | 2.2        | -0.7       | 3.3                            | -45.5                 | 9484   | 2.0          | 4.9  | 56.2        | 11.9         | -10.4        | -23.0        | 282.0       |
| 03         | Fish and crustaceans, molluscs                     | 2282                           | 3.8  | 6.8        | 12.3   | 12.0       | 13.0       | 20.2                           | -28.7                 | 1554   | 0.3          | -26.1  | 8.4         | -28.7        | -33.9        | -5.2         | -13.6       |
| 62         | Apparel and clothing not knitted                   | 2256                           | 3.8  | 5.0        | 5.7  | 1.2        | 3.2        | 0.9                            | -66.2                 | 12213  | 2.6          | -9.2   | 31.1        | -4.7         | -31.0        | -41.8        | -7.5        |
| 85         | Electrical machinery & equipment                   | 2133                           | 3.6  | 20.4       | 0.6  | 14.5       | 34.4       | 78.0                           | 18.0                  | 128715   | 27.2         | -17.4  | 36.5        | -17.2        | -21.1        | -30.8        | -15.3       |
| 61         | Apparel and clothing knitted                       | 2007                           | 3.4  | 6.7        | 4.2  | 4.9        | -1.9       | -5.5                           | -61.8                 | 14184  | 3.0          | -7.9   | 29.4        | -1.9         | -30.3        | -41.4        | -53.4       |
| 73         | Articles of iron or steel                          | 1570                           | 2.6  | 15.9       | 3.8  | 11.2       | 11.0       | -3.5                           | -46.8                 | 11894  | 2.5          | -16.3  | 28.9        | -17.2        | -29.1        | -25.1        | -10.9       |
| 94         | Furniture; bedding, mattresses                     | 1045                           | 1.7  | 6.9        | 1.6  | 6.6        | 11.5       | 23.1                           | -47.4                 | 29180  | 6.2          | -23.4  | 43.4        | -24.9        | -39.5        | -36.0        | -28.3       |
| 57         | Carpets and other textile floor coverings          | 983                            | 1.6  | 2.4        | 32.2   | 1.5        | -0.6       | 2.5                            | -48.1                 | 528  | 0.1          | -33.1  | 17.3        | -32.8        | -44.2        | -29.4        | -44.3       |
| 99         | Commodities not elsewhere specified                | 938                            | 1.6  | 19.3       | 0.8  | 10.3       | 27.3       | 9.7                            | -46.3                 | 8591   | 1.8          | 22.4   | 7.6         | 16.6         | 19.3         | 8.0          | 19.5        |
| 68         | Articles of stone, plaster, cement, asbestos, mica | 760                            | 1.3  | 40.4       | 8.9  | 52.7       | 6.0        | -18.6                          | -52.0                 | 1204   | 0.3          | -49.7  | 14.1        | -59.3        | -45.5        | -18.0        | -36.9       |
| 39         | Plastics and articles thereof                      | 708                            | 1.2  | 8.0        | 1.2  | 3.0        | -8.3       | -3.7                           | -33.6                 | 19373  | 4.1          | -6.0   | 32.0        | -3.4         | -15.6        | -17.7        | 8.2         |
| 76         | Aluminium and articles thereof                     | 671                            | 1.1  | -6.1       | 3.0  | -21.8      | -5.6       | -25.8                          | -36.6                 | 2500   | 0.5          | -17.3  | 11.2        | -1.3         | -22.2        | -25.4        | -14.8       |
| 40         | Rubber and articles thereof                        | 645                            | 1.1  | 16.9       | 2.1  | 9.3        | 11.3       | 3.9                            | -41.8                 | 2843   | 0.6          | -35.1  | 9.5         | -38.0        | -50.8        | -38.6        | -8.4        |
| 42         | Articles of leather; saddlery and harness          | 610                            | 1.0  | 10.3       | 4.6  | 19.7       | 8.5        | 12.3                           | -54.8                 | 5285   | 1.1          | -32.4  | 39.8        | -29.8        | -49.0        | -38.8        | -54.4       |

Source: Based on ITC Trade map data.

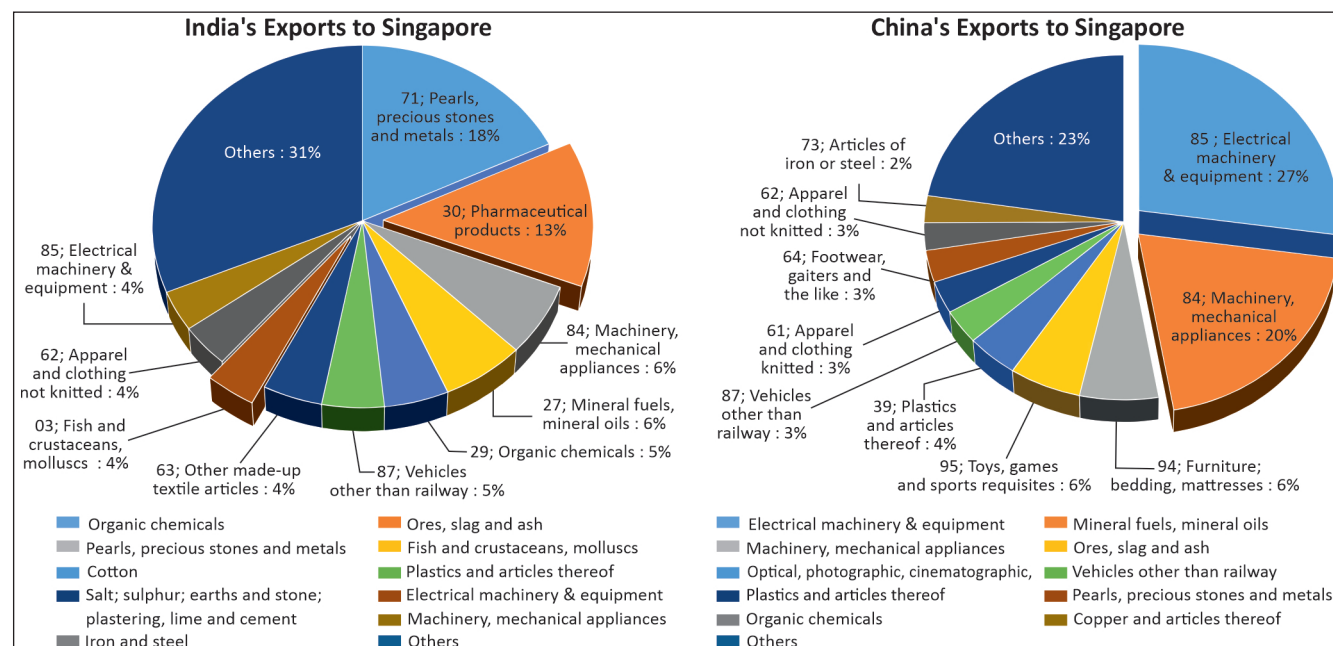


There are 20 items in Singapore's imports from India with a share of 1% or above in total Singapore's imports from India. Of the two major imports from India by Singapore with a combined share of above 30% in Singapore's total imports from India, Pearls, Precious stones and metals (Code 71) has negative import growth in 2019 and all the four quarters from 2019 Q3 to 2020 Q2. The import growth of Singapore from China of this item is similarly negative in 2019 and all four quarters. In the case of the other major import item, Pharmaceutical products (Code 30), Singapore's import growth from India and China are positive in 2019 and all four quarters except for a small negative growth for its imports from India in 2020 Q1.

Among other top items of Singapore's imports from India, only Electrical machinery (Code 85) registered positive growth in 2019 and all the four quarters from 2019 Q3 to 2020 Q2, and Organic Chemicals (Code 29) in all quarters except 2020 Q2 unlike from China with negative growth in 2019 and all the four quarters. Thus, there is scope for trade diversion from China to India for these imports of Singapore. In the case of Electrical machinery, the absolute value of Singapore's imports from China is very high compared to its imports from India. In the case of another major item of Singapore's imports from India and China, Vehicles other than railways or tramway, rolling stock, and parts and accessories thereof (Code 87), import growth of Singapore from both the countries is negative in 2019 and all the four quarters. In most other top items of Singapore's imports from India, there is negative growth in the last or last one or two quarters. Fish and crustaceans (Code 03) is one important item where Singapore's imports from India is negative only in the last quarter 2020 Q2, while in the case of Singapore's imports from China it is negative in 2019 and all four quarters, indicating the possibility of trade diversion to India of an item where phytosanitary conditions are important.

The composition of imports of Singapore from India and China show that more or less the top items are the same for both. (Figure 3.7)

Figure 3.7: Export Composition of India and China to Singapore in 2019- Top 10 major items at HS-2 digit level (Percent to total)



Source: Based on ITC Trade map database.

### 3.1.8 China's Merchandise Imports from India

China's total imports from India is just 0.9% of China's total imports from the World. China's import growth from India was negative in 2019 and the first 3 quarters from 2019 Q3 to 2020 Q1. In 2020 Q2, it turned positive. China's import growth from ROW was also negative in 2019 and all the quarters except 2019 Q4. (Table 3.8)

**Table 3.8: Quarterly Growth in imports of China from India and RoW (Rest of the World): Sector-wise at HS-2 digit level**

| HS-2 digit | Items   | China's imports from India |       |  |      |        |       |  |       |           |       | China's Imports from RoW |      |  |       |        |       |  |      |
|------------|---|----------------------------|-------|--|------|--------|-------|--|-------|-----------|-------|--------------------------|------|--|-------|--------|-------|--|------|
|            |   | Value (US\$ Million)       |       | Share of product in total China's imports from India |      | Growth |       | Share of India in China's imports of the product |       | Growth in |       | Value (US\$ Million)     |      | Share of product in China's total Imports from RoW |       | Growth |       | Share of RoW in China's imports of the product |      |
|            |   | 2019                       | 2020  | 2019   | 2020 | 2019   | 2020  | 2019   | 2020  | 2019      | 2020  | 2019                     | 2020 | 2019   | 2020  | 2019   | 2020  | 2019   | 2020 |
| TOTAL      | All products  | 17970                      | 100.0 | 4.7  | 0.9  | -0.5   | -6.2  | -10.5  | 5.0   | 2050980   | 100.0 | -3.1                     | 99.1 | -6.6   | 3.0   | -2.2   | -9.4  |  |      |
| 29         | Organic chemicals   | 2905                       | 16.2  | -2.7   | 5.0  | -11.9  | -21.0 | -33.6  | 0.1   | 54901     | 2.7   | -14.8                    | 95.0 | -22.5  | -21.1 | -23.0  | -27.0 |  |      |
| 26         | Ores, slag and ash  | 2364                       | 13.2  | 68.0   | 1.4  | 225.0  | 69.4  | 87.3   | 81.4  | 161242    | 7.9   | 19.9                     | 98.6 | 34.7   | 26.6  | 5.8    | 1.4   |  |      |
| 71         | Pearls, precious stones and metals                            | 1575                       | 8.8   | -45.7  | 2.6  | -55.2  | -56.5 | -77.1  | -43.1 | 58966     | 2.9   | -0.2                     | 97.4 | -28.2  | 7.6   | -42.2  | -71.6 |  |      |
| 03         | Fish and crustaceans, molluscs                                | 1226                       | 6.8   | 212.3  | 8.0  | 176.9  | 142.2 | -3.1   | -3.1  | 14185     | 0.7   | 26.5                     | 92.1 | 23.0   | 31.8  | -7.0   | -6.2  |  |      |
| 52         | Cotton  | 1206                       | 6.7   | -24.9  | 13.1 | -80.0  | -48.2 | -31.0  | -74.2 | 8025      | 0.4   | -3.1                     | 86.9 | -18.3  | -17.4 | -12.6  | -37.5 |  |      |
| 39         | Plastics and articles thereof                                 | 1092                       | 6.1   | 5.1  | 1.5  | 13.1   | -22.3 | -36.0  | 60.4  | 70487     | 3.4   | -4.5                     | 98.5 | -9.1   | 2.0   | -9.5   | -6.0  |  |      |
| 25         | Salt; sulphur; earths and stone; plastering, lime and cement  | 961                        | 5.4   | -8.1   | 11.8 | -10.0  | -4.5  | -3.3   | -38.7 | 7174      | 0.4   | 2.9                      | 88.2 | -3.6   | -0.7  | -18.4  | -26.8 |  |      |
| 85         | Electrical machinery & equipment                              | 885                        | 4.9   | 53.4   | 0.2  | 88.5   | 61.3  | 82.2   | -24.0 | 495948    | 24.2  | -4.8                     | 99.8 | -9.0   | 7.5   | 5.3    | 9.2   |  |      |
| 84         | Machinery, mechanical appliances                              | 861                        | 4.8   | 18.1   | 0.5  | 10.7   | 41.5  | 6.3  | -23.8 | 189448    | 9.2   | -6.0                     | 99.6 | -10.9  | 1.4   | -6.8   | -1.8  |  |      |
| 72         | Iron and steel  | 580                        | 3.2   | 89.6   | 2.5  | 60.0   | 265.6 | -5.8   | 359.1 | 22778     | 1.1   | 3.2                      | 97.5 | 1.7  | 24.0  | 22.2   | 35.7  |  |      |
| 27         | Mineral fuels, mineral oils                                   | 481                        | 2.7   | -57.2  | 0.1  | -33.6  | -68.1 | -99.0  | 8.1   | 343155    | 16.7  | -1.0                     | 99.9 | -4.8   | -7.1  | 3.7    | -37.6 |  |      |
| 09         | Coffee, tea, maté and spices                                  | 429                        | 2.4   | 543.2  | 45.0 | 905.2  | 149.4 | 75.9   | -5.5  | 524       | 0.0   | -7.4                     | 55.0 | -16.1  | 11.5  | 12.5   | 40.9  |  |      |
| 15         | Animal or vegetable fats and oils and their cleavage products | 407                        | 2.3   | -2.8   | 4.1  | -7.7   | 8.8   | 0.5  | -9.5  | 9529      | 0.5   | 16.3                     | 95.9 | 14.4   | 30.0  | -4.8   | 14.6  |  |      |
| 32         | Tanning or dyeing extracts                                    | 326                        | 1.8   | 19.8   | 6.5  | 21.5   | 45.6  | 25.3   | -44.5 | 4673      | 0.2   | -1.7                     | 93.5 | -10.2  | 8.7   | -4.9   | -11.8 |  |      |
| 74         | Copper and articles thereof                                   | 258                        | 1.4   | -83.3  | 0.6  | -72.7  | -46.8 | 202.8  | 24.4  | 40549     | 2.0   | -12.0                    | 99.4 | -15.1  | -4.5  | -3.3   | -2.7  |  |      |
| 67         | Feathers and articles made of feathers ; artificial flowers   | 202                        | 1.1   | 51.6   | 63.1 | 144.1  | 38.1  | -17.9  | -14.6 | 118       | 0.0   | 21.0                     | 37.0 | 19.4   | 26.0  | -29.2  | -45.4 |  |      |

Source: Based on ITC Trade Map

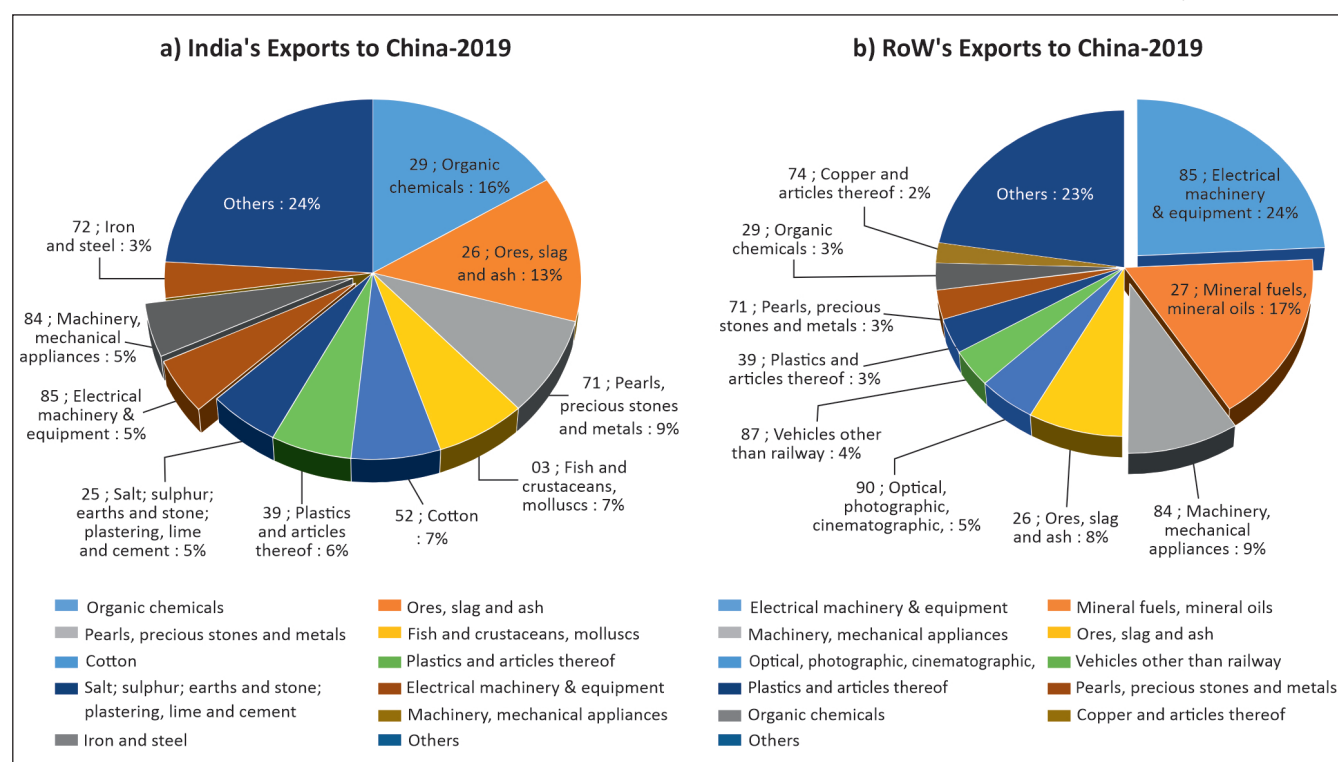
There are 16 items with a share of 1% or above in China's imports from India. Among them, 2 items, organic chemicals (Code 29) and ores, slag and ash (Code 26) have a combined share of around 30% in China's total imports from India. In the case of the former, import growth of China from India was negative in 2019 and all quarters except 2020 Q2, while in the case of the latter, import growth was positive in 2019 and positive and high in all four quarters from 2019 Q3 to 2020 Q2. In the case of China's imports from ROW of organic chemicals, there is negative import growth in 2019 and all four quarters from 2019 Q3 to 2020 Q2, while in the case of ores, slag and ash, import growth is positive in 2019 and all 4 quarters though not as high as from India.

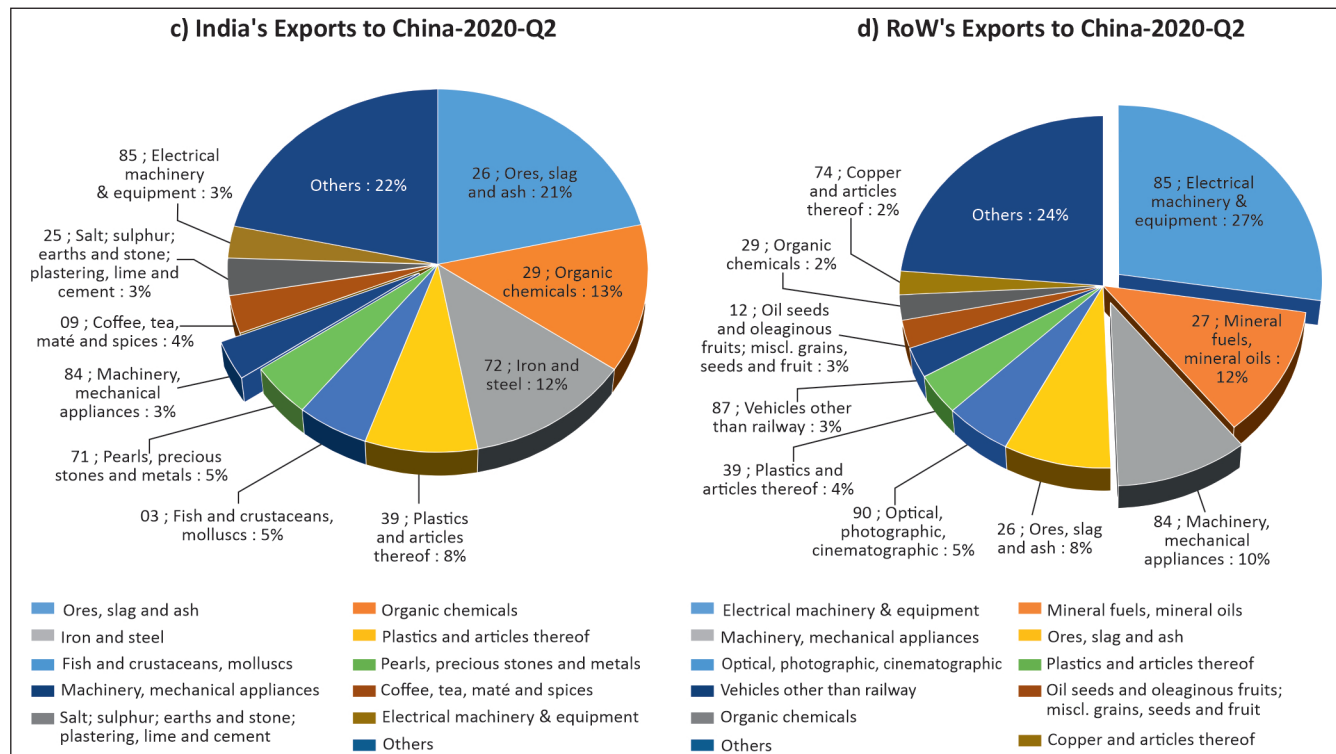
Among the other major imports of China from India, import growth of Pearls, Precious stones and metals (Code 71) was highly negative in 2019 and all four quarters from 2019 Q3 to 2020 Q2. Import growth of Fish and crustaceans, etc. (Code 03) was slightly negative only in 2020 Q1 and 2020 Q2, while that of Electrical Machinery (Code 85) and Machinery mechanical (Code 84) were negative only in the last quarter i.e. 2020 Q2.

The composition of imports of China from India and ROW in 2019 and 2020 Q2 do not show major shifts away from India in the sourcing of China of its imports. (Figures 3.8 a, b, c, d)

**Figure 3.8: Export Composition of India and RoW to China in 2019 and 2020 Q2- Top 10 major items at HS-2 digit level**

(Percent to total)





Source: Based on ITC Trade map database.

### 3.2 Importance of Code 85 Electrical Machinery, etc. and Code 84 Machinery Mechanical, etc. in India's Exports to Different Countries

The analysis in previous sections has shown that Code 84 and Code 85 items are important in imports by India's major trading partners and are the items where there is scope for trade diversion from China to India by these major trading partners. So, an examination of the imports of major items at the HS-4 digit level (under these two HS-2 digit level items) by India's major trading partners has been done here. In the case of US imports, items with a share in total US imports from India and China of 0.5% and above have been considered. Similarly, for other major countries.

**In the US imports from India**, there are 5 such items - transmission shafts, etc. (Code 8483), taps, cocks, valves, etc. (Code 8481), engines and motors, etc. (8412), pumps for liquids, etc. (8413), and Telephone sets, etc. (8517) which are the major subcategory items under codes 84 and 85 with a share of 0.5% and above. (Annexure 3.1) **Among them Code 8517 and Code 8481 have shares of 0.5% and above even in the US imports from China with Telephone sets, etc. (Code 8517) having a high share of 12.8%. But in the case of this item, growth in the US imports from India has turned positive in 2019 Q4 and become very high in 2020 Q1 and 2020 Q2 at 192.3% and 173.8% respectively, while growth in the US imports from China of this item has been negative in 2019 and all the 4 quarters 2019 Q3 to 2020 Q2. This looks like a possible case of trade diversion from China to India by the US after the Pandemic set in. In the case of imports of engines and motors, etc. (Code 8412), growth in the US imports from India has been positive in 2019 and all 4 quarters 2019 Q3 – 2020 Q2 with very high growth in some quarters, whereas growth in the US imports from China of this item was negative in 2019 and low or negative in the 4 quarters from 2019 Q3 to 2020 Q2. This also is a potential item for exports by India to the US where trade diversion can take place.**

**There are also some items in the US imports which have a share of 0.5% and above in its imports from China, but not from India.** Among these items, some items like Automatic data-processing machine (Code 8471) with a share of 9.64% in US imports from China; Electrical transformers (Code 8504), Monitors and Projectors (Code

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8528) and Insulated including enamelled or anodized wire (Code 8544) where US imports from India has suddenly shown high positive growth in most of the 4 quarters from 2019 Q3 to 2020 Q2 indicates some shift in US imports from China to India.

**Thus, there are many items in Code 84 and 85 where India also has capabilities but not a high market share like China. Some extra effort by India to push exports of these items to the US can pay rich dividends.**

**In the case of Japan's imports from India** of Code 84 and 85 items, there are 4 items with a share of 0.5% and above in its total imports from India. These are Steam turbines (Code 8406), Taps, cocks, valves, etc. (Code 8481), Transmission shafts, etc. (Code 8483) and Telephone sets, etc. (Code 8517). Among these 4 items only Telephone sets, etc. has a high share of 10.7% in Japan's imports from China. Others have shares of less than 0.5%. There are many other items in Japan's imports from China like Air conditioning Machines (Code 8415), Printing machinery (Code 8443), Automatic data processing machines (Code 8471), Electrical transformers (Code 8504), Microphones, etc. (Code 8518), Transmission apparatus for radio broadcasting (Code 8525), Monitors and Projectors, etc. (Code 8528), Electronic integrated circuits, etc. (Code 8542). Among them, import growth has been positive and high in 2019 and all 4 quarters from 2019 Q3 to 2020 Q2 for Microphones and stands, etc. (Code 8518). **However unlike US imports, in the case of Japan's imports, trade diversion from China to India is not visible.**

**In the case of Australia's imports from India**, there are 8 items with a share of 0.5% and above in total merchandise imports of Australia. They are Engines and Motors, etc. (Code 8412), Pumps for liquids, etc. (Code 8413), Parts of Pulley, Tackles, Hoists, Fork Lifts, etc. (Code 8431), Machinery for sorting, etc. (Code 8474), Taps, cocks, valves, etc. (Code 8481), Electrical transformers, etc. (Code 8504), Electrical apparatus, etc. (Code 8536) and Insulated including enamelled or anodized wire (Code 8544). Among these, only Code 8431 has a positive growth in imports from India in 2019 and all quarters except 2020 Q2. Code 8412 has a positive growth in all quarters in the case of Australia's imports from China. **In the case of one item, Telephone sets, etc. (Code 8517), import growth from India has been high during 2019 Q4 and very high in 2020 Q1 and 2020 Q2.**

**In the case of QUAD(3)'s imports from India**, there are only 4 items with 0.5% or above share in total QUAD's merchandise imports from India. These are Engines and Motors, etc. (Code 8412), Taps, cocks, valves, etc. (Code 8481), Transmission shafts, etc. (Code 8483) and Electrical transformers, etc. (Code 8504). Of these items, Code 8412 and Code 8504 have positive import growth of QUAD from India in 2019 and all 4 quarters - 2019 Q3 to 2020 Q2. In the case of QUAD's imports from China, there are 19 items with a share of 0.5% and above in QUAD's total imports from China, of which 2 items are common in the list of 0.5% and above of QUAD's imports from India. **There are 4 items in the list of QUAD's imports from China where positive growth in all quarters and also high growth in most of the quarters can be seen in QUAD's imports from India, but not from China where there is negative growth in the last few or most of the quarters. They are Automatic data processing machines (Code 8471), Electrical transformers (Code 8504), Telephone sets, etc. (Code 8577), Monitors and Projectors, etc. (Code 8528), and Insulated including enamelled or anodized wire (Code 8544). Telephone sets, etc. (Code 8577) is another such item with high positive growth in the last 3 quarters from 2019 Q4 to 2020 Q2 in QUAD's imports from India, but negative growth in all quarters, in QUAD's imports from China. Thus, there are signs of trade diversion from China to India in QUAD's imports.**

**In the case of the EU's imports from India**, there are 7 items with 0.5% and above share in the EU's total merchandise imports from India. These are Parts for internal combustion piston engines, etc. (Code 8409), Turbojets, etc. (Code 8411), Taps, cocks, valves, etc. (Code 8481), Transmission shafts, etc. (Code 8483), Electrical transformers, etc. (Code 8504), Telephone sets, etc. (Code 8577), and Insulated including enamelled or anodized wire (Code 8544). In the case of the EU's imports from China, there are many other items with 0.5% and above share in the EU's total merchandise imports from China. Most important are Automatic data processing machines (Code 8471), Printing machinery, etc. (Code 8443), Electrical transformers, etc. (8501), Electrical instantaneous or

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storage water heaters (Code 8516), Monitors, Projectors, etc. (Code 8528), Diodes, transistors, etc. (Code 8541), etc. **There are no indications of Trade diversion from China to India in the EU's merchandise imports of Code 84 and 85 items.**

**In the case of the UK's imports from India,** there are 7 items with 0.5% and above share in total UK's imports from India. These are Parts for internal combustion piston engines, etc. (Code 8409), Turbojets, etc. (Code 8411), Pumps for liquids, etc. (Code 8413), Parts of Pulley tackles, hoists, fork lifts, etc. (Code 8431), Taps, cocks, valves, etc. (Code 8481), Transmission shafts, etc. (Code 8483), Insulated including enameled or anodized wire (Code 8544). There are 17 items in the UK's imports from China with 0.5% and above share in total UK's imports from China. Most important among them are Automatic data processing machines (9.8% share) and Telephone sets, etc. (14.3% share). Only in the case of Telephone sets, etc. (Code 8517), the UK has high positive import growth from India in 2019 Q3 to 2020 Q1. But in 2020 Q2 there is negative import growth from India, while there is a marginal positive growth in the UK's imports from China. **Thus, there is no sign of trade diversion from China to India in the UK's imports also of Code 84 and 85 items.**

**In the case of Singapore's imports from India,** there are 9 items with a share of 0.5% and above. They are Parts for internal combustion piston engines, etc. (Code 8409), Turbojets, etc. (Code 8411), Parts of Pulley tackles, hoists, fork lifts, etc. (Code 8431), Machines for assembling electric or electronics, etc. (Code 8475), Taps, cocks, valves, etc. (Code 8481), Electrical transformers, etc. (Code 8504), Telephone sets, etc. (Code 8517), Electrical apparatus (Code 8536), Diodes, transistors, etc. (Code 8541). There are 16 items in Singapore's imports from China with 0.5% and above share in Singapore's total imports from China. The most important ones are Telephone sets, etc. (Code 8517), Electronic integrated circuits (Code 8542) and Automatic data processing machines (Code 8471). **There are no indications of trade diversion from China to India in the case of Singapore's imports also of Code 84 and 85 items.**

**In the case of China's imports from India,** there are 4 items with a 0.5% and above share in China's total imports from India. They are compression-ignition internal combustion pistons (Code 8408), Taps, cocks, valves, etc. (Code 8481), Electrical transformers, etc. (Code 8504) and Telephone sets, etc. (Code 8517). In the case of Telephone sets, etc., China's import growth has been very high in 2019 Q3 to 2020 Q1 and high in 2020 Q2, while imports from ROW by China of this item registered negative growth in 2019 and all 4 quarters 2019 Q3 to 2020 Q2. **Thus, in the case of Telephone sets, etc. there are signs of greater imports by China from India.**

**The above analysis shows that there are many big ticket items under Codes 84 and 85 where trade diversion from China to India is possible. This is visible in the case of the US and to some extent Australia's imports. The top subcategory items with high weightage in the imports of different countries from India are more or less similar.**

### **3.3 India's Services Exports to QUAD and Some Major Services Markets: A Comparison with Exports of China**

In the case of services exports of India, it is difficult to get the bilateral data for even 2019, leave alone quarterly data for 2020. The import data of QUAD countries and some other major markets from India is used as mirror data to see India's exports of services, by major sectors to these countries in 2018 (and for some countries in 2019 also). After identifying the important services sectors in India's export market, the quarterly services sector-wise imports from the World of major markets of India in 2019 and 2020 for the identified important services of India are taken. These are used as proxies to gauge the impact of COVID-19 on imports of these services by the major markets of India in the following sub-sections. (Table 3.9)

**Table 3.9: Import Growth of Major Markets of India from World of their Major Services Imports from India**  
(percent)

| Major Markets        | Major Category of Services Import from India            | Import Share from India in 2019# | Growth in Imports from World (Y-o-Y) (%) |             |             |             |              |              |
|----------------------|---|----------------------------------|--|-------------|-------------|-------------|--------------|--------------|
|                      |   |                                  | 2019 Q1                                  | 2019 Q2     | 2019 Q3     | 2019 Q4     | 2020 Q1      | 2020 Q2      |
| <b>1 USA</b>         | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>4.5</b>                               | <b>6.5</b>  | <b>4.8</b>  | <b>2.8</b>  | <b>-4.7</b>  | <b>-34.1</b> |
|                      | • Telecommunications, Computer and Information Services | 52.4                             | -1.3                                     | 2.4         | 4.8         | 4.9         | -6.6         | -14.6        |
|                      | • Other Business Services                               | 29.8                             | 3.8                                      | 5.3         | 8.1         | 4.2         | 7.7          | 2.2          |
|                      | • Travel  | 8.9                              | 6.7                                      | 12.2        | 4.0         | 4.1         | -24.7        | -93.2        |
|                      | • Transport*  | 1.4                              | 7.2                                      | 2.6         | -0.5        | -4.9        | -15.0        | -53.5        |
| <b>2 EU</b>          | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>-0.3</b>                              | <b>11.2</b> | <b>2.9</b>  | <b>6.4</b>  | <b>3.8</b>   | <b>-28.4</b> |
|                      | • Telecommunications, Computer and Information Services | 23.7                             | 1.8                                      | 0.9         | 2.6         | 3.0         | 2.2          | -1.4         |
|                      | • Transport   | 12.6                             | -2.1                                     | -1.9        | -0.9        | -2.9        | -6.7         | -23.3        |
|                      | • Travel  | 8.6                              | -2.5                                     | 1.0         | 2.3         | 1.3         | -18.0        | -78.0        |
|                      | • Other Business Services                               | 46.6                             | 4.2                                      | 39.2        | 4.8         | 15.0        | 23.3         | -30.5        |
| <b>3 UK</b>          | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>2.7</b>                               | <b>4.8</b>  | <b>9.2</b>  | <b>14.0</b> | <b>-6.2</b>  | <b>-32.0</b> |
|                      | • Travel  | 11.7                             | -6.0                                     | -0.7        | 4.5         | 11.9        | -18.3        | -89.6        |
|                      | • Telecommunications, Computer and Information Services | 9.8                              | -13.7                                    | -1.3        | -0.2        | -10.3       | -8.7         | NA           |
|                      | • Other Business Services                               | 70.1                             | 9.9                                      | 8.1         | 18.7        | 29.0        | 0.7          | NA           |
|                      | • Transport*  | 3.9                              | -6.0                                     | -3.4        | -4.8        | -1.7        | -5.8         | -54.9        |
| <b>4 Singapore</b>   | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>-2.7</b>                              | <b>-0.3</b> | <b>-1.3</b> | <b>1.4</b>  | <b>-5.5</b>  | <b>-26.7</b> |
|                      | • Telecommunications, Computer and Information Services | 34.0                             | 3.9                                      | 0.4         | -0.1        | -1.3        | -6.6         | -8.4         |
|                      | • Transport   | 19.2                             | -3.4                                     | 0.4         | -4.4        | -1.5        | -6.8         | -29.9        |
|                      | • Other Business Services                               | 39.5                             | -2.8                                     | -2.9        | -2.1        | 0.6         | -1.3         | -10.3        |
| <b>5 Netherlands</b> | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>-1.3</b>                              | <b>1.4</b>  | <b>1.6</b>  | <b>7.6</b>  | <b>2.3</b>   | <b>-18.6</b> |
|                      | • Other Business Services                               | 63.9                             | 0.3                                      | 7.4         | 4.4         | 7.2         | 4.9          | -18.4        |
|                      | • Telecommunications, Computer and Information Services | 19.4                             | -1.1                                     | 17.8        | 3.4         | 7.5         | 9.1          | 3.3          |
|                      | • Construction  | 25.1                             | -9.8                                     | -11.3       | -7.3        | -21.7       | 4.6          | -7.1         |
|                      | • Charges for the use of intellectual property*         | 2.9                              | -7.5                                     | -3.9        | 1.6         | 26.9        | 5.5          | -7.8         |
|                      | • Transport*  | 4.8                              | 7.9                                      | -4.6        | -6.1        | -5.0        | -2.1         | -16.1        |
| <b>6 Australia</b>   | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>-3.1</b>                              | <b>-0.1</b> | <b>-2.1</b> | <b>-2.6</b> | <b>-16.5</b> | <b>-57.6</b> |
|                      | • Travel  | 55.5                             | -2.4                                     | -1.9        | -3.5        | -2.7        | -25.6        | -99.1        |
|                      | • Telecommunications, Computer and Information Services | 16.9                             | 1.8                                      | 4.6         | 25.5        | 10.5        | 15.1         | 14.9         |
|                      | • Other Business Services                               | 23.1                             | -0.5                                     | 5.0         | 1.5         | -5.4        | 5.0          | -1.9         |
|                      | • Transport*  | 0.0                              | -7.0                                     | -5.5        | -6.6        | -3.2        | -20.8        | -41.6        |
| <b>7 Japan</b>       | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>2.5</b>                               | <b>-2.5</b> | <b>8.3</b>  | <b>-1.9</b> | <b>-5.4</b>  | <b>-16.1</b> |
|                      | • Other Business Services                               | 40.5                             | -2.0                                     | -7.7        | 7.6         | -6.4        | -7.3         | NA           |
|                      | • Telecommunications, Computer and Information Services | 32.5                             | 37.8                                     | 15.1        | 26.5        | 5.2         | 7.9          | NA           |
|                      | • Construction  | 9.5                              | 7.2                                      | -24.9       | -9.6        | -14.3       | -17.6        | -100.0       |
|                      | • Travel  | 9.2                              | 11.1                                     | 4.3         | 4.5         | 1.9         | -34.7        | -87.7        |
|                      | • Transport*  | 5.0                              | -14.8                                    | -18.1       | -5.7        | -6.5        | -14.8        | NA           |
| <b>8 Switzerland</b> | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>-8.4</b>                              | <b>-0.1</b> | <b>3.6</b>  | <b>-2.5</b> | <b>6.5</b>   | <b>-23.7</b> |
|                      | • Telecommunications, Computer and Information Services | 44.8                             | -10.4                                    | -4.8        | 3.8         | 10.0        | NA           | NA           |
|                      | • Other Business Services                               | NA                               | -1.8                                     | 2.7         | 2.3         | -2.6        | NA           | NA           |
| <b>9 Canada</b>      | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>-1.5</b>                              | <b>-0.5</b> | <b>2.0</b>  | <b>2.7</b>  | <b>-4.3</b>  | <b>-36.9</b> |
|                      | • Telecommunications, Computer and Information Services | 46.0                             | -6.9                                     | -2.2        | -0.1        | -2.8        | 5.7          | 2.0          |
|                      | • Other Business Services                               | NA                               | 0.7                                      | 0.2         | 6.6         | 3.8         | -2.1         | -4.0         |
| <b>10 Sweden</b>     | <b>• Total Services</b>                                 | <b>100.0</b>                     | <b>2.5</b>                               | <b>8.2</b>  | <b>4.5</b>  | <b>0.7</b>  | <b>-4.1</b>  | <b>-20.3</b> |
|                      | • Telecommunications, Computer and Information Services | 33.0                             | -1.1                                     | 4.2         | 13.3        | 13.4        | 7.6          | 6.7          |
|                      | • Other Business Services                               | 61.1                             | 9.4                                      | 11.3        | 1.4         | -16.8       | 3.5          | -1.6         |

Source: Based on WTO database accessed on 27 December 2020.

Note: # indicates date of 2018 for Singapore, Australia, Japan, Switzerland and data of 2017 for Canada.

\* indicates that it is important in China's exports to concerned countries.

### 3.3.1 US Imports of Services from India and China

The latest Data on US Services imports from India and China is for 2019. From Balance of Payments data, three indicators of shares are used here for 2019

- (1) The share of total services imports of the US from India to total services imports of the US from the World which is a proxy to see the share of the Indian market in US services imports is 5.1%.
- (2) The US services imports from India to World's services imports from India which is a proxy to see the share of the US market in India's services exports to the World is 14.5%.
- (3) The share of US imports from India of the major services to total US services imports from India is used to see the importance of different services in India's exports of services to the US.

Similar data in the case of US imports from China are also taken. This exercise is also done for other countries. This data is mainly used to see the importance of different services in India's/China's exports to major services markets of India/China. (Table 3.10)

**Table 3.10: Services Imports of US from India and China in 2019 (Value in US \$ million, Share & Growth in %)**

| Different Services  | India      |                             |                             |                          |        |       | China      |                             |                             |                          |        |       |
|---|------------|-----------------------------|-----------------------------|--------------------------|--------|-------|------------|-----------------------------|-----------------------------|--------------------------|--------|-------|
|   | Value 2019 | 2019 Share in               |                             |                          | Growth |       | Value 2019 | 2019 Share in               |                             |                          | Growth |       |
|   |            | Total US Imports from World | Total US Imports from India | World Imports from India | 2018   | 2019  |            | Total US Imports from World | Total US Imports from China | World Imports from China | 2018   | 2019  |
| <b>Total services</b>   | 29738      | 5.1                         | 100.0                       | 14.5                     | 2.0    | 3.0   | 20140      | 3.6                         | 100.0                       | 7.4                      | 6.2    | 5.4   |
| <b>Commercial services</b>                                    | 29694      | 5.3                         | 99.9                        | 14.5                     | 2.2    | 3.0   | 20061      | 3.7                         | 99.6                        | 7.4                      | 6.4    | 5.4   |
| Transport   | 405        | 0.4                         | 1.4                         | 2.1                      | 18.6   | -3.8  | 5663       | 5.3                         | 28.1                        | 13.4                     | 11.7   | -6.1  |
| Travel  | 2633       | 2.0                         | 8.9                         | 9.2                      | 1.6    | 1.2   | 3657       | 2.9                         | 18.2                        | 9.3                      | -2.0   | -1.4  |
| <b>Other commercial services</b>                              | 26620      | 8.5                         | 89.5                        | 17.0                     | 2.1    | 3.2   | 10394      | 3.5                         | 51.6                        | 6.5                      | 6.9    | 15.3  |
| Construction  | 41         | 3.1                         | 0.1                         | 1.3                      | 400.0  | 17.1  | 3          | 0.1                         | 0.0                         | 0.0                      | 20.0   | -50.0 |
| Insurance and pension services                                | 88         | 0.2                         | 0.3                         | 3.4                      | 14.7   | 12.8  | 461        | 1.1                         | 2.3                         | 9.4                      | 63.9   | -29.5 |
| Financial services  | 511        | 1.3                         | 1.7                         | 9.4                      | -20.3  | 5.1   | 1092       | 2.8                         | 5.4                         | 31.4                     | 16.3   | 16.9  |
| Charges for the use of intellectual property n.i.e            | 1235       | 2.9                         | 4.2                         | 157.3                    | 72.9   | 5.8   | 298        | 0.7                         | 1.5                         | 5.4                      | -8.1   | 19.2  |
| <b>Telecommunications, computer, and information services</b> | 15569      | 35.6                        | 52.4                        | 26.8                     | -2.5   | 3.8   | 509        | 1.2                         | 2.5                         | 1.1                      | -9.2   | -34.7 |
| Telecommunications services                                   | 190        | 3.7                         | 0.6                         | 7.9                      | -21.8  | -15.9 | 225        | 3.8                         | 1.1                         | 10.7                     | 21.9   | 0.9   |
| Computer services   | 14653      | 42.4                        | 49.3                        | 26.4                     | -2.2   | 2.7   | 259        | 0.8                         | 1.3                         | 0.6                      | -18.0  | -50.5 |
| Information services  | 727        | 17.8                        | 2.4                         | 226.5                    | 0.6    | 46.6  | 25         | 1.0                         | 0.1                         | 250.0                    | -10.5  | -26.5 |
| <b>Other business services</b>                                | 8868       | 7.8                         | 29.8                        | 13.6                     | 5.8    | 0.7   | 7185       | 6.7                         | 35.7                        | 10.3                     | 8.2    | 26.3  |
| Research and development services                             | 2691       | 8.0                         | 9.0                         | 60.5                     | -0.2   | -34.5 | 3339       | 9.6                         | 16.6                        |                          | 10.2   | 22.1  |
| Professional and management consulting services               | 3841       | 6.9                         | 12.9                        | 8.2                      | 6.2    | 31.2  | 2003       | 3.8                         | 9.9                         |                          | 14.2   | 1.3   |
| Advertising, market research, and public opinion p            | 129        | 2.0                         | 0.4                         |                          | 10.8   | -3.0  | 224        | 3.5                         | 1.1                         |                          | 25.4   | -38.6 |
| Technical, trade related, and other business servi            | 2336       | 9.7                         | 7.9                         | 16.5                     | 22.2   | 31.8  | 1842       | 9.0                         | 9.1                         |                          | -6.8   | 88.0  |
| <b>Personal, cultural, and recreational services</b>          | 306        | 1.4                         | 1.0                         | 16.3                     | 9.9    | 37.2  | 846        | 4.4                         | 4.2                         | 69.7                     | -16.3  | 21.0  |

Source: Based on WTO data.



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**The two major services imported by the US from India are computer services (49.3%) and other business services (29.9%). While the share of the US computer services imports from India is 42.5% of US imports from the World, the share of other business services is only 7.8%.**

The share of US services imports from India to total services imports of the US from the World was 5.1% in 2019. The growth in US services imports from India accelerated from 2.01 % in 2018 to 3.00% in 2019 mainly due to major services like computer software with growth becoming positive at 2.7% from the negative growth of -2.2% in 2018. Other business services growth decelerated from 5.8% to 0.7%. Among the other business services, there was an acceleration in US import growth from India in 2019 to 31.2% from 6.2% in 2018 for Professional and Management Consulting, and 31.8% in 2019 from 22.2% in 2018 for Technical, Trade related and other business services, while the growth for R&D services became more negative at -34.5% in 2019 from -0.2% in 2018. In the case of the other two major services i.e. transport and travel, there was a fall in growth of Transport by 3.8% in 2019 compared to the growth of 18.6% in 2018; and there was a deceleration in growth of travel services from 1.6% in 2018 to 1.2% in 2019. Thus, early effects of COVID-19 on transport, travel and other business services can be seen while computer services imports of the US from India continued to show resilience.

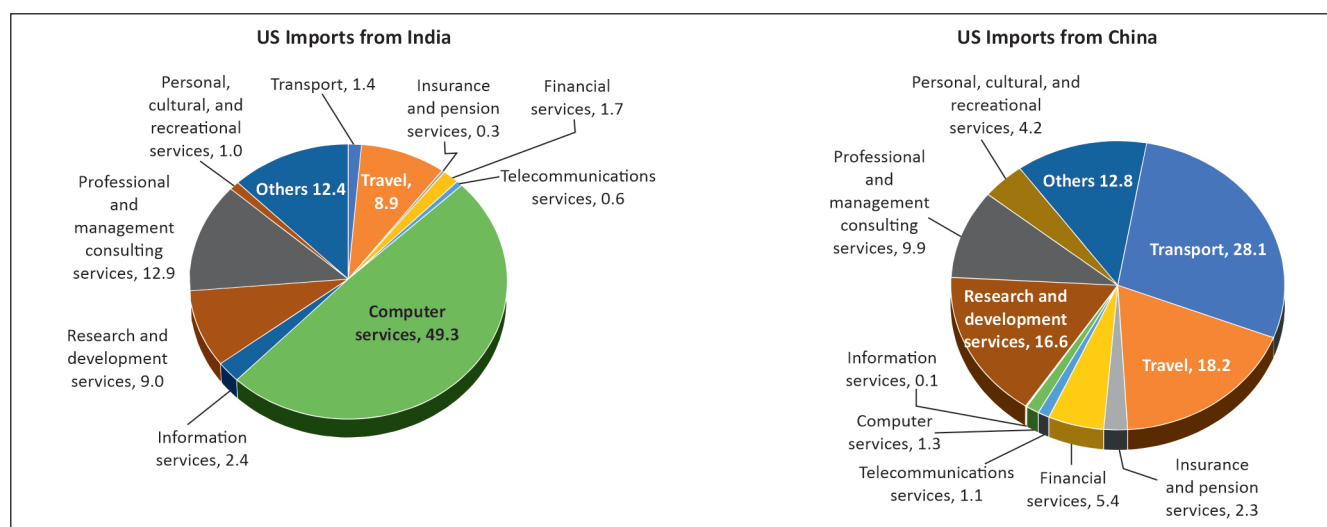
While latest quarterly services-wise data of US imports of services from India are not available, as indicated earlier, the quarterly import growth of different services by the US from the World can be taken as a proxy, to see the imports of the US from India for the important services. (Table 3.9).

**Computer Services**, the topmost services exports to the US by India proxied by Telecommunications, Computer and Information services imports of US from World shows negative growth of -6.6% in 2020 Q1 and -14.6% in 2020 Q2. So growth in India's exports of Computer Services to the US is likely to have been negative in these 2 quarters, while it was positive at 2.7% in 2019 as seen earlier. **While export growth of other business services**, the second major services exports from India to the US had decelerated in 2019 to 0.7%, in Q1 and Q2 2020 other business services imports growth from the World by the US was positive at 7.7% and 2.2%. So India's exports of other business services to the US is likely to have been positive in Q1 and Q2 2020. **Travel**, the third major services export item of India to the US had registered a deceleration to 1.2% in 2019. In 2020 Q1 and Q2, there was a big fall in US imports from the World of this item by 24.7% and 93.2% respectively. **Thus in all surety imports of Travel Services by the US from India could have fallen.**

**The share of US services imports from China**, to total services imports of US from World was 3.6% in 2019 with the growth of 5.4% in 2019, a slight deceleration from the 6.2% in 2018. The major services imported by the US from China are Other business services (35.7% share), Transport (28.1%), and Travel (18.2%). Computer services have a share of only 1.3%. **Thus, the composition of US imports from India and China are not similar. (Figure 3.9)**

**The top services exports of China to the US, namely, other business services** grew by 26.3% in 2019. In 2020 Q1 and Q2, US import growth from World of this service was positive and in all likelihood, China's exports of business services exports to the US could have been positive. **Growth in Transport**, the next important services export item of China to the US was negative at -6.1% in 2019. US import growth from the World of this item was also negative in 2020 Q1 and highly negative at -53.5% in 2020 Q2. So US import growth of this item from China was sure to have been negative. **Travel** the third important services exports of China to the US registered negative growth in both 2018 and 2019. With high negative growth in imports of Travel from the World by the US in 2020 Q1 & Q2, US import growth from China of this service is sure to have been negative.

**Figure 3.9: Composition of services imports of US from India and China in 2019 (%)**



Source: Based on WTO data.

### 3.3.2 Japan's Services Imports from India and China

The share of services imports of Japan from India to total services imports of Japan from the World was just 0.92% in 2018, compared to Japan's import share from China of 5.8% which shows that the Indian market is relatively less important than China for Japan. Japan's services imports from India as a percentage of the World's services imports from India is 1.0% while that from China is 4.9% in 2018 which shows that Japan export market is a relatively small market for India compared to Japan export market for China. (Table 3.11)

**Table 3.11: Services Imports of Japan from India and China in 2018  
(Value in US \$ million, Share & Growth in %)**

| Different Services                                     | India      |                                |                                |                          |             | China      |                                |                                |                          |             |
|--|------------|--------------------------------|--------------------------------|--------------------------|-------------|------------|--------------------------------|--------------------------------|--------------------------|-------------|
|  | Value 2018 | Share in                       |                                |                          | Growth 2018 | Value 2018 | Share in                       |                                |                          | Growth 2018 |
|  |            | Total Japan Imports from World | Total Japan Imports from India | World Imports from India |             |            | Total Japan Imports from World | Total Japan Imports from China | World Imports from China |             |
| Total services   | 1845       | 0.92                           | 100.00                         | 1.00                     | 1.71        | 11136      | 5.77                           | 100.00                         | 4.88                     | 11.35       |
| Commercial services                                    | 1839       | 0.92                           | 99.67                          | 1.00                     | 1.71        | 11092      | 5.81                           | 99.60                          | 4.90                     | 11.48       |
| Transport  | 93         | 0.24                           | 5.04                           | 0.55                     | 27.40       | 1756       | 4.38                           | 15.77                          | 4.73                     | 10.93       |
| Travel   | 170        | 0.84                           | 9.21                           | 0.62                     | 28.79       | 2122       | 11.67                          | 19.06                          | 5.47                     | 1.82        |
| Other commercial services                              | 1559       | 1.20                           | 84.50                          | 1.11                     | -2.50       | 6116       | 5.00                           | 54.92                          | 4.84                     | 15.18       |
| Construction   | 175        | 2.14                           | 9.49                           | 7.66                     | -32.43      | 174        | 2.12                           | 1.56                           | 0.73                     | 2.96        |
| Insurance and pension services                         | 2          | 0.03                           | 0.11                           | 0.08                     | 0.00        | 51         | 0.81                           | 0.46                           | 1.26                     | 13.33       |
| Financial services                                     | 31         | 0.38                           | 1.68                           | 0.69                     | 6.90        | 18         | 0.23                           | 0.16                           | 0.49                     | 5.88        |
| Charges for the use of intellectual property n.i.e     | 6          | 0.03                           | 0.33                           | 0.91                     | -25.00      | 111        | 0.52                           | 1.00                           | 2.33                     | 98.21       |
| Telecommunications, computer, and information services | 600        | 3.80                           | 32.52                          | 1.10                     | 19.76       | 1566       | 10.92                          | 14.06                          | 5.64                     | 14.64       |
| Other business services                                | 747        | 1.10                           | 40.49                          | 1.25                     | -6.39       | 4182       | 6.62                           | 37.55                          | 6.80                     | 14.73       |
| Personal, cultural, and recreational services          |            |                                |                                |                          |             | 15         | 1.24                           | 0.13                           | 1.98                     | 25.00       |

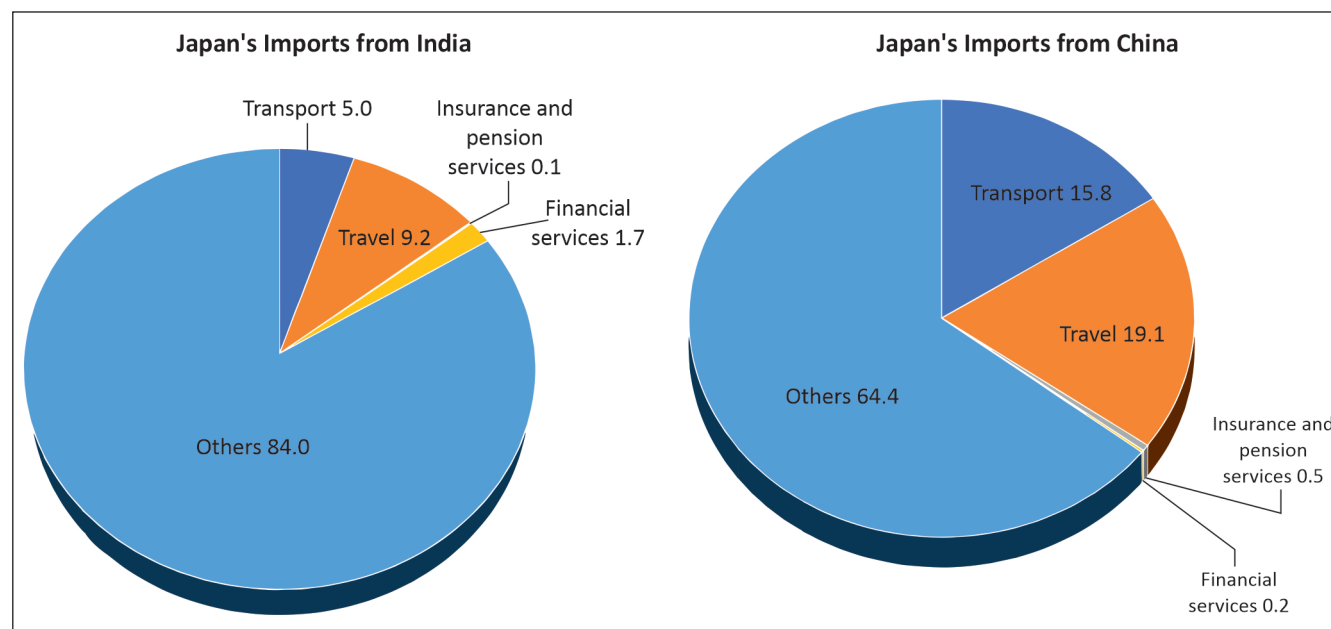
Source: Based on WTO data

The major services imported by Japan from India in 2018 are other business services (40.5% share with -6.4% growth) and Telecommunications, computer and information services (32.5% share with 9.8% growth). Construction (9.5% share with -32.5 growth), Travel (9.2% share and 28.8% growth) and Transport (5.0% share and 27.4% growth) are the other important services. In the major services exports of India to Japan, Japan's quarterly import growth from the World was negative in most quarters from 2019 Q1 to 2020 Q1 for other Business Services; positive in all quarters from 2019 Q1 to 2020 Q1 for Telecommunications, Computer and Information Services; negative from 2019 Q2 to 2020 Q1 for Construction; and negative in 2020 Q1 and highly negative at -87.7% in 2020 Q2 for Travel. (Table 3.9)

In the case of services imports of Japan from China in 2018, the major services are other business services (37.6% share and 14.7% growth), travel (19.1% share and 1.8% growth), transport (15.8% share and 10.9% growth), Telecommunications, computer and information services (14.1% share and 14.6% growth). Japan's import growth from the World of Other Business Services was negative in most quarters from 2019 Q1 to 2020 Q2, Transport was negative in all quarters from 2019 Q1 to 2020 Q1, Travel was negative in 2020 Q1 and highly negative in 2020 Q2, and Telecommunications, Computer and Information Services was positive in all quarters from 2019 Q1 to 2020 Q2. These are likely to be reflected in Japan's imports from China.

The importance of the different services in Japan's imports from India and China differ greatly though the import of other business services is at the top for both. (Figure 3.10)

Figure 3.10: Composition of services imports of Japan from India and China in 2018 (%)



Source: Based on WTO data

### 3.3.3 Australia's Services Imports from India and China

The share of services imports of Australia from India and China to total imports from the world was only 2.7% and 3.7% respectively in 2018. Australia's services imports from India and China as a percentage of the World's services imports from India and China were 1.05% and 1.12% respectively. (Table 3.12)

**Table 3.12 : Services Imports of Australia from India and China in 2018**  
(Value in US \$ million, Share & Growth in %)

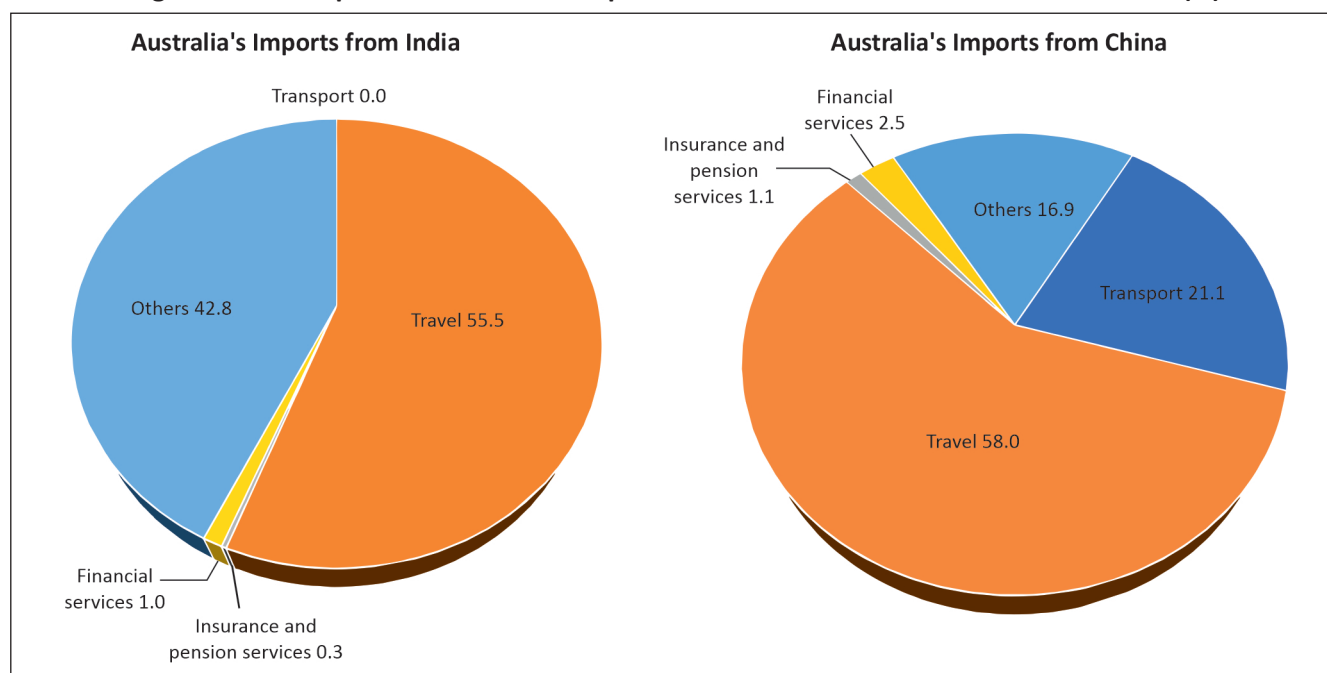
| Different Services                                     | India       |                                    |                                    |                          |              | China       |                                    |                                    |                          |              |
|--|-------------|------------------------------------|------------------------------------|--------------------------|--------------|-------------|------------------------------------|------------------------------------|--------------------------|--------------|
|  | Value 2018  | Share in                           |                                    |                          | Growth 2018  | Value 2018  | Share in                           |                                    |                          | Growth 2018  |
|  |             | Total Australia Imports from World | Total Australia Imports from India | World Imports from India |              |             | Total Australia Imports from World | Total Australia Imports from China | World Imports from China |              |
| <b>Total services</b>                                  | <b>1939</b> | <b>2.65</b>                        | <b>100.00</b>                      | <b>1.05</b>              | <b>12.73</b> | <b>2554</b> | <b>3.73</b>                        | <b>100.00</b>                      | <b>1.12</b>              | <b>13.51</b> |
| Commercial services                                    | 1888        | 2.63                               | 97.37                              | 1.02                     | 12.58        | 2481        | 3.69                               | 97.14                              | 1.10                     | 13.44        |
| Transport  | 0           | 0.00                               | 0.00                               | 0.00                     | -100.00      | 539         | 4.27                               | 21.10                              | 1.45                     | 9.33         |
| Travel   | 1077        | 2.93                               | 55.54                              | 3.94                     | 24.36        | 1481        | 4.30                               | 57.99                              | 3.82                     | 11.19        |
| Other commercial services                              | 811         | 3.92                               | 41.83                              | 0.58                     | 0.50         | 435         | 2.21                               | 17.03                              | 0.34                     | 27.19        |
| Insurance and pension services                         | 5           | 0.91                               | 0.26                               | 0.20                     | 0.00         | 29          | 5.41                               | 1.14                               | 0.72                     | 16.00        |
| Financial services                                     | 20          | 0.98                               | 1.03                               | 0.45                     | -9.09        | 65          | 2.86                               | 2.55                               | 1.76                     | 51.16        |
| Charges for the use of intellectual property n.i.e     | 2           | 0.06                               | 0.10                               | 0.30                     | 0.00         | 1           | 0.03                               | 0.04                               | 0.02                     | -85.71       |
| Telecommunications, computer, and information services | 328         | 9.78                               | 16.92                              | 0.60                     | 7.54         | 43          | 1.43                               | 1.68                               | 0.15                     | -23.21       |
| Other business services                                | 447         | 4.66                               | 23.05                              | 0.75                     | -4.69        | 291         | 3.26                               | 11.39                              | 0.47                     | 41.95        |
| Personal, cultural, and recreational services          | 8           | 0.53                               | 0.41                               | 0.55                     | 60.00        | 8           | 0.51                               | 0.31                               | 1.05                     | 14.29        |

Source: Based on WTO data

**The major services imports of Australia from India** in 2018 were Travel (55.5% share and 24.4% growth), Other business services (23.1% share and -4.7% growth) and Telecommunication, computer and information services (16.9% share and 7.5% growth). Australia's import growth from World of Travel services was negative in all quarters from 2019 Q1 to 2020 Q2, with high negative growth in 2020 Q1 & Q2 of -25.6% and -99.1%. Telecommunications, computer and information services import growth was positive in all quarters from 2019 Q1 to 2020 Q2 with good growth of around 15% in 2020 Q1 & Q2. Other business services was slightly negative and slightly positive in different quarters with 5% positive growth in 2020 Q1 and -1.9% negative growth in 2020 Q2. (Table 3.9)

**In the case of Australia's imports from China** also, Travel (58% share and 11.2% growth) is a major service, followed by Transport (21.1% share and 9.3% growth) and Other business services (11.4% share and 42% growth). Telecommunications, computer and information services are less important in Australia's imports from China. (Figure 3.11). As given above, travel imports of Australia from the World was negative from 2019 Q1 to 2020 Q2, but the growth of Other business services varied. Growth in Transport services imports of Australia from the World was negative in all quarters from 2019 Q1 and highly negative in 2020 Q1 at -20.8% and 2020 Q2 at -41.6%.

**Figure 3.11: Composition of services imports of Australia from India and China in 2018 (%)**



Source: Based on WTO data

### 3.3.4 QUAD's Services Imports from India and China

The share of services imports of QUAD from India and China to total imports from the world are 3.9% and 4.1% respectively. QUAD's services imports from India and China to total services imports of World from India and China are 17.6% and 14.4% respectively. (Table 3.13)

**Table 3.13: Services Imports of QUAD from India and China in 2018  
(Value in US \$ million, Share & Growth in %)**

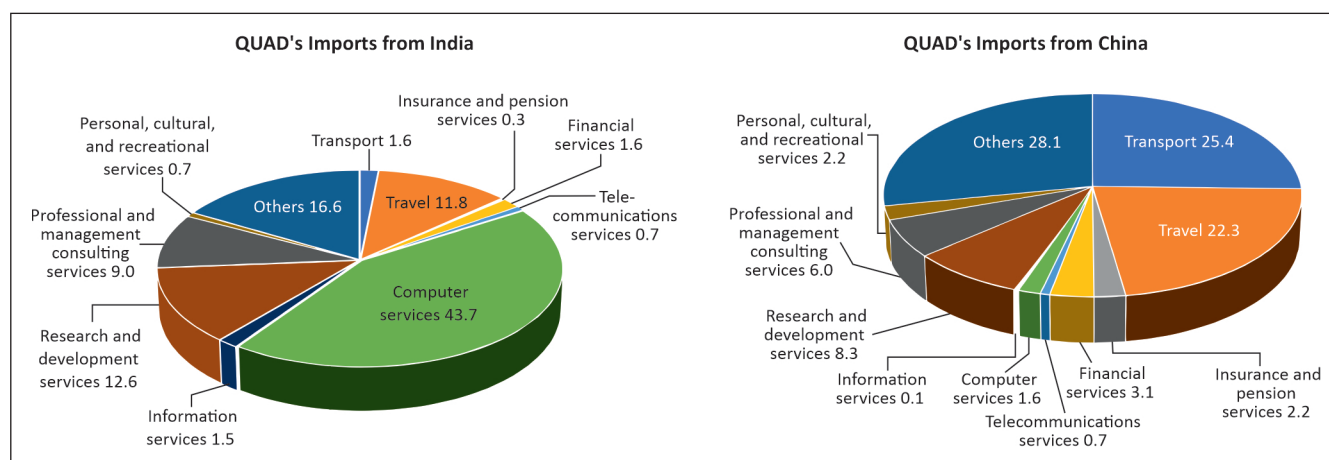
| Different Services  | India      |                               |                               |                          |             | China      |                               |                               |                          |             |
|---|------------|-------------------------------|-------------------------------|--------------------------|-------------|------------|-------------------------------|-------------------------------|--------------------------|-------------|
|   | Value 2018 | Share in                      |                               |                          | Growth 2018 | Value 2018 | Share in                      |                               |                          | Growth 2018 |
|   |            | Total QUAD Imports from World | Total QUAD Imports from India | World Imports from India |             |            | Total QUAD Imports from World | Total QUAD Imports from China | World Imports from China |             |
| <b>Total services</b>   | 32658      | 3.91                          | 100.00                        | 17.62                    | 2.57        | 32802      | 4.07                          | 100.00                        | 14.38                    | 8.45        |
| <b>Commercial services</b>                                    | 32545      | 4.02                          | 99.65                         | 17.62                    | 2.74        | 32605      | 4.17                          | 99.40                         | 14.40                    | 8.60        |
| <b>Transport</b>  | 514        | 0.32                          | 1.57                          | 3.03                     | 18.98       | 8323       | 5.58                          | 25.37                         | 22.43                    | 11.39       |
| <b>Travel</b>   | 3849       | 2.10                          | 11.79                         | 14.07                    | 8.12        | 7312       | 4.29                          | 22.29                         | 18.85                    | 1.53        |
| <b>Other commercial services</b>                              | 28160      | 6.26                          | 86.23                         | 20.12                    | 1.75        | 15566      | 3.51                          | 47.45                         | 12.31                    | 10.50       |
| <b>Construction</b>   | 210        | 1.86                          | 0.64                          | 9.19                     | -21.05      | 180        | 1.77                          | 0.55                          | 0.75                     | 3.45        |
| <b>Insurance and pension services</b>                         | 85         | 0.17                          | 0.26                          | 3.46                     | 13.33       | 734        | 1.27                          | 2.24                          | 18.14                    | 56.50       |
| <b>Financial services</b>                                     | 537        | 1.08                          | 1.64                          | 11.97                    | -18.76      | 1017       | 2.18                          | 3.10                          | 27.53                    | 17.84       |
| <b>Charges for the use of intellectual property n.i.e</b>     | 1175       | 1.70                          | 3.60                          | 178.03                   | 71.53       | 362        | 0.52                          | 1.10                          | 7.60                     | 8.06        |
| <b>Telecommunications, computer, and information services</b> | 15922      | 25.80                         | 48.75                         | 29.28                    | -1.64       | 2389       | 3.95                          | 7.28                          | 8.60                     | 4.73        |
| <b>Telecommunications services</b>                            | 226        | 2.54                          | 0.69                          | 10.44                    | -21.80      | 223        | 2.55                          | 0.68                          | 12.52                    | 21.86       |

| Different Services                                    | India      |                               |                               |                          |             | China      |                               |                               |                          |             |
|---|------------|-------------------------------|-------------------------------|--------------------------|-------------|------------|-------------------------------|-------------------------------|--------------------------|-------------|
|   | Value 2018 | Share in                      |                               |                          | Growth 2018 | Value 2018 | Share in                      |                               |                          | Growth 2018 |
|   |            | Total QUAD Imports from World | Total QUAD Imports from India | World Imports from India |             |            | Total QUAD Imports from World | Total QUAD Imports from China | World Imports from China |             |
| Computer services                                     | 14273      | 29.02                         | 43.70                         | 27.56                    | -2.23       | 523        | 1.09                          | 1.59                          | 2.01                     | -18.03      |
| Information services                                  | 496        | 13.64                         | 1.52                          | 117.81                   | 0.61        | 34         | 0.94                          | 0.10                          |                          | -10.53      |
| <b>Other business services</b>                        | 10001      | 5.39                          | 30.62                         | 16.71                    | 4.27        | 10164      | 5.68                          | 30.99                         | 16.52                    | 11.55       |
| Research and development services                     | 4106       | 7.45                          | 12.57                         | 136.28                   | -0.22       | 2734       | 5.01                          | 8.33                          |                          | 10.24       |
| Professional and management consulting services       | 2928       | 4.11                          | 8.97                          | 6.94                     | 6.16        | 1977       | 3.02                          | 6.03                          |                          | 14.21       |
| Advertising, market research, and public opinion      | 133        | 1.92                          | 0.41                          |                          | 10.83       | 365        | 5.14                          | 1.11                          |                          | 25.43       |
| Technical, trade related, and other business services | 1773       | 3.01                          | 5.43                          | 12.11                    | 22.19       | 980        | 1.66                          | 2.99                          |                          | -6.76       |
| <b>Personal, cultural, and recreational services</b>  | 231        | 1.08                          | 0.71                          | 15.76                    | 10.53       | 722        | 3.56                          | 2.20                          | 95.13                    | -15.46      |

Source: Based on WTO database

In 2018, Telecommunications, computer and information services (48.8% share and 1.6% growth), Other business services (30.6% share and 4.3% growth), and Travel (11.8% share and 8.1% growth) were the major services in QUADs services imports from India. In QUADs services imports from China, Other business services (31% share and 11.6% growth), Transport (25.4% share and 11.4% growth) and Travel (22.3% share and 1.5% growth) were the major services. **Thus, the composition of services imports by QUAD from India and China differ. (Figure 3.12)**

**Figure 3.12: Composition of services imports of QUAD from India and China in 2018 (%)**



Source: Based on WTO database

### 3.3.5 China's Services Imports from India

The data to compare the share of services imports of China from India is available only till 2016. In 2016, the share of services imports of China from India to total services imports of China from the World was only 0.4%. The share of services imports of China from India to total services imports of the World from India was 0.9%. (Table 3.14)

**Table 3.14: Services Imports of China from India in 2016 (Value in US \$ million, Share & Growth in %)**

| Different Services                                     | India      |                                |                                |                          |             |
|--|------------|--------------------------------|--------------------------------|--------------------------|-------------|
|  | Value 2016 | Share in                       |                                |                          | Growth 2016 |
|  |            | Total China Imports from World | Total China Imports from India | World Imports from India |             |
| Total services   | 1573       | 0.35                           | 100.00                         | 0.85                     | 2.61        |
| Commercial services                                    | 1568       | 0.35                           | 99.68                          | 0.85                     | 2.82        |
| Transport  | 794        | 0.99                           | 50.48                          | 4.68                     | -3.64       |
| Travel   | 234        | 0.09                           | 14.88                          | 0.86                     | 13.04       |
| Other commercial services                              | 531        | 0.50                           | 33.76                          | 0.38                     | 8.59        |
| Construction   | 43         | 0.52                           | 2.73                           | 1.88                     | 4.88        |
| Insurance and pension services                         | 27         | 0.21                           | 1.72                           | 1.10                     | 17.39       |
| Financial services                                     | 10         | 0.49                           | 0.64                           | 0.22                     | 25.00       |
| Charges for the use of intellectual property n.i.e     | 4          | 0.02                           | 0.25                           | 0.61                     | 0.00        |
| Telecommunications, computer, and information services | 42         | 0.33                           | 2.67                           | 0.08                     | -6.67       |
| Other business services                                | 400        | 0.92                           | 25.43                          | 0.67                     | 9.29        |
| Personal, cultural, and recreational services          | 7          | 0.33                           | 0.45                           | 0.48                     | 133.33      |

Source: Based on WTO database

The major services imports of China from India in 2016 were Transport (50.5% share and -3.6% growth), other business services (25.4% share and 9.3% growth) and travel (14.9% share and 13% growth).

### 3.3.6 EU's Services Imports from India and China

In 2018, the share of services imports of EU from India and China to total imports from the World were 0.9% and 1.9% respectively. EU's services imports from India and China as a percentage of World services imports from India and China were 9.2% and 15.0% respectively. **Thus, in terms of both the above indicators China's share is higher than that of India.** (Table 3.15)

**Table 3.15: Services Imports of EU from India and China in 2018 (Value in US \$ million, Share & Growth in %)**

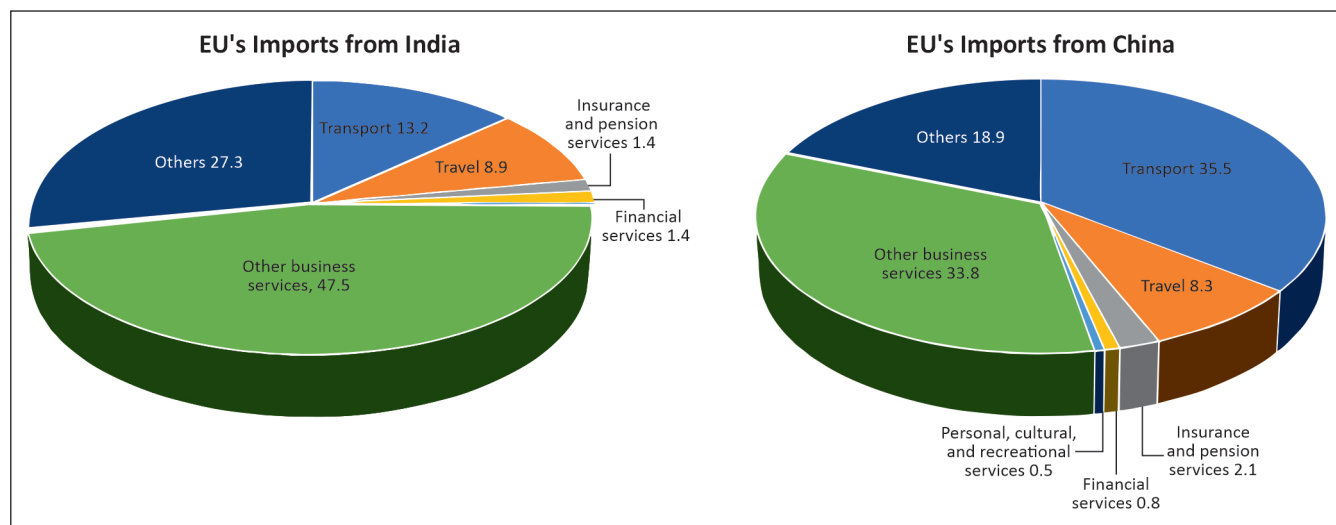
| Different Services             | India      |                             |                             |                          |             | China      |                             |                             |                          |             |
|--------------------------------|------------|-----------------------------|-----------------------------|--------------------------|-------------|------------|-----------------------------|-----------------------------|--------------------------|-------------|
|                                | Value 2018 | Share in                    |                             |                          | Growth 2018 | Value 2018 | Share in                    |                             |                          | Growth 2018 |
|                                |            | Total EU Imports from World | Total EU Imports from India | World Imports from India |             |            | Total EU Imports from World | Total EU Imports from China | World Imports from China |             |
| Total services                 | 17098      | 0.87                        | 100.00                      | 9.23                     | 17.30       | 34164      | 1.87                        | 100.00                      | 14.98                    | 5.12        |
| Commercial services            | 17063      | 0.87                        | 99.80                       | 9.24                     | 17.35       | 33974      | 1.87                        | 99.44                       | 15.01                    | 5.11        |
| Transport                      | 2264       | 0.63                        | 13.24                       | 13.33                    | 16.16       | 12143      | 3.71                        | 35.54                       | 32.73                    | 9.89        |
| Travel                         | 1515       | 0.44                        | 8.86                        | 5.54                     | 12.98       | 2843       | 0.91                        | 8.32                        | 7.33                     | -4.11       |
| Other commercial services      | 12860      | 1.09                        | 75.21                       | 9.19                     | 18.39       | 14873      | 1.34                        | 43.53                       | 11.76                    | 2.91        |
| Construction                   | 115        | 0.49                        | 0.67                        | 5.03                     | 10.58       | 315        | 1.57                        | 0.92                        | 1.32                     | -60.43      |
| Insurance and pension services | 236        | 0.54                        | 1.38                        | 9.59                     | 107.02      | 721        | 1.76                        | 2.11                        | 17.82                    | 7.13        |
| Financial services             | 237        | 0.19                        | 1.39                        | 5.28                     | 33.15       | 269        | 0.22                        | 0.79                        | 7.28                     | -10.93      |

| Different Services                                     | India      |                             |                             |                          |             | China      |                             |                             |                          |             |
|--|------------|-----------------------------|-----------------------------|--------------------------|-------------|------------|-----------------------------|-----------------------------|--------------------------|-------------|
|  | Value 2018 | Share in                    |                             |                          | Growth 2018 | Value 2018 | Share in                    |                             |                          | Growth 2018 |
|  |            | Total EU Imports from World | Total EU Imports from India | World Imports from India |             |            | Total EU Imports from World | Total EU Imports from China | World Imports from China |             |
| Charges for the use of intellectual property n.i.e     | 236        | 0.11                        | 1.38                        | 35.76                    | 7.27        | 437        | 0.22                        | 1.28                        | 9.18                     | -11.54      |
| Telecommunications, computer, and information services | 3844       | 2.32                        | 22.48                       | 7.07                     | 10.65       | 1362       | 0.91                        | 3.99                        | 4.91                     | 9.66        |
| Other business services                                | 8117       | 1.43                        | 47.47                       | 13.56                    | 20.73       | 11546      | 2.09                        | 33.80                       | 18.76                    | 7.21        |
| Personal, cultural, and recreational services          | 54         | 0.18                        | 0.32                        | 3.68                     | 50.00       | 176        | 0.66                        | 0.52                        | 23.19                    | 6.67        |

Source: Based on WTO database.

In 2018, growth in total services imports of EU from India was 17.3% and from China was 5.1%. The major services imports of EU from India in 2018 were Other business services (47.5% share and 20.7% growth), Telecommunications, computer and information services (22.5% share and 10.7% growth), Transport (13.2% share and 16.2% growth) and Travel (8.9% share and 13% growth). The major services imports of EU from China were Transport (35.5% share and 9.9% growth), Other business services (33.8% share and 7.2% growth) and Travel (8.3% share and -4.1% growth). Telecommunications, computer and information services have a minor share of only 4% in EU's services imports from China. (Figure 3.13)

**Figure 3.13: Composition of services imports of EU from India and China in 2018 (%)**



Source: Based on WTO data.

Among the important services exports of India to EU, growth in imports of EU from the world of Other business services category was positive from 2019 Q1 to 2020 Q1 but highly negative at -30.5% in 2020 Q2; Telecommunications, computer and information Services Category was slightly positive from 2019 Q1 to 2020 Q1 and marginally negative at -1.4% in 2020 Q2; Transport was negative in all quarters from 2019 Q1 and highly negative at -23.3% in 2020 Q2; Travel was negative in 2020 Q1 and highly negative at -78% in 2020 Q2.

### 3.3.7 UK's Services Imports from India and China

In 2019, the share of services imports of the UK from India to total imports from the World was 3.4%, whereas from China the share of services imports of the UK to total imports from the World was at just 0.99%. UK's services



imports from India as a percentage of World services imports from India was also higher at 4.8% compared to UK's services imports from China to World services imports from China at 0.96%. Thus, in terms of both the above indicators, India's share is much higher than that of China. Growth in total services imports of the UK from India accelerated in 2019 to 46.0% from 13.6% in 2018, whereas growth in total services imports of the UK from China decelerated from 24.0% in 2018 to 5.4% in 2019. (Table 3.16)

**Table 3.16: Services Imports of UK from India and China in 2019 (Value in US \$ million, Share & Growth in %)**

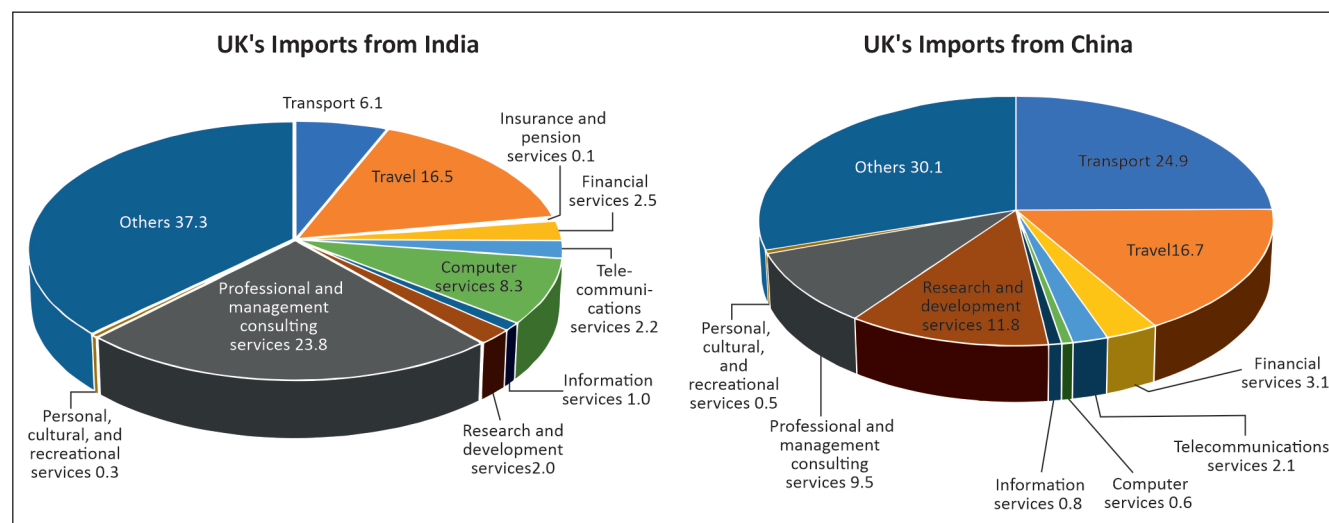
| Different Services  | India      |                             |                             |                          |        |         | China      |                             |                             |                          |        |        |
|---|------------|-----------------------------|-----------------------------|--------------------------|--------|---------|------------|-----------------------------|-----------------------------|--------------------------|--------|--------|
|   | Value 2019 | 2019 Share in               |                             |                          | Growth |         | Value 2019 | 2019 Share in               |                             |                          | Growth |        |
|   |            | Total UK Imports from World | Total UK Imports from India | World Imports from India | 2018   | 2019    |            | Total UK Imports from World | Total UK Imports from China | World Imports from China | 2018   | 2019   |
| <b>Total services</b>   | 9765       | 3.44                        | 100.00                      | 4.76                     | 13.63  | 46.01   | 2615       | 0.99                        | 100.00                      | 0.96                     | 24.04  | 5.36   |
| <b>Commercial services</b>                                    | 9765       | 3.50                        | 100.00                      | 4.78                     |        | 46.01   | 2554       | 0.99                        | 97.67                       | 0.95                     |        | 5.71   |
| <b>Transport</b>  | 385        | 1.17                        | 3.94                        | 2.03                     | 15.30  | -5.41   | 583        | 1.71                        | 22.29                       | 1.38                     | 32.90  | -5.66  |
| <b>Travel</b>   | 1144       | 1.61                        | 11.72                       | 4.00                     | -10.37 | 3.44    | 430        | 0.62                        | 16.44                       | 1.09                     | -8.39  | 3.61   |
| <b>Other commercial services</b>                              | 8232       | 4.79                        | 84.30                       | 5.27                     |        | 59.47   | 1520       | 1.00                        | 58.13                       | 0.96                     |        | 20.73  |
| <b>Construction</b>   | 0          | 0.00                        | 0.00                        | 0.00                     |        | -100.00 | 11         | 0.39                        | 0.42                        | 0.04                     | 385.71 | -83.82 |
| <b>Insurance and pension services</b>                         | 14         | 0.35                        | 0.14                        | 0.54                     |        | 250.00  | 8          | 0.19                        | 0.31                        | 0.16                     |        |        |
| <b>Financial services</b>                                     | 188        | 0.75                        | 1.93                        | 3.46                     | 2.48   | 13.94   | 100        | 0.44                        | 3.82                        | 2.87                     | 20.63  | 31.58  |
| <b>Charges for the use of intellectual property n.i.e</b>     | 49         | 0.29                        | 0.50                        | 6.24                     | 5.26   | -18.33  | 15         | 0.10                        | 0.57                        | 0.27                     |        |        |
| <b>Telecommunications, computer, and information services</b> | 960        | 7.19                        | 9.83                        | 1.65                     | 21.08  | 25.65   | 151        | 1.05                        | 5.77                        | 0.32                     | 25.00  | 77.65  |
| Telecommunications services                                   |            |                             |                             |                          | 2.11   |         |            |                             |                             |                          | 41.67  |        |
| Computer services   |            |                             |                             |                          | 19.48  |         |            |                             |                             |                          | 77.78  |        |
| Information services  | 32         | 2.33                        | 0.33                        | 9.97                     | 148.15 | -52.24  |            |                             |                             |                          | -17.39 |        |
| <b>Other business services</b>                                | 6849       | 6.64                        | 70.14                       | 10.50                    | 20.81  | 71.01   | 1224       | 1.38                        | 46.81                       | 1.75                     | 54.87  | 22.16  |
| Research and development services                             | 27         | 0.27                        | 0.28                        | 0.61                     | -12.58 | -79.55  | 0          | 0.00                        | 0.00                        |                          | 67.82  |        |
| Professional and management consulting services               | 2618       | 9.20                        | 26.81                       | 5.61                     | 73.15  | 64.34   | 255        | 1.00                        | 9.75                        |                          | 35.63  | 8.05   |
| Advertising, market research, and public opinion              | 68         | 0.91                        | 0.70                        |                          | 70.00  | 33.33   | 64         | 0.88                        | 2.45                        |                          | 67.50  | -4.48  |
| Technical, trade related, and other business services         | 4205       | 6.49                        | 43.06                       | 29.78                    | 1.56   | 84.43   | 0          | 0.00                        | 0.00                        |                          | 58.00  |        |
| <b>Personal, cultural, and recreational services</b>          | 0          | 0.00                        | 0.00                        | 0.00                     | -45.24 | -100.00 | 11         | 0.20                        | 0.42                        | 0.91                     |        | -8.33  |

Source: Based on WTO database

The major services imports of UK from India are other business services (70.1% share) with growth accelerating from 20.8% in 2018 to 71.0% in 2019; Travel (11.7% share) with growth becoming positive at 3.4% in 2019 from the negative growth of -10.4% in 2018; and Telecommunications, computer and information with growth accelerating from 21.1% in 2018 to 25.7% in 2019. In the Other business services category, the major services imports of the UK from India are technical trade related and other business services (43.1% share) with a high acceleration in growth from 1.6% in 2018 to 84.4% in 2019. Another major service is Professional and management consulting (26.8% share) with growth being high in both 2018 and 2019 at 73.2% and 64.3% respectively.

In the case of UK's services imports from China, the major services are other business services (46.8% share) with high growth in 2018 and 2019 of 54.9% and 22.2% respectively, Transport (22.3% share) with growth becoming negative at -5.7% in 2019 from 32.9% in 2018 and Travel (16.4% share) with a growth of 3.6% in 2019 up from the negative growth of -8.4% in 2018. Among Other business services, though Technical, trade related and other business services had the highest share of 19.1% in 2018, it was much lower than that of UK's imports share from India of this item. **On the other hand, Research and Development services imports of the UK from China had a high share of 11.8% in 2018 compared to its small share of only 0.3% in the UK's imports from India. Thus, the composition of imports of the UK from India and China differs. (Figure 3.14)**

**Figure 3.14: Composition of services imports of UK from India and China in 2018 (%)**



Source: Based on WTO database

In the important services exports of India to the UK, UK's import growth from the World of Other business services was positive from 2019 Q1 to 2020 Q1; though in 2020 Q1 it was only marginally positive at 0.7%; Travel was negative in 2020 Q1 at -18.3% and highly negative at -89.6 % in 2020 Q2; and Telecommunications, computer and information services was negative from 2019 Q1 to 2020 Q1. Growth in Transport services imports of UK from the World, which is more important in China's exports to the UK was negative in all quarters from 2019 Q1 and highly negative at -55% in 2020 Q2. (Table 3.9)

### 3.3.8 Netherland's Services Imports from India and China

In 2019, the share of services imports of the Netherlands from India and China to its total services imports from the World were near to each other at 1.29% and 1.20%, respectively. The Netherlands services imports from India/China as a percentage of World services imports from India/China were at 1.6%/1.1%. Growth in total services imports of the Netherlands from India (i.e. India's exports to the Netherlands) became negative at -10.8% in 2019 compared to positive growth of 31.5% in 2018. Growth in services imports of the Netherlands from China which was at -1.2% in 2018 became further negative in 2019 at -28.2%. (Table 3.17)

**Table 3.17 : Services Imports of Netherlands from India and China in 2019**  
(Value in US \$ million, Share & Growth in %)

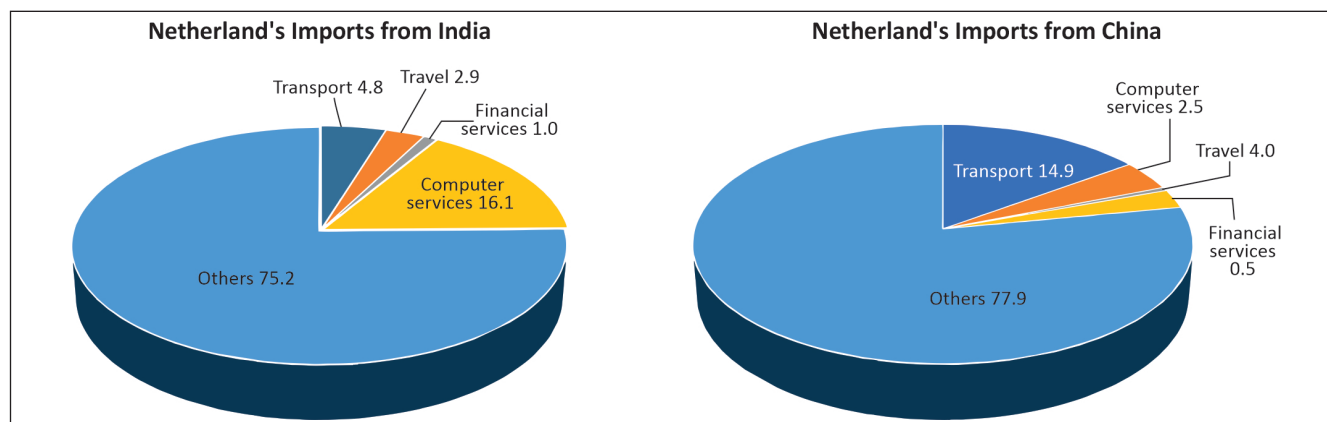
| Different Services                                     | India      |                                      |                                      |                          |        |        | China      |                                      |                                      |                          |        |        |
|--|------------|--------------------------------------|--------------------------------------|--------------------------|--------|--------|------------|--------------------------------------|--------------------------------------|--------------------------|--------|--------|
|  | Value 2019 | 2019 Share in                        |                                      |                          | Growth |        | Value 2019 | 2019 Share in                        |                                      |                          | Growth |        |
|  |            | Total Netherlands Imports from World | Total Netherlands Imports from India | World Imports from India | 2018   | 2019   |            | Total Netherlands Imports from World | Total Netherlands Imports from China | World Imports from China | 2018   | 2019   |
| Total services   | 3186       | 1.29                                 | 100.00                               | 1.55                     | 31.47  | -10.81 | 2945       | 1.20                                 | 100.00                               | 1.08                     | -1.18  | -28.19 |
| Transport  | 152        | 0.48                                 | 4.77                                 | 0.80                     | 126.42 | 26.67  | 440        | 1.37                                 | 14.94                                | 1.04                     | -13.90 | -2.65  |
| Travel   | 92         | 0.41                                 | 2.89                                 | 0.32                     | 27.16  | -10.68 | 118        | 0.52                                 | 4.01                                 | 0.30                     | 35.94  | -32.18 |
| Construction   | 801        | 24.47                                | 25.14                                | 25.21                    | 142.86 | 685.29 | 73         | 2.17                                 | 2.48                                 | 0.27                     | 69.64  | -23.16 |
| Insurance and pension services                         |            |                                      |                                      |                          |        |        | 6          | 0.90                                 | 0.20                                 | 0.12                     | 20.00  | 0.00   |
| Financial services                                     | 32         | 0.30                                 | 1.00                                 | 0.59                     | -41.46 | 33.33  | 14         | 0.14                                 | 0.48                                 | 0.40                     | -7.89  | -60.00 |
| Charges for the use of intellectual property n.i.e     | 93         | 0.14                                 | 2.92                                 | 11.85                    | -22.22 | 342.86 |            |                                      |                                      |                          |        |        |
| Telecommunications, computer, and information services | 618        | 3.29                                 | 19.40                                | 1.06                     | 21.40  | -8.44  | 76         | 0.41                                 | 2.58                                 | 0.16                     | -4.93  | -73.70 |
| Computer services                                      | 513        | 3.60                                 | 16.10                                | 0.92                     |        | -8.23  | 74         | 0.54                                 | 2.51                                 | 0.16                     | -5.70  | -73.67 |
| Other business services                                | 2036       | 2.54                                 | 63.90                                | 3.12                     | 31.85  | -19.11 | 1948       | 2.44                                 | 66.15                                | 2.79                     | -1.40  | -32.71 |
| Research and development services                      |            |                                      |                                      |                          | 40.94  |        |            |                                      |                                      |                          | 61.43  |        |
| Professional and management consulting services        |            |                                      |                                      |                          | 7.57   |        |            |                                      |                                      |                          | 12.88  |        |
| Technical, trade related, and other business services  |            |                                      |                                      |                          | 50.79  |        |            |                                      |                                      |                          | -17.07 |        |
| Personal, cultural, and recreational services          |            |                                      |                                      |                          | 50.00  |        |            |                                      |                                      |                          |        |        |

Source: Based on WTO data.

In 2019, the major services imports of the Netherlands from India were Other business services (63.9% share), Construction (25.2% share) and Telecommunications, computer and information (19.4% share). Among Other business services, technical, trade related and other business services, followed by professional and management consulting are the most important services imports of the Netherlands from India as indicated by the 2018 figures. In the case of the Netherlands imports from China, the major services were Other business services (66.2% share) and Transport (14.9% share) in 2019. Among Other business services, as in the case of the Netherlands' imports from India, Technical, Trade related and other business services and Professional Management and Consulting services are important services as can be seen from 2018 figures. (Figure 3.15)

In the important services exports of India to the Netherlands, Netherlands import growth from the World of Other business services was positive in all quarters from 2019 Q1 to 2020 Q1 but negative at -18.4% in 2020 Q2; of Construction was negative from 2019 Q1 to 2019 Q4, positive in 2020 Q1 and negative at -7.1% in 2020 Q2; Telecommunications, computer and information services was positive from 2019 Q2 to 2020 Q2. In the

**Figure 3.15: Composition of services imports of Netherlands from India and China in 2018 (%)**



Source: Based on WTO database

case of Charges for use of IP and Transport which are relatively more important in China's services exports to the Netherlands, Netherlands growth in imports from the World of Charges for IP varied, being positive in some quarters and negative in others, while growth in imports of Transport was negative from 2019 Q2 with relatively high negative growth of -16.1% in 2020 Q2. (Table 3.9)

### 3.3.9 Singapore's Services Imports from India and China

In 2018, the shares of services imports of Singapore from India and China to its total services imports from the World were 2.4% and 5.9% respectively. Singapore's services imports from India/China in total world services imports from India/China were 2.6% and 4.7% respectively. Singapore's imports of services from China is in fact more than double its imports from India. The growth in services imports from India and China in 2019 was high at 24.2% and 20.8% respectively. (Table 3.18)

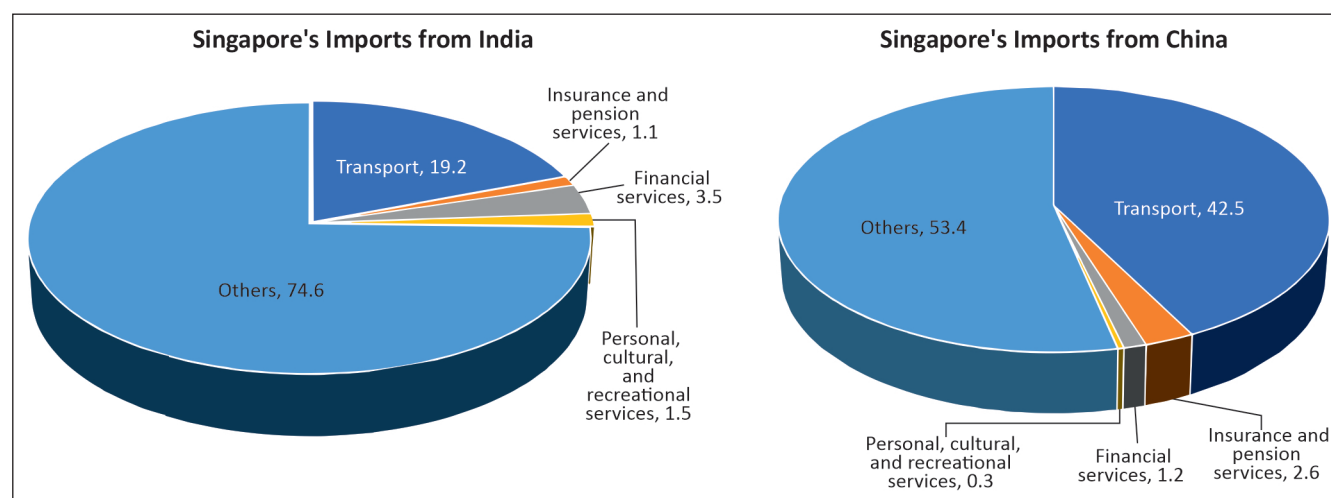
**Table 3.18: Services Imports of Singapore from India and China in 2018  
(Value in US \$ million, Share & Growth in %)**

| Different Services                                     | India      |                                    |                                    |                          |             | China      |                                    |                                    |                          |             |
|--|------------|------------------------------------|------------------------------------|--------------------------|-------------|------------|------------------------------------|------------------------------------|--------------------------|-------------|
|  | Value 2018 | Share in                           |                                    |                          | Growth 2018 | Value 2018 | Share in                           |                                    |                          | Growth 2018 |
|  |            | Total Singapore Imports from World | Total Singapore Imports from India | World Imports from India |             |            | Total Singapore Imports from World | Total Singapore Imports from China | World Imports from China |             |
| Total services   | 4856       | 2.42                               | 100.00                             | 2.62                     | 24.23       | 10612      | 5.89                               | 100.00                             | 4.65                     | 20.77       |
| Commercial services                                    | 4856       | 2.42                               | 100.00                             | 2.63                     | 24.23       | 10612      | 5.89                               | 100.00                             | 4.69                     | 20.77       |
| Transport  | 934        | 1.49                               | 19.23                              | 5.50                     | 20.98       | 4505       | 8.85                               | 42.45                              | 12.14                    | 15.84       |
| Other commercial services                              | 3914       | 3.72                               | 80.60                              | 2.80                     | 36.42       | 4971       | 5.10                               | 46.84                              | 3.93                     | 25.82       |
| Construction   | 18         | 3.24                               | 0.37                               | 0.79                     |             | 35         | 9.31                               | 0.33                               | 0.15                     | -31.37      |
| Insurance and pension services                         | 54         | 1.06                               | 1.11                               | 2.20                     | -16.92      | 281        | 7.00                               | 2.65                               | 6.95                     | 148.67      |
| Financial services                                     | 172        | 2.64                               | 3.54                               | 3.84                     | -18.10      | 129        | 2.30                               | 1.22                               | 3.49                     | 79.17       |
| Charges for the use of intellectual property n.i.e     | 26         | 0.15                               | 0.54                               | 3.94                     |             | 49         | 0.32                               | 0.46                               | 1.03                     |             |
| Telecommunications, computer, and information services | 1652       | 11.48                              | 34.02                              | 3.04                     | 71.01       | 553        | 3.71                               | 5.21                               | 1.99                     | 132.35      |
| Other business services                                | 1918       | 3.12                               | 39.50                              | 3.20                     | 20.33       | 3890       | 6.84                               | 36.66                              | 6.32                     | 16.57       |
| Personal, cultural, and recreational services          | 74         | 15.51                              | 1.52                               | 5.05                     | 362.50      | 34         | 8.27                               | 0.32                               | 4.48                     | -27.66      |

Source: Based on WTO data.

In 2018, the major services imports of Singapore from India were Other business services (39.5% share), Telecommunications, computer and information (34.0% share) and Transport (19.2% share). Singapore's major services imports from China were Transport (42.5% share) and Other business services (36.7% share). Unlike Singapore's imports from India, Telecommunications, computer and information services had a small share of only 5.2% in its imports from China. **Thus, the importance of different services exports from India and China to Singapore differed.** (Figure 3.16)

**Figure 3.16: Composition of services imports of Singapore from India and China in 2018 (%)**



Source: Based on WTO database

In the important services exports of India to Singapore, Singapore's import growth from the World shows slight negative growth in most of the quarters from 2019 Q1 with higher negative growth of -10.3% in 2020 Q2 in Other business services; slight negative growth in Telecommunications, computer and information services from 2019 Q3 with -8.4% negative growth in 2020 Q2; negative growth for Transport in most of the quarters from 2019 Q1 with high negative growth of -30% in 2020 Q2.

### 3.3.10 Other major services export destinations of India

Switzerland, Canada and Sweden are the other major services export destinations of India where the major services export category is Telecommunications, computer and information Services. Switzerland's import growth from the World of this service was positive in 2019 Q3 and Q4; Canada's was positive in 2020 Q1 and 2020 Q2 and Sweden's was positive from 2019 Q2 to 2020 Q2. (Table 3.9)

## 3.4 India's Merchandise Imports from QUAD and Some Major Markets: A Comparison with Imports of China

### 3.4.1 Merchandise Imports from the US by India and China

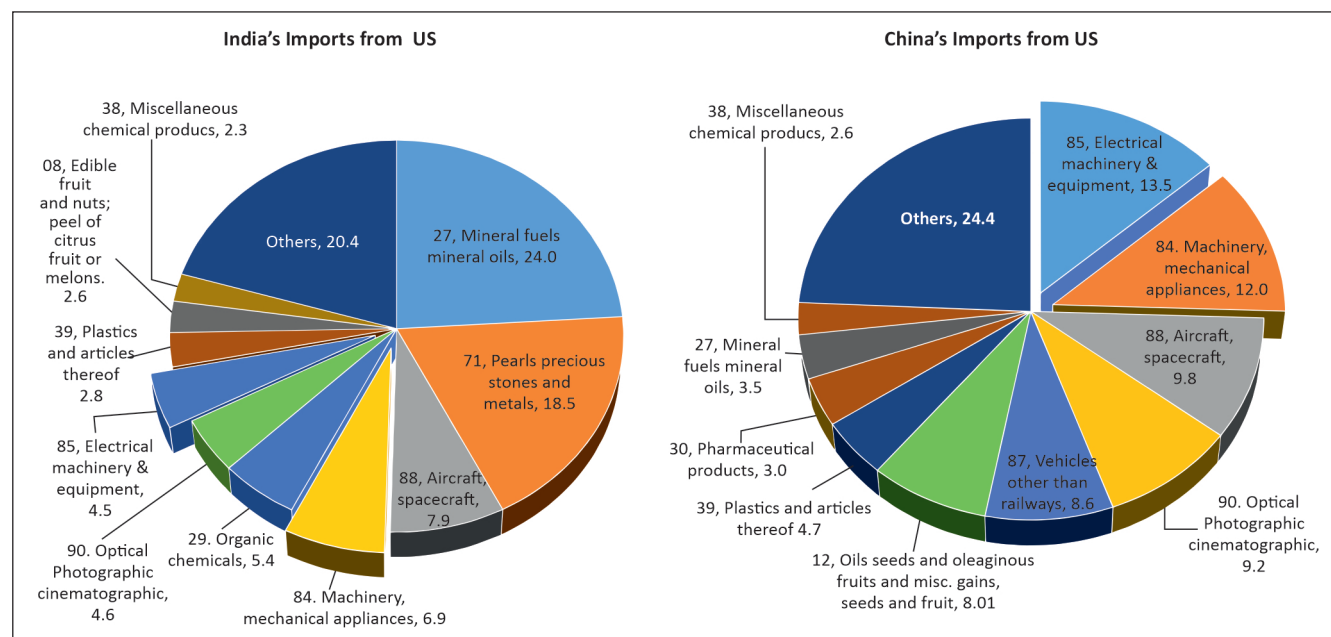
India's total merchandise imports from the US which has a share of 7.2% in India's total imports grew by 3.9% in 2019 but registered negative growth in all the four quarters from 2019 Q3 to 2020 Q2 with the highest negative growth in 2020 Q2 of -54.4% reflecting the impact of the Pandemic and lockdown. **China's total imports from the US** with a 5.2% share in China's total imports grew by a negative -11.4% in 2019. However, in 2019 Q4 and 2020 Q2 growth was positive though low.

**India's top imports from the US** with at least 1% share at the HS-2 digit level in total imports from the US by India consist of items of which Mineral fuels, etc. (Code 27) and Pearls, Precious stones and metals, etc. (Code, 71) are the major ones with 24% and 18.5% shares. Both have registered negative growth in the 4 quarters from 2019 Q3 to 2020 Q2, with Pearls, Precious stones and metals, etc. registering high negative growth in all four quarters from 2019 Q3 to 2020 Q2 and also in 2019. These two are not the major items in China's imports from the US, though there is positive growth in imports of China from the US in all four quarters for Pearls, Precious stones and metals.

**Among the other top items of India's imports from the US**, Aircraft, Spacecraft and parts, etc. (Code 88) registered high positive growth in 2020 Q1 though it was negative in other quarters. Growth in India's imports from the US of Electrical machinery, etc. (Code 85) was positive in 2019 and the first three quarters but turned negative at -13.0% in 2020 Q2. Another important item, Edible fruits and nuts, etc. (Code 08) registered positive growth in 2019 and 2019 Q4 and 2020 Q1.

**In the case of China's imports from the US**, the composition of major items differs. While machinery mechanical (Code 84), optical, photographic, etc. (Code 90) and electrical machinery (Code 85) are important items, there are other important items like vehicles, other than railways, etc. (Code 87) and oilseeds and oleaginous fruits (Code 12), with positive growth in many quarters and negative growth mainly in 2020 Q1 and 2020 Q2. (Figure 3.17)

**Figure 3.17: Composition of imports from the US by India and China in 2019 (%)**



Source: Based on ITC Trade map data.

**Thus, while COVID-19 has affected India's imports from the US mainly in 2020 Q2, China's imports from the US have been less affected except in 2019 Q4 and 2020 Q2. (Table 3.19)**

**Table 3.19: Quarterly Growth in imports from the US by India and China -Sector-wise at HS-2 digit level  
(Value in US \$ million, Share & Growth in %)**

| HS-2 digit | Items   | Imports from US by India |  |            |   |              |             |             |              |  |            | Imports from US by China                      |            |             |            |              |            |
|------------|---|--------------------------|--|------------|---|--------------|-------------|-------------|--------------|--|------------|---|------------|-------------|------------|--------------|------------|
|            |   | Value                    | Share of the product in total imports from US by India | Growth     | Share in India's total Imports of the product | Growth in    |             |             | Value        | Share of the product in total Imports from US by China | Growth     | Share in China's total Imports of the product | Growth in  |             |            |              |            |
|            |   |                          |  |            |   | 2019 Q3      | 2019 Q4     | 2020 Q1     |              |  |            |   | 2020 Q2    | 2019 Q3     | 2019 Q4    | 2020 Q1      | 2020 Q2    |
|            | <b>All products</b>                                   | <b>34410</b>             | <b>100.0</b>   | <b>3.9</b> | <b>7.2</b>                                    | <b>-12.3</b> | <b>-5.1</b> | <b>-0.7</b> | <b>-54.4</b> | <b>106627</b>  | <b>100</b> | <b>-11.4</b>                                  | <b>5.2</b> | <b>-8.8</b> | <b>3.3</b> | <b>-15.4</b> | <b>5.7</b> |
| 27         | Mineral fuels, mineral oils                           | 8261                     | 24.0   | 32.6       | 5.4   | -3.0         | 1.1         | -14.7       | -48.4        | 3766   | 3.5        | -55.7   | 1.1        | -3.0        | -54.5      | -38.9        | 86.5       |
| 71         | Pearls, precious stones and metals                    | 6378                     | 18.5   | -18.8      | 10.6  | -47.7        | -17.0       | -20.0       | -83.8        | 1180   | 1.1        | -28.9   | 2.0        | 9.8         | 126.5      | 160.2        | 127.3      |
| 88         | Aircraft, spacecraft                                  | 2717                     | 7.9  | -8.8       | 82.5  | -4.7         | -8.0        | 180.9       | -85.3        | 10460  | 9.8        | -42.6   | 54.0       | -46.0       | -67.4      | -66.8        | -53.7      |
| 84         | Machinery, mechanical appliances                      | 2388                     | 6.9  | 7.7        | 5.4   | 8.5          | -6.7        | -15.9       | -43.6        | 12772  | 12.0       | -10.1   | 6.7        | -20.9       | 1.9        | 3.2          | -1.0       |
| 29         | Organic chemicals                                     | 1865                     | 5.4  | 20.7       | 9.1   | 8.6          | -1.7        | -22.6       | -0.2         | 2284   | 2.1        | -20.4   | 4.0        | -28.8       | -2.5       | -5.0         | 20.5       |
| 90         | Optical, photographic, cinematographic,               | 1565                     | 4.6  | 1.0        | 16.5  | 2.4          | -1.5        | -5.5        | -45.3        | 9754   | 9.2        | -0.4  | 9.9        | -9.7        | 9.7        | -6.6         | -6.2       |
| 85         | Electrical machinery & equipment                      | 1560                     | 4.5  | 1.2        | 3.1   | 8.5          | 2.8         | 5.1         | -13.0        | 14428  | 13.5       | 12.5  | 2.9        | 7.1         | 5.9        | 3.3          | 23.6       |
| 39         | Plastics and articles thereof                         | 964                      | 2.8  | 3.7        | 6.6   | -1.4         | -0.4        | 12.1        | -27.0        | 4982   | 4.7        | -12.8   | 7.0        | -16.9       | -3.3       | -9.7         | 13.4       |
| 08         | Edible fruit and nuts; peel of citrus fruit or melons | 889                      | 2.6  | 7.4        | 29.8  | -10.5        | 19.7        | 21.2        | -35.7        | 729  | 0.7        | 61.4  | 6.3        | 62.7        | 158.1      | 7.0          | -44.9      |
| 38         | Miscellaneous chemical products                       | 788                      | 2.3  | 0.8        | 13.8  | -21.7        | -7.9        | -19.1       | -25.7        | 2738   | 2.6        | -0.7  | 15.6       | -1.4        | 26.4       | 12.0         | 18.0       |
| 47         | Pulp of wood or of other fibrous cellulosic material  | 685                      | 2.0  | -8.9       | 27.8  |              |             |             |              | 2313   | 2.2        | -20.4   | 12.0       | -15.5       | -34.7      | -16.3        | -11.0      |
| 99         | Commodities not elsewhere specified                   | 632                      | 1.8  | 5.9        | 32.6  | -13.7        | 6.8         | 14.3        | -41.8        | 1154   | 1.1        | 1.2   | 10.9       | 2.2         | 18.4       | -8.9         | -4.8       |
| 52         | Cotton  | 601                      | 1.8  | 80.8       | 46.8  | 347.8        | 43.6        | -35.0       | -94.8        | 711  | 0.7        | -25.0   | 7.7        | 18.2        | -1.5       | 45.6         | 39.2       |
| 72         | Iron and steel  | 566                      | 1.6  | 11.4       | 4.9   | 35.8         | 24.7        | 5.0         | -68.3        | 259  | 0.2        | -53.8   | 1.1        | -36.5       | -21.0      | -9.9         | 94.4       |
| 28         | Inorganic chemicals; compounds of precious metals     | 426                      | 1.2  | 8.9        | 6.1   | 6.5          | 3.5         | 31.1        | -57.6        | 906  | 0.9        | 0.7   | 8.8        | -20.8       | 35.0       | 5.6          | -16.8      |
| 30         | Pharmaceutical products                               | 421                      | 1.2  | 5.7        | 18.3  | -19.6        | 26.3        | -4.9        | -17.4        | 4144   | 3.9        | 49.2  | 12.3       | 24.6        | 43.5       | -40.4        | 23.0       |
| 76         | Aluminium and articles thereof                        | 365                      | 1.1  | 2.1        | 7.8   | -13.0        | -24.9       | 39.5        | -58.3        | 675  | 0.6        | -34.3   | 11.7       | -8.7        | -56.8      | -47.9        | -34.6      |
| 22         | Beverages, spirits and vinegar                        | 338                      | 1.0  | 21.3       | 41.0  | -17.7        | -12.4       | 71.5        | -36.8        | 93   | 0.1        | -48.9   | 1.6        | 4.3         | 47.7       | -39.0        | -22.1      |

Source: Based on ITC Trade map data.

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### 3.4.2 *Merchandise Imports from Japan by India and China*

**The share of India's total imports from Japan in India's total imports in 2019 was only 2.3% compared to the 6.5% share of China's total imports from Japan in China's imports.** While India's import growth from Japan was slightly negative in 2019 and the first 3 quarters 2019 Q3 to 2020 Q1, it turned highly negative in 2020 Q2 at 54.4% due to the Pandemic and Lockdown. While there was a small negative growth in imports of China from Japan in 2019 and the first three quarters, 2019 Q3 to 2020 Q1, it became marginally positive in 2020 Q2. **Thus, the impact of the Pandemic was less on China's imports from Japan compared to India's imports from Japan.**

**There are 15 items at the HS-2 digit level in India's imports from Japan with a share in total India's imports from Japan of 1% and above.** The two major items are Machinery mechanical (Code 84) and Electrical Machinery (Code 85) with negative growth in 2019 and most of the quarters and with high negative growth in 2020 Q2. These 2 items are also the major items in China's imports from Japan. However, the negative growth is low for Machinery mechanical, etc. imports of China for Japan, while it was even positive in 2020 Q1 and 2020 Q2 for Electrical machinery, etc. imports of China from Japan. In the case of Plastics and Articles (Code 39), Copper, etc. (Code 74), Organic Chemicals (Code 29) and Inorganic Chemicals, etc. (Code 28) import growth was negative only in 2020 Q2 and positive in other 3 quarters and 2019. (Table 3.20)



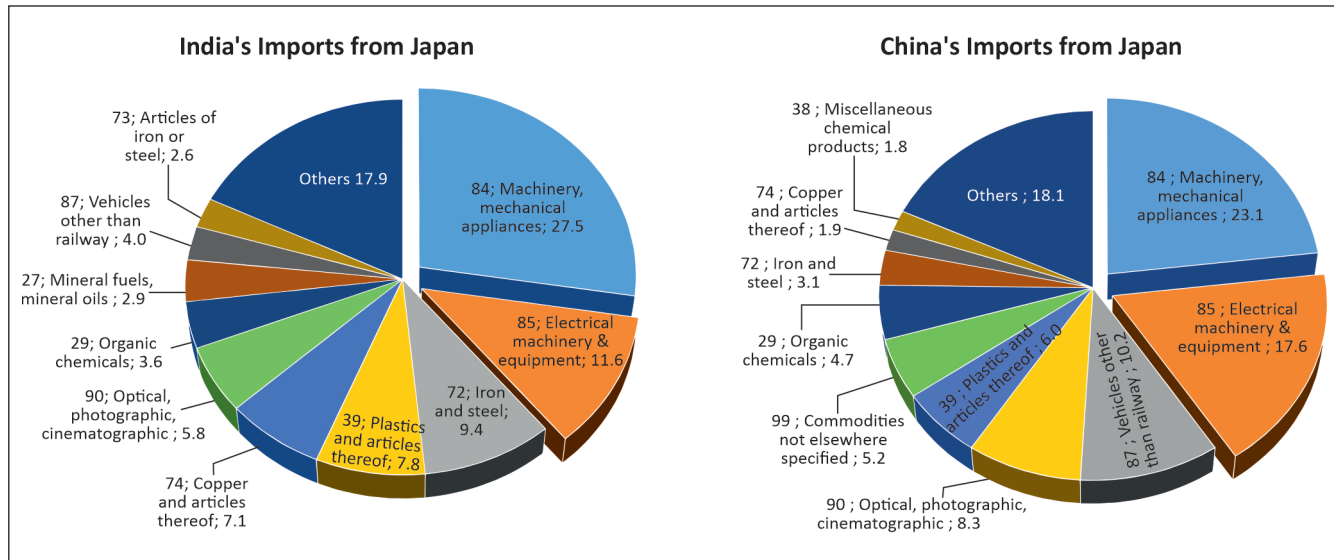
**Table 3.20 : Quarterly Growth in imports from Japan by India and China -Sector-wise at HS-2 digit level  
(Value in US \$ million, Share & Growth in %)**

| Items   | Imports from Japan by India |   |             |   |             |             | Imports from Japan by China |              |   |              |   |            |             |             |             |            |
|---|-----------------------------|---|-------------|---|-------------|-------------|-----------------------------|--------------|---|--------------|---|------------|-------------|-------------|-------------|------------|
|   | Value                       | Share of the product in total imports from Japan by India | Growth      | Share in India's total Imports of the product in 2019 | Growth in   |             |                             | Value        | Share of the product in total imports from Japan by China | Growth       | Share in China's total imports of the product in 2019 | Growth in  |             |             |             |            |
|   |                             |   |             |   | 2019 Q3     | 2019 Q4     | 2020 Q1                     |              |   |              |   | 2019 Q3    | 2019 Q4     | 2020 Q1     | 2020 Q2     |            |
|   | 2019                        | 2019  | 2019        | 2019  | 2019 Q3     | 2019 Q4     | 2020 Q1                     | 2020 Q2      | 2019  | 2019         | 2019  | 2019 Q3    | 2019 Q4     | 2020 Q1     | 2020 Q2     |            |
| <b>All products</b>   | <b>10976.4</b>              | <b>100.0</b>  | <b>-0.4</b> | <b>2.3</b>  | <b>-1.6</b> | <b>-5.0</b> | <b>-5.4</b>                 | <b>-54.4</b> | <b>134714</b>   | <b>100.0</b> | <b>-6.4</b>   | <b>6.5</b> | <b>-6.0</b> | <b>-1.5</b> | <b>-4.1</b> | <b>0.1</b> |
| Machinery, mechanical appliances                            | 3014.1                      | 27.5  | -1.7        | 6.8   | 5.3         | -12.0       | -20.6                       | -53.6        | 31174   | 23.1         | -11.6   | 16.4       | -15.7       | -0.5        | -10.3       | -4.1       |
| Electrical machinery & equipment                            | 1270.6                      | 11.6  | -2.6        | 2.5   | -6.0        | 2.9         | -6.2                        | -55.7        | 23710   | 17.6         | -11.3   | 4.8        | -6.4        | -6.4        | 3.8         | 7.3        |
| Iron and steel  | 1027.1                      | 9.4   | -12.7       | 8.9   | -18.8       | -22.0       | -19.5                       | -65.6        | 4130  | 3.1          | -22.4   | 17.7       | -18.3       | -21.5       | 1.3         | -4.4       |
| Plastics and articles thereof                               | 858.2                       | 7.8   | 5.7         | 5.9   | 11.9        | 0.6         | 6.1                         | -54.5        | 8140  | 6.0          | -0.5  | 11.4       | -0.6        | 7.1         | 6.8         | 4.6        |
| Copper and articles thereof                                 | 780.7                       | 7.1   | 61.7        | 15.1  | 29.4        | 70.9        | 90.7                        | -70.9        | 2520  | 1.9          | -15.2   | 6.2        | -11.5       | -13.0       | -15.7       | 16.2       |
| Optical, photographic, cinematographic,                     | 631.8                       | 5.8   | -2.1        | 6.7   | -5.4        | -10.6       | -9.7                        | -56.4        | 11226   | 8.3          | -4.5  | 11.4       | -6.0        | 9.2         | 3.1         | 1.4        |
| Vehicles other than railway                                 | 437.4                       | 4.0   | -20.5       | 8.1   | -22.2       | -25.8       | -6.8                        | -57.5        | 13694   | 10.2         | -0.7  | 18.2       | -6.6        | 3.4         | 3.1         | -4.8       |
| Organic chemicals   | 392.7                       | 3.6   | 2.1         | 1.9   | 6.8         | 7.1         | 33.3                        | -25.3        | 6353  | 4.7          | -10.9   | 11.0       | -0.5        | -24.1       | -28.9       | -36.8      |
| Mineral fuels, mineral oils                                 | 319.5                       | 2.9   | 11.9        | 0.2   | -24.7       | -33.8       | -75.2                       | -65.1        | 1424  | 1.1          | -7.9  | 0.4        | -1.0        | -26.2       | -18.5       | 12.3       |
| Commodities not elsewhere specified                         | 299.3                       | 2.7   | -20.3       | 15.5  | -28.0       | -12.1       | -0.8                        | -55.4        | 7045  | 5.2          | 10.9  | 66.4       | 18.2        | 9.9         | -9.6        | 13.6       |
| Articles of iron or steel                                   | 282.3                       | 2.6   | -13.0       | 5.6   | -16.8       | -17.4       | -32.6                       | -48.2        | 1725  | 1.3          | -7.9  | 17.5       | -5.9        | 1.0         | 0.6         | 12.8       |
| Rubber and articles thereof                                 | 215.3                       | 2.0   | -11.1       | 6.7   | -14.7       | -26.6       | 10.5                        | -49.0        | 1149  | 0.9          | -6.0  | 7.5        | -9.6        | 1.6         | -12.5       | -18.4      |
| Inorganic chemicals; compounds of precious metals           | 209.6                       | 1.9   | 11.0        | 3.0   | 36.7        | 149.5       | 308.0                       | 15.1         | 885   | 0.7          | 0.6   | 8.5        | -20.9       | 8.5         | -16.5       | -13.9      |
| Miscellaneous chemical products                             | 189.6                       | 1.7   | 14.2        | 3.3   | 8.5         | 21.1        | -30.0                       | -10.7        | 2387  | 1.8          | 7.2   | 13.6       | 9.9         | 14.6        | 8.6         | 8.9        |
| Tools, implements, cutlery, spoons and forks, of base metal | 110.5                       | 1.0   | -12.7       | 9.3   | -8.5        | -9.9        | -11.1                       | -22.4        | 799   | 0.6          | -8.2  | 22.8       | -4.4        | -16.8       | -23.2       | -14.9      |
| Paper and paperboard  | 107.2                       | 1.0   | -2.2        | 3.7   | -7.1        | -30.7       | -37.7                       | -66.1        | 476   | 0.4          | -18.2   | 9.0        | -14.3       | 2.9         | 17.8        | 19.0       |

Source: Based on ITC Trademap data.

While the import basket of India and China from Japan is more or less the same, China's imports were less affected by the Pandemic. So if the QUAD becomes a powerful economic group, then there is a possibility of Japan depending less on China for its exports. (Figure 3.18)

Figure 3.18: Composition of imports from Japan by India and China in 2019 (%)



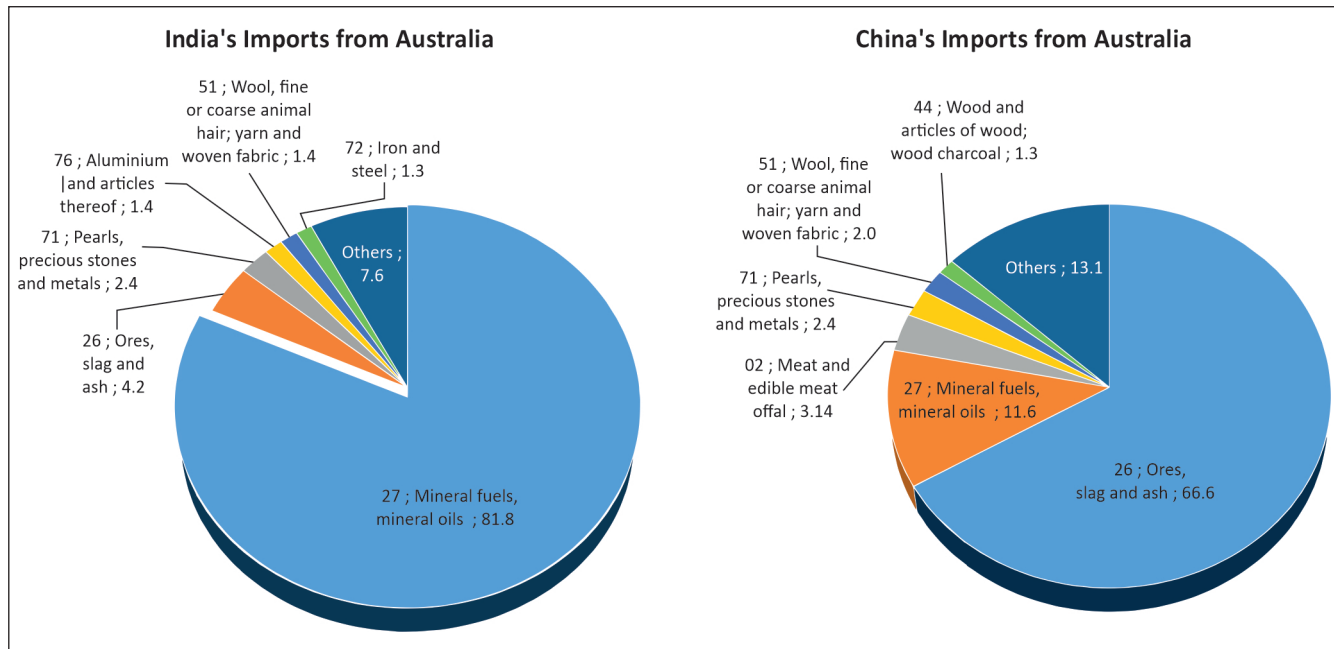
Source: Based on ITC Trade map data.

### 3.4.3 Merchandise Imports from Australia by India and China

The share of India's imports from Australia in India's total imports in 2019 was only 1.9%, while the share of China's imports from Australia in China's total imports was 4.3%. While India's imports from Australia registered negative growth in 2019 and all four quarters from 2019 Q3 to 2020 Q2 with high negative growth in 2020 Q2, China's imports from Australia registered positive growth in 2019 and the first three quarters i.e. 2019 Q3 to 2020 Q1. It was slightly negative at -1.8% only in 2020 Q2.

There are only 6 items with 1% or above share in India's imports from Australia. Of them, Mineral fuel and oils, etc. (Code 27) has a dominant share of 81.8% followed by ores, slag and ash (Code 26) which is a distant second with only 4.2% share. While Mineral fuels, etc. imports from Australia by India registered negative growth in 2019 and all four quarters with high negative growth in 2020 Q2 of 59.2%, Ores, slag and ash, also registered negative import growth in 2019 and all quarters except 2019 Q3 when growth was positive at 22.6%. While these two items are also major items in China's imports from Australia, unlike India's imports from Australia, ores, slag and ash with 66.6% share was the dominant imports of China from Australia. China's import growth from Australia of ores, slag and ash was positive and high in 2019 and all four quarters except 2020 Q2 when growth was positive but low. Mineral fuels, etc. imports of China from Australia was slightly negative in 2019 and 2019 Q4, but positive in all other quarters. (Figure 3.19)

**Figure 3.19: Composition of imports from Australia by India and China in 2019 (%)**



Source: Based on ITC Trade map data.

**Among the other top items Pearls, Precious stones and metals imports by India and also China from Australia registered high negative growth in 2019 and all four quarters from 2019 Q3 to 2020 Q2. (Table 3.21)**

**Table 3.21: Quarterly Growth in imports from Australia by India and China -Sector-wise at HS-2 digit level  
(Value in US \$ million, Share & Growth in %)**

| HS-2 digit | Items   | Imports from Australia by India |   |              |   |              |              |              |              | Imports from Australia by China                               |              |   |            |             |             |            |             |
|------------|---|---------------------------------|---|--------------|---|--------------|--------------|--------------|--------------|---|--------------|---|------------|-------------|-------------|------------|-------------|
|            |   | Value                           | Share of the product in total Imports from Australia by India | Growth       | Share in India's total Imports of the product | Growth in    |              |              | Value        | Share of the product in total Imports from Australia by China | Growth       | Share in China's total Imports of the product | Growth in  |             |             |            |             |
|            |   |                                 |   |              |   | 2019 Q3      | 2019 Q4      | 2020 Q1      |              |   |              |   | 2019 Q3    | 2019 Q4     | 2020 Q1     | 2019 Q3    | 2019 Q4     |
|            | <b>All products</b>                                     | <b>8988</b>                     | <b>100.0</b>  | <b>-11.1</b> | <b>1.9</b>                                    | <b>-23.2</b> | <b>-13.2</b> | <b>-12.3</b> | <b>-56.9</b> | <b>89157</b>  | <b>100.0</b> | <b>20.4</b>                                   | <b>4.3</b> | <b>37.0</b> | <b>15.3</b> | <b>2.7</b> | <b>-1.8</b> |
| 27         | Mineral fuels, mineral oils                             | 7353                            | 81.8  | -3.5         | 4.8   | -17.7        | -10.9        | -9.1         | -59.2        | 10326   | 11.6         | -2.6  | 3.0        | 4.6         | -7.7        | 5.2        | 13.9        |
| 26         | Ores, slag and ash                                      | 376                             | 4.2   | -36.4        | 13.3  | 22.6         | -5.0         | -36.2        | -40.4        | 59342   | 66.6         | 38.0  | 36.3       | 65.7        | 39.1        | 15.5       | 4.7         |
| 71         | Pearls, precious stones and metals                      | 211                             | 2.4   | -62.2        | 0.4   | -87.1        | -74.8        | -95.5        | -18.2        | 2102  | 2.4          | -51.4   | 3.5        | -48.0       | -88.9       | -100.0     | -99.9       |
| 76         | Aluminium and articles thereof                          | 128                             | 1.4   | -28.5        | 2.8   | -31.8        | -30.7        | -12.1        | -67.0        | 78  | 0.1          | -30.1   | 1.3        | -20.2       | 11.0        | -47.1      | -14.1       |
| 51         | Wool, fine or coarse animal hair; yarn and woven fabric | 126                             | 1.4   | -36.4        | 41.9  | -46.7        | -34.3        | -10.9        | -86.5        | 1734  | 2.0          | -20.9   | 53.8       | -44.6       | -25.3       | -34.6      | -38.9       |
| 72         | Iron and steel  | 113                             | 1.3   | 4.4          | 1.0   | -20.3        | 23.0         | 3.6          | -48.6        | 17  | 0.0          | -13.3   | 0.1        | 279.0       | 353.6       | 111.2      | -43.2       |
| 32         | Tanning or dyeing extracts                              | 85                              | 0.9   | -9.6         | 4.0   | -5.7         | -1.9         | 17.3         | -65.7        | 85  | 0.1          | -13.9   | 1.7        | -3.0        | -13.0       | 4.2        | 9.5         |
| 08         | Edible fruit and nuts; peel of citrus fruit or melons   | 69                              | 0.8   | -37.7        | 2.3   | -53.6        | -42.2        | 46.4         | -68.0        | 756   | 0.9          | 74.0  | 6.5        | 84.1        | 14.0        | 3.6        | -28.8       |
| 31         | Fertilisers   | 59                              | 0.7   | 173.1        | 0.8   | -4.0         | 32887.0      | 1792.9       | -97.0        | 2   | 0.0          | -2.1  | 0.0        | 20.7        | -35.8       | 11.4       | -5.0        |
| 84         | Machinery, mechanical appliances                        | 55                              | 0.6   | -25.0        | 0.1   | -28.9        | 6.1          | -9.1         | -19.0        | 277   | 0.3          | 11.8  | 0.2        | 45.0        | 17.5        | -25.0      | 0.1         |

Source: Based on ITC Trademap data.

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Thus while India's imports from Australia were greatly affected by the Pandemic and even before it, China's imports from Australia were not affected much.

#### **3.4.4 Merchandise Imports from QUAD(3), by India and China**

The share of India's imports from QUAD in India's total imports was **11.3%** in 2019, while for China it was **16.0%**. While import growth for India from QUAD was negative in all the four quarters from 2019 Q3 to 2020 Q2 with high negative growth of -54.9% in 2020 Q2, clearly reflecting the impact of the Pandemic, China's import growth from QUAD was positive in all the quarters except 2020 Q1 at -6.3%. (Table 3.22)

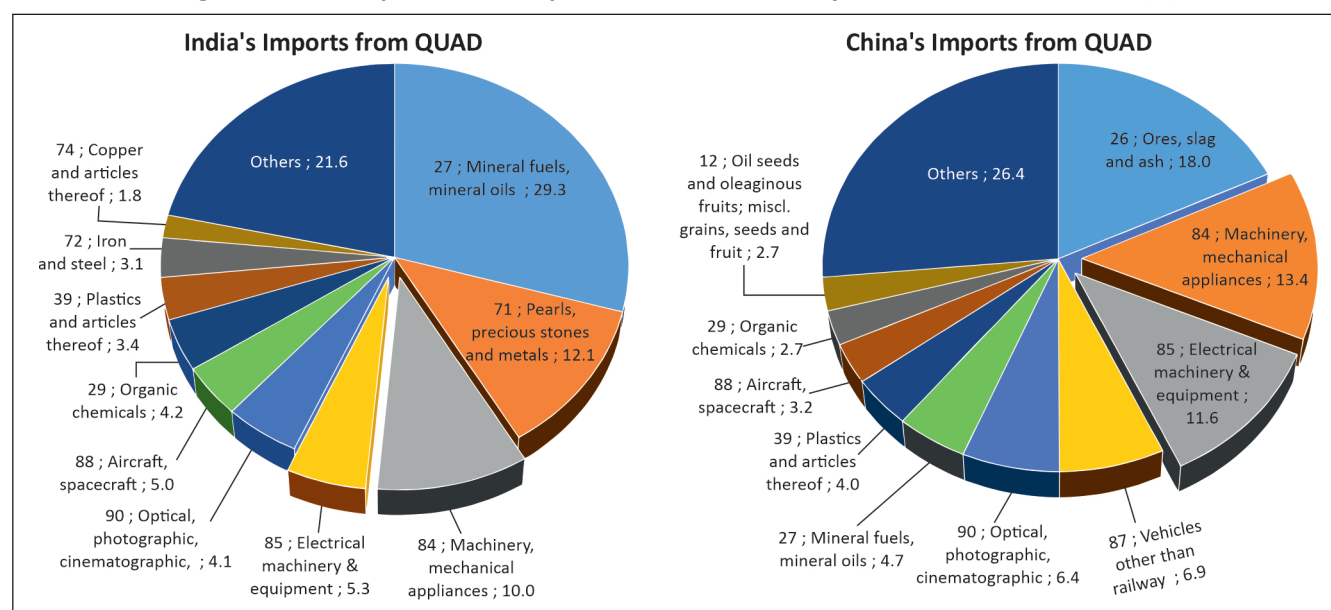
**Table 3.22: Quarterly Growth in imports from QUAD by India and China -Sector-wise at HS-2 digit level  
(Value in US \$ million, Share & Growth in %)**

| HS-2 digit | Items   | Imports from QUAD by India |  |       |      |           |       |       |   |         |         | Imports from QUAD by China |         |       |  |       |       |           |      |      |
|------------|---|----------------------------|--|-------|------|-----------|-------|-------|---|---------|---------|----------------------------|---------|-------|--|-------|-------|-----------|------|------|
|            |   | Value                      | Share of the product in total Imports from QUAD by India |       |      | Growth in |       |       | Share in India's total Imports of the product | 2019 Q3 | 2019 Q4 | 2020 Q1                    | 2020 Q2 | Value | Share of the product in total Imports from QUAD by China |       |       | Growth in |      |      |
|            |   |                            | 2019   | 2019  | 2020 | 2019      | 2019  | 2020  |   |         |         |                            |         |       | 2019   | 2019  | 2020  | 2019      | 2019 | 2020 |
|            | All products  | 54374                      | 100.0  | 0.3   | 11.3 | -12.1     | -6.5  | -3.4  | -54.9   | 330498  | 100.0   | -2.3                       | 16.0    | 2.1   | 4.0  | -6.3  | 1.3   |           |      |      |
| 27         | Mineral fuels, mineral oils                           | 15933                      | 29.3   | 12.7  | 10.4 | -11.3     | -5.6  | -14.3 | -53.7   | 15516   | 4.7     | -24.9                      | 4.5     | 1.6   | -17.5  | -6.9  | 36.9  |           |      |      |
| 71         | Pearls, precious stones and metals                    | 6599                       | 12.1   | -21.8 | 11.0 | -50.6     | -20.7 | -23.4 | -81.3   | 4421    | 1.3     | -35.6                      | 7.3     | -24.1 | -46.9  | -32.4 | -35.4 |           |      |      |
| 84         | Machinery, mechanical appliances                      | 5457                       | 10.0   | 1.9   | 12.4 | 6.1       | -9.4  | -18.5 | -48.7   | 44223   | 13.4    | -11.1                      | 23.2    | -17.0 | 0.3  | -6.7  | -3.1  |           |      |      |
| 85         | Electrical machinery & equipment                      | 2868                       | 5.3  | -0.8  | 5.7  | 0.9       | 2.9   | 0.2   | -32.5   | 38363   | 11.6    | -3.7                       | 7.7     | -2.4  | -2.3   | 3.4   | 13.2  |           |      |      |
| 88         | Aircraft, spacecraft                                  | 2724                       | 5.0  | -8.6  | 82.7 | -4.2      | -8.0  | 180.7 | -85.2   | 10506   | 3.2     | -42.5                      | 54.2    | -45.8 | -67.2  | -66.3 | -53.0 |           |      |      |
| 29         | Organic chemicals                                     | 2259                       | 4.2  | 17.0  | 11.0 | 8.4       | -0.1  | -13.0 | -4.9  | 9028    | 2.7     | -13.2                      | 15.6    | -12.3 | -19.5  | -23.2 | -20.4 |           |      |      |
| 90         | Optical, photographic, cinematographic,               | 2245                       | 4.1  | -0.1  | 23.7 | -0.1      | -4.4  | -7.1  | -47.9   | 21201   | 6.4     | -2.6                       | 21.5    | -7.5  | 8.9  | -1.7  | -2.8  |           |      |      |
| 39         | Plastics and articles thereof                         | 1832                       | 3.4  | 4.4   | 12.5 | 4.8       | -0.1  | 9.4   | -39.4   | 13200   | 4.0     | -5.4                       | 18.4    | -7.2  | 3.4  | -0.1  | 7.9   |           |      |      |
| 72         | Iron and steel  | 1706                       | 3.1  | -4.8  | 14.7 | -6.5      | -5.4  | -10.3 | -65.4   | 4406    | 1.3     | -25.3                      | 18.9    | -19.3 | -21.0  | 0.7   | 1.7   |           |      |      |
| 74         | Copper and articles thereof                           | 996                        | 1.8  | 48.8  | 19.2 | 21.9      | 38.4  | 68.8  | -70.1   | 4217    | 1.3     | -25.7                      | 10.3    | -28.0 | -31.1  | -10.3 | -4.9  |           |      |      |
| 38         | Miscellaneous chemical products                       | 980                        | 1.8  | 3.1   | 17.1 | -17.3     | -3.9  | -21.2 | -22.8   | 5152    | 1.6     | 3.1                        | 29.4    | 3.6   | 20.9   | 10.5  | 13.6  |           |      |      |
| 08         | Edible fruit and nuts; peel of citrus fruit or melons | 957                        | 1.8  | 2.1   | 32.1 | -18.7     | 18.5  | 21.5  | -41.2   | 1488    | 0.5     | 67.0                       | 12.8    | 75.3  | 102.9  | 4.6   | -34.9 |           |      |      |
| 99         | Commodities not elsewhere specified                   | 935                        | 1.7  | -4.3  | 48.3 | -19.1     | -0.2  | 9.2   | -45.9   | 8219    | 2.5     | 8.6                        | 77.4    | 15.8  | 10.9   | -9.4  | 11.2  |           |      |      |
| 87         | Vehicles other than railway                           | 737                        | 1.4  | -20.8 | 13.6 | -23.2     | -27.4 | 12.7  | -49.8   | 22857   | 6.9     | -1.5                       | 30.4    | -1.3  | 20.0   | -14.1 | -10.0 |           |      |      |
| 47         | Pulp of wood or of other fibrous cellulosic material  | 711                        | 1.3  | -8.5  | 28.9 | -10.1     | -22.4 | -18.2 | -60.1   | 2788    | 0.8     | -26.4                      | 14.5    | -28.1 | -44.1  | -25.1 | -19.4 |           |      |      |
| 28         | Inorganic chemicals; compounds of precious metals     | 645                        | 1.2  | 8.8   | 9.2  | 14.6      | 32.2  | 99.4  | -33.4   | 1803    | 0.6     | -0.3                       | 17.4    | -22.3 | 20.6   | -7.3  | -15.4 |           |      |      |
| 52         | Cotton  | 634                        | 1.2  | 62.1  | 49.3 | 214.4     | 31.9  | -35.5 | -94.5   | 1631    | 0.5     | 23.9                       | 17.7    | 177.2 | -19.8  | -26.8 | -13.1 |           |      |      |
| 76         | Aluminium and articles thereof                        | 525                        | 1.0  | -6.8  | 11.3 | -17.8     | -25.6 | 22.6  | -61.2   | 1478    | 0.5     | -22.7                      | 25.5    | -6.2  | -28.5  | -29.2 | -15.3 |           |      |      |

Source: Based on ITC Trademap data.

**Mineral fuels, etc., Pearls, Precious stones and metals, etc., Machinery mechanical, etc. followed by electrical machinery, etc. were the major items of imports of India from QUAD.** Mineral fuels, etc. and Pearls, Precious stones and metals, etc. imports by India from QUAD registered negative import growth in all four quarters, while machinery mechanical, etc. registered negative growth in last 3 quarters and Electrical machinery in the last quarter 2020 Q2. In the case of China's imports from QUAD, Machinery mechanical and electrical machinery are the major imports, with the former registering negative growth in all quarters except 2019 Q4 and electrical machinery which even registered positive growth in 2020 Q1 and 2020 Q2. Some other items like ores, slag and ash with positive growth in all quarters and vehicles other than railways, etc. with negative growth in all quarters except 2019 Q4 are also major imports of China from QUAD, unlike imports by India from QUAD where they are relatively less important. **Thus the composition of imports by India and China from QUAD of top items differ to some extent. (Figure 3.20)**

**Figure 3.20: Composition of imports from the QUAD by India and China in 2019 (%)**



Source: Based on ITC Trademap data.

### 3.4.5 Merchandise Imports from the EU by India and China

**The share of India's imports from the EU in India's total imports in 2019 was 9.9% while China's imports from the EU in its total imports was 12.1%.** There was negative growth in India's imports from the EU in 2019 and all 4 quarters with high negative growth in 2020 Q2, while for China's imports from the EU there was moderate negative growth in all quarters except 2019 Q4.

**The top imports of India from the EU** like Machinery mechanical, etc. (Code 84), Pearls, Precious stones and metals, etc. (Code 71) registered negative growth in 2019 and all four quarters from 2019 Q3 to 2020 Q2 with high negative growth in the last quarter. In the case of China's imports from the EU, Machinery mechanical, etc. registered low negative growth in 2019 and all quarters except 2019 Q4 when it had positive growth. Pearls, Precious stones and metals imports of China from the EU showed ups and downs with high positive growth in 2019, high negative growth in 2019 Q3, very high positive growth in 2019 Q4 and high negative growth in the next two quarters. Electrical machinery, etc. (Code 85) imports of India from EU was negative in all quarters, but Organic chemicals (Code 29), Pharmaceutical products (Code 30) and Inorganic chemicals, etc. (Code 28) registered negative growth in only last or last two quarters i.e. 2020 Q2 and 2020 Q1 which is due to the Pandemic and Lockdown. On the other hand, import growth of China from the EU for Electrical machinery, Pharmaceutical products and Inorganic Chemicals was positive in all the 4 quarters from 2019 Q3 to 2020 Q2. (Table 3.23)

**Table 3.23 : Quarterly Growth in imports from EU by India and China -Sector-wise at HS-2 digit level (Value in US \$ million, Share & Growth in %)**

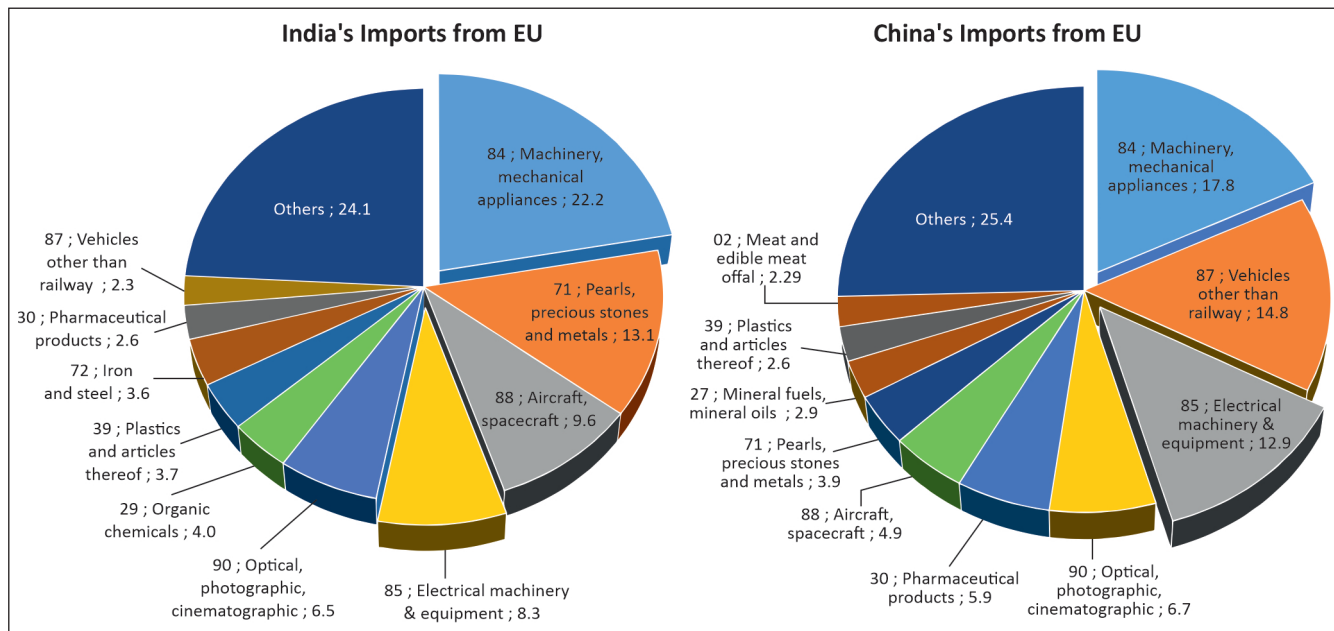
| HS-2 digit | Items   | Imports from EU by India |         |  |         |         |         |   |         |           |         | Imports from EU by China |         |         |         |           |         |       |
|------------|---|--------------------------|---------|--|---------|---------|---------|---|---------|-----------|---------|--------------------------|---------|---------|---------|-----------|---------|-------|
|            |   | Value                    |         | Share of the product in total Imports from EU by India |         | Growth  |         | Share in India's total Imports of the product |         | Growth in |         | 2019                     |         | 2019    |         | Growth in |         |       |
|            |   | 2019 Q3                  | 2020 Q4 | 2019 Q3  | 2020 Q4 | 2019 Q3 | 2020 Q4 | 2019 Q3                                       | 2020 Q4 | 2019 Q3   | 2020 Q4 | 2019 Q3                  | 2020 Q4 | 2019 Q3 | 2020 Q4 | 2019 Q3   | 2020 Q4 |       |
|            | All products                                      | 47583                    | 100.0   | 100.0  | -9.9    | 9.9     | -16.8   | -7.6  | -7.5    | -52.9     | 249354  | 100.0                    | 2.0     | 12.1    | -2.3    | 7.1       | -10.3   | -9.6  |
| 84         | Machinery, mechanical appliances                  | 10537                    | 22.2    | 22.2   | -8.5    | 23.9    | -8.1    | -4.7  | -11.1   | -46.3     | 44474   | 17.8                     | -1.4    | 23.4    | -2.2    | 3.7       | -7.3    | -5.9  |
| 71         | Pearls, precious stones and metals                | 6216                     | 13.1    | 13.1   | -26.2   | 10.4    | -25.4   | -17.8   | -21.9   | -85.8     | 9609    | 3.9                      | 38.6    | 15.9    | -37.7   | 877.8     | -54.2   | -77.5 |
| 88         | Aircraft, spacecraft                              | 4547                     | 9.6     | 9.6  | -5.1    | 138.0   | -56.9   | 7.4   | 33.7    | -65.0     | 12084   | 4.9                      | -11.0   | 62.4    | -60.8   | -31.4     | -83.9   | -82.0 |
| 85         | Electrical machinery & equipment                  | 3944                     | 8.3     | 8.3  | -11.8   | 7.8     | -22.4   | -7.6  | -12.0   | -47.4     | 32102   | 12.9                     | 9.9     | 6.5     | 19.0    | 12.4      | 6.8     | 8.0   |
| 90         | Optical, photographic, cinematographic,           | 3109                     | 6.5     | 6.5  | -0.2    | 32.8    | 3.6     | -2.9  | -4.9    | -40.5     | 16688   | 6.7                      | 0.8     | 16.9    | 3.1     | 5.5       | -5.4    | -2.4  |
| 29         | Organic chemicals                                 | 1900                     | 4.0     | 4.0  | 6.1     | 9.3     | 5.7     | 8.6   | -4.2    | -15.9     | 4470    | 1.8                      | -6.9    | 7.7     | -1.5    | -25.1     | -16.8   | 0.4   |
| 39         | Plastics and articles thereof                     | 1775                     | 3.7     | 3.7  | -10.1   | 12.1    | -10.6   | -15.0   | 0.6     | -37.2     | 6518    | 2.6                      | -5.0    | 9.1     | -7.4    | 5.6       | 8.8     | 7.9   |
| 72         | Iron and steel                                    | 1732                     | 3.6     | 3.6  | 0.2     | 15.0    | -12.7   | -29.0   | -23.9   | -62.8     | 2153    | 0.9                      | -17.3   | 9.2     | -14.9   | -16.8     | -11.8   | -6.2  |
| 30         | Pharmaceutical products                           | 1253                     | 2.6     | 2.6  | 17.9    | 54.3    | 30.3    | 11.3  | 6.9     | -13.8     | 14812   | 5.9                      | 22.9    | 44.1    | 21.7    | 31.2      | 23.2    | 19.2  |
| 87         | Vehicles other than railway                       | 1088                     | 2.3     | 2.3  | -36.1   | 20.2    | -40.5   | -42.2   | -5.6    | -61.8     | 36827   | 14.8                     | -9.0    | 49.0    | -8.2    | -0.3      | -13.1   | -18.5 |
| 38         | Miscellaneous chemical products                   | 1040                     | 2.2     | 2.2  | -2.9    | 18.1    | -9.4    | -11.7   | -4.2    | -6.5      | 2860    | 1.2                      | -6.1    | 16.3    | -4.6    | -2.9      | 3.6     | 16.9  |
| 73         | Articles of iron or steel                         | 921                      | 1.9     | 1.9  | 10.7    | 18.2    | 8.8     | 13.2  | -13.1   | -33.5     | 3039    | 1.2                      | -3.6    | 30.8    | -1.9    | 9.3       | 0.8     | -9.9  |
| 27         | Mineral fuels, mineral oils                       | 666                      | 1.4     | 1.4  | -31.3   | 0.4     | -27.5   | -68.5   | -45.4   | -66.5     | 7113    | 2.9                      | 3.8     | 2.1     | 1.8     | -43.9     | -42.2   | -58.6 |
| 76         | Aluminium and articles thereof                    | 607                      | 1.3     | 1.3  | -14.1   | 13.0    | -13.8   | -15.5   | 5.7     | -63.4     | 988     | 0.4                      | 0.1     | 17.1    | 5.2     | -14.0     | -12.2   | 2.4   |
| 99         | Commodities not elsewhere specified               | 585                      | 1.2     | 1.2  | 1.7     | 30.2    | -4.5    | -5.1  | 3.1     | -28.4     | 2272    | 0.9                      | 12.2    | 21.4    | 7.8     | 14.9      | -1.7    | -13.8 |
| 48         | Paper and paperboard                              | 545                      | 1.2     | 1.2  | -8.6    | 18.8    | -13.9   | -9.7  | 7.9     | -42.3     | 1135    | 0.5                      | -8.3    | 21.6    | -10.0   | 2.6       | 19.1    | 5.0   |
| 32         | Tanning or dyeing extracts                        | 505                      | 1.1     | 1.1  | -2.4    | 24.0    | -1.4    | -6.4  | -0.5    | -63.5     | 1065    | 0.4                      | -8.8    | 21.3    | -8.6    | -3.4      | -2.2    | -6.8  |
| 74         | Copper and articles thereof                       | 484                      | 1.0     | 1.0  | -2.2    | 9.3     | -14.3   | 4.1   | -0.5    | -51.2     | 3777    | 1.5                      | -10.1   | 9.3     | -15.1   | -18.9     | -17.5   | 13.9  |
| 28         | Inorganic chemicals; compounds of precious metals | 479                      | 1.0     | 1.0  | 12.9    | 6.9     | 8.6     | 42.4  | 92.0    | -41.8     | 1043    | 0.4                      | -5.9    | 10.1    | 0.6     | 17.8      | 13.5    | 4.2   |

Source: Based on ITC Trademap data.



Though the top imports from the EU by India and China were similar, the composition differed in terms of importance of items among the top imports. (Figure 3.21)

Figure 3.21: Composition of imports from the EU by India and China in 2019 (%)



Source: Based on ITC Trademap data.

### 3.4.6 Merchandise Imports from the UK by India and China

The share of imports from the UK by India in India's total imports in 2019 was 1.2% and the share of imports from the UK by China in China's total imports was 1.5%. Growth in imports of India from the UK was negative in 2019 and all the four quarters with high negative growth in 2020 Q2, while growth in imports of China from the UK was negative only in 3 quarters 2019 Q3, 2020 Q1 and 2020 Q2 with high negative growth in the last quarter. (Table 3.24)

**Table 3.24: Quarterly Growth in imports from UK by India and China -Sector-wise at HS-2 digit level (Value in US \$ million, Share & Growth in %)**

| HS-2 digit | Items  | Imports from UK by India |  |        |   |         |         | Imports from UK by China |  |        |   |         |         |         |         |       |       |
|------------|--|--------------------------|--|--------|---|---------|---------|--------------------------|--|--------|---|---------|---------|---------|---------|-------|-------|
|            |  | Value                    | Share of the product in total Imports from UK by India | Growth | Share in India's total Imports of the product |         |         | Value                    | Share of the product in total Imports from UK by China | Growth | Share in China's total Imports of the product |         |         |         |         |       |       |
|            |  |                          |  |        | 2019 Q3                                       | 2019 Q4 | 2020 Q1 |                          |  |        | 2020 Q2                                       | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |       |       |
|            | All products   | 5718                     | 100.0  | -12.8  | 1.2   | -13.5   | -17.6   | -7.3                     | -63.1  | 30001  | 100.0   | 9.2     | 1.5     | -6.7    | 49.5    | -28.4 | -50.7 |
| 84         | Machinery, mechanical appliances                     | 1194                     | 20.9   | -23.1  | 2.7   | -35.4   | -17.9   | -14.8                    | -58.5  | 2407   | 8.0   | 4.6     | 1.3     | 33.7    | 16.6    | -5.6  | -6.6  |
| 71         | Pearls, precious stones and metals                   | 1002                     | 17.5   | -24.4  | 1.7   | 44.4    | -58.2   | 18.2                     | -77.9  | 8778   | 29.3  | 43.0    | 14.5    | -41.1   | 2760.9  | -66.5 | -85.1 |
| 85         | Electrical machinery & equipment                     | 415                      | 7.3  | 1.4    | 0.8   | -20.9   | 72.7    | 4.7                      | -48.3  | 926    | 3.1   | -16.8   | 0.2     | -24.8   | 6.7     | 2.5   | -2.1  |
| 90         | Optical, photographic, cinematographic,              | 363                      | 6.4  | 15.5   | 3.8   | 10.3    | 14.3    | -13.8                    | -34.4  | 1145   | 3.8   | 7.7     | 1.2     | 6.7     | 7.7     | -19.1 | -12.4 |
| 72         | Iron and steel                                       | 362                      | 6.3  | 4.6    | 3.1   | -31.6   | -44.9   | -33.3                    | -77.8  | 96     | 0.3   | -42.0   | 0.4     | -36.5   | -58.7   | -44.0 | -22.6 |
| 27         | Mineral fuels, mineral oils                          | 246                      | 4.3  | 30.6   | 0.2   | 15.8    | -84.3   | -99.0                    | -99.6  | 5827   | 19.4  | 14.9    | 1.7     | 11.6    | -38.8   | -41.7 | -82.6 |
| 22         | Beverages, spirits and vinegar                       | 220                      | 3.8  | 14.6   | 26.7  | -11.5   | 4.3     | -39.9                    | -61.7  | 263    | 0.9   | 29.4    | 4.5     | 49.1    | 37.4    | -22.6 | -32.0 |
| 76         | Aluminium and articles thereof                       | 214                      | 3.7  | -22.1  | 4.6   | -29.4   | -10.3   | -6.5                     | -64.2  | 203    | 0.7   | 25.2    | 3.5     | 30.6    | -28.7   | -28.4 | -50.1 |
| 28         | Inorganic chemicals; compounds of precious metals    | 182                      | 3.2  | 103.4  | 2.6   | 67.5    | 140.2   | 208.1                    | -79.9  | 27     | 0.1   | -25.1   | 0.3     | -58.8   | -19.6   | -10.0 | 13.3  |
| 88         | Aircraft, spacecraft                                 | 140                      | 2.4  | -50.1  | 4.2   | -64.0   | 10.1    | 1.4                      | -27.2  | 225    | 0.8   | -10.7   | 1.2     | -5.4    | 22.9    | 7.3   | -44.8 |
| 47         | Pulp of wood or of other fibrous cellulosic material | 137                      | 2.4  | 9.4    | 5.6   |         |         |                          |  | 168    | 0.6   | -52.2   | 0.9     | -64.8   | -89.1   | -91.6 | -90.9 |
| 30         | Pharmaceutical products                              | 123                      | 2.2  | 16.0   | 5.4   | 16.4    | 10.6    | 65.5                     | -38.3  | 1959   | 6.5   | 34.4    | 5.8     | 26.3    | 84.8    | 19.5  | 53.2  |
| 74         | Copper and articles thereof                          | 100                      | 1.8  | 8.8    | 1.9   | 5.0     | 75.9    | 26.8                     | -66.8  | 397    | 1.3   | -17.5   | 1.0     | -18.0   | -43.2   | -36.5 | -57.3 |
| 87         | Vehicles other than railway                          | 99                       | 1.7  | -35.8  | 1.8   | -30.5   | -32.1   | -1.9                     | -78.0  | 3878   | 12.9  | -25.8   | 5.2     | -7.8    | 32.1    | 31.8  | -46.9 |
| 39         | Plastics and articles thereof                        | 90                       | 1.6  | -9.5   | 0.6   | -19.3   | -14.6   | -1.6                     | -50.9  | 324    | 1.1   | 3.9     | 0.5     | 13.5    | 5.9     | -0.4  | 9.4   |
| 73         | Articles of iron or steel                            | 83                       | 1.5  | -0.8   | 1.6   | -3.8    | -2.9    | -10.1                    | 30.0   | 149    | 0.5   | 12.4    | 1.5     | 32.0    | 35.7    | 41.5  | -26.8 |
| 38         | Miscellaneous chemical products                      | 77                       | 1.4  | 12.1   | 1.4   | -1.0    | 13.5    | -6.1                     | 14.6   | 310    | 1.0   | 12.2    | 1.8     | 4.1     | 11.9    | 26.6  | 14.0  |
| 29         | Organic chemicals                                    | 74                       | 1.3  | -16.6  | 0.4   | -34.8   | 29.5    | -22.9                    | -15.0  | 187    | 0.6   | -44.6   | 0.3     | -41.0   | -51.9   | -53.6 | -30.7 |
| 40         | Rubber and articles thereof                          | 71                       | 1.2  | -24.1  | 2.2   | -31.9   | -29.6   | -60.7                    | -70.1  | 80     | 0.3   | -24.7   | 0.5     | -18.0   | -26.7   | -17.4 | -18.4 |

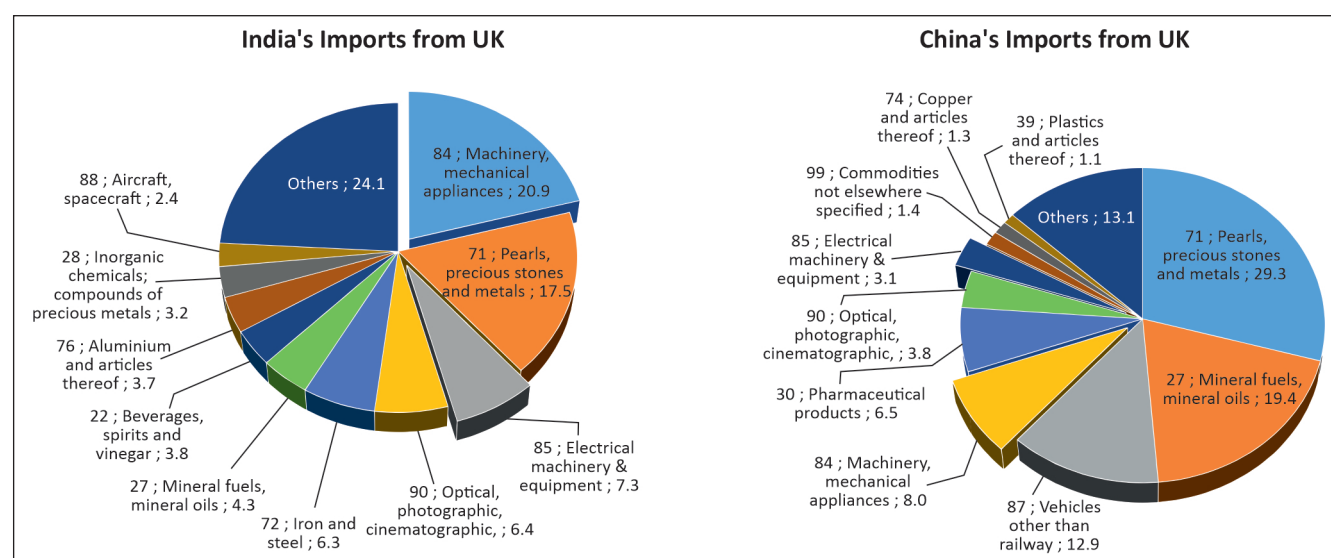
Source: Based on ITC Trademap data.

In the case of the top imports from the UK by India, the top 2 items are Machinery mechanical (Code 84) with negative growth in all quarters from 2019 Q3 to 2020 Q2; and Pearls, Precious stones and metals, etc. (Code 71) with high negative growth only in 2019 Q4 and 2020 Q2. However, growth in imports from the UK by China of Machinery mechanical, etc. (Code 84) is slightly negative only in 2020 Q1 and 2020 Q2 and Pearls, Precious stones and metals in 2019 Q4, 2020 Q1 and 2020 Q2.

Among the other top imports of India from the UK, growth in imports of Inorganic chemicals (Code 28) and Pharmaceutical products (Code 30) are negative only in the last quarter i.e. 2020 Q2 due to the Pandemic and Lockdown.

In the composition of imports of India and China, while the top items are similar, the importance of these items differ. (Figure 3.22)

Figure 3.22: Composition of imports from the UK by India and China in 2019 (%)



Source: Based on ITC Trademap data.

### 3.4.7 Merchandise Imports from Singapore by India and China

The share of India's imports from Singapore in India's total imports is 7.2%, while the share of China's imports from Singapore in China's imports is 5.2%. Import growth of India from Singapore was negative in all 4 quarters, 2019 Q3 to 2020 Q2 with high negative growth in 2020 Q2. China's import growth from Singapore was positive in 2019 Q4 and also 2020 Q2. (Table 3.25)

**Table 3.25 : Quarterly Growth in imports from Singapore by India and China -Sector-wise at HS-2 digit level  
(Value in US \$ million, Share & Growth in %).**

| HS-2 digit | Items   | Imports from Singapore by India |              |   |            |   |             | Imports from Singapore by China |              |   |              |   |            |             |            |              |            |
|------------|---|---------------------------------|--------------|---|------------|---|-------------|---------------------------------|--------------|---|--------------|---|------------|-------------|------------|--------------|------------|
|            |   | Value                           |              | Share of the product in total Imports from Singapore by India |            | Share in India's total Imports of the product in 2019 |             | Growth in                       |              | Share of the product in total Imports from Singapore by China |              | Share in China's total Imports of the product in 2019 |            | Growth in   |            |              |            |
|            |   | 2019                            | 2020         | 2019  | 2020       | 2019  | 2020        | 2019                            | 2020         | 2019  | 2020         | 2019  | 2020       | 2019        | 2020       |              |            |
|            | <b>All products</b>                                   | <b>34410</b>                    | <b>100.0</b> | <b>3.9</b>  | <b>7.2</b> | <b>-12.3</b>  | <b>-5.1</b> | <b>-0.7</b>                     | <b>-54.4</b> | <b>106627</b>   | <b>100.0</b> | <b>-11.4</b>  | <b>5.2</b> | <b>-8.8</b> | <b>3.3</b> | <b>-15.4</b> | <b>5.7</b> |
| 27         | Mineral fuels, mineral oils                           | 8261                            | 24.0         | 32.6  | 5.4        | -3.0  | 1.1         | -14.7                           | -48.4        | 3766  | 3.5          | -55.7   | 1.1        | -3.0        | -54.5      | -38.9        | 86.5       |
| 71         | Pearls, precious stones and metals                    | 6378                            | 18.5         | -18.8   | 10.6       | -47.7   | -17.0       | -20.0                           | -83.8        | 1180  | 1.1          | -28.9   | 2.0        | 9.8         | 126.5      | 160.2        | 127.3      |
| 88         | Aircraft, spacecraft                                  | 2717                            | 7.9          | -8.8  | 82.5       | -4.7  | -8.0        | 180.9                           | -85.3        | 10460   | 9.8          | -42.6   | 54.0       | -46.0       | -67.4      | -66.8        | -53.7      |
| 84         | Machinery, mechanical appliances                      | 2388                            | 6.9          | 7.7   | 5.4        | 8.5   | -6.7        | -15.9                           | -43.6        | 12772   | 12.0         | -10.1   | 6.7        | -20.9       | 1.9        | 3.2          | -1.0       |
| 29         | Organic chemicals                                     | 1865                            | 5.4          | 20.7  | 9.1        | 8.6   | -1.7        | -22.6                           | -0.2         | 2284  | 2.1          | -20.4   | 4.0        | -28.8       | -2.5       | -5.0         | 20.5       |
| 90         | Optical, photographic, cinematographic,               | 1565                            | 4.6          | 1.0   | 16.5       | 2.4   | -1.5        | -5.5                            | -45.3        | 9754  | 9.2          | -0.4  | 9.9        | -9.7        | 9.7        | -6.6         | -6.2       |
| 85         | Electrical machinery & equipment                      | 1560                            | 4.5          | 1.2   | 3.1        | 8.5   | 2.8         | 5.1                             | -13.0        | 14428   | 13.5         | 12.5  | 2.9        | 7.1         | 5.9        | 3.3          | 23.6       |
| 39         | Plastics and articles thereof                         | 964                             | 2.8          | 3.7   | 6.6        | -1.4  | -0.4        | 12.1                            | -27.0        | 4982  | 4.7          | -12.8   | 7.0        | -16.9       | -3.3       | -9.7         | 13.4       |
| 08         | Edible fruit and nuts; peel of citrus fruit or melons | 889                             | 2.6          | 7.4   | 29.8       | -10.5   | 19.7        | 21.2                            | -35.7        | 729   | 0.7          | 61.4  | 6.3        | 62.7        | 158.1      | 7.0          | -44.9      |
| 38         | Miscellaneous chemical products                       | 788                             | 2.3          | 0.8   | 13.8       | -21.7   | -7.9        | -19.1                           | -25.7        | 2738  | 2.6          | -0.7  | 15.6       | -1.4        | 26.4       | 12.0         | 18.0       |
| 47         | Pulp of wood or of other fibrous cellulosic material  | 685                             | 2.0          | -8.9  | 27.8       |   |             |                                 |              | 2313  | 2.2          | -20.4   | 12.0       | -15.5       | -34.7      | -16.3        | -11.0      |
| 99         | Commodities not elsewhere specified                   | 632                             | 1.8          | 5.9   | 32.6       | -13.7   | 6.8         | 14.3                            | -41.8        | 1154  | 1.1          | 1.2   | 10.9       | 2.2         | 18.4       | -8.9         | -4.8       |
| 52         | Cotton  | 601                             | 1.8          | 80.8  | 46.8       | 347.8   | 43.6        | -35.0                           | -94.8        | 711   | 0.7          | -25.0   | 7.7        | 18.2        | -1.5       | 45.6         | 39.2       |
| 72         | Iron and steel  | 566                             | 1.6          | 11.4  | 4.9        | 35.8  | 24.7        | 5.0                             | -68.3        | 259   | 0.2          | -53.8   | 1.1        | -36.5       | -21.0      | -9.9         | 94.4       |
| 28         | Inorganic chemicals; compounds of precious metals     | 426                             | 1.2          | 8.9   | 6.1        | 6.5   | 3.5         | 31.1                            | -57.6        | 906   | 0.9          | 0.7   | 8.8        | -20.8       | 35.0       | 5.6          | -16.8      |
| 30         | Pharmaceutical products                               | 421                             | 1.2          | 5.7   | 18.3       | -19.6   | 26.3        | -4.9                            | -17.4        | 4144  | 3.9          | 49.2  | 12.3       | 24.6        | 43.5       | -40.4        | 23.0       |
| 76         | Aluminium and articles thereof                        | 365                             | 1.1          | 2.1   | 7.8        | -13.0   | -24.9       | 39.5                            | -58.3        | 675   | 0.6          | -34.3   | 11.7       | -8.7        | -56.8      | -47.9        | -34.6      |
| 22         | Beverages, spirits and vinegar                        | 338                             | 1.0          | 21.3  | 41.0       | -17.7   | -12.4       | 71.5                            | -36.8        | 93  | 0.1          | -48.9   | 1.6        | 4.3         | 47.7       | -39.0        | -22.1      |

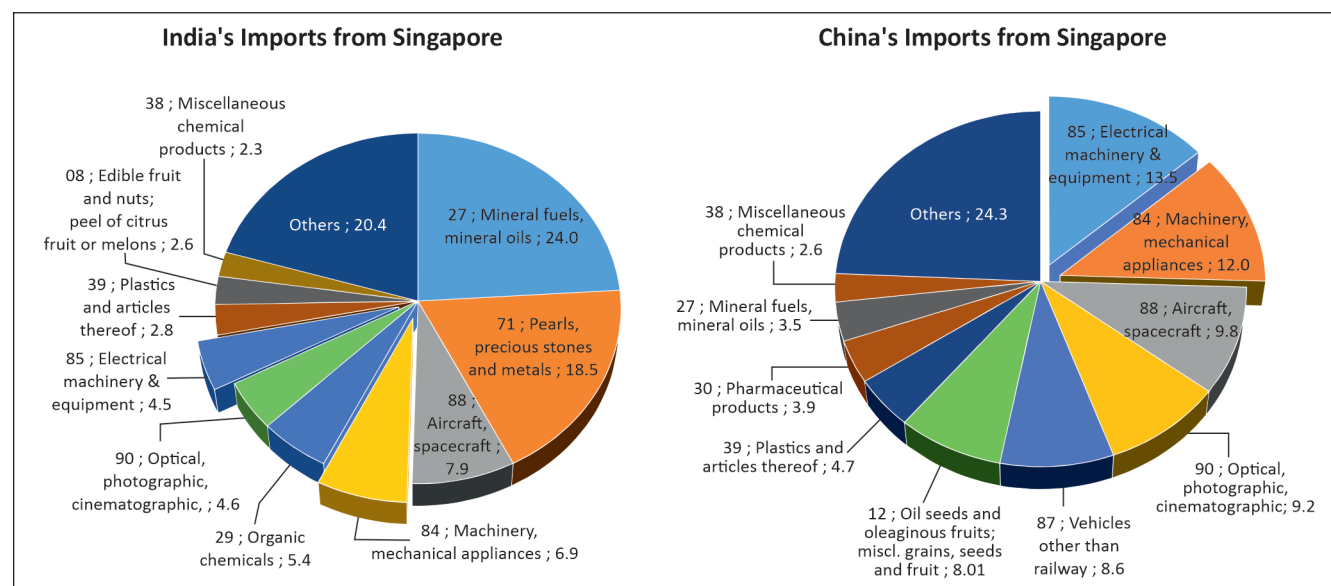
Source: Based on ITC Trademap data.

**Mineral fuels, etc. (Code 27) and Pearls, Precious stones and metals, etc. (Code 71) were the top imports of India from Singapore.** Mineral fuels import growth from Singapore by India was negative in three quarters 2019 Q3, 2020 Q1 and 2020 Q2, while import growth of Pearls, Precious stones and metals, etc. was negative in 2019 and also all four quarters, 2019 Q3 to 2020 Q2. These two items are not the major imports of China from Singapore though they have above 1% share. Surprisingly, imports of Pearls, Precious stones and metals, etc. of China from Singapore registered positive growth in all quarters with high growth in the last 3 quarters, 2019 Q4 to 2020 Q2.

**Among the other top imports of India from Singapore,** Electrical machinery, etc. (Code 85), Iron and Steel (Code 72) and Inorganic Chemicals (Code 28) have negative growth only in the last quarter i.e. 2020 Q2 which is clearly due to the Pandemic and Lockdown.

**The composition of imports of India and China from Singapore** shows the major items in China's imports from Singapore are not exactly the same as that of India's imports from Singapore, though most of them are in India's top list. Items like Aircraft, etc. (Code 88), Machinery mechanical, etc. (Code 84), Optical, photographic, etc. (Code 90), Electrical machinery (Code 85) and Oilseeds and oleaginous fruits (Code 12) are more important in China's imports from Singapore, with oilseeds, etc. not even figuring in the top imports of India from Singapore. (Figure 3.23)

**Figure 3.23: Composition of imports from Singapore by India and China in 2019 (%)**



Source: Based on ITC Trademap data.

### 3.4.8 Merchandise Imports from China by India

**India's imports from China** had a share of 15.61% in India's total imports in 2019 and registered negative growth in 2019 and all the four quarters from 2019 Q3 to 2020 Q2 with high negative growth in the last quarter. Imports of ROW from China was negative only in 2019 Q3 and 2020 Q1 and slightly positive in the other two quarters. (Table 3.26)

**Table 3.26: Quarterly Growth in imports from China by India and RoW -Sector-wise at HS-2 digit level (Value in US \$ million, Share & Growth in %).**

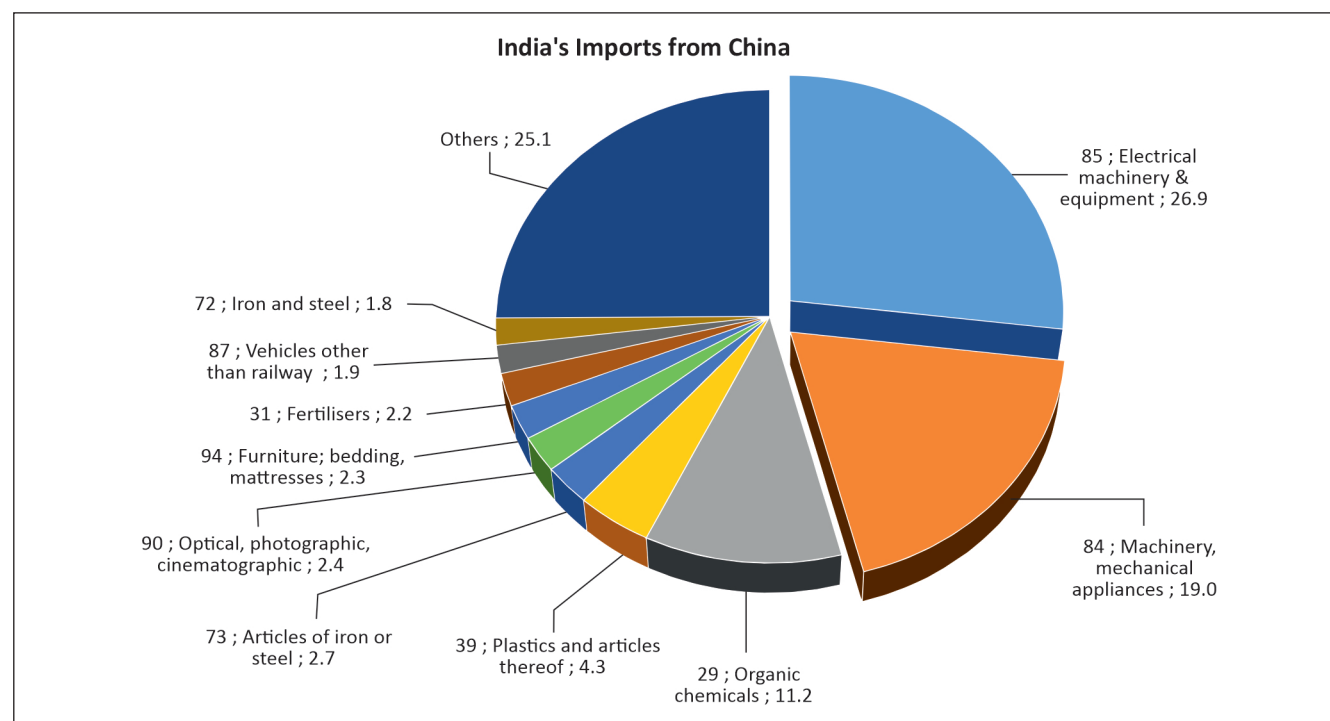
| HS-2 digit | Items   | Imports from China by India |   |       |        |   |         |           |         |         |       | Imports from China by RoW                               |         |        |   |         |       |           |  |  |
|------------|---|-----------------------------|---|-------|--------|---|---------|-----------|---------|---------|-------|---|---------|--------|---|---------|-------|-----------|--|--|
|            |   | Value                       | Share of the product in total imports from China by India |       | Growth | Share in India's total Imports of the product in 2019 |         | Growth in |         |         | Value | Share of the product in total imports from China by RoW |         | Growth | Share in RoW's total Imports of the product in 2019 |         |       | Growth in |  |  |
|            |   |                             | 2019  |       |        | 2019 Q3   | 2019 Q4 | 2020 Q1   | 2020 Q2 | 2019    |       | 2019 Q3   | 2019 Q4 |        | 2020 Q1   | 2020 Q2 |       |           |  |  |
|            |   |                             |   |       |        |   |         |           |         |         |       |   |         |        |   |         |       |           |  |  |
|            | All products  | 74924                       | 100.0   | -2.5  | 15.6   | -0.1  | -1.9    | -10.0     | -39.7   | 2423646 | 100.0 | 0.3   | 84.4    | -0.5   | 1.1   | -13.5   | 1.3   |           |  |  |
| 85         | Electrical machinery & equipment                          | 20172                       | 26.9  | -12.8 | 40.0   | -3.6  | -6.1    | -10.4     | -41.1   | 650825  | 26.9  | 1.5   | 60.0    | 2.3    | 1.2   | -10.6   | 2.7   |           |  |  |
| 84         | Machinery, mechanical appliances                          | 14243                       | 19.0  | 3.4   | 32.3   | 3.2   | 4.7     | -9.8      | -33.8   | 402733  | 16.6  | -3.2  | 67.7    | -7.2   | -2.2  | -17.6   | 8.1   |           |  |  |
| 29         | Organic chemicals   | 8390                        | 11.2  | -0.6  | 40.9   | -6.4  | -3.2    | 0.3       | -10.5   | 48425   | 2.0   | -5.7  | 59.2    | -6.5   | -12.2   | -7.8    | 5.8   |           |  |  |
| 39         | Plastics and articles thereof                             | 3211                        | 4.3   | 9.1   | 21.9   | 9.5   | 4.3     | -11.3     | -61.6   | 81176   | 3.4   | 5.2   | 78.1    | 5.3    | 6.5   | -8.0    | 9.5   |           |  |  |
| 73         | Articles of iron or steel                                 | 2041                        | 2.7   | 9.9   | 40.2   | 14.5  | -0.1    | -14.4     | -44.2   | 67513   | 2.8   | 6.0   | 59.8    | 7.2    | 4.3   | -15.3   | 2.0   |           |  |  |
| 90         | Optical, photographic, cinematographic,                   | 1825                        | 2.4   | -6.4  | 19.2   | -7.5  | 2.3     | 3.0       | -5.0    | 71171   | 2.9   | 2.4   | 80.8    | 2.9    | 4.0   | -11.2   | 14.5  |           |  |  |
| 94         | Furniture; bedding, mattresses                            | 1753                        | 2.3   | 7.5   | 101.8  | 12.2  | 14.1    | -0.7      | -46.3   | 97747   | 4.0   | 3.1   | -1.8    | 0.5    | 1.1   | -21.8   | -2.0  |           |  |  |
| 31         | Fertilisers   | 1672                        | 2.2   | 6.5   | 22.8   | 20.2  | -33.5   | -65.1     | -33.7   | 5499    | 0.2   | 0.8   | 77.2    | 0.5    | -31.2   | -20.3   | -20.2 |           |  |  |
| 87         | Vehicles other than railway                               | 1429                        | 1.9   | -12.0 | 26.5   | -13.6   | -20.9   | 1.2       | -47.8   | 72937   | 3.0   | -0.7  | 73.5    | 0.8    | 1.7   | -11.5   | -13.3 |           |  |  |
| 72         | Iron and steel  | 1377                        | 1.8   | -7.7  | 11.9   | 9.5   | -29.7   | -32.6     | -47.7   | 38087   | 1.6   | -16.2   | 88.1    | -17.6  | -20.5   | -18.5   | -19.9 |           |  |  |
| 95         | Toys, games and sports requisites                         | 1081                        | 1.4   | 2.2   | 175.7  | 15.0  | 3.6     | -11.1     | -63.9   | 61717   | 2.6   | 10.9  | -75.7   | 16.8   | 1.1   | -22.9   | -5.1  |           |  |  |
| 70         | Glass and glassware                                       | 932                         | 1.2   | 12.6  | 73.2   | 18.1  | 12.2    | -10.5     | -64.8   | 16974   | 0.7   | 5.9   | 26.8    | 4.1    | 9.0   | -7.8    | -10.6 |           |  |  |
| 69         | Ceramic products  | 886                         | 1.2   | 15.6  | 142.8  | 17.7  | 10.8    | -25.8     | -55.4   | 24547   | 1.0   | 13.6  | -42.8   | 18.7   | 10.2  | -25.2   | -7.4  |           |  |  |
| 76         | Aluminium and articles thereof                            | 885                         | 1.2   | -15.4 | 19.0   | -40.1   | -23.7   | -25.9     | -69.5   | 25223   | 1.0   | -3.1  | 81.0    | -6.9   | -5.7  | -13.6   | -12.2 |           |  |  |
| 83         | Miscellaneous articles of base metal                      | 832                         | 1.1   | 19.9  | 83.9   | 33.2  | 21.0    | -0.6      | -54.4   | 18799   | 0.8   | 4.8   | 16.1    | 3.8    | 5.2   | -17.3   | -5.0  |           |  |  |
| 28         | Inorganic chemicals; compounds of precious metals         | 771                         | 1.0   | -20.1 | 11.1   | -33.2   | -30.7   | -6.9      | -46.2   | 16137   | 0.7   | -16.0   | 89.0    | -19.2  | -22.7   | -12.1   | -9.9  |           |  |  |
| 64         | Footwear, gaiters and the like                            | 747                         | 1.0   | 8.3   | 99.2   | 14.8  | 17.3    | 0.3       | -59.7   | 47057   | 1.9   | 1.3   | 0.8     | 0.3    | 6.0   | -20.5   | -37.1 |           |  |  |
| 59         | Impregnated, coated, covered or laminated textile fabrics | 726                         | 1.0   | -5.7  | 90.1   | -11.8   | -0.7    | -20.3     | -74.8   | 7244    | 0.3   | -0.4  | 9.9     | -3.1   | 4.2   | -13.3   | -26.7 |           |  |  |
| 54         | Man-made filaments; strip and man-made textile materials  | 723                         | 1.0   | 23.2  | 68.3   | 20.4  | 12.7    | 5.1       | -74.6   | 21490   | 0.9   | 7.9   | 31.7    | 6.9    | 8.6   | -15.3   | -40.7 |           |  |  |

Source: Based on ITC Trademap data.

**The 3 major items of India's imports from China** are Electrical machinery, etc. (Code 85), Machinery mechanical, etc. (Code 84) and Organic chemicals (Code 29). Among these imports of India from China, Electrical machinery imports from China registered negative growth in 2019 and all quarters with high negative growth in 2020 Q2; Machinery mechanical registered negative growth in last two quarters with high negative growth in 2020 Q2; and organic chemicals registered negative growth in 2019 and all quarters except 2020 Q1. (Figure 3.24)

All the other top imports had high negative growth in 2020 Q2 and relatively lower negative growth or marginal positive growth in 2020 Q1.

**Figure 3.24: Composition of imports from China by India in 2019 (%)**



Source: Based on ITC Trademap data.

The analysis in this chapter shows that China's imports from different countries were not as much affected as India's imports from these countries. This could be because the pandemic was not prevalent at the same time in different parts of China and there was no national lockdown in China like in India. It could also be due to China's calculated policy to not limit imports much from other countries, lest it could affect their exports to these countries and also their supply chains which were providing inputs for their manufacturing exports.

### 3.5 India's Services Imports from QUAD and some Major Services Markets: A Comparison with Imports of China

Since the data for India's Services imports by major source countries is only for 2019 or even earlier in some cases, the impact of COVID-19 cannot be seen source-wise. The source-wise data can be used only to see the importance of different services in different markets and their performance till 2019 (or latest data available). The total import of services from the World by sectors, for major services markets of India, is the only available data to see the impact of COVID-19 on Services imports. (Table 3.27)

**Table 3.27: Sector-Specific Impact of COVID-19 on India's Services Imports (from World)**

| Different Services  | Value 2019<br>(US\$<br>Million) | Share<br>2019<br>(%) | Growth Rate (%) |             |             |             |              |              |              |
|---|---------------------------------|----------------------|-----------------|-------------|-------------|-------------|--------------|--------------|--------------|
|   |                                 |                      | 2019            |             |             |             | 2020         |              |              |
|   |                                 |                      | Q1              | Q2          | Q3          | Q4          | Q1           | Q2           | Q3           |
| <b>India's Total Services Imports from World</b>              | <b>130535</b>                   | <b>100.0</b>         | <b>6.0</b>      | <b>8.8</b>  | <b>6.7</b>  | <b>-0.4</b> | <b>-6.8</b>  | <b>-18.1</b> | <b>-9.7</b>  |
| Manufacturing services on physical inputs owned by others     | 72                              | 0.1                  | -12.6           | 81.2        | 317.5       | -30.2       | -28.8        | -67.2        | -65.6        |
| Maintenance and repair services n.i.e.                        | 1231                            | 0.9                  | 130.5           | 99.7        | -2.5        | -44.9       | -13.6        | -68.9        | -19.2        |
| <b>Transport</b>  | <b>23959</b>                    | <b>18.4</b>          | <b>10.0</b>     | <b>27.8</b> | <b>18.1</b> | <b>22.5</b> | <b>6.0</b>   | <b>-30.9</b> | <b>-20.8</b> |
| <b>Travel</b>   | <b>22915</b>                    | <b>17.6</b>          | <b>8.1</b>      | <b>4.9</b>  | <b>3.8</b>  | <b>14.5</b> | <b>-17.7</b> | <b>-55.6</b> | <b>-54.6</b> |
| Construction  | 2663                            | 2.0                  | 6.7             | 16.2        | 12.5        | -7.8        | 13.4         | -17.1        | -21.2        |
| Insurance and pension services                                | 1916                            | 1.5                  | 62.8            | 9.8         | -10.6       | 31.3        | -29.4        | -7.5         | 51.7         |
| Financial services  | 2281                            | 1.7                  | -47.3           | -30.3       | -47.5       | -44.6       | 103.4        | 104.6        | 86.2         |
| Charges for the use of intellectual property n.i.e.           | 7890                            | 6.0                  | 7.1             | 0.2         | -8.5        | 1.1         | -10.1        | -11.6        | -18.0        |
| <b>Telecommunications, computer, and information services</b> | <b>9603</b>                     | <b>7.4</b>           | <b>18.8</b>     | <b>17.3</b> | <b>42.0</b> | <b>66.5</b> | <b>30.0</b>  | <b>2.8</b>   | <b>24.0</b>  |
| <b>Other business services</b>                                | <b>46062</b>                    | <b>35.3</b>          | <b>17.8</b>     | <b>23.6</b> | <b>15.7</b> | <b>18.7</b> | <b>7.4</b>   | <b>-1.7</b>  | <b>10.4</b>  |
| Personal, cultural, and recreational services                 | 2961                            | 2.3                  | 5.4             | 11.7        | 19.2        | 29.9        | 26.2         | -45.0        | -11.5        |
| Government goods and services n.i.e.                          | 1108                            | 0.8                  | -6.7            | 10.2        | 13.8        | -24.6       | -0.3         | 7.6          | -36.1        |
| Others n.i.e.   | 7876                            | 6.0                  | -18.5           | -70.7       | -50.1       | -75.3       | -77.4        | 9.8          | -30.6        |

Source: Based on BoP data.

As can be seen from the table 3.27, the major services imports of India are Other business services (35.3% share), followed by Transport (18.4% share), Travel (17.6% share) and Telecommunications, Computer and Information Services (7.4% share). The growth of other business services was marginally negative in 2020 Q2 but positive with 10.4% growth in 2020 Q3. Transport services was negative in 2020 Q2 & Q3 and Travel in 2020 Q1, Q2, Q3. Telecommunications, Computer and Information services registered positive growth in all 3 quarters of 2020. Total Services import growth continued to be negative even in Q3 2020.

### 3.5.1 Services Imports from the US by India and China

In 2019 total services imports of India from the US as a share of total imports of India from the World was 13.6% indicating the importance of the US for India in its services imports. In the case of China's imports from the US, this share was 12.1%. However, the importance of India's services market for the US is relatively less as indicated by the share of imports from the US by India in total World imports from the US which is only 2.9% in 2018, whereas the share of China's imports from the US in total World imports from the US is more than double that of India at 6.8%.

India's services import growth from the US was at 5.5% in 2018 and 4.8% in 2019, while China's services import growth from the US which was at 3.8% in 2018 registered a decline of 0.9% in 2019. (Table 3.28)



**Table 3.28 : Services Imports from the US by India and China in 2019 (Value in US \$ million, Share & Growth in %)**

| Different Services  | India      |                                   |                                |                             |        |        | China      |                                   |                                |                             |        |        |
|---|------------|-----------------------------------|--------------------------------|-----------------------------|--------|--------|------------|-----------------------------------|--------------------------------|-----------------------------|--------|--------|
|   | Value 2019 | Share in                          |                                |                             | Growth |        | Value 2019 | Share in                          |                                |                             | Growth |        |
|   |            | Total Imports of India from World | Total Imports from US by India | Total World Imports from US | 2018   | 2019   |            | Total Imports of China from World | Total Imports from US by China | Total World Imports from US | 2018   | 2019   |
| <b>Total services</b>   | 24333      | 13.58                             | 100.00                         | 2.93                        | 5.45   | 4.84   | 56537      | 12.09                             | 100.00                         | 6.81                        | 3.8    | -0.92  |
| <b>Commercial services</b>                                    | 23965      | 13.46                             | 98.49                          | 2.96                        |        |        | 56037      | 12.07                             | 99.12                          | 6.91                        | 3.8    | -0.91  |
| Transport   | 1078       | 1.59                              | 4.43                           | 1.25                        | 19.36  | -6.50  | 5546       | 5.97                              | 9.81                           | 6.42                        | 4.5    | -2.72  |
| Travel  | 13246      | 57.80                             | 54.44                          | 6.83                        | 4.86   | 5.11   | 29047      | 11.40                             | 51.38                          | 14.99                       | -0.1   | -1.62  |
| Other commercial services                                     | 8883       | 10.30                             | 36.51                          | 1.75                        |        |        | 20039      | 17.59                             | 35.44                          | 3.95                        | 7.8    | 1.94   |
| Construction  | 15         | 0.56                              | 0.06                           | 0.73                        |        |        | 52         | 0.61                              | 0.09                           | 2.53                        | -30.6  | 108.00 |
| Insurance and pension services                                | 240        | 3.55                              | 0.99                           | 1.32                        | -26.24 | -10.11 | 223        | 2.14                              | 0.39                           | 1.22                        | -42.9  | -33.23 |
| Financial services  | 1402       | 61.46                             | 5.76                           | 1.10                        | 18.69  | 5.65   | 4781       | 295.67                            | 8.46                           | 3.73                        | 16.1   | 2.25   |
| Charges for the use of intellectual property n.i.e            | 2267       | 28.73                             | 9.32                           | 1.92                        | 6.39   | -6.78  | 8144       | 28.50                             | 14.40                          | 6.89                        | 9.0    | 0.90   |
| <b>Telecommunications, computer, and information services</b> | 1808       | 18.83                             | 7.43                           | 3.79                        | 3.84   | 9.51   | 1524       | 7.95                              | 2.70                           | 3.20                        | 29.7   | 3.60   |
| Telecommunications services                                   | 55         | 4.29                              | 0.23                           | 0.54                        | -55.30 | -6.78  | 95         | 5.27                              | 0.17                           | 0.93                        | -11.9  | -1.04  |
| Computer services   | 1479       | 18.79                             | 6.08                           | 5.13                        | 8.53   | 13.94  | 1185       | 6.82                              | 2.10                           | 4.11                        | 36.7   | 3.58   |
| Information services  | 273        | 60.67                             | 1.12                           | 3.17                        | 12.21  | -7.14  | 243        |                                   | 0.43                           | 2.83                        | 22.3   | 5.65   |
| <b>Other business services</b>                                | 1935       | 4.20                              | 7.95                           | 1.16                        | 4.65   | 16.22  | 4087       | 9.54                              | 7.23                           | 2.44                        | 9.0    | 4.47   |
| Research and development services                             | 138        | 27.06                             | 0.57                           | 0.30                        | -5.41  | -34.29 | 351        |                                   | 0.62                           | 0.77                        | 36.4   | -11.59 |
| Professional and management consulting services               | 1040       | 9.04                              | 4.27                           | 1.22                        | 1.62   | 27.76  | 1561       |                                   | 2.76                           | 1.82                        | 15.3   | -1.45  |
| Advertising, market research, and public opinion              | 110        |                                   | 0.45                           | 0.62                        | -37.01 | 37.50  | 205        |                                   | 0.36                           | 1.16                        | 3.7    | 45.39  |
| Technical, trade related, and other business services         | 758        | 2.23                              | 3.12                           | 2.10                        | 12.83  | 18.07  | 2175       |                                   | 3.85                           | 6.01                        | 0.4    | 12.58  |
| <b>Personal, cultural, and recreational services</b>          | 1218       | 41.13                             | 5.01                           | 4.75                        | -24.12 | 29.03  | 1229       | 44.64                             | 2.17                           | 4.79                        | -19.4  | 5.04   |

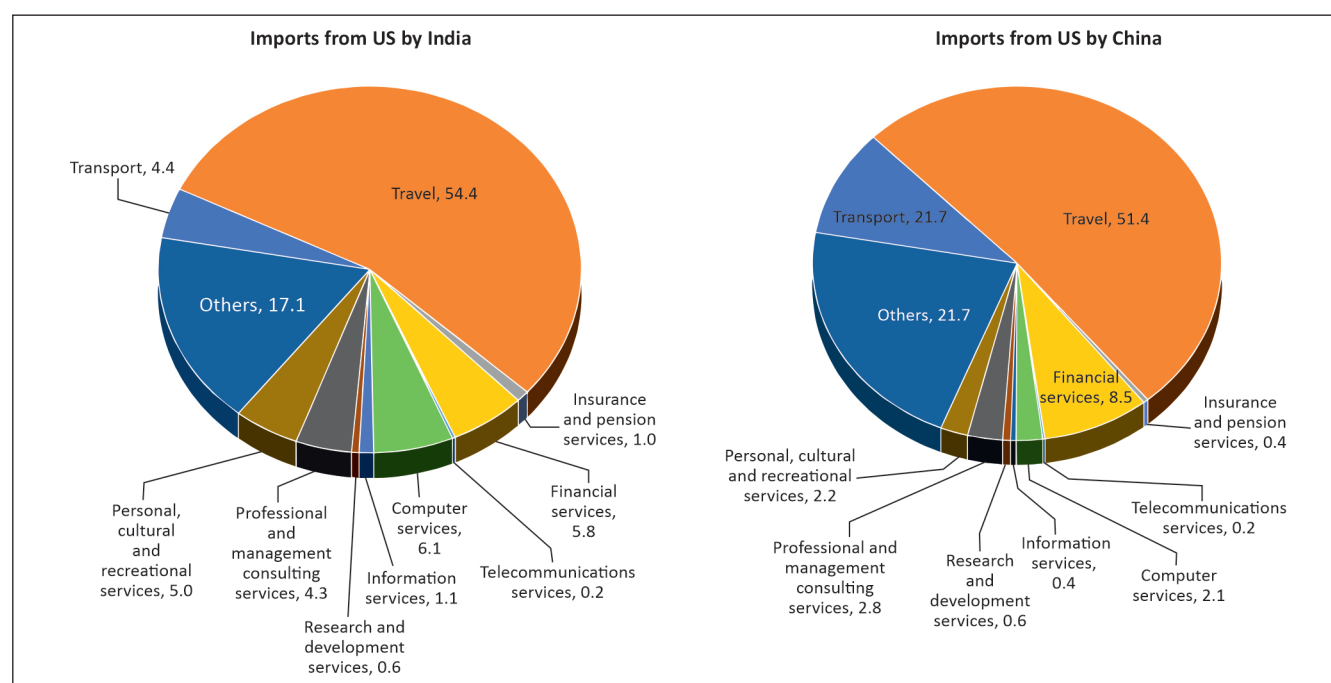
Source: Based on WTO data

**In 2019, the major services imports from the US by India** are Travel services (54.4% share) and Other commercial services (54.4% share). Among Commercial services, Charges for use of intellectual property has 9.3% share followed by Other business services (8.0% share), Telecommunications, computer and information services (7.4% share) and Financial Services (5.8% share). In the Telecommunications, computer and information services

category, Computer services is the main item with 6.1% share. In Other business services category, Professional and management consulting services (4.3% share) followed by Technical, trade related and other business services (3.1% share) are the major categories. Among these important services, there was good positive growth in 2019 only in the case of Computer services (13.9%), Professional and Management consulting services (27.8%) and Technical trade related and Other business services (18.1%).

**In the case of China's imports from the US**, high shares are found in the case of Travel (51.4% share), Other commercial services (35.4%) and Transport (9.8%). Among Other commercial services, important services are charges for the use of IP (14.4% share), Financial Services (8.5% share), Technical Trade related, and Other business services (3.9% share) and Professional and management consulting services (2.8% share). Computer services have a share of only 2.1% in China's services imports from the US. Among the important services imports of China from the US only Technical, trade related and Other business services have a high growth of 12.6% in 2019. (Figure 3.25)

**Figure 3.25: Composition of services imports from the US by India and China in 2019 (%)**



Source: Based on WTO data.

### 3.5.2 Services Imports from Japan by India and China

**In 2018, total services imports from Japan by India/China** to total services imports of India/China from the World were 1.5%/5.6%. While services imports from Japan by India in Total World imports from Japan was only 1.4% and growth was 5.2%, total services imports from Japan by China to Total World imports from Japan was 14.0% and growth was also high at 14.4%. This indicates that China was a more important services market for Japan than India. (Table 3.29)

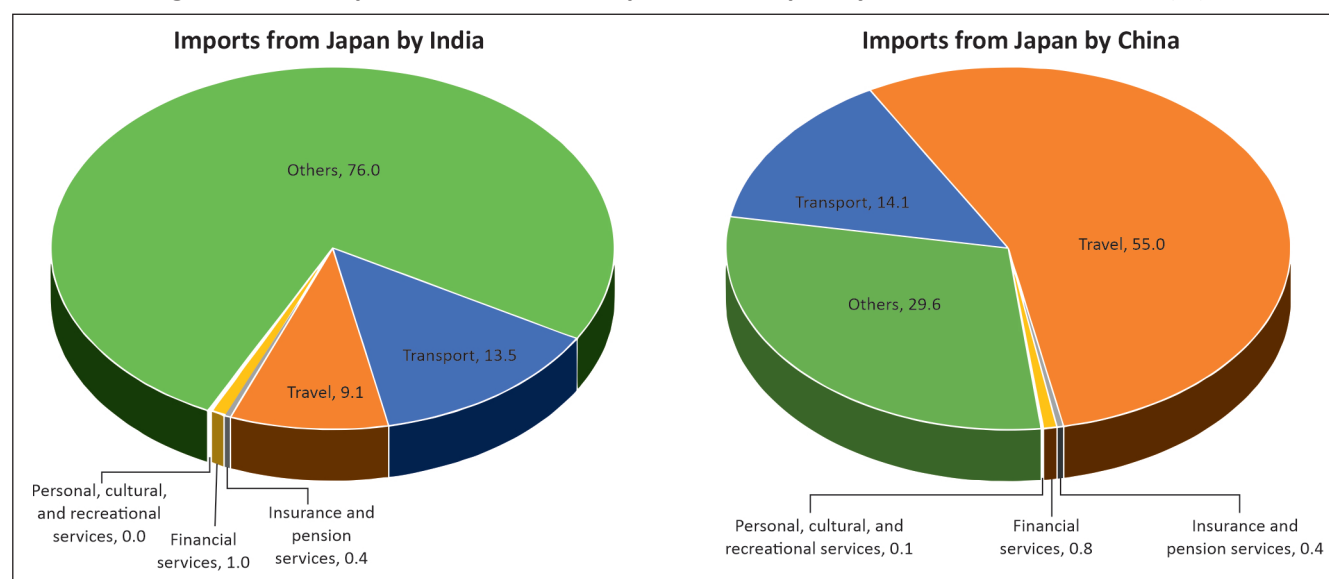
**Table 3.29: Services Imports from Japan by India and China in 2018**  
(Value in US \$ million), Share & Growth in %)

| Different Services                                     | India      |                                   |                                   |                                |             | China      |                                   |                                   |                                |             |
|--|------------|-----------------------------------|-----------------------------------|--------------------------------|-------------|------------|-----------------------------------|-----------------------------------|--------------------------------|-------------|
|  | Value 2018 | Share in                          |                                   |                                | Growth 2018 | Value 2018 | Share in                          |                                   |                                | Growth 2018 |
|  |            | Total Imports of India from World | Total Imports from Japan by India | Total World Imports from Japan |             |            | Total Imports of China from World | Total Imports from Japan by China | Total World Imports from Japan |             |
| Total services   | 2574       | 1.46                              | 100.00                            | 1.38                           | 5.15        | 26070      | 5.58                              | 100.00                            | 13.95                          | 14.36       |
| Commercial services                                    | 2568       | 1.47                              | 99.77                             | 1.41                           | 5.12        | 25927      | 5.59                              | 99.45                             | 14.24                          | 14.37       |
| Transport  | 347        | 0.52                              | 13.48                             | 1.02                           | -20.96      | 3669       | 3.95                              | 14.07                             | 10.75                          | -14.44      |
| Travel   | 234        | 1.10                              | 9.09                              | 0.69                           | 25.81       | 14341      | 5.63                              | 55.01                             | 42.11                          | 30.14       |
| Other commercial services                              | 1987       | 2.31                              | 77.20                             | 1.77                           | 9.30        | 7828       | 6.87                              | 30.03                             | 6.98                           | 7.31        |
| Construction   | 111        | 4.46                              | 4.31                              | 1.07                           | -20.71      | 52         | 0.61                              | 0.20                              | 0.50                           | -36.59      |
| Insurance and pension services                         | 10         | 0.15                              | 0.39                              | 0.45                           | 25.00       | 99         | 0.95                              | 0.38                              | 4.46                           | 57.14       |
| Financial services                                     | 26         | 0.64                              | 1.01                              | 0.25                           | 13.04       | 202        | 12.49                             | 0.77                              | 1.92                           | 36.49       |
| Charges for the use of intellectual property n.i.e     | 1545       | 19.54                             | 60.02                             | 3.70                           | 17.49       | 5358       | 18.75                             | 20.55                             | 12.84                          | 12.73       |
| Telecommunications, computer, and information services | 84         | 1.19                              | 3.26                              | 1.66                           | -31.15      | 281        | 1.47                              | 1.08                              | 5.55                           | -24.05      |
| Other business services                                | 211        | 0.54                              | 8.20                              | 0.51                           | 0.00        | 1804       | 4.21                              | 6.92                              | 4.38                           | 1.86        |
| Personal, cultural, and recreational services          |            |                                   |                                   |                                |             | 32         | 1.16                              | 0.12                              | 3.07                           | -70.37      |

Source: Based on WTO database.

Surprisingly the major services imports of India from Japan are Charges for the use of Intellectual Property (60.0%), followed by Transport (13.5%), Travel (9.1%) and Other Business Services (8.2%). Both Charges for use of IP and Travel imports from Japan by India have high growth rates of 17.5% and 25.8% respectively in 2018. In the case of China's imports from Japan, the major services are Travel (55.0%), Charges for use of IP (20.6%), Transport (14.1%) and Other business services (6.9%). Only Travel and Charges for the use of IP have high growth rates of 30.1% and 12.7% respectively in 2018. Transport has a negative growth of -14.4%. Thus, the importance of different services in the import baskets of India and China from Japan differ. (Figure 3.26)

**Figure 3.26: Composition of services imports from Japan by India and China in 2018 (%)**



Source: Based on WTO data.

### 3.5.3 Services Imports from Australia by India and China

In 2018, the share of total services imports of India/China from Australia, in total imports of India/China from World were 2.4%/2.9%. India's total services imports from Australia in Total World services imports from Australia was 6.4%, whereas it was 20.5% in the case of China's imports from Australia. In terms of value, services imports of China from Australia was more than three times higher than that of India. Thus China is a bigger services export market for Australia than India. Growth in services imports from India/China was 23.6%/10.3% in 2018 (Table 3.30).

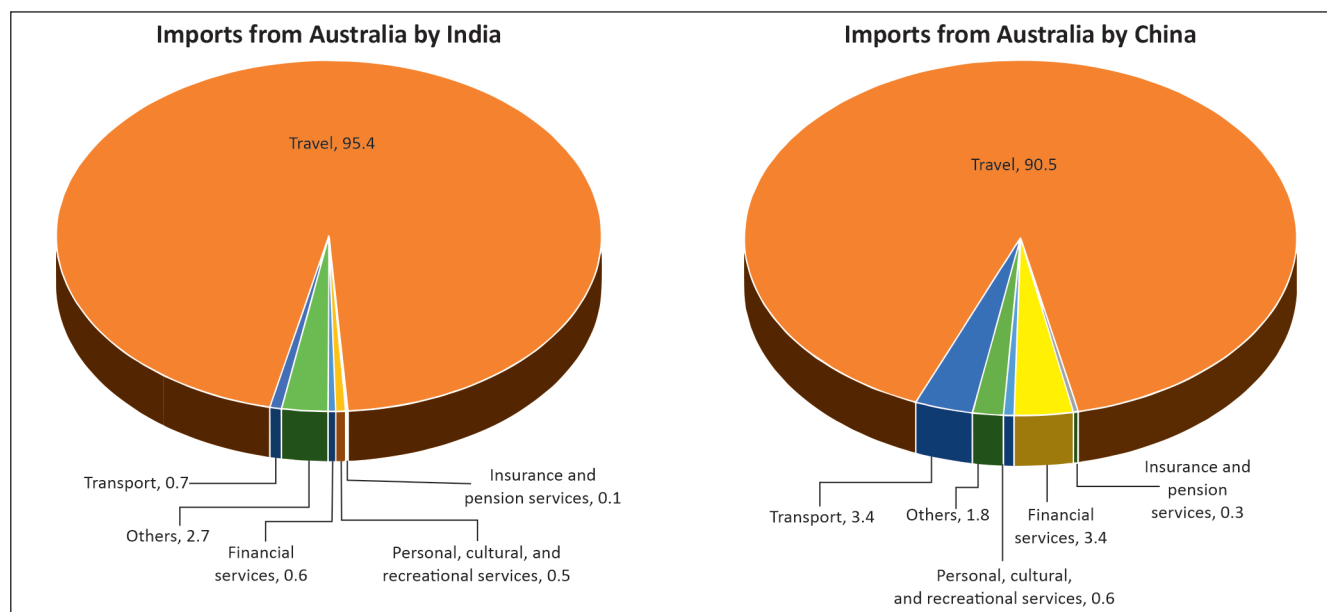
**Table 3.30: Services Imports from Australia by India and China in 2018**  
(Value in US \$ million, Share & Growth in %)

| Different Services                                     | India      |                                   |                                       |                                    |             | China      |                                   |                                       |                                    |             |
|--|------------|-----------------------------------|---------------------------------------|------------------------------------|-------------|------------|-----------------------------------|---------------------------------------|------------------------------------|-------------|
|  | Value 2018 | Share in                          |                                       |                                    | Growth 2018 | Value 2018 | Share in                          |                                       |                                    | Growth 2018 |
|  |            | Total Imports of India from World | Total Imports from Australia by India | Total World Imports from Australia |             |            | Total Imports of China from World | Total Imports from Australia by China | Total World Imports from Australia |             |
| Total services   | 4180       | 2.37                              | 100.00                                | 6.42                               | 23.63       | 13380      | 2.86                              | 100.00                                | 20.54                              | 10.29       |
| Commercial services                                    | 4161       | 2.38                              | 99.55                                 | 6.47                               | 23.77       | 13317      | 2.87                              | 99.53                                 | 20.72                              | 10.38       |
| Transport  | 29         | 0.04                              | 0.69                                  | 0.50                               | -14.71      | 456        | 0.49                              | 3.41                                  | 7.84                               | 0.22        |
| Travel   | 3988       | 18.71                             | 95.41                                 | 9.56                               | 25.37       | 12104      | 4.75                              | 90.46                                 | 29.00                              | 11.25       |
| Other commercial services                              | 143        | 0.17                              | 3.42                                  | 0.86                               | -3.38       | 757        | 0.66                              | 5.66                                  | 4.54                               | 3.84        |
| Construction   |            |                                   |                                       |                                    |             | 5          | 0.06                              | 0.04                                  | 1.14                               | 150.00      |
| Insurance and pension services                         | 6          | 0.09                              | 0.14                                  | 1.49                               | 20.00       | 39         | 0.37                              | 0.29                                  | 9.68                               | 25.81       |
| Financial services                                     | 24         | 0.59                              | 0.57                                  | 0.73                               | -22.58      | 459        | 28.39                             | 3.43                                  | 14.02                              | -3.57       |
| Charges for the use of intellectual property n.i.e     | 9          | 0.11                              | 0.22                                  | 0.97                               | -25.00      | 8          | 0.03                              | 0.06                                  | 0.87                               | -46.67      |
| Telecommunications, computer, and information services | 58         | 0.82                              | 1.39                                  | 2.06                               | 0.00        | 58         | 0.30                              | 0.43                                  | 2.06                               | 56.76       |
| Other business services                                | 28         | 0.07                              | 0.67                                  | 0.35                               | -3.45       | 108        | 0.25                              | 0.81                                  | 1.34                               | 12.50       |
| Personal, cultural, and recreational services          | 19         | 0.75                              | 0.45                                  | 2.43                               | 35.71       | 82         | 2.98                              | 0.61                                  | 10.47                              | 15.49       |

Source: Based on WTO data.

The single most important service in imports of India and China from Australia is Travel with 95.4% and 90.5% share respectively. **Thus, the composition of imports from Australia by India and China are similar.** (Figure 3.27)

**Figure 3.27: Composition of services imports from Australia by India and China in 2018 (%)**



Source: Based on WTO data.

### 3.5.4 Services Imports from the EU by India and China

In 2018, the share of services imports from the EU by India/China in Total imports of India/China from the World was 9.4%/11.7%. Total services imports from the EU by India to total World imports from the EU was 0.8%, while it was 2.7% in the case of imports from EU by China, with absolute value of imports from the EU by China being three times higher than that of India. Thus, China is a bigger services export market to the EU than India. Growth in services imports from the EU by India in 2018 was 10.7% while from China it was 17.2%. (Table 3.31)

**Table 3.31: Services Imports from the EU by India and China in 2018**  
(Value in US \$ million, Share & Growth in %)

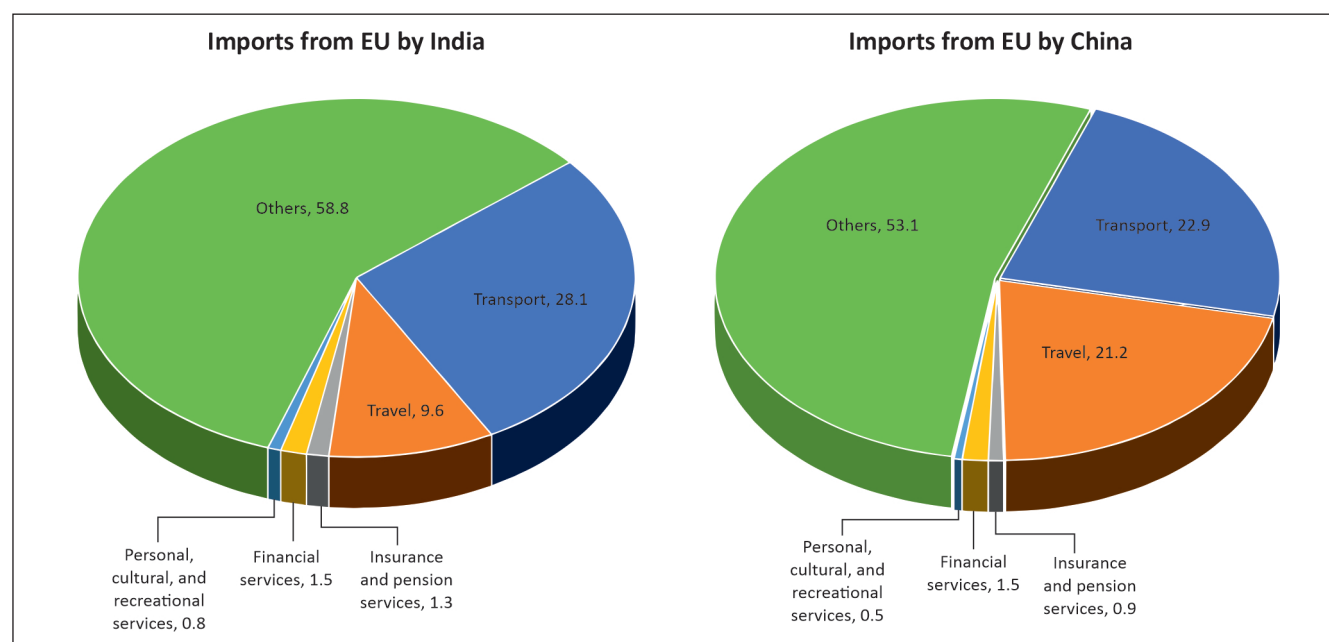
| Different Services                                 | India      |                                   |                                |                             |             | China      |                                   |                                |                             |             |
|--|------------|-----------------------------------|--------------------------------|-----------------------------|-------------|------------|-----------------------------------|--------------------------------|-----------------------------|-------------|
|  | Value 2018 | Share in                          |                                |                             | Growth 2018 | Value 2018 | Share in                          |                                |                             | Growth 2018 |
|  |            | Total Imports of India from World | Total Imports from EU by India | Total World Imports from EU |             |            | Total Imports of China from World | Total Imports from EU by China | Total World Imports from EU |             |
| Total services                                     | 16480      | 9.36                              | 100.00                         | 0.82                        | 10.74       | 54565      | 11.67                             | 100.00                         | 2.71                        | 17.23       |
| Commercial services                                | 16418      | 9.39                              | 99.62                          | 0.82                        | 10.67       | 54435      | 11.73                             | 99.76                          | 2.72                        | 17.21       |
| Transport  | 4623       | 6.93                              | 28.05                          | 1.27                        | 19.15       | 12470      | 13.42                             | 22.85                          | 3.41                        | 15.05       |
| Travel   | 1588       | 7.45                              | 9.64                           | 0.40                        | -7.08       | 11592      | 4.55                              | 21.24                          | 2.96                        | 14.75       |
| Other commercial services                          | 9578       | 11.16                             | 58.12                          | 0.83                        | 8.95        | 29591      | 25.97                             | 54.23                          | 2.57                        | 18.88       |
| Construction                                       | 189        | 7.60                              | 1.15                           | 0.60                        | 18.87       | 252        | 2.94                              | 0.46                           | 0.79                        | -16.00      |
| Insurance and pension services                     | 212        | 3.14                              | 1.29                           | 0.47                        | 89.29       | 470        | 4.52                              | 0.86                           | 1.04                        | -2.29       |
| Financial services                                 | 248        | 6.14                              | 1.50                           | 0.16                        | -20.77      | 810        | 50.09                             | 1.48                           | 0.51                        | 1.89        |
| Charges for the use of intellectual property n.i.e | 701        | 8.87                              | 4.25                           | 0.54                        | 7.68        | 8280       | 28.98                             | 15.17                          | 6.37                        | 23.42       |

| Different Services                                     | India      |                                   |                                |                             |             | China      |                                   |                                |                             |             |
|--|------------|-----------------------------------|--------------------------------|-----------------------------|-------------|------------|-----------------------------------|--------------------------------|-----------------------------|-------------|
|  | Value 2018 | Share in                          |                                |                             | Growth 2018 | Value 2018 | Share in                          |                                |                             | Growth 2018 |
|  |            | Total Imports of India from World | Total Imports from EU by India | Total World Imports from EU |             |            | Total Imports of China from World | Total Imports from EU by China | Total World Imports from EU |             |
| Telecommunications, computer, and information services | 5490       | 77.45                             | 33.31                          | 2.11                        | 8.01        | 6770       | 35.30                             | 12.41                          | 2.60                        | 31.92       |
| Other business services                                | 2433       | 6.28                              | 14.76                          | 0.49                        | 12.22       | 12409      | 28.96                             | 22.74                          | 2.50                        | 12.59       |
| Personal, cultural, and recreational services          | 127        | 5.00                              | 0.77                           | 0.47                        | 98.44       | 253        | 9.19                              | 0.46                           | 0.94                        | 37.50       |

Source: Based on WTO data

The major services imports from the EU by India are Telecommunications, computer and information services (33.3%), Transport (28.1%), Other business services (14.8%) and Travel (9.6%). The major services imports from the EU by China are Transport (22.9%), Other business services (22.7%), Travel (21.2%), Charges for the use of intellectual property (15.2%) and Telecommunications, computer and information services (12.4%). Thus, the importance of different services in the imports of services from the EU by India and China differ. (Figure 3.28)

Figure 3.28: Composition of services imports from the EU by India and China in 2018 (%)



Source: Based on WTO data.

### 3.5.5 Services Imports from the UK by India and China

In 2019, the share of services imports from the UK by India/China in total imports of India/China from the World was 2.24%/1.51%. Total services imports from the UK by India to total World imports from the UK was 1.07%, while it was 1.88% for imports from the UK by China as the value of imports from the UK by China is higher than India. Thus China is a bigger services export market for the UK than India. Growth in services imports from the UK by India which was positive and high became negative in 2019 at -23.9%, while growth in services imports from the UK by China was positive in both 2018 and 2019 at 11.1% and 13% respectively. (Table 3.32)

**Table 3.32: Services Imports from the UK by India and China in 2019**  
(Value in US \$ million, Share & Growth in %)

| Different Services  | India      |                                   |                                |                             |         |        | China      |                                   |                                |                             |        |       |
|---|------------|-----------------------------------|--------------------------------|-----------------------------|---------|--------|------------|-----------------------------------|--------------------------------|-----------------------------|--------|-------|
|   | Value 2019 | Share in                          |                                |                             | Growth  |        | Value 2019 | Share in                          |                                |                             | Growth |       |
|   |            | Total Imports of India from World | Total Imports from UK by India | Total World Imports from UK | 2018    | 2019   |            | Total Imports of China from World | Total Imports from UK by China | Total World Imports from UK | 2018   | 2019  |
| <b>Total services</b>   | 4013       | 2.24                              | 100.00                         | 1.07                        | 74.94   | -23.87 | 7048       | 1.51                              | 100.00                         | 1.88                        | 11.05  | 13.3  |
| <b>Commercial services</b>                                    | 3850       | 2.16                              | 95.94                          | 1.04                        |         | -25.05 | 6865       | 1.48                              | 97.40                          | 1.85                        |        | 13.2  |
| <b>Transport*</b>   | 635        | 0.95                              | 12.05                          | 1.68                        | 17.81   |        | 1207       | 1.30                              | 19.41                          | 3.19                        | 2.46   |       |
| <b>Travel</b>   | 1105       | 4.82                              | 27.54                          | 2.32                        | 25.09   | 2.60   | 1301       | 0.51                              | 18.46                          | 2.74                        | 10.46  | 2.7   |
| <b>Other commercial services</b>                              | 2675       | 3.10                              | 66.66                          | 0.96                        |         | -19.65 | 5460       | 4.79                              | 77.47                          | 1.95                        |        | 55.4  |
| <b>Insurance and pension services</b>                         | 116        | 1.71                              | 2.89                           | 0.50                        | 6.96    | -5.69  | 134        | 1.29                              | 1.90                           | 0.57                        | 1.45   | -4.3  |
| <b>Financial services</b>                                     | 300        | 13.15                             | 7.48                           | 0.39                        | 4.41    | -2.60  | 485        | 29.99                             | 6.88                           | 0.63                        | -6.03  | 0     |
| <b>Charges for the use of intellectual property n.i.e</b>     | 397        | 5.03                              | 9.89                           | 1.74                        | 15.00   | 1.53   | 1447       | 5.06                              | 20.53                          | 6.35                        | 48.02  | 48.6  |
| <b>Telecommunications, computer, and information services</b> | 276        | 2.87                              | 6.88                           | 1.01                        | 838.86  | -84.77 | 422        | 2.20                              | 5.99                           | 1.54                        | 25.42  | 12.5  |
| Telecommunications services*                                  | 77         | 7.28                              | 1.46                           | 1.04                        | 14.93   |        | 187        | 10.38                             | 3.01                           | 2.52                        | 30.77  |       |
| Computer services   |            |                                   |                                |                             |         |        | 60         | 0.35                              | 0.96                           | 0.41                        | 0.00   |       |
| Information services  | 82         | 18.22                             | 2.04                           | 1.59                        |         |        | 213        |                                   | 3.02                           | 4.12                        | 34.74  | 66.4  |
| <b>Other business services</b>                                | 922        | 2.00                              | 22.98                          | 0.76                        | 33.33   | 47.76  | 1510       | 3.52                              | 21.42                          | 1.24                        | 5.46   | 15.0  |
| Research and development services*                            | 53         | 12.30                             | 1.01                           | 0.47                        | -14.52  |        | 161        |                                   | 2.59                           | 1.42                        | -44.86 |       |
| Professional and management consulting services               | 564        | 4.90                              | 14.05                          | 1.19                        | 45.81   | 116.09 | 378        |                                   | 5.36                           | 0.80                        | 31.87  | 14.2  |
| Advertising, market research, and public opinion              | 33         |                                   | 0.82                           | 0.32                        | 9.52    | 43.48  | 51         |                                   | 0.72                           | 0.50                        | 70.00  | -25.0 |
| Technical, trade related, and other business services*        | 310        | 1.07                              | 5.88                           | 0.49                        | 35.96   |        | 821        |                                   | 13.20                          | 1.31                        | 17.12  |       |
| <b>Personal, cultural, and recreational services</b>          | 33         | 1.11                              | 0.82                           | 0.60                        | -100.00 |        | 203        | 7.37                              | 2.88                           | 3.71                        | -8.56  | 18.7  |

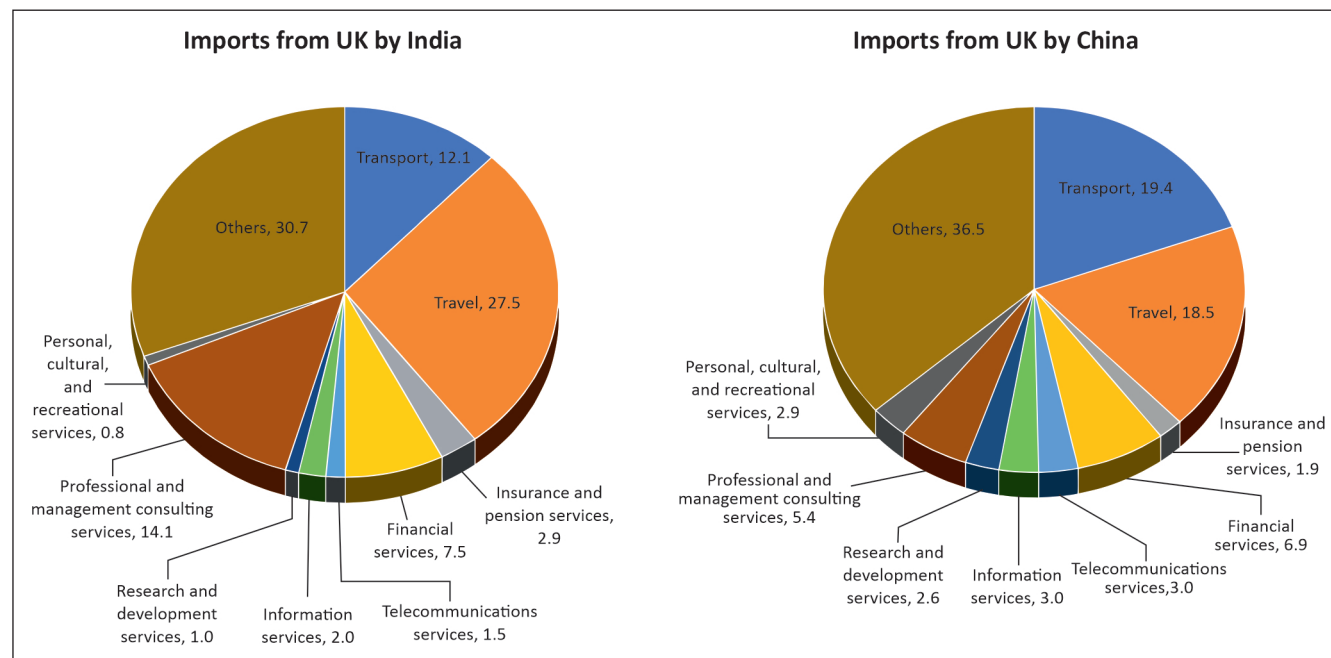
Source: Based on WTO data.

Note: \* indicates data of 2018.

**In 2019, the major services imports from the UK by India** were Travel (27.5% share); Other business services (23.0%), mainly professional and management consulting services (14.1%); Transport (12.1% in 2018); Charges for use of intellectual property (9.9%); Financial services (7.5%); and Telecommunications, computer and information services (6.9%). The major services imports from the UK by China were Other business services (21.4% share)

mainly Technical, trade related and other business services (13.2%), Charges for the use of intellectual property (20.5%), Transport (19.4), and Travel (18.5%). Thus, the composition of imports from the UK by India and China differs though the top 3 services are the same. (Figure 3.29)

**Figure 3.29: Composition of services imports from the UK by India and China in 2019 (%)**



Source: Based on WTO data.

### 3.5.6 Services Imports from the Netherlands by India and China

In 2019, the share of services imports from the Netherlands by India/China in total imports of India/China from the World was 0.88%/0.59%. Total services imports from the Netherlands by India to total World imports from the Netherlands was 0.71%, while it was 1.26% for China in 2019 with the absolute value of services imports from the Netherlands by China being higher than by India. Thus China is a bigger services market for the Netherlands than India.

The growth in services imports from the Netherlands by India accelerated from 11.1% in 2018 to 16.7% in 2019, while in the case of growth in services imports from the Netherlands by China, the small positive growth of 1.9% in 2018 turned negative to -1.8% in 2019. (Table 3.33)



**Table 3.33 : Services Imports from the Netherlands by India and China in 2019**  
(Value in US \$ million, Share & Growth in %)

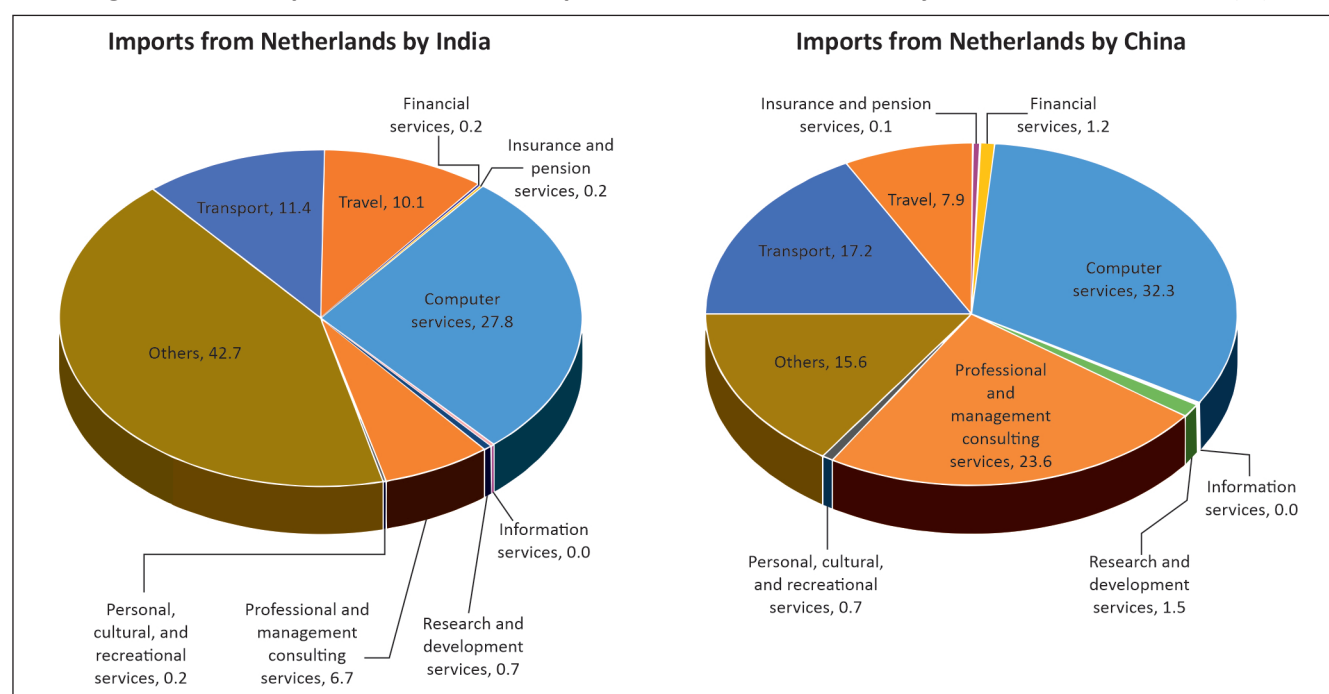
| Different Services  | India      |                                   |   |                                      |        |        | China      |                                   |   |                                      |        |        |
|---|------------|-----------------------------------|---|--------------------------------------|--------|--------|------------|-----------------------------------|---|--------------------------------------|--------|--------|
|   | Value 2019 | Share in                          |   |                                      | Growth |        | Value 2019 | Share in                          |   |                                      | Growth |        |
|   |            | Total Imports of India from World | Total Imports from Netherlands by India | Total World Imports from Netherlands | 2018   | 2019   |            | Total Imports of China from World | Total Imports from Netherlands by China | Total World Imports from Netherlands | 2018   | 2019   |
| <b>Total services</b>   | 1577       | 0.88                              | 100.00                                  | 0.71                                 | 11.10  | 16.73  | 2781       | 0.59                              | 100.00                                  | 1.26                                 | 1.87   | -1.84  |
| <b>Transport</b>  | 179        | 0.26                              | 11.35                                   | 0.47                                 | 28.86  | -6.77  | 478        | 0.51                              | 17.19                                   | 1.26                                 | 6.48   | -16.87 |
| <b>Travel</b>   | 159        | 0.69                              | 10.08                                   | 0.93                                 | 17.54  | 18.66  | 219        | 0.09                              | 7.87                                    | 1.28                                 | 6.15   | 5.80   |
| <b>Construction</b>   | 185        | 6.95                              | 11.73                                   | 5.32                                 | 188.00 | 156.94 | 8          | 0.09                              | 0.29                                    | 0.23                                 | -48.15 | -42.86 |
| <b>Insurance and pension services*</b>                        | 2          | 0.03                              | 0.15                                    | 0.15                                 | 0.00   |        | 4          | 0.04                              | 0.14                                    | 0.31                                 | -16.67 | -20.00 |
| <b>Financial services</b>                                     | 3          | 0.13                              | 0.19                                    | 0.04                                 | -20.00 | -25.00 | 33         | 2.04                              | 1.19                                    | 0.44                                 | -7.14  | -49.23 |
| <b>Charges for the use of intellectual property n.i.e.*</b>   | 42         | 0.53                              | 3.11                                    | 0.08                                 | -6.67  |        | 424        | 1.48                              | 15.25                                   | 0.85                                 | -18.52 | 92.73  |
| <b>Telecommunications, computer, and information services</b> | 684        | 7.12                              | 43.37                                   | 2.70                                 | -1.39  | 20.63  | 1065       | 5.55                              | 38.30                                   | 4.20                                 | 12.63  | 92.59  |
| <b>Computer services*</b>                                     | 376        | 6.73                              | 27.83                                   | 2.56                                 |        |        | 897        | 5.16                              | 32.25                                   | 6.11                                 | 11.75  | 92.49  |
| <b>Other business services</b>                                | 259        | 0.56                              | 16.42                                   | 0.40                                 | 11.71  | 4.44   | 453        | 1.06                              | 16.29                                   | 0.69                                 | -2.75  | -55.76 |
| <b>Research and development services*</b>                     | 10         | 2.32                              | 0.74                                    | 0.22                                 | 25.00  |        | 43         |                                   | 1.52                                    | 0.96                                 | -6.52  |        |
| <b>Professional and management consulting services*</b>       | 91         | 0.97                              | 6.74                                    | 0.41                                 | 1.11   |        | 668        |                                   | 23.58                                   | 3.04                                 | -4.98  |        |
| <b>Technical, trade related, and other business services*</b> | 147        | 0.51                              | 10.88                                   | 0.38                                 | 18.55  |        | 313        |                                   | 11.05                                   | 0.80                                 | 3.30   |        |
| <b>Personal, cultural, and recreational services</b>          | 3          | 0.10                              | 0.19                                    | 0.17                                 | 23.08  | -81.25 | 19         | 0.69                              | 0.68                                    | 1.08                                 |        | -51.28 |

Source: Based on WTO data

Note: \* indicates 2018 data.

**The major services imports from the Netherlands by India** are Telecommunications, computer and information services (43.4%) mainly Computer services (27.8% as per 2018 data); Other business services (16.4%) of which mainly technical, trade-related and other business services (10.9% in 2018) and professional, management and consulting services (6.7% in 2018); Construction (11.7%); Transport (11.4%) and Travel (10.1%). The major services imports from the Netherlands by China are Computer services (32.3%); Transport (17.2%); Other business services (16.3%) of which professional and management consulting services (23.6% in 2018) and technical trade related and other business services (11.1% in 2018); and Charges for the use of Intellectual Property (15.3%). **Thus, the composition of imports from the Netherlands by India and China differ in terms of the importance of the items.** (Figure 3.30)

**Figure 3.30: Composition of services imports from the Netherlands by India and China in 2019 (%)**



Source: Based on WTO data.

### 3.5.7 Services Imports from Singapore by India and China

**In 2018, the share of total services imports from Singapore by India/China in total imports of India/China from the World was 2.4%/3.3%.** Total services imports from Singapore by India to total World imports from Singapore was 2.5%, whereas it was 9.2% for China, with the absolute value of services imports from Singapore by China being more than 3 times higher than by India. Thus China is a much bigger services exports market than India to Singapore. In 2018, the growth in services imports from Singapore by India was 14.4%, while in the case of growth of services imports from Singapore by China it was 31.8%. (Table 3.34)

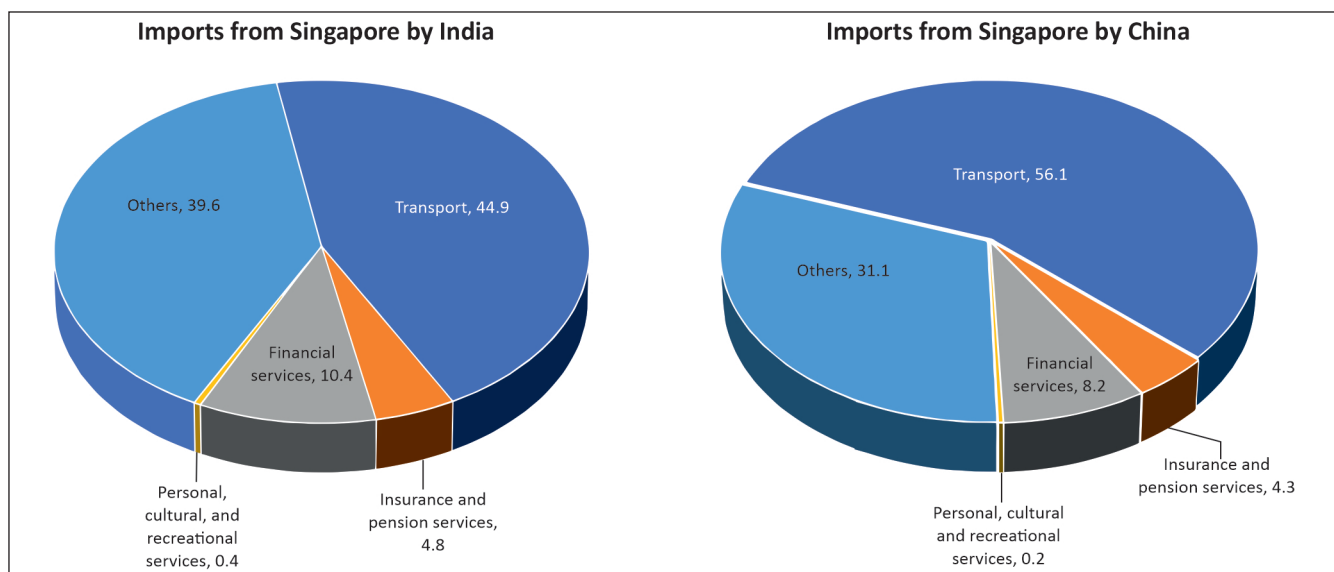
**Table 3.34 : Services Imports from Singapore by India and China in 2018**  
(Value in US \$ million, Share & Growth in %)

| Different Services                                     | India      |                                   |                                       |                                    |             | China      |                                   |                                       |                                    |             |
|--|------------|-----------------------------------|---------------------------------------|------------------------------------|-------------|------------|-----------------------------------|---------------------------------------|------------------------------------|-------------|
|  | Value 2018 | Share in                          |                                       |                                    | Growth 2018 | Value 2018 | Share in                          |                                       |                                    | Growth 2018 |
|  |            | Total Imports of India from World | Total Imports from Singapore by India | Total World Imports from Singapore |             |            | Total Imports of China from World | Total Imports from Singapore by China | Total World Imports from Singapore |             |
| Total services   | 4210       | 2.39                              | 100.00                                | 2.48                               | 14.37       | 15591      | 3.33                              | 100.00                                | 9.19                               | 31.83       |
| Commercial services                                    | 4210       | 2.41                              | 100.00                                | 2.49                               | 14.37       | 15591      | 3.36                              | 100.00                                | 9.20                               | 31.83       |
| Transport  | 1889       | 2.83                              | 44.87                                 | 3.97                               | 8.13        | 8754       | 9.42                              | 56.15                                 | 18.40                              | 37.90       |
| Other commercial services                              | 2139       | 2.49                              | 50.81                                 | 2.23                               | 23.14       | 6393       | 5.61                              | 41.00                                 | 6.67                               | 26.67       |
| Construction   | 9          | 0.36                              | 0.21                                  | 1.17                               |             | 203        | 2.37                              | 1.30                                  | 26.43                              | 181.94      |
| Insurance and pension services                         | 200        | 2.96                              | 4.75                                  | 4.09                               | 19.05       | 674        | 6.48                              | 4.32                                  | 13.79                              | 54.59       |
| Financial services                                     | 438        | 10.84                             | 10.40                                 | 1.72                               | 12.60       | 1285       | 79.47                             | 8.24                                  | 5.05                               | 7.26        |
| Charges for the use of intellectual property n.i.e     | 82         | 1.04                              | 1.95                                  | 1.06                               | 13.89       | 493        | 1.73                              | 3.16                                  | 6.38                               | 18.80       |
| Telecommunications, computer, and information services | 369        | 5.21                              | 8.76                                  | 2.98                               | 28.57       | 399        | 2.08                              | 2.56                                  | 3.22                               | 14.99       |
| Other business services                                | 1025       | 2.65                              | 24.35                                 | 2.33                               | 28.45       | 3307       | 7.72                              | 21.21                                 | 7.50                               | 28.28       |
| Personal, cultural, and recreational services          | 17         | 0.67                              | 0.40                                  | 3.10                               | -26.09      | 32         | 1.16                              | 0.21                                  | 5.83                               |             |

Source: Based on WTO data.

The major services imports from Singapore by India are Transport (44.9% share), Other business services (24.4%), Financial services (10.4%) and Telecommunications, computer and information services (8.8%). The major services imports from Singapore by China are Transport (56.2%), Other business services (21.1%) and Financial services (8.2%). Thus, while the composition of services imports from Singapore by India and China are similar, there is higher weightage for Transport in the case of China's imports from Singapore. (Figure 3.31)

**Figure 3.31: Composition of services imports from Singapore by India and China in 2018 (%)**



Source: Based on WTO data.

### 3.5.8 Services Imports from China by India

In 2016, the share of services imports by India from China in total imports of India from World was 0.70% and in total world imports from China, it was 0.41%. Thus, India is a very small services export market for China and China is a very small import source for India. (Table 3.35)

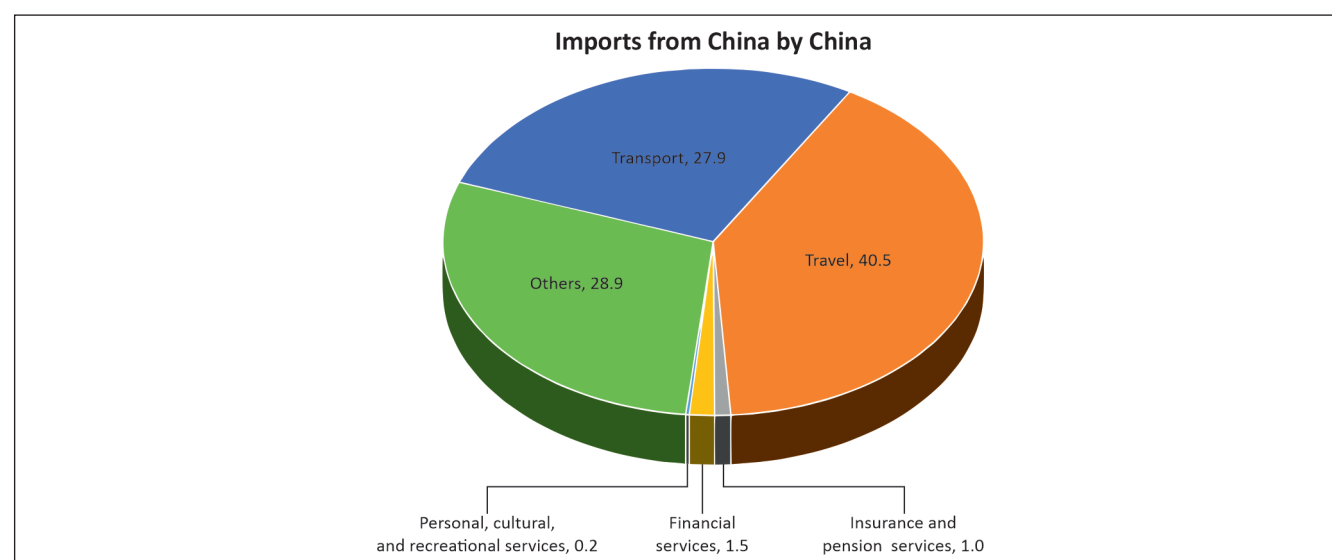
Table 3.35 : Services Imports from China by India in 2016 (Value in US \$ million, Share & Growth in %)

| Different Services                                     | India      |                                   |                                   |                                |             |
|--|------------|-----------------------------------|-----------------------------------|--------------------------------|-------------|
|  | Value 2016 | Share in                          |                                   |                                | Growth 2016 |
|  |            | Total Imports of India from World | Total Imports from China by India | Total World Imports from China |             |
| Total services   | 940.0      | 0.70                              | 100.00                            | 0.41                           | 1.62        |
| Commercial services                                    | 933.0      | 0.70                              | 99.26                             | 0.41                           | 1.74        |
| Transport  | 262.0      | 0.55                              | 27.87                             | 0.71                           | 2.34        |
| Travel   | 381.0      | 2.33                              | 40.53                             | 0.98                           | 6.72        |
| Other commercial services                              | 278.0      | 0.41                              | 29.57                             | 0.22                           | -4.47       |
| Construction   | 32.0       | 3.36                              | 3.40                              | 0.13                           | 14.29       |
| Insurance and pension services                         | 9.0        | 0.18                              | 0.96                              | 0.22                           | 350.00      |
| Financial services                                     | 14.0       | 0.28                              | 1.49                              | 0.38                           | -17.65      |
| Charges for the use of intellectual property n.i.e     | 2.0        | 0.04                              | 0.21                              | 0.04                           | -33.33      |
| Telecommunications, computer, and information services | 76.0       | 1.60                              | 8.09                              | 0.27                           | 7.04        |
| Other business services                                | 143.0      | 0.44                              | 15.21                             | 0.23                           | -14.88      |
| Personal, cultural, and recreational services          | 2.0        | 0.11                              | 0.21                              | 0.26                           | 0.00        |

Source: Based on WTO data.

The major services imports of India from China are Travel (40.5%), Transport (27.9%), Other business services (15.2%) and Telecommunications, computer and information services (8.1%). (Figure 3.32)

Figure 3.32: Composition of services imports from China by India in 2016 (%)



Source: Based on WTO data.

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### 3.6 Inferences

**Thus the analysis in this chapter shows that there is good scope for trade diversion by QUAD from China to India. This needs strengthening of the QUAD. There are many big ticket items under Codes 84 and 85 in India's exports to QUAD and other major markets of India where trade diversion from China to India is possible.**

**On the import side,** China's imports from QUAD and other countries were not much affected by the pandemic. This could be because there was no national lockdown in China as in India. It could also be due to China's calculated policy to not limit imports much from other countries, lest it could affect their exports to these countries and also their supply chains which were providing inputs for their manufacturing exports.

**In the case of services exports and imports,** country-wise data of major services being not available, only the performance of India's exports/ imports of services to/from World could be seen. However, based on data for 2019 (or even earlier), the composition of services exports/imports of India and China could be seen. The composition of services exports to QUAD by India and China differs. Telecommunications, computer and information services is the major service export category of India, followed by Other Business Services and Travel, while Other Business Services, followed by Transport and Travel are the major services exports of China. The composition of services imports from different sources by India and China shows similarities in the import baskets of these countries from the US and Australia, while there are dissimilarities in terms of importance of services in the import baskets from Japan, the EU, the UK and the Netherlands. India is a relatively small services market compared to China for the different countries.

### Annexure 3.1

Quarterly Growth in imports by select countries from India and China of Code 84 and 85 items at 4 digit level (Value in US\$ Million, and Share and Growth in %)

| 4HS  | Items   | US Imports from India |  |        |   |           |         | US Imports from China |       |   |        |   |           |         |         |         |         |
|------|---|-----------------------|--|--------|---|-----------|---------|-----------------------|-------|---|--------|---|-----------|---------|---------|---------|---------|
|      |   | Value                 | Share of the product in total US Imports from India` | Growth | Share of India in US imports of the product in 2019 | Growth in |         |                       | Value | Share of the product in total US Imports from China | Growth | Share of China in US imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                       |  |        |   | 2019 Q3   | 2019 Q4 | 2020 Q1               |       |   |        |   | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
|      | <b>All products</b>   | 59917                 | 100  | 6.0    | 2.3   | 1.5       | 3.2     | -4.3                  | -40.9 | 472473  | 100    | -16.1   | 18.4      | -15.1   | -24.0   | -28.3   | -6.5    |
| 8412 | Engines and motors (excluding steam turbines, internal combustion piston engine, hydraulic ...          | 408                   | 0.7  | 97.8   | 6.2   | 154.6     | 25.0    | 89.9                  | 46.8  | 1073  | 0.2    | -6.3  | 16.4      | 6.4     | -30.8   | 18.0    | 7.7     |
| 8413 | Pumps for liquids, whether or not fitted with a measuring device (excluding ceramic pumps and ...       | 305                   | 0.5  | -7.8   | 2.7   | -20.1     | -29.8   | -32.7                 | -64.4 | 2121  | 0.5    | -11.9   | 18.7      | -8.6    | -19.6   | -23.3   | -17.1   |
| 8414 | Air or vacuum pumps (excluding gas compound elevators and pneumatic elevators and conveyors); ...       | 202                   | 0.3  | -3.2   | 1.7   | 5.7       | -7.8    | -17.7                 | -55.1 | 3572  | 0.8    | -6.4  | 29.7      | -5.4    | -23.0   | -28.2   | -7.4    |
| 8415 | Air conditioning machines comprising a motor-driven fan and elements for changing the temperature ...   | 30                    | 0.1  | 2.1    | 0.3   | -1.2      | -24.8   | -39.6                 | -79.5 | 2646  | 0.6    | -19.6   | 28.9      | -4.9    | -63.4   | -30.8   | -10.3   |
| 8443 | Printing machinery used for printing by means of plates, cylinders and other printing components ...    | 11                    | 0.0  | 40.8   | 0.1   | 57.8      | -24.5   | -77.5                 | -79.2 | 4856  | 1.0    | -19.0   | 30.7      | -20.5   | -40.6   | -53.9   | -50.8   |
| 8467 | Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric ... | 17                    | 0.0  | 6.1    | 0.3   | 1.2       | 0.9     | -3.5                  | -54.2 | 4141  | 0.9    | 0.8   | 65.9      | 1.5     | -12.0   | -31.2   | -10.0   |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...         | 29                    | 0.1  | 55.2   | 0.0   | 124.6     | 134.9   | 130.5                 | 37.1  | 45566   | 9.6    | -13.4   | 50.0      | -22.8   | -15.0   | -27.6   | 9.6     |
| 8473 | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...      | 72                    | 0.1  | -4.7   | 0.4   | -48.2     | -12.8   | -57.7                 | -45.7 | 5864  | 1.2    | -65.4   | 30.1      | -74.0   | -32.6   | -15.2   | 31.1    |
| 8481 | Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...       | 497                   | 0.8  | 2.3    | 3.2   | 3.2       | -12.8   | -4.9                  | -53.6 | 3778  | 0.8    | -21.2   | 24.3      | -20.9   | -32.3   | -28.8   | -16.4   |

| 4HS  | Items   | US Imports from India |   |        |      |        |   |        |       |           |      | US Imports from China |       |   |       |        |   |      |      |           |      |      |      |
|------|---|-----------------------|---|--------|------|--------|---|--------|-------|-----------|------|-----------------------|-------|---|-------|--------|---|------|------|-----------|------|------|------|
|      |   | Value                 | Share of the product in total US Imports from India |        |      | Growth | Share of India in US imports of the product in 2019 |        |       | Growth in |      |                       | Value | Share of the product in total US Imports from China |       | Growth | Share of China in US imports of the product in 2019 |      |      | Growth in |      |      |      |
|      |   |                       | 2019  |        |      |        | 2019  |        |       | 2019      |      |                       |       | 2019  |       |        | 2019  |      |      | 2019      |      |      |      |
|      |   |                       | 2019  | 2020   | 2020 | 2019   | 2020  | 2020   | 2019  | 2020      | 2020 | 2019                  | 2020  | 2020  | 2019  | 2020   | 2020  | 2019 | 2020 | 2020      | 2019 | 2020 | 2020 |
| 8483 | Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...        | 634                   | 1.1   | 10.2   | 6.4  | 7.7    | 14.3  | -6.3   | -41.3 | 1826      | 0.4  | -5.0                  | 18.4  | -5.6  | -23.9 | -13.0  |   |      |      |           |      |      |      |
| 8504 | Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof               | 344                   | 0.6   | 39.2   | 2.3  | 1.8    | 134.0   | 179.2  | 9.3   | 4943      | 1.1  | -23.0                 | 32.8  | -24.2   | -27.0 | -14.5  |   |      |      |           |      |      |      |
| 8507 | Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts ...       | 5                     | 0.0   | 15.5   | 0.1  | 7.1    | -13.2   | -11.7  | 15.4  | 2369      | 0.5  | 5.0                   | 29.2  | 27.0  | -23.6 | 20.0   |   |      |      |           |      |      |      |
| 8516 | Electric instantaneous or storage water heaters and immersion heaters; electric space-heating ...       | 15                    | 0.0   | 39.1   | 0.2  | 51.6   | 29.3  | 4.1    | -36.1 | 6332      | 1.3  | 0.3                   | 65.6  | 6.6   | -13.5 | -11.7  |   |      |      |           |      |      |      |
| 8517 | Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...        | 297                   | 0.5   | 29.0   | 0.3  | -9.2   | 21.7  | 192.3  | 173.8 | 60283     | 12.8 | -17.3                 | 59.2  | -17.9   | -11.2 | -9.1   |   |      |      |           |      |      |      |
| 8518 | Microphones and stands therefor (excluding cordless microphones with built-in transmitter); ...         | 2                     | 0.0   | 68.0   | 0.0  | 116.1  | -0.6  | -14.4  | -29.6 | 3473      | 0.7  | -3.5                  | 57.7  | 1.2   | -11.9 | -18.4  |   |      |      |           |      |      |      |
| 8523 | Discs, tapes, solid-state non-volatile storage devices, "smart cards" and other media for the ...       | 19                    | 0.0   | -11.3  | 0.2  | -27.0  | -4.7  | -6.6   | -42.7 | 2385      | 0.5  | -44.6                 | 20.5  | -52.1   | -78.6 | -76.8  |   |      |      |           |      |      |      |
| 8525 | Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception ... | 21                    | 0.0   | 49.3   | 0.2  | 189.2  | -0.3  | 18.3   | -48.6 | 5148      | 1.1  | -11.0                 | 46.5  | -7.6  | -19.0 | -33.9  |   |      |      |           |      |      |      |
| 8528 | Monitors and projectors, not incorporating television reception apparatus; reception apparatus ...      | 39                    | 0.1   | 1057.1 | 0.2  | 1427.8 | 1102.2  | 5978.9 | 150.0 | 11528     | 2.4  | -9.6                  | 48.3  | -5.3  | -48.1 | -28.3  |   |      |      |           |      |      |      |
| 8539 | Electric filament or discharge lamps, incl. sealed beam lamp units and ultraviolet or infra-red ...     | 10                    | 0.0   | -27.8  | 0.3  | 6.3    | -43.5   | -36.3  | -58.8 | 2391      | 0.5  | 2.1                   | 75.3  | 2.7   | -9.3  | -3.5   |   |      |      |           |      |      |      |
| 8543 | Electrical machines and apparatus, having individual functions, n.e.s. in chapter 85 and parts ...      | 18                    | 0.0   | 13.4   | 0.2  | -20.2  | -1.0  | 35.1   | -25.8 | 2924      | 0.6  | -26.5                 | 31.9  | -27.0   | -43.5 | -29.2  |   |      |      |           |      |      |      |
| 8544 | Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...       | 110                   | 0.2   | 47.8   | 0.5  | 50.1   | 69.3  | 112.7  | 27.8  | 3631      | 0.8  | -26.6                 | 16.8  | -27.8   | -33.9 | -17.3  |   |      |      |           |      |      |      |

| 4HS  | Items   | Japans Imports from India                                    |         |           |         |   |         | Japans Imports from China |         |  |         |           |         |  |         |         |         |
|------|---|--|---------|-----------|---------|---|---------|---------------------------|---------|--|---------|-----------|---------|--|---------|---------|---------|
|      |   | Share of the product in total Japans Imports from India 2019 |         | Growth in |         | Share of India in Japans imports of the product in 2019 |         | Value                     |         | Share of the product in total Japans Imports from China 2019 |         | Growth in |         | Share of Japans imports of the product in 2019 |         |         |         |
|      |   | 2019 Q3  | 2019 Q4 | 2020 Q1   | 2020 Q2 | 2019 Q3   | 2019 Q4 | 2020 Q1                   | 2020 Q2 | 2019 Q3  | 2019 Q4 | 2020 Q1   | 2020 Q2 | 2019 Q3  | 2019 Q4 | 2020 Q1 | 2020 Q2 |
|      | All products  | 5363   | 100     | -2.6      | 0.7     | 0.3   | 2.1     | 6.7                       | -29.5   | 169252   | 100     | -2.5      | 23.5    | 1.7  | -8.9    | -15.6   | 6.1     |
| 8406 | Steam turbines and other vapour turbines; parts thereof   | 62   | 1.2     | 494.7     | 34.0    | 237.2   | 454.4   | -88.3                     | 1264.3  | 25   | 0.0     | -31.5     | 13.7    | -20.1  | -9.1    | -1.9    | 105.6   |
| 8414 | Air or vacuum pumps (excluding gas compound elevators and pneumatic elevators and conveyors); ...     | 14   | 0.3     | -28.5     | 0.5     | -6.5  | -70.5   | -55.8                     | -71.4   | 1189   | 0.7     | 6.0       | 44.6    | 7.2  | -8.1    | -13.0   | 5.7     |
| 8415 | Air conditioning machines comprising a motor-driven fan and elements for changing the temperature ... | 1  | 0.0     | 33.3      | 0.0     | 27.0  | -32.3   | -65.6                     | -59.7   | 1933   | 1.1     | -3.4      | 72.1    | -18.3  | -26.3   | -22.0   | -2.6    |
| 8431 | Parts suitable for use solely or principally with the machinery of heading 8425 to 8430, n.e.s.       | 13   | 0.2     | 7.4       | 0.6     | 10.3  | -20.3   | -52.8                     | -58.3   | 1277   | 0.8     | -1.4      | 57.5    | 4.5  | -23.9   | -19.6   | -25.0   |
| 8443 | Printing machinery used for printing by means of plates, cylinders and other printing components ...  | 8  | 0.2     | -5.4      | 0.2     | 6.8   | -11.6   | -17.2                     | -51.4   | 2353   | 1.4     | 0.9       | 57.5    | 10.6   | 4.6     | -19.4   | 1.6     |
| 8450 | Household or laundry-type washing machines, incl. machines which both wash and dry; parts thereof     | 0  | 0.0     | -100.0    | 0.0     |   | -100.0  |                           |         | 852  | 0.5     | 9.8       | 82.1    | 14.7   | 5.8     | -18.1   | 19.6    |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...       | 1  | 0.0     | 233.3     | 0.0     | 1800.0  | 388.2   | 67.2                      | -26.7   | 13173  | 7.8     | 11.5      | 76.2    | 19.3   | 6.3     | -14.0   | 33.9    |
| 8473 | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...    | 1  | 0.0     | 63.4      | 0.0     | 230.6   | 13.4    | -12.4                     | 27.9    | 2214   | 1.3     | 5.3       | 70.3    | 15.1   | -8.0    | -28.1   | -18.6   |
| 8481 | Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...     | 39   | 0.7     | 28.6      | 1.6     | -1.2  | -4.5    | -45.9                     | -10.5   | 717  | 0.4     | -5.1      | 28.9    | -5.7   | -6.7    | -13.0   | 1.6     |



| 4HS  | Items   | Japans Imports from India                               |      |         |         |   |         | Japans Imports from China                               |        |         |         |   |         |      |       |       |       |
|------|---|---|------|---------|---------|---|---------|---|--------|---------|---------|---|---------|------|-------|-------|-------|
|      |   | Share of the product in total Japans Imports from India |      | Growth  |         | Share of India in Japans imports of the product in 2019 |         | Share of the product in total Japans Imports from China |        | Growth  |         | Share of China in Japans imports of the product in 2019 |         |      |       |       |       |
|      |   | Value   | 2019 | 2019 Q3 | 2019 Q4 | 2020 Q1   | 2020 Q2 | Value   | 2019   | 2019 Q3 | 2019 Q4 | 2020 Q1   | 2020 Q2 |      |       |       |       |
| 8483 | Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...        | 30  | 0.6  | 0.4     | 1.7     | 35.5  | -20.8   | -12.4   | -66.0  | 578     | 0.3     | -6.3  | 32.3    | -6.1 | -20.2 | -23.2 | -24.0 |
| 8501 | Electric motors and generators (excluding generating sets)  | 6   | 0.1  | 121.5   | 0.3     | 35.6  | 466.0   | 79.3  | -41.4  | 899     | 0.5     | -4.1  | 48.6    | 1.3  | -14.9 | -21.1 | -20.0 |
| 8504 | Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof               | 26  | 0.5  | 13.3    | 0.8     | 81.8  | 239.7   | 95.4  | -16.0  | 1916    | 1.1     | 1.2   | 59.9    | 6.1  | -4.7  | -16.1 | 4.8   |
| 8507 | Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts ...       | 1   | 0.0  | -29.5   | 0.1     | -37.2   | -32.8   | -34.6   | -72.3  | 893     | 0.5     | 9.6   | 47.1    | 19.0 | -3.2  | -16.5 | 32.5  |
| 8516 | Electric instantaneous or storage water heaters and immersion heaters; electric space-heating ...       | 1   | 0.0  | -12.5   | 0.1     | 2.4   | -24.8   | -0.3  | 6.2    | 1526    | 0.9     | 3.3   | 68.1    | 13.0 | -6.7  | -14.3 | 15.5  |
| 8517 | Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...        | 29  | 0.5  | 607.1   | 0.1     | 1315.5  | 717.2   | 117.4   | -24.3  | 18162   | 10.7    | -9.3  | 74.8    | -9.8 | -15.8 | -13.8 | 11.2  |
| 8518 | Microphones and stands therefor (excluding cordless microphones with built-in transmitter); ...         | 0   | 0.0  | 1007.7  | 0.0     | 430.8   |         | 0.0   | -100.0 | 1408    | 0.8     | 27.0  | 63.6    | 30.3 | 40.3  | 14.4  | 24.0  |
| 8525 | Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception ... | 0   | 0.0  | 184.6   | 0.0     | 266.7   | -71.4   | 800.0   | -100.0 | 1168    | 0.7     | 19.5  | 47.4    | 25.6 | 25.1  | -3.0  | -8.4  |
| 8528 | Monitors and projectors, not incorporating television reception apparatus; reception apparatus ...      | 0   | 0    | -54.9   | 0.0     | -61.5   | 840.0   | 637.5   | 0.0    | 2581    | 2       | 15.1  | 68.1    | 39.8 | 5.6   | -12.7 | 46.4  |

| 4HS  | Items   | Japans Imports from India |  |        |   |           |         | Japans Imports from China |       |  |        |   |           |         |         |         |         |
|------|---|---------------------------|--|--------|---|-----------|---------|---------------------------|-------|--|--------|---|-----------|---------|---------|---------|---------|
|      |   | Value                     | Share of the product in total Japans Imports from India 2019 | Growth | Share of India in Japans imports of the product in 2019 | Growth in |         |                           | Value | Share of the product in total Japans Imports from China 2019 | Growth | Share of China in Japans imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                           |  |        |   | 2019 Q3   | 2019 Q4 | 2020 Q1                   |       |  |        |   | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 8529 | Parts suitable for use solely or principally with transmission and reception apparatus for ...      | 0                         | 0.0  | 6.7    | 0.0   | 61.6      | -25.6   | 54.2                      | -7.5  | 1455   | 0.9    | -8.3  | 43.5      | 3.1     | -16.3   | -11.6   | -5.4    |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections ... | 9                         | 0.2  | 1.3    | 0.3   | -5.4      | -5.6    | -5.3                      | -16.0 | 1284   | 0.8    | -10.9   | 44.4      | -5.0    | -10.6   | -11.3   | 3.0     |
| 8541 | Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, ...    | 1                         | 0.0  | -82.3  | 0.0   | -46.0     | -87.8   | -47.8                     | -86.5 | 2576   | 1.5    | 0.0   | 52.0      | -2.9    | -6.2    | 3.3     | 3.7     |
| 8542 | Electronic integrated circuits; parts thereof   | 1                         | 0.0  | 68.4   | 0.0   | 21.9      | -76.1   | -88.2                     | 98.5  | 1838   | 1.1    | -2.2  | 9.9       | -1.5    | -0.6    | -3.2    | 4.2     |
| 8543 | Electrical machines and apparatus, having individual functions, n.e.s. in chapter 85 and parts ...  | 0                         | 0.0  | -59.4  | 0.0   | -32.9     | -48.2   | -76.7                     | 31.1  | 1387   | 0.8    | -6.7  | 49.4      | -19.8   | 29.7    | -34.9   | 6.4     |
| 8544 | Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...   | 23                        | 0.4  | 66.3   | 0.3   | 143.7     | 63.2    | 94.6                      | -16.6 | 2055   | 1.2    | -6.1  | 26.8      | -4.9    | -11.9   | -18.8   | -9.8    |

| 4HS  | Items   | Australias Imports from India |   |        |   |           |         | Australias Imports from China |       |   |        |   |           |         |         |         |         |
|------|---|-------------------------------|---|--------|---|-----------|---------|-------------------------------|-------|---|--------|---|-----------|---------|---------|---------|---------|
|      |   | Value                         | Share of the product in total Australias Imports from India | Growth | Share of India in Australias imports of the product in 2019 | Growth in |         |                               | Value | Share of the product in total Australias Imports from China | Growth | Share of China in Australias imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                               |   |        |   | 2019 Q3   | 2019 Q4 | 2020 Q1                       |       |   |        |   | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
|      | All products  | 3226                          | 100   | -20.9  | 1.5   | -15.2     | -12.6   | 0.2                           | -8.9  | 54599   | 100    | -0.6  | 25.5      | -2.7    | -2.0    | -18.6   | 11.9    |
| 8412 | Engines and motors (excluding steam turbines, internal combustion piston engine, hydraulic ...          | 28                            | 0.9   | 133.8  | 4.2   | 106.9     | -72.1   | -88.4                         | -93.5 | 287   | 0.5    | 60.7  | 42.3      | 64.2    | 119.9   | 36.5    | 20.0    |
| 8413 | Pumps for liquids, whether or not fitted with a measuring device (excluding ceramic pumps and ...       | 20                            | 0.6   | 2.0    | 2.3   | -4.1      | -10.0   | -36.9                         | -38.9 | 155   | 0.3    | 1.7   | 17.2      | -4.1    | -11.2   | -18.8   | 5.4     |
| 8418 | Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat ...      | 1                             | 0.1   | -47.5  | 0.2   | -64.0     | -76.0   | 16.6                          | -58.4 | 413   | 0.8    | -0.9  | 40.9      | -6.1    | 4.4     | -9.5    | 20.3    |
| 8431 | Parts suitable for use solely or principally with the machinery of heading 8425 to 8430, n.e.s.         | 17                            | 0.5   | 24.9   | 1.2   | 2.5       | 24.0    | 48.5                          | -44.9 | 353   | 0.7    | 10.7  | 25.3      | -4.3    | 6.8     | -17.2   | -4.4    |
| 8443 | Printing machinery used for printing by means of plates, cylinders and other printing components ...    | 0                             | 0.0   | 44.1   | 0.1   | 26.1      | 294.7   | 47.1                          | -69.0 | 376   | 0.7    | -11.4   | 43.0      | -21.6   | -1.0    | -17.9   | -11.7   |
| 8467 | Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric ... | 1                             | 0.0   | -14.2  | 0.2   | -14.6     | -31.5   | -8.8                          | -31.2 | 385   | 0.7    | -4.7  | 66.1      | 0.1     | 10.9    | -27.6   | 21.8    |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...         | 1                             | 0.0   | -0.2   | 0.0   | -19.8     | 13.1    | 502.0                         | 225.0 | 4567  | 8.4    | -5.5  | 67.9      | -15.9   | 0.4     | -15.8   | 36.3    |
| 8474 | Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading ...       | 27                            | 0.8   | 19.7   | 4.1   | 3.5       | 16.6    | -26.4                         | -26.4 | 219   | 0.4    | 18.7  | 33.8      | 62.3    | 9.9     | -1.9    | 36.9    |

| 4HS  | Items   | Australias Imports from India |   |        |   |         |         | Australias Imports from China |   |        |   |         |         |         |         |       |       |
|------|---|-------------------------------|---|--------|---|---------|---------|-------------------------------|---|--------|---|---------|---------|---------|---------|-------|-------|
|      |   | Value                         | Share of the product in total Australias Imports from India | Growth | Share of India in Australias imports of the product in 2019 |         |         | Value                         | Share of the product in total Australias Imports from China | Growth | Share of China in Australias imports of the product in 2019 |         |         |         |         |       |       |
|      |   |                               |   |        | 2019 Q3   | 2019 Q4 | 2020 Q1 |                               |   |        | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |       |       |
| 8481 | Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...       | 28                            | 0.9   | 10.7   | 2.2   | 36.6    | 8.6     | -9.8                          | -40.7   | 339    | 0.6   | -7.9    | 27.3    | -13.7   | -12.3   | -28.0 | 5.9   |
| 8501 | Electric motors and generators (excluding generating sets)  | 4                             | 0.1   | 35.3   | 0.6   | 66.1    | 62.8    | -57.1                         | -13.0   | 328    | 0.6   | 12.7    | 42.4    | -6.2    | 16.9    | 21.0  | 145.8 |
| 8502 | Electric generating sets and rotary converters  | 10                            | 0.3   | -38.3  | 1.5   | -69.1   | 3.6     | -28.1                         | -67.8   | 467    | 0.9   | 121.5   | 71.7    | 180.1   | 71.8    | -25.0 | -33.0 |
| 8504 | Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof               | 31                            | 1.0   | -10.8  | 2.8   | -50.7   | 17.1    | -60.7                         | -52.6   | 480    | 0.9   | 2.1     | 42.8    | 1.9     | 2.6     | -2.6  | 21.4  |
| 8507 | Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts ...       | 11                            | 0.3   | 45.3   | 1.2   | 137.5   | -30.0   | -66.4                         | -69.0   | 288    | 0.5   | 8.9     | 33.7    | 13.5    | -1.4    | -32.0 | 6.1   |
| 8516 | Electric instantaneous or storage water heaters and immersion heaters; electric space-heating ...       | 1                             | 0.0   | -28.1  | 0.1   | -63.7   | -12.8   | 19.1                          | -11.7   | 402    | 0.7   | 5.7     | 45.0    | 4.4     | -2.0    | -22.6 | 19.0  |
| 8517 | Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...        | 4                             | 0.1   | -52.8  | 0.1   | -73.4   | 58.0    | 1087.4                        | 3613.4  | 5173   | 9.5   | -1.8    | 63.5    | 10.5    | -13.3   | -8.2  | 5.8   |
| 8518 | Microphones and stands therefor (excluding cordless microphones with built-in transmitter); ...         | 2                             | 0.1   | -0.9   | 0.2   | -25.5   | -19.6   | -13.8                         | -83.0   | 687    | 1.3   | 12.1    | 72.4    | 9.3     | 26.6    | 4.6   | 19.6  |
| 8525 | Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception ... | 0                             | 0.0   | 148.2  | 0.0   | 300.0   | 0.0     | 105.3                         | -81.8   | 336    | 0.6   | -2.6    | 41.2    | -1.4    | 5.3     | -10.7 | 4.4   |

| 4HS  | Items   | Australias Imports from India |   |        |   |           |         | Australias Imports from China |       |   |        |   |           |         |         |         |         |
|------|---|-------------------------------|---|--------|---|-----------|---------|-------------------------------|-------|---|--------|---|-----------|---------|---------|---------|---------|
|      |   | Value                         | Share of the product in total Australias Imports from India | Growth | Share of India in Australias imports of the product in 2019 | Growth in |         |                               | Value | Share of the product in total Australias Imports from China | Growth | Share of China in Australias imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                               |   |        |   | 2019 Q3   | 2019 Q4 | 2020 Q1                       |       |   |        |   | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 8528 | Monitors and projectors, not incorporating television apparatus; reception apparatus ...            | 0                             | 0   | 40.5   | 0.0   | 1814.3    | -92.4   | 2328.6                        | -98.1 | 903   | 2      | -5.9  | 52.3      | -6.8    | -11.0   | -35.1   | 23.0    |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections ... | 25                            | 0.8   | -5.8   | 3.7   | -25.9     | -8.9    | -16.8                         | -32.8 | 215   | 0.4    | 2.9   | 31.7      | 0.7     | -3.9    | -18.0   | 14.7    |
| 8541 | Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, ...    | 0                             | 0.0   | -92.5  | 0.0   | -98.6     | -80.1   | 60.0                          | 111.1 | 1298  | 2.4    | -1.0  | 86.2      | 13.1    | 11.6    | -34.1   | -21.3   |
| 8544 | Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...   | 23                            | 0.7   | -52.4  | 2.0   | -72.8     | -34.6   | 11.5                          | -3.0  | 664   | 1.2    | -10.3   | 57.4      | -20.5   | -18.2   | -23.6   | 5.3     |

| 4HS  | Items   | QUAD Imports from India                                |      |           |         |  |         | QUAD Imports from China                 |       |         |         |  |         |           |       |         |         |
|------|---|--|------|-----------|---------|--|---------|---|-------|---------|---------|--|---------|-----------|-------|---------|---------|
|      |   | Share of the product in total QUADs Imports from India |      | Growth in |         | Share of India in QUADs imports of the product in 2019 |         | Share in total QUADs Imports from China |       | Growth  |         | Share of China in QUADs imports of the product in 2019 |         | Growth in |       |         |         |
|      |   | Value  | 2019 | 2019 Q3   | 2019 Q4 | 2020 Q1  | 2020 Q2 | Value                                   | 2019  | 2019 Q3 | 2019 Q4 | 2020 Q1  | 2020 Q2 | Value     | 2019  | 2019 Q3 | 2019 Q4 |
|      | All products  | 68506  | 100  | 3.7       | 2.0     | 0.4  | 2.2     | -3.3                                    | -38.7 | 100     | -12.0   | 19.9   | -10.8   | -19.0     | -24.3 | -2.2    |         |
| 8412 | Engines and motors (excluding steam turbines, internal combustion piston engine, hydraulic ...          | 448  | 0.7  | 98.1      | 5.7     | 152.5  | 15.4    | 54.7                                    | 29.1  | 0.2     | 2.5     | 19.9   | 10.1    | -8.7      | 17.1  | 4.6     |         |
| 8414 | Air or vacuum pumps (excluding gas compound elevators and pneumatic elevators and conveyors); ...       | 228  | 0.3  | -4.6      | 1.5     | 5.4  | -16.8   | -19.4                                   | -53.9 | 0.7     | -3.9    | 32.1   | -3.0    | -18.4     | -24.9 | -3.2    |         |
| 8415 | Air conditioning machines comprising a motor-driven fan and elements for changing the temperature ...   | 33   | 0.1  | 5.5       | 0.3     | -0.3   | -25.0   | -49.6                                   | -76.2 | 0.7     | -13.4   | 37.6   | -12.6   | -47.5     | -27.9 | -7.3    |         |
| 8443 | Printing machinery used for printing by means of plates, cylinders and other printing components ...    | 20   | 0.0  | 17.4      | 0.1     | 28.1   | -18.8   | -50.9                                   | -68.5 | 1.1     | -13.3   | 36.5   | -12.8   | -26.4     | -42.0 | -35.6   |         |
| 8467 | Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric ... | 19   | 0.0  | 4.1       | 0.3     | -0.4   | -2.5    | -4.1                                    | -52.7 | 0.7     | 1.4     | 66.3   | 2.3     | -8.4      | -30.4 | -6.0    |         |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers; machines ...         | 30   | 0.0  | 57.0      | 0.0     | 123.1  | 139.2   | 134.3                                   | 40.0  | 9.1     | -8.6    | 55.0   | -16.2   | -10.2     | -23.3 | 15.8    |         |
| 8473 | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...      | 76   | 0.1  | -4.5      | 0.3     | -45.8  | -14.8   | -56.6                                   | -46.0 | 1.2     | -56.9   | 36.1   | -64.9   | -27.3     | -18.8 | 19.1    |         |
| 8481 | Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...       | 563  | 0.8  | 4.2       | 2.9     | 4.4  | -11.5   | -9.0                                    | -50.0 | 0.7     | -18.3   | 25.1   | -18.5   | -27.9     | -26.5 | -12.2   |         |
| 8483 | Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...        | 679  | 1.0  | 8.9       | 5.4     | -11.1  | 12.1    | -6.6                                    | -42.4 | 0.4     | -4.1    | 20.1   | -3.8    | -20.3     | -24.6 | -11.8   |         |
| 8504 | Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof               | 401  | 0.6  | 31.5      | 2.1     | 0.5  | 131.5   | 137.3                                   | 1.8   | 1.1     | -16.5   | 37.8   | -16.8   | -20.5     | -20.2 | -7.0    |         |

| 4HS  | Items   | QUAD Imports from India |         |  |         |         |         |  |         |           |         | QUAD Imports from China |         |   |         |         |         |  |         |           |         |         |         |
|------|---|-------------------------|---------|--|---------|---------|---------|--|---------|-----------|---------|-------------------------|---------|---|---------|---------|---------|--|---------|-----------|---------|---------|---------|
|      |   | Value                   |         | Share of the product in total QUADs Imports from India |         | Growth  |         | Share of India in QUADs imports of the product in 2019 |         | Growth in |         | Value                   |         | Share in total QUADs Imports from China |         | Growth  |         | Share of China in QUADs imports of the product in 2019 |         | Growth in |         |         |         |
|      |   | 2019                    |         | 2019   |         | 2019    |         | 2019   |         | 2019      |         | 2019                    |         | 2019                                    |         | 2019    |         | 2019   |         | 2019      |         | 2019    |         |
|      |   | 2019 Q3                 | 2019 Q4 | 2019 Q3  | 2019 Q4 | 2020 Q1 | 2020 Q2 | 2019 Q3  | 2019 Q4 | 2020 Q1   | 2020 Q2 | 2019 Q3                 | 2019 Q4 | 2020 Q1                                 | 2020 Q2 | 2019 Q3 | 2019 Q4 | 2020 Q1  | 2020 Q2 | 2019 Q3   | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 8507 | Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts ...       | 16                      | 0.0     | 27.9   | 0.2     | 78.0    | -26.2   | -48.3  | -31.8   | 0.5       | 6.5     | 32.7                    | 24.1    | -17.3                                   | 7.3     | 21.9    |         |  |         |           |         |         |         |
| 8516 | Electric instantaneous or storage water heaters and immersion heaters; electric space-heating ...       | 17                      | 0.0     | 28.7   | 0.1     | 36.4    | 20.9    | 4.3  | -31.4   | 1.2       | 1.1     | 64.6                    | 7.5     | -11.7                                   | -33.1   | -5.1    |         |  |         |           |         |         |         |
| 8517 | Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...        | 330                     | 0.5     | 35.9   | 0.3     | -3.1    | 35.7    | 196.3  | 172.9   | 12.0      | -14.8   | 62.3                    | -14.9   | -12.3                                   | -19.6   | -4.2    |         |  |         |           |         |         |         |
| 8518 | Microphones and stands therefor (excluding cordless microphones with built-in transmitter); ...         | 4                       | 0.0     | 32.1   | 0.1     | 34.0    | -4.8    | -14.1  | -58.2   | 0.8       | 4.6     | 60.7                    | 7.7     | 3.2                                     | -13.6   | -3.9    |         |  |         |           |         |         |         |
| 8525 | Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception ... | 21                      | 0.0     | 49.7   | 0.2     | 189.4   | -0.4    | 20.0   | -48.7   | 1.0       | -6.4    | 46.3                    | -2.8    | -12.0                                   | -34.3   | -28.3   |         |  |         |           |         |         |         |
| 8528 | Monitors and projectors, not incorporating television reception apparatus; reception apparatus ...      | 40                      | 0.1     | 946.8  | 0.1     | 1413.7  | 998.6   | 5653.2   | 141.0   | 2.2       | -5.9    | 51.1                    | 0.3     | -39.3                                   | -50.9   | -15.2   |         |  |         |           |         |         |         |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections ...     | 262                     | 0.4     | 13.7   | 1.8     | 6.0     | 14.4    | -3.5   | -42.9   | 0.5       | -16.3   | 25.2                    | -13.3   | -15.8                                   | -20.9   | -5.0    |         |  |         |           |         |         |         |
| 8541 | Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices; ...        | 138                     | 0       | 46.1   | 0.8     | 10.6    | 193.9   | 489.6  | -22.8   | 1         | -9.7    | 27.2                    | -8.2    | -1.1                                    | 0.8     | 1.2     |         |  |         |           |         |         |         |
| 8542 | Electronic integrated circuits; parts thereof   | 8                       | 0.0     | -54.8  | 0.0     | -0.2    | -6.6    | -58.4  | -42.1   | 0.5       | -32.7   | 6.7                     | -41.5   | -3.5                                    | 11.3    | 2.4     |         |  |         |           |         |         |         |
| 8543 | Electrical machines and apparatus, having individual functions, n.e.s. in chapter 85 and parts ...      | 19                      | 0.0     | 6.7  | 0.2     | -19.3   | -5.2    | 32.4   | -22.4   | 0.6       | -20.6   | 35.6                    | -24.3   | -26.6                                   | -45.7   | -17.0   |         |  |         |           |         |         |         |
| 8544 | Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...       | 155                     | 0.2     | 14.1   | 0.5     | 13.7    | 33.3    | 92.5   | 16.9    | 0.9       | -19.3   | 20.8                    | -21.1   | -26.2                                   | -25.8   | -12.5   |         |  |         |           |         |         |         |

| 4HS  | Items   | EUs Imports from India |      |  |         |         |         |  |         |           |         | EUs Imports from China |       |  |         |  |         |           |         |         |         |
|------|---|------------------------|------|--|---------|---------|---------|--|---------|-----------|---------|------------------------|-------|--|---------|--|---------|-----------|---------|---------|---------|
|      |   | Value                  |      | Share of the product in total EUs Imports from India |         | Growth  |         | Share of India in EUs imports of the product in 2019 |         | Growth in |         | Value                  |       | Share of the product in total EUs Imports from China |         | Share of China in EUs imports of the product in 2019 |         | Growth in |         |         |         |
|      |   | 2019                   | 2020 | 2019 Q3  | 2019 Q4 | 2020 Q1 | 2020 Q2 | 2019 Q3  | 2019 Q4 | 2020 Q1   | 2020 Q2 | 2019                   | 2020  | 2019 Q3  | 2019 Q4 | 2020 Q1  | 2020 Q2 | 2019 Q3   | 2019 Q4 | 2020 Q1 | 2020 Q2 |
|      | <b>All products</b>   | 57016                  |      | 100  | -0.9    | 0.9     | -5.0    | 0.6  | -5.1    | -43.2     | 529576  | 100                    | 0.9   | 8.5  | 1.3     | -1.3   | 8.5     | 1.3       | -1.3    | -8.4    | 10.6    |
| 8409 | Parts suitable for use solely or principally with internal combustion piston engine of heading ...      | 469                    |      | 0.8  | -9.2    | 1.6     | -12.6   | -22.8  | -21.4   | -51.1     | 1063    | 0.2                    | 5.5   | 3.7  | 9.2     | -5.0   | 3.7     | 9.2       | -5.0    | -8.3    | -25.8   |
| 8411 | Turbojets, turbopropellers and other gas turbines   | 420                    |      | 0.7  | 4.8     | 0.6     | -14.3   | 53.7   | 8.2     | -54.6     | 2112    | 0.4                    | 20.2  | 3.1  | 16.8    | 20.2   | 3.1     | 16.8      | 20.2    | -14.9   | -48.1   |
| 8414 | Air or vacuum pumps (excluding gas compound elevators and pneumatic elevators and conveyors); ...       | 208                    |      | 0.4  | -13.5   | 0.9     | -13.6   | -9.9   | 3.0     | -56.2     | 3067    | 0.6                    | 7.2   | 12.6   | 4.2     | -5.9   | 12.6    | 4.2       | -5.9    | -3.3    | 0.8     |
| 8418 | Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat ...      | 37                     |      | 0.1  | -24.5   | 0.2     | 8.8     | -15.8  | 10.2    | -54.2     | 3051    | 0.6                    | 9.1   | 18.4   | 7.6     | -1.7   | 18.4    | 7.6       | -1.7    | -7.3    | -13.2   |
| 8443 | Printing machinery used for printing by means of plates, cylinders and other printing components ...    | 25                     |      | 0.0  | 48.8    | 0.1     | 13.1    | 78.0   | 1.1     | -67.8     | 6831    | 1.3                    | -14.5 | 20.5   | -14.1   | -14.5  | 20.5    | -14.1     | -14.5   | -17.8   | -28.7   |
| 8467 | Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric ... | 18                     |      | 0.0  | -2.1    | 0.2     | -0.7    | -25.2  | -9.5    | -61.5     | 3895    | 0.7                    | -0.5  | 34.7   | 0.5     | -3.0   | 34.7    | 0.5       | -3.0    | -12.8   | -11.1   |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...         | 34                     |      | 0.1  | 9.0     | 0.0     | 54.3    | 1.0  | -24.7   | -62.5     | 51828   | 9.8                    | 1.7   | 41.4   | -3.8    | 3.0  | 41.4    | -3.8      | 3.0     | -8.2    | 35.9    |
| 8473 | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...      | 76                     |      | 0.1  | -4.5    | 0.3     | -8.5    | -13.2  | -43.9   | -38.2     | 7508    | 1.4                    | -27.1 | 30.9   | -21.6   | -26.6  | 30.9    | -21.6     | -26.6   | -15.6   | 5.0     |
| 8481 | Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...       | 398                    |      | 0.7  | 10.9    | 1.3     | 11.1    | 17.5   | 16.4    | -37.9     | 3940    | 0.7                    | 2.3   | 13.2   | 0.3     | 1.8  | 13.2    | 0.3       | 1.8     | -9.0    | -14.2   |
| 8483 | Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...        | 580                    |      | 1.0  | -7.1    | 2.7     | -11.6   | -15.6  | -11.8   | -51.5     | 2114    | 0.4                    | 5.0   | 9.7  | 5.7     | -7.7   | 9.7     | 5.7       | -7.7    | -10.4   | -12.7   |
| 8501 | Electric motors and generators (excluding generating sets)  | 139                    |      | 0.2  | -0.6    | 0.7     | -0.2    | 4.6  | 7.9     | -49.1     | 3024    | 0.6                    | -4.8  | 15.0   | -3.3    | -10.8  | 15.0    | -3.3      | -10.8   | -6.2    | -11.3   |



| 4HS  | Items   | EUs Imports from India |  |        |  |           |         | EUs Imports from China |       |  |        |  |           |         |         |         |         |
|------|---|------------------------|--|--------|--|-----------|---------|------------------------|-------|--|--------|--|-----------|---------|---------|---------|---------|
|      |   | Value                  | Share of the product in total EUs Imports from India | Growth | Share of India in EUs imports of the product in 2019 | Growth in |         |                        | Value | Share of the product in total EUs Imports from China | Growth | Share of China in EUs imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                        |  |        |  | 2019 Q3   | 2019 Q4 | 2020 Q1                |       |  |        |  | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 8504 | Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof               | 382                    | 0.7  | 16.1   | 1.3  | 5.3       | 7.8     | 26.5                   | -39.0 | 7174   | 1.4    | 6.9  | 25.3      | 8.2     | 4.5     | 3.0     | 2.0     |
| 8507 | Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts ...       | 47                     | 0.1  | 0.4    | 0.2  | -4.1      | -22.7   | -26.1                  | -75.8 | 4300   | 0.8    | 42.8   | 20.0      | 48.0    | 20.7    | 19.9    | 8.9     |
| 8508 | Vacuum cleaners, incl. dry cleaners and wet vacuum cleaners   | 0                      | 0.0  | -28.8  | 0.0  | -75.0     | -6.3    | 3.4                    | -31.0 | 2779   | 0.5    | 19.8   | 40.1      | 21.3    | 15.1    | -16.2   | -10.8   |
| 8516 | Electric instantaneous or storage water heaters and immersion heaters; electric space-heating ...       | 24                     | 0.0  | 16.2   | 0.1  | 8.7       | 54.4    | 45.2                   | -8.7  | 6538   | 1.2    | 7.7  | 30.2      | 7.9     | 0.1     | -7.8    | -9.3    |
| 8517 | Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...        | 533                    | 0.9  | 166.8  | 0.3  | 184.1     | 149.7   | 208.5                  | -61.8 | 67177  | 12.7   | -2.9   | 41.6      | -5.5    | 1.9     | -5.2    | 10.5    |
| 8518 | Microphones and stands therefor (excluding cordless microphones with built-in transmitter); ...         | 4                      | 0.0  | 34.3   | 0.0  | 114.3     | 61.3    | 138.3                  | -45.5 | 5019   | 1.0    | 6.3  | 36.6      | 11.7    | 4.3     | -4.9    | -19.5   |
| 8525 | Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception ... | 4                      | 0  | 2.1    | 0.0  | 52.6      | 4.2     | -13.1                  | -47.4 | 3053   | 1      | 0.9  | 26.5      | -4.9    | 8.6     | -5.4    | 1.2     |
| 8528 | Monitors and projectors, not incorporating television reception apparatus; reception apparatus ...      | 3                      | 0.0  | 1.1    | 0.0  | 39.4      | -10.0   | -2.1                   | -79.9 | 9318   | 1.8    | 0.0  | 27.5      | -6.2    | -0.5    | -13.3   | -3.9    |
| 8529 | Parts suitable for use solely or principally with transmission and reception apparatus for ...          | 35                     | 0.1  | 10.9   | 0.2  | 55.9      | 32.6    | 29.2                   | -44.7 | 5370   | 1.0    | 0.9  | 34.6      | 2.2     | 14.1    | -16.9   | -31.8   |
| 8534 | Printed circuits  | 89                     | 0.2  | 1.6    | 1.1  | -9.8      | 1.3     | 6.9                    | -46.8 | 3531   | 0.7    | -5.6   | 43.8      | -6.8    | -8.2    | -10.9   | -11.9   |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections ...     | 245                    | 0  | -9.2   | 0.7  | -11.4     | -5.4    | -2.8                   | -37.6 | 3883   | 1      | 2.3  | 11.5      | 0.1     | -1.0    | -10.7   | -12.0   |

| 4HS  | Items   | EUs Imports from India |  |        |  |           |         | EUs Imports from China |       |  |        |  |           |         |         |         |         |
|------|---|------------------------|--|--------|--|-----------|---------|------------------------|-------|--|--------|--|-----------|---------|---------|---------|---------|
|      |   | Value                  | Share of the product in total EUs Imports from India | Growth | Share of India in EUs imports of the product in 2019 | Growth in |         |                        | Value | Share of the product in total EUs Imports from China | Growth | Share of China in EUs imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                        |  |        |  | 2019 Q3   | 2019 Q4 | 2020 Q1                |       |  |        |  | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 8541 | Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, ...  | 22                     | 0.0  | -45.3  | 0.1  | -43.7     | -65.0   | -45.1                  | -59.9 | 7540   | 1.4    | 111.4  | 34.0      | 144.4   | 75.7    | -1.9    | 22.0    |
| 8542 | Electronic integrated circuits; parts thereof   | 29                     | 0.1  | 0.8    | 0.1  | 22.7      | -13.3   | 6.4                    | -36.2 | 4155   | 0.8    | -2.2   | 6.8       | -1.8    | 4.8     | 5.0     | -0.6    |
| 8544 | Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ... | 297                    | 0.5  | -6.2   | 0.6  | -6.2      | -14.7   | -8.7                   | -46.3 | 4224   | 0.8    | 3.4  | 9.1       | 1.9     | -5.5    | -15.2   | -7.0    |

| 4HS  | Items   | UKs Imports from India |  |   |  |         |         |           |         |         |         | UKs Imports from China |  |   |  |         |         |
|------|---|------------------------|--|---|--|---------|---------|-----------|---------|---------|---------|------------------------|--|---|--|---------|---------|
|      |   | Value                  | Share of the product in total UKs Imports from India | Growth in product in UKs Imports from India | Share of India in UKs imports of the product in 2019 |         |         | Growth in |         |         |         | Value                  | Share of the product in total UKs Imports from China | Growth in product in UKs imports of the product in 2019 | Share of China in UKs imports of the product in 2019 |         |         |
|      |   |                        |  |   | 2019 Q3  | 2019 Q4 | 2020 Q1 | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 |                        |  |   | 2020 Q2  | 2019 Q3 | 2019 Q4 |
|      | All products  | 9669                   | 100  | 2.1   | 1.4  | 1.1     | 5.5     | -7.8      | -53.2   | 64837   | 100     | 3.3                    | 9.4  | -2.1  | -2.5   | -17.4   | 2.1     |
| 8409 | Parts suitable for use solely or principally with internal combustion piston engine of heading ...      | 89                     | 0.9  | -24.6                                       | 2.2  | -35.2   | -30.6   | -27.0     | -14.6   | 158     | 0.2     | 6.7                    | 4.0  | 14.4  | -11.9  | -27.7   | -35.9   |
| 8411 | Turbojets, turbopropellers and other gas turbines   | 220                    | 2.3  | -5.3  | 1.1  | 27.2    | 38.4    | 41.0      | -92.8   | 372     | 0.6     | 8.3                    | 1.8  | -22.6   | 0.2  | -39.3   | -70.3   |
| 8413 | Pumps for liquids, whether or not fitted with a measuring device (excluding ceramic pumps and ...)      | 48                     | 0.5  | -9.6  | 2.1  | -4.8    | -7.8    | -14.1     | -63.2   | 158     | 0.2     | 5.4                    | 7.0  | 5.4   | 4.0  | -16.4   | 25.7    |
| 8418 | Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat ...      | 3                      | 0.0  | 4.5   | 0.2  | -10.5   | 0.5     | -20.7     | -66.0   | 451     | 0.7     | 0.3                    | 26.6   | 3.8   | -10.6  | -5.4    | -13.9   |
| 8431 | Parts suitable for use solely or principally with the machinery of heading 8425 to 8430, n.e.s.         | 140                    | 1.5  | -21.6                                       | 6.5  | -32.6   | -27.0   | -4.4      | -74.8   | 335     | 0.5     | -8.9                   | 15.4   | -7.5  | -32.0  | -29.5   | -45.3   |
| 8467 | Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric ... | 3                      | 0.0  | 21.4  | 0.3  | 24.1    | 39.2    | -5.1      | -70.0   | 472     | 0.7     | -1.7                   | 49.8   | 8.0   | -24.6  | -31.7   | -8.9    |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...         | 9                      | 0.1  | 13.5  | 0.1  | 54.9    | -24.5   | -42.4     | -93.1   | 6375    | 9.8     | 14.7                   | 43.3   | 6.7   | 12.3   | -9.2    | 40.8    |
| 8473 | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...      | 7                      | 0.1  | 110.4                                       | 0.3  | 256.1   | 11.5    | -85.3     | -82.2   | 511     | 0.8     | -46.4                  | 23.2   | -52.1   | -61.8  | -46.8   | -12.7   |

| 4HS  | Items   | UKs Imports from India |  |        |  |           |         | UKs Imports from China |       |  |        |  |           |         |         |         |         |
|------|---|------------------------|--|--------|--|-----------|---------|------------------------|-------|--|--------|--|-----------|---------|---------|---------|---------|
|      |   | Value                  | Share of the product in total UKs Imports from India | Growth | Share of India in UKs imports of the product in 2019 | Growth in |         |                        | Value | Share of the product in total UKs Imports from China | Growth | Share of China in UKs imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                        |  |        |  | 2019 Q3   | 2019 Q4 | 2020 Q1                |       |  |        |  | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 8481 | Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...       | 77                     | 0.8  | 9.4    | 2.4  | 7.1       | 37.5    | 17.9                   | -34.6 | 597  | 0.9    | 4.7  | 18.8      | -5.7    | -6.4    | -18.9   | -33.4   |
| 8483 | Transmission shafts, incl. camshafts and crankshafts, and cranks; bearing housings and plain ...        | 85                     | 0.9  | -20.0  | 4.9  | -27.1     | -25.2   | -25.6                  | -49.7 | 145  | 0.2    | 1.9  | 8.3       | -4.9    | -15.5   | -18.2   | -33.5   |
| 8504 | Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof               | 24                     | 0.3  | -1.4   | 1.1  | -11.4     | 1.2     | 35.3                   | -51.7 | 445  | 0.7    | -0.1   | 20.0      | -4.1    | -13.9   | -9.7    | -2.3    |
| 8508 | Vacuum cleaners, incl. dry cleaners and wet vacuum cleaners   | 0                      | 0.0  | -100.0 | 0.0  | -100.0    | -100.0  |                        |       | 365  | 0.6    | 13.0   | 58.2      | 8.7     | 5.1     | -32.5   | 9.0     |
| 8516 | Electric instantaneous or storage water heaters and immersion heaters; electric space-heating ...       | 5                      | 0.1  | -11.4  | 0.2  | -19.4     | -3.5    | -47.7                  | -79.8 | 1084   | 1.7    | 4.8  | 46.5      | 4.6     | -6.4    | -19.4   | -6.3    |
| 8517 | Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...        | 51                     | 0.5  | 473.6  | 0.3  | 748.0     | 282.8   | 234.8                  | -71.5 | 9271   | 14.3   | 14.8   | 46.8      | -17.1   | 18.1    | -29.0   | 2.0     |
| 8518 | Microphones and stands therefor (excluding cordless microphones with built-in transmitter); ...         | 1                      | 0.0  | 5.4    | 0.1  | 83.6      | -27.7   | -8.6                   | -89.1 | 423  | 0.7    | -4.8   | 31.1      | 3.6     | -12.2   | -23.0   | -16.9   |
| 8525 | Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception ... | 1                      | 0.0  | 15.6   | 0.1  | -13.0     | 29.0    | -80.7                  | -98.4 | 361  | 0.6    | -0.1   | 29.1      | -17.2   | -7.9    | -7.2    | 27.3    |

| 4HS  | Items   | UKs Imports from India |  |        |  |           |         | UKs Imports from China |       |  |        |  |           |         |         |         |         |
|------|---|------------------------|--|--------|--|-----------|---------|------------------------|-------|--|--------|--|-----------|---------|---------|---------|---------|
|      |   | Value                  | Share of the product in total UKs Imports from India | Growth | Share of India in UKs imports of the product in 2019 | Growth in |         |                        | Value | Share of the product in total UKs Imports from China | Growth | Share of China in UKs imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                        |  |        |  | 2019 Q3   | 2019 Q4 | 2020 Q1                |       |  |        |  | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 8528 | Monitors and projectors, not incorporating television reception apparatus; reception apparatus ...  | 0                      | 0.0  | -79.0  | 0.0  | -100.0    | -100.0  | -68.8                  | 333.3 | 986  | 1.5    | -15.8  | 22.3      | -29.4   | -30.6   | -27.8   | -9.3    |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections ... | 43                     | 0  | -16.1  | 1.6  | -17.0     | -17.5   | -22.6                  | -45.5 | 577  | 1      | 7.8  | 21.3      | 4.7     | 1.9     | -21.2   | -23.9   |
| 8543 | Electrical machines and apparatus, having individual functions, n.e.s. in chapter 85 and parts ...  | 2                      | 0.0  | -48.1  | 0.2  | -71.5     | 1.8     | -55.2                  | 81.6  | 436  | 0.7    | 2.5  | 31.9      | 13.2    | -26.3   | -35.4   | -9.5    |
| 8544 | Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...   | 99                     | 1.0  | -7.0   | 2.4  | -17.4     | -25.7   | -31.3                  | -62.7 | 525  | 0.8    | -4.0   | 12.6      | -4.8    | -13.3   | -20.9   | -18.3   |

| 4HS  | Items  | Singapore Imports from India |  |       |        |  |           |         |         |       |  | Singapore Imports from China |  |           |         |         |         |
|------|--|------------------------------|--|-------|--------|--|-----------|---------|---------|-------|--|------------------------------|--|-----------|---------|---------|---------|
|      |  | Value                        | Share of the product in total Singapore Imports from India |       | Growth | Share of India in Singapore imports of the product in 2019 | Growth in |         |         | Value | Share of the product in total Singapore Imports from China |                              | Share of China in Singapore imports of the product in 2019 | Growth in |         |         |         |
|      |  |                              | 2019   |       |        |  | 2019 Q3   | 2019 Q4 | 2020 Q1 |       | 2020 Q2  | 2019                         |  | 2019 Q3   | 2019 Q4 | 2020 Q1 | 2020 Q2 |
|      |  |                              |  |       |        |  |           |         |         |       |  |                              |  |           |         |         |         |
|      | All products   | 6360                         | 100  | -12.4 | 1.8    | -1.8   | -25.0     | 9.9     | -35.1   | 49037 | 100  | -1.3                         | 13.7   | -4.5      | 6.6     | -4.8    | -6.7    |
| 8409 | Parts suitable for use solely or principally with internal combustion piston engine of heading ...   | 36                           | 0.6  | -1.0  | 3.8    | -38.2  | -51.7     | -78.7   | -52.0   | 43    | 0.1  | -9.6                         | 4.5  | -1.7      | -17.0   | -20.2   | -11.0   |
| 8411 | Turbojets, turbo-propellers and other gas turbines   | 335                          | 5.3  | 309.0 | 1.7    | 167.9  | 251.3     | -58.8   | -62.6   | 549   | 1.1  | 80.6                         | 2.8  | 44.9      | 4.4     | 74.8    | -13.9   |
| 8431 | Parts suitable for use solely or principally with the machinery of heading 8425 to 8430, n.e.s.      | 43                           | 0.7  | -20.9 | 2.3    | -30.5  | -24.1     | -10.1   | -52.1   | 324   | 0.7  | -2.5                         | 17.4   | -5.2      | -32.3   | -35.5   | -37.4   |
| 8443 | Printing machinery used for printing by means of plates, cylinders and other printing components ... | 4                            | 0.1  | 63.2  | 0.2    | -41.4  | 27.8      | -60.3   | -96.6   | 659   | 1.3  | -9.1                         | 21.7   | -1.2      | -1.0    | -22.2   | -16.3   |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...      | 7                            | 0.1  | -7.9  | 0.1    | -50.6  | 16.4      | -67.9   | -75.8   | 4186  | 8.5  | 4.2                          | 57.6   | -7.7      | 19.2    | 8.2     | 5.0     |
| 8473 | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...   | 11                           | 0.2  | -11.3 | 0.2    | -12.1  | -17.5     | 67.4    | -49.8   | 1919  | 3.9  | -14.1                        | 33.4   | -17.7     | -19.5   | 28.9    | -30.8   |
| 8475 | Machines for assembling electric or electronic lamps, tubes or valves or flashbulbs, in glass ...    | 68                           | 1.1  | 46.4  | 39.7   | 3237.1   | 106.2     | 35.9    | -89.9   | 2     | 0.0  | 40.6                         | 1.0  | -68.7     | -79.6   | -99.4   | -89.7   |
| 8481 | Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...    | 57                           | 0.9  | 13.2  | 3.6    | -37.6  | 37.5      | 44.3    | -49.9   | 171   | 0.4  | -6.3                         | 11.0   | -16.3     | 8.9     | -3.3    | 21.5    |

| 4HS  | Items  | Singapore Imports from India |  |        |  |           |         | Singapore Imports from China |       |  |        |  |           |         |         |         |         |
|------|--|------------------------------|--|--------|--|-----------|---------|------------------------------|-------|--|--------|--|-----------|---------|---------|---------|---------|
|      |  | Value                        | Share of the product in total Singapore Imports from India | Growth | Share of India in Singapore imports of the product in 2019 | Growth in |         |                              | Value | Share of the product in total Singapore Imports from China | Growth | Share of China in Singapore imports of the product in 2019 | Growth in |         |         |         |         |
|      |  |                              |  |        |  | 2019 Q3   | 2019 Q4 | 2020 Q1                      |       |  |        |  | 2020 Q2   | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
| 8486 | Machines and apparatus of a kind used solely or principally for the manufacture of semiconductor ... | 1                            | 0.0  | -35.6  | 0.0  | -87.5     | -46.5   | -60.4                        | -81.6 | 396  | 0.8    | -17.1  | 9.4       | -24.9   | 30.3    | 58.9    | 81.2    |
| 8504 | Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof            | 33                           | 0.5  | 0.1    | 2.0  | -5.6      | 17.0    | 4.1                          | -67.0 | 546  | 1.1    | -2.4   | 32.2      | -6.5    | 7.8     | -5.6    | 2.2     |
| 8517 | Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...     | 34                           | 0.5  | -0.1   | 0.3  | -13.7     | 1.5     | 24.7                         | -71.3 | 7756   | 15.8   | 12.0   | 68.5      | -1.9    | 16.3    | 2.4     | -7.3    |
| 8518 | Microphones and stands therefor (excluding cordless microphones with built-in transmitter); ...      | 0                            | 0.0  | 57.8   | 0.1  | 8.3       | -25.6   | 85.2                         | -37.5 | 374  | 0.8    | 50.6   | 62.9      | 66.2    | 90.5    | 73.8    | -24.4   |
| 8523 | Discs, tapes, solid-state non-volatile storage devices, "smart cards" and other media for the ...    | 2                            | 0.0  | 105.7  | 0.1  | 12.5      | 392.4   | -42.1                        | 0.0   | 302  | 0.6    | -67.6  | 19.4      | -72.5   | -47.6   | -28.4   | 95.5    |
| 8528 | Monitors and projectors, not incorporating television reception apparatus; reception apparatus ...   | 1                            | 0.0  | -42.6  | 0.1  | -53.5     | -60.6   | 168.8                        | -99.6 | 290  | 0.6    | -16.7  | 31.8      | -13.7   | -6.4    | -20.9   | -16.0   |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections ...  | 52                           | 0.8  | -44.5  | 2.2  | 4.2       | -25.9   | -19.6                        | 10.4  | 577  | 1.2    | -6.6   | 24.6      | -6.0    | 6.5     | 1.9     | 7.3     |
| 8538 | Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...   | 43                           | 0.7  | 205.2  | 5.6  | 60.7      | 122.1   | 21.1                         | -57.2 | 226  | 0.5    | 21.6   | 28.9      | 8.7     | 5.6     | -36.9   | -17.9   |

| 4HS  | Items  | Singapore Imports from India                               |      |         |         |  |         | Singapore Imports from China |       |  |         |           |         |       |       |
|------|--|--|------|---------|---------|--|---------|------------------------------|-------|--|---------|-----------|---------|-------|-------|
|      |  | Share of the product in total Singapore Imports from India |      | Growth  |         | Share of India in Singapore imports of the product in 2019 |         | Growth in                    |       | Share of China in Singapore imports of the product in 2019 |         | Growth in |         |       |       |
|      |  | Value  | 2019 | 2019 Q3 | 2019 Q4 | 2020 Q1  | 2020 Q2 | Value                        | 2019  | 2019 Q3  | 2019 Q4 | 2020 Q1   | 2020 Q2 |       |       |
| 8541 | Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, ...   | 4  | 0.1  | -67.6   | 0.1     | -11.8  | -51.8   | -53.7                        | -59.0 | 1347   | 2.8     | 23.9      | -17.2   | 2.4   | -24.3 |
| 8542 | Electronic integrated circuits; parts thereof  | 7  | 0    | -48.1   | 0.0     | -69.4  | -26.5   | 149.4                        | -39.5 | 5241   | 11      | 8.7       | -19.8   | 2.4   | 16.7  |
| 8543 | Electrical machines and apparatus, having individual functions, n.e.s. in chapter 85 and parts ... | 7  | 0.1  | 14.1    | 0.5     | 65.2   | -25.3   | 332.7                        | -76.6 | 262  | 0.5     | 17.2      | 22.9    | -23.7 | -34.0 |
| 8544 | Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable" and other insulated ...  | 9  | 0.2  | 19.5    | 0.6     | -32.1  | 78.0    | 1.6                          | 39.3  | 539  | 1.1     | 34.6      | 11.7    | 33.2  | -10.7 |



| 4HS  | Items   | Chinas Imports from India |   |        |   |         |         |           |         |         |         | Chinas Imports from RoW                               |           |         |         |         |         |
|------|---|---------------------------|---|--------|---|---------|---------|-----------|---------|---------|---------|---|-----------|---------|---------|---------|---------|
|      |   | Value                     | Share of the product in total Chinas Imports from India | Growth | Share of India in Chinas imports of the product in 2019 |         |         | Growth in |         |         |         | Share of RoW in Chinas imports of the product in 2019 | Growth in |         |         |         |         |
|      |   |                           |   |        | 2019  | 2019 Q3 | 2019 Q4 | 2019 Q1   | 2019 Q2 | 2019 Q3 | 2019 Q4 |   | 2020 Q1   | 2020 Q2 | 2019 Q3 | 2019 Q4 | 2020 Q1 |
|      | All products  | 17970                     | 100   | -4.7   | 0.9   | -0.5    | -6.2    | -10.5     | 5.0     | 2050980 | 100     | -3.1  | 99.1      | -6.6    | 3.0     | -2.2    | -9.4    |
| 8408 | Compression-ignition internal combustion piston engine "diesel or semi-diesel engine"                   | 182                       | 1.0   | 15.1   | 5.6   | 5.2     | 42.5    | -3.4      | -26.6   | 3084    | 0.2     | 2.1   | 94.4      | 3.0     | -7.0    | -2.3    | -3.3    |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...         | 17                        | 0.1   | 303.9  | 0.1   | 490.0   | 9.8     | 25.2      | -66.5   | 30541   | 1.5     | -2.4  | 99.9      | -9.3    | 7.7     | 8.8     | 13.2    |
| 8473 | Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ...      | 3                         | 0.0   | -39.4  | 0.0   | -14.3   | 208.1   | 102.3     | 141.5   | 19417   | 1.0     | 2.4   | 100.0     | -7.1    | -12.6   | -16.0   | 1.6     |
| 8479 | Machines and mechanical appliances having individual functions, not specified or included elsewhere ... | 34                        | 0.2   | 84.5   | 0.3   | 82.4    | -0.6    | -58.4     | -52.1   | 12577   | 0.6     | -5.7  | 99.7      | -4.9    | -1.3    | -10.1   | -6.1    |
| 8481 | Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...       | 141                       | 0.8   | 25.3   | 1.6   | 31.1    | 28.0    | 55.9      | -0.6    | 8519    | 0.4     | -3.7  | 98.4      | -7.6    | 8.9     | -6.5    | 3.4     |
| 8486 | Machines and apparatus of a kind used solely or principally for the manufacture of semiconductor ...    | 1                         | 0.0   | 40.8   | 0.0   | -47.1   | 162.5   | 170.7     | 685.0   | 26612   | 1.3     | -13.1   | 100.0     | -26.2   | 21.1    | 11.7    | 16.9    |
| 8504 | Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof               | 484                       | 2.7   | 103.5  | 4.1   | 178.7   | 76.2    | 114.2     | -37.2   | 11252   | 0.6     | -6.3  | 95.9      | -10.3   | 8.1     | -4.3    | 14.5    |
| 8517 | Telephone sets; incl. telephones for cellular networks or for other wireless networks; other ...        | 111                       | 0.6   | 78.5   | 0.3   | 212.5   | 321.1   | 302.2     | 30.0    | 42454   | 2.1     | -13.1   | 99.7      | -16.7   | -4.7    | -6.6    | -3.2    |

| 4HS  | Items   | Chinas Imports from India |   |        |   |         |         |         |           | Chinas Imports from RoW |   |        |   |         |         |         |      |
|------|---|---------------------------|---|--------|---|---------|---------|---------|-----------|-------------------------|---|--------|---|---------|---------|---------|------|
|      |   | Value                     | Share of the product in total Chinas Imports from India | Growth | Share of India in Chinas imports of the product in 2019 |         |         |         | Growth in | Value                   | Share of the product in Chinas total Imports from ROW | Growth | Share of RoW in Chinas imports of the product in 2019 |         |         |         |      |
|      |   |                           |   |        | 2019 Q3   | 2019 Q4 | 2020 Q1 | 2020 Q2 |           |                         |   |        | 2019 Q3   | 2019 Q4 | 2020 Q1 | 2020 Q2 |      |
| 8529 | Parts suitable for use solely or principally with transmission and reception apparatus for ...      | 5                         | 0.0   | 23.0   | 0.1   | -12.3   | -9.8    | -85.2   | 18.1      | 11613                   | 0.6   | -5.2   | 100.0   | 2.5     | 27.2    | 49.4    | 27.2 |
| 8534 | Printed circuits  | 2                         | 0.0   | -20.4  | 0.0   | -22.1   | -44.8   | -52.8   | -63.5     | 11248                   | 0.6   | -9.1   | 100.0   | -11.7   | -7.5    | -0.6    | -3.9 |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections ... | 84                        | 0.5   | 7.1    | 0.6   | -3.6    | -0.9    | -18.2   | -23.6     | 14533                   | 0.7   | -7.8   | 99.4  | -10.6   | 2.3     | -7.1    | 4.6  |
| 8541 | Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, ...    | 11                        | 0.1   | 48.0   | 0.0   | 59.8    | 31.4    | -10.7   | -31.3     | 26117                   | 1.3   | -8.5   | 100.0   | -14.9   | 1.0     | -12.2   | 0.7  |
| 8542 | Electronic integrated circuits; parts thereof   | 9                         | 0.1   | -52.2  | 0.0   | -48.7   | -69.4   | -29.7   | -3.5      | 305889                  | 14.9  | -2.2   | 100.0   | -6.4    | 11.5    | 10.9    | 13.5 |

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## Chapter 4

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# COVID-19 and Trade Measures by India and Other Major Trading Partners of India: A Comparison

### 4.1 Merchandise Trade Measures by India in the wake of COVID-19

In the wake of the COVID-19 crisis, countries across the World have taken many measures including trade measures. The trade measures of different countries, though not exhaustive, have been examined here. The ITC and WTO have listed out many such trade measures taken by different countries in the context of the COVID-19 crisis. While the ITC listing for merchandise trade has also qualified the measures as restrictive or liberalizing, which is sometimes subjective, the WTO listing clearly states that it does not want to pass judgement on or question the right of members to take such actions and does not want to indicate whether they are trade liberalizing or trade restrictive. However, the trade measures listed by ITC and WTO are almost the same. (Annexure 4.1 and 4.2)

Unlike some other countries like China, the USA, Brazil, Russia, etc., in the case of India, all the major merchandise trade measures are on a MFN basis and not specific to any country. The major trade measures of India are the following:

#### 4.1.1 Liberalizing Measures

##### i. Lifting the import ban on medical ventilators

This was implemented on 17/4/2020, with end date as 30/9/2020, to ease the supply of ventilators needed directly in the fight against COVID-19. It is still active and as pointed out by ITC, its effect on trade is liberalizing.

##### ii. Extension of timeframes for automatic registration number generated under SIMS (Steel Importing Monitoring System) for Iron and Steel imports:

This one-time relaxation was given on 31/3/2020 in view of delays of shipments due to COVID-19. Though the products benefitting are not directly health-related, this measure was taken due to COVID-19, and as pointed out by ITC is a liberalizing measure. This measure is still active.

##### iii. Tariff exemption on certain Medical supply products

Temporary exemption from import tariffs was given for certain medical supply products from 9/4/2020 to 30/9/2020. The measure is liberalizing as per ITC and still active.

iv. **Tariff reduction on Medical or Surgical instruments and apparatus**

Import tariffs were reduced from 10% to 5% on medical or surgical instruments and apparatus, and also exemption from health cess since 1/4/2020. This is a liberalizing measure and still active.

**4.1.2 Restrictive Measures**

i. **Licensing or Permit requirements to export medicaments/drugs**

On April 4, 2020, India restricted the export of 26 pharmaceutical ingredients and the medicines made from them, including Paracetamol, though limited exports to some countries were allowed. On April 17, 2020, India lifted the ban on certain exports of formulations made from Paracetamol. **The measure, which is still active, has been flagged as restrictive by ITC. Though restrictive it was done to safeguard the citizens of India and was due to exigencies arising from COVID-19.**

ii. **Export Prohibition of medical supply products, masks, ventilators, textile raw materials for mask production**

On March 19, 2020, India banned the export of certain kinds of masks, ventilators and textile raw materials for masks and overalls. However, over the months from May 16 to October 22, 2020, this ban was removed for the different products, one by one. By 16/9/2020, the measure was fully terminated. While the ITC has termed this measure as Restrictive, it was again due to medical exigencies and was only a temporary measure.

iii. **Suspension of signing new contracts by Indian Rice Traders**

Indian rice traders have suspended signing new contracts since 3/4/2020 amid nation-wide lockdown. However, there was no move by the government to ban exports. **The ITC has termed this development as a restrictive measure of licensing or permit requirements to export and the measure is still active! This is a totally wrong classification as the step to suspend signing new contracts was taken by the Rice Traders due to supply chain constraints and not any restriction by the Government. In fact signing new contracts resumed a few months after suspension.**

iv. **Export prohibition of Alcohol-based hand sanitizers**

On May 6, 2020, the Government banned the export of Alcohol-based hand sanitizers. On September 16, the ban was partially lifted by limiting the ban to alcohol-based sanitizers in containers with dispenser pumps and on October 15 all restrictions were removed. **While the ITC has termed this as restrictive, this temporary measure was to make adequate supplies available for the citizens during the crisis and was due to medical exigencies.**

v. **Export prohibition of Hydroxychloroquine**

On March 25, India banned exports of hydroxychloroquine but terminated the ban on June 18, 2020. **The ITC has termed it as restrictive. This measure was taken more out of anxiety to have adequate stocks of a possible medicine to fight the mysterious disease.**

vi. **Export restrictions on certain diagnostic instruments, apparatus and reagents**

On June 10, 2020, India applied export restrictions on certain diagnostic instruments. On September 16, diagnostic kits exports were allowed in a limited monthly quota. This measure is still active in this form and termed as restrictive by ITC. **This is a need-based restriction for India and also a potential opportunity to increase production.**

vii. **Import ban on military equipment**

India is set to ban imports of over 100 items of military equipment to make the economy more self-reliant amid COVID-19 crisis. This is termed restrictive by ITC. Though the start date is given as 9/8/2020, the details are yet to be worked out. This is part of India's strategy of 'Atmanirbhar Bharat'.

### viii. Export prohibition of onions

On 14/9/2020, India banned the exports of all varieties of onions, except those cut, sliced or in powder form to avoid shortages during the pandemic. **This is termed as restrictive by ITC and is still active. While the reason given by India is to avoid shortages during the pandemic, India has been resorting to this policy frequently to face domestic shortages and inflation. India needs to find a lasting solution for this and have a stable Agri Trade policy, lest it loses established markets. Also, a more accurate forecasting of the yield of onions including its cyclical features is needed to estimate any shortfalls in advance. The ban has been lifted from January 1, 2021.**

### ix. Some other trade measures implemented by India

These include prohibiting exports of textiles, raw materials for masks and coveralls (from 13 July 2020) which include non-woven fabric of 25 to 75 GSM and meltdown fabric of any GSM; and prohibition for exports of medical coveralls of all classes and categories (from 21 July 2020) except surgical drapes, isolation aprons, surgical wraps and x-rays gowns. These are not listed by the ITC but given in the WTO database and are due to considerations of medical necessity.

**Thus, while many of India's trade measures are categorized as restrictive by the ITC, they are not restrictive in the real sense of the term and some have already been terminated. The restrictiveness or otherwise of India's trade measures is indicated in Table 4.1.**

**Table 4.1: Restrictions of India's Trade Measures in the Wake of Covid-19 Pandemic**

| Sr | Trade Measures   | Trade Liberalising (Green) | Trade Restrictive (Red) | Supply Constraint (Yellow) | Trade Restrictive but Neccessary (Orange) |
|----|--|----------------------------|-------------------------|----------------------------|---|
| 1  | Lifting of import ban on medical ventilators   | √                          |                         |                            |   |
| 2  | Extension of timeframes for automatic registration number for iron and steel products                        | √                          |                         |                            |   |
| 3  | Tariff exemption on certain medical supply products  | √                          |                         |                            |   |
| 4  | Tariff reduction on medical or surgical instruments and apparatus  | √                          |                         |                            |   |
| 5  | Licensing or permit requirements to export medicaments, drugs  |                            |                         |                            | √   |
| 6  | Export prohibition of medical supply products, masks, ventilators, textile raw materials for mask production |                            |                         |                            | √*  |
| 7  | Suspension of signing new contracts by Indian Rice Traders   |                            |                         | √                          |   |
| 8  | Export prohibition of alcohol-based hand sanitizers  |                            |                         |                            | √*  |
| 9  | Export prohibition of hydroxychloroquine drugs   |                            |                         |                            | √*  |
| 10 | Export restriction on certain diagnostic instruments, apparatus, and reagents                                |                            |                         |                            | √   |
| 11 | Import ban on military equipment   |                            | √                       |                            |   |
| 12 | Export prohibition of onions   |                            | √**                     |                            |   |
| 13 | Other Measures related to prohibition of exports of Textiles raw materials for masks and medicals (overalls) |                            |                         |                            | √   |

Note: \* Measures Terminated. \*\*Ban lifted from 1/1/2021

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## 4.2 Merchandise Trade Measures by Some Other Major Trading Partners of India

**In the case of the USA,** there were 2 liberalising measures specific to China and Malaysia. **On 1/9/2019, the US temporarily excluded certain products imported from China from additional duty of 25% on a list of 19 products. This is a reverse trade war measure.** This liberalizing trade measure was terminated on 1/9/2020. On 24/3/2020, the US lifted the ban on imports of rubber gloves from a Malaysian company to meet the supply shortage and this measure is still active. As a liberalizing measure from 1/3/2020 to 30/4/2020, the US deferred certain payments for importers for 90 days for imports from all countries.

**All the other major trade measures of the US are restrictive in nature and are on a MFN basis.** These include licensing or permit requirements to export respirators, surgical masks and surgical gloves from 3/4/2020 which is still active; export prohibition of 5 types of personal protective equipment (PPE) without explicit approval by FEMA from 3/4/2020 to 31/12/2020; Presidential Memoranda allocating to domestic use certain personal protective equipment; and initiation of an investigation by the USITC aiming at identifying imported goods related to the response to COVID-19 pandemic, their source countries, tariff classifications and applicable rates of duty and the Report was released on 4 May 2020. This last measure though not affecting trade immediately, appears to be a potential restrictive measure.

**In the case of the EU,** a liberalizing measure of tariff reduction on medical equipment was implemented from 30/1/2020 to 31/10/2020. It also implemented a restrictive measure of export authorization for Personal Protective Equipment (PPE) exports to non-EEA countries from 15/3/2020 to 26/5/2020.

**In the case of the UK,** two restrictive measures include the Export ban on 80 Vital drugs to prevent NHS shortages of medicines from 19/3/2020 which is still active, and licensing or permit requirements to export PPE to Non-EEA countries from 2/4/2020 which is still active. It also reduced tariffs on medical devices or equipment from 27/3/2020 to 31/10/2020.

**In the case of China, the liberalizing measures include** tariff reduction on certain imports from the US by exempting from an additional 10% ad valorem tariff increase from 28/2/2020 to 27/2/2021. This is a reverse trade war measure. The US also had implemented a similar measure which appears to be a temporary truce in the Trade War! The other liberalizing measure by China applied on an MFN basis from 6/2/2020 is the temporary import tariff reduction on medical supplies, raw materials, agricultural products and meat. This measure is still active.

**China also implemented many trade facilitation measures.** On 12/2/2020, China implemented nine exceptional facilitation measures for agricultural products including three categories of agricultural administrative approvals (license renewal, simplification of approval procedure and optimization of approval process) to prevent the further spread of the pandemic. Other trade facilitation measures include holding the 127<sup>th</sup> Canton International Fair online in June 2020; and actively guiding and encouraging enterprises to apply for import and export licenses in a paperless way, further simplifying materials required for paperless application for import and export licenses, optimizing the application and updating process of electronic keys and encouraging enterprises to apply for and update electronic keys online (from 6/2/2020).

**China also applied some restrictive measures, some exceptionally harsh.** These include conformity assessments for medical supply products from 31/3/2020 by new certification and inspection requirements which are still active, ban on the export of test kits, medical supplies by firms not licensed to sell at home from 1/4/2020 which was downgraded on April 26, 2020, to export restriction upon authorization. This measure is still active. On 25/2/2020, China implemented prohibitions/ restrictions on imports of wild animals, products for SPS reasons by banning all wildlife trade and consumption. This measure is also active. On 17/8/2020, the import ban (from

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coronavirus-hit countries) on frozen meat, fish and seafood was implemented by China's southern Guangdong province. On August 19, 2020, this was relaxed by allowing certain countries to resume exports to China. This measure is also still active.

**Other countries** also implemented trade measures, some liberalizing and some restrictive, which were similar to the ones implemented by India. Some non-similar measures are the following.

**(a) Restrictive Measures**

**Australia** enforced Quarantine Regulations by introducing Maritime Safety Queensland (MSQ) Regulations on 20/3/2020 which prevents ships from docking at 21 ports across the states until 14 days have elapsed since leaving their last foreign port. This restrictive measure has been partially applied by Queensland and is still active.

**Brazil** introduced multiple TBT NTMs on medical products on 28/5/2020 by temporary and extraordinary criteria for the application of exceptionalities to specific technical requirements of the good manufacturing and import practice of medicinal products and active pharmaceutical ingredients due to COVID-19. This measure is still active.

**Philippines** imposed an additional 10% import tariff on crude petroleum oil and refined petroleum products due to COVID-19 on 2/5/2020. This measure is still active. This restrictive trade measure is not due to the impact of COVID-19 but was done to raise funds for its COVID-19 response effort.

**Sri Lanka** banned imports of non-essential goods including vehicles and plastic goods on April 3, 2020, and on May 21 lifted the ban on several products, but retained it on vehicle imports. This measure is still active and is not directly related to COVID-19 and has been done to reduce imports, save foreign exchange, ease pressure on the exchange rates and overall balance of payments.

**UAE** imposed an export ban on 15/5/2020 on ferrous scrap, paper scrap to shore up supplies of raw materials required for their manufacturing activities. This trade measure which is still active was in view of supply-chain disruptions and not medical or food-related.

**(b) Liberalising Measures**

**Vietnam** resorted to temporary elimination of import tariffs on non-woven fabrics for the production of protection clothing on 27/3/2020. This liberalizing Trade measure which is still active shows how quickly Vietnam responded to the crisis and tried to tap the potential for production and exports of protection clothing.

**Brazil** suspended antidumping duty on vacuum plastic tubes for blood collection and syringes from China, Germany, the UK and the USA. This liberalizing measure, though temporary removed a major NTM by Brazil.

The above analysis shows that most of the items where there are some sort of temporary restrictions or liberalization by different countries including India are mainly medical related items or agricultural items that are important to fight the pandemic or were needed from the food security point of view. Items needed to build the economy or for self-reliance are limited in number. There are many cases of misclassification of these measures as restrictive for India by ITC. There are also some cases where the countries have tried to use potential export opportunities by such measures.

### **4.3 Services Trade Measures by India in the wake of COVID-19**

Some trade measures were taken by India for the services sector in the wake of the COVID-19 pandemic. (Annexure 4.3) While some are common for other sectors also, some are specific to services.

**On 18<sup>th</sup> April 2020, the Government of India amended its first policy to curb takeovers or acquisitions of Indian companies as a result of the pandemic.** The amendment is not services sector-specific and provides that an

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entity of a country that shares a land border with India – or where the beneficial owner of an investment into India is situated in or a citizen of any such country - can invest only with prior government permission. **This measure though restrictive was essential as in many countries there was the takeover of local companies by Chinese companies.**

**Another measure taken in March-April 2020 was the RBI relaxation by which Banks were allowed to maintain a lower level of liquidity** and introduction of additional flexibility in the implementation of the Banks' capital requirements, in particular, the counter cyclical capital buffer and capital conservation buffer. **This is a liberalizing policy related to financial services but benefitting all sectors.**

**A third measure was the RBI authorizing Banks to deal in offshore non-deliverable rupee derivative markets (offshore NDF rupee market).** Previously, Indian banks were not permitted to participate in India rupee derivative market or the off-shore Non-Deliverable Forward (NDF) market. From June 1, 2020, Banks in India that operate International Financial Services Centre (IFSC) Banking Units (IBUs) will be able to participate in the NDF market. **As a result of this liberalizing measure, Banks can participate through their branches in India, their foreign branches or through their IBUs.**

**Another liberalizing measure is related to Telecommunication Services. The Dept. of Telecommunications (DOT) relaxed the guidelines for Other Service Provides (OSPs) on 13 March 2020.** This helped companies providing Application Services like telebanking, telemedicine, tele-education, tele-trading, e-commerce, call centre, network operation centre and other IT enabled services. The relaxations in the terms and conditions for the OSPs in respect of Work-From-Home (WFH) include the following. First, the exemption of the requirement of security deposit and agreement for WFH facility for OSPs. Second, exemption of the requirement of Authorized Service Providers provisioned secured VPN. During this period OSPs are permitted to use secured VPN configured using "static IP" address by themselves for interconnection between Home Agent position and OSP Centre with pre-defined locations. In this regard, the agents at home shall be treated as Extended Agent Position of the OSP. Third, the requirement of seeking prior permission for the WFH facility is exempted. Now only prior intimation to be given by OSPs to respective LSA field units of DOT before starting the WFH facility. On 5/11/2020, the Government issued the Guidelines for OSPs. As per these guidelines, no registration certificate will be required for OSP centres in India. Besides other relaxations were given.

#### **4.4 Services Trade measures by Some Other Major Trading Partners of India**

**In the case of the US, a major restrictive measure was related to Non-immigrant Visa.** Starting from June 24, 2020, to the end of 2020, the US suspended entry of foreign nationals in certain non-immigrant Visa categories by the "Proclamation Suspending Entry of Aliens who present a risk to the US Labor Market following the Coronavirus outbreak". The Visa categories affected by the suspension are H-1B, L-1, H-2B and J-1, as well as related categories for dependents, with certain exemptions.

**Another services trade measure by the US which is a liberalizing measure is related to Air Transport Services.** On 11 March 2020, the US waived its slot-use requirements up to 31 May 2020 for US and foreign airlines that operated affected flights. The US expects reciprocal relief by foreign countries and may deny the waiver in case of non-reciprocal relief.

**All other measures are related to Telecommunications which are either liberalizing or facilitating measures.** These include the \$200 million telehealth program voted by the Federal Communications Commission (FCC) on 2/4/2020 to support healthcare workers aimed at helping them purchase telecommunications, broadband connectivity and devices necessary for providing telehealth services and the \$100 million connected care Pilot Program by FCC from the Universal Service Fund (USF) to help defray healthcare providers' costs of providing connected care services, etc.; the "Keep Americans Connected Initiative" by FCC launched on 13/3/2020 to



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ensure that Americans do not lose their broadband telephone connectivity in the context of COVID-19; the altered regulations for Rural Health Care and E-rate programs of the FCC, from 16/3/2020 to 30/9/2020 in order to make it easier for broadband providers to offer participants improved connections or additional equipment for telemedicine and remote learning during the pandemic; special temporary authority (STA) by FCC to T-Mobile USA on 15 March 2020 to use additional spectrum in the 600MHz Band to meet increased customer demand for broadband during the pandemic and a similar STA for US Cellular on 18 March to meet increased customer demand for mobile broadband; a temporary (60-day) spectrum boost to Verizon on 20/3/2020 to help meet increased customer demand for mobile broadband access during the pandemic.

**In the case of the EU, the restrictive measure affecting all sectors including services is the ECs new guidelines from 25/3/2020 for screening FDI in companies and critical assets located in the EU**, including those operating in the fields of health, medical research, biotechnology and infrastructures deemed essential for security and public order. Though restrictive this measure is to safeguard and respond against risks to critical sectors, as a result of the shock posed by COVID-19.

**Some liberalizing trade measures related to Air transport services** are the suspension on 30 March 2020 of EU's rule that requires air carriers to operate slots for at least 80% of the time to keep the entitlement in the next equivalent season for the whole summer until 24 October 2020; publishing guidelines on 26 March 2020 by the EC setting out operational measures to facilitate the operation of air cargo during the COVID-19 outbreak; extension of validity periods on 21/3/2020 by the European Aviation Safety Agency for licenses, ratings, endorsements, certificates and attestations of aircrew, instructors, examiners, aircraft maintenance license holders and air traffic controllers as well as extension of airworthiness review certificates.

**The liberalizing Trade measure of EU in Financial Services** is the 12<sup>th</sup> March 2020 policy by the European Central Bank (ECB) for banks directly supervised by the ECB stating that they can fully use capital buffers and that banks will benefit from relief in the composition of Capital for Pillar 2 Requirements (*The Pillar 2 Requirement (P2R) is a capital requirement which applies in addition to, and covers risks which are underestimated or not covered by, the minimum capital requirement (known as Pillar 1). P2Rs are binding and breaches can have direct legal consequences for banks.*). The policy also allowed banks to operate temporarily below the liquidity coverage.

**For Maritime Transport Services**, on 25 May 2020, the EU amended regulations allowing the managing body of a Port or the competent authority to provide flexibility in respect of the levying of port infrastructure charges in the context of COVID-19. **For Road Transport Services**, on 16 March 2020, the EC issued guidelines for border measures to protect health and keep goods and essential services available; on 25 May 2020 adopted regulations laying down specific and temporary measures in view of COVID-19 concerning the renewal or extension of certain certificates, licenses and authorizations, postponement of periodic checks and providing training in transport; and the 30 March 2020 guidelines to ensure the continuation of national and cross-border waste shipments in the EU.

**In the case of the UK, in air transport services**, the liberalizing measures include the issuing of a number of regulatory exemptions on 23/3/2020 to support the sector including extending the validity periods of licenses, certificates and ratings. **For financial services**, the Bank of England lowered the countercyclical buffer rate from 1% to 0% on 11/3/2020, and introduced flexibility in the compliance of liquidity requirements, to support banks in extending credit. **For Health Services**, since 31/3/2020, visas for doctors, nurses and paramedical personnel (including their family members) with visas due to expire before 1 October 2020 were automatically extended for one year, free of charge. **For Telecommunication Services**, on 29 March 2020, the government agreed for measures taken with telecom companies to support vulnerable consumers through COVID-19. This includes helping customers finding it difficult to pay their bill due to COVID-19; removal of all data allowance caps on all current fixed broadband services by service providers; generous mobile and landline packages, etc.

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**In the case of China**, one of the measures affecting all sectors was taken on 10/2/2020 with the circular requiring local departments to provide necessary services for Foreign-Invested enterprises and Investment Attraction work. Specifically, the circular requires local departments of commerce to actively help foreign-invested-enterprises to resume normal production and operation; strengthen services for large foreign-invested projects; innovate and improve the work of investment promotion; offer targeted assistance based on local conditions; and continue to improve the business environment. **These facilitative and pro-active measures are worth emulating by India.**

**In the case of Air Transport**, on 21/3/2020, China recognized the need for flexibility in the delivery of class-room training and the ability to extend the validity periods to some elements of training applicable to pilots, engineers, cabin crew and dispatchers.

**For Financial services on 3 April 2020, the People's Bank of China, cut the Required Reserve ratio by 1 percentage point. With a cut of 0.5 percentage points from April 15 and May 15 each time**, for rural credit cooperatives, rural commercial banks, rural cooperative banks, village banks, as well as city commercial banks operating solely within provincial-level administrative regions. **This is worth considering by India where rural cooperative banks face liquidity issues.**

**In the case of other countries, measures similar to that of India were taken. Some non-similar measures include the following.** Brazil permitted on 20/3/2020, the use of telemedicine for medical services, including medical consultation and digital medical prescription. This is an exceptional policy on a temporary basis to deal with the health emergency. **Some countries like Korea, France, Spain, etc.** tightened regulations on stock short-selling. **Russia** exempted flight crews from the 14-day quarantine on 26 March 2020. **UAE** lifted restrictions on Voice over Internet Protocol (VoIP) on 24 March 2020. It decided to allow certain VoIP applications so as to facilitate WFH (Work From Home). Permitted applications include Microsoft Teams, Skype for Business, Google Hangouts Meet, CISCO Webex and Zoom. **One important thing to be noted is the liberalizing/facilitative measures, in Telecom Sector by different countries including the USA emphasizing broadband services. India needs to give serious thought to using its potential in Broadband services. (See Chapter 5 regarding Broadband Services.)**

#### **4.5 Trade-related IPR Measures in the wake of COVID-19**

**India extended certain deadlines for patent, design and trademark matters on 19/3/2020.** (Annexure 4.4)

**Measures by other countries** include certain extensions of time and deadlines for trademark and design matters as in the case of the EU; providing COVID-19 helpline for trademarks, etc. as in the case of Australia; clarifying relief measures related to IPRs and providing free access to the database as in the case of China; fee reduction for trademark and providing patent information in the case of Taiwan; creation of special news section in the official internet site as in the case of Russia; making copyrighted software related to contact tracing solution for COVID-19 patients freely available under an open-source license; and implementing fully digital hearings for IT-related disputes as in the case of Singapore, etc. **Some of these are worth emulating by India.**

**The US has been very proactive in the case of IP, in the context of COVID-19 as can be seen below.** The USPTO (United States Patent and Trademark Office) considered the effects of COVID-19 as an “extraordinary situation” for affected patent and trademark applicants, patentees, reexamination parties, and trademark owners and waived petition fees in certain situations and also extended certain deadlines for patent and trademark matters; waived the requirement for the original handwritten signature of certain correspondence with the office of Enrollment and Discipline and Certain payments by credit cards; launched the COVID-19 Prioritized Patent Examination Pilot Program; Prioritized Examination Program for certain Trade Mark and Service Mark applications; deferred-fee provisional patent application pilot program; etc.

**The above analysis shows that the US and to some extent Taiwan have been very proactive regarding IPR measures in the wake of COVID-19. India can also consider adopting some of these measures.**

#### Annexure 4.1 Merchandise trade measures of India and important trading partners and competitors of India as per ITC data

| Enacting Country | Type Of Measure   | Affected Products  | Measure   | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|------------------|---|--|---|-----------------|-------------------|-------------------|------------|------------|
| Australia        | Export prohibition  | Face masks, disposable gloves, hand sanitizers, goggles, eye visors and alcohol wipes                                | Temporary restrictions on non-commercial export on certain personal protective equipment. The Declaration 2020 is now due to end on 17 December 2020.   | Restrictive     | All countries     | Active            | 18-03-2020 | 17-12-2020 |
| Australia        | Tariff reduction  | Face masks, gloves, gowns/ clothes, disinfectant preparations (excluding hand sanitizers), soaps, COVID-19 test kits | Temporary tariff concession measure to facilitate the importation of certain goods. Measure extended until 31 December 2020.  | Liberalising    | All countries     | Active            | 01-02-2020 | 31-12-2020 |
| Australia        | Quarantine Requirements; Requirement to pass through specific port of customs | All  | Regulations introduced by Maritime Safety Queensland (MSQ) will prevent ships from docking at 21 ports across the state until 14 days has elapsed since leaving their last foreign port. So far only partially applied by Queensland.   | Restrictive     | All countries     | Active            | 20-03-2020 | Unknown    |
| Bangladesh       | Tariff reduction  | Test kits, disinfectants, personal protective equipment  | June 30: National Board of Revenue extends exemption from import taxes on medical products and protective equipment to 30 September 2020. March 22: Government has waived the import duty and taxes on certain medical items needed for protection from the coronavirus.  | Liberalising    | All countries     | Terminated        | 22-03-2020 | 30-09-2020 |
| Bangladesh       | Tariff reduction  | Personal protective equipment  | June 30: National Board of Revenue extends VAT exemption on medical products and protective equipment to 30 September 2020. May 05: National Board of Revenue has waived VAT to facilitate local production of personal protective equipment and surgical face masks to fight COVID-19.   | Liberalising    | All countries     | Terminated        | 07-05-2020 | 30-09-2020 |
| Bangladesh       | Export prohibition  | Medical supply products  | April 02: Ministry of Commerce has lifted the ban on export of locally-made face masks and hand sanitizers. March 14: The commerce ministry has imposed a ban on the export of locally-made face masks and hand sanitizers as a part of precautionary measures taken in response to the growing domestic demand for the items amid the global coronavirus outbreak. | Restrictive     | All countries     | Terminated        | 14-03-2020 | 02-04-2020 |
| Brazil           | Tariff reduction  | Medical and hospital products  | September 16: Measure is extended until 30 October 2020. March 18: Import tariffs on medical and hospital products were reduced/set to zero.  | Liberalising    | All countries     | Active            | 18-03-2020 | 30-10-2020 |

| Enacting Country | Type Of Measure                                       | Affected Products   | Measure  | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|------------------|---|---|--|-----------------|-------------------|-------------------|------------|------------|
| Brazil           | Suspension of the compulsory certification            | Surgical gloves   | Suspension of the compulsory certification of surgical gloves and non-surgical procedure of natural rubber, synthetic rubber and synthetic rubber mixtures, previously established by Inmetro Ordinance 332, of 26 June 2012.              | Liberalising    | All countries     | Active            | 20-03-2020 | Unknown    |
| Brazil           | Suspension of anti-dumping duty                       | Vacuum plastic tubes for blood collection and syringes    | Temporary suspension of the anti-dumping duties on vacuum plastic tubes for blood collection and syringes from China, Germany United Kingdom and USA.  | Liberalising    | as specified      | Terminated        | 25-03-2020 | 30-09-2020 |
| Brazil           | Export prohibition                                    | Medical supply products and personal protective equipment | Temporary export ban on personal protective equipment, ventilators, hospital beds and medical monitors.  | Restrictive     | All countries     | Active            | 24-04-2020 | Unknown    |
| Brazil           | Licensing or permit requirements to export            | Medical and hospital products                             | Temporary implementation of special export licensing requirement on certain products.  | Restrictive     | All countries     | Active            | 18-03-2020 | Unknown    |
| Brazil           | Elimination of import licensing requirements          | Vacuum plastic tubes for blood collection and syringes    | Temporary elimination of import licensing requirements on certain products (e.g. vacuum plastic tubes for blood collection and syringes).  | Liberalising    | All countries     | Active            | 23-03-2020 | Unknown    |
| Brazil           | Relaxed administrative procedures                     | Used medical machinery and equipment                      | Temporary relaxed administrative procedures on imports of certain used medical machinery and equipment and its parts thereof, due to the COVID-19 pandemic.  | Liberalising    | All countries     | Active            | 11-05-2020 | Unknown    |
| Brazil           | Licensing or permit requirements to export            | Chloroquine and other medications                         | Temporary implementation of prior export authorization on chloroquine and other medications.   | Restrictive     | All countries     | Active            | 13-05-2020 | Unknown    |
| Brazil           | Tariff reduction                                      | Medical supply products                                   | Temporary elimination of the IPI (Imposto sobre Produtos Industrializados) internal industrial tax on certain medical supply products.   | Liberalising    | All countries     | Terminated        | 20-03-2020 | 30-09-2020 |
| Brazil           | Multiple TBT NTMs                                     | Medicinal products  | Temporary and extraordinary criteria for the application of exceptionalities to specific technical requirements of the good manufacturing and import practice of medicinal products and active pharmaceutical ingredients due to Covid-19. | Restrictive     | All countries     | Active            | 28-05-2020 | Unknown    |
| Canada           | Extension of timeframes for payment of customs duties | Refer to official document                                | Government of Canada will allow businesses to defer to June some payments of the Goods and Services Tax as well as customs duties owing on their imports.  | Liberalising    | All countries     | Terminated        | 27-03-2020 | 30-06-2020 |
| Canada           | Tariff reduction                                      | Medical supply products                                   | Temporary elimination of import tariffs on certain products (e.g. face masks, surgical gloves and disinfectants) imported by public health agencies, hospitals and testing sites.  | Liberalising    | All countries     | Active            | 16-03-2020 | Unknown    |

| Enacting Country | Type Of Measure                                       | Affected Products  | Measure  | Effect On Trade | Affected Partners        | Status Of Measure | Start Date | End Date   |
|------------------|---|--|--|-----------------|--------------------------|-------------------|------------|------------|
| Canada           | Tariff reduction                                      | Medical supply products                                      | Temporary waiving otherwise applicable customs duties on imports of specified medical supplies, including personal protective equipment.   | Liberalising    | All countries            | Terminated        | 05-05-2020 | 30-06-2020 |
| China            | Conformity assessments                                | Medical supply products                                      | New certification and inspection requirements on certain medical supplies products such as surgical face masks, testing kits and thermometers.   | Restrictive     | All countries            | Active            | 31-03-2020 | Unknown    |
| China            | Licensing or permit requirements to export            | Test kits, medical supplies                                  | April 26: The export prohibition was downgraded to export restriction upon authorization. April 1: China bans export of test kits, medical supplies by firms not licensed to sell them at home.  | Restrictive     | All countries            | Active            | 01-04-2020 | Unknown    |
| China            | Tariff reduction                                      | Certain products previously affected by temporary tariffs    | List of imported products from the United States exempted temporarily from the additional 10% ad valorem rate of duty tariff increase.   | Liberalising    | United States of America | Active            | 28-02-2020 | 27-02-2021 |
| China            | Prohibitions/ restrictions of imports for SPS reasons | Wild animals and products thereof                            | Chinese officials have issued an immediate and comprehensive ban on all wildlife trade and consumption.  | Restrictive     | All countries            | Active            | 25-02-2020 | Unknown    |
| China            | Tariff reduction                                      | Medical supplies, raw materials, agricultural products, meat | Temporary decrease of import tariffs on certain products, e.g. medical supplies, raw materials, agricultural products, meat.   | Liberalising    | All countries            | Active            | 06-02-2020 | Unknown    |
| China            | Exceptional measures to facilitate imports            | Agricultural products  | Implementation of nine facilitation measures regarding three categories of agricultural administrative approvals in order to prevent the further spreading of the pandemic.  | Liberalising    | All countries            | Active            | 12-02-2020 | Unknown    |
| China            | Import ban  | Meat, fish and seafood                                       | August 19: Certain countries are allowed to resume exports to China. August 17: The capital of China's southern Guangdong province has suspended imports of frozen meat, fish and seafood from coronavirus-hit countries. (only partially applied)   | Restrictive     | All countries            | Active            | 17-08-2020 | Unknown    |
| European Union   | Tariff reduction                                      | Medical equipment  | July 23: Measure continued until October 31. European Commission approved requests from EU countries and Britain to temporarily waive customs duties and VAT on imported medical devices and protective equipment to help fight the coronavirus epidemic. The decision takes effect retroactively from January 30. | Liberalising    | Non-EEA countries        | Active            | 30-01-2020 | 31-10-2020 |

| Enacting Country                               | Type Of Measure   | Affected Products                             | Measure   | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|--|---|---|---|-----------------|-------------------|-------------------|------------|------------|
| European Union                                 | Licensing or permit requirements to export                | Personal protective equipment, medical supply | May 26: Requirement for export authorisation for personal protective equipment comes to its end. April 24: Commission adjusts export authorisation scheme for personal protective equipment to suit current needs. Measure remains in place for 30 additional days. March 15: The Commission has taken immediate steps to protect the availability of supplies of personal protective equipment (PPE), by requiring that exports of such equipment outside of the European Union are subject to an export authorisation by Member States. | Restrictive     | Non-EEA countries | Terminated        | 15-03-2020 | 26-05-2020 |
| France   | Export prohibition  | Hydroxychloroquine medicaments                | May 11: Measure repealed. April 24: France has expanded its list of drugs that face export restrictions. March 25: France has banned exports of medicaments based on hydroxychloroquine.  | Restrictive     | All countries     | Terminated        | 26-03-2020 | 11-05-2020 |
| Germany  | Licensing or permit requirements to export                | Medical supply products, masks                | Germany has lifted export bans on medical equipment which were issued earlier this month to avoid shortages of masks, goggles and gloves, according to the Ministry of Economy.   | Liberalising    | All countries     | Active            | 19-03-2020 | Unknown    |
| Hong Kong, China Special Administrative Region | Import ban  | Poultry meat                                  | August 28: Hong Kong's government has lifted a temporary ban on chicken imports from a plant operated by Brazil's Central Cooperativa Aurora. August 18: Hong Kong has issued a temporary ban on poultry meat imports from Brazil.  | Restrictive     | All countries     | Terminated        | 18-08-2020 | 28-08-2020 |
| India  | Suspension of import ban                                  | Medical ventilators                           | In order to ease the supply of ventilators, the government temporarily lifts an import ban.   | Liberalising    | All countries     | Active            | 17-04-2020 | 30-09-2020 |
| India  | Extension of timeframes for automatic registration number | Iron and steel products                       | In view of delays of shipments due to COVID-19, one-time relaxation is provided through extension of validity of automatic registration number generated under SIMS for imports of iron and steel.  | Liberalising    | All countries     | Active            | 31-03-2020 | Unknown    |
| India  | Licensing or permit requirements to export                | Medicaments, drugs                            | April 17: India lifts export ban on certain exports of formulations made from Paracetamol. April 4: India has restricted the export of 26 pharmaceutical ingredients and the medicines made from them, including paracetamol. Limited exports to some countries are allowed.  | Restrictive     | All countries     | Active            | 04-03-2020 | Unknown    |

| Enacting Country | Type Of Measure                            | Affected Products   | Measure  | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|------------------|--|---|--|-----------------|-------------------|-------------------|------------|------------|
| India            | Export prohibition                         | Medical supply product, masks, ventilators, textile raw materials for mask production | October 22: India removes export ban on NBR gloves. October 6: The export policy of N-95/FFP2 masks or its equivalent masks is amended from Restricted to Free, making all types of masks freely exportable. September 16: The restrictions on the export of medical supplies have been lifted. August 2: Government lifts export ban on ventilators. July 28: Government replaces export ban on surgical masks, face shields and medical goggles with export licensing. July 21: Government partially lifts ban on export of surgical drapes, isolation aprons, surgical wraps and X-ray gowns. May 16: Government partially lifts ban on export of non-medical, non-surgical masks. March 19: The government banned the export of certain kinds of masks, ventilators and textile raw materials for masks and coveralls. | Restrictive     | All countries     | Terminated        | 19-03-2020 | 16-09-2020 |
| India            | Licensing or permit requirements to export | Rice  | Indian rice traders have suspended signing new export contracts amid the nationwide lockdown. However, there is no move by the government to ban exports.  | Restrictive     | All countries     | Active            | 03-04-2020 | Unknown    |
| India            | Tariff reduction                           | Medical supply products   | Temporary exemption from import tariffs of certain medical supply products.  | Liberalising    | All countries     | Active            | 09-04-2020 | 30-09-2020 |
| India            | Tariff reduction                           | Medical or surgical instruments and apparatus   | Decrease of import tariffs (from 10% to 5%) on medical or surgical instruments and apparatus and exempted from the health cess.  | Liberalising    | All countries     | Active            | 01-04-2020 | Unknown    |
| India            | Export prohibition                         | Alcohol based hand sanitizers   | October 15: Government lifted all restrictions on the export of alcohol-based hand sanitizers. September 16: Sanitizers can now be exported, except when in containers with dispenser pumps. May 06: Alcohol based hand sanitizers are prohibited for export.  | Restrictive     | All countries     | Terminated        | 06-05-2020 | 16-09-2020 |
| India            | Export prohibition                         | Hydroxychloroquine drugs  | June 18: Export policy changed from prohibited to free. March 25: India has banned exports of hydroxychloroquine.  | Restrictive     | All countries     | Terminated        | 25-03-2020 | 18-06-2020 |
| India            | Export prohibition                         | Certain diagnostic instruments, apparatus, and reagents                               | September 16: Diagnostic kits can be exported in a limited monthly quota. June 10: Exports restriction on certain diagnostic instruments.  | Restrictive     | All countries     | Active            | 10-06-2020 | Unknown    |
| India            | Import ban                                 | Military equipment  | India is set to ban imports on over 100 items of military equipment in order to make the economy more self-reliant amid the coronavirus crisis.  | Restrictive     | All countries     | Investigation     | 09-08-2020 | Unknown    |
| India            | Export prohibition                         | Onions  | India prohibits the export of all varieties of onion except those cut, sliced or in powder form in order to avoid shortages during the pandemic.   | Restrictive     | All countries     | Active            | 14-09-2020 | Unknown    |

| Enacting Country | Type Of Measure                            | Affected Products  | Measure  | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|------------------|--|--|--|-----------------|-------------------|-------------------|------------|------------|
| Indonesia        | Suspension of certification requirements   | Onions and garlic  | Temporary elimination of import certification requirements on imports of onions and garlic.  | Liberalising    | All countries     | Terminated        | 18-03-2020 | 31-05-2020 |
| Indonesia        | Suspension of certification requirements   | Mask and personal protective equipment                                   | Temporary elimination of import certification requirements on imports on certain products, e.g. mask and personal protective equipment.  | Liberalising    | All countries     | Terminated        | 23-03-2020 | 30-06-2020 |
| Indonesia        | Export prohibition                         | Ethyl alcohol, raw materials for masks, personal protective equipment    | Temporary export prohibition of raw materials for masks, personal protective equipment and certain other products.   | Restrictive     | All countries     | Terminated        | 31-03-2020 | 30-06-2020 |
| Indonesia        | Export prohibition                         | Medical supply products, sanitizers, raw material for masks              | Indonesia bans exports of medical supply products and personal protective equipment.   | Restrictive     | All countries     | Active            | 18-03-2020 | Unknown    |
| Indonesia        | Tariff reduction                           | Medical supply products  | Temporary elimination of import tariffs on certain medical and pharmaceutical products used in the treatment of COVID-19.  | Liberalising    | All countries     | Active            | 17-04-2020 | Unknown    |
| Indonesia        | Certification requirements                 | Live Animals (Pet animals and Mammals)                                   | Certification requirement for the import of live animals from countries not free from Covid-19.  | Restrictive     | All countries     | Active            | 21-04-2020 | Unknown    |
| Indonesia        | Certification requirements                 | Sugar  | Temporary Suspension of Mandatory Indonesia National Standard for White Crystal Sugar .  | Liberalising    | All countries     | Active            | 31-03-2020 | Unknown    |
| Indonesia        | Certification requirements                 | Flour  | Temporary Exclusion to The Addition of Fortifying Substances to Wheat Flour.   | Liberalising    | All countries     | Active            | 07-04-2020 | Unknown    |
| Israel           | Licensing or permit requirements to export | Alcohol, face masks, oxygen, swabs, lithium batteries, non-woven fabrics | Temporary export licensing requirements on personal protective and medical equipment.  | Restrictive     | All countries     | Terminated        | 15-03-2020 | 31-05-2020 |
| Israel           | Licensing or permit requirements to export | Medical supply products  | Temporary export ban on respirators and medical ventilators.   | Restrictive     | All countries     | Active            | 16-04-2020 | Unknown    |
| Japan            | Tariff reduction                           | Refer to official document   | Imported goods may be exempted from customs duty and (domestic) consumption tax if they are proved to be donated free of charge. When the import declaration of relief goods relating to countermeasures to the COVID-19 is lodged, a simplified declaration form will be available for the customs procedure and the submission of certificate for duty exemption for donated goods, etc. will be simplified. | Liberalising    | All countries     | Active            | 03-03-2020 | Unknown    |
| Japan            | Tariff reduction                           | Refer to official document   | Extension of time limits for customs procedures, including those for payment of customs duties in certain cases, due to the COVID-19 pandemic. Cf. refund, reduction, or exemption of certain customs fees.  | Liberalising    | All countries     | Active            | 11-05-2020 | Unknown    |
| Malaysia         | Tariff reduction                           | Personal protective equipment, medical supply                            | Elimination of import duties and sales tax on medical and personal protective equipment.   | Liberalising    | All countries     | Active            | 25-03-2020 | Unknown    |



| Enacting Country   | Type Of Measure                                       | Affected Products                   | Measure   | Effect On Trade | Affected Partners  | Status Of Measure | Start Date | End Date   |
|--------------------|---|-------------------------------------|---|-----------------|--------------------|-------------------|------------|------------|
| Malaysia           | Tariff reduction                                      | Face masks                          | Face masks will be exempted from import duties and sales taxes.   | Liberalising    | All countries      | Active            | 23-03-2020 | Unknown    |
| Malaysia           | Export prohibition                                    | Masks                               | The government imposes a temporary ban on the export of face masks to meet local demand.  | Restrictive     | All countries      | Active            | 07-03-2020 | Unknown    |
| Philippines        | Export prohibition                                    | Rice                                | The province of Bukidnon will stop exporting rice to ensure food security during its lockdown period. This measure is only applied by Bukidnon.   | Restrictive     | All countries      | Active            | 27-03-2020 | Unknown    |
| Philippines        | Tariff reduction                                      | Healthcare equipment and supplies   | That importation of healthcare equipment and supplies shall be exempt from import duties, taxes and other fees.   | Liberalising    | All countries      | Terminated        | 24-03-2020 | 23-05-2020 |
| Philippines        | Certification requirements                            | As specified                        | Extension of validity of Bureau of Animal Industry Issuances (Verification of International Health Certificate (HC) /International Veterinary Health Certificate (IVHC/ IVC))   | Liberalising    | All countries      | Active            | 30-06-2020 | 01-01-2021 |
| Philippines        | Tariff increase                                       | Petroleum products                  | Additional 10% import tariff on crude petroleum oil and refined petroleum products due to COVID-19.   | Restrictive     | All countries      | Active            | 02-05-2020 | Unknown    |
| Philippines        | Import ban  | Poultry meat                        | The Philippines has issued a temporary ban on poultry meat imports from Brazil.   | Restrictive     |                    | Active            | 17-08-2020 | Unknown    |
| Russian Federation | Export prohibition                                    | Medical supply products, masks      | April 30: Export ban on PPE has been terminated. March 04: Russia bans export of masks and personal protective suits.   | Restrictive     | All countries      | Terminated        | 04-03-2020 | 30-04-2020 |
| Russian Federation | Export quotas   | Wheat, meslin, barley, rye and corn | From 1.04.2020 to 30.06.2020 the quota for export of wheat, meslin, barley, rye and corn to the non-EAEU countries is set to the total volume of 7 million tonnes. Certain grains are excluded, please refer to official document.  | Restrictive     | Non-EAEU countries | Terminated        | 01-04-2020 | 30-06-2020 |
| Russian Federation | Export prohibition                                    | Processed grain                     | The Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoz nadzor) cancelled the ban on the exports of groats from Russia, which was previously imposed on March 20.   | Restrictive     | All countries      | Terminated        | 23-03-2020 | 26-03-2020 |
| Russian Federation | Prohibitions/ restrictions of imports for SPS reasons | Exotic animals, live fish           | May 21: Russia removes the restrictions on the import and transit of all types of exotic and decorative animals, insects and arthropods as well as live fish from China, which were previously introduced due to the new coronavirus. January 30: Russia temporarily restricts import of exotic and decorative animals, including insects, arthropods, amphibians, reptiles and other, live fish and hydrobionts from China (active since 30.01.2020, extended on 18.02.2020) | Restrictive     | China              | Terminated        | 30-01-2020 | 21-05-2020 |
| Russian Federation | Tariff reduction                                      | Medical supply products             | Certain imported medical supply products are exempted from VAT, due to the COVID-19 pandemic.   | Liberalising    | All countries      | Active            | 06-04-2020 | Unknown    |

| Enacting Country            | Type Of Measure                            | Affected Products  | Measure  | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|-----------------------------|--|--|--|-----------------|-------------------|-------------------|------------|------------|
| Saudi Arabia                | Duties on imports are postponed            | All imports  | The collection of customs duties on imports is postponed for a period of 30 days, or against the submission of a bank guarantee, for three months.   | Liberalising    | All countries     | Terminated        | 31-03-2020 | 30-06-2020 |
| Saudi Arabia                | Export prohibition                         | Medical supply products, masks                             | Saudi Arabia stops all exports of coronavirus detection and prevention products.   | Restrictive     | All countries     | Active            | 02-03-2020 | Unknown    |
| Saudi Arabia                | Export prohibition                         | Medicines, pharmaceutical and medical devices              | Export of medicines, pharmaceutical and medical devices will be halted, the Saudi Customs announced.   | Restrictive     | All countries     | Active            | 20-03-2020 | Unknown    |
| Singapore                   | Non-automatic import-licensing procedures  | Hand sanitizers, masks, thermometers, protective gear      | Temporary relaxation of import licensing requirements for hand sanitizers, masks, thermometers, and protective gear.   | Liberalising    | All countries     | Active            | 31-01-2020 | Unknown    |
| Singapore                   | Tariff reduction                           | Medical, hygiene, pharmaceutical and agricultural products | Elimination of import tariffs and other duties on essential goods including medical, hygiene, pharmaceutical products and agricultural products.   | Liberalising    | All countries     | Active            | 16-04-2020 | Unknown    |
| South Africa                | Tariff reduction/increased quotas          | Essential goods, refer to official document                | Imported goods defined as "essential goods" as detailed in Gazette No 43148 will be exempt from VAT.   | Liberalising    | All countries     | Active            | 27-03-2020 | Unknown    |
| South Africa                | Licensing or permit requirements to export | Face masks, hand sanitiser                                 | The DTIC will need to be consulted prior to the export of certain selected goods including face masks and hand sanitiser.  | Restrictive     | All countries     | Active            | 28-03-2020 | Unknown    |
| South Africa                | Certification requirements                 | Live animals and animal products                           | Temporary changes to certification requirements for imported live animals and animal products/by-products.   | Liberalising    | All countries     | Active            | 09-04-2020 | Unknown    |
| Sri Lanka                   | Import ban                                 | Non-essential goods  | May 21: Sri Lanka, on Thursday, lifted its import restrictions on several products despite retaining the ban on vehicle imports, as part of its COVID-19 economic revival plan. April 03: Imports of non-essential goods including vehicles and plastic goods are suspended. | Restrictive     | All countries     | Active            | 03-04-2020 | Unknown    |
| Sri Lanka                   | Tariff reduction/increased quotas          | Masks and disinfectants                                    | Elimination of import duties and taxes on masks and disinfectants.   | Liberalising    | All countries     | Active            | 19-03-2020 | Unknown    |
| Sri Lanka                   | Export prohibition                         | Masks  | April 11: Regulations, No. 2 of 2020 published in the Gazette Extraordinary No. 2167/17 of March 20, 2020 are hereby rescinded. March 20: Exports of all types of surgical masks are prohibited.   | Restrictive     | All countries     | Terminated        | 20-03-2020 | 11-04-2020 |
| Switzerland & Liechtenstein | Tariff reduction/increased quotas          | Butter, eggs, potatoes                                     | In order to meet the demand for eggs, butter and potatoes in the retail trade, the Federal Council decided to increase the partial tariff quota for these consumer products.   | Liberalising    | All countries     | Active            | 02-04-2020 | 01-10-2020 |
| Switzerland & Liechtenstein | Tariff reduction/increased quotas          | Personal protective equipment                              | Federal Council decided on April 8, 2020 to temporarily suspend customs duties on imports of personal protective equipment.  | Liberalising    | All countries     | Active            | 10-04-2020 | 09-10-2020 |

| Enacting Country            | Type Of Measure   | Affected Products                    | Measure   | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|-----------------------------|---|--------------------------------------|---|-----------------|-------------------|-------------------|------------|------------|
| Switzerland & Liechtenstein | Certification requirements                                | Medicinal products                   | Temporary exemptions from the authorisation requirements as well as import requirements for placing medicinal products on the market.   | Liberalising    | All countries     | Active            | 13-03-2020 | Unknown    |
| Switzerland & Liechtenstein | Licensing or permit requirements to export                | Personal protective equipment, masks | June 22: Restrictive measure on medical protective equipment and certain essential medical goods was lifted on 22 June 2020. March 26: Medical protection products need export authorisation when exported outside EEA.                                     | Restrictive     | Non-EEA countries | Terminated        | 26-03-2020 | 22-06-2020 |
| Switzerland & Liechtenstein | Exceptional measures to facilitate imports                | As specified                         | Temporary moratorium on default interest on late payments of customs duties, due to the COVID-19 pandemic.  | Liberalising    | All countries     | Active            | 21-03-2020 | 31-12-2020 |
| Taipei, Chinese             | Tariff reduction  | Ethyl alcohol                        | Temporary reduction of import tariffs on undenatured ethyl alcohol.   | Liberalising    | All countries     | Terminated        | 27-02-2020 | 26-08-2020 |
| Taipei, Chinese             | Export prohibition  | Hand sanitizers and disinfectants    | Exports of 75%-alcohol hand sanitizers and disinfectants are prohibited.  | Restrictive     | All countries     | Terminated        | 01-05-2020 | 15-06-2020 |
| Taipei, Chinese             | Export prohibition  | Masks                                | June 01: Government lifts mask export ban. May 15: Manufacturers may soon receive green light on resuming exports of surgical masks. March 24: Taiwan bans to export medical supplies, such as surgical masks, until it is able to satisfy domestic demand. | Restrictive     | All countries     | Terminated        | 24-03-2020 | 01-06-2020 |
| Taipei, Chinese             | Certification requirements                                | As specified                         | Temporary alternative arrangements of the presentation of original veterinary and phytosanitary certificates in the condition of COVID-19 pandemic  | Liberalising    | All countries     | Terminated        | 31-03-2020 | 31-08-2020 |
| Taipei, Chinese             | Tariff reduction  | Masks, etc. as specified             | Temporary elimination of import tariffs (from 7.5%) on masks, filtering efficiency of 94% or more, of textile materials (HS 6307.90.50), due to the COVID-19 pandemic.  | Liberalising    | All countries     | Terminated        | 27-02-2020 | 26-05-2020 |
| Taipei, Chinese             | Authorization requirements for importing certain products | Medical masks                        | Requirement for importers of medical masks to apply in advance for an import approval.  | Restrictive     | All countries     | Active            | 16-09-2020 | Unknown    |
| Thailand                    | Tariff reduction  | Medical supply products              | The package provides exemption of customs duty for products and materials related to the treatment and prevention of COVID-19 before September 2020.  | Liberalising    | All countries     | Terminated        | 24-03-2020 | 31-08-2020 |
| Thailand                    | Tariff reduction  | Medical supply products              | Import VAT exemption for materials donated to hospitals, government agencies, or charities used to combat COVID-19 between March 1, 2020, and February 28, 2021.  | Liberalising    | All countries     | Active            | 01-03-2020 | 28-02-2021 |
| Thailand                    | Tariff reduction  | Medical supply products              | Equipment imported into Thailand this year for producing medical devices will be exempt from tariffs.   | Liberalising    | All countries     | Active            | 13-03-2020 | 31-12-2020 |
| Thailand                    | Export prohibition  | Masks                                | Thailand bans the exports of masks.   | Restrictive     | All countries     | Active            | 05-02-2020 | 04-02-2021 |

| Enacting Country         | Type Of Measure                            | Affected Products  | Measure  | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|--------------------------|--|--|--|-----------------|-------------------|-------------------|------------|------------|
| Thailand                 | Export prohibition                         | Eggs   | May 1: There was no extension of the ban. March 26: Thailand's Ministry of Commerce has imposed an export ban on chicken eggs.   | Restrictive     | All countries     | Terminated        | 26-03-2020 | 30-04-2020 |
| United Arab Emirates     | Export prohibition                         | Ferrous scrap, paper scrap   | Ministry of Economy has announced a ban on exports of ferrous scrap and paper scrap for a period of four months starting on Friday May 15, 2020. According to the directive, the export ban is intended to shore up supplies of raw materials which are required by the economic operators for their manufacturing activities. | Restrictive     | All countries     | Active            | 15-05-2020 | 14-09-2020 |
| United Kingdom           | Export prohibition                         | Medicines, drugs   | Exports of more than 80 vital drugs have been banned by ministers to prevent NHS shortages of medicines needed to treat coronavirus.   | Restrictive     | All countries     | Active            | 19-03-2020 | Unknown    |
| United Kingdom           | Licensing or permit requirements to export | Protective spectacles, gloves and garments, face shields, mouth-nose protection equipment, | Temporarily a licence is needed to export PPE outside the EU, EFTA member states and certain other territories.  | Restrictive     | Non-EEA countries | Active            | 02-04-2020 | Unknown    |
| United Kingdom           | Tariff reduction                           | Medical devices or equipment   | August 6: The list has been updated and extended. The relief applies to imports into the UK from 30 January 2020 until 31 October 2020. March 27: No import duty and VAT on protective equipment, relevant medical devices or equipment brought into the UK from non-EU countries during the coronavirus (COVID-19) outbreak.  | Liberalising    | Non-EEA countries | Active            | 27-03-2020 | 31-10-2020 |
| United States of America | Tariff reduction                           | Certain products previously affected by temporary tariffs                                  | Temporary exclusion of certain products from the additional duty of 25% on a list of 19 products from China.   | Liberalising    | China             | Terminated        | 01-09-2019 | 01-09-2020 |
| United States of America | Lifted ban on imports                      | Rubber gloves  | US lifts ban on rubber glove imports from Malaysian company amid shortage.   | Liberalising    | Malaysia          | Active            | 24-03-2020 | Unknown    |
| United States of America | Licensing or permit requirements to export | Respirators, surgical masks and surgical gloves  | Administration issued executive order directing federal emergency management and health officials to use the law's authority to preserve respirators, surgical masks and surgical gloves for domestic use.   | Restrictive     | All countries     | Active            | 03-04-2020 | Unknown    |
| United States of America | Export prohibition                         | Personal protective equipment  | August: 10: An extension allows the TFR to remain in effect, with certain modifications, through December 31, 2020. April 3: Temporary rule banning exports of five types of personal protective equipment (PPE) from the United States without explicit approval by FEMA, until August 10, 2020.                              | Restrictive     | All countries     | Active            | 03-04-2020 | 31-12-2020 |
| United States of America | Duties on imports are postponed            | Certain imports  | 90 days deferment period on certain payments for importers (apply to payments for goods imported in March and April 2020).   | Liberalising    | All countries     | Terminated        | 01-03-2020 | 30-04-2020 |

| Enacting Country | Type Of Measure                            | Affected Products  | Measure  | Effect On Trade | Affected Partners | Status Of Measure | Start Date | End Date   |
|------------------|--|--|--|-----------------|-------------------|-------------------|------------|------------|
| Viet Nam         | Licensing or permit requirements to export | Masks  | Export licenses for medical masks  | Restrictive     | All countries     | Terminated        | 11-03-2020 | 29-04-2020 |
| Viet Nam         | Import ban                                 | Wild animals and products thereof                        | July 23: Vietnam bans trade in live wild animals and wildlife products to prevent future pandemics. January 22: Ministry of Agriculture and Rural Development will draft a ban on the trade and consumption of wildlife. | Restrictive     | All countries     | Active            | 23-07-2020 | Unknown    |
| Viet Nam         | Export prohibition                         | Pharmaceutical products                                  | May 7: Drug Administration of Vietnam has issued a decision to resume the export of 37 drugs having been suspended to be reserved for domestic use. April 16: Temporarily ban on exports of 37 pharmaceutical products.  | Restrictive     | All countries     | Terminated        | 16-04-2020 | 07-05-2020 |
| Viet Nam         | Export quotas                              | Rice   | Vietnam is controlling the quantity of rice exports. The quantity is decided based on regular consultation between the Ministry of Industry and Trade and the Prime Minister.  | Restrictive     | All countries     | Terminated        | 25-03-2020 | 01-05-2020 |
| Viet Nam         | Tariff reduction                           | Medical outfits, sanitizers and inputs for medical masks | List of goods eligible for import tax exemption for the prevention and control of acute respiratory infections.  | Liberalising    | All countries     | Active            | 07-02-2020 | Unknown    |
| Viet Nam         | Tariff reduction                           | Non-woven fabrics  | Temporary elimination of import tariffs on non-woven fabrics for the production of protection clothing.  | Liberalising    | All countries     | Active            | 27-03-2020 | Unknown    |

Source: Compiled from ITC data

**Annexure 4.2: Merchandise trade measures of India and important trading partners and competitors of India as per WTO data**

| Member/Observer | Measure   | Effective Date of Policy Measures   |
|-----------------|---|---|
| Australia       | Temporary restrictions on the non-commercial export of personal protective equipment and sanitizer products, essential to combatting the COVID-19 pandemic. The measure seeks to prevent individuals and criminal syndicates from hoarding, price-gouging and profiteering on non-commercial exports from Australia. Legitimate commercial and humanitarian exports are exempt, as are care packages to family overseas, although products cannot be sent through the mail. The measures apply only to a specific list of products: personal protective equipment that can be worn by individuals to limit transmission of organisms: disposable face masks, disposable gloves, disposable gowns, protective eye wear in the form of goggles, glasses or visors; and alcohol wipes and hand sanitizer (HS 3401.11; 3401.19; 3401.20; 3808.94; 3926.20; 4015.11; 4015.19; 6116.10; 6210.10; 6210.20; 6210.30; 6210.40; 6210.50; 6216.00; 6307.90; 6505.00; 9004.90; 9020.00) | Effective from 30 March 2020 and during the human biosecurity emergency period; that is, while the Biosecurity (Human Biosecurity Emergency) (Coronavirus with Pandemic Potential) Declaration 2020 is in force (three months from 18 March 2020). The Declaration 2020 is now due to end on 17 December 2020 |
| Australia       | Temporary tariff concession measure to facilitate the importation of certain goods (face masks, gloves, gowns/clothes, disinfectant preparations (excluding hand sanitizers), soaps, COVID-19 test kits and reagents, and viral transport media) required to manage the crisis created by the COVID-19 pandemic. The measure was published on 1 May 2020 in Australian Customs Notice Number 2020/20. The measure will be in place until 31 July 2020, with refunds available for customs duty paid on prescribed goods imported from 1 February 2020. The measure may be extended following a review (HS 3002.15.10; 3401.11.00; 3401.19.00; 3401.20.00; 3808.94.00; 3821.00.10; 3822.00.19; 3822.00.20; 3822.00.39; 3822.00.40; 3926.20.21; 3926.20.29; 3926.90.90; 4015.11.00; 4015.19.90; 4015.90.21; 4015.90.29; 4818.50.00; 6210.10.10; 6210.10.90; 6210.50.10; 6210.50.90; 6307.90.10; 6307.90.29; 6307.90.40; 6307.90.99; 9004.90.00)                               | Effective 1 February 2020 to 31 July 2020. Measure extended until 31 December 2020  |
| Bangladesh      | Temporary elimination of applied tariffs (CD), regulatory duty (RD), supplementary duty (SD), value added tax (VAT), advanced tax (AT) and advanced income tax (AIT) for the importation of certain products (HS 2905.12.90; 3002.15.00; 3808.94.91; 3822.00.00; 3926.20.90; 5602.90.00; 5603.11.90; 5603.12.90; 5603.13.90; 5603.14.00; 5603.92.90; 5603.93.00; 5603.94.00; 5903-10-90; 6307.90.00; 7312.90.00; 9004.90.00; 9020.00.00; 9027.80.00), due to the COVID-19 pandemic  | Effective 1 July 2020 to 30 September 2020  |
| Bangladesh      | Temporary export prohibition on surgical masks, face masks, and disinfectants (hand sanitizers) (effective 12 March 2020) (HS 6307.90.40; 6307.90.90; 3808.94.91), due to the COVID-19 pandemic   | Effective 2 March 2020 to 2 April 2020  |
| Bangladesh      | Temporary elimination of import tariffs on protective garment, disinfectant, and COVID-19 test kits (HS 2905.12.90; 3002.15.00; 3822.00.00; 9027.80.00; 3808.94.91; 9018.90.90; 9020.00.00; 3926.20.20; 3926.20.90; 6210.10.00; 6210.40.00; 6210.50.00; 6211.33.00; 6211.39.00; 6211.43.00; 6211.49.00; 9004.90.00), due to the COVID-19 pandemic. Imports also exempted from VAT and other taxes   | Effective 22 March 2020 to 30 June 2020   |
| Brazil          | Temporary exemption from the requirement of inexistence of national production for the import of used pulmonary ventilators, vital signs monitors, infusion pumps, oximeters and capnographs and stretchers for the transport of patients, due to the COVID-19 pandemic   | Effective 11 May 2020   |
| Brazil          | Implementation of special export licensing scheme for goods to fight the COVID-19 pandemic (NCM Chapters 22; 29; 38; 39; 40; 56; 62; 63; 73; 90)  | Effective 18 March 2020   |
| Brazil          | Temporary elimination of import tariffs on certain personal protective equipment (NCM Chapters 17; 22; 25; 28; 29; 30; 33; 34; 37; 38; 39; 40; 48; 55; 56; 59; 61; 62; 63; 65; 70; 72; 73; 76; 84; 85; 87; 90; 94), due to the COVID-19 pandemic  | Effective 18 March 2020 to 30 September 2020. Extended until 30 October 2020  |
| Brazil          | Temporary elimination of import licensing requirements on certain products (dispensa de licenciamento de anuência da Subsecretaria de Operações de Comércio Exterior "SUEXT") used in the treatment of COVID-19 (NCM 3921.13.90; 5503.20.10; 6210.10.00; 9018.90.10)  | Effective 20 March 2020   |

| Member/Observer | Measure   | Effective Date of Policy Measures            |
|-----------------|---|--|
| Brazil          | Temporary elimination of import licensing requirements on certain products (e.g. vacuum plastic tubes for blood collection and syringes) (NCM 3822.00.90; 3926.90.40; 9018.39.99; 9018.31.11; 9018.31.19), due to the COVID-19 pandemic   | Effective 23 March 2020                      |
| Brazil          | Temporary simplification of requirements on the manufacture, import and purchase of certain products identified as essential for use in healthcare services on the fight against the COVID-19   | Effective 23 March 2020 to 18 September 2020 |
| Brazil          | Temporary export prohibition of individual protection equipment, mechanical ventilators and monitors (NCM 3926; 6116; 6216; 6307; 9018; 9004; 8473), due to the COVID-19 pandemic (the prohibition is subject to exceptions provided that the needs of the Brazilian population are met)  | Effective 24 April 2020                      |
| Brazil          | On 25 March 2020 temporary suspension of the anti-dumping duties on vacuum plastic tubes for blood collection and syringes (NCM 3822.00.90; 3926.90.40; 9018.39.99; 9018.31.11; 9018.31.19) imported from China, Germany, the United Kingdom and the United States, due to the COVID-19 pandemic  | Effective 25 March 2020 to 30 September 2020 |
| Brazil          | Temporary implementation of prior export authorization on chloroquine, hydroxychloroquine, azithromycin, fentanyl, midazolam, ethosuximide, propofol, alcuronium, vecuronium, rocuronium, succinylcholine, ivermectin, and nitazoxanide (NCM 2941; 3003; 3004; 3005; 3006; 2907; 2923; 2932; 2933; 2934; 3001), due to the COVID-19 pandemic  | Effective March 2020                         |
| Brazil          | Temporary elimination of the IPI (Imposto sobre Produtos Industrializados) internal industrial tax on certain products (NCM 2207.20.19; 3808.94.11; 3808.94.19; 3808.94.29; 3926.20.00; 3926.90.40; 3926.90.90; 3926.90.90; 4015.19.00; 7326.20.00; 9004.90.20; 9004.90.90; 9018.19.80; 9018.39.23; 9018.39.99; 9019.20; 9020.00.90; 9025.11.10), due to the COVID-19 pandemic  | Effective March 2020 to 30 September 2020    |
| Canada          | Canada is waiving tariffs and sales taxes on all goods imported by or on behalf of public health agencies, hospitals and testing sites, and first response organizations (e.g. police, fire and local civil defence groups, including medical response teams). As of 6 April 2020, Canada is also waiving tariffs and sales taxes on goods imported by or on behalf of public or private care residences, such as seniors' residences, retirement homes, nursing homes and shelters   | Announced 16 March 2020 until further notice |
| Canada          | Goods imported into Canada are generally subject to the Goods and Services Tax (GST), at a rate of 5%, as well as applicable customs duties, which vary by product and country of origin. Typically, payments owing for customs duties and the GST on imports are due on a monthly basis. In order to provide cash flow and liquidity support for importers, Canada announced on 27 March 2020 that it will defer payment deadlines for March, April, and May to 30 June 2020   | Announced 27 March 2020 until 30 June 2020   |
| Canada          | Temporary waiving otherwise applicable customs duties on imports of specified medical supplies, including personal protective equipment (PPE), in order to support efforts to combat the spread of COVID-19. Relief is available to all importers of specified goods including businesses, distributors, and individual Canadians. Key categories of products covered by the measure include diagnostic test kits, face and eye protection, gloves, protective garments, disinfectants/sterilization products, medical devices, thermometers, wipes, and medical consumables, and other goods (e.g. soap). The scope of relief is based on the indicative list of medical supplies and PPE identified jointly by the WHO and the WCO as critical for combatting COVID-19, as well as related classification guidance by the Canada Border Services Agency | Effective 5 May 2020 until further notice    |
| China           | Circular of the Ministry of Agriculture and Rural Affairs implementing nine facilitation measures regarding three categories of agricultural administrative approval (license renewal, simplification of approval procedure, and optimization of approval process)  | Effective 12 February 2020                   |
| China           | Trade facilitation measures through the holding of the 127th Canton International Fair online, due to the COVID-19 pandemic   | Effective 15 June 2020 to 24 June 2020       |

| Member/Observer   | Measure  | Effective Date of Policy Measures   |
|-------------------|--|---|
| China             | MOFCOM notice actively guiding and encouraging enterprises to apply for import and export licenses in a paperless way; further simplifying the materials required for the paperless application for import and export licenses; optimizing the application and updating processes of electronic keys, and encouraging enterprises to apply for and update electronic keys online   | Effective 6 February 2020   |
| European Union(a) | Exports of personal protective equipment (HS 39; 40; 61; 62; 63; 90) subject to the temporary production of an export authorization, due to the COVID-19 pandemic. As from 19 March 2020, exports to EFTA members, the Faroe Islands, Andorra, San Marino and the Vatican City, as well as the overseas countries and territories listed in Annex II of the Treaty exempted  | Effective 15 March 2020, for a period of 6 weeks. No longer in force, repealed by Regulation 2020/568 (23 April 2020)   |
| European Union(a) | Exports of personal protective equipment subject to an export authorization. EFTA members, Western Balkans, the Faroe Islands, Andorra, San Marino and the Vatican City, as well as the overseas countries and territories listed in Annex II of the Treaty are exempted from the scope of the measures. The new regulation is more targeted, covering three product categories, instead of the five in the original export authorization scheme mentioned above (only protective masks, spectacles and garment exports will require an export authorization) (HS 9004.90.10; 9004.90.90; 6307.90.98; 9020.00.00; 3926.20.00; 4015.90.00; 6113.00; 6114; 6210.10.10; 6210.10.92; 6210.10.98; 6210.20.00; 6210.30.00; 6210.40.00; 6210.50.00; 6211.32.10; 6211.32.90; 6211.33.10; 6211.33.90; 6211.39.00; 6211.42.10; 6211.42.90; 6211.43.10; 6211.43.90; 6211.49.00). The new scheme now explicitly requires member States to authorize exports of emergency supplies in the context of humanitarian aid and to process the relevant applications in an expedite manner. It asks the member States to positively assess exports to state agencies in charge of distributing personal protective equipment or involved in combating the COVID-19 outbreak | Effective 26 April 2020, for 30 days. Terminated on 25 May 2020   |
| European Union(a) | Relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of the COVID-19 outbreak during 2020. The goods are intended for one of the following uses: (i) distribution free of charge by bodies and organizations to persons affected by or at risk from COVID-19 or involved in combating the COVID-19 outbreak; (ii) being made available free of charge to the persons affected by or at risk from COVID-19 or involved in combating the COVID-19 outbreak while remaining the property of the bodies and organizations; and (iii) the goods are imported for release for free circulation by or on behalf of state organizations, including state bodies, public bodies and other bodies governed by public law or by or on behalf of organizations approved by the competent authorities in the member States   | Effective 30 January 2020 to 31 July 2020. On 27 July 2020, Decision amended extending the period of application by 3 months (effective 30 January 2020 to 31 October 2020) |
| European Union(a) | Implementation of Green Lanes under the Guidelines for border management measures to protect health and ensure the availability of goods and essential services. In order to preserve the EU-wide operation of supply chains and ensure the functioning of the Single Market for goods, wherever internal border controls exist or have been introduced, member States are requested to designate immediately all the relevant internal border-crossing points of the trans-European transport network (TEN-T) and additional ones, as "green lane" border crossings, for land (road and rail), sea and air transport  |   |
| European Union(a) | Guidance from the EU Commission on using the public procurement framework in the emergency situation related to the COVID-19 crisis. The document recalls the options and flexibilities provided by the existing EU public procurement framework in emergency situations such as that caused by the COVID-19 outbreak. It provides an overview of the choice of tendering procedures available to public buyers and applicable deadlines   |   |
| European Union(a) | Guidelines for border management measures to protect health and ensure the availability of goods and essential services. These guidelines set out principles for an integrated approach to an effective border management to protect health while preserving the integrity of the EU Single Market   |   |



| Member/Observer   | Measure   | Effective Date of Policy Measures |
|-------------------|---|-----------------------------------|
| European Union(a) | Communication from the Commission - European Commission Guidelines: Facilitating Air Cargo Operations during COVID-19 outbreak. The Guidelines aim to ensure essential transport flows. Member States are requested to facilitate air cargo operations during the COVID-19 outbreak   |                                   |
| European Union(a) | Guidance on customs issues related to the COVID-19 emergency. As a result of the crisis created by the COVID-19 pandemic, questions have emerged concerning the application of customs provisions relating to the customs decision-making process, customs procedures and customs formalities. The objective of this page is to offer guidance to the concerned stakeholders on practical solutions given by the current EU legal framework   |                                   |
| European Union(a) | Guidelines on the optimal and rational supply of medicines to avoid shortages during the COVID-19 outbreak. These guidelines aim to protect public health and preserve the integrity of the Single Market, while ensuring that Europe has the supply of affordable medicines it needs during the COVID-19 outbreak. The guidelines outlined that: (i) "lifting export bans and restrictions": member States are expected to protect public health in a spirit of European solidarity. In order to achieve this objective, it is critically important that member States lift export bans on medicines within the internal market. While it is understandable that countries wish to ensure the availability of essential medicines nationally, export bans are detrimental to the availability of medicines for European patients even when they are legally justifiable. Measures leading to the requisitioning of medicines, intermediates or APIs, or their production, should not be considered as an option. These measures, especially as far as they are applied to active pharmaceutical ingredients (APIs) or intermediates, endanger supply since they lead to a slowdown in industry output; and (ii) "avoiding national stockpiling": the COVID-19 pandemic affects all member States. They must ensure that essential medicines are available in the hospitals and pharmacies that need them most, regardless of their location. Preventive stockpiling by member States puts supply at risk for all countries. A fortiori, more localized stockpiling can be even more harmful - member States should therefore ensure that stockpiling by wholesalers and pharmacies (including by hospital pharmacies) is prevented |                                   |
| France            | Temporary export prohibition of medicinal products (certain medicinal products containing hydroxychloroquine or the combination lopinavir/ritonavir); and requisition measure on face masks, due to the COVID-19 pandemic (effective 23 March 2020)   | On 11 May 2020 measure repealed   |
| Germany           | Declaration of supply shortage for pneumococcal vaccines, due to the COVID-19 pandemic. The declaration facilitates reallocation and import of vaccines   | Effective 17 March 2020           |
| India             | Imports of certain medical and surgical instruments and apparatus (HS 9018; 9019; 9020; 9021; 9022) exempted from the "health cess"   | Effective 1 April 2020            |
| India             | Amendments introduced in the Export Policy of Alcohol based Hand Sanitizers. Only "alcohol based hand sanitizers" exported in containers with the dispenser pump are prohibited for export (HS 3004; 3401; 3402; 3808.94), due to the COVID-19 pandemic. Exports of alcohol based hand sanitizers in any other form/ packaging are "free"   | Effective 1 June 2020             |
| India             | Amendments introduced in the Export Policy of Diagnostic Kits/Laboratory Reagents/Diagnostic Apparatus. VTM kits and reagents, RNA extraction kits and reagents, and RT-PCR kits and reagents are "restricted" for exports, whether as an individual item or as part of any diagnostic kits/reagent, due to the COVID-19 pandemic. All other diagnostic kits/reagents/instruments/apparatus are freely exportable subject to submission of an undertaking by the exporter to the Customs Authorities at the time of export (HS 3822; 3926.90.99; 7017.90; 8419.90.90; 9018.90.99; 3005.90; 9027.90.90; 3822.00.90; 3822.00.19; 9027; 3507; 2934)  | Effective 10 June 2020            |
| India             | Amendments introduced in the Export Policy of Textile Raw Material for Masks and Coveralls, due to the COVID-19 pandemic. Only non-woven fabric of 25 to 70 GSM and melt blown fabric of any GSM exported is prohibited for export. All other non-woven fabrics with GSM other than 25-70 GSM are freely allowed for exports  | Effective 13 July 2020            |

| Member/Observer | Measure  | Effective Date of Policy Measures   |
|-----------------|--|---|
| India           | Amendments introduced in the Export Policy of Masks, allowing the export of non-medical/non-surgical masks of all types (cotton, silk, wool, knitted) (HS 3926.90; 6217.90; 6307.90; 9018.90; 90209. All other types of masks falling under any HS Codes continued to remain prohibited for exports  | Effective 16 May 2020   |
| India           | Further amendments introduced to the export policy of formulation made from paracetamol (including FDCs) (HS 3004.90.99), changing from restricted to free, due to the COVID-19 pandemic. Paracetamol APIs will remain restricted for export   | Effective 17 April 2020   |
| India           | Amendments introduced in the Export Policy of Textile Raw Material for Masks and Coveralls (HS 5603.11; 5603.12; 5603.13; 5603.14; 5603.91; 5603.92; 5603.93; 5603.94), due to the COVID-19 pandemic. Only melt blown fabric of any GSM is prohibited for export. All other non-woven fabrics of any GSM (including GSM 25-70, which were earlier prohibited) are freely allowed for exports   | Effective 18 August 2020  |
| India           | Amendments introduced to the export policy of Masks, Ventilators, and Textile Raw Materials for Masks and Coveralls (HS 3926.90; 6217.90; 6307.90; 9018; 9020; 5603.11; 5603.12; 5603.13; 5603.14; 5603.91; 5603.92; 5603.93; 5603.94), resulting in an export restriction due to the COVID-19 pandemic  | Effective 19 March 2020   |
| India           | Amendments introduced in the Export Policy of PPE/Masks. Only surgical drapes, isolation aprons, surgical wraps and X-Ray gowns are removed from prohibition under the medical coveralls of all classes and categories. All other items continue to remain prohibited for exports, as part of prohibition on PPE, due to the COVID-19 pandemic (HS 9018.50; 9018.90; 9020; 3926.90; 6217.90; 6307.90)  | Effective 21 July 2020  |
| India           | Amendments introduced in the export policy of Personal Protective Equipment/ Masks (HS 3926.90; 6217.90; 6307.90; 9018.50; 9018.90; 9020), resulting in an export prohibition due to the COVID-19 pandemic. All other items are freely exportable  | Effective 22 June 2020  |
| India           | Amendments introduced in the Export Policy of Personal Protective Equipment/ Masks, due to the COVID-19 pandemic. Certain PPEs exported either as part of kits or as individuals items (e.g. (i) medical coveralls of all classes/categories; (ii) medical goggles; (iii) all masks other than non-medical/non-surgical masks (cotton, silk, wool, polyester, nylon, rayon, viscose-knitted, woven or blended); (iv) nitrile/NBR gloves; and (v) face shields) (HS 3926.90; 6217.90; 6307.90; 9018.50; 9018.90; 9020), are prohibited for export. All other items are freely exportable  | Effective 22 June 2020  |
| India           | Amendments introduced to the export policy of Ventilators, including any Artificial Respiratory Apparatus or Oxygen Therapy or any other Breathing Appliances/ Devices and Sanitizers (HS 3004.90.87; 3401; 3402; 3808.94; 9018; 9019; 9020), resulting in an export restriction due to the COVID-19 pandemic  | Effective 24 March 2020   |
| India           | Amendments in Export Policy of PPE/Masks (HS 9018.50; 9018.90; 9020; 3926.90; 6217.90; 6307.90), due to the COVID-19 pandemic. The Export policy of 2/3 ply surgical masks, medical coveralls of all classes and categories (including medical coveralls for COVID-19) is amended from "Restricted" to "Free" category and these coveralls (including gowns and aprons of all types) are now freely exportable. Medical goggles continue to remain in restricted category with monthly quota of 20 lakh units and nitrile/NBR gloves continue to remain prohibited. The export policy of N-95/FFP2 masks or its equivalent masks is revised from "Prohibited" to "Restricted" category. A monthly export quota of 50 lakh units has been fixed for N-95/FFP2 masks or its equivalent, for issuing export licences to eligible applicants as per the criteria to be separately issued in a Trade Notice | Effective 25 August 2020  |
| India           | Amendments introduced to Foreign Trade Policy 2015-2020 (amendment in Para 4.44 - "export of cut and polished diamonds with re-import facility at zero duty") resulting in enhancement of the time limit for re-import facility with zero duty from 3 months to 6 months for case where re-import period is expiring between 1 February 2020 to 31 July 2020, due to the COVID-19 pandemic   | Effective 25 June 2020  |
| India           | Amendments introduced to the export policy of Hydroxychloroquine (HS 3004.90.87; 3401; 3402; 3808.94; 9018; 9019; 9020), resulting in an export restriction (subject to some exceptions), due to the COVID-19 pandemic. On 4 April 2020, exceptions eliminated resulting in an export prohibition of hydroxychloroquine  | Effective 25 March 2020. On 18 June 2020, export policy changed from "prohibited" to "free" |

| Member/Observer | Measure  | Effective Date of Policy Measures |
|-----------------|--|-----------------------------------|
| India           | Amendments introduced in the Export Policy of PPE/Masks. Export policy of 2/3 ply surgical masks, medical googles is amended from “prohibited” to “restricted”, due to the COVID-19 pandemic (HS 9018.50; 9018.90; 9020; 3926.90; 6217.90; 6307.90). Exports of face shields has been made “free”. A monthly export quota of 4 crore units per months has been fixed for 2/3 ply surgical masks and 20 lakh units per month for medical googles for issuing export licences to eligible applicants as per the criteria to be separately issued in a Trade Notice | Effective 28 July 2020            |
| India           | Amendments introduced in the Export Policy of Paracetamol API (HS 2922.29.33), making its exports “free” with immediate effect, due to the COVID-19 pandemic   | Effective 28 May 2020             |
| India           | Further amendments introduced in the export policy of Personal Protective Equipment/Masks (HS 3926.90; 6217.90; 6307.90; 9018.90), due to the COVID-19 pandemic. PPE medical coveralls for COVID-19 are now “restricted” for exports. A monthly quota of 50 Lakh PPE medical coverall for COVID-19 has been fixed for issuance of export licenses to the eligibly applicants to export, as per the criteria to be separately issued in a Trade Notice  | Effective 29 June 2020            |
| India           | Amendments introduced to the export policy of Active Pharmaceutical Ingredients (APIs) and formulations made from these APIs (HS 2922.29.33; 2933.29.10; 2933.29.20; 2933.59.90; 2936.22.10; 2936.25.00; 2936.26.10; 2937.23.00; 2941.40.00; 2941.50.00; 2941.90.50; 2941.90.90; 2942.00.90; 3004.20.50; 3004.20.61; 3004.20.95; 3004.39.19; 3004.50.32; 3004.50.34; 3004.50.39; 3004.90.15; 3004.90.21; 3004.90.22; 3004.90.23; 3004.90.99), resulting in an export restriction due to the COVID-19 pandemic  | Effective 3 March 2020            |
| India           | Amendments introduced to the export policy of Personal Protective Equipment/Masks-reg (HS 3926.90; 6217.90; 6307.90; 9018.50; 9018.90; 9020), resulting in an export restriction due to the COVID-19 pandemic  | Effective 31 January 2020         |
| India           | Amendments introduced to the import policy of Iron and Steel and incorporation of policy condition in HS Chapters 72; 73; 86, Schedule-I (import policy), resulting in an extension of validity to 135 days to automatic registration number generated under the Steel Import Monitoring System “SIMS” until 31 March 2020, due to the COVID-19 pandemic   | Effective 31 March 2020           |
| India           | Amendments introduced to the export policy of diagnostic kits (diagnostic or laboratory reagents on a backing, preparation diagnostic or laboratory reagents whether or not on a backing, other than those of heading HS 3006 or 3008; certified reference materials) (HS 3822), resulting in an export restriction due to the COVID-19 pandemic   | Effective 4 April 2020            |
| India           | Amendments introduced in the Export Policy of Ventilators (HS 9018; 9019; 9020). Export of all ventilators including any artificial respiratory apparatus or oxygen therapy apparatus or any other breathing appliance/device are made “Free” for export, due to the COVID-19 pandemic   | Effective 4 August 2020           |
| India           | Further amendments introduced to the export policy of Active Pharmaceutical Ingredients (APIs) and formulations made from these APIs (HS 2933.29.10; 2933.29.20; 2933.59.90; 2936.22.10; 2936.25.00; 2936.26.10; 2937.23.00; 2941.40.00; 2941.50.00; 2941.90.90; 2942.00.90; 3004.20.50; 3004.20.61; 3004.20.95; 3004.39.19; 3004.50.32; 3004.50.34; 3004.50.39; 3004.90.15; 3004.90.21; 3004.90.22; 3004.90.23; 3004.90.99), changing from restricted to free, due to the COVID-19 pandemic   | Effective 6 April 2020            |
| India           | Amendments introduced in the Export Policy of Sanitizers. Only “alcohol based hand sanitizers” are prohibited for export (HS 3004; 3401; 3402; 3808.94), due to the COVID-19 pandemic. All other items falling under the HS Codes mentioned are freely exportable  | Effective 6 May 2020              |
| India           | Amendments in Export Policy of PPE/Masks (HS 9020; 3926.90; 6217.90; 6307.90), due to the COVID-19 pandemic. The export policy of N-95/FFP2 masks or its equivalent masks is amended from “Restricted” to “Free” category, making all types of masks freely exportable   | Effective 6 October 2020          |

| Member/Observer | Measure  | Effective Date of Policy Measures           |
|-----------------|--|---|
| India           | Temporary elimination of import tariffs on: (i) artificial respiration or other therapeutic respiration apparatus (ventilators) (HS 9018; 9019); (ii) face masks and surgical masks (HS Chapter 63); (iii) personal protection equipment (HS Chapter 62); (iv) COVID-19 testing kits (HS Chapters 30 and 38); and (v) inputs for the manufacture of items (i) to (iv) subject to the condition that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2012, due to the COVID-19 pandemic. Imports also exempted from the Health Cess | Effective 9 April 2020 to 30 September 2020 |
| India           | Certain products (e.g. surgical masks/disposable masks (2/3 ply); all gloves except NBR gloves; all ophthalmic instruments and appliances under HS 9018.50 except medical goggles; surgical blades; non-woven shoes (disposable); breathing appliances used by airmen, divers, mountaineers and firemen; gas masks with chemical absorbent for filtration against poisonous vapour, smoke, gases; HPDE tarpaulin/plastic tarpaulin; PVD conveyor belts; and biopsy punches) exempted from the export ban implemented due to the COVID-19 pandemic  | Effective February 2020                     |
| Indonesia       | Temporary elimination of import tariffs on certain medical and pharmaceutical products used in the treatment of COVID-19 (HS Chapters 29; 30; 38; 40; 62; 63; 90). Imports also exempted from VAT and income taxes   | Effective 17 April 2020                     |
| Indonesia       | Temporary export ban on antiseptic, raw materials to fabricate masks, personal protective equipment (PPE), ethyl alcohol and masks (HS Chapters 22; 30; 38; 56; 62; 63), due to the COVID-19 pandemic  | Effective 18 March 2020 to 30 June 2020     |
| Indonesia       | Temporary elimination of import certification requirements on imports of onions and garlic (HS 0703), due to the COVID-19 pandemic   | Effective 18 March 2020 to 31 May 2020      |
| Indonesia       | Temporary elimination of import certification requirements on imports of certain products, e.g. masks and personal protective equipment, due to the COVID-19 pandemic  | Effective 23 March 2020 to 30 June 2020     |
| Indonesia       | Postponing the payment of excise duties on imports of certain goods, due to the COVID-19 pandemic  | Effective 9 April 2020                      |
| Israel          | Temporary export licensing requirements on medical equipment (e.g. alcohol, swabs, personal cleaning products containing ethyl/isopropyl alcohol, disinfection products, face masks, artificial respiration devices, and respirators) (HS 2207; 2208; 3005; 3402.20; 3808.90; 6307.90; 9019.20; 9020), due to the COVID-19 pandemic  | Effective until 30 June 2020                |
| Israel          | Temporary export licensing requirements on medical equipment (e.g. alcohol, face masks, medical oxygen, swabs, personal cleaning products containing ethyl/isopropyl alcohol, disinfection products, artificial respiration devices) (HS 2207; 2208; 2804.40; 3005; 3402.20; 3808.90; 6210; 6307.90; 8413; 8414; 8481.80; 9018; 9019.20; 9020), due to the COVID-19 pandemic   | Effective until 30 May 2020                 |
| Italy           | Strengthening measures of the National Health Service and economic support for families, workers and businesses  | Measure repealed                            |
| Italy           | Further urgent civil protection interventions related to the emergency health risk related to the occurrence of COVID-19 pandemic  | Measure repealed on 22 April 2020           |
| Japan           | Extension of time limits for customs procedures, including those for payment of customs duties in certain cases, due to the COVID-19 pandemic  | Effective 11 May 2020                       |
| Japan           | Refund of, reduction of, or exemption from certain customs fees, due to the COVID-19 pandemic  | Effective 11 May 2020                       |
| Japan           | Prioritization of customs clearance for relief goods relating to countermeasures to the COVID-19 and other goods that require an urgent clearance to maintain the lifeline   | Effective 3 March 2020                      |
| Japan           | Simplified import and export declaration forms for relief goods relating to countermeasures to the COVID-19 etc  | Effective 3 March 2020                      |
| Japan           | Exemption of customs duty and (domestic) consumption tax for imported goods which are proved to be provided free of charge   |   |

| Member/Observer | Measure   | Effective Date of Policy Measures  |
|-----------------|---|--|
| Korea, Rep. of  | Temporary export restriction on filtering respirators. Due to the global outbreak of COVID-19, the relevant measure has been adopted with a view to preventing a critical shortage of surgical masks and filtering respirators in Korea, Rep. of. Filtering respirator producers and those who have concluded contracts with the producers for the purpose of exportation are allowed to export filtering respirators on the condition that their monthly export volume does not exceed 50% of the monthly average production volume of the domestic filtering respirators in the last two months. This measure will remain in effect from 12 July 2020 to 11 December 2020. Overseas shipments for humanitarian purposes may be exported after consulting with the Ministry of Trade, Industry and Energy and obtaining approval from the Ministry of Food and Drug Safety   | Effective 12 July 2020 to 11 December 2020   |
| Korea, Rep. of  | Temporary elimination of import tariffs on surgical and sanitary masks and melt blown filters (HS 6307.90.90; 5603.12.10; 5603.12.90; 5603.92.00), due to the COVID-19 pandemic   | Effective 18 March 2020 to 30 June 2020  |
| Korea, Rep. of  | Temporary export prohibition on melt blown filters and SMS filters (spunbond meltblown spunbond filters). Due to the global outbreak of COVID-19, the relevant measure has been adopted with a view to preventing a critical shortage of masks in Korea, Rep. of. Producers and those who have concluded contracts with the producers for the purpose of exportation are allowed to export only melt blown filters for filtering respirators on the condition that their monthly export volume does not exceed 15% of the monthly average production volume of the melt blown filters in the last two months. A producer who wants to export melt blown filters for filtering respirators in excess of the allowable amount must obtain prior approval from the Minister of Trade, Industry and Energy according to the relevant regulation. Melt blown filters for surgical masks and SMS filters are prohibited from being exported | Effective 6 August 2020 to 5 January 2021  |
| Korea, Rep. of  | Temporary export ban on surgical and sanitary masks, filtering respirators, and melt blown filters (HS 6307.90.90; 5603.12.90; 5603.92.00), due to the COVID-19 pandemic  | Effective 6 March 2020 to 30 June 2020. Ban on melt blown filters extended until 5 August 2020 |
| Korea, Rep. of  | Include surgical and protective masks, hand sanitizers and thermometers in the list of tariff exemptions for self-use of small quantities of goods  | Effective March 2020 to July 2020  |
| Korea, Rep. of  | Temporary export restriction on filtering respirators. Due to the global outbreak of COVID-19, the relevant measure has been adopted with a view to preventing a critical shortage of surgical masks and filtering respirators in Korea, Rep. of. Filtering respirator producers and those who have concluded contracts with the producers for the purpose of exportation are allowed to export up to 30% of the total daily production volume of filtering respirators. This measure will remain in effect from 18 June 2020 to 11 July 2020. Overseas shipments for humanitarian purposes may be exported with approval from the Ministry of Food and Drug Safety   |  |
| Korea, Rep. of  | Temporary quantitative restriction has been imposed on the exportation of surgical and anti-droplet masks (HS 6307.90.90). The restriction is necessary to protect human health and prevent any critical shortage of essential products in response to COVID19. Items subject to the restriction are described in Section 1. The restriction, however, allows exception concerning humanitarian purposes under MFDS approval  |  |
| Malaysia        | Temporary export ban on face masks (HS 6307.90.40; 6307.90.90), due to the COVID-19 pandemic  | Effective 20 March 2020  |
| Malaysia        | Temporary elimination of import tariffs on face masks (effective 23 March 2020); on PPE, medical equipment and COVID-19 consumables (effective 23 March 2020); and on raw materials, undenatured ethyl alcohol and denatured ethyl alcohol used for the production of hand sanitizers (effective 30 March 2020) (HS 3808.94.90; 6307.90.40; 6307.90.90; 9025.19.19; 9025.90.10; 8419.20.00; 9027.30.10; 9402.90.10; 9011.80.00; 8418.50.91; 9027.50.10; 6307.90.40; 9004.90.50; 3926.20.90; 3926.90.39; 4015.11.00; 4015.19.00; 6116.10.90; 6216.00.10; 6505.00.20; 6210.10.19; 6210.20.40; 6210.30.40; 6210.40.90; 6210.50.90; 4818.90.00; 3917.33.91), due to the COVID-19 pandemic. Imports also exempted from sales taxes and excise duties   | Effective: see individual dates in measure   |

| Member/Observer  | Measure  | Effective Date of Policy Measures   |
|--|--|---|
| Philippines  | Temporary increase of import tariffs (from zero to 10%) on crude petroleum oil and refined petroleum products (HS 2709; 2710; 2711), due to the COVID-19 pandemic  | Effective 2 May 2020  |
| Philippines  | Temporary elimination of import tariffs on qualified manufacturers and suppliers of medicines, medical equipment and devices, personal protective equipment (PPEs), surgical equipment and supplies, laboratory equipment and re-agents and their packaging, medical supplies, tools and consumables (alcohol, sanitizers, thermometers), raw materials, COVID-19 testing kits, or any other articles needed in the supply chain such as capital equipment, spare parts, and accessories (HS Chapters 22; 28; 29; 30; 33; 34; 35; 37; 38; 39; 40; 44; 48; 52; 54; 55; 59; 62; 63; 65; 70; 84; 90; 94; 96), due to the COVID-19 pandemic. Imports also exempted from other taxes and fees | Effective 24 March 2020 to 23 May 2020  |
| Russian Federation   | Temporary export quota (7 million tonnes) on wheat and meslin, rye, barley and maize (HS 1001; 1002; 1003; 1005)   | Effective 1 April. Terminated on 30 June 2020                                 |
| Russian Federation   | Temporary export ban on certain personal protective equipment (e.g. face masks) (HS Chapters 30; 38; 39; 40; 56; 59; 62; 63; 84; 90), due to the COVID-19 pandemic   | Effective 2 March 2020 to 1 June 2020   |
| Russian Federation   | Temporary (1 month) exemption from weight control of vehicles transporting food and non-food necessities in trailers and semi-trailers of the platform type with a tented top, as well as in vans, trailers, semi-trailers of the refrigerated and isothermal type, due to the COVID-19 pandemic   | Effective 21 March 2020 to 25 April 2020                                      |
| Russian Federation   | Extension of the list of imported medical products exempted from VAT (HS 29; 30; 38; 39; 40; 62; 63; 65; 84; 85; 90), due to the COVID-19 pandemic   | Effective 6 April 2020  |
| Saudi Arabia, Kingdom of                                       | Temporary export ban on COVID-19 detection and prevention products (e.g. personal protective equipment, face masks, diagnostic tests) medical equipment and pharmaceutical products (268 tariff lines at 10-digit level in HS Chapters 22; 25; 30; 33; 34; 38; 39; 40; 44; 48; 62; 63; 65; 84; 90), due to the COVID-19 pandemic   | Effective 4 February 2020   |
| Saudi Arabia, Kingdom of                                       | Postponing the collection of customs duties on imports for a period of 30 days against the submission of a bank guarantee, for the next three months and setting the necessary criteria for extending the postponement period for the most affected activities as needed, due to the COVID-19 pandemic   |   |
| Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu | Temporary export restriction on undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol (HS 2208.90.10) and disinfectant products (HS 3808.94.20), due to the COVID-19 pandemic. For exports of commodities under these items of medicines for human use, a photocopy of medicine permit issued by the Ministry of Health and Welfare is required  | Effective 1 May 2020  |
| Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu | Temporary export restriction on medicinal alcohol products (HS 2208.90.10; 3808.94.20), due to the COVID-19 pandemic   | Effective 16 April 2020   |
| Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu | Requirement by the Ministry of Economic Affairs in consultation with the Ministry of Health and Welfare and the Ministry of Finance, for importers of medical masks (HS 6307.90.50) to apply in advance for an import approval from the Bureau of Foreign Trade (BOF), due to the COVID-19 pandemic. Importers can apply for the advance approval on the BOF's Mask Import Approval Application System. Requirement to declare product flow on the system every Monday following the customs clearance date.   | Effective 16 September 2020   |
| Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu | Temporary reduction of import tariffs (from 20% to 10%) on other undenatured ethyl alcohol of an alcoholic strength by volume exceeding 90% volume (HS 2207.10.90), due to the COVID-19 pandemic   | Effective 27 February 2020 to 26 August 2020. Extended until 26 November 2020 |
| Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu | Temporary elimination of import tariffs (from 7.5%) on masks, filtering efficiency of 94% or more, of textile materials (HS 6307.90.50), due to the COVID-19 pandemic  | Effective 27 February 2020. Terminated on 26 May 2020                         |
| Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu | Temporary export ban on masks with filtering efficiency of 94% or more, of textile materials and other masks, of textile materials (HS 6307.90.50), due to the COVID-19 pandemic (originally effective 24 January 2020 to 30 June 2020)  | Terminated on 1 June 2020   |

| Member/Observer | Measure   | Effective Date of Policy Measures   |
|-----------------|---|---|
| Singapore       | Elimination of import tariffs and all other duties and charges on essential goods including medical, hygiene, pharmaceutical products and agricultural products (HS Chapters 19; 21; 30; 34; 38; 39; 61; 62; 63; 65; 84; 85; 90; 96), due to the COVID-19 pandemic. Singapore to: (i) refrain from imposing export prohibitions or restrictions on essential goods including medical, hygiene, pharmaceutical products and agricultural products; and (ii) expedite the movement of such essential goods through sea and airports   | Effective 15 April 2020   |
| Singapore       | Temporary elimination of import tariffs on medicated samsu and other samsu (HS 2208), due to the COVID-19 pandemic  | Effective 15 April 2020   |
| Singapore       | Temporary relaxation of import licensing requirements for hand sanitizers, masks, thermometers, and protective gear (HS 3926.20; 4015.11; 4015.19; 4818.50; 6116.10; 6210.10; 6210.20; 6210.30; 6210.40; 6210.50; 6216.00; 6307.90; 6505.00; 9004.90; 9020.00; 9025.19), due to the COVID-19 pandemic. Importers do not require an importer's licence from the Health Science Authority of Singapore (HSA). Instead, importers only need to notify the HSA of their intention to import, as well as provide information on the brand and quantity of the devices to be imported into Singapore. They must also maintain proper sales and distribution records, which might be required for submission when necessary (such as for a recall of products) | Effective 31 January 2020   |
| South Africa    | "COVID-19 export control regulation" on certain personal protective equipment (e.g. face masks, disinfectant) (HS 3008.94; 6307.90; 9020.00; 2933.39; 2933.49; 2933.99; 3002.12; 3002.20; 3004), due to the COVID-19 pandemic. Goods shall not be exported except by virtue of an export permit   | Effective 27 March 2020   |
| Spain           | Royal decree No. 463/2020 allowing requisition of all goods necessary for protecting human health, due to the COVID-19 pandemic   | Effective 14 March 2020. Measure no longer in force since 21 June 2020                          |
| Spain           | Extension of timeframes for payment of certain customs debts and related taxes (during the period 2 March 2020 to 30 May 2020), due to the COVID-19 pandemic  | Effective 2 March 2020. Measure no longer in force since 30 May 2020                            |
| Sri Lanka       | Temporary export ban on face masks - N95 type, and disposable surgical face masks (implemented on 20 March 2020), due to the COVID-19 pandemic  | Terminated on 11 April 2020   |
| Switzerland     | Exceptional financial aid for the reclassification to table wines of registered designation-of-origin wines of 2019 vintage and earlier, due to the COVID-19 pandemic   | Effective 1 June 2020 to 31 December 2023   |
| Switzerland     | Temporary elimination of import tariffs on certain personal protective equipment and medical goods (HS Chapters 28; 38; 39; 40; 48; 61; 62; 63; 65; 90), due to the COVID-19 pandemic   | Effective 10 April 2020. Terminated on 9 October 2020   |
| Switzerland     | Temporary increase of the 2020 import quotas Nos. 7 and 9 for birds' eggs, milk and cream, and butter (HS 0402.21.11; 0402.29.11; 0405.10.11; 0405.10.91; 0405.90.10; 0407.21.10; 0407.90.10), due to the COVID-19 pandemic   | Effective 2 April 2020  |
| Switzerland     | Exports of personal protective equipment and essential medical goods (HS Chapters 30; 39; 40; 48; 61; 62; 63; 90) subject to export authorization by the State Secretariat for Economic Affairs, due to the COVID-19 pandemic. Exports to EU members, EFTA members, the United Kingdom, the Faroe Islands, Andorra, San Marino and the Vatican City, as well as the overseas countries and territories listed in Annex II of the European Treaty exempted, under certain conditions (as long as reciprocity is guaranteed, i.e. similar exports from the aforementioned States and territories to Switzerland do not require a licence or indeed are not prohibited)  | Effective 26 March 2020, revised 4 April 2020. Terminated on 22 June 2020                       |
| Thailand        | Temporary export ban on surgical masks; face-masks for protection against dust, smoke or toxic substances used for safety apparatus and others (HS 6307.90.40; 6307.90.90), due to the COVID-19 pandemic  | Effective 5 February 2020, for 1 year   |
| Thailand        | Temporary export ban on bird eggs of fowls of the species Gallus Domesticus (HS 0407.21.00; 0407.29.90)   | Originally effective 26 March 2020 to 1 April 2020. Extended from 2 April 2020 to 30 April 2020 |

| Member/Observer   | Measure  | Effective Date of Policy Measures   |
|-------------------|--|---|
| United Kingdom(a) | The United Kingdom applied EU export restrictions on Personal Protective Equipment in response to shortages (or potential shortages) in these goods during the COVID-19 pandemic. Under these restrictions, anyone wishing to export the goods in scope to a destination not exempted under the regulations needed to apply for a licence. In the UK, licence applications were reviewed by the Department for Health and Social Care. Full information on this process was provided through gov.uk.   | Effective 15 March 2020 to 26 May 2020. A full list of goods in scope from 24 April 2020 is available within the amending legislation at: <a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0568&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0568&amp;from=EN</a> |
| United Kingdom(a) | Temporary elimination of import tariffs on certain medical supplies, equipment and protective garments (HS Chapters 22; 28; 30; 34; 38; 39; 40; 48; 56; 61; 62; 63; 65; 84; 90), due to the COVID-19 pandemic. Imports also exempted from VAT  | Effective 27 March 2020 to 31 July 2020 (can apply retrospectively to eligible goods imported after 30 January). Extended until 31 October 2020   |
| United Kingdom(a) | Temporary export ban (including parallel exportation from the United Kingdom) of certain medicaments (HS Chapters 25; 28; 29; 30; 31; 39), needed to treat COVID-19 patients in ICU and other settings for the protection of UK public health. The restrictions do not apply to drugs manufactured or intended for other countries and, as such, apply only to the export of drugs put in the supply chain for UK patients. The legal basis of the restrictions is Regulations 43(2) and 78 of the Human Medicines Regulations 2012 requiring wholesale dealers and marketing authorization holders to ensure continued supply for UK patients. These are temporary measures, in place to relieve critical shortages of medicines necessary for the protection of human health   |   |
| United Kingdom(a) | The United Kingdom has restricted the export and hoarding of some medicines. The restrictions apply to exporting of some medicines placed on the market in order to meet the needs of UK patients. Hoarding of medicines is when wholesale dealers withhold a medicine when it is in short supply. Exporting and hoarding of medicines can create or worsen medicine shortages. The restrictions do not apply to medicines that are manufactured or intended for other countries. The Department for Health and Social Care will prohibit the export of a medicine if it considers that the following conditions are met: (i) medicine is required to meet the needs of UK patients; (ii) medicine is either being exported or is a threat of being exported; and (iii) export of that medicine is either contributing to, or may contribute to, a shortage of that medicine in the UK. Once a medicine is deemed to meet these criteria, it is added to a list on gov.uk. This list is reviewed regularly. There are a number of exceptions that permit export of medicines on this list, including where the medicine will be used by international humanitarian organisations, where it will be used in clinical trials and research, or where it will be used by British Citizens abroad |   |
| United States     | Temporary exclusion of certain products from the additional duty of 25% on a list of 19 products from China (imposed on 1 September 2019). Published on 20 March 2020 but effective retroactively from 1 September 2019  | Effective 1 September 2019 to 1 September 2020  |
| United States     | Temporary exclusion of certain products from the additional duty of 25% on a list of products from China (imposed on 1 September 2019). Published on 20 March 2020 but effective retroactively from 1 September 2019   | Effective 1 September 2019 to 1 September 2020  |
| United States     | Executive Order on Ensuring Essential Medicines, Medical Countermeasures, and Critical Inputs are made in the United States  | Effective 6 August 2020   |
| United States     | Presidential Memoranda allocating to domestic use certain personal protective equipment (e.g. N-95 filtering facepiece respirators; other filtering facepiece respirators; elastomeric, air-purifying respirators and appropriate particulate filters/cartridges; PPE surgical masks; and PPE gloves or surgical gloves) (HS 3926.20.10; 4015.11.01; 4015.19.00; 6116.10.00; 6216.00.09; 6307.90.99; 9020.00.80), due to the COVID-19 pandemic   | Effective 7 April 2020 to 10 August 2020  |



| Member/Observer | Measure   | Effective Date of Policy Measures   |
|-----------------|---|---|
| United States   | Temporary rule by the Federal Emergency Management Agency (FEMA) allocating certain scarce or threatened materials for domestic use, so that these materials may not be exported from the United States without explicit approval by the FEMA, due to the COVID-19 pandemic. The rule covers five types of personal protective equipment (PPE): N-95 filtering facepiece respirators; other filtering facepiece respirators; elastomeric, air-purifying respirators and appropriate particulate filters/cartridges; PPE surgical masks; and PPE gloves or surgical gloves   | Effective 7 April 2020 to 10 August 2020  |
| United States   | Initiation of an investigation by the United States International Trade Commission aiming at identifying imported goods related to the response to the COVID-19 pandemic, their source countries, tariff classifications, and applicable rates of duty. The Commission will seek to provide: (i) the 10-digit HS code for the article; (ii) its legal description; (iii) general duty rate; (iv) any special or additional rates of duty imposed; (v) the dates on which the rates were imposed; (vi) the authorities under which they were imposed; (vii) whether any such duties have been suspended and, if so, the date of suspension as well as how long the suspension is scheduled to last; (viii) the total rate of duty imposed on such article, including any special or additional rate of duty; and (ix) the major countries of origin for each such article, and the import value of each such article from each country for the years 2017-19 | Report to be delivered as soon as possible, but not later than 30 April 2020. Report released on 4 May 2020 |
| United States   | Temporary export authorization for certain personal protective equipment (PPE) (HS 6307.90.99; 4015.11.01; 4015.19.00; 6210.10; 6210.40; 6210.50). Extension of temporary measures in relation to the COVID-19 pandemic and modifications to the scope of products affected by the temporary measures   | Revised measures effective 10 August 2020 through 31 December 2020  |
| United States   | Temporary postponement of the time to deposit certain estimated duties, taxes, and fees during the national emergency concerning the COVID-19 outbreak. 90 days deferment period on certain payments for importers (applicable to payments for goods imported in March and April 2020). Imports subject to AD/CVD duties, and Section 201, 232 and 301 trade remedies are not included in this relief effort  |   |
| Viet Nam        | Viet Nam's Ministry of Industry and Trade on 10 April 2020 issued Decision 1106/QD-BCT prescribing a global quota of 400,000 tons for rice export in April 2020. The global quota restriction then ceased to be in force from 1 May 2020 as provided in Announcement 172/TB-VPCP dated 29 April 2020 by the Prime Minister  | Effective 10 April 2020 to 1 May 2020   |
| Viet Nam        | Temporary export licensing requirements on face masks (HS 6307.90.40; 6307.90.90), due to the COVID-19 pandemic   | Effective 11 March 2020. Terminated on 29 April 2020  |
| Viet Nam        | Temporary export ban on certain drugs (37 items in HS 3004) used in the COVID-19 treatment  | Effective 15 April 2020. Terminated on 5 May 2020   |
| Viet Nam        | Temporary elimination of import tariffs on non-woven fabrics for the production of protection clothing used in the fight of COVID-19 pandemic (HS 5603)   | Effective 27 March 2020   |
| Viet Nam        | Temporary elimination of import taxes on medical and certain personal protective equipment used in the fight of COVID-19 pandemic (HS Chapters 38; 39; 56; 60; 63; 72; 73; 76)  | Effective 7 February 2020   |

Source: Compiled from WTO data

**Annexure 4.3: Services trade measures of India and important trading partners and competitors of India as per WTO data**

| Member    | Sector                 | Measure   | Effective Date of Policy Measures           |
|-----------|------------------------|---|---|
| Australia | All sectors            | On 29 March 2020, the Australian Government announced temporary changes to the foreign investment review framework that are designed to safeguard Australia's national interest during the COVID-19 pandemic crisis. During this period the monetary threshold amounts under the Foreign Acquisitions and Takeovers Act 1975 will be \$0 for proposed foreign investments made on or after 10:30pm (AEDT) 29 March 2020.  | Effective from 10:30pm (AEDT) 29 March 2020 |
| Australia | Financial services     | On 19 March, the Australian Prudential Regulatory Authority (APRA) announced support for use of capital buffers to promote ongoing lending to the economy.  | 19 March 2020                               |
| Australia | Selected sectors       | The government has introduced new measures in response to COVID-19 to allow some temporary work visa holders employed in critical sectors including agriculture, food processing, health, aged and disability care and childcare to remain in Australia and continue working until it is safe and practicable for them to return to their countries. Visas may be granted for stays of up to 12 months.   | Initiated 1 April 2020                      |
| Brazil    | Financial services     | On 16 March, the Central Bank of Brazil reduced the Conservation Capital Buffer from 2.5% to 1.25% for one year.  | 16 March 2020                               |
| Brazil    | Health services        | To deal with the health emergency, the use of telemedicine for medical services, including medical consultation and digital medicine prescription, is permitted on an exceptional and temporary basis through ordinance 467/20.   | 20 March 2020                               |
| Canada    | All sectors            | On 18 April 2020, the government issued a Policy Statement indicating that, in the context of the pandemic, it would subject certain foreign investments into Canada to enhanced scrutiny under the Investment Canada Act. The government will scrutinize with particular attention foreign direct investments of any value, controlling or non-controlling, in Canadian businesses that are related to public health or involved in the supply of critical goods and services to Canadians or to the government. The government will also subject all foreign investments by state-owned investors, regardless of their value, or private investors assessed as being closely tied to or subject to direction from foreign governments, to enhanced scrutiny under the Act. This may involve the Minister requesting additional information or extensions of timelines for review as authorized by the ICA, in order to ensure that the government can fully assess these investments. This enhanced scrutiny of certain foreign investments is to apply until the economy recovers from the effects of the COVID-19 pandemic. | 18 April 2020                               |
| Canada    | Financial services     | On 13 March, the Office of the Superintendent of Financial Institutions (OSFI) lowered the stability buffer requirement from 2.25% to 1% of risk-weighted assets.   | 13 March 2020                               |
| Canada    | Financial services     | On 27 March, OSFI announced a suite of adjustments to existing capital and liquidity requirements (e.g., liquidity coverage ratio and net stable funding ratio) to afford institutions further flexibility in addressing conditions precipitated by the COVID-19 pandemic while promoting financial resilience and stability.   | 27 March 2020                               |
| China     | Air transport services | The Civil Aviation Administration of China (CAAC) has recognized the need for flexibility in the delivery of classroom training and for the completion of recurrent training requirements. It has also granted the ability to extend the validity periods to some elements of training applicable to pilots, engineers, cabin crew and dispatchers.   | 21 March 2020                               |
| China     | All sectors            | On 10 February 2020, the MOFCOM General Office issued the Circular on Strengthening the Services for Foreign-Invested Enterprises and Investment Attraction Work While Actively Fighting Against COVID-19 Pandemic, requiring local departments of commerce to provide necessary services for foreign-invested enterprises and attract investment on the condition of effectively preventing and controlling the COVID-19 pandemic. Specifically, the Circular requires local departments of commerce to: 1) actively help foreign-invested enterprises to resume normal production and operation; 2) strengthen services for large foreign-invested projects; 3) innovate and improve the work of investment promotion; 4) offer targeted assistance based on local conditions; and 5) continue to improve the business environment.   | 10 February 2020                            |

| Member         | Sector   | Measure   | Effective Date of Policy Measures   |
|----------------|--|---|---|
| China          | Financial services                                 | On 3 April 2020, the People's Bank of China decided to cut the Required Reserve Ratio by 1 percentage point, with a cut of 0.5 percentage points on April 15 and May 15 each time, for rural credit cooperatives, rural commercial banks, rural cooperative banks, village banks, as well as city commercial banks operating solely within provincial-level administrative regions.   | 03 April 2020   |
| European Union | Air transport services                             | On 30 March, the European Union suspended its rule that require air carriers to operate slots for at least 80 percent of the time to keep the entitlement in the next equivalent season for the whole summer season, until 24 October 2020.   | Effective 1 March 2020, and retroactively from 23 January for flights between the EU and China or Hong Kong, China. |
| European Union | Air transport services                             | The European Commission has published guidelines setting out operational measures to facilitate the operation of air cargo during the COVID-19 outbreak   | 26 March 2020   |
| European Union | Air transport services                             | The European Aviation Safety Agency allowed the extension of the validity periods for licences, ratings, endorsements, certificates and attestations of aircrew, instructors, examiners, aircraft maintenance licence holders and air traffic controllers as well as extension of airworthiness review certificates.  | 21 March 2020   |
| European Union | All sectors  | The European Commission issued new guidelines for screening foreign direct investment in companies and critical assets located in the European Union, including those operating in the fields of health, medical research, biotechnology and infrastructures deemed essential for security and public order. This aims to respond to the increased potential risk to strategic industries, as a result of the economic shock posed by COVID-19. The guidelines offer guidance to be applied within the context of the recently adopted framework for EU screening and review of FDI. Among other things, the new guidelines: - Call on Member States to make full use of existing FDI screening mechanisms and take fully into account the risks to critical health infrastructures, supply of critical inputs, and other critical sectors; - Call on those Member States without screening mechanisms to set up a full-fledged screening mechanism and in the meantime to use other available options to address cases where the acquisition or control of a particular business, infrastructure or technology would create a risk to security or public order in the EU, including a risk to critical health infrastructures and supply of critical inputs. | 25 March 2020   |
| European Union | Financial services                                 | On 12 March, the European Central Bank said banks directly supervised by the ECB can fully use capital buffers and that banks will benefit from relief in the composition of capital for Pillar 2 Requirements. Banks are also expected not to increase capital distributions in response to these measures. Banks will also be allowed to operate temporarily below the liquidity coverage ratio.  | 12 March 2020   |
| European Union | Maritime transport services                        | On 25 May 2020, the European Parliament and the Council adopted Regulation (EU) 2020/697 which amends Regulation (EU) 2017/352, so as to allow the managing body of a port or the competent authority to provide flexibility in respect of the levying of port infrastructure charges in the context of the COVID-19 outbreak.  | 25 May 2020   |
| European Union | Road transport services                            | On 16 March 2020, the European Commission issued guidelines for border measures to protect health and keep goods and essential services available. The guidelines set out principles for an integrated approach to an effective border management to protect health while preserving the integrity of the internal market.  | 16 March 2020   |
| European Union | Road transport services                            | On 25 May 2020, the European Parliament and the Council adopted Regulation (EU) 2020/698 which lays down specific and temporary measures in view of the COVID-19 outbreak concerning the renewal or extension of certain certificates, licences and authorisations and the postponement of certain periodic checks and periodic training in certain areas of transport legislation.   | 25 May 2020   |
| European Union | Road transport services and environmental services | On 30 March 2020, the European Commission issued some specific guidelines in order to ensure the continuation of national and cross-border waste shipments in the EU. The guidelines indicate that the Green Lanes apply mutatis mutandis to the shipments of waste, and invite Member States to implement this principle.  | 30 March 2020   |

| Member    | Sector                     | Measure  | Effective Date of Policy Measures |
|-----------|----------------------------|--|-----------------------------------|
| France    | All sectors                | The Minister for the Economy and Finance announced on 29 April 2020 an update to the screening procedure for foreign direct investment (FDI) in the context of the current health and economic crisis. The new measure includes biotechnologies in the list of critical technologies that are likely to be subject to FDI screening. It also lowers, from 25% to 10%, the threshold of voting rights in the acquired company that triggers the screening procedure. This change in the threshold will apply for a limited period of time, only for listed companies, and for investors from third countries (European Union and European Economic Area investors are exempted).  | Effective 30 April 2020           |
| France    | Financial services         | On 18 March, the Haut Conseil de Stabilité Financière (the French macroprudential authority) reduced the countercyclical capital buffer from 0.25% of risk-weighted assets (RWA) to 0% RWA.  | 18 March 2020                     |
| France    | Financial services         | On 17 March, the Autorité des marchés financiers (the French financial markets authority) announced the prohibition of short selling for one month.  | 17 March 2020                     |
| France    | Health services            | The government has relaxed the rules on the use of telemedicine services. Until 31 May 2020, all persons affected by Covid-19 (and other patients under certain circumstances) can benefit from telemedicine services even if there is no prior relation between the healthcare provider and the patient. This can be done using video transmission tools (equipped location for the health service provider, dedicated platform or Internet website or app). If the patient is not duly equipped, the service can be provided by phone.   | 9, 19 and 23 March 2020           |
| Germany   | Financial services         | On 18 March, Federal Financial Supervisory Authority (BaFin) lowered the countercyclical capital buffer from 0.25% to 0% as of 1 April.  | 01 April 2020                     |
| Germany   | Selected sectors           | On 20 May 2020, the government adopted amendments to the Foreign Trade and Payments Ordinance that, in response to the COVID-19 pandemic, expand the scope of investment review to the health sector. The government will have the opportunity to review acquisitions by non-EEA investors of voting rights of 10% or more in German companies operating in specified areas of the health sector, including the marketing of essential medicinal products. In addition, the amendments provide that the 10% notification threshold will also apply to companies providing services necessary to ensure the functioning of government communication infrastructures of the Federal Agency for Public Safety Digital Radio. Further, in line with the EU Screening Regulation, the Ordinance clarifies that the review can consider whether the foreign investor is directly or indirectly controlled by the government of a third country, either through the ownership structure or funding. | 20 May 2020                       |
| India     | All sectors                | The government amended its Foreign Direct Investment (FDI) policy in order to curb takeovers or acquisitions of Indian companies as a result of the COVID-19 pandemic. The amendment provides that an entity of a country that shares a land border with India - or where the beneficial owner of an investment into India is situated in or is a citizen of any such country - can invest only with prior government permission.  | 18 April 2020                     |
| India     | Financial services         | The Reserve Bank of India has allowed banks to temporarily maintain lower levels of liquidity and has introduced additional flexibility in the implementation of banks' capital requirements, in particular the countercyclical capital buffer and the capital conservation buffer, among various measures to assist banks in the context of the shutdown in India following the Covid-19 outbreak.  | March-April 2020                  |
| India     | Financial services         | The Reserve Bank of India has authorized banks to deal in offshore non-deliverable rupee derivative markets (Offshore NDF Rupee Market). Banks in India that operate International Financial Services Centre (IFSC) Banking Units (IBUs) will be able to participate in the NDF market with effect from 1 June 2020. Banks may participate through their branches in India, their foreign branches or through their IBUs. Previously, Indian banks were not permitted to participate in Indian rupee derivative market or the off-shore Non-Deliverable Forward market.  | March 2020; Effective 1 June 2020 |
| India     | Telecommunication services | The Department of Telecommunications relaxed the guidelines for Other Service Providers [OSP] (companies providing 'Applications Services' like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, call centre, network operation centre and other IT Enabled Services).   | 13 March 2020                     |
| Indonesia | Financial services         | On 23 March, the Financial Services Authority (OJK) prohibited short selling transactions until a date to be determined.   | 23 March 2020                     |

| Member          | Sector                                      | Measure   | Effective Date of Policy Measures |
|-----------------|---|---|-----------------------------------|
| Indonesia       | Internet and other network-enabled services | As part of the COVID-19 emergency bill signed by the President on 31 March 2020, a new regulation requires foreign suppliers of digital services to register and charge the value added tax. The measure also provides for the imposition of a tax on e-commerce activities carried out by foreign suppliers with a significant economic presence in Indonesia. Significant economic presence will be determined further by authorities, taking into account such factors as gross revenue; sales and active users in Indonesia. Those with a significant economic presence will be declared permanent establishments and, thus, are subject to domestic tax regulations. The regulation provides that would charge an electronic transaction tax on the company's sales in Indonesia, if tax treaties prevent declaring a company as a permanent establishment. The Regulation in lieu of law (Perppu) aims to relax some regulations needed to manage COVID-19 and maintain financial system stability in Indonesia. The regulation covers measures on budgeting and financing, taxation including reduction in general corporate income tax rates, extension of the period of application/settlement of tax administration, and customs facilities. Further provisions are regulated in the Ministry of Finance regulation No. 46/2020, 38/2020, 36/2020, 35/2020, and 43/2020.  | 31 March 2020                     |
| Italy           | Financial services                          | On 20 March, Banca d'Italia allowed all banks and non-bank intermediaries to operate temporarily below the level of the Pillar 2 Guidance and the capital conservation buffer, as well as below the liquidity coverage ratio.   | 20 March 2020                     |
| Italy           | Financial services                          | On 17 March, Consob, the public authority responsible for regulating the Italian securities markets, prohibited the taking or increasing of net short positions (short-selling and other bearish transactions) on all stocks traded on the Italian regulated market for a duration of 3 months.   | 17 March 2020                     |
| Italy           | Selected sectors                            | On 9 April 2020, the government widened, during the emergency period, its foreign investment screening powers to new sectors, such as food security, health, banks and insurance companies, financial infrastructure, as well as to acquisitions within the European Union not only for control but also for the acquisition of shares of 10% or more. The new measure also makes it possible for the government to start exerting special powers ex officio for non-notified operations. The new measure is valid until 31 December 2020.  | 09 April 2020                     |
| Japan           | Financial services                          | In response to the recent spread of COVID-19, relevant authorities have taken measures, including: (i) Minister for Financial Services issued a statement on maintaining the function of the financial system and financial markets under the Declaration of a State of Emergency Responding to the Spread of COVID-19 on 16 April; (ii) The Financial Services Agency (FSA) made a leaflet become available for those facing difficulties with cash flow as impact of the ongoing COVID-19 epidemic spreads on 8 April; (iii) The FSA established the Consultation Hotline Related to COVID-19 for financial services users on February 28; (iv) The FSA made requests to financial institutions to take prompt and flexible measures related to cash flow support for companies and individuals in consideration of COVID-19 spreads by publishing notices on 7 February, 6 March, 13 March, 24 March, 7 April, 10 April, 16 April, and 21 April; (v) The FSA published a reference casebook on a collection of financial institutions' favorable response-practices to deal with COVID-19 affected parties on 27 March; (vi) The FSA put forth the conditions for the extension of deadline for submitting annual securities and other reports in connection with the COVID-19 infection due to unavoidable reasons on 10 February; and (vii) The FSA established the Networking Group on the corporate disclosure, financial reporting and audit of listed companies in consideration of the impact of the COVID-19 Infection on 3 April. | Updated 19 May 2020               |
| Korea (Rep. of) | Financial services                          | On 16 March, FSC announced that the government will tighten regulations on stock short-selling for six months beginning on March 16.  | 16 March 2020                     |
| Korea (Rep. of) | Financial services                          | On 19 March, Korean regulator raised the cap of foreign exchange (FX) derivatives positions for local banks from 40% to 50%, and from 200% to 250% for foreign banks.   | 19 March 2020                     |

| Member               | Sector                     | Measure  | Effective Date of Policy Measures   |
|----------------------|----------------------------|--|---|
| Philippines          | Financial services         | The Bangko Sentral ng Pilipinas (BSP - Central Bank of the Philippines) adopted a series of new measures affecting banking and other financial services. These relate, for example, to regulatory relief for BSP-supervised financial institutions (BSFIs) affected by COVID-19 situation, and to the facilitation of access to foreign exchanges resources for financial transactions. In addition, the Monetary Board adopted a series of measures, including increases in single borrower limits, relaxing maximum penalties for reserve deficiencies, relaxation of certain notification requirements, extension of the period of compliance with BSP supervisory requirements, measures to facilitate loans to MSMEs. | March-May 2020  |
| Russian Federation   | Air transport services     | The Russian Federation has exempted flight crews from the 14-day quarantine.   | 26 March 2020   |
| South Africa         | Health services            | The Health Professions Council of South Africa (HPCSA) issued a guidance note on the application of telemedicine during the COVID-19 pandemic, and which facilitates the use of video or phone calls by doctors and therapists to treat patients. Previously, such services were essentially for cases where there was an already established practitioner-patient relationship.   | 25 March 2020   |
| South Africa         | Telecommunication services | The Independent Communications Authority of South Africa (ICASA) is extending the validity of existing frequency spectrum licences by three months, due to South Africa's Covid-19 lockdown. The due date for the renewal of radio frequency spectrum licences and payment of the renewal fees is normally 31 March of each year.  | 31 March 2020   |
| Spain                | Financial services         | On 31 March, the Central Bank announced that the counter-cyclical capital buffer will be kept to 0%.   | 31 March 2020   |
| Spain                | Financial services         | On 16 March, the government banned temporarily short-selling. This temporary measure was subsequently withdrawn on 18 May 2020.  | Introduced on 16 March 2020; no longer in force from 23h59 on 18 May 2020   |
| Spain                | Telecommunication services | The Spanish government temporarily delayed plans to auction spectrum for 5G services due to the extraordinary situation created by the COVID-19 pandemic.  | 20 March 2020. This temporary measure is no longer applicable. On 23 June 2020, the Council of Ministers approved the new date for the auction. |
| Spain                | Telecommunication services | The Spanish government temporarily suspended portability for fixed and mobile operators for the duration of the pandemic. This temporary measure has subsequently been withdrawn on 26 May 2020.   | Approved by Government on 18 March 2020 and by Parliament on 9 April 2020; withdrawn on 26 May 2020   |
| Switzerland          | Financial services         | On 26 March, the Swiss National Bank (SNB) introduced the new SNB COVID-19 refinancing facility. The measure is aimed at strengthening the supply of credit to the Swiss economy by providing the banking system with additional liquidity. After consulting with the Financial Market Supervisory Authority, the SNB also submitted a proposal to the Federal Council requesting that the countercyclical capital buffer be reduced to 0% with immediate effect. The measure is designed to further support the banks in their key role as lender. The Federal Council approved the proposal on 27 March 2020.  | 26 and 27 March 2020  |
| United Arab Emirates | Telecommunication services | The United Arab Emirates lifted certain restrictions on Voice over Internet Protocol (VoIP) services. The Telecommunications Regulatory Authority decided to allow certain VoIP applications so as to facilitate work from home and help prevent spread of COVID-19. Permitted applications include Microsoft Teams, Skype for Business, Google Hangouts Meet, Cisco Webex, and Zoom. VoIP applications like Skype, WhatsApp and FaceTime remain banned.   | 24 March 2020   |
| United Kingdom       | Air transport services     | The UK Civil Aviation Authority have issued a number of regulatory exemptions to support the sector including extending the validity periods of licences, certificates and ratings.  | 23 March 2020   |

| Member         | Sector                                | Measure   | Effective Date of Policy Measures |
|----------------|---------------------------------------|---|-----------------------------------|
| United Kingdom | Financial services                    | On 11 March, the Bank of England lowered the countercyclical capital buffer rate from 1% to 0%, and introduced flexibility in the compliance of liquidity requirements, so as to support banks in extending credit.   | 11 March 2020                     |
| United Kingdom | Health services                       | Since 31 March 2020, visas for doctors, nurses and paramedical personnel with visas due to expire before 1 October 2020 are automatically extended for one year, free of charge. This also concerns the personnel's family members.   | 31 March 2020                     |
| United Kingdom | Telecommunication services            | The Government has agreed measures with telecoms companies to support vulnerable consumers through COVID-19. The UK's major internet service and mobile providers, namely BT/EE, Openreach, Virgin Media, Sky, TalkTalk, O2, Vodafone, Three, Hyperoptic, Gigaclear, and KCOM have all agreed the following commitments, effective immediately: <ul style="list-style-type: none"> <li>· All providers have committed to working with customers who find it difficult to pay their bill as a result of Covid-19 to ensure that they are treated fairly and appropriately supported.</li> <li>· All providers will remove all data allowance caps on all current fixed broadband services.</li> <li>· All providers have agreed to offer some new, generous mobile and landline packages to ensure people are connected and the most vulnerable continue to be supported. For example, some of these packages include data boosts at low prices and free calls from their landline or mobile.</li> <li>· All providers will ensure that vulnerable customers or those self-isolating receive alternative methods of communication wherever possible if priority repairs to fixed broadband and landlines cannot be carried out.</li> </ul> | 29 March 2020                     |
| United States  | Air transport services                | On 11 March, the US Federal Aviation Administration (FAA) waived its slot-use requirements through 31 May for US and foreign airlines that operated affected flights. The FAA expects that US carriers will be accommodated with reciprocal relief by foreign authorities at airports in their countries and may determine not to grant a waiver to a foreign carrier whose home jurisdiction does not reciprocate.   | Effective 11 March 2020           |
| United States  | All sectors                           | The "Proclamation Suspending Entry of Aliens Who Present a Risk to the U.S. Labor Market Following the Coronavirus Outbreak" suspends the entry of foreign nationals in certain non-immigrant visa categories starting from 24 June until the end of 2020. The visa categories affected by the suspension are: H-1B, L-1, H-2B, and J-1, as well as related categories for dependents, with certain exemptions.   | Effective 24 June 2020            |
| United States  | Telecommunication and health services | The Federal Communications Commission (FCC) voted to adopt a \$200 million telehealth program to support healthcare providers responding to the coronavirus pandemic. Funds were appropriated by Congress as part of the CARES Act. The program aims to help healthcare providers purchase telecommunications, broadband connectivity, and devices necessary for providing telehealth services. The FCC also launched a Connected Care Pilot Program. This three-year Pilot Program will provide up to \$100 million of support from the Universal Service Fund (USF) to help defray health care providers' costs of providing connected care services and to help assess how the USF can be used in the long-term to support telehealth.   | 02 April 2020                     |
| United States  | Telecommunication services            | The Federal Communication Commission launched the "Keep Americans Connected Initiative" to ensure that Americans do not lose their broadband or telephone connectivity in the context of COVID-19. As of mid-March, more than 550 companies and associations have pledged to keep Americans connected.  | 13 March 2020                     |
| United States  | Telecommunication services            | The FCC has temporarily altered regulations for its Rural Health Care and E-rate programmes to make it easier for broadband providers to offer participants improved connections or additional equipment for telemedicine and remote learning during the pandemic. The changes will remain in effect through 30 September.  | 16 March 2020                     |
| United States  | Telecommunication services            | The Federal Communications Commission granted special temporary authority (STA) to T-Mobile U.S.A. to use additional spectrum in the 600 MHz Band to help it meet increased customer demand for broadband during the coronavirus pandemic. The company requested this authority to make it easier for Americans to participate in telehealth, distance learning, and telework, and remain connected while practicing recommended 'social distancing'. On 18 March, the FCC announced that US Cellular was granted a similar STA to use additional spectrum to help meet increased customer demand for mobile broadband during the coronavirus pandemic.   | 15 and 18 March 2020              |
| United States  | Telecommunication services            | Verizon has received a temporary (60-day) spectrum boost from the FCC to help meet increased customer demand for mobile broadband access during the pandemic. FCC had already issued temporary, 60-day spectrum to two companies, T-Mobile and US Cellular.   | 20 March 2020                     |

Source: Compiled from WTO data

**Annexure 4.4: IPR measures of India and important trading partners and competitors of India as per WTO data**

| Member         | Measure   | Date       |
|----------------|---|------------|
| Australia      | Streamlined extensions of time for COVID-19 related disruptions will be continued until 30 September 2020 (to be reviewed). Its continuation is being regularly reviewed considering the severity of the COVID-19 pandemic disruptions. At least one week's notice will be provided before it is ended.   | 22/04/2020 |
| Australia      | The Trade Mark COVID-19 Helpline supports and assists small to medium Australian businesses that are having to quickly adapt to changing circumstances due to COVID-19, in exploring use of their trade mark/s on different goods and services to those currently covered under the respective trade mark application or registration.  | 20/05/2020 |
| Brazil         | The National Institute of Industrial Property (INPI, in Portuguese) published patent landscapes on patents or patent applications filed at INPI on diagnostic methods for the new coronavirus and other respiratory viruses, ventilators and Remdesivir. This project was a part of PROSUR (Sistema de Cooperación sobre aspectos de información operacional y de Propiedad Industrial, in Spanish), which published a bulletin of certain health technologies related to COVID-19.   | 06/04/2020 |
| Brazil         | Under Ordinance (Portaria, in Portuguese) No. 149/2020, the Brazilian National Institute of Industrial Property will prioritize the examination of patent applications related to innovations that can be used to fight COVID-19 from 7 April 2020 to 30 June 2021.   | 07/04/2020 |
| Canada         | Bill C-13 (An Act respecting certain measures in response to COVID-19) received Royal Assent. Bill C-13 amends Canada's Patent Act to empower the Commissioner of Patents, on the application of the Minister of Health, to authorize the Government of Canada or another specified person to supply a patented invention to the extent necessary to respond to a public health emergency that is a matter of national concern. These amendments include safeguards to protect the interests of patent holders; for example, ensuring that a patent holder receives adequate remuneration for the use of the patent, placing limitations on the duration of the authorization, providing the patent owner with notice of the authorization, and ensuring that the patent owner has recourse to the courts if any person authorized acts outside the scope of the authorization. Entry into force 25/03/2020. This amendment remains in effect until 30/09/2020. | 25/03/2020 |
| China          | China National Intellectual Property Administration has issued Notice No.350 on 28 January 2020, clarifying relief measures for parties exceeding the time limits for handling affairs in relation to patents, trademarks and layout-designs of integrated circuits as a result of the COVID-19.  | 28/01/2020 |
| China          | The China Patent information Center launched a freely accessible database for various coronavirus-related patents.  | 01/02/2020 |
| Chinese Taipei | The IP office has announced relief for delay in complying with certain statutory or specified time periods in patent and trademark matters due to the COVID-19 pandemic.  | 31/01/2020 |
| Chinese Taipei | The IP office has released drug approval status and patent information of 52 potential medications for combating COVID-19.  | 12/03/2020 |
| Chinese Taipei | In order to support companies to quickly apply for trademark registration while lowering marketing risks, the IP office has produced a list of the names of pandemic prevention products and services and is offering a fee reduction with respect to trademark applications which designate goods or services identical to those on the list. In addition, the IP office has a trademark consultation hotline in order to assist applicants with trademark searches (hotline until 31/05/2020, may be extended depending on the circumstances).  | 27/03/2020 |
| Chinese Taipei | The IP office has established a pandemic prevention section in its Global Patent Search System which enables users to find patent information relating to epidemic prevention.  | 22/04/2020 |
| Chinese Taipei | The IP office has released patent information relating to mask-producing facilities and technologies around the world in order to help prevent patent infringement by producers.  | 28/04/2020 |
| European Union | The European Union Intellectual Property Office has extended certain deadlines for trademark and design matters.  | 16/03/2020 |
| European Union | The European Committee for Standardization and the European Committee for Electrotechnical Standardization, in collaboration with their members, agreed to make freely available certain copyrighted European standards for certain medical devices and personal protective equipment.  | 20/03/2020 |



| Member                   | Measure  | Date       |
|--------------------------|--|------------|
| Germany                  | An amendment to the German Act on the Prevention and Control of Infectious Diseases in Humans grants the Parliament the competence to determine the existence of an 'epidemic situation of national significance'. For grounds of public interest or national security, the Federal Ministry for Health is authorized to order the competent authority to allow the use of patent-protected inventions to ensure the supply of various health technologies, including medicines, diagnostics and personal protection equipment. Entry into force 27/03/2020. | 27/03/2020 |
| India                    | The India Controller General of Patents, Designs & Trade Marks has extended certain deadlines for patent, design and trademark matters.  | 19/03/2020 |
| Israel                   | On 18 March 2020, Israel's Minister of Health issued a permit allowing the government to import generic versions of lapinovir/ritonavir from India for the purpose of treating COVID-19 patients.  | 18/03/2020 |
| Italy                    | The Italian Patent and Trademark Office has extended the deadlines for administrative proceedings for trademarks, patents, designs and models.   | 08/04/2020 |
| Korea, Republic of       | The Korean Intellectual Property Office has made available patent information on technology relating to the diagnosis and treatment of COVID-19, including patent analysis and trend reports.  | 24/04/2020 |
| Philippines              | The Intellectual Property Office of the Philippines has taken certain procedural measures, including the extension of deadlines, suspension of hearings, extension of fee payments, acceptance of online filings   | 16/03/2020 |
| Philippines              | Extension of deadlines provided by IPOPHL shall not apply to the filing of Third-Party Observation (TPO) for inventions and Adverse Information (AI) on utility model and industrial design applications for Personal Protective Equipment (PPE), medical health care equipment/devices, and pharmaceutical products urgently needed to contain and address the COVID-19 health situation.   | 20/04/2020 |
| Russian Federation       | Creation of a special news section in the official internet site of the Russian Federal service for intellectual property "Patent of the week" to promote inventions which represent technical solutions related to the fight against COVID-19.  | 01/03/2020 |
| Russian Federation       | During the period from 15 April to 17 May, a system of full electronic interaction was applied between the Russian Federal service for intellectual property and applicants.   | 15/04/2020 |
| Russian Federation       | Decision of Russian Federal service for intellectual property on accelerated consideration of applications for inventions and utility models in the field of technologies for combating viruses and associated diseases (pneumonia) without charging an additional fee.  | 23/04/2020 |
| Russian Federation       | Creation of a special information section in the official internet site of the Russian Federal institute for intellectual property, which contains information on patents relevant in the context of a pandemic (patent documents submitted by both domestic and foreign right holders).   | 01/05/2020 |
| Russian Federation       | Under Government Resolution of 20 June 2020 No. 893, time limits for the applicant's opportunity to perform actions related to the legal protection of intellectual property (including those related to the payment of patent and other fees) which expire from 30 March 2020 to 30 November 2020 may be extended at the request of the applicant until 31 December 2020. Entry into force: 22/06/2020.   | 22/06/2020 |
| Saudi Arabia, Kingdom of | The Saudi Authority for Intellectual Property has extended certain statutory deadlines for all IPRs.   | 27/03/2020 |
| Singapore                | Singapore has made copyrighted software related to a contact tracing solution for COVID-19 freely available under an open source license.  | 25/03/2020 |
| Singapore                | The Intellectual Property Office of Singapore (IPOS) has extended certain deadlines for patent, trademark, design, plant variety protection and geographical indication matters.   | 07/04/2020 |
| Singapore                | The Intellectual Property Office of Singapore (IPOS) has introduced amendments to subsidiary legislation in response to COVID-19, which take effect on 5 June 2020. The key amendments enable the following: (1) Extension of time for pending deadlines in special circumstances, and (2) Alternative filing modes and service of documents.  | 05/06/2020 |
| Singapore                | The Intellectual Property Office of Singapore (IPOS) has begun implementing fully digital hearings for IP related disputes (IPOS has recently concluded its first mediation held fully on a digital platform).   | 07/06/2020 |
| Switzerland              | The Swiss Federal Institute of Intellectual Property (IPI) has extended certain deadlines for IP rights. IPI is fully functional. Its premises are open for the public.  | 27/07/2020 |
| Thailand                 | The Thailand Department of Intellectual Property has extended certain deadlines for IPR administrative proceedings.  | 24/03/2020 |
| Thailand                 | The Thailand Department of Intellectual Property has introduced methods for e-certification and e-signature.   | 30/03/2020 |

| Member         | Measure  | Date       |
|----------------|--|------------|
| Thailand       | The Department of Intellectual Property, Ministry of Commerce has issued the Practical Guidelines for Applicants in relation to the Memo according to Article 8 of the Licensing Facilitation Act B.E. 2558 (2015) during the Situation of Coronavirus Disease (COVID-19), which are related to the requests for extension of the time periods of proceedings.   | 27/05/2020 |
| United Kingdom | The United Kingdom Intellectual Property Office has extended certain deadlines for patent, SPC, trademark and designs matters. The expiration date was 30/07/2020.   | 24/03/2020 |
| United States  | The USPTO considers the effects of coronavirus to be an “extraordinary situation” within the meaning of 37 CFR 1.183 and 37 CFR 2.146 for affected patent and trademark applicants, patentees, re-examination parties, and trademark owners. Therefore, the USPTO is waiving petition fees in certain situations for customers impacted by the coronavirus. Details about eligible applications and re-examination proceedings are provided in the link.   | 16/03/2020 |
| United States  | The United States Patent and Trademark Office has extended certain deadlines for patent and trademark matters.   | 27/03/2020 |
| United States  | The USPTO is waiving the requirement of 37 CFR 1.4(e)(1) and (2) for original handwritten signature for certain correspondence with the Office of Enrollment and Discipline and certain payments by credit card.   | 30/03/2020 |
| United States  | The USPTO has launched a website called Patents 4 Partnerships, which lists patents and published applications relating to COVID-19 that the owners have indicated are available for licensing, along with contact information.  | 04/05/2020 |
| United States  | Until further notice, the USPTO will accept plant patent applications and follow-on documents through the USPTO patent electronic filing systems (EFS-Web or Patent Center).   | 06/05/2020 |
| United States  | The United States Patent and Trademark Office launched the COVID-19 Prioritized Patent Examination Pilot Program under which it will grant requests for prioritized patent examination for applicants which qualify for small and micro-entity status with respect to applications that cover a product or process that is subject to U.S. Food and Drug Administration (FDA) approval for use in the prevention and/or treatment of COVID-19.   | 08/05/2020 |
| United States  | The United States Patent and Trademark Office launched the Prioritized Examination Program for certain trademark and service mark applications, which allows COVID-19-related trademark applications to be advanced out of turn and immediately assigned for examination.  | 15/06/2020 |
| United States  | The USPTO implemented a deferred-fee provisional patent application pilot programme and collaboration database to promote the expedited exchange of information about inventions designed to combat COVID-19. Under this programme, the USPTO permits applicants to defer payment of the provisional application filing fee until the filing of a corresponding nonprovisional application. In turn, applicants must agree that the technical subject matter disclosed in their provisional applications will be made available to the public via a searchable collaboration database maintained on the USPTO’s website. | 17/09/2020 |

Source: Compiled from WTO data

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## Chapter 5

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# Impact of COVID-19 on Some Important Merchandise and Services Export Sectors and Policy Suggestions

### 5.1 COVID-19 Impact on Some Sectors – A Prelude

The rapid spread of the COVID-19 outbreak has been termed as the Black Swan of 2020 – an unpredictable event with an impact much beyond what is normally expected of the situation. The event has compelled several countries around the World to impose complete or partial lockdowns thereby bringing the movement of people and goods across borders to a screeching halt.

The COVID-19 pandemic has led to an unprecedented disruption to the global economy and World trade, as production and consumption are scaled back across the globe. Governments have intervened with monetary and fiscal policy to counter the downturn and provide temporary income support to businesses and households. But restrictions on movement and social distancing to slow the spread of the disease mean that labour supply, transport and travel are affected directly, in turn affecting trade. Whole sectors of national economies have been shut down, including hotels, restaurants, non-essential retail trade, tourism and significant shares of manufacturing.

### 5.2 *India's Trade-Related Measures (Common to All Sectors) in response to COVID-19*

#### 5.2.1 General Measures

In response to COVID-19, the Government of India in May 2020 announced ₹20 lakh crore for the Atamnirbhar Bharat Abhiyan to make the country self-reliant. Detailed measures under the economic package of Rs. 20 lakh crore equivalent to about 10% of India's GDP was announced subsequently in five tranches which included measures for different sectors. Some important measures include the following.

- **Increase in borrowing limits:** The borrowing limits of state governments increased from 3% to 5% of Gross State Domestic Product (GSDP) for the year 2020-21.
- **Privatisation of Public Sector Enterprise (PSEs):** A new PSE policy has been announced with plans to privatise PSEs, except the ones functioning in certain strategic sectors which will be notified by the Government. This has also been reiterated in Budget 2021-22.

- **Measures for businesses:** These include collateral-free loans for businesses, corpus for MSMEs, Subordinate debt for MSMEs to support the MSMEs which have Non-Performing Assets (NPAs), Emergency Credit Line Guarantee Scheme (ECLGS), Schemes for NBFCs; Employee Provident Fund (EPF) with the government paying 12% of employer and 12% of employee contribution into the EPF accounts of eligible establishments for March, April and May and to be continued for three more months (June, July and August); reducing the Statutory PF contribution of both the employer and employee from 12% to 10% each for all establishments covered by EPFO for three months; a special scheme for street vendors; Changes in the definition of MSME; Changes in the initiation of insolvency proceedings; etc.
- **Key Measures Taken by Reserve Bank of India (RBI):** These include reducing Cash Reserve Ratio (CRR); increasing Banks' limits for borrowing under the marginal standing facility (MSF); planning Targeted Long Term Repo Operations (TLTRO); Special Liquidity Facility (SLF) for mutual funds; Special refinance facilities for NABARD, SIDBI and NHB at policy repo rate; a moratorium of three months on payment of installments and interest on working capital facilities for all types of loans, which was extended till 31 August 2020; slashing repo rates and reverse repo rates; etc.
- Recently, in Budget 2021-22, as a liberalisation measure, FDI limit in insurance sector has been raised to 74% from 49%.

While many of these measures also help the trade sector of India, some specific trade-related measures were also taken.

### **5.2.2 Trade-related measures taken by the Indian Govt to help products affected by the Pandemic.**

To give relief to businesses and affected individuals amidst the stress caused by the novel coronavirus pandemic, the Government introduced several relaxations and extensions in deadlines, etc. with regard to compliances mandated under its schemes and activities. The key relaxations are as follows:

- **Extension of FTP beyond 31<sup>st</sup> March 2020:** The Foreign Trade Policy (FTP) 2015-2020 and Handbook of Procedures (HBP) which was valid till 31<sup>st</sup> March 2020, have been extended by one year till 31<sup>st</sup> March 2021.
- **Extension of IGST and Compensation Cess Exemption:** Primarily exporters importing goods under Advance Authorisation/Export Promotion Capital Goods Scheme and imports made by an Export oriented unit were granted exemption from levy of IGST and Compensation Cess up to 31 March 2020. The said exemption has now been extended till 31 March 2021.
- **Extension of validity of Registration cum Membership Certificate (RCMC) beyond 31<sup>st</sup> March 2020:** It has been decided that Regional Authorities (RAs) of DGFT will not insist on valid RCMC (in cases where the same has expired on or before 31 March 2020) from the applicants for any incentive/authorizations till 30 September 2020.
- **Merchandise Exports from India Scheme (MEIS):** The last date for filing MEIS claims is 1 year from the Let Export Order (LEO) date of each Shipping Bill, and another 2 years beyond that with the imposition of a late cut. The last date of filing MEIS claims without a late cut for all Shipping Bills for which the initial one-year period expired / will be expiring on or after 1<sup>st</sup> Feb 2020 and on or before 31<sup>st</sup> May 2020, has been extended by 3 months beyond the expiry date of the initial one-year period.
- **Status Holder:** The validity period of all Status Certificates issued under FTP 2015-20 to an IEC holder has been extended up to 31<sup>st</sup> March 2021.
- **Inclusion of some FTAs in the Digital Platforms and issuing Digital Signatures:** In the wake of the lockdown, the agencies authorized to issue the certificates of origin for India's preferential exports under the free trade

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agreement (FTAs) were either not functional or were operating with a skeletal staff. In the light of this, the Government had included some specific FTAs on this digital platform which had facilitated online application by exporters for these certificates. Trade Notice 1 dated 7.4.2020 has added India's main FTAs namely those with ASEAN, Japan, SAARC countries and Asia Pacific Trade Agreement (APTA) onto this digital platform. A related Trade Notice 62 dated 6.4.2020 has asked the agencies to issue the digitally signed certificates to the exporters on this platform as also keep a uniform fee for certificates even if they are issued retrospectively. The platform issues digitally signed certificates and India has been successful in getting the trading partners to accept these digitally signed certificates. This ensured that India's preferential exports are facilitated even during this lockdown period.

- **Accepting scanned documents to get REX number to avail EU-GSP:** Most of the exporters to the European Union (EU) avail of the EU Generalised System of Preferences (GSP) Scheme wherein they get tariff preferences on exports. While the EU GSP is on a self-certification basis, the exporters have to apply to the prescribed agencies in India for getting a REX (registered exporter) number. In view of the closure of the offices of these agencies, Trade Notice 61 dated 2.4.2020 has prescribed the acceptance of scanned documents for getting the REX number so that the exporter has no physical interface with the agencies. This ensures that exporters to EU under the EU GSP who have not got the REX number can apply electronically to the agencies (also known as Local Administrators for registration)
- **Committee formed to determine ceiling rates under Remission of Duties or Taxes on Export Product (RoDTEP) scheme which will replace the existing Merchandise from India Scheme (MEIS), which is considered as incompatible with WTO rules.** The government formed a committee to determine ceiling rates under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. The panel has been tasked with evolving a mechanism for calculation of duties at the central, state and local level which are borne by exporters, so that they can be refunded all the taxes paid on goods and services used in exports that are currently not being reimbursed under extant mechanisms.
- **In order to boost credit to export sectors, the RBI has enhanced the sanctioned limit to the eligibility under priority lending norms.** The limit has been raised from Rs 25 crore to Rs 40 crore per borrower. Furthermore, the existing criterion of units having a turnover of up to Rs 100 crore has been removed. So, it applies to anybody who wants to approach and take this priority sector lending.
- **The Government has extended Interest Equalisation Scheme on Pre and Post shipment Rupee Export credit for one 1 year i.e. up to March 2021.**
- **RBI has increased the maximum permissible period of pre-shipment and post-shipment export credit sanctioned by banks from the existing one year to 15 months, for disbursements made up to July 31, 2020.**
- **RBI has extended the realisation period of export proceeds.** The time period for realization and repatriation of export proceeds for exports made up to or on July 31, 2020, has been extended to 15 months from the date of export. Presently, value of the goods exports by the exporters is required to be realized fully and repatriated to the country within 9 months from the date of exports. The measure will help exporters realise their receipts, especially from COVID-19 affected countries within the extended period and also provide greater flexibility to negotiate future export contracts with buyers abroad.
- **Pending Refunds:** To provide immediate relief to the businesses, the government had given directions to issue all the pending eligible refunds under both the GST and Customs law by 30 April 2020.
- **The validity of all the Authorised Economic Operator (AEO) certificate** expired or expiring between 1 March 2020 and 31 May 2020 was extended till 30 June 2020.

- **The government has identified 24 focus manufacturing sectors that have the potential to expand and scale-up operations**, improve quality, and lead to the enhancement of India's share in the global trade and value chain. These sectors have the capacity to substitute imports and also push exports.
- **The government has announced Nirvik (Niryat Rin Vikas Yojana) scheme to provide enhanced insurance cover and reduce the premium for small exporters.** This scheme will expand the scope of export credit and it will offer higher insurance cover. This will enable the reduction of the overall cost of export credit, including interest rates, especially to the MSMEs.
- **The government has also amended SEZ law** under which trusts are allowed to set up units in Special Economic Zones.
- **The validity period of duty credit scrips** issued from 1 March 2018 to 30 June 2018 has been extended till 30 September 2020.
- **Submission of documents in the Trade Remedies investigation process has been done online or through digital transmission.** This has been enabled for both new investigations and ongoing investigations and there is no need to submit physical copies. Also, the hearings and consultations are being carried out through Video conferencing.
- **Exemption of customs duty for Health-related items like ventilators, personal protection equipment, covid-19 testing kits and inputs for these goods.**
- **Extension of the period of validity of existing Export Performance Certificates** for FY 2019-20 up to 30.09.2020
- **The validity of E-way bills (EWBs),** generated on or before 24th March 2020, and whose validity expiry date lies on or after 20th March 2020, were deemed to have been extended till 31st August 2020.
- **Facility to File Form GSTR-3B and GSTR-1 through electronic verification code (EVC)** - With the requirement of digital signature delaying monthly GST return filings and tax payment, the government allowed businesses to verify the return through EVC till 30th September 2020.
- **Upward revision of MSME definition.** The upward revision is as follows:

| Category | Old Definition | Old Definition | New Definition | New Definition |
|----------|----------------|----------------|----------------|----------------|
|          | Capital        | Turnover       | Capital        | Turnover       |
| Micro    | 25 Lakh        | 10 Lakh        | 1 Crore        | 5 Crore        |
| Small    | 5 Crore        | 2 Crore        | 10 Crore       | 50 Crore       |
| Medium   | 10 crore       | 5 Crore        | 50 Crore       | 250 Crore      |

It has also been decided that the turnover with respect to exports and investment of Rs. 50 Crore in plant and machinery will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium.

- **Providing liquidity:** Rs 50,000 crores liquidity provided through TDS/TCS rate reduction.
- **Moratorium** on Term Loan Instalments by the RBI.
- **Exemption for the exporters from enforcement of the provisions of automatic caution listing,** for a further period of six months till 30 September 2020 by the RBI

- **Liquidity Facility for Exim Bank of India** - Extending a line of credit of Rs. 15,000 crore to the EXIM Bank of India for a period of 90 days from the date of availing with rollover up to a maximum period of one year, to enable it to avail a US dollar swap facility to meet its foreign exchange requirements.
- **Extension of Time for Payment for Imports** -The time period for completion of remittances against normal imports into India (except in cases where amounts are withheld towards the guarantee of performance) was extended from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020. The measure will provide greater flexibility to importers in managing their operating cycles in a COVID-19 environment.
- **Deferment of Interest on Working Capital Facilities** - In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions were permitted to allow a deferment of another three months, from June 1, 2020, to August 31, 2020, in addition to the three months allowed on March 27, 2020, on payment of interest in respect of all such facilities outstanding as on March 1, 2020.
- **Extension of Resolution Timeline** - Given the continuing challenges to the resolution of stressed assets, lending institutions were permitted to exclude the entire moratorium/deferment period from March 1, 2020, to August 31, 2020, from the calculation of the 30-day Review Period or 180-day Resolution Period, if the Review/Resolution Period had not expired as on March 1, 2020.
- **Disallowing some levies/charges for Shipping Companies:** Shipping companies or carriers (and their agents by whatever name called) shall not charge, levy or recover any penal charges, demurrage, ground rent, storage charges in the port, detention charges, dwell time charges, additional anchorage charges, penal berth hire charges, vessel demurrage or any performance-related penalties on cargo owners/consignees of non-containerized cargo till 3 May 2020.

### **5.3 COVID-19 Impact and Suggestions: Sector-wise for Merchandise Exports**

The impact of COVID-19 and Policy Suggestions for some important Merchandise export sectors are given below.

#### **5.3.1 Agri and Related Exports**

##### *5.3.1.1 Impact of the Pandemic*

**Like other sectors, Agricultural Exports were also affected by the Pandemic. All flights and container movements were at a standstill during April-May 2020 period. The perishable products suffered due to the non-operation of sea containers. Import containers were stuck and there were no outgoing containers in April-May 2020.** The impact can also be seen in the high freight charges by Cargo flight operators. Before Covid-19, air freight charges were Rs. 85 to 90 per kg, but during the Covid-19 period cargo charges ranged from Rs. 250 to Rs. 450 per kg. There was no regulation/policy for the control of the cargo charges during the export season.

**Exports of almost all agricultural items were affected with very high negative growth in March/April 2020 except Fresh Vegetables. However, from June 2020 onwards exports of most of the Agricultural items picked up. Total exports of Agricultural and allied items (including plantations) registered positive growth from June 2020 onwards with growth in October 2020 at 43.4% and cumulative export growth during April-October 2020 at 11.8%. The major export item, Rice (Basmati) registered negative growth only from March to May 2020, while Rice (other than Basmati) registered negative growth only in March 2020. (Table 5.1)**

**Table 5.1: India's Major Agri-Exports (including Plantations)**

| Major Items                   | Value 2019-20 (US \$ Million) | Share 2019-20 (%) | Growth Rate (%) |                         |        |        |        |        |        |        |        |        |
|-------------------------------|-------------------------------|-------------------|-----------------|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               |                               |                   | 2019-20         | 2020-21 (April-October) | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 |
| Floriculture And Seeds        | 186                           | 0.85              | -10.1           | 1.1                     | -38.5  | -70.0  | -52.6  | 20.8   | 66.4   | 18.9   | 52.8   | 26.1   |
| Fruits And Vegetables         | 1422                          | 6.48              | -11.5           | -3.3                    | 0.5    | -1.1   | -7.7   | -1.9   | 10.2   | 7.8    | -23.1  | -3.0   |
| Pulses                        | 214                           | 0.97              | -17.6           | 28.5                    | -22.9  | 33.0   | 69.6   | 12.3   | 11.0   | 35.5   | 0.9    | 25.4   |
| Processed Fruit And Vegetable | 1172                          | 5.34              | -1.7            | 21.0                    | -14.2  | -11.8  | 34.1   | 21.3   | 28.3   | 27.2   | 24.3   | 21.7   |
| Buffalo Meat                  | 3200                          | 14.57             | -10.8           | -9.4                    | -39.6  | -60.1  | -61.4  | -25.3  | 23.1   | 12.4   | 23.0   | 18.1   |
| Dairy Products                | 280                           | 1.28              | -41.8           | -7.3                    | -73.9  | -58.8  | -25.3  | 3.5    | 43.1   | 12.0   | 21.7   | 15.2   |
| Livestock Products            | 3714                          | 16.91             | -14.9           | -10.9                   | -45.5  | -60.3  | -56.4  | -25.9  | 22.1   | 10.7   | 20.0   | 16.7   |
| Groundnut                     | 716                           | 3.26              | 51.5            | 37.7                    | 21.8   | -69.2  | -25.7  | 117.5  | 92.0   | 76.2   | 85.8   | 135.6  |
| Cereal Preparations           | 548                           | 2.50              | -0.6            | 5.0                     | -25.0  | -48.6  | -24.0  | 7.3    | 15.7   | 16.3   | 38.5   | 27.2   |
| Misc Processed Items          | 647                           | 2.95              | -1.8            | 14.4                    | -22.4  | -57.6  | -18.2  | 14.2   | 15.5   | 37.2   | 42.4   | 65.6   |
| Alcoholic Beverages           | 233                           | 1.06              | -22.7           | 50.3                    | -42.1  | -55.5  | -1.8   | 56.5   | 66.6   | 107.6  | 116.3  | 67.8   |
| Others Processed Foods        | 2476                          | 11.27             | 6.3             | 17.3                    | -15.2  | -54.7  | -18.6  | 32.4   | 32.7   | 39.0   | 46.2   | 54.7   |
| Rice - Basmati                | 4372                          | 19.91             | -7.2            | 9.2                     | -20.0  | -17.6  | -13.6  | 11.4   | 14.5   | 24.5   | 42.8   | 58.4   |
| Rice (Other Than Basmati)     | 2031                          | 9.25              | -33.1           | 103.0                   | -43.2  | 30.5   | 64.4   | 66.5   | 99.2   | 114.6  | 167.1  | 197.5  |
| Cereals                       | 6671                          | 30.38             | -18.2           | 46.7                    | -28.5  | -6.8   | 5.9    | 32.2   | 54.0   | 71.9   | 108.7  | 131.7  |
| Tea                           | 827                           | 3.76              | -0.5            | -16.9                   | -33.7  | -68.6  | -26.9  | -8.0   | -4.0   | -16.7  | -2.3   | 0.1    |
| Coffee                        | 739                           | 3.36              | -10.2           | -6.7                    | -25.5  | -43.9  | -5.7   | 2.6    | 14.3   | 0.1    | 0.8    | -9.2   |
| Spices                        | 3621                          | 16.49             | 9.0             | 0.2                     | -28.1  | -34.4  | 7.5    | 18.5   | -9.9   | -6.9   | 11.5   | 21.9   |
| Cashew                        | 567                           | 2.58              | -13.4           | -37.4                   | -27.6  | -66.9  | -32.9  | -27.0  | -21.3  | -47.6  | -44.3  | -21.6  |
| Plantations                   | 6319                          | 28.78             | 2.0             | -7.0                    | -27.4  | -44.2  | -3.7   | 8.7    | -8.0   | -12.1  | 3.5    | 8.5    |
| Total of Above                | 21960                         | 100.00            | -8.7            | 11.8                    | -26.7  | -31.5  | -9.7   | 13.0   | 21.8   | 22.6   | 36.0   | 43.4   |

Source: Based on DGCIS data.

**Some examples of disruptions due to COVID-19 in different agricultural and related products are given below:**

**The Chocolate Industry** is highly dependent on the labour force for packaging and processing purposes. Due to the pandemic situation, adequate labour was not available and production suffered.

**In the case of the Rice Industry**, due to restriction of interstate movement of vehicles, raw paddy from one state could not move up to Rice Milling /Processing unit located in another state. Due to inadequate availability of labor, there was difficulty in the loading of Non-Basmati Rice in the mother vessels at Kakinada Anchorage port which depends 100% on labour. Vessels got delayed and demurrage charges increased on the exporters' accounts. (Details of Rice Exports given in Box 5.1)

**In the case of the Poultry Products Industry**, the liquid and frozen egg & egg powder industry closed for the one month period of lockdown, due to the non-availability of transit passes for the staff/labour. Due to restrictions on the movement of transport vehicles, exports of poultry products declined.

**In the case of Mango Exports**, due to the non-operation of passenger flights from some mango growing places like Hyderabad, Mango exports declined.

**Spices Exports** is one sector which showed resilience and continued its upward trend during the pandemic. (See Box 5.2)

**Thus, Agri-exports in particular were affected by inadequate availability of containers and inadequate labor availability.** The demand for Agri products was good. But due to supply disruption, demand could not be met.



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For example, supply disruption in the supply of quality fresh fruits and vegetables, hampered exports and volume could not be met as per the importers' requirements.

#### *5.3.1.2 Measures taken by the Indian Government*

During the lockdown period, the Indian Government issued the necessary guidelines to the states to ease the movement of staff/personnel/skilled labour involved in the processing of essential commodities like agri-food items either for domestic/export markets. Guidelines were issued for transportation of agri-commodities from one state to the other or up to the port of dispatch.

Trade facilitation measures were also taken through the APEDA which include the following.

- 1. Setting up of Help Desks/Control Rooms:** To facilitate exports of agricultural products from the States, the State Governments were persuaded to set up a control room/help desk for resolving the issues of the exporters on a fast track. Control rooms/Help Desks have been set up by 18 States and 1 UT. APEDA has also set up a Help Desk for the speedy resolution of the issues.
- 2. Extension of Recognition/Certification:** To ensure uninterrupted exports, the validity was extended till 31<sup>st</sup> July 2020 for recognitions/certifications of pack houses, peanut processing units, integrated meat plants; Registration cum Membership certificate and registration of rice plants through NPPO; etc.
- 3. Addressing common difficulties:** APEDA officials at Head Office and five Regional Offices have been interacting with exporters during the lockdown period on daily basis and their feedback was taken to address the common difficulties being faced such as the issuance of curfew passes for interstate movement of raw materials and finished goods to/from processing units and movement to the exit points (LCS/railway yard/ICD/seaport/airport); issuance of Phyto-sanitary Certificates (PSC), Certificate of Inspection (CoI), Certificate of Origin (COO); and Laboratory testing. Online issuance of certificates was ensured by APEDA through its online software viz. RCMC, RCAC, Meat.Net, Peanut.Net, TraceNet, etc. during March 2020 –July 2020.
- 4. Streamlining of Air Freight Charges & resolving port issues:** In view of the higher freight charges charged by the Airlines due to lockdown, APEDA scheduled interaction through Video Conferencing (VC) on daily basis with the Ministry of Civil Aviation, AAI Cargo Logistics & Allied Services Company Ltd (AAICLAS), Air India, vegetables & Fruits Exporters Association (VAFA) and Freight Forwarders for facilitating the exporters in connecting to Airlines as well as for freight negotiation. This immediate intervention helped in air shipment of agricultural produce by air to major destinations, i.e, London, Frankfurt, Sharjah from 13th April 2020 onwards through Air India and other private airlines from Mumbai, Kochi, Kolkata, Delhi airports. APEDA Regional Office, Mumbai along with Maharashtra State Agricultural Marketing Board (MSAMB) has also been instrumental in easing the congestion of containers at JNPT port. Similarly, the shipments of other export consignments were facilitated from other major ports as well.
- 5. Interaction with Eols and Trade bodies in the importing countries:** Video Conferences of exporters of Fresh Fruits and Vegetables were held with APC Singapore and Enterprise Singapore to enhance exports of fresh fruits and vegetables to Singapore and South East Asia. VC meetings were organised with the Embassy of India, Singapore, Ministry of Trade, Govt. of Singapore and Rice exporters to tap the opportunity emerging during COVID-19; with Eol Russia, the association and representatives of some important Russian importers, APEDA, EIC and Indian Exporters; with the Embassy of India in Saudi Arabia and SFDA to discuss the issues related to Rice; and Virtual Buyer Seller Meets with Sweden and Eol Brussels.
- 6. Specific facilitation measures:** These include the following:
  - Exports from Sutrakandi ICP (Assam), Ragna Bazar LCS (Tripura) and Manu LCS (Tripura) were resumed during the early COVID-19 period and exports are continuing.
  - The procedure for virtual inspection of packhouses was specifically developed for the COVID-19

period. Virtual inspection for packhouse recognition was conducted by RO Mumbai for Pomegranate packhouse and Floriculture Unit by APEDA regional offices.

- Poultry exporters were not able to get their cloacal swab samples tested for avian influenza viruses (AIVs) at the National Institute of High Security Animal Diseases, Bhopal due to limited services of couriers and the validity of test results within the 21-day window was exhausted. The Regional Officer, AQCS, Chennai was not able to issue the necessary Health Certificate for exports. APEDA organized a VC between the DAHD and exporters, Regional AQCS officers, and other stakeholders. DAHD accepted the request of exporters and allowed the local Regional laboratory in Nammakkal for testing poultry products during COVID times.
- Beekeepers were finding it extremely difficult due to the transportation and local administration issues. These issues were raised with the Horticulture Commissioner, DAC&FW and transportation were facilitated. Later Ministry of Agriculture considered the request for financial support to the Beekeepers.

#### 5.3.1.3. Opportunities Arising from Covid-19

There are some positive changes also due to the pandemic. There is more demand for fresh vegetables, Non-basmati Rice, Wellness Food - Spices like Turmeric, Chilli, Millets and Organic products. There are also opportunities in areas vacated by other countries including Wellness food like Organic products (Moringa and its products/derivatives) and Nutracereals products like Millets (pearl millet, foxtail millet, proso millet, finger millet and its products.) Recently Australia granted market access for the export of pomegranate and its arils from India to Australia.

#### 5.3.1.4. Policies/Strategies

1. **Operational Changes:** Due to the high cost of local transportation, Air-freight charges, sea freight charges, Indian agri-exports has become uncompetitive in international markets compared to competing countries. These need to be regulated along with ensuring the availability of dry containers or reefers for shipping.
2. **Addressing Emerging restrictions:** Some emerging restrictions like quota systems in Indonesia for meat and Rice products, high Import duty for Indian Mango pulp/puree, juice concentrate in European Market, additional requirement i.e. health certificates for export of green chilies by EU from India and the TRQ system for Sugar exports to the USA needs to be reviewed and addressed.
3. **Marketing and Promotion:** These include policies for the roadshow, Nukkad drama at public places, local electronic media advertisement, opening the import cell for agri-produce in Indian missions and appointment of Agriculture Counsellors in various Indian Embassies.
4. **Multilateral, Regional and Bilateral Trade:** SPS/TBT issues are one of the major multilateral issues in Agri exports negotiations. India needs to strongly raise the concerns on the SPS/NTB Notifications issued by member countries. For this Indian negotiators should be backed by a Technical team at WTO.

**In the case of FTAs/RTAs, Tariff policy changes are needed particularly preferential tariffs for potential target markets to reap gains due to COVID-19 & subsequent trade measures.** In this context, India needs to review its preferential tariff policies with South Korea, Japan, SAARC countries, Malaysia, and Indonesia.

5. **Other Policies:** These could include focus on cluster-based quality production; implementation of Global GAP, GHP, GMP mandatory for all the export establishments; encouraging entrepreneurs in packaging agricultural produce; technological changes in the production of horticulture produce; cosmetic packing and modern packing to increase shelf life of fresh produce and development of cold chains; etc.

### BOX 5.1: Impact of COVID-19 on Rice Exports

Like any other sector, during the lockdown period, the Rice Industry also had to tackle several problems arising out of the closure of units, non-availability of labour and transport, non-functioning of ancillary industries such as packaging, etc. The whole supply chain got disrupted causing operational issues for the Industry.

#### Trade before and after the Pandemic

Despite all obstacles and disruptions faced during the lockdown period by the rice industry, global demand for Indian rice remained strong. Since the lockdown came in the last week of March, there was not much impact on the export of rice, during the completed financial year 2019-20. In quantity terms, Basmati rice showed a 0.90% increase over exports of the previous financial year 2018-19, but Non-Basmati rice exports dropped during 2019-20 as compared to 2018-19 for reasons that were unconnected with COVID-19. In dollar value terms they registered growths of -7.2 % and -33.1% respectively for the above period

Rice being a staple food product for more than half the World population will always remain in demand. The export of rice during the first half (April-September) of the current financial year over corresponding previous despite the pandemic has risen due to large demand coupled with price advantages. Basmati and Non-Basmati rice increased by 27.6 per cent and 102.4 per cent in quantity terms and 4.5 per cent and 91.21 per cent in value terms, respectively.

#### COVID-19 related disruptions

**On the demand side, there were no disruptions as there was heavy demand from all over the world particularly the Middle East for Indian Basmati rice as the Ramadan period was approaching during which period demand is always on the higher side. But the disruptions came on the supply side as units were closed for some time. Later they were allowed to run with 50% strength. Though this came as a relief, the rice industry like any other industry cannot function on a stand-alone basis and the support from back-end and front-end industry is crucial for external trade.** The uninterrupted support of the packaging industry, transport industry and transportation and port functioning play an important role.

Because of the COVID-19 fear, in the new Basmati crop, prices are on the downtrend as compared to the previous year. Though this can lead to higher exports, realizations could be poor.

#### Trade-related measures by the Indian Govt

The Government of India came up with several general and sector-specific support measures during the lockdown period. The specific measures for the rice sector include the following.

- **Testing facilities** - Apart from EIC laboratories located at Kochi and Mumbai, other private NABL accredited laboratories were authorized for testing of rice consignment destined for the EU.
- **Digital PSC** - Instead of physical phytosanitary certificates, electronic, digitally signed copies of PSC were accepted.

#### Opportunities Arising from Covid-19

**Domestic Demand:** COVID-19 has created some opportunities for the Rice sector. This is because domestic consumption is likely to increase with people resorting to higher in-house dining rather than going out.

**International Trade:** China is the largest producer of Rice while India is not only the second-largest producer but also the largest exporter with a fairly advanced rice industry. India exports rice to over 160 countries. For Basmati rice, Middle East is a major destination with a share of around 75-80%. As for non-basmati rice, the

African continent is the major destination. Thailand and Vietnam are the major players in global trade as far as non-basmati rice is concerned. Due to COVID-19 induced lockdowns, these countries banned exports for some time and later resumed it. **On the other hand, India did not put any ban or any other kind of restriction on rice exports. This helped India to be perceived as a reliable supplier. Many countries especially African nations placed their trust in India for supplies and this could strengthen India's standing in the international market.**

### Strategies and Policies

**Addressing Emerging restrictions:** Although the restrictions are not necessarily related to the COVID-19 pandemic, countries in India's traditional stronghold region of the Middle East are seeking sanitary norms at par with the EU which is becoming a serious cause of concern today. This needs to be addressed.

**Addressing the rise in logistics cost:** Indian logistics costs are much higher as compared to other countries. The freight costs are being increased regularly by shipping lines which are hampering exports. During the lockdown period, there was a sudden hike in freight rates. The highest increase in freight rates after lockdown compared to before lockdown was to the ports in Oceania and West Asia (Table No.1) **Logistics costs need to be rationalized and Government policy should be extended to optimizing ocean freight charges** which are increased unilaterally by shipping lines from time to time. While this can make Indian rice competitive in the global market, assistance from Government can help in mitigating the cost disadvantage. Developing Multimodal Logistics ports at major export hubs can also help the rice industry.

### Freight Rates Before and After the Lockdown

(in \$)

| Port             | Freight Before Lock Down | Freight After Lock Down | % Rise | Avg Rise |
|------------------|--------------------------|-------------------------|--------|----------|
| <b>EUROPE</b>    |                          |                         |        |          |
| Europe Base Port | 600 to 800               | 1600 to 2000            | 166.7  | 113.7    |
| Dublin           | 800                      | 1800                    | 125.0  |          |
| Oslo             | 1000 to 1200             | 1800 to 2200            | 80.0   |          |
| Stockholm        | 1000 to 1200             | 1800 to 2200            | 80.0   |          |
| Mersin           | 425 to 600               | 1200 to 1500            | 182.4  |          |
| Koper Solvenia   | 800                      | 1300                    | 62.5   |          |
| Genova           | 600 to 800               | 1500 to 2000            | 150.0  |          |
| Le Havre         | 600 to 800               | 1800 to 2000            | 200.0  |          |
| Limmasol         | 600 to 800               | 1200 to 1500            | 100.0  |          |
| Nouakchott       | 1300                     | 2000                    | 53.8   |          |
| Pireaus          | 800                      | 1200 to 1500            | 50.0   |          |
| <b>AMERICAS</b>  |                          |                         |        |          |
| New York         | 1400 to 1600             | 2400 to 3000            | 71.4   | 74.0     |
| Toronto          | 1700                     | 2200 to 3200            | 29.4   |          |
| Los Angeles      | 1250                     | 2250                    | 80.0   |          |
| Miami            | 1800                     | 3500                    | 94.4   |          |
| Vancouver        | 1200                     | 2500 to 4000            | 108.3  |          |
| Port Everglades  | 1800                     | 3500                    | 94.4   |          |
| Edmonton         | 2500                     | 3500 to 4500            | 40.0   |          |

| Port   | Freight Before Lock Down | Freight After Lock Down | % Rise | Avg Rise |
|--|--------------------------|-------------------------|--------|----------|
| <b>AFRICA</b>  |                          |                         |        |          |
| Durban   | 400 to 600               | 1300 to 1500            | 225.0  | 98.6     |
| Port Louis   | 600                      | 1600                    | 166.7  |          |
| Johannesburg   | 600 + ZAR                | 1300 to 1500 + ZAR      | 116.7  |          |
| Port Victoria  | 1000                     | 1500                    | 50.0   |          |
| Alexandria   | 600 to 900               | 1200 to 1500            | 100.0  |          |
| Cotonou  | 1000                     | 2000 to 2800            | 100.0  |          |
| Mombasa  | 700                      | 1200 to 1500            | 71.4   |          |
| Port Reunion   | 1000                     | 2000 to 2800            | 100.0  |          |
| Odessa   | 800                      | 1200 to 1500            | 50.0   |          |
| Damietta   | 400 to 600               | 1100 to 1600            | 175.0  |          |
| Male   | 725                      | 1000 to 1500            | 37.9   |          |
| Maputo   | 800                      | 1200                    | 50.0   |          |
| Lome   | 1300                     | 1800 to 2500            | 38.5   |          |
| <b>OCEANIA</b>   |                          |                         |        |          |
| Sydney   | 600                      | 1800 to 2200            | 200.0  | 278.4    |
| Brisbane   | 600                      | 1800 to 2200            | 200.0  |          |
| Melbourne  | 600                      | 1800 to 2200            | 200.0  |          |
| Auckland   | 800                      | 2500 to 3500            | 212.5  |          |
| Port Kelang North  | 25 to 50                 | 150 to 250              | 500.0  |          |
| Hong Kong  | 50                       | 200 to 300              | 300.0  |          |
| Singapore  | 50 to 100                | 175 to 250              | 250.0  |          |
| Penang   | 50 to 100                | 300 to 400              | 500.0  |          |
| Pasir Gudang   | 50 to 100                | 300 to 400              | 500.0  |          |
| Kota Kita Balu   | 300 to 400               | 600 to 850              | 100.0  |          |
| Sandakan   | 300 to 400               | 600 to 850              | 100.0  |          |
| Lyttleton  | 800                      | 2200 to 3200            | 175.0  |          |
| <b>WEST ASIA</b>   |                          |                         |        |          |
| Jebel Ali  | 50                       | 300 to 400              | 500.0  | 241.7    |
| Jeddah   | 600                      | 1200 to 1500            | 100.0  |          |
| Ashdod   | 600 to 800               | 1700 to 2000            | 183.3  |          |
| Haifa  | 600 to 800               | 1700 to 2000            | 183.3  |          |
| <b>CARIBBEAN</b>   |                          |                         |        |          |
| St. Marteen  | 3200                     | 4200 to 4500            | 31.3   | 31.3     |
| Montegobay   | 3200                     | 4200 to 4500            | 31.3   |          |
| Source: AIREA  |                          |                         |        |          |
| Note: Wherever, there is a range, the lower limit of the range is taken to calculate percentage Increase.  |                          |                         |        |          |
| <b>Extending APEDA schemes to Rice Industry:</b> Though the rice industry has consistently been upgrading technological inputs in the processing units, Government schemes like the one operated by APEDA could be extended to the rice industry also as the rice technology is cost-intensive and requires frequent upgrades. |                          |                         |        |          |

APEDA Scheme had provisions to support the rice industry in the mid-2000s. This helped the industry to set up state-of-the-art infrastructure facilities and during this period there was a boom in the rice industry and the quality of rice in the domestic market and for export markets showed marked improvement. But for more than a decade the support was discontinued. Now APEDA is considering a modified scheme from the next financial year subject to approvals by competent authorities.

**Review of FTAs:** Countries like Japan impose a very high tariff on imported rice (700%+) which restricts the export potential. This needs to be negotiated and many FTAs need a review.

**Investment in Warehousing:** Though the rice industry has invested huge amounts in developing state-of-the-art facilities, there is scope for investment in warehousing which could be tapped.

## BOX 5.2

### India's Spices Exports

#### Impact of COVID-19

Despite the outbreak of the COVID-19 Pandemic and the consequent recession in the global economy, spices exports from India has continued its upward trend during 2019-20 and has crossed the milestone of US\$ 3 billion mark for the first time in the history of spices exports. In 2019-20 exports reached 11,83,000 tons valued at US\$ 3033.4 million, as against 11,00,250 tons valued at US\$ 2805.5 million during 2018-19, with quantity and value growth of 8% each.

During the current financial year also, spices exports is one of the few sectors to show a rising trend despite the pandemic. No cancellation of export orders was reported due to COVID 19. However, some of the orders were deferred and the shipments were delayed due to the movement restrictions imposed to contain the spread of the pandemic. On the supply side, procurement of spices from the mandies/ farmers has been partially affected during the initial stages of the restrictions. Similarly, the processing industry has also been partially affected due to the limited availability of workers. However, once the restrictions were relaxed, the industry has come back to near normal stage. Based on the latest data available, the exports of spices during the period April – October 2020 registered an increase of 0.2% in dollar terms of value as compared to the same period of last year. The exports of spices from India is expected to reach US\$ 5.0 billion in 2024-25.

**Exports of Spices like Turmeric, Ginger, etc. which have immunity augmenting properties have increased considerably in recent months.** The curcumin present in turmeric is an antioxidant as well as an immunity booster. The health and immunity-boosting benefits of spices such as turmeric, ginger, garlic, etc. which have found a place in traditional wisdom as well as Ayurveda, have found an increased commercial demand both in the national and international markets in the post-COVID-19 period. **Hence, there is immense export potential for Spices like Turmeric, Ginger, etc. in the post-COVID-19 period.**

#### Opportunities Arising from Covid-19

Spices have been recognized to possess medicinal properties and their use in traditional systems of medicine has been on record for a long time. With the advancement in the technology of spices and on knowledge of the pharmacology of their active principles, their health benefit effects were investigated more thoroughly in recent decades. Many health benefit attributes of these common food adjuncts have been recognized in the past few decades by pioneering experimental research involving both animal studies and human trials. These studies documented immunity boosting, digestive stimulant action, antidiabetic influence, antioxidant potential, anti-inflammatory property, and anticarcinogenic potential of spices. In the post-COVID-19 era,

spices have an important role considering their pharmaceutical and nutraceutical properties. India being the largest producer of spices in the world, the scope for increasing both national and international trade of spices is unlimited. **To tap the potential, there is an urgent need for product development & promotion, developing market linkages and popularizing the health benefits of spices across the globe.**

#### Strategies and Policies

- **Tapping the potential for ‘Safe Spices’ Exports: Food safety experts in the spices sector are of the opinion that post-pandemic, a large number of consumers both in the global and domestic market may shift towards safe spices. This may boost the demand for sustainably produced MRL (Maximum Residue Level) compliant spices.** It is also expected that testing standards may go up in the coming times to ensure (i) MRL compliance and (ii) check adulteration. This may lead to the introduction of new technologies and practices such as rapid testing at the field level, and testing facilities in market places including APMC markets, etc. **While international buyers would require IT-based traceability systems to ensure sustainable practices across the spices supply chain, modernization of major trading hubs for spices would be important to ensure the safety and quality of spices.**
- **Popularizing Immunity Augmenting Properties of Spices:** The health and immunity-boosting benefits of spices such as turmeric, garlic, ginger, black pepper, etc. which has found a place in traditional wisdom as well as Ayurveda, has found an increased commercial demand in the post-COVID arrival period. Validation of properties, product development & promotion, developing market linkages, etc. is necessary for this purpose.
- **Promoting higher end value addition of spices,** This can be done by increasing exports of extracts, cosmeceuticals, natural colours & flavours, etc.
- **Promotion of Geographical Indication (GI):** GI has been received for 20 spices- 5 by Spices Board, 15 by other institutions and 5 more are under process. There is a need to promote GIs in spices and organic products.
- **Infrastructure Development & Certifications-** The COVID-19 pandemic has enhanced the health consciousness of global consumers. Regulators in the major import destinations are coming up with further stringent standards for quality and food safety, increased level of inspections, etc. for food and agricultural products. This necessitates following GAP, GMP, GHP, etc., infrastructure development across the supply chain (particularly at the exporters’ end) as well as obtaining certifications for food safety and quality management (Hazard Analysis Critical Control Point (HACCP)).
- **Marketing and Supply Chain Management:** Virtual BSMS between the Indian spice exporters and importers from across the world would help to strengthen the business ties. Further, the Spices Board has taken steps to provide online platforms for linkage between the spice growers and the exporters to strengthen the supply chain. Also, engagements with the regulatory bodies & trade support institutions through Indian Missions will help to address the concerns raised by the spice importers in these countries and also facilitate a direct interaction. The Spices Board was part of such interactions with stakeholders in Japan, Gulf countries, etc. More programs need to be taken up.
- **Branding-** Promoting ‘Indian cuisine- Symphony of Spices’, Indian spices logo, a global Indian brand through IBEF, etc.; and expanding the clusters for spices under Agri Export Policy for aggregation & value addition of spices are the other Marketing and Supply Chain Management activities needed.
- **Focus Products and Focus markets-** Focus products are Spice Oils & Oleoresins, Chilli, Seed spices, Mint & Mint Products, Turmeric, etc. Regarding Focus Markets, there is a need for further expansion in existing

markets (USA, China, EU, Middle East, South East Asia, etc.) & trade promotion in new markets ( LAC, CIS, African region)

- **Support from the Govt. of India:** In addition to the assistance provided to stakeholders under the various ongoing programs, there is a need to assist exporters in installing primary processing equipment in the farmers' field; establishing high-end infrastructure for value addition; establishing spice processing units in spices parks; setting up / upgradation of quality evaluation laboratories; and obtaining food safety and quality certifications such as HACCP, ISO, BRC, etc.

**The vision of the Indian spice industry is to strengthen its position as the processing hub and prime supplier of high-end value-added spices, herbs and organic spices, to various segments in the global market.** To achieve this, the quality and safety of the spices to be exported has to be suitably assessed and upgraded to conform to the overseas market requirements. Also, with changing consumer tastes and requirements, there is a need to give more thrust for high-end value addition, diversification of products from traditional culinary use to medicinal, immunity-boosting and nutraceutical applications.

### 5.3.2 Textiles and Garments Exports

#### 5.3.2.1 Impact of the Pandemic

As the pandemic struck the World, almost all major economies, including China, the United States, India and many European nations, resorted to complete or partial lockdown. Many retail stores announced closures, followed by cancellation of orders and delays in payment by the customers and brands. The demand for textile products abroad and domestic sales came down to a grinding halt due to the panic situation badly affecting trade/investment across the sector. **All textile items except protective textiles were badly affected.**

The apparel sector is one of the highly impacted sectors. With a long value chain, spread across continents, the sector has seen a multiplier effect of the inter-play of the challenges of various stakeholders and countries. India which is an important part of the global Apparel chain is facing the brunt of this crisis. Apparel production was at a standstill since the lockdown in March 2020. **The uncertainties of order position, logistic challenges with textile products getting stuck in Ports and worker availability following mass reverse migration among other things, have slowed the restart of production.**

Textiles and allied products have been registering high negative growth since March 2020, but the magnitude of decline has been falling during July-August 2020 and there was even positive growth in September and October 2020.

**In the case of RMG, the major textiles and garments export item of India,** negative growth was marginal or low before the pandemic as can be seen from 2019-20 export growth. But after the pandemic set in, negative growth became high with -33% growth for RMG cotton, -37.9% for RMG Man-made fibres and -29.2% for RMG of other textile materials during April-October 2020. Negative growth peaked in April 2020, after which the magnitude of decline became less and in September and October 2020, growth even turned positive. **Cotton Fabrics, Made-ups, etc., the second major Textiles and Clothing item** also showed similar trends with even good positive growth in September and October 2020. Cotton yarn export growth became positive from June 2020. **Man-Made Yarn, Fabrics, made-ups, the third major item** in this sector however continued to register negative growth even in September and October 2020, though the magnitude of decline has reduced. (Table 5.2)



**Table 5.2: India's Major Textiles Exports**

| Major Items                                | Value 2019-20 (US \$ Million) | Share 2019-20 (%) | Growth Rate (%) |                     |              |              |              |              |              |              |             |             |
|--|-------------------------------|-------------------|-----------------|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
|  |                               |                   | 2019-20         | 2020-21 (April-Oct) | Mar-20       | Apr-20       | May-20       | Jun-20       | Jul-20       | Aug-20       | Sep-20      | Oct-20      |
| Manmade Staple Fibre                       | 503                           | 1.49              | -11.9           | -35.0               | -28.1        | -59.5        | -60.2        | -29.7        | -25.9        | -24.3        | 6.1         | -34.9       |
| <b>Cotton Yarn</b>                         | <b>2761</b>                   | <b>8.19</b>       | <b>-29.1</b>    | <b>-6.0</b>         | <b>-38.4</b> | <b>-80.2</b> | <b>-36.2</b> | <b>29.6</b>  | <b>37.4</b>  | <b>17.2</b>  | <b>22.9</b> | <b>2.9</b>  |
| <b>Cotton Fabrics, Made-ups Etc.</b>       | <b>5968</b>                   | <b>17.70</b>      | <b>0.3</b>      | <b>-15.4</b>        | <b>-28.2</b> | <b>-84.4</b> | <b>-50.2</b> | <b>-11.3</b> | <b>3.1</b>   | <b>-1.6</b>  | <b>15.9</b> | <b>14.4</b> |
| Other Textile Yarn, Fabric Madeup Articles | 477                           | 1.42              | 4.2             | -25.0               | -28.4        | -89.7        | -37.8        | -9.6         | -2.2         | -14.4        | -6.6        | -15.1       |
| Silk, Raw                                  | 0.2                           | 0.0005            | -13.5           | -27.6               | -63.6        | NA           | NA           | 2602.9       | -87.5        | 188.3        |             | 3272.2      |
| Natural Silk Yarn, Fabrics, Made-ups       | 58                            | 0.17              | 1.0             | 1.1                 | -27.9        | -97.4        | -53.7        | 2.1          | 17.3         | 25.7         | 31.7        | 80.4        |
| Man-made Yarn, Fabrics, Made-ups           | 4821                          | 14.30             | -3.2            | -34.9               | -24.8        | -84.2        | -58.8        | -31.9        | -23.7        | -24.3        | -9.1        | -12.8       |
| Wool, Raw                                  | 0.1                           | 0.0003            | -92.1           | 45.8                | NA           | -94.1        | NA           | NA           | NA           | NA           | 422744.4    | NA          |
| Woollen Yarn, Fabrics, Made-ups, etc.      | 181                           | 0.54              | -17.8           | -49.3               | -58.6        | -85.4        | -68.8        | -39.3        | -29.5        | -28.7        | -50.0       | -30.6       |
| <b>RMG Cotton Including Accessories</b>    | <b>8643</b>                   | <b>25.63</b>      | <b>-0.6</b>     | <b>-33.0</b>        | <b>-34.2</b> | <b>-89.8</b> | <b>-65.3</b> | <b>-34.1</b> | <b>-19.2</b> | <b>-11.3</b> | <b>6.1</b>  | <b>-0.3</b> |
| RMG Silk                                   | 119                           | 0.35              | -30.0           | -42.1               | -70.6        | -95.9        | -56.1        | -50.8        | -18.0        | -28.2        | 10.7        | 12.7        |
| <b>RMG Man-made Fibres</b>                 | <b>3506</b>                   | <b>10.40</b>      | <b>-9.0</b>     | <b>-37.9</b>        | <b>-42.9</b> | <b>-91.8</b> | <b>-65.8</b> | <b>-40.0</b> | <b>-31.9</b> | <b>-23.6</b> | <b>12.0</b> | <b>18.3</b> |
| RMG Wool                                   | 155                           | 0.46              | -21.6           | -45.4               | -52.9        | -92.6        | -92.5        | -46.6        | -35.3        | -34.2        | -0.3        | -28.0       |
| <b>RMG Of Other Textile Materials</b>      | <b>3065</b>                   | <b>9.09</b>       | <b>-4.9</b>     | <b>-29.2</b>        | <b>-22.3</b> | <b>-92.8</b> | <b>-68.5</b> | <b>-29.4</b> | <b>-17.3</b> | <b>-9.4</b>  | <b>20.9</b> | <b>14.7</b> |
| Coir And Coir Manufactures                 | 340                           | 1.01              | 4.0             | 30.1                | -9.7         | -51.2        | 25.4         | 41.0         | 43.8         | 52.0         | 53.9        | 68.6        |
| Handloom Products                          | 319                           | 0.95              | -7.1            | -45.0               | -47.9        | -96.4        | -77.5        | -45.9        | -35.8        | -28.0        | -7.5        | -9.3        |
| Silk Waste                                 | 14                            | 0.04              | -25.3           | 44.1                | -39.3        | -40.7        | -11.6        | 116.3        | 109.1        | 14.7         | 6.9         | 170.5       |
| Jute, Raw                                  | 15                            | 0.04              | -4.6            | 11.9                | -38.1        | NA           | -73.8        | -28.3        | 3.7          | -18.8        | 151.9       | 84.0        |
| Jute Yarn                                  | 17                            | 0.05              | 6.4             | -33.1               | 54.7         | -91.5        | -68.2        | -68.1        | -17.5        | 11.8         | -54.6       | 13.6        |
| Jute Hessian                               | 103                           | 0.31              | -9.5            | -23.1               | -29.4        | -87.9        | -73.5        | -33.9        | 7.1          | -7.7         | 18.9        | 10.9        |
| Floor Covering Of Jute                     | 70                            | 0.21              | 32.6            | 6.7                 | -4.0         | -89.5        | -44.3        | 17.0         | 28.8         | 11.7         | 52.0        | 58.7        |
| Other Jute Manufactures                    | 153                           | 0.45              | 7.1             | -15.0               | 7.3          | -92.3        | -70.6        | -11.8        | -0.8         | 22.6         | 16.0        | 4.2         |
| Carpet (Excluding Silk) Handmade           | 1353                          | 4.01              | -7.7            | -7.2                | -34.7        | -91.4        | -46.3        | -9.7         | 4.7          | 16.0         | 39.1        | 37.0        |
| Silk Carpet                                | 20                            | 0.06              | 26.0            | 9.7                 | -44.0        | -99.6        | -59.3        | -8.4         | -48.3        | -6.7         | 552.4       | 98.5        |
| Cotton Raw Including Waste                 | 1057                          | 3.14              | -49.8           | 129.8               | -51.8        | -81.7        | -4.8         | 305.3        | 253.2        | 216.3        | 336.7       | 283.4       |
| <b>Total of Above</b>                      | <b>33719</b>                  | <b>100.00</b>     | <b>-8.6</b>     | <b>-24.1</b>        | <b>-33.5</b> | <b>-86.9</b> | <b>-57.1</b> | <b>-19.6</b> | <b>-8.6</b>  | <b>-6.8</b>  | <b>13.8</b> | <b>9.4</b>  |

Source: Based on DGCI&S data.

### 5.3.2.2 COVID-19 related disruptions on the Demand and Supply-side

Demand-side disruptions in the sector related to COVID-19 are curtailment of consumption and postponing of investments by firms. Firms are also seen resorting to downsizing the workforce by reducing informal workers and undertaking pay-cuts to save costs. Also, uncertainties over the longevity of the pandemic spread have led to a fall in demand, while lack of liquidity is causing credit defaults and bankruptcies. Supply-side disruptions that took place led to a decrease in labour supply, disruptions in the supply chain and curtailment of production. Quarantine and social distancing have also led to various constraints resulting in the requirement for adjustments starting from the shop-floor at the workplace. In the case of RMG, there were disruptions in sourcing raw materials like fabric, trimmings, etc. due to the lockdown, import restrictions, etc. The resultant excess capacity is expected to result in shorter lead times and tighter margins that are likely to be reduced by 15% to 20% during 2020 - 2021. Further, the delays in payments have led to the stagnation of cash flow at all levels resulting in working capital issues. Sudden closure of factories has tested the financial strength of the manufacturers, creating difficulties in payment of wages during the idle-time. The return of migrant workers to their native place poses new challenges to the factories.

Indian textiles and apparel factories have resumed operations with the starting of the unlock process since May 2020. However, they have been able to function at only around 50% of the capacities due to lack of workers and demand for the manufactures. Reports have suggested recovery for the Indian textiles and apparel sector to set in by the second half of 2020. **With signs of improvements starting from June, there has been an encouraging increase in export value of Textiles & Garments by 13.8% in September 2020 and 9.4% in October 2020.**

### 5.3.2.3 Trade-related measures taken by the Indian Government specific to the Textiles Sector

Countries worldwide have provided trade relief measures to resume trade operations along with tax reductions to lessen the cost impact, easy means of finance to resume business and minimize losses. Indian Govt. has also taken many measures.

The measures initiated by the government, specific to the textiles and garments sector are the following :

- **In order to make the textile sector competitive by rebating all taxes/levies in the international market, the Government has decided to continue the RoSCTL (Rebate of State and Central Taxes and Levies) scheme** (a scheme specific to the textiles sector) until such time the RoSCTL scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. For this purpose, the Government has approved an ad-hoc allocation of funds of Rs. 7398 crore for the FY 2020-21 for issuance of duty credit scrips under RoSCTL scheme.
- **Further, to boost exports in the MMF sector, the Government has removed anti-dumping duty on PTA (Purified Terephthalic Acid),** a key raw material for the manufacture of MMF fibre and yarn.
- **A special measure to alleviate the difficulties of beneficiaries under Amended Technology Upgradation Funds (ATUFS) was initiated by the Ministry of Textiles during the COVID-19 pandemic.** Under this measure, an option has been given to the applicants, where the physical examination of the machinery by the Joint Inspection Team (JIT) has been completed, to avail their subsidies released on submission of Bank Guarantee. The advance release of subsidy against bank guarantee is met from the regular budget allocation under ATUFS.
- **To mitigate the effect of the COVID-19 pandemic on trade, the various trade facilitation related issues** raised by the industry stakeholders from time to time have been taken up with the concerned Ministries for early redressal.

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### 5.3.2.4 Opportunities Arising from Covid-19

**Due to the COVID-19 pandemic, there is a huge demand for PPE kits across the world.** Besides the frontline healthcare workers, the PPE products are required by the staff and other paramedical staff. In many countries, including India, Masks have been made mandatory in public places. PPE kit includes items such as gowns, respirators, face masks, safety-footwear harnesses, eye protection gear and gloves. **India has ramped up its production of PPE kits and completely opened up exports of PPE kits.**

**Europe and the US are the two markets that contribute to almost 60% of India's export basket in textiles and apparel and these markets are shrinking.** Bangladesh, China and Sri Lanka are other major markets for exports from India which have experienced the economic impact of the pandemic. Since the traditional markets are shrinking, **India has to try to retain as much as possible of the traditional market, and also look for opportunities for growth in trade from potential textile markets like Australia, Egypt, Japan, South Korea, UAE and United Kingdom.**

**India is exploring the possibility of garnering market share likely to be vacated on account of restrictions on import of T&C from China by the USA on products made from Xinjiang cotton on account of forced labour practices.** Meanwhile, Trade Diversion and realignment in global supply chains is happening and investors are shifting base from China. Reports suggest around 33% of the businesses are looking forward to divert trade and investments in China to other feasible destinations and some of these are being funded by their governments in the process. While it may take a while for businesses to completely shift base from China, in the shorter term it may prove useful to entice these companies by providing incentives to invest in India. **The textiles and apparel sector holds a promise for India to become an alternate supplier to China as the country is a major supplier of these products to many markets in the World. This could do what India could not achieve when the Multi-Fibre Agreement was phased out by the developed countries.**

**There is a growing demand for MMF though this is not a consequence of the pandemic.** Studies on the Global Market Trends show that China, Cambodia, Vietnam and Indonesia are exporting 80% Manmade Fibre Garments globally and Industry also opines that the top importing countries are buying 85% garments made out of Manmade Fibre, whereas India exports 90% of cotton garments only. Export of Manmade Fibre Garments needs to be encouraged. The recent measure in Budget 2021-22 of rationalizing customs duty on raw material imports for manmade textiles could help in this regard.

**Technical Textiles is another potential area.** Technical or engineered textiles are defined as products that are used for functional purposes. These textiles have applications in multiple areas of economic activity, such as aerospace, shipping, sports, agriculture, defense and health care. The technical textiles industry is import-intensive. Though the country currently spends a significant amount on imports, the dependence can eventually be reduced by further investing in technology-heavy products. This presents a huge scope for import substitution. Among all categories, Packtech forms the largest segment and holds 42% of the market share. This is followed by Indutech, Mobilitech and Hometech. With regard to growth, Geotech is predicted to grow the fastest at a CAGR of 30%. Some of the examples of high-growth potential technical textiles include shade nets, crop covers, baby diapers, sanitary napkins and surgical disposables, among others.

### 5.3.2.5 Issues and Policy Suggestions

Issues and Policies specific to the Textiles and Garments sector are given in this section.

#### 1. Addressing Emerging Challenges

##### i) Changes in trade pattern

**There have been some shifts in the trade pattern of cotton textiles.** On the raw material side, reduced consumption has led to price fluctuations and stock pressures. India's cotton yarn exports

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have reported a significant decline due to the fall in demand from China combined with cheaper yarn supplied by Pakistan and Vietnam. Many export orders from the US and the EU have been cancelled. There has also been a spike in prices of imported raw materials e.g. dyes and chemicals essential for manufacturing, which in turn can increase production costs for the manufacturers. These shifts need to be taken note of while formulating strategies and policies.

**ii) Changes in Global Value Chains due to pandemic**

There has been a remarkable shift in Global Value Chains with businesses seen migrating from a closed single level suppliers' network to multi-level suppliers' networks across multiple countries. Companies in advanced economies have begun to re-shore production reducing dependency on a single market for supplies. This could be an opportunity for India to tap.

**iii) Operational Changes**

**COVID-19 has accelerated the pace of automation and digitization amongst companies, raising the need for quick supply response from the time the order is placed.** The need for rapid response by suppliers requires quicker sampling with minimal documentation, accelerated on-line clearances and speedy financial approvals. There is a need to intensify efforts towards digitization and automation across the value chain with a thrust on innovation, R&D and value addition in the products offered.

On the domestic front, textile manufacturing requires close physical contact and the COVID-19 related restrictions like ensuring social distancing which increases the distance between machines on the Shopfloor may affect production levels and consumption thereof. Whereas, activities that can be done at a distance, like tradable services and online sales could have comparative advantages. These could play on India's intrinsic strengths in manufacturing and affect factors like price, quality and time taken for delivery of the products on offer.

**iv) Emerging restrictions**

**Accelerated de-globalization and renewed protectionism have led companies in developed economies to source from suppliers in regional markets and with preferential access.** Markets enjoying favorable access and offering competitive tariffs along with low-wage services are seen attracting more contracts and investments, intensifying the competition for Indian products. India has a tariff disadvantage in almost all top importing countries like the USA, the EU, Canada, China, Australia, Switzerland, GCC Countries, Israel and Chile. Competing countries like Bangladesh, Vietnam, Pakistan, Sri Lanka and Indonesia have privilege access to major textiles importing nations.

**The COVID-19 pandemic has led to tighter restrictions on the movement of goods, services, capital, labour, technology, data and information.** Importing markets for supplies of textiles and apparel from India are seen increasingly resorting to protectionist measures. Further, in order to ensure unabated supplies, even the traditional markets of the US and the EU are re-aligning markets post-US-China trade conflict.

**There is also some liberalization in Tariffs in some countries.** In response to COVID-19 certain countries like Chile, the USA, etc. had reduced the tariff on medical products including textiles-related medical products which is an opportunity to tap.

**v) Crisis situation for MSMEs**

**India has a large unorganized sector. Exporting units, in the unorganized textile sector, are largely micro, small and medium enterprises and they continue to face an existential crisis in the Covid-19 situation.** While the central government's micro, small and medium enterprises package would provide liquidity infusion, the units may need straightforward fiscal support like, for example, waiving of electricity charges, water bills, etc. for a short period.

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## 2. Foreign Trade Policy related issues

### i) Issue of Cancellation of Export orders or delay in payment

In the present situation, many overseas buyers are either cancelling or postponing confirmed export orders and are also holding back or indefinitely deferring the payment for goods already shipped/ready-to-ship and asking for hefty discounts. Also, several buyers are filing for Chapter 11 Bankruptcy. Buyers are not making payments for goods where delivery has already taken place and existing shipments are on hold either on ships or are lying in the warehouses/factories/ports.

The exporters have claimed Duty Drawback & ROSCTL for the shipped goods. Now, if the Buyer does not pay for the shipped goods, exporters have to repay the Duty Drawback & ROSCTL with interest. **So there is a need to consider a one-time waiver from the refund of Drawback & ROSCTL claimed against shipments made from November 2019 till atleast March-April 2020 as a lot of these shipments will not receive the payments as per the contracts with the buyers.**

### ii) ROPDTEP scheme

There is a need for the entire textile value chain, including cotton yarn, to be considered for eligible refund of duties and taxes under the RODTEP Scheme.

### iii) MAI

In the current scenario, when intentional travel is restricted and social distancing norms are being followed, physical trade fairs are limited and the option of Virtual trade fair is being explored and being organised. In this regard, the textiles sector is planning two of its biggest shows, ITF, Japan and Sourcing by Magic (USA), in the coming months on a virtual platform. **While there is a need to consider MAI for the Physical as well as Virtual Fairs for 2020-21, immediately there is a need to consider MAI for ITF (Japan) in virtual and physical form and Sourcing by Magic in virtual platform only.**

## 3. FTAs and Market Access

There has been a growing concern in the industry that the benefits for India from the Free Trade Agreements (FTAs) the country has signed and implemented so far, have been limited.

In India's case, Comprehensive Economic Cooperation Agreement (CECA) with ASEAN and Comprehensive Economic Partnership Agreements (CEPA) with Korea and Japan, have been found to be more beneficial to other economies and need to be evaluated to make them more trade and business-friendly.

The apparel exporting industry, in particular, has been very badly affected in our principal export markets of the USA, the UK and Europe and an important area that can supplement the efforts in this direction is improving export competitiveness through a comprehensive review of India's Trade Agreements through a fast-tracked mechanism with the EU, the UK, the US, Australia and Canada. The present scenario of Indian Apparel Exports is that we have a duty disadvantage of 9.6% in the EU market as compared to India's competitors like Bangladesh, Cambodia, Sri Lanka, Pakistan, etc. Recently, Vietnam has also concluded an FTA with the EU and most of India's competitors are leveraging such FTAs in a big way to enhance their cost competitiveness. In the case of the USA which is India's major destination for India's Apparel exports, the average Tariff is 12.5% but the USA applies a peak tariff of 28% on some products. Hence an FTA with the USA would have a significant impact on these products. India has taken initiatives to promote exports of MMF-based Apparel where there is a very high duty of 28%. An FTA with the US can help.

**At present, there is an exceptionally large "Positive sentiment" in global sourcing from India and India needs to capitalise on this. Apparel exports will grow significantly by forging ties with strong and robust Trade agreements.**

#### 4. Easing of Commitment towards workers

The benefit under the Pradhan Mantri Garib Kalyan Package (PMGKP) of payment of 12% of employer and 12% employee contributions towards EPF accounts of eligible establishments, was extended by 4 months (April-July 2020). This benefit could be granted irrespective of the number of workers employed and more specifically to cover all the Textiles Exporting Units which may be notified as eligible establishments.

#### 5. Working capital constraints

Some steps to ease working capital constraints are the following

- **A large number of Exporters lost huge amounts by booking forward contracts.** There is a need to consider if the loss can be converted into a working capital-Term-Loan with repayment in three years with a lower Interest rate. The penalty imposed on forward covers, imposed by certain banks could also be waived off.
- **The benefit of the Interest Equalisation Scheme extended by one year could be extended by at least two years** and the benefit of 5% may be extended to all Apparel Exporting Units at par with MSME Sector.
- **To ease the acute liquidity problems being faced by the Textiles and Clothing industry, there is a need to consider the immediate refund of Government dues, viz.,** Export related refunds including Duty Drawback, MEIS, RoSL/RoSTCL; GST Refunds; and TUFs Subsidy.
- **The margin money for working capital can be reduced** from 25% to 10% and the Debt Equity Ratio norm from 1:1.33 for the entire textiles and clothing industry.

#### 6. Some Product Specific Suggestions

In the case of cotton textiles, a suggestion based on the concerns of exporters is to include Cotton yarn (falling under HS Codes 5205, 5206 and 5207) under 3% Interest Equalization Scheme to boost exports.

In the case of garments, a suggestion is that garments should be classified under permissible goods and Trucks carrying shipments for apparel exports may be allowed to transit in 'No Entry hours' also.

#### 7. Making India a production centre for the World

India has all the potential to be a production centre and sourcing base for the world if the impediments related to trade are addressed like addressing the logistic infrastructure, improving ease of doing business, maintaining competitive cost structure and facilitating single-window clearance for attracting trade and investments. Foreign Investment on a large scale and integration in the Textiles & Clothing Sector is important in this context. However, this should be done cautiously as we also have a very large MSME segment in the Textiles sector. The recent measure in Budget 2021-22 of launching Mega Investment Textiles Parks in addition to PLI scheme could help in 'Make in India'.

#### 8. Exploring Interlinkages between textiles sector and other products and services

Textile and Garments have many interlinkages with other sectors as follows:

**Interlinkages between Pharma & medical care:** During the COVID-19 pandemic, Textiles have been able to reap substantial benefits from indigenous production and sales of PPE kits including gloves, masks and coveralls matching the global standards **to become the second-largest manufacturer in the World in less than 100 days of commencement of operations.**

**Interlinkages between IT hardware and software:** The textiles sector has commenced intensifying the use of Artificial Intelligence (AI) in managing the production systems and Internet of Things (IoT) in the product

life cycle. Customized Software for Designing, Ordering, Inventory Management, Logistics, Sales, etc. is finding an increased usage in the entire value chain.

**Interlinkages between Agriculture and related services:** The Textiles business is seeking to integrate factories with farm to ensure unabated supplies of homegrown raw material like cotton, jute and silk along with innovative raw material fibres like bamboo, banana and hemp to enhance their product offerings.

**Technical Textiles:** Given the continuously increasing global demand, the Indian textile industry is looking forward to develop its technical textiles segment having innumerable applications.

**Comprehensive intersectoral strategies are needed to reap from the interlinkages between textiles and other sectors.**

### 5.3.3 Engineering Exports

#### 5.3.3.1 Impact of COVID-19 on Engineering Exports

India's Engineering exports, one of the major export sectors of India, registered negative export growth in 2019-20 of -6.1%. The sector was also affected by COVID-19 with export growths in March, April and May 2020 being highly negative at -42.7%, -64.6% and -23.9% respectively. The situation has improved since then, with even positive export growth in July and September 2020. Cumulative export growth in this sector during April-October, 2020 was therefore at -13.7%.

While almost all the engineering goods were affected by the pandemic, major items like Transport equipment, with a share of 31% in 2019-20, registered high negative growths of -60.4%, -65.0% and -40.8%, -38.9% in March, April, May, June 2020, respectively. Among Transport equipment, motor vehicles/cars with a 10.2% share, registered high negative growths of -94.6% and -74.1% in April and May 2020. Even in October 2020, this item registered a high negative growth of -24.8%. Machinery, another major subcategory of engineering goods with a 37.5% share, also registered high negative growth in April 2020, while in September and October 2020, there is some positive growth. Base Metals, with a share of 31.4%, was relatively less affected with negative growth only in March and April 2020 and positive growth till September 2020. This is mainly due to positive growths in many months of major items like Iron and Steel and Aluminium and Products. In October 2020 however, there is a marginal negative growth.

**Table 5.3: India's Major Engineering Exports**

| Major Items                        | Value 2019-20 (US \$ Million) | Share 2019-20 (%) | Growth Rate (%) |                         |        |        |        |        |        |        |        |        |
|------------------------------------|-------------------------------|-------------------|-----------------|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                    |                               |                   | 2019-20         | 2020-21 (April-October) | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 |
| <b>Base Metal</b>                  | 23910                         | 31.37             | -6.0            | 8.1                     | -30.5  | -46.1  | 24.4   | 41.2   | 32.5   | 4.5    | 7.0    | -4.0   |
| Iron and Steel                     | 9277                          | 12.17             | -4.8            | 25.8                    | -30.7  | -35.3  | 70.5   | 102.2  | 73.9   | 12.7   | 1.5    | -17.1  |
| Products of Iron and Steel         | 7006                          | 9.19              | -3.5            | -18.2                   | -36.2  | -81.8  | -30.9  | -18.8  | -10.6  | -13.0  | 17.2   | 6.8    |
| Aluminium, Products of Aluminium   | 5115                          | 6.71              | -10.8           | 9.2                     | -22.3  | -4.6   | 16.3   | 13.8   | 14.8   | 7.2    | 3.3    | 15.5   |
| Copper and Products Made of Copper | 919                           | 1.21              | -13.9           | 33.7                    | -55.1  | -57.9  | 100.3  | 145.1  | 73.5   | 49.2   | 12.6   | -18.2  |
| Lead and Products Made of Lead     | 372                           | 0.49              | -7.7            | -0.7                    | -29.8  | -71.6  | 63.0   | 133.3  | 13.1   | -43.1  | 17.7   | -34.7  |
| Nickel, Product Made of Nickel     | 93                            | 0.12              | 36.3            | -61.0                   | -25.5  | -72.4  | -91.6  | 12.0   | -3.2   | -10.2  | -29.5  | -53.4  |
| Tin and Products Made of Tin       | 10                            | 0.01              | -0.2            | -18.6                   | -61.9  | -71.8  | -61.4  | -43.4  | 82.6   | -58.3  | 92.2   | -12.3  |
| Zinc and Products Made of Zinc     | 569                           | 0.75              | -5.6            | 29.8                    | 53.4   | -71.1  | 91.9   | 84.9   | 40.4   | 65.4   | 7.5    | -10.9  |

| Major Items                                 | Value 2019-20 (US \$ Million) | Share 2019-20 (%) | Growth Rate (%) |                         |        |        |        |        |        |        |        |        |
|---|-------------------------------|-------------------|-----------------|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|   |                               |                   | 2019-20         | 2020-21 (April-October) | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 |
| Other Non-Ferrous Metal and Product         | 549                           | 0.72              | 0.4             | -16.5                   | -27.4  | -91.4  | -53.2  | -20.2  | 9.6    | -5.2   | 18.2   | 20.3   |
| <b>Machinery</b>                            | 28580                         | 37.50             | -1.8            | -17.7                   | -29.0  | -79.4  | -39.6  | -15.4  | 5.8    | -5.7   | 7.6    | 2.2    |
| Electrodes                                  | 55                            | 0.07              | 1.9             | -36.5                   | -26.0  | -93.6  | -51.0  | -29.7  | -34.5  | -23.0  | -15.0  | -8.9   |
| Accumulators and Batteries                  | 421                           | 0.55              | 10.2            | -26.0                   | -18.9  | -91.2  | -57.4  | -18.9  | -22.3  | -7.0   | -3.2   | 17.7   |
| Hand Tool, Cutting Tool of Metals           | 753                           | 0.99              | -1.6            | -21.5                   | -31.3  | -89.5  | -50.8  | -20.4  | 2.0    | -7.5   | 13.9   | 9.1    |
| Machine Tools                               | 442                           | 0.58              | -10.6           | -21.2                   | -40.7  | -90.6  | -51.2  | -15.2  | -2.3   | -9.8   | 13.3   | 16.9   |
| AC, Refrigeration Machinery Etc             | 1383                          | 1.81              | -30.3           | -37.5                   | -49.6  | -86.1  | -57.3  | -33.8  | -15.5  | -27.6  | -23.3  | -18.9  |
| Cranes, Lifts and Winches                   | 567                           | 0.74              | 12.5            | -32.6                   | -21.9  | -88.7  | -56.8  | -25.7  | -12.9  | -20.7  | -29.1  | 7.5    |
| Electric Machinery and Equipment            | 8968                          | 11.77             | 6.5             | -8.5                    | -11.5  | -64.0  | -19.0  | -13.1  | 23.7   | 4.9    | 13.7   | -5.5   |
| IC Engines and Parts                        | 2556                          | 3.35              | -7.4            | -16.8                   | -30.2  | -88.6  | -61.4  | -3.8   | 2.4    | -17.3  | 22.8   | 28.3   |
| Industrial Machinery for Dairy Etc          | 5678                          | 7.45              | -3.5            | -17.2                   | -34.1  | -85.3  | -41.6  | -6.9   | 3.4    | -6.1   | 11.3   | 4.5    |
| ATM, Injecting Molding Machinery Etc        | 1761                          | 2.31              | 7.9             | -18.6                   | -29.5  | -76.7  | -33.3  | -11.7  | -2.4   | -10.3  | 2.9    | -7.1   |
| Nuclear Reactor, Industrial Boilers         | 816                           | 1.07              | -1.0            | -45.3                   | -61.6  | -89.1  | -65.2  | -44.4  | 5.4    | -32.0  | -43.4  | -37.9  |
| Other Construction Machinery                | 1407                          | 1.85              | -15.3           | -31.4                   | -45.2  | -89.2  | -49.3  | -28.7  | -27.5  | -15.3  | -6.6   | 11.6   |
| Other Misc. Engineering Items               | 2775                          | 3.64              | 3.2             | -13.1                   | -23.2  | -84.6  | -47.6  | -19.8  | 9.7    | 11.4   | 17.6   | 14.9   |
| Prime Mica and Mica Products                | 39                            | 0.05              | 14.5            | -49.9                   | -47.1  | -75.5  | -48.6  | -76.0  | -42.3  | -14.9  | -2.9   | 15.7   |
| Pumps of All Types                          | 959                           | 1.26              | -4.4            | -19.7                   | -38.0  | -87.6  | -53.1  | -12.9  | 2.2    | -15.6  | 21.6   | 16.3   |
| <b>Transport Equipment</b>                  | 23722                         | 31.13             | -10.9           | -30.1                   | -60.4  | -65.0  | -40.8  | -38.9  | -13.1  | -21.9  | 1.5    | -11.7  |
| Auto Tyres and Tubes                        | 1881                          | 2.47              | -1.5            | -10.3                   | -32.8  | -78.3  | -32.0  | -4.1   | -0.7   | 7.5    | 25.8   | 11.6   |
| Auto Components/Parts                       | 5305                          | 6.96              | -8.3            | -30.0                   | -33.0  | -92.0  | -65.5  | -28.2  | -18.4  | -16.9  | -1.1   | 7.7    |
| Bicycle and Parts                           | 384                           | 0.50              | -3.1            | -26.1                   | -42.0  | -86.6  | -60.2  | -23.1  | -3.9   | 3.6    | 4.1    | -14.2  |
| Aircraft, Spacecraft and Parts              | 1424                          | 1.87              | -17.0           | -23.0                   | -55.7  | -75.2  | -67.0  | -31.2  | -7.8   | -28.1  | 51.9   | -25.1  |
| Motor Vehicle/Cars                          | 7798                          | 10.23             | -8.3            | -47.5                   | -36.4  | -94.6  | -74.1  | -42.5  | -36.2  | -40.2  | -20.5  | -24.8  |
| Railway Transport Equipment, Parts          | 259                           | 0.34              | -48.5           | -71.3                   | -89.8  | -94.5  | -87.4  | -85.3  | -64.7  | -66.0  | -35.5  | -58.4  |
| Ship, Boat and Floating Struct              | 4558                          | 5.98              | -20.0           | -9.9                    | -87.0  | -18.4  | -4.6   | -55.3  | 179.7  | 76.8   | 78.1   | -61.0  |
| Two and Three Wheelers                      | 2112                          | 2.77              | -0.7            | -29.7                   | -14.6  | -89.7  | -71.0  | -25.8  | -28.7  | -24.7  | 4.3    | 13.0   |
| <b>Engineering Exports (Total of Above)</b> | 76212                         | 100.00            | -6.1            | -13.7                   | -42.7  | -64.6  | -23.9  | -7.1   | 9.0    | -7.0   | 5.7    | -3.8   |

Source: Based on DGCI&S data

Though the external situation is challenging, there are early signals of pick up in industrial activity in some countries, mostly in North America reflected in pick up of Engineering exports. While most companies are functioning at 60-70% capacity, the second wave of coronavirus in Europe is causing fears in the exporters as the EU is a major export destination for India's engineering goods. Indian export companies are currently focussing on engineering products used in the infrastructure and auto sectors, as per the Engineering Export Promotion Council (EEPC).



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### 5.3.3.2 Issues and Policy Suggestions

#### 1. Learning from the pandemic – Transforming the Supply Chain

**As the spread of COVID-19 disrupted Chinese manufacturing and global supply chains, a lot of attention is drawn towards how the global supply chains have been over-dependent on China.** Several countries including the USA have become skeptical of such supply chain shocks that may again emerge in the future due to the growing over-dependence on one source. Countries, therefore, are looking at alternative sources of import such as Mexico, Brazil, India, etc. **For Indian engineering exporters, this is a real opportunity to step up their actions into new markets which were until now dominated by Chinese suppliers especially in Africa, Latin-America and CIS region and expand their presence in traditional European, Asian and American markets.**

**The Indian government has already realized the potential and has tasked the Indian missions located in all the above regions to come up with potential areas where India can intervene in the absence of Chinese supplies.** The missions have been directed to contact key export councils and associations so that queries can be taken up by the respective member exporters. The Missions have even helped the exporters to get in touch with the buyers in the respective markets. Additionally, the government has also set up a DGFT Help Desk to resolve any export-related queries in these regions.

This one of a kind event has brought with it, a set of learning for the policymakers and companies which they may need to adopt to protect businesses from similar events in the future. Change in the supply chain is a major component of that learning set. **Since many major markets of India are looking for new supply sources, India needs to engage more with these countries and conduct B2Bs, especially in key sectors including medical instruments, pharmaceutical machinery, agricultural machinery, construction, automotive engineering, metals and machinery sector, electronic parts and components sector that have considerable scope for increasing engineering exports from India.**

#### 2. Diversification by India of sourcing destinations beyond China

While other countries are changing their sources from China to reduce the risk of overdependence on a single supply source, the Indian engineering industry also needs to diversify its sourcing destination out of China. The companies need to maintain multiple sources of key input commodities to reduce any supply-side risks in the future. Once the pandemic subsides, the Indian engineering industry needs to look into other markets and utilize India's FTAs to establish new sources of imports.

#### 3. Moving towards local sourcing: 'Made in India' products

**The Indian engineering industry has significant capacity to supply its exporters. However, the industry mostly comprises MSMEs which are facing several issues including access to capital and infrastructural shortcomings.** With adequate capital assistance and proper infrastructure, these companies can become major sources for Indian engineering exporters.

**The focus needs to be given to the existing engineering clusters in India under the Department of MSME's Cluster Development Programmes.** The Indian government needs to increase the budgetary allocations to these clusters. Also, India lacks mega industrial units in which China is a pioneer. The government can plan the development of such units in the long term.

**Simultaneous to the government actions, large domestic exporters could also come forward and invest in local component clusters** to produce quality and price competitive products that can replace Chinese components used in the manufacturing of Indian engineering exports. Infrastructural development will be a key element in determining the market price and competitiveness of the Indian components.

#### 4. Keeping a buffer inventory

To avoid sudden supply chain shocks many companies in the future may opt towards building a robust inventory to support themselves against any sourcing disruptions. This possibility should be taken note of by India's engineering exporters.

#### 5. Looking towards non-traditional markets

Indian engineering exports are mainly concentrated in North America and Western Europe. India has not been able to properly penetrate markets in Africa, Latin America, Central Asia and even Eastern Europe where China has a significant presence. These markets need to be explored by the Indian exporters.

#### 6. Diversification of export destinations through FTA route

**The Indian government should look into the current FTAs and negotiate them** to increase India's access to the partners' markets. Till now Indian exporters have not majorly benefitted from the existing FTAs. Therefore renegotiation with existing partners is important while pursuing with other important markets to sign FTAs to replace China as a major sourcing country.

#### 7. Enhancement of Capacity

Intensified lockdown in the transport and logistics sector has disrupted the movement of key consignments from the factories to ports and key inputs from ports to factories. Companies increasingly faced difficulties in fulfilling existing export orders. With the situation improving, India needs to not only fulfil existing export orders but even tap the new opportunities. The recent measures in Budget 2021-22 to reduce customs duties on various inputs like primary semi-finished products of non-alloy steel, flat products of non-alloy and alloy steel, etc. to 7.5%, besides lowering duties on some other ferrous and non-ferrous metals could help domestic manufacturing.

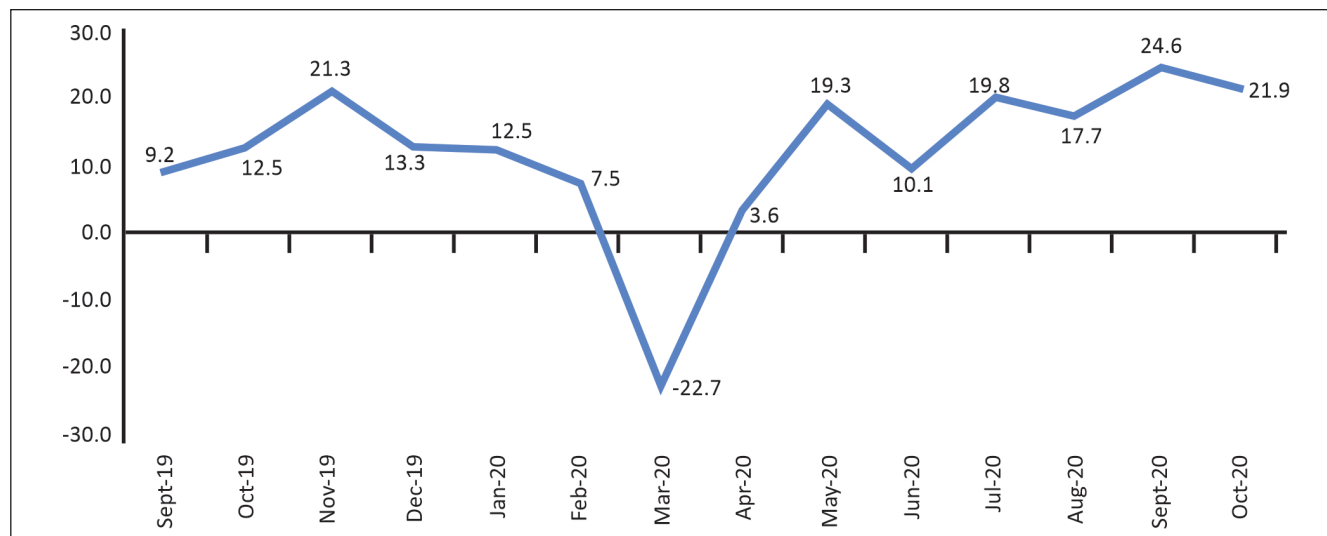
Enhancement of capacity will not only facilitate in India being a major source for exports but also augment India's position as a major supplier of engineering products globally. This could be a major opportunity for the country as in the post-COVID World, companies across the World plan to diversify their supply chains beyond China and many feel that India could be a preferred alternative to China. Thus, the enhancement of domestic capacity can help India increase its exports of engineering goods.

### 5.3.4 Pharmaceuticals Sector

#### 5.3.4.1 Impact of the Pandemic on Pharmaceuticals exports

In the case of pharmaceuticals, prices of raw materials and packaging material increased by 3-4%. Around 25-30% extra freight charges were also paid during the Lockdown. The global business was down by 15% against expectations for the year. Though activities were delayed, they are regaining momentum now. Before the Pandemic, the export graph was trending upwards. Once the pandemic set in and the lockdown was imposed, exports slowed down and the graph moved downward. (Figure 5.1) Now it is back to normalcy and the situation is as good as the pre-Covid-19 period. (Figure 5.1)

Figure 5.1: India's Pharmaceutical Exports Growth



Source: Based on DGCI&S data.

Note: The only two principal items i.e. H5- Bulk Drugs, Drug Intermediates and H8 -Drug Formulations, Biologicals found under Principal commodities of DGCI&S data are considered here as Pharmaceuticals products.

#### 5.3.4.2 COVID-19 related disruptions

Demand for certain products increased but supply is not steady due to escalation in raw material prices. The sector faced delays, though not transportation disruptions. The sector was able to execute export orders as usual (under the strict vigilance of the law-making authorities) as they were provided passes for the movement of goods and staff.

#### 5.3.4.3 Trade-related measures taken by the Indian Govt to help face the Pandemic.

The Industry applied for passes for movement of goods and staff as and when necessary and the government heard their genuine concerns and kept helping them. In the initial period, the Government banned the exports of few specific products manufactured from API (Active Pharmaceutical Ingredients) like paracetamol to avoid shortages in India but later allowed them.

#### 5.3.4.4 Issues and Policy Suggestions

1. Emerging Change and Areas of Concern for Exports
  - **Major Issues:** The major issues in this sector during the pandemic were an escalation of raw material prices, lack of indigenous API suppliers, lack of sophisticated indigenous laboratory equipment and spares suppliers and increased freight and logistics costs.
  - Changes in Global Supply Chains and Opportunities

**In the case of domestic supply,** more expenditure was incurred at all points of the chain due to expenditure on safety measures; higher cost of employment as cheap labour was unavailable with their reverse migration to their home states; and difficulty in training and employing local talents.

**In the case of global supply chains,** freight costs increased and supplies were also affected. China was the key supplier and due to the pandemic, new markets had to be found. Investors are shifting base from China. Shifting of Pharmaceutical base imports like API and raw materials from China is making them costlier. India lacks indigenous manufacturers of sophisticated laboratory equipment, which is a real concern. More API manufacturing units are needed and more R & D spending and New inventions are needed in India.

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**Producers and exporters are also looking at possibilities of sourcing more local materials/ services which have the shortest reach.** India can become a manufacturing hub for many products. It can become self-reliant in many products and rebound depending on how much early the Vaccine for Covid-19 is brought into the free Market. Already substantial progress has been made to find and produce a vaccine domestically or be part of a joint manufacturing effort.

- **Emerging restrictions:** Some of India's export products were restricted but those restrictions are all removed now. Some API Imports are facing Anti-Dumping duty. While the industry is trying to manage the impact by sourcing them indigenously, negotiations are needed for the removal of restrictions.
- **Specific issues affecting export competitiveness:** India's export competitiveness was affected by the increasing cost of products due to increased freight costs. Besides, incentives such as MEIS were held up (due to the non-availability of funds from the Government). However, India's key Trade/Investment partners were all very co-operative and were showing great understanding during this difficult phase and maintained continuous good business relationships. More spending on R&D and encouraging new inventions can help in enhancing export competitiveness.

## 2. Suggestions related to Payment Norms and Export Benefits

- **Payment Norms:** Amidst the World-wide Covid-19 situation resulting in business disruptions in every country, exporters are facing problems in the collections. Besides customers are requesting to relax the payment norms, while Indian companies are bound by the RBI guidelines to collect the payment from customers. Therefore, the government could consider relaxing the collection norms for exporters.
- **Discounts:** The Government could also allow exporters to provide additional discounts to customers amidst the Pandemic situation since the demand is also on the lower side and customers are requesting to provide special discounts.

The cost of production has increased for Pharmaceutical producers due to increased raw material prices and high transportation costs, but selling prices could not be increased and hence margins are depleted. The Indian Government has also of late capped the MEIS incentives following the WTO verdict which otherwise would have helped the exporters. The new RODTEP scheme which is finalised and going to be implemented is likely to take care of these concerns.

## 3. Other Suggestions

These include the following:

- **Extending MAI** for Virtual Buyer-Seller meetings, and for Virtual Exhibitions is needed as physical meetings and exhibitions are becoming difficult.
- **The industry is improving delivery timelines. However, there is a need for improvement in logistics** support to further reduce delivery timelines. Plans to penetrate the African markets which have been delayed need to be revived.
- **Tapping the Interlinkages between Pharma & medical care:** India has a competitive edge in both Pharma and Medical care. Though the Medical care sector has also suffered due to COVID-19 and people started to avoid visits to doctors and hospitals for small ailments, now things are changing. A strategic intersectoral policy is needed in this context as India is one of the few countries which is capable of mass production of COVID-19 vaccines to supply to the whole World as indicated by Bill Gates. **Useful Free Trade Agreements or collaborations can help India become not only a provider of medicines to the World but also become the healthcare provider of the World. This is a noble cause that goes well with the ethos of India.**

### 5.3.5 Electronics including ICT Hardware Sector

#### 5.3.5.1 Impact of COVID-19 on Electronics Exports

After the onset of the Pandemic, the country has seen an increase in demand for Electronics, particularly ICT (Information and Communication Technology) hardware, from consumers, enterprises & digital infrastructure service providers. In the context of India, the demand for ICT is expected to continue increasing for a couple of years with the Pandemic being a tipping point in the use of ICT technology and remote working for economic activity and leisure. **India being relatively underpenetrated in the use of computers coupled with the fact that the vernacular language tools are now becoming more sophisticated and seamless to use, could be a propelling force for greater use of ICT.**

After the onset of the pandemic, all the three areas in this sector – Consumer, Enterprise and Service Providers have shown growth. The Government demand has been subdued partly due to budget constraints and new regulations on countries sharing borders with India, etc.

However, Electronics hardware exports, which were badly affected in April and May 2020 with -69.4% and -44.4% growth respectively are yet to show positive growth with October 2020 export growth being still negative at -10.2% and cumulative export growth for April-October 2020 being -23.3%. Major components of electronics exports like Telecom instruments, Electronics instruments, Electronic components and also Computer hardware peripherals though with a small share, continued to register negative growth in October 2020, while Consumer Electronics started registering positive and good growth from June 2020 to October 2020.

**Table 5.4: India's Major Electronics Exports**

| Major Items                                     | Value 2019-20<br>(US \$ Million) | Share<br>2019-20<br>(%) | Growth Rate (%) |                                |              |              |              |              |              |              |             |              |
|---|----------------------------------|-------------------------|-----------------|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
|   |                                  |                         | 2019-20         | 2020-21<br>(April-<br>October) | Mar-20       | Apr-20       | May-20       | Jun-20       | Jul-20       | Aug-20       | Sep-20      | Oct-20       |
| Computer Hardware, Peripherals                  | 347                              | 3.09                    | 0.4             | -34.4                          | -44.5        | -95.7        | -54.9        | -20.3        | -24.3        | -14.6        | -12.9       | -20.9        |
| Consumer Electronics                            | 510                              | 4.54                    | 15.8            | 14.9                           | -34.9        | -78.1        | -6.8         | 18.0         | 61.3         | 59.0         | 22.9        | 22.6         |
| Electronics Components                          | 2520                             | 22.45                   | 5.2             | -15.1                          | -34.7        | -63.7        | -24.2        | -4.1         | 4.6          | -15.3        | 4.6         | -14.5        |
| Electronics Instruments                         | 3042                             | 27.10                   | 21.4            | -16.7                          | -32.4        | -67.0        | -37.0        | -3.3         | 8.0          | -5.8         | -2.0        | -12.8        |
| Telecom Instruments                             | 4805                             | 42.81                   | 77.6            | -35.9                          | 2.5          | -72.1        | -65.3        | -52.0        | -45.8        | -25.1        | -3.9        | -8.3         |
| <b>Electronics Exports<br/>(Total of Above)</b> | <b>11225</b>                     | <b>100.00</b>           | <b>33.7</b>     | <b>-23.3</b>                   | <b>-21.6</b> | <b>-69.4</b> | <b>-44.4</b> | <b>-23.3</b> | <b>-16.7</b> | <b>-14.3</b> | <b>-0.2</b> | <b>-10.2</b> |

Source: Based on DGCI&S data.

#### 5.3.5.2 COVID-19 related disruptions

Due to the closure of factories, the domestic demand was met through Imports. One of the demands of Industry was to allow factories to work as done by the ASEAN countries. This however was possible only after the lockdown was removed. Exports declined, particularly of mobiles. Core IT hardware items exports were anyway negligible.

#### 5.3.5.3 Opportunities

While the outbreak of Covid 19 has created difficulties in almost every business verticals and harmed human life as much as economic activities, with every adversity comes an opportunity and we may have a 'New Normal' with greater use of ICT benefitting the Electronics Hardware Sector.

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The Products/Services that could see a boost in the future which is also due to the experiences of the Pandemic are the following.

- **Telemedicine:** This alone might see the development of around 30 to 40 products. The approach should be to deploy these not only in India but on the global stage as well.
- **Work from Home devices:** The adoption of Work from home will increase after Covid-19. The same will create a need for specific work from home devices. Companies and professionals should start working on the same now.
- **Networking devices:** These might also see a big boom in demand. This demand will be driven by almost all verticals in India.
- **Broadband services:** Increased use of broadband services will give birth to increased demand for internet compatible devices. For example, setup boxes might see a complete revamp in terms of design and usability.
- **Medical electronics:** This will remain a key priority in times to come. Companies in India should use this opportunity to design such devices for global markets.
- **Automated products:** The faster adoption of Industry 4.0 will create a need for automated products. Working around IoT (Internet of Things), AI (Artificial Intelligence) and ML (Machine Learning) will be an added advantage.
- **Environment-friendly products:** Consumers might start switching to environment-friendly products like electric cars. This area will also see a lot of growth.
- **DIY devices:** A huge DIY (Do-it-yourself) devices opportunity is going to open up, with the need for social distancing.
- **Defence goods:** The pandemic and the accompanying conflict between countries could lead to greater demand for defence products. It's time to step up defence production on the lines of Israel.
- **Consumer electronics products that are popular on E-commerce platforms:** Items like Mobile devices, smart TVs, LED Lighting, etc., are expected to recover faster and future demand could be for items available on reliable E-platforms.

**Opportunities to export to friendly nations such as the US, the UK, etc. could also increase** due to trade diversion from China, while Africa could also be an important export destination for India.

#### *5.3.5.4 Strategies and Policy Suggestions*

##### **1. New Opportunity due to Trade Diversion from China**

**Electronics has always been a sector of missed opportunities for India, starting with lethargy at a time Newly Industrialized Countries (NICs) of SE Asia became global hubs of the semiconductor industry and the signing of ITA1. Only recently some attention is given to this sector. Now another opportunity has come for this sector with a focus on IT and Digitisation and Trade diversion from China.** Electronics is, and will always be, a Global Supply Chain activity. Every product will contain building blocks that belong to different technology majors. In electronics, the product life cycle is shrinking and today based on the category it ranges from 6 months to 18 months. In such a rapidly evolving field, manufacturing quickly shifts to the geography that offers the best benefits in terms of offering incentives. However, the good part is that manufacturing can be built up in 6-9 months. Thus, India has a good chance to tap the opportunity that is being created by the shift of manufacturing activities from China. The need for developing a local supply chain has become evident. Electronics

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goods sold in India could now have more domestic value addition. Domestic Customers are also now willing to look at Indian OEMs (Original Equipment Manufacturers) despite the price gap with Chinese counterparts thanks, to the 'Vocal for Local' initiative.

## **2. Electronics repair services**

India has unique strengths that can very easily make it the global hub for electronic repair services which is the next big wave and the next new horizon for India.

To make this a reality, India needs to put in place some key enabling policies.

- Allowing seamless import-export of spares, making the movement of goods as quick as 30 minutes of processing time at customs for Import & Export.
- Allowing Industry to set up the Global Stores and Despatch Center to the World, in India.
- Addressing the issue of e-waste in the country due to imported non-repairable units.

## **3. Making Electronic Component Hub a reality**

In India, all policies to set up a component hub are in place, but for one critical policy, i.e. to allow the component hub to freely import and export at whatever is the market price at that moment when buy – sale happens. This should be allowed and when the components are brought into the DTA area, the duty should be calculated and called for only at the time of dispatch into the DTA area. Today the duty is due based on the time of import.

## **4. Making India a production centre for the World in the light of the realignment of GVCs**

To make this a reality, the following are needed:

- Any Product made in India will have to come to India for repairs. Today there is a limit of 5 years for import. This is an unnecessary bottleneck for manufacturing in India. So there is a need to consider allowing for a blanket 7 years for all non-industrial and 10 years for industrial products.
- India does not have transit hubs and it appears that in the near future it is unlikely that a transit hub will be set up. The second-best alternative for India is to take an approach of direct connects to key ports linked to global electronic supply chains. This will meet at least 80%, if not 100% needs.
- PCB, Electroplating, etc. have high pollution conversion processes. However, these are integral to all electronics. India has to identify wasteland areas, provide connectivity and utility services and provide common pollution control infrastructure. At these locations, there is a need to attract PCB manufacturing.
- Every electronic item consists of Capital equipment design and fabrication for electronic production and QC (Quality Control) lines. So there is a need to support global R&D centers to engage with the Indian manufacturing ecosystem, from design to manufacturing cycle in areas like PCB design, Injection molding and metal forming for electronic subsystems. There is a need to enable a convenient, cheaper and rapid development from "concept to mass production" support.

## **5. Role of FTAs**

From the Electronics Industry point of view, the signing of FTAs has done great damage to the local Industry. India is a huge consumer market and in signing the FTAs with ASEAN countries, domestic electronic manufacturing has been badly hit. So caution is needed while signing new FTAs and even the existing ones need to be renegotiated.

## **6. Tapping the Potential Areas**

India has excelled in Software and now is the time to reboot the Electronics hardware sector. There are many potential areas and opportunities in the Electronics hardware sector. These include the following.

- **Telemedicine, health tech, work from home products, medical electronics, networking devices and environment-friendly electronics devices** are areas where opportunities will see a big boom, in the post-COVID era. There is going to be an immense opportunity in Telemedicine and many start-ups are working on this opportunity and building products around this technology.
- **A challenge that India has to face is the situation of fewer permanent job opportunities and the need for multi-tasking skills.** There is a need for drastic changes in requirements of skilling due to the need for new skills and also the skilling methods with more online and remote teaching methods. There is a need to support the rural people in a risk environment and provide them training to work from their homes, for example, Rural BPO, IOT Based support activities. As a lot of people have shifted back to rural areas, there will be a boom in demand for devices required to work from home. The idea around rural areas should not just focus on cheap devices but devices and technology that help. The concept of PURA espoused by Dr. Adbul Kalam, Providing Urban Amenities to Rural Areas could become more relevant in this context.
- **There is also a growing demand for home devices,** Do-It-Yourself kits, no-touch devices, quick-design skills, homeland security, surveillance, environment-friendly products like e-vehicles, and medical devices and equipment which were being imported. There is also a rapid growth of 5G and broadband, IoT and Industry 4.0.
- **There is a need to focus on design & packaging of electronics and components.** To compete with other countries, India should focus more on mould designs/mould engineering in India. This will enhance our capacity to design products for domestic and global markets. This will also reduce our dependence on China which is good in this domain.
- **The components ecosystem has to come up to compete on global scales.** There is a dire need for developing a component-based eco-system in the country. Equipment manufacturers buying components should support local component makers more. The three schemes announced by the Ministry of Electronics & IT, viz. SPECS (Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors), PLI (Production Linked Incentive) and EMC 2.0 (Modified Electronic Clusters) gave an opportunity for the development of components and mobile ecosystem in the country. There is a need to create a healthy environment for product engineering start-ups and encourage them for product development and manufacturing in India.
- **Design, Development and Planning:** There is a need to focus relentlessly on design and development to develop our capability and establish global leadership. The PLI scheme is a good initiative. There is a need for viability gap funding to take advantage of the PLI Scheme which is very attractive, but the requirements of investment and output are hard to achieve. There is a need to stand together as one ecosystem and work on a collaborative approach to get the benefit of PLI and Other Schemes. Also, there is a need to have cross road maps from customers and plan accordingly to avoid surprises in business planning.

#### **7. Creating a Consortium of Electronics related companies**

It is time to revisit the basics and amend all the mistakes of the past. For instance, developing an ecosystem of components requires companies to collaborate and work with each other instead of competing against each other. The time is ripe for creating a consortium of component companies, design companies, R&D companies and manufacturing companies in India. This will enable the Electronics System Design & Manufacturing (ESDM) sector to move together in one direction and create more opportunities for everyone.

#### **8. Marketing Government Policies**

The government has introduced several good policies around electronics. It needs to market these policies and their benefits, in and outside India. An incentive for people 'buying local' can be a great



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step as this will encourage both buyers and sellers. For example, a majority of PCBs manufactured in India are exported because foreign players can pay better prices than domestic customers. Also, facilities for manufacturing components could be made available at reasonable prices. Components makers do not usually get a high margin and hence find it difficult to sustain expensive and big real estate facilities.

## 9. Other Strategies

### a) Best Practices that can be followed by Industry

- Reducing movement of staff to the factory by allowing 2 shifts to work for 12 hours, with the 3rd shift getting an off on that day, and then rotating.
- Organisations must change the way they operate. Social distancing, greater hygiene and disinfecting are here to stay. Realigning shop-floor (machinery in plants) to create more space for social distancing is needed.
- Strong focus is needed on workforce management, allocation of skills to the right roles, multi-tasking and shift management.

### b) Policy Suggestions for the Government

- **GST related:** Relaxing schedule for GST payments to give a breather to the industry and improve cash flow and rationalising GST rates.
- **Expediting roll-out of the Schemes under National Policy on Electronics 2019** like SPECS, PLI and EMC 2.0.
- **Developing a Star Rating for all tech products** to indicate the percentage of indigenization so that consumers are aware of it and may prefer to buy products that have a stronger Indian quotient.
- **Production linked incentive (PLI) for ITA1 products**, as India cannot raise tariffs as a protective measure for these items. This will move the manufacturing of Domestically consumed ICT equipment into India. To be WTO compliant, India will have to offer this incentive to both domestic and export production and Govt can limit its outflow by putting a cap on the PLI quantum. At present, the PLI scheme is applicable for mobile and electronic equipment manufacturing. This could be extended to all ITA1 products after seeing the WTO implications.
- **Identifying high volume products** – High volume products include Set Top Box, Education Tablet, Smart Meter, Handheld POS, Wifi Router, Enterprise Switch & Router, Ultrasound M/c, Blood Count M/c. For these, a Chip to Product Programme should be launched. This will result in India having 70% + value addition in Indian Products within a short span of say, 18 months.
- **Equal Access to Technology of Global Companies** - Electronic Products are built around Technologies. Examples of such technologies are – Intel/AMD CPU, Google Maps, Android, Microsoft, Facebook, etc. These global companies have a near-monopoly in their technology. India could persuade these companies selling products containing their technology into the Indian market, to give Indian hardware and software design and developer companies equal access to their Technology at reasonable pre-fixed terms as they give to Western and Chinese firms.

## 5.3.6 Leather and Footwear Exports

### 5.3.6.1 Impact of the Pandemic on Leather and Footwear Exports

Europe and the USA are the major markets for leather, leather products and footwear exports from India, accounting for 70% of exports of these items. These markets have been adversely affected by the COVID-19 Pandemic which led to lockdowns and market closure in February 2020.

The Pandemic and the lockdowns significantly affected the Spring – Summer 2020 sales in the overseas markets. According to industry sources, the leather, leather products and footwear sector lost export orders to the tune of US\$ 1 billion due to the Pandemic. On the supply side (i.e. supply of raw materials and inputs), the import of inputs was affected in January 2020 and February 2020 as the industry imports components and inputs from China. However, the supply chain was restored in April 2020.

During 2019-20, the export of leather, leather products and footwear showed a decline of 9.2%. Prior to the onset of the COVID-19 Pandemic too i.e. till January 2020, exports were showing a declining trend due to the recessionary trends prevailing in the markets. However, leather was making a huge comeback, with the brands showing a preference for leather, as evident from major leather shows held in January 2020 and early February 2020. However, with the Pandemic, the exports again started declining. India's competitors like Vietnam and China also experienced similar declines.

India's export of leather, leather products and footwear during April – October 2020 declined by 36.8%. The decline was almost uniform in all major items. However, in October 2020, the magnitude of decline in export of leather and related products was less at -14.8 %. (Table 5.5)

**Table 5.5: Export of leather, leather products and footwear (Million US\$)**

| Major Items  | Value 2019-20<br>(US \$ Million) | Share 2019-20 (%) | Growth Rate (%) |                            |              |
|--|----------------------------------|-------------------|-----------------|----------------------------|--------------|
|  |                                  |                   | 2019-20         | 2020-21<br>(April-October) | Oct-20       |
| Finished Leather                                     | 525                              | 10.92             | -27.4           | -41.3                      | -23.5        |
| Leather Goods  | 1356                             | 28.18             | -5.3            | -40.4                      | -7.9         |
| Leather Garments                                     | 430                              | 8.94              | -8.2            | -33.2                      | -2.4         |
| Footwear of Leather                                  | 2085                             | 43.35             | -5.1            | -37.5                      | -24.8        |
| Leather Footwear Component                           | 262                              | 5.45              | -18.0           | -30.0                      | -15.1        |
| Saddlery and Harness                                 | 152                              | 3.15              | -4.9            | -0.8                       | 32.4         |
| <b>Leather and related products (Total of Above)</b> | <b>4810</b>                      | <b>100.00</b>     | <b>-9.2</b>     | <b>-36.8</b>               | <b>-14.8</b> |

Source: Based on DGCI&S data.

The leather, leather products and footwear industry exports products for two seasons namely Autumn-Winter; and Spring-Summer. Exports in September-October 2020 are for Autumn-Winter 2020 season, for which orders were placed about five to six months in advance. Though the major markets of Europe and the USA (to which about 70% of the industry's exports are directed) were adversely impacted by the COVID-19 pandemic and lockdown in March-May 2020 affected the Spring-Summer 2020 sales, the markets have since opened, which has led to a revival of exports in September-October 2020 for Autumn-Winter 2020 season.

**Exports during the third quarter i.e. October-December 2020 which is for Spring-Summer 2021 season, depend on sales and COVID-19 impact in overseas markets, as the buyers have inventories of unsold products sent for the Spring-Summer 2020 season. But the most important season is the upcoming Autumn-Winter 2021 when very good winter sales are expected if the Second Wave of the Pandemic is not severe.**

#### 5.3.6.2 Trade-related measures by India

The Government of India has taken several measures to help Industry and Trade. Some specific measures for the Leather and Footwear Sector include the following.

- **Extension of Indian Footwear, Leather and Accessories Development Programme (IFLADP)** till March 31, 2021, or till the recommendations of the 15<sup>th</sup> Finance Commission comes into force, whichever is earlier. The IFLADP is a scheme implemented with an outlay of Rs.2600 crore for the period 2017-20, which provides financial assistance in critical areas like capacity expansion and technological upgradation of

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production units, upgradation of Common Effluent Treatment Plants (CETPs), training of unemployed youth and their placement in the industry, etc. This has been extended.

- **Extension of interest equalization under Rupee export credit** under which interest subvention of 5% was provided for MSME units and 3% for non-MSME units for 416 notified tariff lines including leather products under 4201, 4202, 4203 and footwear under 6401 to 6405.
- **The revised definition of MSME** on account of which about 98% of the leather, leather products and footwear units are in the MSME sector as against 92% earlier.

### 5.3.6.3 Issues and Policy Suggestions

#### 1. Trade Diversion and Opportunities

One of the direct impacts of COVID-19 could be a shift of trade from China to other countries by the developed countries. Industry sources have indicated about the buyers showing their inclination to shift their orders from China to India. However, a clear picture will emerge only after the market stabilizes post-COVID-19.

**The industry is looking at increasing opportunities for investments. The new industrial Parks which will be coming-up for footwear and other products with State-of-the-Art infrastructure and support facilities will be a major attraction for domestic and overseas investments.** There is a need to go full swing to woo the investors who are likely to visit India, once the travel restrictions are removed and the Pandemic situation eases.

#### 2. Need for Operational Changes

**At present, the retail and shop sales are down, but there is an increase in online sales. As of now, there is a rising demand for casual products and lesser demand for formal products,** as more people are still working from home. But once the Pandemic situation settles down, the overall demand could increase and there could be more opportunities. **The market is now demanding quicker deliveries, which means shorter lead times for the exporter. So there is a need to send goods by Air which involves additional cost.**

#### 3. Logistics and Transportation Issues

**Due to shorter lead times, buyers want export consignments to be sent through Air. The Air Freight now is 5 times higher than pre-COVID rates, which is affecting the price competitiveness.** This needs to be addressed and air freight needs to be brought down to atleast pre-COVID levels.

**The main reason affecting exports to the USA is the transportation time. A ship from India takes about 55-60 days to reach the west coast of the USA,** as it goes to many ports before reaching the final destination, whereas China has many direct dedicated cargo ships to the USA since years to carry the goods, taking only 14 days to reach the west coast port of USA. Customers cannot wait for 2 months to get their goods and they also cannot plan/ place their orders 7-8 months in advance, which includes sampling time, sales time, production time and transportation time. In today's world, fashion is changing very fast and customers do not want to take risks to place orders so early. They cannot take all their orders by air, as it would not be affordable. US customers want to shift to India from China seeing India's huge skilled labour strength but India is not able to take up the advantage. These buyers are going to Bangladesh, Vietnam, Cambodia, Sri Lanka, Africa, etc. **So there is a need to have at-least one cargo ship from India leaving every week to the USA. This also highlights the importance of strengthening National Shipping.**

**Railways** is the major means of transportation of finished leather from manufacturing clusters to the product manufacturers and exporters. The finished leathers manufactured in major clusters in Tamil Nadu namely Ambur, Vaniambadi, Ranipet are transported to the northern parts of the country by dedicated private carriers who provide the pick-up and drop service from door to door. These operators have a yearly contract with the railways for the freight rates. These operators have local truck services to make it a successful pick up and drop service from the factories to the station and also on the other end for the delivery to the factories at Noida, Delhi and Gurgaon, etc. The same service is available from Kolkata to New Delhi, etc. It is the fastest mode of transport, as service from Chennai to New Delhi is of 3 days and from Kolkata to New Delhi is an overnight service. **However, this is an expensive service and the private operators charge as they like due to the monopoly. Hence, Railways can consider providing end-to-end service to the manufacturers/exporters with cheaper rates than the private operators and make the Industry approach Railways directly for usage.**

As regards transport of export cargo from Delhi and Kanpur to Mumbai etc., the exporters have pointed out that high cost and absence of fixed scheduled services are major issues that act as a deterrent to the use of Railway service. **Hence, Railways need to come up with cheaper rates (than road service) for the transport of export/import cargo by providing a fixed service schedule (train schedule) and also provide end-to-end service to the industry.**

#### 4. Creating Plug-and-Play model of clusters

**There is a need for creating new production clusters with the plug-and-play model of factories** (i.e. ready to use factory sheds) with all required infrastructure and support services like testing labs, design studios, etc. and good port connectivity. This is required to increase production and exports by attracting domestic and foreign investors. The Dept. for Promotion of Industry and Internal Trade (DPIIT) is presently working on the proposals to create Mega Clusters for the sector.

#### 5. Tariff and Foreign Trade Policy Issues

##### (i) Duty-Free Import of PU

Traditionally, India has been a strong exporter of leather footwear. Though export of non – leather footwear has grown from US\$ 306 million in 2014-15 to US\$ 392 million in 2018-19, our global market share is only about 0.5%. During 2018, the total global import of footwear was US\$ 134.3 billion out of which import of non-leather footwear was US\$ 79.6 billion (59% share) and import of leather footwear was US\$ 54.7 million (about 41% share). Hence, non-leather footwear has a high growth potential, both in the domestic market and for exports.

Polyurethane (PU), which falls under HS 5903, is the basic raw material and is imported due to the absence of a production base in India. There is a negligible production of PU in India and hence the industry needs to import this material. **The high import duty of 20% on PU is a major deterrent in the growth of the non-leather footwear industry in India. Providing duty-free import of PU will be a major benefit for the growth of the non-leather footwear industry in India, both for the domestic market and exports.**

##### (ii) MAI Scheme for Virtual meetings, Exhibitions:

Considering the change in the business scenario, where social distancing is a norm, trade promotion needs to be done virtually. CLE is making optimum use of the virtual platform. Since March 2020, CLE has organized/participated in 80 VC/webinar meetings with Government & industry members, Overseas Industry Associations, etc. CLE has also organised Virtual Exhibitions with Russian and Peruvian buyers. More such Virtual exhibitions are planned with the support of the Market Access Initiative Scheme (MAI) of the Department of Commerce. MAI scheme needs

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to encourage such virtual meetings/ exhibitions which are also less costly than physical trade promotion activities. Once the pandemic situation eases, physical meetings can be held.

**(iii) Extension of IFLADP**

The Indian Footwear, Leather & Accessories Development Programme (IFLADP) is being implemented with an outlay of Rs. 2600 crore for the period 2017-20. This scheme is being continued till March 31, 2021, or till the report of the 15<sup>th</sup> Finance Commission comes into force, whichever is earlier. The IFLADP Scheme has helped the industry in critical areas namely capacity modernization and expansion, up-gradation of CETPs, human resources development, etc. IFLADP Scheme could be extended for one more year till March 31, 2022, to utilize maximum funds allocated under IFLADP including the Mega Leather, Footwear and Accessories Cluster (MLFAC).

**6. Issues related to recent policy measures by India's key Trade/ Investment partners**

**Withdrawal of US GSP:** The USA is the largest importing country for leather, leather products and footwear exported from India. Export of these items to the USA has fallen from US\$ 893.68 million in 2018-19 to US\$ 873.29 million in 2019-20. The US Government removed the GSP for India w.e.f. June 5, 2019. Zero duty was applicable to India under US GSP for leather products (handbags, wallets, finished leather, belts, saddlery items, etc.), but now 9%/10% duty is applicable for handbags & wallets and 8% for travel goods. An FTA with the USA could help in this regard.

**Continuation of EU GSP:** About 53% of India's export of leather, leather products and footwear are directed to the EU. The EU GSP ends in 2023. The EU has initiated the exercise to review the EU GSP Scheme. Under EU GSP, India is getting 0% duty for most leather products under Chapter 42, 4.5% import duty for leather footwear (as against MFN of 8%), 5.5% for industrial and sports gloves (as against MFN of 9%), 1.5% for belts (as against MFN of 5%), 3.5% for fashion gloves (as against MFN of 7%), 11.9% for non-leather footwear (as against MFN of 16.9% /17%). The EU GSP scheme needs to be continued for India to consolidate and increase its market share in the EU. India needs to negotiate with the EU on this. If the prolonged FTA negotiations with the EU materialises then there may be no need for this.

**7. Technological Changes**

Technological changes leading to lower cost, better technology and environment-friendly technology can help lower the impact of the crisis.

**One example is the Waterless Chrome Tanning Technology** with more than 70 tanneries across India adopting this technology. The fee for obtaining the licence for this technology from CLRI is Rs.1 lakh (for a group of tanneries). Govt. can consider funding about 80% of this cost (i.e. Rs. 80,000/-), so that this eco-friendly technology is implemented in a majority of the 1800 odd tanneries in the country.

**Another example is the usage of Polypropylene Drums in tanneries instead of Wooden Drums.** Due to the high cost, tanners (most of whom are in the MSME segment) are unable to install this. At present, a 30% grant is available under the Integrated Development of Leather Sector (IDLS) of Govt. of India for the purchase of drums. Usage of Polypropylene drums should be considered as an environment-friendly process, as this usage not only reduces the usage of wood and resultant cutting of trees for wood but also the consumption of water in tanneries as these drums require very less water for washing. Also, the life of this drum is about 30 years as compared to 10-15 years for a wooden drum. Hence, the Govt. could consider further supporting tanneries for the installation of Polypropylene drums in place of wooden drums.

## 8. Tapping export-related investment opportunities

There is a need to tap foreign investment in this sector. CLE participated in the Investment Promotion events organized by Invest India for attracting investments in the leather, leather products and footwear industry. As a follow-up to the investment promotion event held in Taiwan during Oct. 2019, one Taiwanese footwear company evinced interest in setting up their production unit in Tamil Nadu. It is expected that they may visit India post-COVID-19 to pursue their proposal. **However, most of the units in the leather sector are MSMEs and caution is needed as Foreign Investment is usually in large units which can affect smaller units unless they become ancillaries to the large unit.**

## 9. Role of FTAs and Tariff policy changes particularly preferential tariffs

**As EU and USA account for 70% of India's exports of Leather and Footwear, there is a need for FTAs with EU and USA** with 0% duty for finished leather, leather products and footwear, to increase India's market share.

Japan is the 8<sup>th</sup> largest global importer of leather, leather products and footwear. Japan's total import of leather, leather products and footwear during 2018 was US\$ 8240.13 million. India's export of leather, leather products and footwear to Japan has increased from US\$ 48.73 million in 2013-14 to US\$ 59.48 million in 2019-20. As our market share in Japan is only about 0.90%, there is a huge potential to significantly enhance our share in this market. India Japan Comprehensive Economic Partnership Agreement (CEPA) was signed in Tokyo on 16<sup>th</sup> February 2011 and entered into force on 1<sup>st</sup> August 2011. Under this agreement, Japan has agreed to eliminate tariffs for most of the items in Chapter 41 (finished leather) and Chapter 42 (leather goods) by 2021 -22.

**However, in the case of footwear, the duty concessions are extended by Japan to India only for some categories and most categories have MFN (Normal duties) with Japan having a high duty of 27% to 30%.** India's export of footwear to Japan during 2018-19 was US\$ 33.47 million only, as against Japan's import of US\$ 5250 million, having only a 0.64% share. Also, Japan is not a major footwear manufacturer as its export of footwear and footwear components during 2018 was only US\$ 71 million. Import of footwear into India from Japan during 2018-19 was US\$ 1.39 million only and hence imports from Japan do not pose a threat to the domestic footwear industry. On the other hand, Japan is providing more duty concessions to competing countries like Vietnam and Thailand for footwear. **So, there is a need to negotiate with Japan to provide 0% duty for all types of footwear exported from India under HS Codes 6401, 6402, 6403, 6404 and 6405 on a reciprocal basis.**

**In the case of Gloves and Belts,** Japan has a high MFN duty of 12.5% for certain Sports Gloves, 10% for Fashion and Industrial Gloves and 12.5% for belts. These goods are not covered for duty concession under Indo – Japan CEPA. But countries like Vietnam have lower preferential tariffs of 8.1% for Belts etc. and 10.9% for gloves. **Therefore, Japan could be requested to provide 0% duty for all types of gloves and belts exported from India or duties on par with that of other FTAs like its Comprehensive and Progressive Trans-Pacific Partnership with Vietnam.**

## 10. Environment and Animal Quarantine related Issues and Suggestions

### (i) Need to Classify Leather Products (Chapter 42) and Footwear (Chapter 64) Industry under "White" Category

The footwear and leather products industry (excluding tanning and hide processing) are classified under the "Green" category as per CPCB norms released in March 2016. For the Green category "Consent to Operate" is required to be obtained from the State Pollution Control Boards, which is normally granted for a period of two to five years but for "White" category industries such a "Consent to Operate" is not required. Footwear and leather products are non-polluting industries. There is no release of Volatile Organic Compounds (VOC) in the adhesives used in footwear/leather products

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production. Further, the industry is shifting to the usage of water-based adhesives instead of solvent-based adhesives to meet strict global standards. Also, there is no usage of water in the production process and hence no water pollution is caused. There is no air pollution as well. Thus, Footwear and Leather Products (excluding tanning and hide processing) are non-hazardous and non-polluting sectors.

The Uttar Pradesh Pollution Control Board (UPPCB) issued a Letter No. G 29267/C-4.No.62/2019 dated 9.1.2019 classifying 156 industrial sectors under the “White” category. Under this classification “Finished Leather Goods, conversion of finished without wet process and sports goods without leather tanning and wet process” have been included. Though Leather Footwear may come under “Finished Leather Goods”, non-leather footwear like chappals, sandals, casual shoes, etc., may not come under this Notification.

**Considering the Zero Pollution levels in the leather products, footwear and footwear components industry, there is a need to consider classifying them under the “White” category by CPCB instead of the Green category as they are non-hazardous and non-polluting. This will also ensure uniformity in classification across the country and enhance the image of the industry worldwide as non-polluting.**

**(ii) Providing Consent to Operate for Tanneries (Chapter 41 of ITC HS Classification) for 5 years**

The Tanning Industry is classified under the “Red” category as per norms of the Central Pollution Control Board (CPCB). The tanneries have to obtain “Consent to Establish” (for new tanneries) and “Consent to Operate” (for existing tanneries) from State Pollution Control Boards. There is no uniformity in giving Consent to Operate for tanneries in different states by State Pollution Control Boards. In Tamil Nadu, it has to be renewed every year. As per regulations of Tamil Nadu Pollution Control Board notified vide Board Proceedings No. 05 dated 2.8.2016, the consent to operate certificate for tanneries (categorized under the “Red” category) can be provided for a period of five years. However, according to industry sources, the Consent to operate is provided only for one year by TNPCB, after which it has to be renewed every year. States like West Bengal and Andhra Pradesh are also providing Consent to Operate for Red Categories of Industries for five years.

The fee for Consent to Operate and renewal of Consent to Operate is based on Gross Financial Assets of the tannery which includes the value of plant and machinery, land and building and movable assets. The charges vary from state to state. This increases the transaction cost of the company.

**So, Consent to Operate may be given uniformly for 5 years across the country for tanneries. This will remove considerable transaction costs and time.** Export of finished leather from the country has decreased from US\$ 1.3 billion in 2014-15 to US\$ 0.5 billion in 2019-20. Increasing “Ease of Doing Business” in the tanning sector will facilitate the revival of exports of this sector, post-COVID-19.

**(iii) Removal of Animal Quarantine clearance for processed leathers**

Hides, skins and leathers are categorized under Chapter 41 of ITC HS (Indian Trade Classification – Harmonized System) of Nomenclature. HS Codes 4101 to 4103 are raw hides and skins, 4104 to 4106 are semi-processed leathers like wet blue and crust leathers and HS Codes 4107 to 4115 are finished leathers. In March 2008, the requirement of Animal Quarantine Clearance for import of hides, skins and leathers into India was notified by the Department of Animal Husbandry, Dairying and Fisheries, Govt. of India. Prior to this, there was no such requirement. For getting animal quarantine clearance, the importer needs the Veterinary Health Certificate in original issued by the Government Authorities in the supplying country, which needs to be submitted to the local Animal Quarantine and Certification Station (AQCS) to get the No Objection Certificate (NOC), based on which the import clearance is given by the Customs. **Such NOC is normally issued on the same day or the next day but there have been**

**instances in the past where the NOC was delayed even for 2 ½ months due to verification delay of the Veterinary Certificate issued by the supply country. However, besides the delay, the issue here is the non-spread of diseases as they are chemically processed leathers and no record of the spread of disease due to the import of processed leathers has been reported.**

For raw hides and skins (HS Codes 4101 to 4103), the Veterinary Certificate has to be as per the format notified by the Government of India, while for processed leathers (4104 to 4115), the Certificate can be as per the format of the notifying country. If such certificates are issued in languages other than English, there is an interpretation problem as well. **In such cases, translation has to be obtained from the authorized interpreter.**

The Department of Animal Husbandry, Dairying and Fisheries issued a Gazette Notification No. 5758 (E) dated 16<sup>th</sup> November 2018 notifying the non-requirement of No Objection Certificate of the concerned Quarantine Officer for import of most of the categories of finished leather and crust leather into India. However, animal quarantine clearance is still required for some categories of processed leathers, namely wet blue leather, finished leather and crust leather when imported into India. These leathers are processed leathers and do not pose any threat of spread of disease. During 2019-20, the total import of hides, skins and leathers into India under Chapter 41 was US\$ 550.12 million. Out of this, import of the processed leathers for which animal quarantine clearance is still required was US\$ 197.31 million, accounting for 36% of total imports of leathers into India.

**According to industry sources, there is no requirement for animal quarantine clearance for the import of hides, skins and leathers even in the European Union. Also, there is no such animal quarantine clearance requirement in major importing countries like China. Quarantine clearance requirement for the aforementioned processed leathers needs to be considered for removal since these leathers do not pose any threat of disease.**

Further, if there is a delay in the issue of NOC by AQCS, there will be demurrage charges payable depending on the liner for sea cargo. The liners offer free storage of 3 days - 14 days and beyond that US\$ 75 per day per container for 20 ft container and US\$ 150 for 40 feet container is charged. For air cargo, the free period is 72 hours after which the demurrage of Rs.8 per kg is applied. **Removal of animal quarantine clearance for the above-mentioned leathers will lead to a significant reduction in transaction cost and time as it will remove the requirement of getting Veterinary Health Certificate from supplying country and NOC from AQCS upon import and also will lead to immediate Customs clearance of these leathers, thereby promoting production and export of value-added leather products and footwear in the country.**

### **5.3.7 Chemicals Sector Exports**

#### *5.3.7.1 Impact of the Pandemic on Chemicals Exports*

Chemicals Exports is one of the major exports of India. Exports of chemicals to China accounted for 6.8 per cent of India's total chemicals exports and imports from China was 28.79 per cent of India's total chemicals imports in 2019-20. This sector was also affected by the Pandemic but has started recovering. Chemical exports excluding Pharmaceuticals were more affected by the pandemic in March and April 2020 and continue to register negative or low growth. However, chemicals exports including Pharmaceuticals were relatively less affected in March and April 2020 by the pandemic and lockdown and recovered quickly with positive growth from June 2020 to October 2020. Even the cumulative growth from April-October 2020 was positive at 2.9% compared to the -1% negative growth of chemicals exports excluding Pharmaceuticals. Drug Formulations, Biologicals, the major item in both Pharmaceuticals and chemicals exports, registered negative growth only in March 2020 and in most of the later months registered more



than 20% positive growth. Bulk drugs and drug intermediates also registered positive growth from May 2020 to October 2020. Organic Chemicals, the second major chemicals sector item registered relatively high negative growth in March and April 2020 and continued to register negative growth in the subsequent months with -21.7% growth in October 2020. Agro Chemicals is another major item which was affected only for some months due to COVID-19 and has positive growth for most of the months from May 2020 onwards. (Table 5.6)

**Table 5.6: India's Major Chemicals and related products Exports**

| Major Items                                       | Value 2019-20 (US \$ Million) | Share 2019-20 (%) | Growth Rate (%) |                   |            |             |              |              |              |             |             |             |             |             |
|---|-------------------------------|-------------------|-----------------|-------------------|------------|-------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
|   |                               |                   | 2019-20         | 2020-21 (Apr-Oct) | Jan-20     | Feb-20      | Mar-20       | Apr-20       | May-20       | Jun-20      | Jul-20      | Aug-20      | Sep-20      | Oct-20      |
| Fertilizers Crude                                 | 13                            | 0.03              | 6.4             | -7.2              | -7.3       | 46.7        | -33.3        | -52.6        | -57.5        | 15.1        | -10.6       | 0.6         | 21.4        | 164.3       |
| Fertilizers Manufactured                          | 105                           | 0.23              | -23.4           | 5.7               | -28.2      | -30.2       | -6.8         | -1.4         | 16.1         | 139.0       | 208.7       | -78.3       | -27.5       | 24.2        |
| Bulk Drugs, Drug Intermediates                    | 3886                          | 8.63              | -0.6            | 9.9               | -3.1       | -1.8        | -38.1        | -2.4         | 4.9          | 15.0        | 11.2        | 12.0        | 11.1        | 16.5        |
| Dye Intermediates                                 | 193                           | 0.43              | -28.8           | -27.7             | -36.6      | -22.5       | -57.0        | -57.1        | -23.0        | -34.2       | -15.1       | -31.9       | -11.8       | -17.3       |
| Dyes  | 2687                          | 5.97              | 5.9             | -26.1             | 4.9        | 11.8        | -27.9        | -66.1        | -29.7        | -31.3       | -15.5       | -22.5       | -4.3        | -14.3       |
| Drug Formulations, Biologicals                    | 15941                         | 35.41             | 10.8            | 18.6              | 17.0       | 10.1        | -18.0        | 5.2          | 23.2         | 8.9         | 22.0        | 19.1        | 27.9        | 23.2        |
| Agro Chemicals                                    | 3350                          | 7.44              | 6.1             | 2.6               | 1.9        | 10.5        | -37.2        | -26.9        | 4.4          | 16.7        | 0.9         | -2.3        | 5.3         | 16.4        |
| Inorganic Chemicals                               | 1037                          | 2.30              | -3.3            | -7.0              | -5.6       | 9.4         | -25.0        | -47.0        | -2.3         | -8.5        | 4.7         | -11.9       | 10.9        | 6.0         |
| Organic Chemicals                                 | 8350                          | 18.55             | -10.5           | -13.2             | -0.1       | 24.1        | -39.7        | -49.9        | -6.0         | 48.2        | -8.6        | -14.9       | -10.5       | -21.7       |
| Other Miscellaneous Chemicals                     | 1055                          | 2.34              | 13.5            | 43.2              | 31.1       | 38.9        | -0.1         | -0.3         | 22.1         | 35.1        | 59.6        | 64.1        | 90.1        | 43.1        |
| Cosmetics And Toiletries                          | 1710                          | 3.80              | 2.3             | -13.4             | 5.2        | 7.4         | -31.5        | -58.1        | -30.4        | -9.2        | 3.4         | -12.3       | 7.3         | 6.1         |
| Essential Oils                                    | 205                           | 0.46              | 19.3            | 10.2              | 10.2       | 33.4        | -17.4        | -40.3        | 21.1         | 32.9        | 15.7        | 12.5        | 18.0        | 5.7         |
| Residual Chemical And Allied Products             | 5620                          | 12.48             | 6.9             | -5.2              | -0.9       | 9.1         | -28.3        | -33.3        | -25.6        | 4.4         | 7.0         | -1.1        | 1.7         | 17.5        |
| Paint, Varnish And Allied Products                | 755                           | 1.68              | -4.4            | -15.2             | 7.6        | 4.3         | -27.7        | -59.8        | -26.7        | -19.1       | -7.4        | -10.6       | 7.4         | 7.5         |
| Graphite, Explosives And Accessories              | 115                           | 0.26              | -7.1            | -10.1             | 281.6      | 10.2        | -55.7        | -58.6        | 7.8          | 35.7        | -38.3       | -43.6       | 85.6        | -39.4       |
| <b>Chemicals (Excluding Pharmaceutical Items)</b> | <b>25196</b>                  | <b>55.96</b>      | <b>-1.0</b>     | <b>-8.3</b>       | <b>2.0</b> | <b>15.1</b> | <b>-32.6</b> | <b>-44.6</b> | <b>-13.6</b> | <b>12.7</b> | <b>-0.3</b> | <b>-7.9</b> | <b>2.1</b>  | <b>-0.2</b> |
| <b>Chemicals (Including Pharmaceutical Items)</b> | <b>45022</b>                  | <b>100.00</b>     | <b>2.9</b>      | <b>2.7</b>        | <b>6.4</b> | <b>11.8</b> | <b>-28.4</b> | <b>-25.8</b> | <b>-0.2</b>  | <b>11.4</b> | <b>8.5</b>  | <b>3.5</b>  | <b>12.4</b> | <b>9.6</b>  |

Source: Based on DGCI&S data.

Note: Pharmaceutical items considered are Bulk Drugs, Drug Intermediates and Drug Formulations, Biologicals.

### 5.3.7.2 Issues and Policy Suggestions

Some major issues of the chemicals sector and policy suggestions in the wake of the Pandemic are given below.

#### 1. Container availability for export shipments & surge in Ocean freights

The shipping industry throughout the World has been facing inventory and space issues along with reduced available capacity, congestion at ports and increased costs due to the COVID-19 pandemic. **Chemicals exports like other exports are facing difficulty in getting container bookings for their**

**export shipments even after a rise in the freight rates leading to missed sailings and possible loss of export business.**

## **2. Setting up a dedicated Industrial park for Dyes And Dye Intermediates**

The industry has highlighted the need to set up a dedicated industrial park for dyes and dyestuff industry in a location measuring around 5000 acres having adequate infrastructure and sufficient area for greenery. This could be part of the Atmanirbhar Bharat strategy to become self-reliant and reduce dependence on imports.

## **3. Review of FTAs**

The Government needs review the various FTAs which India has signed so that issues like inverted duty structure/duty disadvantages related to the chemicals sector are addressed and a level playing field is available to Indian exporters vis-a-vis India's competitors.

## **4. Environmental Issues**

**The Government has to handhold the chemicals industry, especially on the environmental front.** The Government needs to come out with policy support to the industry for shifting from an existing location to a newly developed/ proposed park.

**Help from the Government is needed in the following areas as per the Industry:-**

- Availability of Land especially on the West Coast of India to set up a special Chemicals Park for (Dyes & Intermediates) catering to MSME units situated in Gujarat and Maharashtra, as this area has a tremendous logistics advantage.
- Large units for Aniline, Phenol and many other basic chemicals manufacturing can be set up in Petroleum, Chemical and Petrochemical Investment Regions (PCPIRs) in Karnataka and Kakinada in Orissa.
- Government help is needed in acquiring Overseas technology that are available readily and also financial help for R &D in the technical institutes like UDCT, CSIR, etc.

In this Chemicals Park, the government could provide Common Effluent Treatment Plants (CETP) to take care of effluents of these industries and also some common services like steam, vacuum, air and common power distribution. In the case of hazardous chemicals, downstream facilities should be made available to plants that are manufacturing these hazardous chemicals.

### **5.3.8 Gems and Jewellery Exports**

#### *5.3.8.1 Impact of COVID-19 on Gems and Jewellery (G&J) Exports*

Gems and Jewellery exports have been decelerating since the beginning of the financial year 2019-2020 on account of various domestic as well as global challenges including a rise in import duty on precious stones viz. polished diamonds and coloured gemstones, tightening of lending terms by banks, stringent customs inspection procedures, sluggish import demand and withdrawal of GSP benefit by the USA, among others. All these have resulted in G&J exports degrowing on an average by 5.5% per month till November 2019. Since December 2019, challenges for the sector have grown further due to the outbreak of Covid -19 in China which has eventually disrupted almost all the economic activities at the global level with stalled manufacturing and trading activities, cancellation of business events, deferment of committed order positions, reduced demand, elongation of receivables, etc. in this sector. The severe impact of the pandemic on the G&J exports from the country is visible in terms of the fall in G&J exports by 11.6%, 20.1% and 41.0% in January, February and March 2020. For the full fiscal 2019-20, Gems and Jewellery exports fell by 10.8%.

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The highest fall in G&J exports was in April 2020 by 98.7% followed by May 2020 by 69.0%. After that, the extent of decline has reduced, with growth in October 2020 at -21.3%. During April to October 2020, G&J exports declined by 49.5%.

The three major export destinations – the UAE, Hongkong and the USA had almost equal shares in exports during 2019-20 of 26-27% followed by Belgium (5.3%) and Israel (2.6%), a distant fourth and fifth. In April-September 2020, among the top 5 destinations, the highest fall was in the UAE (-86.7%), followed by Belgium (-58.6%), Israel (-45.4%), the USA (-43.6%) and Hong Kong (-35.0%).

#### *5.3.8.2 COVID-19 related disruptions*

##### **Disruption in Exploration/Mining/Sourcing**

The impact of Covid-19 on the Gems and Jewellery sector can be understood through disruption of its entire value chain as the sector is majorly dependent on foreign markets for sourcing and supplying rough and finished gems and jewellery products. Gems and Jewellery sector value chain comprises sourcing of raw material, fabrication, wholesale/retail as core activities and logistics, customs, etc. as supportive activities. Due to Covid-19, the entire supply chain has broken from mining to final sales of the product.

Cut and polished diamonds, gold/silver jewellery and coloured gemstones are India's key gems and jewellery products. Production of these commodities is entirely dependent on imports of its raw material viz. rough diamonds, gold/silver/platinum bars, and rough coloured gemstones from various countries.

Angola, Australia, Botswana, Canada, Congo, Lesotho, Namibia, Russia, Zimbabwe are the major mining countries of diamonds. However, mining activities in almost all countries are at a halt. Mines in South Africa, Botswana, Canada and Lesotho have been put on care and maintenance and the mining operations in other countries Angola, Russia, Australia have also been suspended.

Gold bars /silver bars for making the finished jewellery products for exports are majorly imported from Switzerland, the UAE, Italy and Singapore. Due to complete/partial lockdown in these countries, gold mining operations got suspended, internal and external movements were restrained and even nominated agencies in India were not getting precious metals. Thus, the sourcing/imports of precious metals for the G & J sector were disrupted.

##### **Disruption in Exports and Domestic Demand**

Indian Gems and Jewellery industry is highly export intensive, with its exports in the range of 80 % concentrated in three countries viz. the USA, the UAE and Hong Kong. COVID-19 resulted in a fall in export demand for gems and jewellery products. Export orders got cancelled and all the major exhibitions/shows got postponed. Even when orders were not cancelled, the exporters needed re-confirmation on the orders and parties were asking for huge discounts and asking for refunds of advance. Non-operationalization of international flights added to the logistics problem.

Due to complete lockdown in the country, customers were completely wiped out from the markets and demand for the gems and jewellery products domestically has come down drastically. During the lockdown, manufacturing operations halted and migrant workers moved back to their hometown which is an added challenge to the gems and jewellery sector.

Overall, both demand and supply got choked which led to a decline in production, employment, sales/exports, income and a highly adverse situation for the entire Gems and Jewellery Sector.

#### *5.3.8.3 Sector-specific/Product-specific impact of COVID-19*

**The two major G&J export categories are Pearls, Precious and Semiprecious stones and Gold and other Precious Metals Jewellery** with shares of 57.6% and 38.3% in exports during 2019-20. In the case of Pearls, Precious and

Semiprecious Stones, export growth was highly negative from March 2020, reaching a trough of -97.9% in April 2020, after which the extent of decline started becoming less. In the case of Gold and Other Precious Metals Jewellery, while export growth reached a trough of -99.9% in April 2020, it continued to be highly negative even in the following months. (Table 5.7)

**Table 5.7: India's Major Gems and Jewellery Exports**

| Major Items                              | Value 2019-20 (US \$ Million) | Share 2019-20 (%) | Growth Rate (%) |                   |              |              |              |              |              |              |              |              |              |              |
|--|-------------------------------|-------------------|-----------------|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |                               |                   | 2019-20         | 2020-21 (Apr-Oct) | Jan-20       | Feb-20       | Mar-20       | Apr-20       | May-20       | Jun-20       | Jul-20       | Aug-20       | Sep-20       | Oct-20       |
| Pearls, Precious, Semiprecious Stones    | 20692                         | 57.64             | -20.3           | -42.7             | -7.0         | -39.6        | -45.2        | -97.9        | -59.0        | -53.0        | -39.2        | -25.8        | -16.9        | -16.0        |
| Gold and other Precious Metals Jewellery | 1364                          | 3.80              | 15.3            | -50.1             | -83.2        | -95.2        | -86.9        | -100.0       | -99.5        | -1.5         | -55.6        | -92.5        | -7.2         | -38.7        |
| Silver                                   | 10                            | 0.03              | -18.0           | 200.7             | -12.2        | 47.9         | -64.7        | -94.5        | -36.6        | 255.3        | -27.2        | 21.5         | -51.4        | 793.6        |
| Other Precious and Base Metals           | 87                            | 0.24              | -36.0           | 135.2             | 18.5         | -2.6         | -23.2        | -88.2        | -84.7        | 77.4         | -67.9        | 1468.0       | 307.3        | 425.1        |
| Gold and Other Precious Metal Jewellery  | 13745                         | 38.29             | 6.2             | -61.4             | 0.5          | 39.9         | -28.7        | -99.9        | -84.8        | -55.6        | -63.8        | -63.6        | -42.4        | -30.3        |
| <b>Total Gems and Jewellery Exports</b>  | <b>35898</b>                  | <b>100.00</b>     | <b>-10.8</b>    | <b>-49.5</b>      | <b>-11.6</b> | <b>-20.1</b> | <b>-41.0</b> | <b>-98.7</b> | <b>-69.0</b> | <b>-50.6</b> | <b>-50.0</b> | <b>-43.3</b> | <b>-24.7</b> | <b>-21.3</b> |

Source: Based on DGCI&S data.

If we see the specific products of exports, during April-September 2020, export growth of the following products has declined: Cut & Polished Diamonds (-36.5%), Coloured Gemstones (-63.1%), Synthetic Stones (-45.8%) Gold Jewellery (-66.4%) & Imitation Jewellery (-42.0%), Articles of Gold, Silver & others (-74.9%). (Table 5.8)

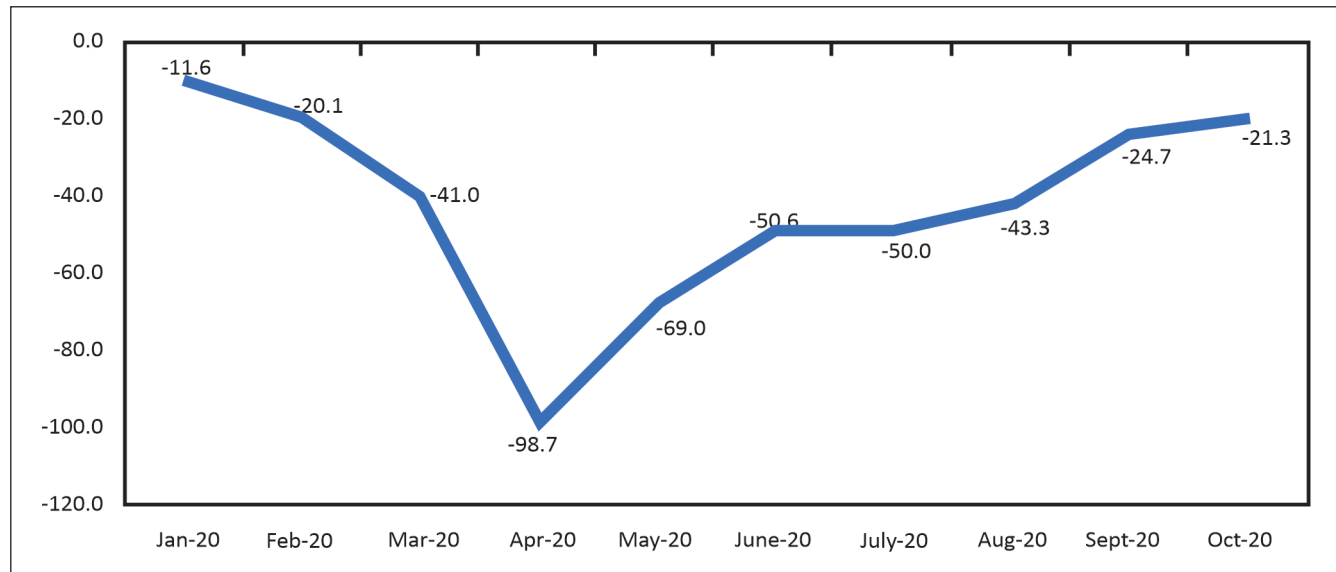
**Table. 5.8 Commodity wise Exports– April – September 2020**

| Commodities                           | April - September 2019 (US\$mn) | April - September 2020 (US\$mn) | % Growth/decline (Y-o-Y) |
|---------------------------------------|---------------------------------|---------------------------------|--------------------------|
| Cut & Polished Diamonds               | 8,666.4                         | 5,501.6                         | -36.5                    |
| Polished Lab-Grown Synthetic Diamonds | 181.0                           | 207.4                           | 14.6                     |
| Coloured Gemstones                    | 176.1                           | 65.0                            | -63.1                    |
| Polished Synthetic Stone              | 0.7                             | 0.4                             | -45.8                    |
| Gold Jewellery                        | 3,967.7                         | 1,331.9                         | -66.4                    |
| Silver Jewellery                      | 481.1                           | 864.3                           | 79.7                     |
| Platinum Jewellery                    | 2.5                             | 2.6                             | 7.1                      |
| Imitation Jewellery                   | 30.2                            | 17.5                            | -42.0                    |
| Articles of Gold, Silver & others     | 256.3                           | 64.3                            | -74.9                    |
| Others                                | 1,107.3                         | 423.7                           | -61.7                    |
| <b>Gross Exports</b>                  | <b>14869.3</b>                  | <b>8478.6</b>                   | <b>-43.0</b>             |
| Return Consignment                    | 3,134.4                         | 1,532.9                         | -51.1                    |
| <b>Net Exports</b>                    | <b>11,734.9</b>                 | <b>6,945.7</b>                  | <b>-40.8</b>             |

Source: Statistics Dept. GJEPC

Exports have started to regain momentum in recent months. (Figure 5.2)

**Figure 5.2: Export Growth of Gems and Jewellery -Month wise in 2020 (%)**



Source: Based on DGCI&S data

#### 5.3.8.4 Trade-related measures taken by the Indian Govt and Export Promotion Agencies

During the partial lockdown situation, the GJEPC took permission from concerned authorities to resume business operations from its prominent locations/bourses/conclaves; supplied timely information/guidelines to the Industry for resuming trade operations; assessed and ensured the availability/operationalising of backend system viz. customs, CHAs, logistics, etc. As a result, the gems and jewellery sector became the first non-essential business to start from various locations viz. SEEPZ, Mumbai, Jaipur, Gujarat and Delhi.

The GJEPC also connected with various embassies to find the possibilities of organising trade meets; conducted over 40 webinars to create awareness among the industry about the current situation, prepare them for the future challenges and suggest ways to mitigate the COVID-19 impact.

#### 5.3.8.5 Opportunities Arising from Covid-19

India is among the top five suppliers of gems and jewellery in the World market and has a world-class heritage of handcrafted as well as manufactured gems and jewellery. The pandemic has provided all the exporters and manufacturers a unique opportunity to digitally transform the gems & jewellery sector.

China & Hong Kong are the major suppliers of gems & jewellery in the World. The outbreak of the virus in China led to disruption of all manufacturing activities in China and trading activities in Hong Kong. Hong Kong is a major trading hub for gems and jewellery products to the World. China and Hong Kong combined are exporting various products such as polished diamonds, gold jewellery, silver jewellery, coloured gemstones and imitation jewellery. India is already one of the largest sourcing partners of the US for gold jewellery products. In 2019, the US imported jewellery products worth \$ 1.6 billion from India. Now with the pandemic & the preferential treatment to Hong Kong ending (due to the US President signing an executive order in July 2020 ending preferential economic treatment for Hong Kong after China imposed a controversial national security law in the Asian trading hub to curb autonomy and democratic freedoms), India can look forward to a more level playing field, and take the opportunity to increase exports to the US. Trade diversion from China could help Indian exports of G&J.

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The recent measures in Budget 2021-22 which can help in tapping these opportunities include, lowering customs duty on raw materials and inputs like gold and silver and some other precious metals; and increasing duty on some G&J items like cut and polished cubic zirconia and synthetic cut and polished stones for creating level playing field for domestic manufacturers.

#### 5.3.8.6 Issues and Policy Suggestions

The issues and policy suggestions particularly in the context of Covid-19 specific to the Gems & Jewellery sector are the following.

##### 1. Foreign Trade Policy and Banking related Issues and Policies

- **Extension for Completion of Exports:** Exporters are unable to complete exports within 90 days of purchase of Gold for exports. So, there is a need to consider giving an extension for the completion of exports to a definite period of time after the resumption of business.
- **Extension of time for payment of the gold loan and also of forwarding of the fixed value of gold for the loans.** Due to slowdown and shutdown, there will be a cashflow slowdown and timely repayment of gold loans may be difficult. Also for the gold rate fixed in the gold loan, payment on value date might fail due to slowdown. Therefore, there is a need for flexibility to extend days and revolve the gold loan.

##### 2. Digital Marketing Campaign

There is a need to increase promotional campaign for India's gems & jewellery products. This will help to regain the lost exports during these difficult times for the trade, which has led to several geopolitical changes and has presented a unique opportunity to connect with the entire World virtually. India has to take advantage of the situation and initiate a digital marketing campaign to showcase its competitiveness in jewellery products. GJEPC is organizing virtual exhibitions and buyer-sellers meets and has also designed a new program "India Global Connect" which is a platform to explore new business opportunities with different countries. Government support for ensuring 'ease of doing business' policies for e-commerce can help.

##### 3. Policy Suggestions for different time periods

To gear up the stalled production, unemployment and market disruptions, some short-term, medium-term and long-term measures can be taken which can revitalize the gems and jewellery sector.

**In the short term,** the primary focus should be on making the necessary arrangements such as sanitisation of the workplace, arrangement of transport facility, assessing and ensuring the backend support system including logistics, banking, insurance support, etc.

**In the medium term,** the focus should be on getting migrant workers back to work, assessing market demand, reviving customers' sentiments and fetching orders through novel trading formats viz. VBSMs, Virtual fairs, etc.

**In the long term,** there is a need to explore the following

- New markets for expanding the market base for gems and jewellery sector
- Commencing e-commerce platform to widen the reach of gems and jewellery sector
- Progressive efforts towards making the industry organised by undertaking cluster development through implementation of requisite projects and plans including the creation of mega Common Facility Centres (CFCs), creation of Jewellery Parks, Gems Bourses at major manufacturing hubs of gems & jewellery in the country, upskilling workers, upgradation of testing labs and Technology Advancement through TUF Scheme.

### 5.3.9 Marine Exports

#### 5.3.9.1 Impact of COVID-19 on India's Marine exports

COVID-19 pandemic led to a fall in demand in the food service segment which in turn was due to the closure of restaurants, canteens, institutional catering, etc. Demand has been sluggish in major markets like China, Japan & the EU and is yet to stabilize.

Production and exports were affected due to shortage of labour, lack of transportation facility, less availability of refrigerated containers, difficulties in sending export documents due to non-availability of courier services, difficulties in clearing containers in importing countries, scarcity of raw materials, packaging and labelling materials. Limited cargo flight availability and huge logistics costs due to COVID-19 had a significant impact on exports of high-value products like chilled and live products. While in the West coast of India fishing starts from 1st August, due to the impact of Covid-19 there was no full-fledged fishing and many small to mid-level farmers have not harvested the sea-food crop. This has affected its supply.

China is also making payments to exporters after the Covid-19 clearance test and hence the overall supply chain process is sluggish. The detection of the Covid-19 virus on the packaging material in China has resulted in tightened scrutiny at Chinese customs resulting in a delay of about 2 weeks in customs clearance.

#### 5.3.9.2 Comparison of Trade before and after the Pandemic

India exported 13,23,059 MT of seafood worth US\$ 6.7 billion during 2019-20. Covid-19 resulted in Seafood exports declining in quantity and US dollar value terms by 20.9% and 1.2%, respectively in 2019-20 (YoY). As per the provisional data for the period April - September 2020, Marine exports show a decline of 25.0% in quantity and 19.2% in dollar value terms compared to the same previous period. (Table 5.9)

**Table 5.9: Major Marine Exports of India**

| Major Items                  | Quantity (MT)/ Value (US\$ million) | Value            |              | Growth Rate (%)   |             |
|------------------------------|-------------------------------------|------------------|--------------|-------------------|-------------|
|                              |                                     | 2019-20          | 2019-20      | 2020-21 (Apr-Sep) | Sep-20      |
| Shrimp                       | Q                                   | 5,48,726         | -7.9         | -14.2             | 1.8         |
|                              | V(\$)                               | 4,001            | -8.5         | -13.3             | -0.3        |
| Frozen Fish                  | Q                                   | 2,41,861         | -33.3        | -28.6             | -26.1       |
|                              | V(\$)                               | 559              | -26.8        | -30.7             | -27.4       |
| Frozen Cuttle Fish           | Q                                   | 72,245           | 17.0         | -8.4              | -10.0       |
|                              | V(\$)                               | 287              | 0.5          | -18.4             | -7.7        |
| Frozen Squid                 | Q                                   | 84,896           | -13.7        | -55.6             | -38.0       |
|                              | V(\$)                               | 297              | -13.5        | -47.7             | -22.6       |
| Dried Item                   | Q                                   | 14,192           | -94.2        | -22.1             | -3.6        |
|                              | V(\$)                               | 101              | -22.6        | -4.6              | -15.4       |
| Live Items                   | Q                                   | 5,452            | -19.2        | -64.1             | -38.2       |
|                              | V(\$)                               | 55               | -20.9        | -56.2             | -29.7       |
| Chilled Items                | Q                                   | 18,259           | -9.0         | -55.6             | 47.9        |
|                              | V(\$)                               | 31               | -3.6         | -41.8             | 0.0         |
| Others                       | Q                                   | 3,37,428         | 20.5         | -39.0             | 5.8         |
|                              | V(\$)                               | 1,384            | 72.7         | -37.9             | -3.1        |
| <b>Total Marine Products</b> | <b>Q</b>                            | <b>13,23,059</b> | <b>-20.9</b> | <b>-25.0</b>      | <b>-7.1</b> |
|                              | <b>V(\$)</b>                        | <b>6,716</b>     | <b>-1.2</b>  | <b>-19.2</b>      | <b>-5.4</b> |

Source: Based on DGCI&S data.

Note: The classification is based on the Author's methods using a total of 236 items under 8 digit product considered by DGCI&S under Marine product category.

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**Item-wise exports of marine products show Frozen shrimp and Frozen fish are top seafood exports from India.** Shrimp contributed 41.5 % and 59.6% in terms of quantity and dollar value in total seafood exports, respectively. Shrimp exports during 2019-20 decreased by 8.5% in dollar value and 7.9% in quantity terms. In April- September 2020, Shrimp exports growth fell by 13.3% in value terms and 14.2% in quantity terms. However, in September 2020, there is some recovery with growth at -0.3% in value terms and 1.8% in quantity terms. The major species contributing to shrimp exports was Vannamei (Pacific white leg) shrimp.

**Frozen fish**, the second largest export item, accounted for 18.3% in quantity and 8.3% in dollar value terms in total seafood exports. The export of frozen fish declined by a whopping 33.3% in quantity and 26.8% in dollar value terms in 2019-20. In April-September 2020-21, it fell by 28.6% and 30.7% in quantity and dollar value terms. Even in September 2020, the situation has not improved with high negative growth of -26.1% and -27.4% in quantity and dollar value terms.

**Other items of exports** are frozen cuttlefish, frozen squid, fish and fish products in chilled, live and dried forms, Canned seafood, Surimi (fish paste), prepared and preserved products, which were also affected by the pandemic.

#### *5.3.9.3 India's Trade-related measures in the context of COVID-19*

Some specific measures taken by India in the light of the Pandemic are the following.

- Certificates (DS 2031, Catch & ICCAT certificates) were issued through electronic mode to facilitate the smooth flow of trade.
- Interaction with the Embassy of India in Vietnam, Dubai, Indonesia and the USA for clearing the containers at ports during COVID-19 lockdown was done by MPEDA.
- COVID-19 guidelines were released by MPEDA for seafood processing units, fishing harbours and aquaculture farms to avoid contamination through the COVID-19 virus in the seafood consignments and smooth functioning of the seafood sector.
- A short film was produced by MPEDA intended to assure the international buyers and consumers of seafood, on the COVID-19 safety protocols taken by India across the entire Seafood sector. The video gives the message to the viewers that Indian Seafood is Safe, Healthy and Hygienic.

#### *5.3.9.4 Opportunities Arising from Covid-19*

**The USA is the major seafood importer in the World and India's top seafood exporting destination.** During 2019-20, India exported 3,05,178 MT of seafood valued at US\$ 2562.5 million, to the USA which accounted for a share of 23.7% and 38.4% in quantity and dollar terms in India's total marine exports. Frozen shrimp was the principal item of seafood export to the US from India during 2019-20. In dollar value terms, 95% of India's seafood export to the US consists of frozen shrimps registering a growth of 8.3% in quantity and 9.3% in US\$ value terms.

**In terms of quantity, China emerged as the largest seafood export destination of India.** In 2019-20, India exported 3,29,479 MT valued at US\$ 1,374.6 million seafood to China, accounting for 25.6% in quantity and 20.6% in dollar terms in India's total marine exports. Exports to China grew by 46.1% in quantity and 69.5% in US\$ terms during 2019-20. Frozen shrimp is the major item of exports to China.

**European Union is the third-largest importer of Indian seafood with frozen shrimp being the major item.** India exported 1,65,773 MT worth US\$ 876.5 million seafood to the EU during 2019-20. Seafood exports grew 0.1% in quantity and declined by 2.7% in US\$ value terms during 2019-20.

Globally the seafood sector is affected due to Covid-19 and the associated lockdown. Initially, global supply chains originating from China were disrupted and the Ministry of Commerce and Industry (MoCI) instructed the EPCs to support the collective global effort to mitigate the disruption by increasing supplies of products where India has



available capacity. It also instructed to explore the possibilities of supporting other countries' efforts to ensure uninterrupted supplies in times of crisis. In the case of Marine products, the EOIs (Embassy of India) of various countries have been requested to provide the list of importers of seafood in which India has the potential to supply. The list thus received was circulated among the seafood exporters of India. B2B meetings are also being organised on virtual platforms to tap the opportunities in this sector and thus facilitate trade.

Trade Diversion and realignment in global supply chains and investors shifting base from China have led to opportunities for India. For example, Japanese companies such as Kiyamura Corporation, a leader in the tuna market, have shown keen interest to bring their whole supply chain to India. Quick follow up is needed whenever such interests are expressed by investors.

**Trade diversion from the USA and the EU, the first and third largest markets is also expected. However stringent SPS norms have to be followed and India needs to be prepared for it. Since China is the second-largest export destination for seafood exports, any ruffling of the feathers with China could lead to a loss of the market.**

### 5.3.9.5 Major Issues and Policy Suggestions

#### 1. Emerging restrictions and suggestions

Currently, Antibiotic residue issues are existing in the EU and Japan which is hampering our exports. During 2019, EU total imports of shrimp were 5,33,782 MT with a value of US\$ 4.3 billion under HS 030617. India's contribution in this is 11.8 % in value terms. By addressing the antibiotic residue issues, we can capture around 50% (US\$ 2.3 billion) market share of EU for frozen shrimp under HS 030617. The antibiotic issue is existing in the Japanese market also. The total seafood imports (under chapter 030617) of Japan during 2019 was 1,43,913 MT with a value of US\$ 1443.0 million. In this, India's share is 22.4% in value terms. Here also we can capture a market share of 50% if we comply with Japan's requirements. Likewise, India can also regain its seafood export market in other countries by sorting out the issues like that of Antibiotic Residues and other SPS issues quickly.

The antibiotic issues and other trade barriers are the major challenges faced in the export of marine products. The stringent policy measures implemented by importing countries like the US, the EU, Australia, Japan, China, etc. are hampering India's seafood exports to these countries. Some market-wise trade barriers are given in Table 5.10 below.

**Table 5.10 : Trade Barriers for Marine Products in Major Markets**

| Sl. No. | Market   | Issues   |
|---------|----------|--|
| 1       | EU       | <ul style="list-style-type: none"> <li>• Antibiotic residue in farmed shrimps.</li> <li>• Import Sampling – 50% in EU for India only (w. e. f October 2016).</li> </ul> <p>Due to these issues, the EU has delisted 14 establishments in 2016 &amp; 2017 and has not yet relisted. No new approvals are given to Indian fish and fishery establishments since July 2018. <b>Delisted units are not even permitted to export wild-caught items to the EU, which do not pose a risk of antibiotic residue.</b></p> |
| 2       | USA      | <ul style="list-style-type: none"> <li>• Restrictions on wild-caught shrimp under Section 609 US Public Law for protection of sea turtle by-catch,</li> <li>• Marine Mammal Protection Act (MMPA) - expected by Jan 2022</li> <li>• Antidumping duty on shrimps.</li> </ul>  |
| 3       | China    | <ul style="list-style-type: none"> <li>• Presence of White Spot Syndrome Virus (WSSV) and Infectious Hypodermal and Hematopoietic Necrosis Virus (IHHNV) in shrimps. China has delisted 12 Indian establishments.</li> <li>• Listing of 40 Indian marine species.</li> </ul>   |
| 4       | Japan    | Farmed shrimp export to Japan is subject to 100% sampling of Vannamei and 30% sampling of farmed Black Tiger shrimp cargo from India due to antibiotic residue (AOZ) in farmed shrimps.  |
| 5       | Thailand | Presence of Infectious Myonecrosis Virus (IMNV) disease in shrimps.  |

| Sl. No. | Market       | Issues   |
|---------|--------------|--|
| 6       | Australia    | Presence of White Spot Syndrome Virus (WSSV) in shrimps  |
| 7       | Saudi Arabia |  |
| 8       | Kuwait       |  |
| 9       | Canada       | The Canadian regulation stipulates the requirement of a Zoo Sanitary Certificate towards testing of shrimp consignments for OIE listed pathogens. This measure is similar to the Australian restriction. |
| 10      | South Africa | Presence of Vibrio spp in seafood consignments.  |

Source: MPEDA

**Some measures may be due to genuine concerns. But the ones specifically applied to India need to be examined and negotiated e.g. Delisted units not being allowed to export wild-caught items to the EU even though they do not pose antibiotic residue risk, needs to be negotiated.**

## 2. Operational Changes

Following are some operational changes that may be required:

- **Capture Fisheries:** Upgrading the handling facilities in major fishing harbours and on board fishing vessels is required for quality improvement of sea caught material. In addition, investment has to be encouraged in distant water fishing to harness oceanic resources.
- **Aquaculture:** Shrimp production has increased substantially, but the area under farming has increased by only 33%. To further the production, the strategy has to be three-pronged viz., a) increasing the area under aquaculture, b) increasing productivity to 8-10 MT/Ha by adopting modern scientific methods like biofloc and Recirculation Aquaculture Systems and c) Diversifying the aquaculture from the present *L.vannamei* centric farming to species like Black Tiger Shrimp, freshwater prawn, mud crab and fin fishes like Tilapia, Seabass, Cobia, etc. More farms in potential areas including hinterland and hatcheries are required for this. There are interlinked requirements such as Brood Stock Multiplication Centers and Nucleus Breeding Centers, feed mills, live feed production, disease control mechanisms, etc.
- **Quality assurance:** There is a need to set up more advanced laboratories to monitor and test the residues of antibiotics, heavy metals, microbial contamination and other food safety hazards to ensure the purity of the products exported.
- **Brand promotion:** The efforts in brand promotion should include assistance at the field level to equip the sector to comply with the requirements of non-tariff trade barriers in major international markets, market and brand promotion efforts and strengthening outreach facilities to existing and potential markets.

## 3. Enhancing export competitiveness

These include the following

### (i) Trade Facilitation

- **Sustainable Development of Export-oriented Seafood Value chain** which could help in doubling farmers income.
- **Scheme for Testing Aquaculture Products/Lab programmes:** Network of Aqua One Centres, i.e., labs providing complete testing & technical support services could be set up in aquaculture

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farming areas by MPEDA. These ICT enabled Aquaculture support service labs would be self-sustaining over a period of 5 years.

- **Programme for Aquaculture Broodstock and seed supply (PABS):** Setting up Nucleus Breeding Centre (NBC) for Vannamei shrimp & breeding programme for indigenous, commercially important fish species, and Multispecies Aquaculture Centres (MAC) for seed supply.
- **Enhanced assistance for value addition** and chilled/fresh fish exports.
- **Improving fishermen's safety at sea**, sustainable fishing practices and marine catch monitoring to international standards.
- **Resolving issues immediately like the current shortage in containers** which has led to a crisis like situation with most containers being paid higher prices by China which is resorting to cut-throat competition.

#### (ii) Technological Changes

- **Modernising fishing harbours to international standards:** There is a need to upgrade the major fishing harbours in the country for minimizing post-harvest losses and enhancing the unit value realization. As suggested by MPEDA in the initial phase, 2 fishing harbours; Cochin Fisheries Harbour (CFH), Kerala on the West Coast and Nizampatnam Fishing Harbour, Andhra Pradesh on the East Coast could be considered for upgradation.
- **Online trade platform for direct marketing of aquaculture products to avoid middlemen:** One of the major issues faced by the aquaculture farmers in India is the presence of middlemen in the supply chain denying the farmers a better price. In the lockdown period, the farmers made a lot of complaints against the middlemen for reducing the price which was in no way comparable to the production cost. The middlemen justified this due to the shortage of labour in the processing units due to travel restrictions. To avoid the middlemen, an online trade platform for aquaculture products could be set up.
- **Digital trade:** E-commerce platforms are helping to reach the consumers directly. Exporters and producers need to develop tie-ups with e-commerce companies for increasing the trade. Virtual Buyer-Seller Meetings (VBSM) are also needed to help in getting more trade enquiries and execution of business orders in trade.

#### (iii) Increasing Price Competitiveness

- **Upgradation of fishing harbours, landing centres and modernising shipping methods and equipment for high unit value realisations of our exports:** Contribution of sea catch to exports shows a declining trend due to stagnation in catch and increased domestic demand. Hence, the focus should be more on improving the unit value of the catch landed, and reducing post-harvest losses. There is also a need to address issues related to by-catch and resource traceability & sustainability. Modernisation of fishing harbours, improvement in fishing vessels, improving the cold chain system and initiating deep sea fishing through the introduction of factory fishing vessels will increase productivity and price competitiveness of India.
- **Value Addition:** Currently the share of value-added products coming under chapter-16 is only 6%, whereas the share of competing nations such as Thailand is 64% and that of Vietnam is 26%. The demand for value addition is increasing globally, and many major seafood trading firms are interested in shifting their value addition/reprocessing works to India. This can be done through indigenous or imported raw material, which will in turn enhance the capacity utilization of the installed infrastructure besides providing more man-days of employment. There is a need to have Business Incubation Centres for Value Addition, better exploration

of the air connectivity for exports and upskilling of workers. The proposed Production Linked Incentive Scheme (PLI) by NITI Aayog for incentivizing the processing units for increasing production of Value Added Products in the fisheries sector could be considered at the earliest.

#### 4. Making India a production centre for the World in the light of the realignment of GVCs

India is one of the largest producers of Marine products and shrimp in the World. India also has a large consumer base with a strong economy. These factors are contributing to the growth of the seafood processing industry in India. There are 612 seafood processing plants in India that provide direct employment to a large number of people. Currently, shrimp is contributing to 70% of marine exports. Possibilities of further value addition of shrimp can be explored by suitable investment for the production and export of shrimp products.

Seafood is highly perishable than Agri products. So this sector requires more care and assistance in terms of infrastructure development and financial incentives. 100% FDI is permitted under the automatic route in the aquaculture and seafood processing industry which will support further growth in seafood processing and exports. The investment opportunities for value addition in seafood are enormous and support is required for value addition of seafood under ITC HS of chapter 16 which are highly processed, prepared and preserved products. As this industry is ecofriendly and possibilities of growth are enormous, the following can be considered which can promote investment and make India a production centre of the World.

- **Strengthening the Mechanism to ensure traceability and residue-free product from the farm to the consumer** to gain higher market access for Indian products in the international markets.
- **Framing suitable land leasing policies** which will facilitate acquiring land with reduced rates for the establishment of seafood processing units.
- **Encouraging investment by Indian entrepreneurs for fishing in distant waters** with factory vessels having freezing facilities on board.
- **R&D support** for development and diversification of value-added products.
- **Fast Track clearance of SIP (Sanitary Import Permit)** may be provided to exporters during their import for re-processing and export including under advance authorization scheme. Provision may be created for the issue of Sanitary Import Permit (SIP) within 48 hours of application as a considerable delay is occurring in the issue of SIP.
- **Fast track quarantine procedures & infrastructure facilities for imports ear-marked for re-exports.** Apart from existing labs, EIC & other govt. labs can be considered for checking the parameters under SIP. In addition to the existing ports, the import of seafood can be permitted through the ports of Pipavav, Tuticorin & Mangalore.
- **Strengthening the cold chain infrastructure from the farm to the processing units** for reduction of post-harvest losses.
- **Promoting of FDI-** 100% FDI is permitted under the automatic route in the aquaculture and seafood processing sector. However the response from the Investors is poor, hence Investors need to be attracted to India through Investors' meet, faster approvals, etc.
- **Reducing the dependence on road transport:** Steps need to be taken to promote logistic movement through waterways, railways and Airways and this will reduce road transport and enable faster movement of Cargo. Infrastructure facilities at Sea and Air Ports and Railway Stations need to be upgraded for cargo handling of Marine products.

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## 5. FTAs related issues

- **A disadvantageous tariff regime due to lack of FTAs or weak FTAs** has put Indian products in a disadvantageous position compared to competing countries. For example, EU-Vietnam and EU-Ecuador FTAs lead to advantages for Vietnam and Ecuador in the EU market for the seafood sector. India needs to have more free trade agreements for reducing the tariff and increasing the market access in major developed countries like the EU, the USA, Australia, etc.
- **New beneficial FTAs** and review of existing agreements like India-Korea CEPA, India-Japan CEPA can help seafood exports of India.

### 5.3.10 Other Merchandise Exports

The Impact of the Pandemic and some major issues in some other merchandise exports are the following:

#### 5.3.10.1 Sports Goods Exports including Toys

##### 1. Impact of COVID-19 on Trade

Due to the COVID 19 pandemic, from March 24, 2020, all the production units in the country were under lockdown. It was not possible to manufacture or ship out anything and thereafter only the production that was lying in stock could be exported. Most of the international markets were also closed during April 2020 and hence all the buyers had either cancelled their orders or put the shipments on hold. Even the pending payments were not cleared.

In May 2020, the lockdown was lifted partially. Since the sports goods manufacturers are concentrated in Meerut (UP) and Jalandhar (Punjab) and Meerut was a containment zone, the major toy exporters who are from Delhi & Mumbai, could not open their units in Meerut in May 2020 also. Units in Jalandhar could operate after getting approval, with limited capacity in compliance with the guidelines at only 30% capacity. In June 2020, most of the units started operations but were grappling with the situation of unavailability of labour as most of the workforce left for their hometowns and were yet to return. With the second wave of the pandemic in Europe, the situation is still quite uncertain.

Exports of Sports Goods (HS 95) fell by 10.9 per cent from US\$ 203.4 million in April-Nov 2019 to US\$ 181.3 million in April-Nov 2020. Imports of this sector have also fallen by 21.5 per cent during this period due to the increase in duty on toys from 20% to 60% and the Quality Control order on toys.

##### 2. Trade-related measures taken by the Indian Govt

Some of the measures taken by the government helped this sector like 5% duty credit scrip for Toys under MEIS extended till December 2020 and the 5% interest equalization under Rupee export credit for MSMEs and 3% for non-MSMEs.

##### 3. Opportunities Arising from Covid-19

The key markets with maximum growth potential for Toys & Sports Goods are the United Kingdom, the USA, Australia, Germany, South Africa, France, Netherlands, New Zealand, Ireland & Canada.

Major competitors of India are China & Pakistan. China has a price advantage due to the cheap availability of raw materials & labour combined with bulk manufacturing facilities. In the sports goods sector, Pakistan has cheap and easy availability of raw materials and an advantageous currency conversion rate giving it a price edge over India. The adverse trade and political relations of China and Pakistan with other countries could provide an opportunity for India if it can quickly chip in.

#### 4. Issues and Policy Suggestions

Some issues and policies specific to this sector are the following:

##### (i) Lowering duty on raw materials

The import duty of 60% on Toys is acceptable to the industry. However, toy parts (like electronic components) under 95030090 (others) also attract an import duty of 60%. Since these parts are not available in India and need to be imported for indigenous production, the high duty on parts makes Indian produced products more expensive. Hence import duty on toy parts needs to be lowered to help exports and avoid a situation similar to inverted duty structure.

##### (ii) Quality Control Order

The recent Quality Control Order (QCO) issued by DPIIT has brought Toys under scheme I of BIS. Since most of the toy manufacturers are tiny and small scale units, this scheme is not workable for this sector. The QCO is effective from 1st January 2021. So, this order needs to be deferred by at least one year in consultation with the industry.

##### (iii) Brand Promotion

The demand for Sports Equipment is greatly influenced by Sports events. To promote sports equipment, event sponsorship is the most effective way. Also, the equipment must be accredited by respective international federations. Since both these activities are very costly for an individual exporter, the following can be done.

- A special fund should be created to subsidize these activities for such exporters, who make international quality equipment.
- Events held in India should mandatorily give preference to “Made in India” products in terms of official equipment and sponsorships.

##### (iv) Districts as Export Hubs

The Indian Government is planning to put in place an Institutional Structure to turn Districts into export hubs. The major sports goods & toy manufacturing towns should be earmarked as an export hub for sports goods & toys. A centre to provide consultancy & advisory services support to the entrepreneurs on working with different/alternate materials-based sports goods & toys, technical support to processing industries in troubleshooting of process-related problems, guidance on intricate and precision matters and an exhibition/display complex for the industry need to be set up to help the manufacturers. Some state governments like Karnataka have developed clusters for toys & sports goods. India’s first toy cluster is being set in Bhanapur, a remote village in Koppal District of Karnataka with the foundation stone laid on January 9, 2021. Such initiatives are needed at the national level also.

##### (v) Other Policy Suggestions

Other recommendations include promoting exports of traditional Indian toys; ensuring easy access to raw materials for manufacturing toys of international quality; lower Import duty on raw materials/components; creating a Technology Upgradation fund (TUF) on the lines of the scheme already available for the textiles sector, where the upfront capital subsidy is given on the purchase of new machines for technological upgradation of the industry; and allowing participation in smaller groups under MAI scheme so that activities are not left unattended due to smaller participation.

#### 5.3.10.2 *Plastics and Related Exports*

##### 1. Impact of COVID-19 on Trade

The pandemic has resulted in approximately 60% loss of export business to Plastics and related

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exports. Most of them have postponed their capital investment plans. In some cases like writing pens, the decline in business activity has been reported to be as high as 90%.

In some segments of the Industry, demand was low in the first few months of the COVID-19 period but has returned to normal levels now, while for others, especially those in the plastics processing machinery segment, the demand for products has reduced drastically. The Industry is also facing supply-side issues due to the non-availability of labour and raw materials, along with logistics problems.

During the first half of 2020-21, India exported plastics worth US\$ 4,768 million, down 8.0% from US\$ 5,181 million during the same period last year. Some product panels like raw materials, polyester films and human hair witnessed positive growth in exports while the remaining panels, particularly consumer & houseware, writing instruments, woven sacks / flexible intermediate bulk containers (FIBCs), floor coverings, leather cloth & laminates struggled to perform during this period.

## 2. Issues and Policy Suggestions

Some issues specific to this sector are the following:

- **Sourcing issue:** While sourcing of raw materials, as well as their high prices due to restrictions on imports, has caused production problems in India, overseas buyers have also started preferring to source products from their own countries.
- **Issue of Trade Agreements:** India's plastics exports are mainly to Europe (24%), North America (16%) and the WANA region (14%). However, India does not have any trade agreements with any of these regions/countries due to which our exporters are unable to compete. Trade agreements with NAFTA, Europe, the UK and Africa could help this sector.

### 5.3.10.3 Tyre Exports

#### 1. Impact of COVID-19 on Exports

Tyre Industry turnover declined by nearly 5% to \$8.5 billion in 2019-20, the first decline witnessed in more than a decade. Tyre production in India witnessed a contraction of 8 % in 2019-20 in view of reduced demand from both replacement and Original Equipment (OE) segments.

Both in terms of value and numbers, tyre exports from India remained nearly at the previous year's levels. However, major categories of truck & bus, passenger car and motorcycle tyres witnessed a drop in export volumes in varying degrees. In value terms, tyre exports fell mildly in 2019-20 by 1.7% and in 2020-21 (April-August) growth was negative at -20.8%.

India's volume of tyre exports to the USA, the top destination declined in April-August 2020 by 15%. Though some increase was seen in exports to the other top destinations like Germany, France and the UK, there was a decline in all other major destinations.

Radial Truck & Bus Tyre (TBR) exports from India which have been on their way up with a strong YoY growth bore the brunt of the pandemic and declined by 43% in Q1 of 2020-21. After a significant contraction of 80% in April 2020, TBR Tyre exports have been on their way up in subsequent months though volumes are still lower than a year ago.

#### 2. Issues and Policy Suggestions

Some issues and policies specific to this sector are the following.

- **Duty Structure on Tyres:** India's trade agreements have been facilitating large scale tyre imports by India. While basic customs duty on tyres is 10-15%, tyres can be imported under various trade

agreements at much lesser rates of duty and in several cases even at 'nil' rates of duty. (Table 5.11) This needs to be addressed.

**Table No. 5.11: Duty Structure on Tyres - 2020**

(Percent)

| HSN Classification | Category                | Customs Duty (Basic) | Asia Pacific Trade Agreement | India-Singapore ECA | India-South Korea CEPA | India-ASEAN | India-Malaysia Trade Agreement |
|--------------------|-------------------------|----------------------|------------------------------|---------------------|------------------------|-------------|--------------------------------|
| 40112010           | Truck/Bus (Radial)      | 15                   | 12.9                         | 10                  | 10                     | 5           | 5                              |
| 40111010           | Motor Cars (Radial)     | 15                   | 12.9                         | 10                  | 10                     | 5           | 5                              |
| 40114010/20        | Motorcycle/Scooter      | 10                   | 8.6                          | 0                   | 10                     | 5           | 5                              |
| 40118000           | Industrial/Const. Tyres | 10                   | 8.6                          | 0                   | 0                      | 0           | 0                              |
| 40117000           | Tractor/(Agriculture)   | 10                   | 8.6                          | 0                   | 0                      | 0           | 0                              |

Notes: Anti Dumping Duty (ADD) & Countervailing Duty (CVD) in place on Radial Truck & Bus Tyre Imports from China.

- **High Duty on Raw Materials for Tyre Sector:** While the high duty on NR (Natural Rubber) may be necessary as it involves livelihood concerns of farmers, duties for some other inputs like Nylon Tyre Cord Fabric (NTCF), Steel Tyre Cord, Carbon Black, Reclaimed/Retreaded Rubber, and Rubber Chemicals are also high. So there is a need to consider lowering duties on some inputs like the above.

#### 5.3.10.4 Exports of Minerals & Ores, and Some Non-Minerals

##### 1. Impact of COVID-19 on Exports

The products considered here include minerals and ores and some non-minerals items like Ceramics and Allied Products, Paper, Paper Board and Products, Rubber Products, Paints, Printing Ink and Allied Products, Plywood and Allied Products, Glass and Glassware, and Cement, Clinkers and Asbestos Cement Products.

Minerals and ores export growth continued to be positive mainly because of the exports of bulk minerals and ores at 28.1%. But processed minerals and most of the non-minerals registered negative growth during April-September 2020-21. The top five export destinations of Minerals and ores products are China, Malaysia, Korea Republic, Turkey and the USA. The major five export destinations for non-mineral products are the USA, UAE, Saudi Arabia, Nepal and Turkey.

##### 2. COVID-19 related disruptions

Exports of Paper, Paper Board, Stationary, books, Publication & Periodicals have drastically declined during the last 7 months as Schools and colleges are closed across the world due to the COVID-19 pandemic. The books and the paper industry continues to face challenges like increasing trends for online classes, difficulty in sales and distribution of books, re-evaluation and re-scheduling of new launches and revision of publishing catalogues, etc.

Exports of Graphite Electrodes have declined drastically. Graphite Electrodes (GE) is an indispensable consumable used in Electric Arc Furnaces (EAF) & Ladle Refining (LF) Furnaces in the Steel plants for the manufacture of Steel. The COVID-19 pandemic and the disruption of industrial production has impacted metal production, especially steel. Now, the industry is in a day-to-day mode of monitoring and forecasting the demand for products from end-users, including the automotive sector, oil and gas industries, and others, such as white-goods (large home appliances) manufacturers.

Exports of Copper Ore from India too suffered a lot for the past 7 months due to lack of demand for Copper products in global markets.



India's exports of Ceramic Wall Tiles have declined nearly 40% due to the imposition of Anti-Dumping Duties in GCC countries.

Throughout the world, the commercial and industrial sectors are most at risk from the economic downturn and their immediate priorities are on business continuity rather than investing in new premises. As a result, exports of construction products like Cement, Glass, Paint, Coating Products, Ceramics, sanitary ware, Granite, Natural Stone, Sandstone, Furniture and other flooring products continue to show a declining trend in global markets.

### 3. Issues and Policy Suggestions

- **Tackling Emerging restrictions:** There are signs of the increasing use of Anti-Dumping Duties in overseas markets; and developed markets are taking up Child labour issues in the Indian Granite, Natural Stone and Sandstone industry. So attention is needed in these areas.
- **Encouraging potential export items:** Exports of Ossein and Gelatin products have been continuously increasing even during the lockdown and it is used in Pharmaceuticals and food products globally. This opportunity needs to be tapped.

#### 5.4 COVID-19 Impact and Suggestions: Sector-wise for Services Exports

The impact of COVID-19 and policy suggestions for some important services export sectors are given below.

##### 5.4.1 IT-BPM sector

###### 5.4.1.1 Performance of IT-BPM sector and Impact of COVID-19

IT-BPM Services basically include IT/ITeS, BPM, ER&D and Software Products. This sector comprises large Indian MNCs, Global Capability Centers (GCCs) and many MSMEs.

The performance of IT-BPM services in 2019-20 shows good growth of 7.3% in domestic product and 8.1% in exports (Table 5.12). However, data for 2020-21 are not available, except the Balance of Payments data for exports of Telecommunications, Computer and Information Services which shows negative growth of 0.9% in Q2 2020 and positive growth of 7.7% in Q3 2020.

**Table No. 5.12: Performance of IT-BPM Sector (US\$ Billion)**

| Category                                  | Value (US\$ billion) |            | Share (%)<br>2018-19 | Growth Rate (%) |            |
|---|----------------------|------------|----------------------|-----------------|------------|
|   | 2018-19              | 2019-20    |                      | 2018-19         | 2019-20    |
| Domestic Product                          | 41                   | 44         | 23.2                 | 0.0             | 7.3        |
| Exports Revenue of which                  | 136                  | 147        | 76.8                 | 7.9             | 8.1        |
| IT Services                               | 74                   | -          | 41.8                 | 5.7             | NA         |
| Business Process Management               | 31                   | -          | 17.5                 | 10.7            | NA         |
| Software Product and Engineering Services | 31                   | -          | 17.5                 | 10.7            | NA         |
| <b>Total IT-BPM Sector</b>                | <b>177</b>           | <b>191</b> | <b>100.0</b>         | <b>6.0</b>      | <b>7.9</b> |

Source: based on data extracted from <https://www.ibef.org/download/IT-and-BPM-October-2020.pdf>

**The impact of COVID-19 on the IT-BPM sector, the response, outlook and industry imperatives are given in a NASSCOM CEO Survey on June 20, 2020.** The findings are as follows: Short-term demand reduction was widely indicated by global clients. Full recovery will be long drawn as the nature of impact remains uncertain with 80% expecting some form of recovery in the medium term. The Industry demonstrated ability in transitioning to Work from Home with 80% agreeing to create a more formalized WFH policy. Short-medium term cost on discretionary travel and G&A reduction is expected through restructured contracts and payments though there would be a short-term hiring halt. Profitability tailwinds are expected from rupee depreciation and travel decline. Tech demand is likely to rise, buoyed by the need for cloud, collaborative workplace technologies, mobility, and cybersecurity. Digital deals are likely to increase with 40% companies receiving digital transformation enquiries

from existing and new clients. The Outlook on Tech offshoring is promising with 80% + expecting offshoring to become strategic to global firms' sourcing plans. The industry is getting ready for the new normal by focusing on new revenue pipelines, flexible contractual terms and innovative sales models. However, building differentiated partnerships through collaborative investment, co-creation and partnership is imperative for the industry.

**The Impact of COVID-19 on the performance of the IT-BPM sector as per NASSCOM Industry Review August 2020** which is based on the quarterly results declared by the top listed India-centric IT-BPM companies comprising over 46% of the Industry shows the following:

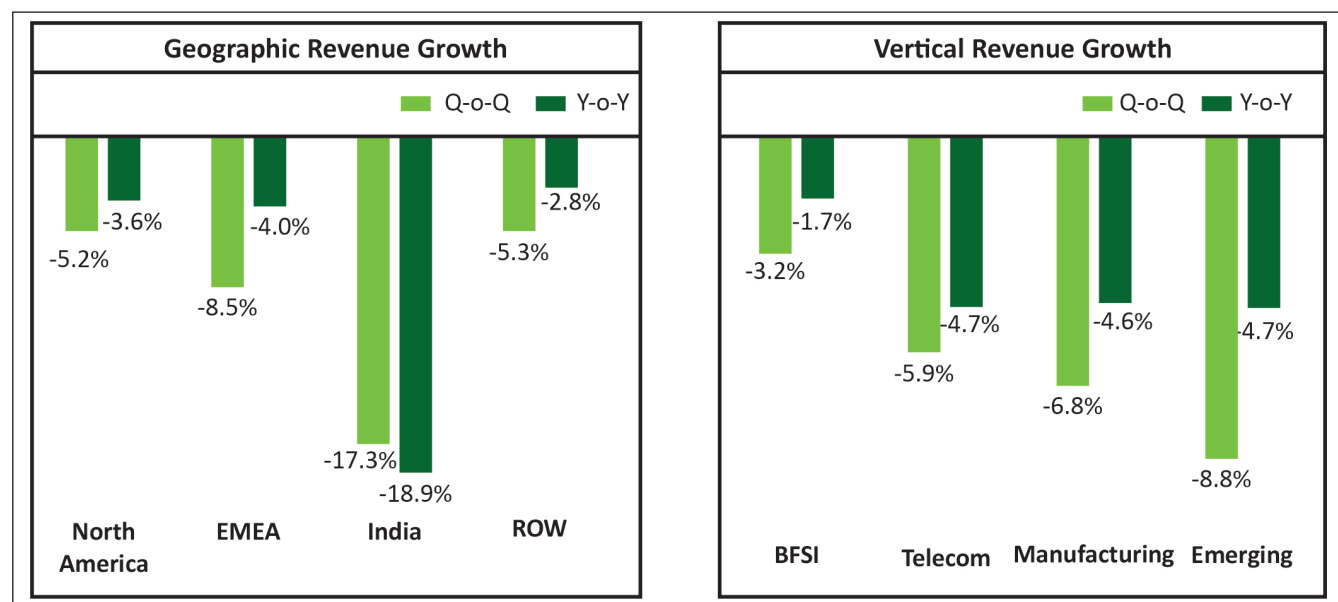
**Global growth expectations have taken a massive hit** and Technology spend growth expectations continued to maintain a downtrend, as the slowdown in the economic activity is expected to hit both the enterprise software market as well as IT services. According to Gartner Inc., global technology spends growth is expected to witness a decline of 6.5% in 2020 over 2019, a slight improvement compared with their previous projections of decline at 7.5%. Global ACV (Annual Contract Value) declined by 12% (QoQ) to US\$ 13.2 billion in Q2 2020 after reaching an all-time high of US\$ 15 billion in Q1 2020.

**In the case of the Indian IT-BPM sector, revenues bottomed out** for most companies in Q2 2020 declining by 6% on a 'QoQ' basis. Net Margins also declined. Digital revenue grew by 1.5% sequentially, resulting in digital accounting for an even larger share in the total revenue at 44.1% during the quarter. The on-site-offshore revenue mix continued to shift to off-shore which registered a slight increase from 63.3% share in Q2 2019 to 64% in Q1 2020 and 64.4% in Q2 2020.

**In Q2 2020 all the geographic markets declined on q-on-q basis** as well as on annual basis, though North America with 62% of Industry share in 2019-20 demonstrated relative resilience, with growth at -5.2% (QoQ basis) and -3.6% (YoY basis). The Indian market declined the highest at -17.3% (QoQ) and -18.9% (YoY).

**Like markets, all the major verticals were down** both sequentially and on an annual basis. The travel and hospitality sector was the worst-hit pulling down the growth of Emerging Verticals to -8.8% (QoQ), and -4.7% (YoY). BSFI (Banking, Financial Services and Insurance) was the most resilient with growth falling only by -3.2% (QoQ) and -1.7% (YoY) (Figure 5.3)

**Figure No. 5.3: Geographic Revenue Growth and Vertical Revenue Growth, (Q2 2020)**



Source : NASSCOM

The share of the revenue from fixed-price contracts reversed the trend in Q2 2020 declining to 59%, after reaching the largest share of 59.6% in Q1 2020.

**Other impacts of COVID-19 on the IT-BPM sector** include the following. Net hiring took a hit with companies continuing to put a hiring freeze. The attrition rate was down significantly from 19.9% in Q1 2020 to 14.7% in Q2 2020 and firms capacity utilization, both excluding and including trainees declining to 82.1% in Q2 2020 (from 83% in Q1 2020) and 77.7% in Q2 2020 (from 78.7% in Q1 2020), respectively. Client metrics was affected with net client addition falling in 2020 Q2 with active client base taking a hit.

**BPM (Business Process Management) revenues took a significant hit** in Q2 2020 with an 8% decline (QoQ), resulting in a decline in net margins and accompanied by a decline in net headcount of employees and Attrition.

**In Q1 and Q2 2020, many Mergers and Acquisitions took place** in the IT-BPM sector including the acquisition of foreign companies by Indian companies, Indian companies by Indian companies and Indian companies by foreign companies. (Table 5.13)

**Table No. 5.13: IT-BPM- Recent Important Mergers and Acquisitions involving Indian Companies (June and August 2020)**

| Acquirer                               | Acquired/Stake                            | Value              | Services/Vertical  |
|--|---|--------------------|--|
| Wipro, India                           | IVIA Servicos de Informatica Ltda, Brazil | US\$ 22.4 million  | IT solutions and project management provider   |
| L&T Technology Services Limited, India | Orchestra Technology, USA                 | US\$ 25 million    | Specialist technology solutions provider in wireless and mobile eco-system           |
| HCL Technologies, India                | Cisco's Network Technology, USA           | Not Disclosed      | Products and services built on Cisco's SON technology                                |
| Wipro, India                           | 4C, Belgium                               | € 68 million       | Provider of Salesforce solutions in various markets                                  |
| Accenture, India                       | Byte Prophecy, India                      | Not Disclosed      | Automated insights and big data analytics  |
| Facebook, USA                          | Jio, India                                | US\$5.7 billion    | For 9.99% stake in Jio Platforms, the parent company of Reliance Jio Infocomm        |
| Big Basket, India                      | DailyNinja, India                         | US\$ 15-20 million | Online milk delivery app   |
| KPMG, India                            | Shivansh Solutions, India                 | Not Disclosed      | SAP consulting and implementation services   |
| Unacademy, India                       | Kreatryx, India                           | Not Disclosed      | Online preparation platform for GATE and the Engineering Services Exam (ESE)(Edtech) |

Source: NASSCOM quoting Press Source, Merger Market

**As per NASSCOM Quarterly Industry review, November 2020**, which is also based on the quarterly results declared by the top-listed India-centric IT-BPM companies which comprise over 46% of the Industry, IT-BPM industry revenue recorded positive growth, increasing 6.0 percent QoQ, the highest sequential growth since Q1 FY17, as demand started to recover.

**All regions registered growth in revenues sequentially**, with EMEA showing some recovery on a Y-on-Y basis.

**A similar trend was witnessed across all verticals which registered a growth sequentially**, with BSFI growing on a Y-on-Y basis as well.

**Fixed price revenue share stabilized and client metrics revived** as demand recovered during the quarter.

**As per the NASSCOM Engineering Pulse Survey 2020, in the case of ERDs (Engineering Research and Development) Services** which has 18-20% share in the IT-BPM industry revenue and 12-13% employees in FY 2020, return to business as usual is expected over next 2 years although with budget cuts of 20%+. Some are prioritizing initiatives for in-house development and many are planning to maintain or ramp up investment plans for GCCs (Global Capabilities Centres).

**As per Future Factor 360 Survey**, COVID-19 has impacted India’s ER&D services. There has been a negative impact due to lockdown on Aerospace, semiconductors, oil and gas, while reduced demand for mobility is likely to have a long-term impact on the automotive sector. Telecom and healthcare are witnessing growth due to increased demand from remote workers and hospitals. Overall business recovery is expected to take atleast around 2 years and more than 50% of the firms expect ER&D budgets to reach pre-Covid levels by the end of 2021. ER&D budgets are likely to recover in 2020 in Medical devices, Enterprise Computing Equipment as firms are maintaining/ enhancing their ER&D operations.

**As per NASSCOM ZINNOV Survey**, Indian ER&D Service Providers took a multi-pronged approach to ensure continuity of services to global enterprises during the crisis like formulating Robust BCP Strategies by setting up Rapid task forces with account-led BCP plans to combat COVID-19; investing in IT Infrastructure and achieving around 95% WFH levels on an average; enabling Agile Project Management; building Contextual Offerings with focus on AI and wearables tech; and “Employee safety-first” led approach with a focus on physical and emotional well-being; etc.

#### 5.4.1.2 Response of India’s IT-BPM sector to COVID-19

The crisis and response of the IT-BPM sector to the Pandemic can be seen in three timelines. (Box 5.3)

#### **Box 5.3: The Crisis and Response of IT-BPM sector**

##### **Stage 1: Global Outbreak** – Jan-Early Feb 2020 and Mid- Feb -Mid March 2020

- Indian Tech Industry players with delivery centres in the Greater China region were the first to experience COVID-19 challenges and lockdown
- Many companies relied on transit points in Greater China region for business travel to clients based in America and the West.
- In stage 1, COVID-19 was a China-centric situation and companies did not anticipate COVID-19 becoming a global pandemic or impacting Indian operations and delivery centres.

##### **Stage 2: Lockdown** – Mid-March to Early April 2020 and Mid April-early May 2020.

- As COVID-19 impact became apparent, the companies swiftly responded by activating their BCP (Business Continuity Planning), prioritizing employee and workplace safety. The companies established communication channels to assist employees and issued travel advisories.
- In Stage 2, as infections rose and first casualties were reported from the West, the business operations in other parts of the World started feeling the heat. Lockdowns in countries such as Italy & Spain triggered an evaluation of the potential business impact on Indian operations.
- With COVID-19 infections spreading across the globe, companies focused on enabling remote working. The sector was able to enable 90% of their employees to work remotely within four weeks of lockdown in India.

##### **Stage 3: Unlock and the Way Forward** – Mid-May 2020 Onwards

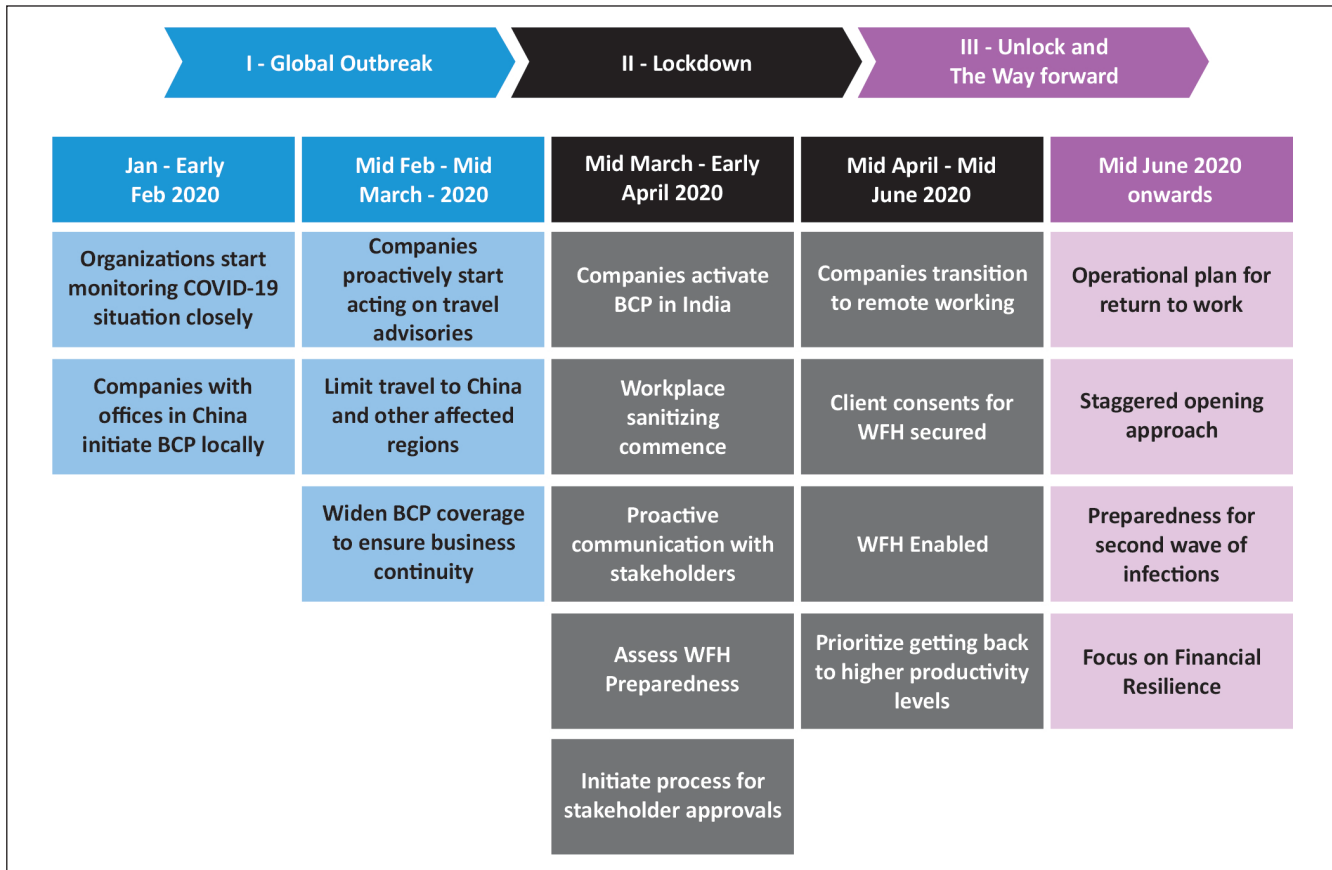
- The companies are now focusing their efforts on strategies for a phased return to the workplace, financial resilience, and rebuilding momentum and demand.
- In Stage 3, to counter the economic implications of COVID-19, companies are striving to minimize costs by making business operations efficient and leveraging technology.
- **The Cost optimization strategies** include the use of Automation technologies to remain cost-competitive in the wake of anticipated reduction in short-term discretionary IT budgets; and hiring freeze for fresh

hires, limiting discretionary spending, G&A Reductions, and other cost-saving measures in order to refine business operations for efficiency. Many companies have already started offering solutions to enable their clients to navigate the COVID-19 crisis and transition to digital ways of working. The companies are also aligning their offerings based on emerging tech spending areas.

- **The Sales growth strategies** include Digital Ways of Working, Business Continuity Solutions with Supply Chain Integrity & Security solutions and Business Optimization using Technology; and digital Transformation like Solutions for Transition to Cloud and New Workplace Technologies. **Clients are willing to relook their digital transformation journey**, specifically in areas that will help build agility, security, and reliability in a remote working setup. These offer growth opportunities for companies in the Indian tech sector. The emergency tech spends areas are High-Speed Secure Infrastructure, Multi-Cloud/ Hybrid Cloud, Virtual Workplace Technologies, High Availability Systems, Platformization of Services and Technology Convergence.

The way the crisis unfolded and the response by India’s IT-BPM sector is given in Chart 1.

**Chart 1: COVID-19 Timelines-How the crisis unfolded**



Source: Based on NASSCOM reports

#### 5.4.1.3 Prospects and Opportunities

**While the impact of COVID-19 varies by companies, the IT industry expects a muted 2020-21**, though strong growth in strategic technology sourcing is expected as part of the global sourcing strategy. Technology offshoring could become a more strategic aspect of overall tech strategy.

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**Rebound opportunities are expected in digital transformation in areas that help build agility, security and reliability.** The emerging tech spends areas are high-speed secure infrastructures, multi-cloud/hybrid cloud, virtual workspace technologies, high availability systems, platformization of services, technology convergence; etc. Data, Artificial Intelligence (AI), the Internet of Things (IoT), and Cyber Security will be very important. **Industries that are globalized and digitally-enabled are best suited to combat COVID-19 while MSMEs may suffer if they cannot adapt to the changing times.**

#### 5.4.1.4 Policies and Measures taken in the wake of the Pandemic

**While the Indian Government was very supportive to the IT-BPM sector, most of the initiatives were taken by the Industry. Some of them are given below.**

##### 1. Early communication helped ease stress and get required permissions before the lockdown started

A critical step taken by IT companies was to start communicating with clients early, as the crisis was still unfolding outside of China. As the pandemic spread in India, IT vendors began client communications for special approvals where the workforce was unable to connect from designated delivery centers. In some instances, where the client was operating in a highly regulated environment, early engagement helped them get necessary regulatory approvals for the remote access of data and systems. Barring a few exceptions, IT vendors were able to make clients understand the situation and convinced them on having employees work from home to deliver services.

In certain instances, IT vendors went over and beyond to help their global clients institute a work-from-home setup, establish quick-fix tech tools to help the clients coordinate across the latter's value chain, trace employees, and ensure outside of contractual work that systems were up and running for these clients.

##### 2. Prioritizing What Is Critical

IT vendors support a variety of IT systems for clients across different industries which includes a mix of mission- and non-mission critical systems. IT vendors worked with their clients and identified the must-have services and focussed on making sure they are not affected.

##### 3. Collaborating with Transparency

Both IT vendors and clients realized that they needed to work together closely during the crisis. Several examples came to the fore:

- In India, a lot of clients that were in the essential services segment were able to get passes arranged for IT vendors' employees to reach their facility to manage their mission-critical systems.
- Collaboration platforms were leveraged to communicate with clients in an open and transparent manner.
- Dedicated portals and teams of experts were created rapidly to be available 24x7 to address client concerns.
- Webinars and consistent communication series were established by many companies to apprise clients, about the evolving crisis, measures taken to resolve challenges, and progress on projects/overall business.

##### 4. Ensuring Quality of Service Commitments Are Understood Well and Met

Although QoS-led delivery contracts – service-level agreements (SLAs) with delivery schedules, qualitative parameters, and customer satisfaction (CSAT) factors – are Business as Usual for the Indian Tech industry, an unprecedented situation like the COVID-19 requires that these are understood well. Industry Associations helped in this context.

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## 5. Prioritizing Data Security, Privacy and Access Controls

After the recent ransomware attack on one of the leading IT service providers in India, clients have taken a cautionary approach and reached out to their partners to ensure data security is maintained. Multifactor authentication, end-to-end encryption, secure communication channels with access controls for virtual meeting rooms, complex passwords, and email monitoring have been some of the key requirements of clients for which service providers have extended support.

## 6. Supporting and Empathizing with Cost Containment Measures for Clients

Even as delivery in changing work-from-home norms was a top priority, the industry also witnessed several instances of contract restructuring and renegotiations. Some observed practices were the following:

- Companies received requests for deferred payments, discounts, and reductions in billing rates, as a way for clients to manage their costs. IT vendors, in most instances, extended strong support to such requests and went the extra mile to demonstrate flexibility by not invoking any contract breach grievances or mandating services purchase by the clients.
- Unused service credits and an onsite/offshore services delivery that may have missed key dates because of travel/local regulations were negotiated and managed.

### 5.4.1.5 Issues and Policy Suggestions

Some issues and policy suggestions are the following:

- **Planning and Preparing for Newer Opportunities**

**Despite the downturn in some of the traditional labour-intensive, less digitized industries, such as manufacturing, retail, travel, hospitality, etc. the IT industry will be impacted minimally because of the heightened demand in verticals that comprised a smaller share of the demand pie,** such as pharmaceuticals and government, and those that were always heavy-weights and have only gotten more critical in this pandemic, such as telecom and BFSI. The new opportunities have to be tapped by Industry, while government strategies have to be attuned to these new developments.

**With cost control becoming the central focus globally, interest in analytics-led focused decision making, investments, and process automation will gain ground.** Clients that had already been on a digital transformation journey and had invested in digital infrastructure or cloud solutions, were more resilient compared with their less digitized counterparts. Software-as-a-service applications are being actively evaluated as a cost-effective solution to large teams and heavy in-house setups.

As companies start realigning their IT budget spends and explore more hybrid cloud deployments, supply chain automation, and process optimization to manage cost-effectively in the current situation, their long-term impact is relatively uncertain and greater study on these implications is needed.

- **Embracing the New Normal**

With the arrival of COVID-19, new practices, such as remote connectivity, working from home, and better leverage of technology for collaboration, have been tested extensively. Some IT vendors have announced an increased adoption of work-from-home setups after the lockdown and a lot of other IT vendors are evaluating moving more employees to a work-from-home model. Enterprises are looking to accelerate their investments in transforming their workspace, workforce, and work culture to ensure business continuity. Many IT vendors are considering replacing existing desktop PCs with laptops for their employees. **These provide opportunities for the Electronics sector of India, while the construction sector needs to adapt to new changes like WFH. Houses with workplace concept, houses in villages with WFH factory and Broadband in all villages are the next steps.**

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IT vendors must look forward to a multitude of growth and value-generation opportunities emerging from the COVID-19 crisis. **How services companies react on both the human and economic level to the immediate threats will determine their future. Those that support clients and communities on both a human and a business level should prosper over the long term.**

- **Impact of Automation on Jobs**

**Lockdown acted as a catalyst for the consideration and testing of Automation Technologies.** Post-covid, automation has been heavily tested and implemented to counter the challenges posed by the lockdown. The adoption by government agencies has been remarkable in areas ranging from lockdown surveillance to drone-based medicine delivery, and e-Pass generation for essential services personnel. There is a strong possibility that at least a few of the automation technologies will be implemented post-Covid.

**A Change of Context for Individual And Personnel Security:** In Post-covid Scenario, due to mounting death rates and infections worldwide, individual and personnel safety has become a key concern in many industries that were traditionally considered safe. As a result, the benefits of automation in ensuring human safety has wider applicability across multiple sectors and industries.

The above developments have to be taken note of while formulating future strategies.

- **Some strategies and policies for the Government and Industry related to exports in the light of COVID-19 developments are the following.**

- **Greater focus on digitisation** and extending it to other export sectors. Thus, interlinkages between sectors will increase. Digitisation and IT should be fully extended to logistics to help exports.
- **Export and fiscal incentives** should focus on new technologies and new developments in the IT-BPM sector. The focus now should shift from increasing IT sector exports to overall exports with the help of IT.
- **As suggested by NASSCOM, there is a need to streamline “Blended” workplace policies** for Online Service Providers, firms in SEZs, STPIs with work equipment regulatory norms.
- **IT hardware should piggyback on software** to make India a composite provider of IT.

## **5.4.2 Shipping Services**

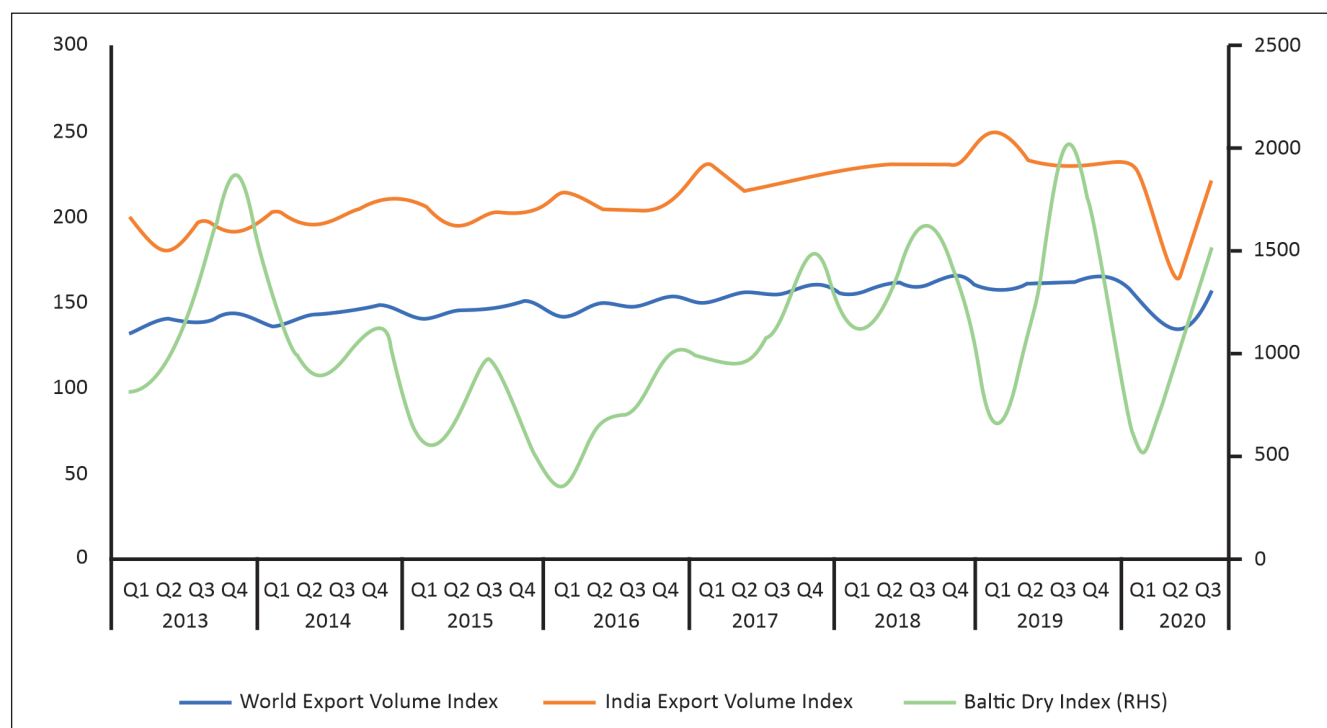
### *5.4.2.1 Impact of Covid-19 On Indian Shipping*

The steep fall in World merchandise trade due to the pandemic and lockdown mirrored the steep fall in the Baltic Dry Index, a freight index for bulk ships which is considered a good proxy for the robustness of trade and shipping services. The index is a composite of three sub-indices: Capsize, which typically transport iron ore or coal cargos of about 150,000 tonnes; Panamax, which usually carry coal or grain cargos of about 60,000 to 70,000 tonnes; and Supramax, with a carrying capacity between 48,000 and 60,000 tonnes. The index fell to a low of 393 in May 2020, which was slightly higher than the low in 2016 of 290 clearly indicating the impact of COVID-19 on both merchandise trade and Shipping services. It later picked up and in September 2020, it remained steady at 1725 which however is below the recent high of 2378 recorded in August 2019.

**A comparison of the movement in World Exports, India’s Exports and Baltic dry index indicates a great degree of correspondence between all the three indices. (Figure 5.4)**



**Figure No. 5.4: Movement of Baltic Dry Freight Index, World Export Index and India's Export Index**



Source: Based on the WTO data for Export volume indices and Investing.com and radingeconomics.com for Baltic Dry index data.

Note: October 2019 to Nov 2020, month-end data was used for Baltic Dry Index. Export Volume Index Base ( 2005 Q1=100)

**As Shipping is an essential service, it did not stop during the pandemic and lockdown. However, transporting seafarers, supplies and IT personnel to ships was very challenging.** There were several seafarers who were stuck abroad awaiting transportation back home, and some others had to continue working on ships for more than 9 to 12 months at one stretch as disembarkation was not permitted at ports and no further transportation was available from the ports to their respective homes. Taking into consideration all the challenges, today the cost of manning ships has gone up by more than 15-20% compared to pre-COVID-19 levels.

**The impact of COVID-19 on India's Merchandise Trade and Shipping services is also reflected in the traffic handled at Major Ports.** (Table 5.14).

**Table 5.14: Cargo Traffic handled at Major Ports of India**

(in '000 Tonnes)

| Name of the Ports          | 2019-20 (Apr-Nov) | 2020-21 (Apr-Nov) (P) | Growth in 2020-21 (Apr-Nov) (%) (Y-o-Y) |
|----------------------------|-------------------|-----------------------|---|
| Kolkata                    | 41413             | 37018                 | -10.6                                   |
| <i>Kolkata Dock System</i> | 11833             | 8879                  | -25.0                                   |
| <i>Haldia Dock System</i>  | 29580             | 28140                 | -4.9                                    |
| Paradip                    | 73253             | 72244                 | -1.4                                    |
| Vizag                      | 47058             | 45234                 | -3.9                                    |
| Kamarajar (Ennore)         | 20562             | 14467                 | -29.6                                   |
| Chennai                    | 32140             | 25800                 | -19.7                                   |
| V.O.Chidambaranar          | 24075             | 21195                 | -12.0                                   |

| Name of the Ports | 2019-20 (Apr-Nov) | 2020-21 (Apr-Nov) (P) | Growth in 2020-21 (Apr-Nov) (%) (Y-o-Y) |
|-------------------|-------------------|-----------------------|---|
| Cochin            | 22112             | 18195                 | -17.7                                   |
| New Mangalore     | 24529             | 22330                 | -9.0                                    |
| Mormugao          | 10384             | 12210                 | 17.6                                    |
| Mumbai            | 40927             | 33278                 | -18.7                                   |
| JNPT              | 45072             | 38365                 | -14.9                                   |
| KPT/DPT           | 82208             | 73860                 | -10.2                                   |
| <b>Total</b>      | <b>463734</b>     | <b>414197</b>         | <b>-10.7</b>                            |

Source: - Port Data Management Portal (PDMP), Ministry of Shipping P-Provisional

The total traffic handled in major ports of India during April-November 2020 fell by 10.7% over the corresponding previous period. Except for the Mormugao port with 17.6% positive growth, the traffic declined in all major ports. Traffic in Mormugao port increased mainly due to the increase in traffic of Iron ore & Pellets (272.5%) and Finished Fertilizers (5.8%).

**Amongst all the segments of the shipping industry in India, the Indian coastal container trade was impacted by COVID-19 the most.** March 2020 was the most difficult month with idling vessels and cargo volumes down 45% as India declared lockdown and factories were also closed. However, movement of food grains like wheat from Gujarat to the rest of India, fertilizers and other essential goods continued during the lockdown and other volumes too picked up from the first week of June. By mid-July 2020, cargo volumes have been picking up and by September 2020 it was business as usual as cargo volumes reached pre-lockdown levels. In fact, there was a spike in volumes in some commodities due to the backlog.

**The Indian EXIM container trade** was also severely affected by COVID-19 as India's import volumes dropped 26%. As a result, several port calls were cancelled, and services were withdrawn or merged. Meanwhile export of certain essential commodities like foodgrains including wheat continued along with other items like steel. This has posed a new problem to the Indian trade - that of shortage of container inventory which is impacting India's exports. Freight rates for export ex-India into Europe and the USA have reached stratospheric levels and despite the same, containers are just not available today to the Indian trade. However, normalcy is expected to return with EXIM volumes also returning to pre COVID-19 levels.

**In the Indian oil tanker business,** January, February and March 2020 saw record imports (compared to 2019). However, several vessels faced long periods of detention thanks to the refineries not being able to take delivery, be it Crude Oil imports or the finished product movements on the coast. Land side tanker capacity remained full, leading to such detention. However, due to the Force Majeure declaration by the Ministry of Shipping, Indian ships awaiting the discharge of cargo did not receive demurrage and detention charges despite the same being due. In contrast, foreign-flag shipping companies refused to accept cargo unless receivers agreed to pay demurrage. However, post-lockdown, the imports fell and was below 2019 imports. This heavily impacted the spot freight rates and earnings. Vessel supply outnumbered import cargo into India.

**Even now, demand continues to be sluggish and earnings are below operating levels for crude tankers.** However, almost all Indian coastal crude products trade is performed on time charter vessels. Therefore, the Indian oil tanker business was relatively unaffected. The loss was to the extent of denial of payment of detention and demurrage due to the Directorate General of Shipping (DGS) notification on Force Majeure declaration. Yet the idle time for almost all vessels has increased significantly at ports (either waiting for discharge due to discharge issues or waiting for loading cargo).

Further, some vessels were released during the lockdown by charterers since there was not enough coastal movement. With the gradual easing of lockdown rules, there has been a steady rise in coastal movement which is a positive sign.

#### 5.4.2.2 Prospects

Going ahead, as and when the COVID-19 fears ease off, an increase in the import of crude into India and increase of coastal product movement is expected.

At the beginning of the early days of the lockdown, dry bulk cargo continued to flow into Indian ports. However, charterers and receivers slowed down on fixtures which began to taper. Now things are back to normal and cargo volumes have begun to move but it is a long way from 2019 volumes.

**The policy of the Government of India to stop the import of coal for the power industry has reduced the import of coal considerably and the Indian dry bulk fleet has sought business elsewhere.**

#### 5.4.2.3 Issues and Policy Suggestions

Some major issues and Policy Suggestions are the following.

##### 1. Need for Strengthening capacity of Indian Ships for India's Trade:

Today 92.2% of India's overseas trade is carried in foreign ships. Indian lines carry only 7.8% with 3.6% loaded cargo and 9.1% unloaded cargo. There is a somewhat respectable share for Indian lines of 15.1% in import of POL/Products and other liquids and 11.7% in export of General Cargo. Leaving this, Indian lines' share is very small in all other categories of cargo (Table 5.15)

**Table 5.15: Share of India's Ships in India's Overseas Trade in 2018-19 (in '000 Tonnes)**

| Type of Cargo                           | Indian Lines   |             | Foreign Lines   |             | Total            |
|---|----------------|-------------|-----------------|-------------|------------------|
|   | Quantity       | % share     | Quantity        | % share     |                  |
| <b>General Cargo</b>                    |                |             |                 |             |                  |
| Loaded                                  | 2228.0         | 11.7        | 16754.6         | 88.3        | 18982.6          |
| Unloaded                                | 725.1          | 4.3         | 16289.3         | 95.7        | 17014.4          |
| <b>Total</b>                            | <b>2953.1</b>  | <b>8.2</b>  | <b>33043.9</b>  | <b>91.8</b> | <b>35996.9</b>   |
| <b>Container</b>                        |                |             |                 |             |                  |
| Loaded                                  | 4171.4         | 4.0         | 101171.2        | 96.0        | 105342.5         |
| Unloaded                                | 3897.4         | 3.6         | 104301.1        | 96.4        | 108198.5         |
| <b>Total</b>                            | <b>8068.7</b>  | <b>3.8</b>  | <b>205472.3</b> | <b>96.2</b> | <b>213541.0</b>  |
| <b>Dry Bulk</b>                         |                |             |                 |             |                  |
| Loaded                                  | 914.6          | 1.8         | 48575.9         | 98.2        | 49490.4          |
| Unloaded                                | 19355.9        | 5.6         | 325509.9        | 94.4        | 344865.7         |
| <b>Total</b>                            | <b>20270.5</b> | <b>5.1</b>  | <b>374085.7</b> | <b>94.9</b> | <b>394356.2</b>  |
| <b>POL/Products &amp; Other Liquids</b> |                |             |                 |             |                  |
| Loaded                                  | 1382.3         | 2.1         | 63379.4         | 97.9        | 64761.7          |
| Unloaded                                | 46979.3        | 15.1        | 263467.0        | 84.9        | 310446.4         |
| <b>Total</b>                            | <b>48361.6</b> | <b>12.9</b> | <b>326846.5</b> | <b>87.1</b> | <b>375208.0</b>  |
| <b>Grand Total</b>                      |                |             |                 |             |                  |
| Loaded                                  | 8696.2         | 3.6         | 229881.0        | 96.4        | 238577.2         |
| Unloaded                                | 70957.7        | 9.1         | 709567.3        | 90.9        | 780525.0         |
| <b>Total</b>                            | <b>79653.9</b> | <b>7.8</b>  | <b>939448.3</b> | <b>92.2</b> | <b>1019102.0</b> |

Source: Ministry of Shipping

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**The lack of a long term vision in having a homegrown Indian container industry has led to Indian trade being greatly dependent on foreign container shipping lines.**

This calls for an urgent strategy to strengthen Indian flag ships under Atma Nirbhar Bharat. Covid-19 has accelerated the need for it. Indian Ships are also ageing with the average age of a ship at 14.4 years, compared to 9 years in Japan, 12.2 years in China and 12 in Singapore. With prices for ships falling in August 2020 (YoY) as per Clarkson Research (2020) by 3.7 % for liner vessels and by 2.5 % for Tankers and Bulk Carriers, this could be an opportune time to strengthen Indian Shipping. The recent announcement in Budget 2021-22 of launching a scheme to promote flagging of merchant ships in India by providing subsidy support to Indian Shipping companies in global tenders floated by Ministries and CPSEs is likely to help in this regard.

**Strengthening Indian Shipping also involves giving them a level playing field.** Today Indian Shipping has to compete with the rest of the World and yet the domestic maritime players are at a disadvantageous position vis-à-vis their direct competitors – the foreign shipping companies due to several legacy/structural issues. The Indian Shipping industry is seeking recognition as a legitimate tax-paying industry in India with an immense strategic dimension that affects its commercial security and the international standing of India among nations. The maritime sector has seen ‘NIL’ investments by way of any plan or budgetary allocation, and the 100% FDI in Shipping has seen no takers too. With the government’s thrust on infrastructure, this is expected to change.

**Today, despite the aversion to contribute to the Indian economy by refusing to flag in India, foreign shipping companies carry 92.6% of India’s EXIM cargo.** If the operating and tax-related issues of Indian shipping are addressed, the forex drain by way of freight paid to foreign ships to the tune of around US\$ 50 billion annually can be limited. The domination of foreign ships is also jeopardizing the commercial security of India by making it vulnerable to freight subjugation which in turn makes India’s exports non-competitive and imports costly. These issues need to be set right so that Indian and foreign ships are on an equal footing in terms of taxes paid and operational obligations while carrying Indian coastal and EXIM cargoes. Primarily there is a need to provide access to competitive long-term funding and also attend to costs related to manpower, bunkers and taxation. The big challenge that the Government of India needs to tackle is making Indian shipping competitive.

**The Indian shipping industry needs attention to become competitive if India is to be a nation that controls its own destiny and supply chains. For this, the following policies are needed.**

- i. **Need for a focused and integrated Maritime Policy for India:** The aim of this policy should be to make Indian shipping competitive vis-à-vis foreign shipping companies operating on the Indian coast and international trades.
- ii. **Setting up a Maritime Development Fund:** Indian shipping faces a dearth of funding options abroad and in India. It needs long-term funds at competitive rates as are available to global players, given that there is a need for large scale acquisitions in the shipping sector. It is considered prudent that the national fleet is at least large enough to carry 50% of national critical cargoes and today the share of Indian ships is less than 10%. Currently, few major Indian banks participate in the funding of shipping assets and the cost of funds averages about 13.5% that has to be repaid in 7 years. Comparatively, the competing foreign shipping companies are able to source funds at about 2-3.5% interest for about 12 to 15 years. The Committee of Secretaries (COS) has approved a Maritime Development Fund (MDF) for funding all maritime-related activities in India. This project needs traction.
- iii. **Reaffirmation of the GoI policy of Imports on the basis of “Free on Board” (FoB policy) and strengthening the policy of Right of First Refusal (RoFR):** This can enhance the participation of Indian shipping companies in the carriage of Indian cargo.

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- iv. **Recent contentious regulations favouring foreign flag vessels:** The Orders Nos. 1 of 2018, 2 of 2018 and 3 of 2018 permit foreign flag vessels to transport EXIM laden containers, agricultural products, horticulture, fisheries, animal husbandry commodities and fertilizers between two or more Indian ports without obtaining a license from the Director General of Shipping. These orders damage the interests of the existing Indian flag industry and without commensurate benefit to the Indian economy. There is a need to examine this for reversal.
- v. **Implementation of Public Procurement:** The revised Department for Promotion of Industry and Internal Trade (DPIIT) Public Procurement (Preference to Make in India) 2017 order of 4th June 2020 states that orders below Rs. 200 crore have to be floated among Indian companies only. This needs to be strictly implemented.

## 2. European Unions' - Emission Trading System.

The Committee on the Environment, Public Health and Food Safety (ENVI) of the European Parliament on 7th July 2020 voted on a set of amendments to the EU's Monitoring, Reporting and Verification (MRV) regulation, which specifies rules for collection of fuel and greenhouse gas emissions data from ships calling at EU ports for inbound voyages (to), outbound voyages (from) and voyages between ports in EU region.

**The proposed amendment has two important points:**

- (a) **40% reduction in the carbon intensity of ships (grams of CO2 emitted per unit of transport work) by 2030 compared to an undefined base year and**
- (b) **the inclusion of Shipping calling at EU ports in the EU Emissions Trading System (ETS).**

ENVI agreed that the European Commission will decide on the baseline and therefore how much of an effort shipping companies will really have to put in meeting the 40% reduction target is not known.

**The second point, however, is the most important and most contentious one i.e. bringing shipping into a regional market-based measure - the EU ETS. Within the EU institutions, there is, unfortunately, a large degree of support for extending the EU-ETS to shipping, consolidated by the European Commission's announcement that the billions of euros to be raised from the sale of carbon allowances to shipping can be used to support the EU's post-COVID-19 recovery.**

As per Regulation (EU), 2015/757 (adopted on 29th April 2015) on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC – **all ships irrespective of the flag of registry are required to report CO2 emissions and certain other transportation work done related to data for vessels larger than 5,000 gross tonnage (GT) calling at any EU and EFTA (Norway and Iceland) port on an annual basis for all voyages to, from and within EU region starting from 1st January 2018.**

As an example, if an oil tanker on a voyage carrying cargo from Jamnagar goes to Livorno (Italy), part discharges cargo there and makes a voyage to Rotterdam to discharge balance cargo and then goes to Houston (USA) in ballast, loads cargo there for discharge in Singapore, in that case, the owner of the ship is required to report to EU the CO2 emission data for the voyage legs Jamnagar – Livorno – Rotterdam – Houston.

Subsequently IMO has adopted Data Collection System vide Resolution MEPC.278(70) with a very similar requirement of reporting of fuel oil consumption data to IMO for all vessels above 5000 GT engaged in international voyages starting from 1st January 2019. This covers about 90% of the total energy consumption by international shipping.

However, EU MRV has not been aligned with IMO DCS (International Maritime Organizations – Fuel Data Collection System) and ships making voyages to EU ports are required to make reporting under both schemes, thereby increasing administrative burden. Total CO2 emissions in 2018 under EU MRV added up to 138 m tonnes, approximately 18.6% of global emission from ships on international trade.

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Thus, the proposed inclusion of international shipping to EU ETS will potentially require the tanker in the above example to buy Emission Allowance from EU ETS for its CO<sub>2</sub> emission for the voyage legs Jamnagar – Livorno – Rotterdam – Houston.

**Emissions from international shipping should not be included in the EU-ETS as these emissions are covered by international law (UNCLOS, Kyoto Protocol, MARPOL, etc.).** It is important that the provisions of the United Nations Convention on Law of the Seas (UNCLOS) are fully considered. The concept of a regional group of States attempting to impose financial requirements on foreign flag ships outside the territorial waters of the States concerned to fund the EU budget is a significant worry. **Such regional actions would have significant consequences for the shipping sector but, importantly, may not lead to an effective reduction of GHG emissions from shipping either at the regional level or globally.** Rather, regional action risks potential high levels of carbon leakage, whereby action by the EU results in absolute carbon emissions increasing outside the EU, in part because whatever the final scope of the scheme is, it will provide opportunities to avoid participation.

Such unilateral regional actions will set wrong precedents for other countries and regions to follow and eventually to a more fragmented regulatory landscape which will also have an impact at the global level.

On a regional level, the EU has included intra-European aviation emissions in its emission trading system since 2013, but it has struggled to include international flights to and from Europe, because of fierce opposition from the U.S., China, India and other countries. Following the decision to create a Carbon Offsetting and Reduction Scheme (CORSIA) under the aegis of the International Civil Aviation Organization, the EU has agreed to extend the exemption of international aviation from its ETS, at least until it can assess the merits of CORSIA (due to come into operation in 2021).

**Including shipping in EU ETS would have enormous consequences for the shipping industry. Around 75% of the world fleet is comprised of bulk carriers, tankers and general cargo ships.** In view of the nature and pattern of these shipping operations, it is very difficult to conceive how this type of shipping can be brought under any emission trading scheme and how the complicated problem of emissions allocation could be addressed and resolved.

Under ETS, the carbon price will be set by the “market” and dictated by it. Hence, ETS permit prices will fluctuate and are therefore unpredictable. There is also the risk of financial speculation by large financial companies leading to revenues being diverted from the intent of benefiting the environment. Because the economic cost is not known in advance, the impact on bulk shipping will be severe, as commercial and financial planning will be undermined. Hence, ETS will not be cost-effective for most companies that are engaged in bulk trades. On the contrary, it will create a heavy and unwarranted administrative burden. The bulk shipping industry has predominantly private small and medium-sized companies engaged in the transportation of homogeneous dry bulk cargoes such as coal, grain, iron ore, cement and wet (bulk) cargoes such as crude oil, oil products and chemicals on a voyage by voyage basis. ETS will create a bureaucratic monster, which will not lead to real reductions of emissions and will be an administrative burden, especially for such smaller shipping companies.

The extra costs related to the EU-ETS system that are to be borne by all international shipping companies are arbitrary and will increase the cost of Indian trade, and will finally have to be borne by the Indian consumer.

### **5.4.3 Tourism Sector**

#### *5.4.3.1 Impact of COVID-19 on Tourism*

**As per the WTO, World Tourism Barometer, international tourist arrivals declined by 70%** in the first eight months of 2020 over the same period of last year, amid global travel restrictions including many borders fully closed to contain the ongoing COVID-19 pandemic. International arrivals plunged 81% in July and 79% in August 2020, traditionally the two busiest months of the year and the peak of the northern hemisphere summer season.

The decline in January-August 2020 represents 700 million fewer international tourist arrivals compared to the same period in 2019 and translates into a loss of US\$ 730 billion in export revenues from international tourism, more than 8 times the loss in 2009 under the impact of the global economic crisis. Data on international tourism expenditure continues to reflect very weak demand for outbound travel, though in several large markets such as the United States, Germany and Italy there is a small uptick in spending in the months of July and August 2020.

**Based on the latest trends, a 75% decrease in international arrivals is estimated for the month of September and a drop of close to 70% for the whole of 2020.** While demand for international travel remains subdued, domestic tourism is strengthening recovery in several large markets such as China and Russia.

**The UNWTO Confidence Index** continues at record lows. Most UNWTO panel experts expect a rebound in international tourism by the third quarter of 2021 and a return to pre-COVID- 2019 levels not before 2023. Travel restrictions are the main barriers weighing on the recovery of international tourism, along with slow virus containment and low consumer confidence.

International Tourist Arrivals (ITAs) declined by 65.5% for World, 60.1% for the USA, 84.1% for China and 53.5% for India. International Tourism Receipts (ITRs) also fell sharply for most of the countries, though the fall for India is relatively less at -8.9%. While the fall in growth of ITAs for India in H1 2020 is comparable with other countries, the fall in growth of ITRs in H1 2020 is relatively lower than in other countries. **This is also an indication that the fall in numbers for India could be mainly due to the fall in low-spending tourists.** (Table 5.16)

**Table 5.16: Tourism Performance: International Comparison 2019 and 2020 H1**

|           | International Tourist Arrivals |                      |           |                 |      |       | International Tourism Receipts (US\$ billion) |                      |           |                 |         |       |
|-----------|--------------------------------|----------------------|-----------|-----------------|------|-------|---|----------------------|-----------|-----------------|---------|-------|
|           | Rank 2019                      | Value (US\$ Million) | Share (%) | Growth Rate (%) |      |       | Rank 2019                                     | Value (US\$ Million) | Share (%) | Growth Rate (%) |         |       |
|           |                                |                      |           | 2019            | 2019 | 2018  |   |                      |           | 2019            | 2020 H1 | 2019  |
| World     |                                | 1460.0               | 100.0     | 5.7             | 3.7  | -65.5 | -   | 1,482                | 100.0     | 8.3             | 1.5     | -     |
| France#   | 1                              | 89.4                 | 6.1       | 2.9             | -    | -     | 3   | 63.8                 | 4.3       | 7.3             | 1.9     | -45.3 |
| Spain     | 2                              | 83.7                 | 5.7       | 1.1             | 1.1  | -71.7 | 2   | 79.7                 | 5.4       | 3.7             | 2.9     | -61.4 |
| USA       | 3                              | 79.3                 | 5.4       | 3.3             | -0.6 | -60.1 | 1   | 214.1                | 14.4      | 1.9             | -0.3    | -46.3 |
| China     | 4                              | 65.7                 | 4.5       | 3.6             | 4.5  | -84.1 | 11  | 35.8                 | 2.4       | 2.5             | -7.3    | -78.9 |
| Turkey    | 6                              | 51.2                 | 3.5       | 21.7            | 11.9 | -75.0 | 13  | 29.8                 | 2.0       | 12.2            | 18.3    | -55.0 |
| Thailand  | 8                              | 39.8                 | 2.7       | 7.3             | 4.2  | -66.2 | 4   | 60.5                 | 4.1       | 2.5             | 3.2     | -67.6 |
| Malaysia  | 14                             | 26.1                 | 1.8       |                 | 1.0  | -68.2 | 23  | 19.8                 | 1.3       | 0.3             | 3.7     | -69.9 |
| Russia#   | 16                             | 24.4                 | 1.7       | 0.7             | -0.5 | -14.8 | 34  | 11                   | 0.7       | 29.6            | -5.4    | -48.2 |
| India     | 23                             | 17.9                 | 1.2       | 12.1            | 2.8  | -53.5 | 12  | 30                   | 2.0       | 9.6             | 10.8    | -8.9  |
| Vietnam   | 22                             | 18.0                 | 1.2       | 19.9            | 16.2 | -55.8 | 32  | 11.8                 | 0.8       | 13.4            | 17.4    | -59.3 |
| Singapore | 30                             | 15.1                 | 1.0       | 5.5             | 3.0  | -71.4 | 22  | 20.1                 | 1.4       | 0.3             | -0.7    | -60.9 |

Source: Based on UN World Tourism Organization (UNWTO) World Tourism Barometer, October 2020 Edition.

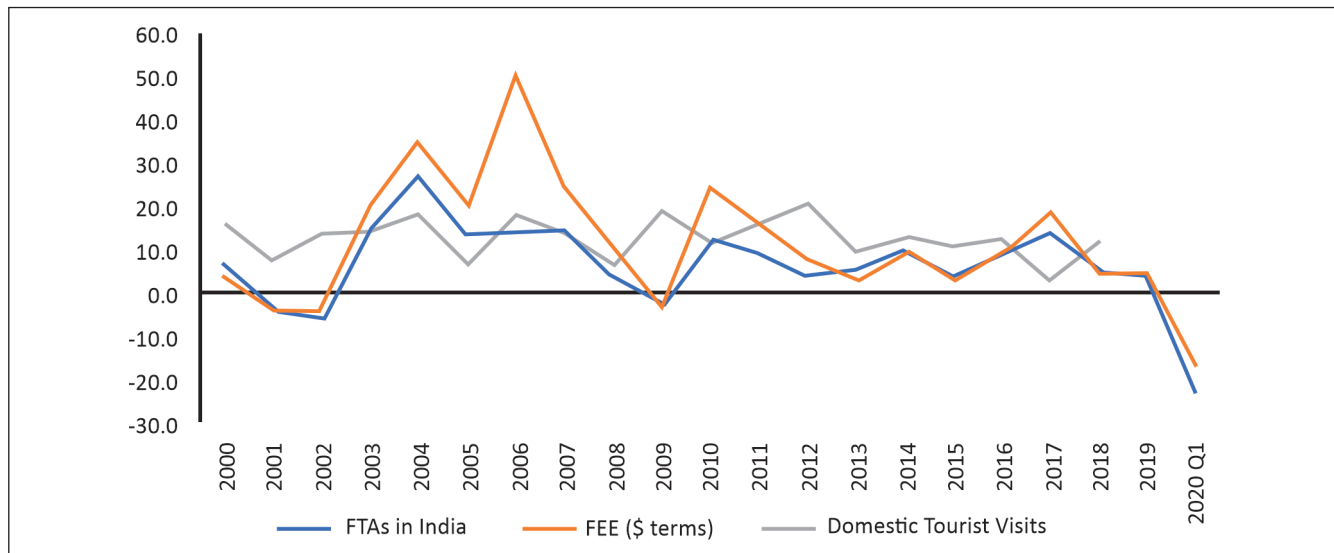
Note: \* Simple average of Q1 and Q2 growth was used to derive H1 data. # indicates if data are not available, the latest available data were used.

**Data from IATA shows that international air demand declined 70%** in January-August 2020, in line with the decline in international tourist arrivals during the same period. International passenger demand measured in revenue passenger kilometers (RPKs) fell close to 90% year-on-year (YoY) in August 2020. **Data from STR Global Ltd. indicates some slight improvement** in July and August in the hotel industry occupancy, although performance

across world regions remain at low levels compared to 2019. **Data from ForwardKeys** indicates a 97% year-on-year drop in international air bookings made between 6 January and 11 October 2020 for travel in any period of the year.

**In 2019, Indian inbound tourism recorded 17.9 mn international travellers.** Out of these, 6.8 mn plus were Indians visiting their friends and relatives and 10.9 mn + were foreign tourists. These accounted for \$ 30 bn in International Tourism receipts. Foreign Tourist Arrivals (FTAs) and Foreign Exchange Earnings (FEEs) fell in 2020 H1. (Figure 5.5)

**Figure No. 5.5: Growth of FTAs, FEEs and Domestic Tourist Visits in India**



Source: Based on data from Ministry of Tourism Press releases.

Note: Since April 2020 data on FEEs and FTAs are not released to the public.

**In the pre-COVID period, India had a global share of 1.2% in international travel.** Though this is not commensurate with the size and scope of what India can offer, COVID-19 has given a big blow to Tourism. Currently, all key source markets such as North America and West Europe and major tourist destination cities of India with major airports like Delhi, Mumbai and Bangalore are still in the grip of Covid-19 and a normal start to inbound tourism is not seen till October 2021 and that too is conditional upon the vaccine being successfully deployed.

**As per a NASSCOM-ZINNOV Survey,** the pandemic has impacted the Travel & Hospitality Sector the most, with airlines and hotels incurring massive losses owing to sudden demand vaporization. With most of the airlines grounded globally, travel tech vendors also recorded huge financial losses.

**The Systemic Risk Survey carried out by the RBI** which has been presented in its Financial Stability Report, July 2020 has identified five sectors that are most affected by the COVID-19 pandemic. Within these five sectors, the tourism & hospitality sector is the one which is most affected where 90% of the respondents foresee a bleak business scenario for at least the next six months.

Almost all segments of the tourism industry (inbound, domestic or outbound) will remain highly stressed whether they are travel agents, hotels, tour operators, restaurants, tourist transporters and any other tourism businesses. There will be low cash inflows for most of the tourism businesses but the pressure on cash outflows will remain throughout the FY 2020-21. The majority of travel intermediaries are micro & small enterprises and with their cash flows blocked, they are undergoing an unprecedented crisis of existence and confidence from both customers and employees.



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#### 5.4.3.2 Policy Measures taken by different countries

Internationally countries are stepping in to support the Tourism, Travel & Hospitality sector. In the UK, the Government has reduced VAT on restaurants by 75% to encourage dining and is also subsidising 50% of the food bill. In Japan, financial support is being extended to the sector for their lost income during the lockdown. Even in the EU, under the SURE program, tourism enterprises have access to funding to save jobs through a corpus and also give access to vouchers to consumers to support their preferred tourism service providers. In Singapore, the government has supported the Tourism industry with funding for rent, taxes and salaries. China has followed a policy of “Revenge Tourism” by encouraging domestic tourism in a big way to make good the loss in International Tourism. **India also needs to think on these lines.**

#### 5.4.3.3 Issues and Policy Suggestions

**A structured fiscal & monetary support to the tourism, travel & hospitality industry** is needed in India on the following lines.

- **Tourism Covid-19 fund:** As suggested by the Tourism industry, a Tourism COVID-19 fund that enables tourism businesses to support their employees and their operating costs can be considered.
- **Low-Cost Funds:** Prioritised access to very low-cost funds for tourism which are much closer to the repo rate could be made available. Additionally, considering the scenario of negligible cash flows for the tourism industry, waiver of statutory payment obligations for 2020-21 can also be considered. Relief through multi-year moratorium for both principal & interest of loans can be considered for this sector. The RoDTEP scheme which will refund indirect taxes may not benefit this sector much as imported inputs are relatively less compared to many merchandise sector products.
- **Cash refunds:** A robust policy mechanism to ensure cash refunds to travel agents & tour operators from both domestic and foreign airlines, Railways and State national parks could be considered.

#### **Other Supportive measures are the following**

- **Air connectivity:** This needs to be expanded to Asia, the Middle East & Africa, in addition to the ones for the USA & to Europe. While this move will encourage tourism & trade, it needs to be accompanied by travel-friendly standardised quarantine policies across the country which ensures passengers are pre-tested at the point of embarkation as per WHO guidelines and only the ones with positive symptoms are quarantined and not all the incoming travellers. A new normal has appeared with air travel bubbles on a reciprocal basis established to 13 countries including the USA, the UK, France, Germany, Canada, the Maldives, UAE, Qatar, Bahrain, Nigeria, Iraq, Afghanistan and Japan. Air travel bubbles are different from repatriation or evacuation flights under ‘Vande Bharat Mission’ which are only one way. However scheduled air cargo flights can be operated by foreigners to and from six Indian cities – Delhi, Mumbai, Kolkata, Chennai, Bengaluru and Hyderabad.
- **Effective Communication and Marketing:** To fast track revival of tourism interest, there is a need to elegantly communicate the positivity & safety of Indian tourism while weaving these messages around different product segments, destinations and incredible concepts of Indian tourism. These could be designed as multiple series of 30 second social media ads each with different versions of voice in international languages of major markets and also some vernacular languages to help stimulate both domestic & international tourism traffic as soon as external conditions permit.
- **Removing Market Restrictions:** The issue of barriers in the Tourism Sector like Travel restrictions in India and also major markets need to be addressed. This along with addressing the slow virus containment and low consumer demand can help the Tourism sector.

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These actions could help in preventing further erosion of the tourism business, and job losses, caused by this once in a century crisis that has threatened the very existence of generations of tourism business in India.

#### **5.4.4 Telecom and Digital Communications (Broadband) Sector**

Here we have two areas. The first is Telecom and the second is Digital Communications (Broadband). In fact, Telecom and Broadband are interconnected. While both are examined here, the focus is on Digital communications where there are greater export opportunities.

##### *5.4.4.1 Impact of COVID-19*

**COVID-19 has cast a shadow on the Global and Indian economy and has demonstrated the importance of digital readiness.** As countries go through a prolonged phase of lockdown, people are virtually connected and are working from home, with the digital infrastructure provided by Telecom Service Providers (TSPs) being the only link. The digital infrastructure is today supporting online education, mobile banking, telemedicine, essential e-commerce and entertainment. The telecom industry has thus emerged as the invisible force behind keeping the citizens connected. The sharp rise in the use of digital tools, including video-conferencing, cloud computing, and electronic payments puts the telecommunications sector in the focus in facilitating this “new normal”.

**The pandemic also led to some positive developments.** In India, the wireless data traffic which was around 6,900 PB (Petabyte) per month, before the COVID-19 outbreak, increased to around 8,280 PB per month in the initial weeks under COVID-19, mainly due to the surge in Video Traffic. This is an increase of almost 20%. The data consumption per subscriber per month increased to 12.4 GB in April & May 2020 from 10.3 GB per month in previous months.

**Certain key things pending also came to the fore** which otherwise would have been stuck in the rigmarole of administrative procedures. One such thing is the work related to Digital Communications Networks where a lot of work continued during the pandemic thanks to the large connectivity available. **The pandemic also showed the paucity of connectivity in rural areas and galvanized the government to work in this direction.**

**Work continued unabated on online Virtual Platforms allowing Voice and Video Bridges to connect not only Business and Industry but also academia and government. Online retail services and online payments became extremely useful** for avoiding dangerous contact and congestion of shoppers at malls and markets. People were forced to work from home and the ecosystem for those fortunate enough to be able to work and connect digitally, adapted quickly with many Virtual Platforms for Video Conferencing and Webinars announcing that their services were going to be free during the lockdown. **Established players such as Zoom, Webex and Teams grew exponentially in use and hitherto unknown other virtual meeting platforms became widely used.**

**Data usage grew with the use of video conferencing which puts a heavy load on the data networks.** The Digital Communications networks which have in the past two years introduced 4G/LTE connections coped magnificently in the initial phase of the lockdown, but just as the Voice connectivity has been coming under pressure with the paucity of the spectrum, data connectivity is starting to come under pressure with more and more people connecting to the net with Video Conferencing seen literally on every platform.

**However, like other verticals, the telecom vertical also struggled during the pandemic and lockdown with reduction or non-existent inventory of components with flights/shipping at a standstill and both handset and network equipment manufacturers impacted due to global disruption in supply chains.** Some relaxation to telecom-related activities was given for movement of workers in this field but it was still very restricted.

**While the profit linked incentive scheme offered by the Ministry of Electronics and Information Technology had galvanized the handset market, with the pandemic related lockdown, the International Data Corporation**

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**(IDC) revised its outlook for the Indian smartphone market downwards.** Counterpoint Research which also did the same, estimated sales to decline by 13-15 per cent due to Covid-19, making it the first year of decline ever. IDC has revised its estimates for the smartphone market in India to 130 million handsets from earlier 140 million. Counterpoint Research also adjusted its outlook pegging the industry at 137 million from the earlier outlook of 142 million. In the case of feature phones, the decline in sales is estimated to be a steep 42 per cent from 130 million handsets sold last year to around 75 million with the income of this set of consumers badly hit, as per IDC. Further, it added that the sub-Rs 10,000 segment will take a hit, while Rs 10,000-25,000 segment may still sell but will not be able to make up for the lost ground.

#### 5.4.4.2 Measures taken in the Wake of COVID-19

##### **TSPs took the following measures to meet the surge in data traffic:**

- Several steps to ensure uninterrupted seamless quality services to the subscribers and meet the surge in demand.
- The Networks are being closely monitored and are maintaining uptime of 99.99% on network operation. Also, quick decision making is being ensured.
- TSPs worked with video streaming platforms and platform players have reduced the video from High Definition (HD) to Standard Definition (SD). This augmented the network capacity by 20%.
- An upsurge in demand for more bandwidth is being monitored and met at present by a robust back-up and redundancy feature inbuilt in the operators' network systems as part of the SoP. However, lack of backhaul continues to be a challenge.

##### **The Indian Government also took the following measures in the wake of the Pandemic.**

- **The Indian Government announced an award for Indian entrepreneurs to develop a domestic Video Conference platform** and this has had a resounding success story. The Ministry of Electronics and Information Technology (MeitY) has recently launched the "Innovation Challenge for Video Conferencing Solution", wherein Indian teams have been invited to develop video conferencing platforms to meet domestic needs in the light of the lockdown. NITI Aayog has also come out with initiatives in the education sector like Atal Tinkering Labs and ARISE to stimulate school level and Startup/MSME innovation.
- **The pandemic saw a huge reverse migration of the unskilled labourers returning to their villages bereft of opportunity but a home to live in. This was a clear case of learning in times of crisis and the government took a decision to digitally connect 600,000 Villages in 1000 days as per the announcement of August 15, 2020, by the Prime Minister.** The concept of Digital India has been pushing the Bharat Net project to fiberize the rural areas. Since this would take considerable time, on 16th May 2020 the Finance Minister announced liberalization of the space sector by allowing private sector participation. Hughes India has been roped in by Bharat Broadband Nigam Limited (BBNL) and Telecommunications Consultants India Limited (TCIL) to connect around 5,000 remote villages that lack proper connectivity through fiber or cable, with satellite broadband to provide high-speed internet services. Hughes India will connect the remote villages with high-speed internet connectivity through ISRO's GSAT-19 and GSAT-11 satellites with the Hughes JUPITER system. The project is likely to be wrapped up by March 2021 and is part of the vision to connect 2.5 lakh villages with high-speed broadband by August 2021.

#### 5.4.4.3 Issues and Policy Suggestions

- **The Government needs to use the passion and focus that was seen during the lockdown following the Pandemic to act equally expeditiously to ensure implementation of the National Digital Communications Policy 2018** which has been proclaimed globally as one of the most robust and futuristic telecom policies

and for the first time has been created with the collaboration of the Regulator. It needs to be implemented in its entirety for Digital Communications and thereby Digital India to develop completely.

**Going forward, the immediate goal would be to strengthen the telecom infrastructure further** to help people working from home and especially help children undertake online courses, as most schools and institutions of higher education have begun teaching online. Also, the use of telemedicine is critical, to ensure that people, who have past ailments can continue to get medical advice, without visiting the hospitals and clinics. Maintaining robust connectivity for medical services is a priority, to help the warriors on the front, fighting the virus. A virtually omnipresent network has been keeping people in touch during the Pandemic, but it has suffered with the additional load. Much needs to be done to create a robust Digital India by way of easing pressure on the Telecom Service Providers.

**However, to create such infrastructure, huge investments are required by the TSPs.** For the TSPs to generate capital expenditure it either needs to generate sufficient profits which can be ploughed back to the business or it needs to be attractive enough to attract funds be it in form of equity or debt. Hence, it is vital to ensure that the telecom industry remains financially strong.

The issues and policies in the context can be divided into those related to (1) Domestic manufacturing and (2) Exports. However, there will be considerable overlapping.

#### *5.4.4.3.1 Issues and Policies related to Domestic Manufacturing*

##### **1. Financing the Telecom Sector**

While the Telecom sector has already been given infrastructure status to help investments in this sector, the sector could be financed by the formation of a Telecom Finance Corporation or Infrastructure Bank and allowing Tax-Free bonds. These could help in getting low-cost funding for telecom companies. The telecom industry could also be made eligible for access to long term low-cost debt for infrastructure projects to be provided by Infrastructure Debt Funds (IDFs).

Liquidity of the sector can be improved by allowing refund/adjustment of the accumulated GST input credit which is currently over Rs. 35,000 crores or at least allowing the GST input credit to be used as collateral against loans from banks/financial institutions.

##### **2. Rationalisation of statutory levies & taxes viz. LF, SUC, GST, Input Tax Credits, etc.**

**Indian telecom operators, who offer the cheapest mobile data services in the world, pay more for airwaves than any of their global counterparts.** In August 2019, TRAI had set a base price of around \$70 million per Megahertz (MHz) for the 3,300-3,600MHz band, expected to be the primary band for 5G services compared to Australia and South Korea where 5G spectrum was auctioned at \$5 million and \$18 million per MHz, respectively. There is also the 18% goods and services tax (GST) besides payment of 3-5% of the adjusted gross revenue as spectrum usage charges and 8% as licence fee to the government.

**As per industry sources, for every ₹100 telcos receive from customers, ₹30 go straight to the government's kitty.** If one were to include the high interest costs associated with the deferred spectrum liabilities owed to the government, the amount of revenues shared with the government would be of a higher order. The above facts highlight the need for rationalization of levies and taxes in the Telecom sector to help both voice and digital communications.

##### **3. Optimum Spectrum pricing**

**The sale of spectrum results in direct upfront revenue generation as well as the indirect long-term socio-economic gains.** Through auctions held since 2010, the Government has been able to

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sell spectrum worth Rs. 3.3 lakh crores (US\$ 47.2 billion). Over and above the sale of spectrum, the Government also gains through license fees, spectrum usage charge (SUC) and service tax (GST). The Government has gained over Rs. 1.2 lakh crores (US\$ 17.7 billion), Rs. 0.5 lakh crores (US\$ 7.7 billion) and Rs. 2.0 lakh crores (US\$ 29.1 billion) through the license fee, SUC and service tax respectively over the same period (since 2010). There are many indirect benefits that flow from the use of radio spectrum by communications service providers including socio-economic gains.

India stands poised to benefit enormously from harnessing the opportunities offered by Digital Communications by unlocking productivity, reaching unserved and underserved markets and catalyzing economic growth and development of the country. **After the incidence of COVID-19, the significance of digital experience has multiplied manifold and spectrum being a crucial resource for connectivity, spectrum allocation to the sector will presume paramount importance.**

**While all forms of unused spectrum (wireless access, wireless backhaul and licence-exempt bands such as for Wi-Fi) must be put to use for the benefit of this industry and consumers, reforms are needed to unlock the true potential of the wireless access spectrum. The greatest value of the radio spectrum lies in its usage. Idle or unused spectrum benefits no one.**

**As we move towards the rollout of the first 5G networks in the country, the need for such reforms is all the more important since this would be the first generation of mobile communications technology that transcends communications use cases.** For the first time, a generation of mobile communications technology (5G) is expected to have a significant and profound impact on the modernization of virtually every sector of the economy.

**However, the price of spectrum is a bone of contention between the Government and Industry.** The last auction saw the telcos give the valuable 700MHz spectrum required for 4G implementation, a complete miss. Operators have already averred that they would not be participating in the upcoming spectrum auctions with the high auction rates. So optimal price for the spectrum is important as no sale also means a huge loss to the exchequer. The country is woefully under par on spectrum requirement per user. The development of smart phones, video streaming and video conferencing, for example, are putting a huge load on a mobile-centric data market. Spectrum should be priced optimally to ensure that all spectrum put on sale is bought. That would prove the success of the auction and benefit the consumer in the long run.

#### **4. Liberalisation and growth of SatCom:**

**Further liberalisation of the SatCom sector is needed for remote areas to be speedily connected. Currently, about 20-25% of our mobile towers are connected by fibre.** This is again woefully below global standards and a huge bottleneck for the implementation of 4G and 5G speeds. It is a waste of money and time investing millions in telecom equipment if the infrastructure does not support the technology. **One way to beat the lack of fibre is to allow backhaul through satellite connectivity which could happen by completely liberalising the SatCom sector.** An announcement has been made to this effect earlier this year but the policy is still to be put in place and needs to be completely transparent.

#### **5. Enhancement of Scope of IP1 Registration to include sharing of Active & Passive Infrastructure.**

**Fiberisation is a key requirement of 4G and 5G.** The Infrastructure Providers or IP1s are limited to setting up only passive infrastructure as their license prevents them from handling the active infrastructure. The telecom policy has advised incorporation of active infrastructure into the IP1's purview as it would leave the Service Providers free to concentrate on their core strength, viz., services. TRAI has given its recommendations to DoT after consultation with the public in March 2020 and a decision needs to be made to step up the productivity of the IP1s.

## 6. Ease of Doing Telecom Business

India seriously needs to work on its Ease of Doing Business (EODB). However much we may be rising in global ratings of EODB, we are still losing to Vietnam in the race to attract those companies leaving China. On the ground, not much has improved in EODB. The changes in policy need to trickle down to state, district and municipal levels.

## 7. Creating and Manufacturing Strong Digital Communications Network

**For the proliferation of high-capacity broadband and for creating a strong digital communications network infrastructure there is a need for speedy action on the following 4 steps.**

- Rationalisation of RoW (Right of Way) Guidelines to give approvals and settle disputes in a time-bound manner.
- Fiber First Initiative policy of government where telecom fibre cables will be given the status of a public utility.
- The proliferation of Broadband through the promotion of Open Public Wi-Fi Networks.
- Opening up of E & V bands which at present are unlicensed.
- Once the networks are put in order, they need to be upgraded and expanded to meet the ever-growing data requirements and this will give a fresh impetus to the manufacturing sector as well.

## 8. Enhancing the Role of “Make in India” to boost the domestic manufacturing ecosystem

**There are two domains in the Telecom industry - infrastructure and services. The infrastructure domain consists of the telecom equipment, the networks and the handsets.** In view of the continuing & critical need to keep the cost of essential communication services low, there are low or no import duties on telecom equipment. This is one of the reasons for limited capacity in domestic telecom equipment manufacturing.

**In fact, consolidation has taken place in the past decade or so with telecom equipment manufacturers globally consolidating to just Nokia and Ericsson with names like Motorola, Alcatel, Lucent Nortel Siemens disappearing. Similarly, amongst Service Providers in India, the market has consolidated to just Airtel, BSNL, Reliance Jio and Vodafone Idea.** With Next Generation Networks disrupting the way networks were designed, new players like Samsung have appeared, though these are few in number.

While India is relatively strong in telecom Services, it has to make a presence in Telecom equipment manufacturing. The ‘Make in India’ program launched by the Hon’ble PM should be considerably enhanced and strengthened to boost the domestic manufacturing ecosystem. **In view of the consolidation taking place internationally in Telecom Equipment manufacturing, strong domestic players are needed.**

## 9. Support for Start-ups/MSMEs

The lockdown has seen an effort to sustain and maintain network infrastructure but very little to expand it. This has put a lot of manufacturing units under pressure with no orders of any value coming from the Telecom Service Providers. Especially hit are the fledgling domestic telecom start-ups trying to provide homegrown solutions for 4G and 5G.

**The start-ups in the telecom manufacturing vertical are few, numbering 25 to 30 at best. They have received no part of the 20 lakh crore support announced by the Government.** These are companies that have worked hard on patenting solutions that have been hit hard due to the lockdown. Finance is always a problem for these start-ups and their testing was hit harder, as even to get a cable from

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the open market was a problem with all spare parts being unavailable, with the shops for spares closed. We need to nurture these telecom start-ups as our 5G story will be built on the foundation of these very companies. One also has to note that indigenous telecom vendor participation is extremely important from a security point of view as well.

**Some Policy Suggestions to support Start-ups/MSMEs in the Telecom and Broadband sector are the following.**

- **Financial Support:** From the time of setting up of the start-up companies, about 3 to 5 years are invested in Research & Development, and a further period of 3 years for all the work invested in R&D to translate into fiscal success. The COVID-19 pandemic has struck at the worst possible time for these Start-ups/MSMEs since they are currently at the nascent stage of R&D investment with a long way ahead for the companies to go. Immediate financial reliefs are required for Start-ups/MSMEs like Corporate Tax relief and Customs and GST relief for the current financial year. A fund carved out from the Rs. 10,000 Crore Startup India fund can be set up specifically for the telecom Start-ups/MSMEs. These measures can help build a secure 'Digital India' using extensively homegrown technologies and manufactured products with these telecom Start-ups/MSMEs contributing significantly towards the creation of our own Indian Standards, which could be adopted by the World in times to come.
- **Relaxing restrictive conditions of financial schemes:** There are pre-existing reasons that inhibit the growth of the Startups/MSMEs. The financial schemes like the SIDBI Credit Guarantee for Micro & Small Enterprises, Start-Up India Fund, etc. have several restrictive measures in place that reduce the scope of research projects eligible for the funding. The existing conditions laid down by SIDBI such as a minimum of 50 employees, minimum turnover of Rs.10-60 Crore make it impossible for small start-up entities to be eligible for the Assistance Scheme. These need to be relaxed.
- **Relaxing Tender Conditions:** Tenders are invariably tilted towards favouring the big players, inadvertently or otherwise. **In the recent BSNL tender, for expansion of its 4G network, the terms & conditions of the tender preclude participation by start-ups.** Examples that can be cited in this regard include eligibility criteria specifying humungously large requirements of supply, deployment and operational experience and business turnover figures in the immediate past, which no start-up can hope to match. In PSUs like MTNL/BSNL, there is a policy for Preferential Market Access but it doesn't help Start-ups/MSMEs as tenders usually have a high threshold in terms of commercial and experience-based criteria. In a manner akin to the Innovation Challenge, for the development of indigenous video conferencing solution, where the winner of the competition will be awarded a 4-year Government contract, the Government could ease the rules of doing business for Start-ups/MSMEs to enable them to participate in large Govt department/PSE Tenders viz, BSNL PhIX 4G Mobile Equipment Tender to enable competitive bidding. **So relaxation of the Eligibility Criteria in the Tender conditions for inclusion of Start-ups and MSMEs and also PMA criterion on the lines of Preference for Domestically Manufactured Electronic Goods (PMA) Policy to enable 'Make-in-India' products could be introduced into the domestic tenders. Even a small preferential market access for large tenders like the BSNL is likely to help them.**
- **Focus on Startups in Potential areas:** There are many Start-ups/MSMEs working in areas where we can create competitive alternatives to foreign companies for technology and products, like Hardware technologies, Data communication & Networking, Cloud platforms, Data Centre technologies and Cybersecurity technologies. Such Start-ups/MSMEs need special attention.

## 10. Work From Home and Cyber Security

**The WFH concept has changed the dynamics of offices for the future** as quite a few organisations especially in the IT sector have started adopting and adapting the WFH culture for the long term and not just during the pandemic. The construction and realty sector needs to quickly adapt to the situation with large organisations not requiring much office space (See Box 5.4 on WFH).

**Cyber Security** is another issue becoming even more relevant with firewalls stretching to VPNs extended beyond office LANs and WANs with a mix of connections at residences involving copper, fibre, mobile, Wi-Fi all of which have very different security issues and need to be addressed.

### 5.4.4.3.2 Issues and Policy Suggestions related to Exports

#### 1. A strong export-oriented Strategy in the light of shifting Global Supply chains:

All initiatives to strengthen the domestic manufacturing base, made by Indian or global majors/OEMs to start or shift their manufacturing hubs to India should be welcomed. For this, India needs to think beyond the domestic market and in favour of building expertise to capture the global market.

**Going for the larger market as done by China could help in the exploitation of economies of scale and agglomeration and help the industry become globally competitive.** China in the late 90s, while encouraging domestic players to invest in manufacturing, chose to invite Global OEMs for setting up Manufacturing hubs out of China which resulted in increased foreign investments into manufacturing, creation of local jobs, skill development, economies of scale, besides lowering of costs of manufacture, thereby helping the growth of the Chinese economy. **India has already invited global OEMs to invest in setting up global manufacturing hubs, which will further the transformation of the manufacturing ecosystem in India.**

**Due to high complexity in enterprise telecom manufacturing, it is imperative for companies to establish manufacturing at global locations that can cater to as large a market as possible to achieve economies of scale by maximising volumes.** It is worth noting that India's domestic demand for electronic goods was approximately \$64 billion in 2014-15, compared to the World market of \$2 trillion in 2014. Thus, the domestic telecom market is only around 3% of the global market. **Therefore, for enterprise based telecom equipment, keeping an export-based strategy, focus is needed on both domestic and foreign-owned manufacturers to exponentially increase production in the country.**

**There is also a unique value-addition of advanced global telecom manufacturing coming into the country.** The co-location of R&D and high-tech manufacturing leads to a fly-wheel effect, resulting in faster product development and accelerated time-to-market. This builds the eco-system and achieves self-sustainable continuous growth. **It will also increase the capacity and capability build-up and create opportunities for a vibrant component ecosystem helping Indian MSMEs.**

#### 2. Making Exports Viable

**Cost differential in manufacturing in India for Exports.** There is a cost disparity in manufacturing between India and existing global nodes like Malaysia, China and Thailand. The cost differential is around 5%. (Table 5.17)



**Table No. 5.17: Telecom & Manufacturing: Cost disparity in India vs competitors.**

|    | Landed cost element   | India vs. China / Malaysia / Thailand  |
|----|---|--|
| a) | Bill of Material (BoM)  | ↔ India comparable<br>● Global pricing for components  |
| b) | Inbound freight for shipping components into India factory          | ↓ 2.5% unfavorable (Sized as 2.5% of Bill of Material cost)<br>Compared to global/regional benchmarks, India is farther away from component factories and the shipping rates are more expensive due to lower volume flowing into India specific transportation lanes vs. the ones going to “mega factories” in Malaysia, Thailand, Mexico. |
| c) | Transformation cost / Conversion (raw material into finished goods) | ↔ India comparable<br>Indian factories lack scale compared to China factories;<br>Advantageous labor rates in India are offset by the fully burdened cost of facilities & electricity  |
| d) | Outbound freight for shipping out finished goods                    | ↓ 2.5% unfavorable (Sized as 2.5% of Bill of Material cost)<br>Due to low export volumes compared to global benchmarks, the logistics rates are slightly higher. Higher export volume is needed to offset this.  |

Source: BIF May 2016 study

This cost disparity needs to be addressed for India to be an established manufacturing leader in the World.

### 3. Making India the Fibre Manufacturing capital of the world.

Data consumption is expected to grow along with the rapid evolution of technologies, such as 5G. A surge in data traffic propels the growth of Optical Fibre as Fibre is the best & most efficient medium to support exponential data demand growth

India’s capacity to manufacture Optical Fibre/Optical Fibre Cables is more than 2.5 times its domestic demand. There is a huge global demand of 540 Mn F-KM. Even if China is excluded, it is high at 210 MN F-KM. (Table 5.18)

**Table No. 5.18 India’s Optical Fibre Manufacturing Capacity vs Demand**

| Fibre Market                   | FY 18 (Mn F-KM) | FY 19 (Mn F-KM(est.)) |
|--------------------------------|-----------------|-----------------------|
| India’s manufacturing Capacity | 57              | 83                    |
| India’s demand                 | 27              | 30                    |
| Global demand (minus China)    | 190             | 210                   |
| Demand from China              | 320             | 330                   |

Source: BIF

**India can feature in the manufacturing map of the world by promoting quality manufacturing of Optical fibre. In fact, the manufacturing of fibre is a successful case of Make in India.** The optical fiber manufacturers have contributed significantly to design based manufacturing with co-located R&D, 160 plus patents, significant capacity and exports to 100 plus countries. The manufacturers operate with global standards and contribute to the growth of standards. Also, efforts are made to create skilling through homegrown academies. Data-intensive fibre is fundamental to all new technologies and wireless especially with the coming of 5G, IoT, M2M and increased need for high bandwidth of data. It is needed to meet the Government programs, and for FTTH (Fibre to the home). Also, India needs to connect 100% of cell sites with Optical fiber from its present level of a mere 20%. Given the huge local market and the global need for optical fiber, the industry must be given the right platform to scale up.

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India faces serious competition from China, Japan, Korea and the US, amongst others. **A special incentive package with enabling policies supporting and incentivizing fibre manufacturing which could bring economies of scale and huge efficiencies could help in making India the fibre manufacturing capital of the world. This could include the following.**

- **Incentivizing design-based and complex manufacturing of fiber** by ensuring quality preform is created in the country and further strengthening the value addition percentage.
- **Ensuring Foreign Trade policy support** with 10% BCD on fiber to ensure a vibrant ecosystem from India and providing export incentives under existing schemes like the RoDTEP.
- **Ensuring that India's FTAs do not give Tariff concessions to fiber imports,**

Recently, China extended the anti-dumping duties on single-mode optical fibres imported from India for five years, with punitive tariffs ranging between 7.4% and 30.6% depending on the specific Indian manufacturers. This is to check India's exports of OF/OFC and needs to be addressed.

#### **4. Attracting investments in high-end complex manufacturing**

With the global reliance on Chinese manufacturing bases exposed in the light of the global pandemic, many countries are now looking at alternate manufacturing sites to increase their supply chains. India needs to improve its contract enforcement mechanisms, upgrade infrastructure and its competitiveness by focusing on harmonizing trade and FDI policy to attract companies looking to move away from China and seeking other investment destinations. India has the opportunity to emerge as the next global production hub. Incentivising and protecting investments in high-end complex manufacturing, IPR creation, and increasing value addition in fibre manufacturing can enhance India's ability to cater to both the domestic and the world market and thus attract significant investments.

**A combined strategy of manufacturing of optical fiber and its exports coupled with providing Broadband Services through Project Exports could help in both exports and attracting investments.**

#### **5. Other Telecom Manufacturing**

**India is capable of manufacturing many Telecom items and also providing Telecom & broadband services. Recently, Jio Platforms has designed and developed a complete 5G solution from scratch.** Jio's 'Made-in-India' 5G tech will be deployed and launched in a year, once spectrum becomes available. Reliance Industries claims that once it is proven in India, Jio Platforms will be well placed to be an exporter of 5G solutions to other telecom operators globally as a complete managed service.

The recent measures in Budget 2021-22 that could help domestic telecom manufacturing are withdrawing exemptions on parts of chargers and sub-parts of mobiles and moving some parts of mobiles from 'nil' rate to a moderate 2.5%.

Some other potential areas of telecom manufacturing are the following.

##### **a) WiFi and backhaul equipment:**

**There is a need for WiFi and backhaul equipment and almost everything is imported. This is not difficult to manufacture.** One has to actively persuade the leading manufacturers of WiFi and associated equipment to set up shop to manufacture & export. The target as per NDCP18 is to enable the deployment of public Wi-Fi Hotspots to reach 5 million people by 2020 and 10 million by 2022. Similarly, OSS (Operations Support System) and BSS (Business Support System) for Internet / OTT (Over the top network) / WiFi (Wireless Fidelity) usage is imported wholesale, along with equipment. This can be the major focus for the software companies - to start, nurture and deliver solutions that can not only serve India but has great export potential.

b) **Digital Transmission and distribution equipment:**

**This is what uses the optical fiber as the medium but distributes the content as required, from the originating point, through distribution to the final consumer points. GPON (Gigabit Passive Optical Networks) which is a point-to-multipoint access mechanism is a major example of this.** Switches, routers, etc. of varying complexity are being imported in good numbers, and the demand will skyrocket with Bharatnet and other initiatives including 4G and 5G. With the WFH concept becoming the new normal, there is great potential in this area which India can also provide.

c) **Satellite terminals & handhelds:**

**The biggest inflection point for the growth of mobiles came in when the Government decided to de-license the mobile handset. The satellite can become a potential viable option for providing affordable and accessible broadband to many unserved areas in India.** As a consequence, a huge potential market for satellite terminals (VSATs/Satellite handhelds, etc.) exists, very similar to that of a DSL/Cable/FTTH/Wifi modem/equipment. With the right policies which will lead to the creation of demand, local manufacturing of VSAT terminals & handhelds could be taken up in India to cater to this huge potential demand.

**Indian software companies can be leveraged effectively to get into product design, support NW based software, firmware, OS (Operating System) and App software.** Several global companies currently invest substantially in Indian software companies for product design and software development. **Considering the global move towards localization, these investments can no longer be taken for granted. Sustenance of these investments can be encouraged by linking R&D investments to local value addition in the PMA policy.**

**Training and skilling people in the design, management and maintenance of new-age equipment and systems, including CDN, Internet hardware and systems is necessary.** People are needed at all levels- design, manufacturing & testing, network design and implementation and day-to-day management of systems. A skilling plan is needed for this purpose.

d) **Local Manufacturing in Handsets**

**Given the fast-growing mobile handsets and telecom gear market due to the data explosion, as indicated earlier, India needs to focus on telecom equipment manufacturing.** For this, there is a need to examine the existing patent laws and the issues of standards, certification and testing to promote domestic manufacturing. There is also a need for strengthening of the Intellectual Property Rights (IPR) regime. While the era of 2G & 3G is almost over, requirements for 4G are receding. However, in the case of 5G, a lot needs to be done. Besides investments in R&D for 5G, what is also required is reliability and predictability when it comes to the IPR Regime. This will enable India to keep pace with the advent of new technologies viz. 5G, AI, M2M, Cloud, etc. **With the declaration of intent by India to become an early adopter of 5G technology and with the data explosion already happening, it is essential to build investor confidence by strengthening our IPR regime to make it more reliable and predictable.**

**But the problem lies in the fact that some of the equipment are already covered under ITA-1 & under FTAs like Indo-Korea-FTA. This would not be sustainable and will not lead to the commitment of large investment due to the fear of reversal.** Also, such a move is likely to be counter-productive as local value addition is unlikely to increase unless there is a corresponding import duty increase on high-value critical components, which is not possible since they are covered under ITA-1 and FTAs. While India has already taken a step forward in this direction by not becoming a signatory to ITA-2, the one's already covered under ITA-1 will be affected. The way out would be a reclassification of new items under a new HS code which will then not be covered

by ITA1 as done by India while imposing import duties on four telecom products including voice over internet protocol (VoIP) phones and optical transport equipment.

**e) Preparing for 6G**

Indian companies did not participate in the initial R&D phase of the 5G evolution that began all around the world in the early 2010s. In India, the inter-ministerial 5G High-Level Forum was formed only in November 2017. This delay has limited India's role in global 5G's evolution only in the late phases of license-manufacturing of 5G equipment and its installation. **Even then, the Indian submission of 'Low Mobility, Large Cell' (LMLC) has been accepted as a candidate for 5G, considering the fact that greater coverage may be more relevant than high-speed travel.**

**Now, India must activate the exploratory R&D phase on sixth-generation (6G) network technologies immediately to have its strategic autonomy in the emerging era of informationalised economies.** If India kickstarts an early-phase R&D of 6G and auxiliary technologies under the watchful eye of a 6G High-Level Forum as soon as possible, its chances of taking a substantial lead will rise exponentially. This lead will put India at an advantageous market-position when the manufacturing of 6G technologies deployment begins and provide it a tactical advantage of non-dependency in the future.

**Substantive and sustained contributions in standardisation as well as Standard Essential Patents (SEPs), i.e. patents essential to implement a specific industry standard are needed for India to become self-reliant in 6G.**

**BOX 5.4**

**WORK FROM HOME -THE NEW REALITY**

The need for social distancing and the attendant lockdown necessitated by COVID-19 has resulted in a complete change in the way that companies and their employees work, and 'Work From Home' has become the new reality. In spite of the many nay-sayers, the switch over till date has been seamless and practically painless, with the massive support provided by both the Centre and the States in ensuring continuity of services.

Business continuity plans were swiftly put in place by organisations, and in order to maintain operations, the IT and ITES industry allowed its employees to move out of large office buildings, and start operating from their residences. The Government responded by issuing a waiver on the existing policy that covered the OSPs (Other Service Providers) and then amending the waiver all within a month. Rapid support from the Government enabled an entire industry to maintain operations. The government has also recently allowed the BPO industry to adopt "Work from Anywhere" Policies permanently.

The need for social distancing will demand that the Work from Home systems will remain in place for some time to come – maybe even permanently, as the benefits start to accrue. For example, TCS has been reported to be looking at 75% of its people Working From Home post-COVID-19. Many IT companies feel that they need not have more than 25% - 30% of the workforce at their facilities in order to make all the 100% workforce productive. Some Software companies have stated that they can allow upto 70% of their workforce to operate from home, as there has been a marked increase in productivity since the time all employees worked from home.

Gartner recently released results from a March 30 survey of 317 CFOs and business finance leaders that found 74 percent of those surveyed expect at least 5 percent of their workforce who previously worked in company offices will become permanent work-from-home employees after the pandemic ends.

WFH has benefits like saving considerable travel time, decrease in vehicular traffic, relaxation from having to travel long hours in stressful traffic conditions thus reducing work-related stress and enabling Women professionals staying at home to raise a family to rejoin the workforce.

**Issues and Policy Suggestions:** Some issues and suggestions in the context of WFH becoming a new normal are the following.

- **Increasing Data Speeds: We are presently a predominantly Mobile Connected country with (1.2 billion mobile versus 21.5 million wired connections). However, data speeds for this mobile connectivity in India, are well below the international norms.** US data speed tester Ookla has ranked India 109th — almost at the bottom in its list of 124 nations — on overall mobile internet speeds, with an average download speed of 9.12 Mbps, which is way below the 23.54 Mbps global average. These speeds would be inadequate to support the massive WFH needs that are being envisioned and need to be increased substantially.
- **There will be a shift from Mobile Broadband to Fixed Broadband with large traffic emanating from Residential Buildings,** and hence solutions that cater to this shift in traffic patterns and provide high-quality services on a sustainable basis in these areas will become increasingly important in the future.
- **There will be a cut in real estate expenditure spend:** Gartner in an earlier survey on post-COVID Work from Home patterns, found that 20 percent of respondents have deferred on-premises technology spend, and an additional 12 percent said they plan to do so. Another 13 percent of respondents have already cut real estate expenses, while another 9 percent plan to do so in the coming months.
- **The shift in work patterns would necessitate an augmentation of the existing digital infrastructure in a manner hitherto not envisaged.** Now is the time to review the technology solutions before us, for taking ubiquitous and high quality (both in terms of capacity and coverage) broadband connectivity to the new homes.
- **Wireless technologies have the ability to provide near-instant connectivity and capacity though, in the long term, fiberisation is what would be a more desirable solution. In the short term Wifi hotspots, E&V band based solutions, and even Satcom, can provide the instant quick fix** that is so desperately needed in Tier 2 and 3 towns and cities and even suburban areas.
- The following can be considered to facilitate Work From Home.
  - **Wi-Fi hotspots need to be liberalised,** allowing the infrastructure players viz. IP1s, IBS (In Building Satellite) providers to set up hotspots, based on interoperable WANI (WiFi Access Network Interfaces) architecture (fully tested and approved by TRAI), which will enable Broadband connectivity everywhere.
  - **E & V bands** provide the luxury of fibre like bandwidths at a fraction of the cost and time to deploy fibre. The Government could release these bands to enable their speedy rollout.
  - **Satellite communications** is an additional solution that can be put into play almost immediately. It is estimated that approximately 25 TB of satellite capacity is lying unutilized. This capacity lies over Indian skies and simply needs to be tapped to enable rapid Broadband proliferation.
  - **Fibre,** the funnel for future technologies such as 4G and 5G, needs to connect more than 80% of our mobile towers to allow 4G & 5G to work well. Currently, only 20-25 % of the towers are connected by fibre. For sustainable Work From Home, we need fixed broadband (FTTX) at homes as mobile connectivity will never be able to provide capacity and speeds comparable with a fibre connection.

Source: Various sources like NASSCOM, BIF and Internet sites.

## 5.5 Inference

The analysis in this chapter shows the varied experiences of the different merchandise and services export sectors in the context of COVID-19, though some common elements of the impact are present in all sectors. As a result, sector-specific policies suggested also differ to a considerable extent.

## Chapter 6

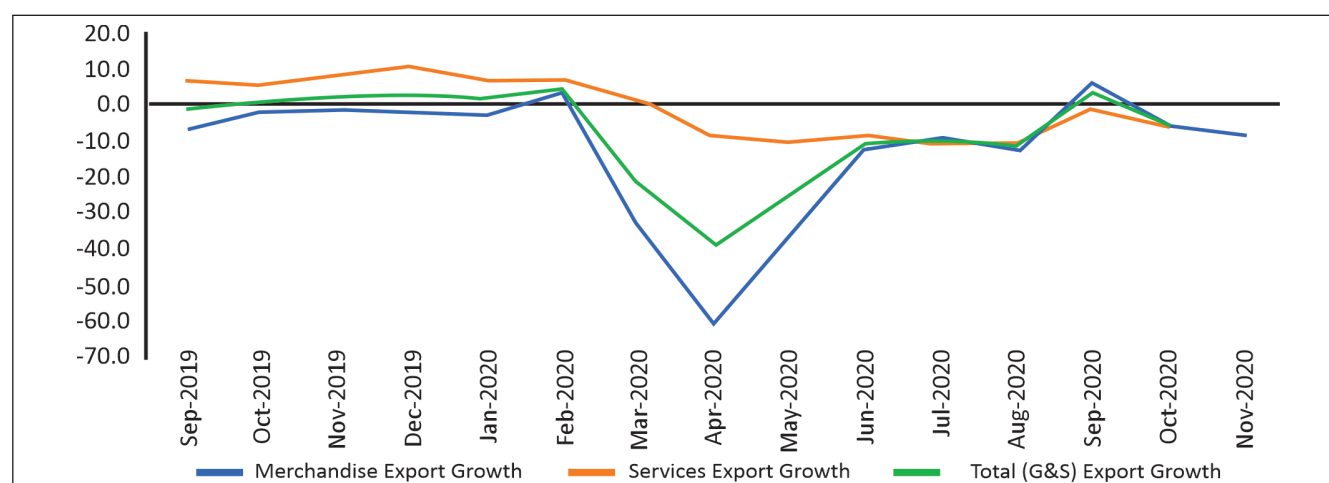
# COVID-19 and India's International Trade: Export Prospects, Opportunities and Trade Strategies/Policy Suggestions

This Chapter examines India's export prospects and opportunities and suggests trade strategies and policies to face the challenges of the COVID-19 pandemic including both the policies for facing the impact of the crisis and stem the losses, and policies & strategies to tap the rising opportunities.

### 6.1 Prospects and likely scenario for India's exports of goods and services

India's total exports of goods and services growth was highly negative during March, April and May 2020 with the highest negative growth in April 2020 of nearly -40% with the lockdown imposed in response to the COVID-19 crisis. However, green shoots have started to appear with total exports (goods & services) growth becoming less and less negative in June and July 2020 and even becoming positive for goods exports at 6.2% in September 2020, though in October and November 2020 it again fell by 5.0% and 8.1% respectively. In December 2020, growth was again marginally positive at 0.14%. Services export growth also became less negative at -1.4% in September 2020 though it slipped back to -6.3% in October 2020 and -5.1% in November 2020. (Figure 6.1)

Figure 6.1: India's Export Growth (Merchandise, Services, Total)



Source: Based on WTO data.

In the merchandise goods sector, quarterly growth figures show that many sectors are slowly moving from the Negative Growth Zone to the Positive Growth Zone. Six items that were in the positive zone in Q3 2020 continued to be in the positive zone in Q4 2020 (October-November). They are Ores and minerals (which has been in positive zone in all 4 quarters, 2020 Q1 to 2020 Q4); Agri and allied products; Articles of stone, cement and glass; Sports goods; Paper and related products; and Chemicals. Textiles and allied products have moved to positive territory along with Optical and medical instruments needed in the fight against coronavirus. (Table 6.1)

**Table 6.1: Merchandise Exports Growth: Sector-wise Movement to Positive and Negative Zones**

|                       | Project Goods (461.2)                   | Ores and Minerals (25.6)                 | Agri & allied Products (28.9)        | Ores and Minerals (36.9)                |
|-----------------------|---|--|--------------------------------------|---|
|                       | Positive Zone                           | Electronic Items (15.2)                  | Base Metals (5.8)                    | Articles of stone, cement, glass (17.2) |
| Ores and Minerals (5) |   |  | Base Metals (13.4)                   | Articles of stone, cement, glass (27.5) |
|                       |   |  | Ores and Minerals (10.3)             | Sports Goods (13.7)                     |
|                       |   |  | Chemicals (8.3)                      | Others (12)                             |
|                       |   |  | Sports Goods (6.9)                   | Paper & related Products (11.7)         |
|                       |   |  | Paper & related Products (4.3)       | Textiles & Allied (8.1)                 |
|                       |   |  | Machinery (2.6)                      | Chemicals (4.8)                         |
|                       |   |  | Plastic & Rubber (2.5)               | Optical & Medical Instruments (1.7)     |
|                       | Q1:2020                                 | Q2:2020                                  | Q3:2020                              | Q4 (Oct-Nov):2020                       |
| Negative Zone         | Articles of stone, cement, glass (-0.5) | Chemicals (-4.9)                         | Textiles & Allied (-1)               | Plantation (-0.4)                       |
|                       | Optical & Medical Instruments (-3.3)    | Agri & allied Products. (-6.8)           | Optical & Medical Instruments (-2.2) | Electronic Items (-4.6)                 |
|                       | Chemicals (-5.5)                        | Plastic & Rubber (-15.9)                 | Plantation (-2.8)                    | Base Metals (-4.9)                      |
|                       | Office Equipment (-5.9)                 | Marine Products (-23.2)                  | Electronic Items (-10.7)             | Transport Equipment (-6)                |
|                       | Petroleum Crude & Products (-7.7)       | Plantation (-24.2)                       | Transport Equipment (-11.4)          | Machinery (-7.2)                        |
|                       | Machinery (-8)                          | Optical & Medical Instruments (-38)      | Leather (-15)                        | Gems & Jewellery (-10.9)                |
|                       | Marine Products (-9.2)                  | Others (-40.1)                           | Office Equipment (-15)               | Marine Products (-12)                   |
|                       | Textiles & Allied (-12.3)               | Articles of stone, cement, glass (-40.8) | Marine Products (-15.9)              | Plastic & Rubber (-13.3)                |
|                       | Agri & allied Products (-13.1)          | Electronic Items (-43.5)                 | Others (-17.8)                       | Leather (-21.1)                         |
|                       | Others (-13.6)                          | Machinery (-44.4)                        | Petroleum Crude & Products (-29.1)   | Office Equipment (-32.8)                |
|                       | Base Metals (-14)                       | Paper & related Products (-47.2)         | Gems & Jewellery (-38.5)             | Petroleum Crude & Products (-56)        |
|                       | Leather (-15.9)                         | Transport Equipment (-47.9)              | Project Goods (-76.4)                | Project Goods (-87.6)                   |
|                       | Paper & related Products (-18)          | Sports Goods (-49)                       |                                      |   |
|                       | Plantation (-18.8)                      | Textiles & Allied (-55.8)                |                                      |   |
|                       | Plastic & Rubber (-22.7)                | Petroleum Crude & Products (-56)         |                                      |   |
|                       | Gems & Jewellery (-24.3)                | Office Equipment (-56.6)                 |                                      |   |
|                       | Sports Goods (-25.2)                    | Leather (-67.5)                          |                                      |   |
|                       | Transport Equipment (-27.5)             | Gems & Jewellery (-71.9)                 |                                      |   |
|                       | Project Goods (-86.2)                   |  |                                      |   |

Source: Based on DGCI&S data.

Note: Growth rates are given in brackets

In the case of the services sector also three important sectors have moved to the positive zone in Q3 2020. Some sectors like Telecommunications, Computer and Information Services and Other Business Services moved to negative growth territory only in Q2 2020 with marginal negative growth, quickly to rebound in Q3 2020. Even Transport moved to positive territory in Q3 2020 after two quarters of negative growth. Charges for the use of intellectual property, n.i.e. is the only service sector that was in positive territory in all the four quarters from Q4 2019 to Q3 2020. (Table 6.2)

**Table 6.2: Services Export Growth- Sector-wise Movement to Positive and Negative Zones**

|               | Other business services (19.1)                                | Charges for the use of intellectual property n.i.e. (52.1)   | Charges for the use of intellectual property n.i.e. (24.9)    | Charges for the use of intellectual property n.i.e. (26.1)   |
|---------------|---|--|---|--|
| Positive Zone | Personal, cultural, and recreational services (16.5)          | Personal, cultural, and recreational services (30.5)         |   | Telecommunications, computer, and information services (7.7) |
|               | Travel (15.9)   | Construction (24.7)  |   | Other business services (6.9)                                |
|               | Transport (13.3)  | Other business services (11.5)                               |   | Transport (4.4)  |
|               | Telecommunications, computer, and information services (12.5) | Telecommunications, computer, and information services (7.7) |   |  |
|               | Charges for the use of intellectual property n.i.e. (1.0%)    |  |   |  |
|               |   | <b>Q4:2019</b>   | <b>Q1:2020</b>  | <b>Q2:2020</b>   |
| Negative Zone | Insurance and pension services (-10.5)                        | Transport (-2.7)   | Telecommunications, computer, and information services (-0.9) | Insurance and pension services (-2.1)                        |
|               | Financial services (-10.6)                                    | Financial services (-7.9)                                    | Other business services (-1.7)                                | Personal, cultural, and recreational services (-3.8)         |
|               | Construction (-15.2)  | Travel (-9.5)  | Insurance and pension services (-3.9)                         | Construction (-13)   |
|               |   | Insurance and pension services (-13.4)                       | Personal, cultural, and recreational services (-6)            | Financial services (-19.1)                                   |
|               |   |  | Transport (-8.9)  | Travel (-73.6)   |
|               |   |  | Construction (-12.6)  |  |
|               |   |  | Financial services (-21.6)                                    |  |
|               |   |  | Travel (-73.4)  |  |

Source: Based on various press releases of RBI's BoP data

Note: Growth rates are given in brackets

**As per the WTO press release dated 6 October 2020, a 9.2% decline in the volume of World merchandise trade for 2020, followed by a 7.2% rise in 2021 is forecasted.** It has mentioned that data suggests a projected decline for the current year that is less severe than the 12.9% drop foreseen under the more optimistic of two scenarios outlined in the WTO's April trade forecast. Strong trade performance in June and July have brought some signs of optimism for overall trade growth in 2020. Trade growth in COVID-19 related products was particularly strong in these months, showing trade's ability to help governments obtain needed supplies. Conversely, the forecast for next year is more pessimistic than the previous estimate of 21.3% growth, leaving merchandise trade well below its pre-pandemic trend in 2020.

**The Economic Survey 2020-2021 has projected a V-shaped recovery in GDP growth of the Indian economy.** There is a similar V-shaped recovery in merchandise exports of India. This is similar to the V-shaped/U-shaped recovery in world trade and trade of some developed countries like the USA and the EU.

**In line with the WTO forecast, India's export performance could be better than expected in 2020-2021.** Exports are expected to rebound, despite some hiccups in 2021, firstly due to the base effect and then actual growth as exports are also slowly limping back to normalcy with the lockdown being removed and not likely to be imposed. Thus, while supply-side constraints are slowly going, demand has to pick up in the case of merchandise exports. As regards services, some services like Tourism are in limbo as limited passenger Air Transport is allowed only in some Air Travel bubbles on a reciprocal basis, though scheduled cargo flights are allowed even for foreign airlines from six Indian cities.



## 6.2 Opportunities in the Context of COVID-19

COVID-19 has also thrown open opportunities for India in the trade front. Some general and some sector-specific.

### 6.2.1 General Opportunities

- a) **The first major opportunity is the possibility of Trade Diversion away from China to India by major countries. There are indications of countries diverting trade from China to other countries including India.** The overdependence of countries on China in key areas of manufacturing was exposed with the total cut off in supply chains following the lockdown in China and later due to transportation bottlenecks. The China +1 policy is a direct result of this as countries realized the follies of a single-sourcing model. This will be a real opportunity for India if it gears up to utilize the new opportunity.

**However, this opportunity may turn out to be a myth for India as often is the case as China has quickly responded to the situation resulting in its exports quickly rebounding** with continuous positive export growth from June 2020 and with export growth at a high of 21.1% (YoY) in November 2020. This rebound has happened also because of its increase in exports to even developed countries as indicated in the export growth of China to the USA, Germany, the UK, the Netherlands and even Singapore during April-July 2020. (Table 6.3 A) It was negative only in the case of its exports to Japan and India. Meanwhile, India's merchandise export growth is negative at -8.5% in November 2020. Services export growth of India has been continuously negative from April 2020, while China's has been positive in some months like July and September 2020. (Table 6.3 B)

**Table 6.3 A: Monthly Merchandise export growth (y-o-y) of India and China to top 10 destinations**

|  | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>India</b>                             |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>India's Total Merchandise Exports</b> | -6.6   | -1.7   | -1.2   | -2.7   | -2.1   | 3.3    | -34.3  | -61.0  | -35.8  | -12.4  | -9.9   | -12.1  | 6.0    | -4.8   | -8.5   |
| 1   U S A                                | -1.6   | 3.1    | 11.4   | 7.3    | -0.5   | 12.2   | -24.6  | -64.2  | -41.8  | -11.4  | -1.1   | -6.0   | 16.9   | 4.9    | 6.9    |
| 2   China                                | -1.7   | 0.3    | -7.6   | -6.2   | 23.2   | -13.7  | -36.7  | -20.8  | 48.3   | 77.9   | 23.5   | 14.9   | 20.7   | 2.1    | -5.0   |
| 3   UAE                                  | 7.9    | -1.8   | 4.2    | -1.8   | -12.7  | 20.0   | -40.5  | -74.4  | -65.1  | -52.9  | -52.9  | -48.0  | -30.3  | -37.1  | -39.2  |
| 4   Hong Kong                            | -12.9  | 0.2    | -25.6  | 0.4    | -21.0  | -62.4  | 7.4    | -87.3  | 3.0    | -32.4  | -17.9  | -5.9   | -34.7  | 6.5    | 27.9   |
| 5   Singapore                            | -26.8  | -44.0  | -50.7  | -47.2  | -7.3   | -18.0  | -70.6  | -21.6  | -52.3  | 34.7   | -38.1  | -13.6  | 4.9    | 36.5   | -0.2   |
| 6   Bangladesh                           | -9.2   | -8.8   | -7.0   | 3.9    | 4.2    | 9.7    | -28.4  | -79.0  | -52.6  | 4.6    | 36.7   | 30.2   | 11.0   | 4.2    | 17.7   |
| 7   Germany                              | -12.2  | -1.3   | -1.5   | -1.0   | 2.9    | -4.7   | -32.5  | -59.6  | -37.9  | -17.9  | -0.1   | 0.5    | 9.1    | 7.2    | 7.7    |
| 8   UK                                   | -12.1  | -12.5  | -13.6  | -12.0  | 30.6   | 10.3   | -40.8  | -76.4  | -56.5  | -33.8  | -13.8  | -7.3   | 21.6   | 13.0   | 1.1    |
| 9   Malayasia                            | -31.4  | -14.6  | 7.3    | -1.9   | 1.6    | 62.6   | -11.0  | -33.1  | 12.4   | 74.6   | 17.7   | -37.2  | 17.9   | -19.1  | -35.4  |
| 10   Netherland                          | 8.8    | 28.5   | -46.1  | -10.5  | 2.3    | -8.3   | -39.9  | -52.3  | -69.9  | -45.1  | -38.5  | -23.9  | 26.4   | -36.6  | 17.4   |
| <b>China</b>                             |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>China's Total Merchandise Exports</b> | -3.7   | -2.0   | -2.7   | 7.8    | NA     | NA     | -6.8   | 3.5    | -3.3   | 0.3    | 7.2    | 9.5    | 9.9    | 11.4   | 21.1   |
| 1   USA                                  | -21.9  | -16.2  | -23.0  | -14.1  | NA     | NA     | -20.7  | 2.2    | -1.2   | 1.4    | 12.6   | NA     | NA     | NA     | NA     |
| 2   Hong Kong                            | -12.3  | -15.5  | -7.2   | 2.0    | NA     | NA     | -12.6  | -0.9   | -12.1  | -11.1  | 6.6    | NA     | NA     | NA     | NA     |
| 3   Japan                                | -4.9   | -7.9   | -7.9   | -3.1   | NA     | NA     | -1.4   | 33.0   | 11.2   | -10.5  | -2.0   | NA     | NA     | NA     | NA     |
| 4   Viet Nam                             | 6.7    | 15.5   | 19.5   | 24.4   | NA     | NA     | 14.3   | 11.0   | -0.6   | 10.6   | 19.5   | NA     | NA     | NA     | NA     |
| 5   South Korea                          | -5.0   | 5.5    | 0.5    | -5.1   | NA     | NA     | 1.4    | 8.4    | -4.0   | -3.9   | 1.2    | NA     | NA     | NA     | NA     |
| 6   Germany                              | -6.6   | -1.6   | -5.0   | 1.9    | NA     | NA     | -12.6  | 20.0   | 28.2   | 12.8   | 14.8   | NA     | NA     | NA     | NA     |
| 7   UK                                   | 7.1    | 2.1    | -8.2   | 12.1   | NA     | NA     | -21.4  | -7.5   | 10.2   | 30.0   | 43.8   | NA     | NA     | NA     | NA     |
| 8   Netherlands                          | 0.1    | 3.9    | -5.8   | 15.5   | NA     | NA     | -6.9   | 15.6   | 15.0   | 6.0    | 15.0   | NA     | NA     | NA     | NA     |
| 9   India                                | -6.9   | -10.1  | -3.8   | 8.0    | NA     | NA     | -2.6   | -40.0  | -51.2  | -27.9  | -21.2  | NA     | NA     | NA     | NA     |
| 10   Singapore                           | 14.6   | 14.0   | 24.0   | 37.4   | NA     | NA     | 5.4    | 20.0   | 18.4   | 4.6    | 24.9   | NA     | NA     | NA     | NA     |

Source: Indian data is based on DGCI&S and Chinese data is based on ITC Trademap and WTO database.

**Table 6.3 B: Monthly Services export growth (y-o-y) of India and China**

|       | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 |
|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| India | 7.1    | 5.3    | 7.9    | 11.6   | 7.0    | 6.9    | 1.2    | -8.9   | -10.2  | -8.4   | -10.8  | -9.9   | -1.4   | -6.3   |
| China | 6.1    | 4.0    | 1.5    | 13.7   | -23.1  | 11.6   | -5.3   | -1.7   | -5.9   | -4.7   | 1.3    | -6.0   | 8.1    | -0.3   |

Source: Based on WTO data

**China followed a very balancing act of not limiting its imports, particularly from major developed countries.**

Its total import growth was positive from September to November 2020. In fact, there was positive import growth of China from ASEAN (11%), the EU (4.5%), the US (32.7%), Taiwan (21.7%), South Korea (5.9%), Japan (7.1%) and Australia (9.2%) in November 2020. China is also quickly trying to cut the wings of India. Some examples are its policy of offering higher prices for containers, affecting Indian exports; and its extension of antidumping duty on single-mode optical fibres imports from India.

- b) The second major opportunity for India is the possibility of greater exports of Pharmaceutical items and the possibility of being the manufacturing base for providing the vaccine to the World.** While India's Pharmaceutical exports withstood the crisis with export growth of above 10% from May 2020 onwards, India which has been very active in finding and manufacturing a vaccine has already approved two COVID-19 vaccines. One is 'Covishield' of Oxford -Astrazeneca manufactured by the Serum Institute of India, Pune which is an Indian Non-Government Company. The second is 'Covaxin' from Bharat Biotech, Hyderabad which is an indigenous COVID-19 vaccine. These two vaccines have been approved for restricted use in emergency situations. India has also started to send the vaccine to other developing countries. Even some developed countries have sent requests to India.

China is also said to have developed its own vaccine from Sinovac and Sinopharm, two companies in China. In the case of China's pharma exports, while there were doubts about purchasing medical equipment and pharmaceutical items from China by the advanced countries, exports of China of these items did not suffer. For example, while the growth of US imports from China of Pharmaceuticals was only 1.1% in 2019, it was positive in all 4 quarters, Q3 and Q4 2019 and Q1 and Q2 2020 with 46.6% growth in 2020 Q2. Thus, despite the Pandemic and acrimony between the US & China, Pharma exports did not suffer. Thus while the belief that China's Pharmaceutical exports will suffer as it is considered as the country of origin of coronavirus has not turned out to be true. India is actually using the opportunity to manufacture the vaccine on a mass-scale and also supply it to other countries.

- c) The third major opportunity for India is in Digitization with WFH becoming a lasting feature and social distancing likely to continue for some more time.** Indian IT industry has shown the way even during difficult times and has not only adapted to the changes quickly but even helped other sectors to adjust to the new normal of greater digitization.
- d) Another major Trade opportunity for India is the possibility of higher trade opportunities from QUAD and other developed countries as there are indications of trade diversion by many trading partners of India from China to India.** For this, strategic trade alliances may be needed. In the merchandise goods sector, the opportunities are in the three 'E's', Electrical, Electronic and Engineering, as is evident from the indications of trade diversion of items under codes 84 and 85.
- e) Investment including Export related Investment** is another possible opportunity with countries shifting lock, stock and barrel their production bases from China. Already in some sectors, such developments are visible as in the case of the interest shown by a Taiwanese footwear company in Footwear, Japanese companies in the marine sector, etc.

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### 6.2.2 Sector-Specific Opportunities

**In the Agri and related sector,** there is greater demand for fresh vegetables, non-basmati rice, wellness food items like spices including turmeric, chilli, organic products and nutraceuticals like millets.

**In the textiles and clothing sector,** there is a huge demand for PPE kits like gowns, respirators, face masks, safety-footwear harnesses, eye protection gear and gloves. India has completely revamped its production of PPE kits. Restrictions on import of Textiles and Clothing from China by the USA on products made from Xinjiang cotton on account of forced labour practices is an opportunity India should use particularly when US-China trade tensions have aggravated due to the COVID-19 or the Wuhan Virus as often mentioned by the USA. India has missed the bus in the textiles sector by not utilizing the opportunities like the phasing out of the Multi-Fibre Agreement. Now COVID-19 has given another opportunity.

**In the case of Engineering goods** where India is a close competitor to China, COVID-19 has provided an opportunity as developed countries are moving away from the single-sourcing model. In the light of COVID-19, engineering goods like medical instruments, pharmaceutical machinery, agricultural machinery, automotive engineering, metals and machinery, electronic parts and components offer considerable opportunities.

**The pharmaceutical sector** is one sector where COVID-19 has opened up many opportunities for India including the supply of vaccines. Producers of Pharmaceuticals of different countries, who hitherto sourced inputs from China are trying to shift their sourcing to other countries. China dominates global supplies of API with a 40% share and India can be a preferred supplier for certain products as per Credit Lyonnais Securities Asia (CLSA). Domestic producers and exporters, dependent on China for sourcing are also trying to source domestically. Thus there are many opportunities in this sector.

**In the case of the electronics Sector,** COVID-19 has resulted in a 'New Normal' with greater use of ICT benefitting the electronics hardware sector. Opportunities are there in telemedicine, WFH devices, networking devices, broadband services, medical electronics, automated products, DIY devices and even defense goods. COVID-19 could be a great opportunity for this sector, which always saw failed opportunities till now, whether it is ITA1 or during the rise of NICs and new NICs in the semiconductor sector.

**In the case of leather and footwear exports,** there are opportunities for attracting investments with foreign companies like a Taiwanese footwear company evincing interest in investing in India.

**In the case of the gems and jewellery sector,** COVID-19 has provided exporters and manufacturers a unique opportunity to digitally transform the sector. India is already one of the largest sourcing partners of the US for gold jewellery products. The recent withdrawal of the preferential treatment to Hongkong by the US can provide a level playing field for India and thus open up further opportunities in the US market.

**In the case of marine products,** opportunities have come to India with investors shifting base from China. For example, Japanese companies like Kiyamura Corporation, a leader in the Tuna market have shown keen interest to bring their whole supply chain to India.

**In the case of the IT-BPM sector,** COVID-19 has opened up opportunities galore in different digital products needed for digital transformation to help build agility, security and reliability. The emerging tech space areas are high-speed infrastructures like multi-cloud/hybrid-cloud, virtual workspace technologies, high availability systems, platformization of services, technology convergence, etc.; Data, AI, IoT, and cybersecurity, etc. Since industries and services which are digitally enabled are best suited to combat COVID-19 impact, the IT-BPM sector has an important role not only to export its services but also provide its services and products domestically to enable both manufacturing and exports of products in different sectors and enabling other services also to face the situation. Despite the downturn in some traditional labour-intensive, less digitized industries such as manufacturing, retail, travel, hospitality, etc., the IT sector will be impacted minimally as demand is increasing

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in areas like Pharmaceuticals and Government and heavy weight sectors for which IT has become more critical like Telecom and Banking, Financial Services and Insurance (BFSI). Even MSMEs which were averse to digital technology are forced to use it due to COVID-19 to stay relevant. The new normal of WFH has led to greater demand for computers and many companies are replacing PCs with laptops. This provides an opportunity to the IT and Electronics sector.

**In the case of shipping services,** COVID-19 has clearly shown that strengthening the Indian shipping sector for India's trade is very important. Lack of a long-term vision in having a homegrown Indian container industry has led to Indian trade being held to ransom at the hands of foreign container shipping lines. This is an area where the 'Atmanirbhar Bharat' policy is very relevant as opportunities are there not only for the export of shipping services but also for domestic shipping and also for saving foreign exchange.

**In the case of tourism, the worst-hit sector by COVID-19,** opportunities could come only when the COVID-19 vaccine is successful and the pandemic situation eases. With lockdown and COVID-19 fears, the desire to travel has been curbed. Once normalcy returns, the pent up demand could come to the open. But even when normalcy returns, social distancing norms, safety, sanitisation, digital transactions, etc. will be more important. Tourism concepts considering these nuances could be successful. Fortunes of the tourism sector are also linked to the fortunes of the aviation sector where the passenger flight services, are allowed now by India only under the 'Air Bubble' arrangements.

**Telecom and broadband sector** has emerged as the invisible force behind keeping the citizens connected during the pandemic. The sharp rise in the use of digital tools, including video-conferencing, cloud-computing and electronic payment puts the telecommunications sector in the focus in facilitating this 'new normal'. Established players such as Zoom, Webex and Teams grew exponentially in use and hitherto unknown other virtual meeting platforms became widely used. Broadbanding is going to be the next sunrise sector. While mobile Broadband served the immediate WFH needs, with growing traffic and reverse migration to villages, fixed broadband becomes important. Thus, there is great scope domestically for broadband infrastructure and services. In the case of exports, India can become the Fibre manufacturing capital of the world. Huge investments can also come with OEMs shifting back from China.

**In the case of some sectors, there are interlinkages between sectors. For example, healthcare services and Pharmaceuticals,** opportunities are plenty but first, the domestic needs have to be met. **Another example is the Hardware-Software-Telecom Combination** coupled with telecom manufacturing and providing Broadband services through project exports.

Thus while COVID-19 has led to disruptions and hardships, new opportunities have also come up which need to be tapped quickly with the right policies and strategies.

### **6.3 General Trade Strategies and Policies for tapping the opportunities and facing the challenges due to COVID-19**

The Strategies and Policies common to all export sectors in both merchandise goods and services exports are the following. While it is difficult to distinguish between policies in the wake of COVID-19 and general policies, most of the policies suggested are needed in the current situation to help the export sector.

#### **6.3.1 Logistics related Issues and Policy suggestions**

The recent announcement in Budget 2021-22 related to greater emphasis on Infrastructure development could help in resolving some logistics related issues. However, there are some issues which need special attention like the following.

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- **Increase in Sea Freight:** The Sea Freights have increased by 30-100% due to COVID-19 in the last few months resulting in Indian Businesses becoming less competitive than those of China. International buyers who were thinking of relocating from China to India may even rethink on this issue. There is a need to resolve this issue at the earliest.
  - **Unrelated Shipping Charges:** Shipping Companies are also charging and recovering various unrelated and unregulated costs that are not relevant to the services provided. Many of these charges are far in excess of those mentioned on their websites and there is no uniformity in such charges. There is a need for regulations to ensure that all such charges to be levied and recovered at the destination port should be mentioned on the B/L as done by Sri Lanka & Bangladesh. For example, effective January 6, 2014, Sri Lanka adjusted its regulations on cargo handling charges applicable to all shipping agents, freight forwarders, non-vessel operating common carriers and container operators, requiring them to declare whether the goods are freight prepaid or freight collect. All charges applicable including charges such as Terminal Handling Charges (THC), Full Container Load (FCL) and Less than Container Load (LCL) charges, Bill of Lading (BOL) or Forwarders Cargo Receipt (FCR) charges related to the transport of goods from origin to destination shall be included in all-inclusive freight. Recently the Indian Government has also decided to regulate freight charges as per the new provisions in the draft Merchant Shipping Bill 2020 on similar lines. This will at least lead to greater transparency.
  - **Shortages of Containers for Export Shipments:** The shipping industry throughout the World has been facing inventory and space issues along with reduced available capacity, congestion at ports and increased costs due to the COVID-19 pandemic. Booking and Container shortages at ports like Mundra Port have created chaos amongst Indian exporters over the last few months. Indian exporters are not getting the container bookings and allotment of containers in time and unable to supply goods in reasonable time frames as committed to international buyers. Because of delayed dispatches, and untimely supply, sales cycles are also decreasing, resulting in loss of exports. Getting the container booking from the Shipping lines is a problem these days as demand is much higher than the supply of container bookings. **While it is necessary to streamline things at Mundra and other Ports, the long-term solution however is to increase the capacity of Indian Shipping for India's Trade.**
  - **Short-time Validity of Container Bookings:** Shipping lines are issuing the container bookings with very short time validity (only for 3 days from the date of booking) for the vessels sailing minimum after 2 weeks with gate opening 7 days before the vessel sailing date. So the exporters have to collect the containers weeks in advance of vessel sailing dates and deliver to container yards and bear the ground rent charges which are levied by these shipping lines as additional charges which increases the FOB Charges for Indian exporters, making them less competitive in the International market. If the Indian exporters wait for container lifting, loading and delivering to the container yard considering gate opening dates of the vessel, then the booking expires and the shipping companies do not issue revalidated booking once booking expires. So the Indian exporters have no choice other than to lift the container in advance and bear these additional charges by these shipping lines which makes the exports less competitive. So a mechanism needs to be found out for early clearance of containers at ports.
  - **Issue of Demurrage Charges at Airports:** Post lockdowns, a lot of export shipments, are lying at various Indian Airports as they could not fly out of India since Govt. of India had stopped all International flights. On such export shipments, huge demurrage has been incurred and the Airlines are not ready to pay the demurrage charges to the terminal operator. The Airlines want the agents/shippers to take back their shipments after paying demurrage to the terminal operators. While for shipping, demurrage charges have been waived 100% for Exim trade through the port, in the case of aviation, half of the demurrage charges to be paid to the airport cargo terminal operator was waived by the Indian government in April 2020. These issues need to be sorted out.

- **Need for daily cargo trains at Ports:** Cargo trains are not available every day in Ports like Mundra & JNPT as trade has fallen and the required load for movement of the train is not fulfilled. Though trade has picked up now, a mechanism needs to be developed to club the shipment with the nearest CFS/ICD to complete the load for timely movement of trains.
- **Need for Automation and Digitisation:** While India's Ports and Shipping are way behind many developed countries in automation, COVID-19 has highlighted the need for speedy action on this front. One suggestion in this regard is the use of RFID tags for easy tracking and identification of export consignments along with automation of logistic clearances and payment systems.

### 6.3.2 Major Foreign Trade and Tax-Related Issues and Policy Suggestions

Some major trade and tax-related issues common to all sectors or most of the sectors and policy suggestions include the following. (Sector-specific issues are given separately for different sectors.)

- **Relaxation in Export Obligation for import under Advance Authorisation.** Exporters are facing issues with the utilization of the input which they have imported duty-free under Advance Authorization for export orders, as per the provisions of the Advance Authorization. In such situations of order cancellation, the exporter is faced with the unintentional inventory pile up as also burdened with failure to fulfil the Export Obligation which would, in turn, require the exporter to refund the customs duty saved on the value of imports, along with interest. **A one-time relaxation in fulfillment of Export Obligation may be given to exporters who have imported the inputs but their export order has been cancelled due to COVID-19. Exporters may be asked to provide the documents to prove that the imported input was for exports and their export order for that input got cancelled.**

- **Issue of Cancellation of Export orders or delay in payment**

Due to COVID-19, many overseas buyers cancelled or postponed confirmed export orders and are also holding back or indefinitely deferring the payment for goods already shipped/ready-to-ship and asking for hefty discounts. Also, several buyers are filing for Chapter 11 Bankruptcy. Buyers are also not making payments for goods where delivery has already taken place and existing shipments are on hold either on ships or are lying in the warehouses/factories/ports. The following uncertain situations have arisen:

- I. The buyer has received the supply and is delaying the payments
- II. The buyer is demanding huge discounts to release the payments
- III. The shipment has reached the destination but the buyer is not clearing the goods
- IV. The shipment has cleared the customs in India but the buyer is not picking the shipment
- V. The buyer has cancelled confirmed orders resulting in huge stock
- VI. The buyer has filed for bankruptcy (Chapter 7 bankruptcy which is a liquidation bankruptcy)
- VII. The buyers have filed for Chapter 11 bankruptcy proceedings (i.e. a reorganisation bankruptcy)
- VIII. The buyer has filed for insolvency

The exporters have already claimed Duty Drawback for the shipped goods. Now, if the Buyer does not pay for the shipped goods, exporters have to repay the Duty Drawback with interest. **So there is a need to consider a one-time waiver from the refund of Drawback claimed against shipments made from November 2019 till atleast March-April 2020 as a lot of these shipments will not receive the payments as per the contracts with the buyers. The ECGC insurance terms could also be modified to deal with such situations.**

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- **Reforms in ECGC Insurance**

The following reforms in ECGC can be considered.

- Immediate implementation of NIRVIK (Niryat Rin Vikas Yojana) Scheme announced in Budget 2020-21 which provides for higher insurance cover and reduction in premium.
- Expanding the terms of ECGC to consider COVID-19 as a “force majeure” situation.
- The Time taken by the ECGC for approval of export limits on the “buyer” is rather long. This should not take over 2 weeks as the exporters have limited time to confirm acceptance of the orders.
- Similarly, the time taken to resolve/settle the claims should not be over 2 weeks.
- ECGC covers 80% of outstandings. For MSME exporters, this could be increased to 90%

- **Suggestions related to Payment norms and Discounts:** COVID-19 has led to instability in the World as there are business disruptions in every country. While exporters are facing problems in collections, buyers are requesting them to relax the payment norms. But Indian companies are bound by the RBI guidelines to collect the money from the buyers. Therefore, the Indian government could relax the collection norms for exporters. The government could also allow exporters to provide additional discounts to the buyers amidst the Pandemic situation since the demand is also on the lower side and the buyers are requesting for special discounts.

- **Speedy Finalization of Rates under the RODTEP scheme**

The RoDTEP (Remission of Duties or Taxes on Export Products) has come into effect from 1 January 2021. It is the direct result of India losing the case in WTO for its MEIS scheme. Under the scheme, there will be the refund of indirect taxes on inputs used in the manufacture of exported products which is not being currently reimbursed by any other existing scheme, unlike MEIS which was an additional incentive. This is WTO compliant as it is product-based and a fully automated refund module will be created for manufacturing/service sectors through Form GST RST-01. It will be strictly based on input taxes paid. While the scheme has been implemented, the rates have to be notified.

- **Inclusion of merchant exporters as service providers in the revised MSME criteria**

Merchant exporters are also rendering services by facilitating exports of items manufactured by MSMEs. Almost 45% of exports are contributed by Merchant exporters and 75% of these goods are procured from MSME manufacturers. The inclusion of merchant exporters as service providers in the revised MSME criteria will help them to avail benefits from the different export-related schemes.

- **Resolving the issue of flagging exporters as RISKY Exporters**

In GST, if the exporter has paid the IGST through utilizing the input-output credit which is availed fraudulently through GST return, the exporter is identified as a ‘risky exporter’. Flagging some exporters as risky exporters leads to many difficulties. Once an exporter is classified as Risky, their IGST/ DBK, etc. are stuck which causes liquidity problems. Also, their consignments are subject to 100% examination which increases transaction costs, shipment delays and possible loss of business. So, a lot of care and caution is needed in tagging exporters as Risky exporters.

- **CAROTAR 2020 and Faceless Assessment.** CBDT has recently issued Customs (Administration of Rules of origin under Trade Agreements) Rules 2020 making it incumbent upon the importer to possess sufficient information as regards the manner in which the country of origin (CoO) criteria including the regional value content and product-specific criteria specified in the RoO in the Trade Agreement are satisfied. The new rules have posed various challenges, particularly during the pandemic as traditionally importers have just submitted preferential CoOs issued by foreign agencies and received duty concessions. Now, there is no

surety that these preferential CoOs will be accepted as foreign suppliers are not likely to share confidential information like the process, origin, profit margin, etc. This needs to be addressed.

- **Trade Fairs/Exhibitions:** Since the pandemic started there are no physical trade fairs and exhibitions like in the past, but market linkage will be provided through e- platforms. Virtual meetings will be less costly. To provide support for virtual buyer-seller meets and virtual exhibitions, the MAI scheme needs to be modified.
- **Suggestions for change in approach to the export business given that it is not 'business as usual'.** Foremost, it is essential to go to the drawing board, clean balance-sheets, cut costs and focus on core competencies. Technology Adoption and Digitization needs to be intensified. Innovation, R&D, Value addition and Risk Management need special attention.
- **Timely payment of GST reimbursement and fast repayments of income tax reimbursement** needs to be done to ensure cash flows as markets are squeezed out of liquidity.
- **Rectifying Errors in Shipping Bills**

A system should be put in place to rectify errors made by the exporters on the Shipping bills so that the refunds are not held up.

**One maxim that can be easily followed by the Indian Government in these difficult times is to liberalise to the maximum extent possible all procedures related to exports where refunds/govt. benefits are not involved. But if refunds, etc. are involved then there is a need to liberalise with caution.**

### 6.3.3 Other Issues and Policy Suggestions

- **Extension of timelines stipulated under State Industrial Policies**  
In the prevailing situation for certain cases, project implementation may be delayed as timelines stipulated under the State Industrial Policies may not be met and hence state-specific incentives may not be provided. In such cases, an extension maybe considered by the Government to mobilize resources, finances and successful implementation of projects and eligibility of specific incentives.
- **Allowing expenditure incurred by companies on social activities related to COVID-19 under section 37 of the Income Tax Act as business expenditure.**  
Companies are incurring a huge amount of expenditure on various social activities for the benefit of the poor, corona warriors, etc. as part of CSR or even over and above the CSR mandatory requirement. Considering the COVID-19 challenges, the Government can consider allowing such expenses claimable u/s 37 of the Income Tax Act as business expenditure.
- **Identifying NPAs/Stressed Assets**  
The Special Mention Accounts (SMA) was introduced in 2014 by RBI to identify those accounts that have the potential to be NPAs/ Stressed Assets. There is a need for suitable relaxation at present, given the fact that COVID-19 could have turned many healthy investments/loans to NPAs.

## 6.4 Some Major Sector-Specific Trade Strategies and Policy Suggestions

Along with the general policies applicable to all or most of the sectors, there are some important sector-specific strategies and policies given in detail in Chapter 5. The highlights are as follows:

### 6.4.1 Agriculture and Related Exports

- **Addressing logistics and transportation issues** is important as many agricultural items are perishable or have limited shelf life. Particularly high freights due to COVID-19 is affecting rice exports, India's major agricultural export item.



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- **Addressing new restrictions in major markets** like quota restrictions in Indonesia for meat and rice products, high import duty for mango pulp/puree, etc. in the European market, health certificates for green chillies by EU, TRQ for sugar exports to the USA, and new sanitary norms by Middle East countries on rice imports from India intended to be at par with EU norms.
  - **Tapping the potential for ‘Safe Spices’** exports with sustainably produced MRL (Maximum Residue Level) compliant spices. While international buyers would require IT-based traceability systems to ensure sustainable practices across the spices supply chain, modernization of major trading hubs for spices would be important to ensure the safety and quality of spices.

#### **6.4.2 Textiles and Garments Exports**

- **Support for Automation and Digitization** to tap the opportunities in the medical-related textiles and garments.

#### **6.4.3 Engineering Exports**

- **Tapping the potential for a shift in global supply chains from China** and diversifying India’s sourcing destination beyond China in this important sector.
- **Moving towards local sourcing** by assisting in infrastructure, building mega industrial units as in China and also attracting foreign companies shifting base - lock stock and barrel - from China; and focusing on the existing engineering clusters in India.

#### **6.4.4 Pharmaceuticals Exports**

- **Facilitating investors shifting base from China** and becoming an alternative sourcing destination for Pharmaceuticals. For this, more API (Active Pharmaceutical Ingredients) manufacturing units and more spending on R&D and new inventions are needed.
- **Becoming the COVID-19 Vaccine manufacturer and provider of the World** as India is one of the few countries which can provide vaccine to the whole World at reasonable prices. Efforts are on, in full swing in this area with the roll-out of 2 vaccines, of which one is fully indigenous. There is no export ban on these vaccines. While the focus is on providing vaccines to the domestic population, India has already supplied the vaccines to some developing countries free of cost.

#### **6.4.5 Electronics including ICT Hardware Exports**

- **Tapping the new opportunity due to trade diversion from China**, by developing local supply chains. Domestic customers are now willing to look at Indian OEMs despite the price gap with the Chinese counterparts.
- **Becoming the global hub of electronics repair services** by allowing seamless exports of spares, allowing global stores and dispatch centres to the World to be set up in India, addressing e-waste due to imported non-repairable units, allowing imports for repairs of products manufactured in India beyond 5 years, etc.
- **Making electronic component hub** a reality, by allowing the component hubs to freely import and export at whatever market price prevails at the moment when buy-sale happens and calculating duty at the time of dispatch to DTA instead of the time of import. A consortium of component companies, design companies, R&D companies and manufacturing companies could be created.
- **Developing a Star Rating for all tech products** indicating the percentage of indigenization as a guide to the Indian consumer on the lines of the green label.

#### **6.4.6 Leather and Footwear Exports**

- **Reducing air freight costs** which have increased around five times compared to pre-COVID-19 rates.
- **Having a dedicated cargo ship to the US** at least once a week as at present transportation time from India to West Coast of USA takes 55-60 days as the ship goes to many ports before reaching the final destination, whereas China's dedicated ships take only 14 days.
- **Providing end-to-end service by Railways** at cheaper rates than private operators to the manufacturers/exporters with a fixed service schedule.
- **Creating Plug-and-Play model clusters** (ready to use factory sheds) with all required infrastructure and support services like testing labs, design studios, etc. and establishing good Port connectivity.

#### **6.4.7 Chemicals Exports**

- **Setting up a dedicated Industrial Park** for Dyes and Dye Intermediates.
- **Hand-holding the Chemicals Industry**, especially in the environment front.

#### **6.4.8 Gems and Jewellery Exports**

- **Extending the time limit for completion of exports** in COVID times as exporters are unable to complete exports within 90 days of import of Gold for exports. Before 2017, the time limit was 120 days.
- **Extension of time for payment of the gold loan by G&J exports and also forwarding the fixed value of gold for the loans** as cashflow is affected due to Covid-19 and repayment of loan may fall due to lockdown and Covid-19 related disruptions.

#### **6.4.9 Marine Exports**

- **Addressing the antibiotic residue issue** in the EU and Japan and other trade barriers which are major challenges. The trade barriers specifically applied to India needs to be negotiated.
- **Making operational changes** like upgrading the handling facilities in major fishing harbours and onboard fishing vessels; furthering aquaculture production; setting up more advanced laboratories; and market and brand promotion efforts.
- **Making India a production centre for the World** by measures like R&D support, strengthening the mechanism of traceability and residue-free product, framing suitable land leasing policies, fast track clearance of SIP (Sanitary Import Permit), and strengthening cold chain infrastructure, etc.

#### **6.4.10 Other Merchandise Exports**

- **Turning Districts into Export hubs**, by suitable measures to help Sports Goods exports.
- **Addressing the issue of high duties on inputs for tyres** like Nylon tyre cord fabric, Steel tyre cord, Carbon Black, Rubber Chemicals and Reclaimed/Retreaded Rubber.

#### **6.4.11 IT-BPM Sector**

- **Addressing requests by clients for deferred payments, discounts and reduction in billing rates** to reduce their costs with an open mind without invoking any contract breach grievance or mandating services purchase by clients.
- **Embracing the new normal of greater digitization, and new practices** like remote connectivity, working from home, collaboration and better leverage of technology like high-speed secure infrastructure, multi-cloud/hybrid cloud, virtual workspace technologies, high availability systems, platformization of services,

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technology convergence, Artificial Intelligence (AI), Internet of Things (IoT) and cybersecurity. These are important as industries that are digitally enabled are best suited to combat the crisis, while MSMEs may suffer.

- **Streamlining ‘Blended’ Workplace policies** for OSPs, firms in SEZs and STPIs with work equipment regulatory norms.

#### **6.4.12 Shipping Services**

- **COVID-19 has taught us a lesson to depend more on Indian Ships.** The fact that during the crisis, foreign lines hiked freight charges, the shortage of containers for India’s trade and short validity of container bookings by foreign lines all point out to the crying need for strengthening the capacity of Indian ships for India’s trade. Some policies and strategies in this regard are formulating an integrated and focused Maritime Policy; setting up a Maritime Development Fund to make long term funds available to help the acquisition of ships to replace existing aged ships and also to expand the Indian Merchant fleet; reaffirming the Government of India policy of imports f.o.b. and strengthening the policy of Right of First Refusal (RoFR); reversing the recent contentious regulations favouring foreign flag vessels; and strict implementation of the recent Public Procurement Policy which states that orders below Rs. 200 crore have to be floated among Indian companies only.

#### **6.4.13 Tourism Sector**

- **Setting up a Tourism COVID-19 Fund** to enable Tourism businesses to support their employees and their operating cost as Tourism & Hospitality sector is one of the most affected sectors by COVID-19 as per the RBI’s Systemic Risk Survey.
- **Restoring Air connectivity** to tourist source countries. The present air bubble arrangement of passenger flights needs to be gradually expanded taking note of the safety considerations till normalcy returns.
- **Following Travel-friendly standardized quarantine policies** which ensure passengers are pre-tested at the point of embarkation as per WHO guidelines and only the ones with positive symptoms are quarantined and not all incoming travelers.

#### **6.4.14 Telecom and Digital Communications Sector**

##### **(I) Issues and Policies related to Domestic Manufacturing**

- **Implementing the National Digital Communications Policy** expeditiously
- **Rationalisation of statutory levies and taxes** viz License Fee (LF), Spectrum Usage Charge (SUC), GST, Input Tax Credits, etc.
- **Support for Startups & MSMEs:** Besides setting up a fund for Telecom Startups/MSMEs carved out of Startup India fund, there is a need to relax restrictive conditions of financial schemes like minimum 50 employees, minimum turnover of Rs. 10-60 crore as laid down by SIDBI and also restrictive tender conditions as in the case of a recent BSNL tender including very high eligibility criteria.

##### **(II) Issues and Policy Suggestions related to Exports**

- **A strong Export-oriented strategy in the light of shifting global supply chains** by inviting global OEMs to invest in setting up units in India and also setting up global manufacturing hubs even if it is out of India in global locations as done by China.
- **Making India the Fibre manufacturing Capital of the World** by Foreign Trade Policy support including the 10% BCD and removal of any relaxations for FTAs.

- **A strategy combining manufacturing of optical fiber and exports coupled with providing Broadband services through project exports** can be key to future export growth.
- **Other Telecom manufacturing** like WiFi and backhaul equipment, digital transmission and distribution equipment, satellite terminals and handsets, etc.
- **Preparing for 6G** by kickstarting early-phase R&D of 6G and Auxiliary Technologies and forming a 6G High-level Forum.

## 6.5 Strategies for greater supply chain integration and relevance of GVC integration

**COVID-19 has shattered not just the global value chains (GVCs) but the supply chains themselves, thus revealing the fragility of the modern supply chains.** National and Multinational companies faced an initial supply shock due to the lockdown and other restrictions like strict sanitisation, etc. This was followed by a demand shock as country after country forced people to stay at home. Businesses and individuals found it difficult to procure basic products and materials, thus exposing the fragility of the modern supply chain system. The reality hit hard when people accustomed to full and immediate supplies of basic necessities were shocked to face empty store shelves and long waits. It was not just the pandemic, but the accompanying lockdown, quarantine, sanitization, closing of borders, etc. which added to the crisis.

**Recent data from Tradeshift**, a global platform for supply chain management, reveals the magnitude of the impact on trade and demand. It suggests the effects of the initial shock may continue to linger for the coming months. In China, domestic and international trade transactions suffered a week-on-week drop of 56% beginning mid-February 2020. The United States, United Kingdom, and Europe followed suit, with a combined initial drop of 26% at the beginning of April 2020, and a continuing decline of 17% in late April 2020. Furthermore, trade has flattened in every region affected by the lockdown. Overall weekly transactions on the Tradeshift platform since March 9th were down by an average of 9.8%, compared to pre-lockdown figures, with a pronounced decline in invoices and orders since the end of March. However, in Q3 2020, trade activity picked up. Transaction volumes across the Eurozone and in the US have rebounded in Q3 and are approaching pre-lockdown levels while the UK activity remains depressed. Trade activity in China also failed to recover to its pre-COVID-19 levels. China remains very volatile with activity increasing in March and April and again in July, but dropping steeply in both August and September 2020. Despite recent efforts to reopen factories and ease lockdown restrictions, China continues to feel the effects of the broader slowdown. Factories may be reopening, but consumers aren't buying.

**A recent survey by the IBM Institute for Business Value** revealed that many supply chain executives surveyed were caught unprepared by the COVID-19 pandemic and had to quickly strategize to help meet demand in response to the confusion and disruption it caused. The COVID-19 pandemic served as a wake-up call to many business leaders surveyed who are now thinking proactively about building resilient systems to help better prepare for future unforeseen disruptions. Many companies surveyed realized their supply chains—many of which are staggeringly complex, involving hundreds of suppliers, providers, and distribution centers across the globe—were much more fragile than they realized. Many chief operating officers (COOs), alert to the possibility of further disruptions in the future, have been trying to better understand and find ways to help improve their processes.

**Two side effects of the contractions in global trade emerged during the lockdown. One is that it takes longer to settle an invoice, reversing a previous trend of faster payments. According to Tradeshift's data, businesses took an average of 36.7 days to settle an invoice in 2019, whereas in the first quarter of 2020, average payment terms have risen 1.7% to 37.4 days. Secondly, the lack of orders going through the supply chain was building up to another tidal wave with new orders slowing and invoices dropping off.** Average weekly order volumes on the Tradeshift platform dropped by 15.9% since March 9, 2020, and invoices dropped by 16.7% during the same period. Businesses were still receiving money from orders placed before the lockdown, but those were drying up. Now the situation is improving but still volatile with even fresh waves of the virus appearing in many countries.

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As stated in the Tradeshift report for Q2 2020, COVID-19 has exposed the vulnerabilities of complex global supply chains built on lean manufacturing principles. This is particularly true in the healthcare sector, where the scramble for protective equipment has laid bare the inherent risks of inventory and single-sourcing models driven exclusively by cost control. When Chinese factories closed, manufacturers struggled to pivot due to a lack of flexibility in their supplier base.

**For India, in the case of global supply chains,** freight cost increased and supplies were also affected as China was the key supplier. However, being less globalized than other advanced countries and having a large domestic source of supply could have helped India. But India's domestic supply chains were also affected due to lockdowns in different states, logistics problems and reverse migration to villages. More expenditure was incurred at all points of the global chain. The squeeze in cash flows affected the MSMEs which form a sizeable portion of India's exports and Manufacturing.

**Diversifying the supply chains, instead of relying only on China is a hard lesson to be learnt from the crisis.** Manufacturing hubs such as Vietnam, Mexico, and India are likely to benefit from this shift. While countries like India came out with a self-reliance policy (Atmanirbhar Bharat), developed countries came out with China+1 sourcing plans. A number of countries also started moving portions of their supply chains back home. **While the import substitution model may not be the solution, globalization with a single-sourcing model is risky. Multiple sourcing or China +1 or 2 along with domestic sourcing wherever possible could be the 'New Reality'.**

**Besides diverse sourcing, digitization** will be the key to building stronger, smarter supply chains and ensuring a lasting recovery. At present, despite rapid advances in technology, the relationship between buyers and suppliers remains predominantly paper-based. With technologies like artificial intelligence and the Internet of Things, supply chains could quickly switch to alternative providers when regular suppliers face disruption.

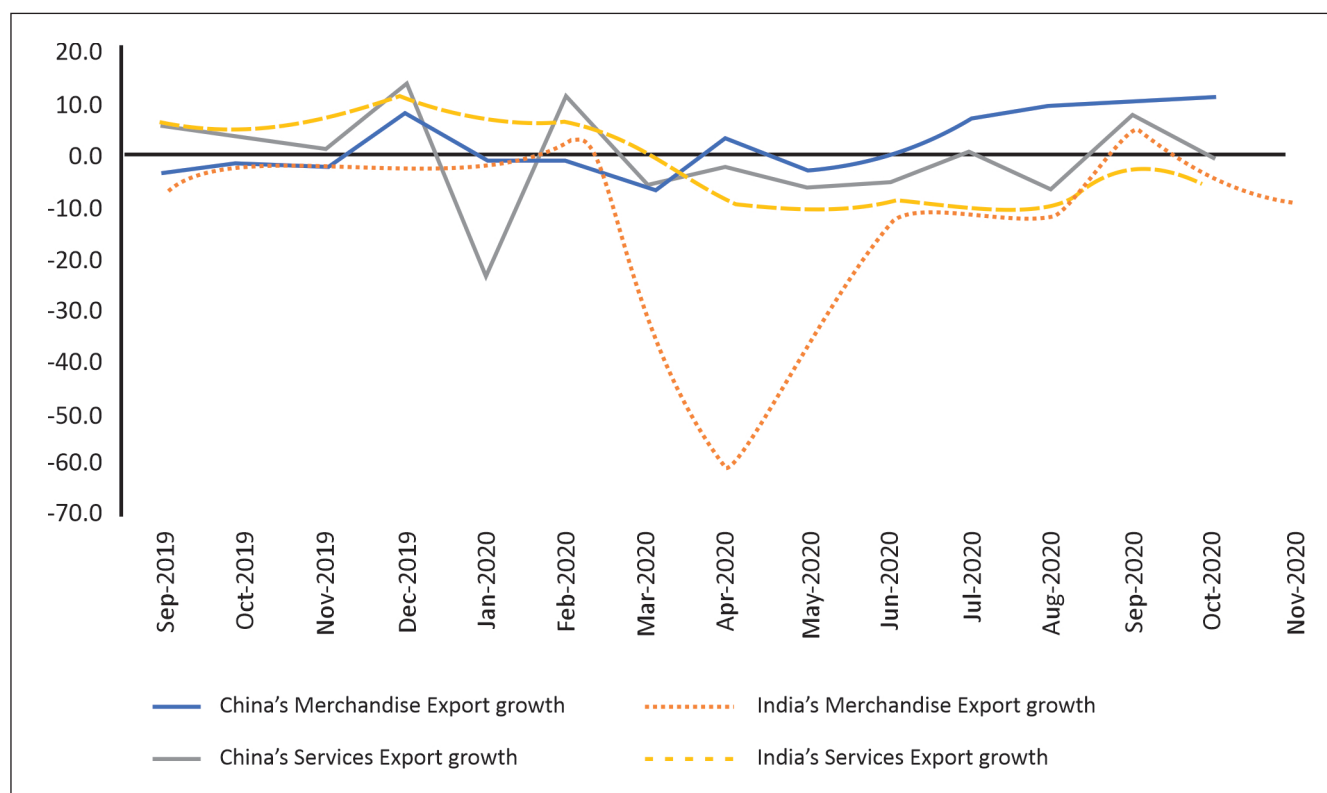
**India needs to act fast to attract the supply chains moving away from China while creating supply chains for its products both domestically and in friendly countries or in the region.**

## 6.6 Strategies and Policies Related to Trade Diversion and Self-Reliance

**One of the major impacts of COVID-19 on World Trade was the disruptions in supply chains.** While China was the major sourcing destination for most of the advanced countries and also India, COVID-19 in China and lockdown led to supply disruptions from the Chinese side. However, with COVID-19 spreading to the Western World and also India, countries imposed lockdowns one by one, further disrupting the already weakened supply chains and further affecting the sourcing from China. The public sentiment in most of the countries was against China which is supposed to result in Trade diversion away from China.

**As seen earlier, China's export sector recovered quickly.** Growth in total exports of goods from China recovered from the negative growth with positive growth from June 2020 onwards and high positive growth in November 2020, while India's export growth continued to be negative even in November 2020 though in December 2020 it was marginally positive. Similarly, China's Services export growth was positive in July and September 2020, while India's Services export growth has been continuously negative since April 2020. (Figure 6.2)

Figure 6.2: Monthly Merchandise and Services Export Growth: India & China

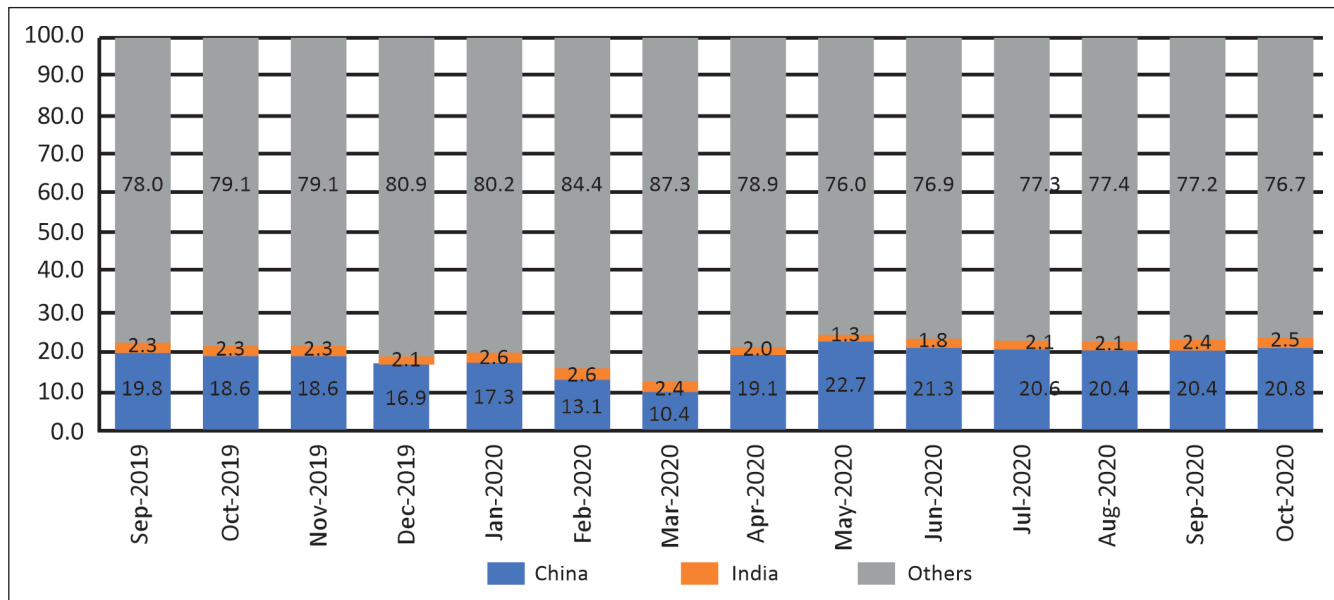


Source: Based on WTO data.

**However, if we see the imports of some major items by major markets from China and India, then there are indications of Trade Diversion.** For example, US imports from China of Electrical Machinery and equipment (code 85) was negative in 2019 and all 4 quarters from 2019 Q3 to 2020 Q2. But US imports of these items registered positive growth from India not only in 2019 but in all 4 quarters from 2019 Q3 to 2020 Q2 with high positive growth in 2020 Q1 of 78% and growth of 18% in 2020 Q2. This could be an indication of trade diversion of US imports of Electrical Machinery from China to India. Only in another major item, Pharmaceutical products (Code 30) growth in imports of US from India and China were both positive in 2020 Q2 with higher positive growth of 46.6% from China compared to 8.6% from India. This is one major US import item which had positive growth from both China and India in 2019 and almost all quarters from 2019 Q3 to 2020 Q1. While the share of China in US imports is higher than that of India for total and also Code 84 and 85 imports, the share of India is higher in the case of Code 30 imports at 6.2% in October 2020 compared to 1.6% of China. (Figure 6.3)

Similarly, in the case of Australia’s imports from India, Apparel and Clothing both knitted and non-knitted were showing better growth performance than Australia’s imports from China.

**Figure 6.3 (i): Share of Total US Imports from India and China**



**Figure 6.3(ii): Share of Code 84 Imports by the US from India and China**

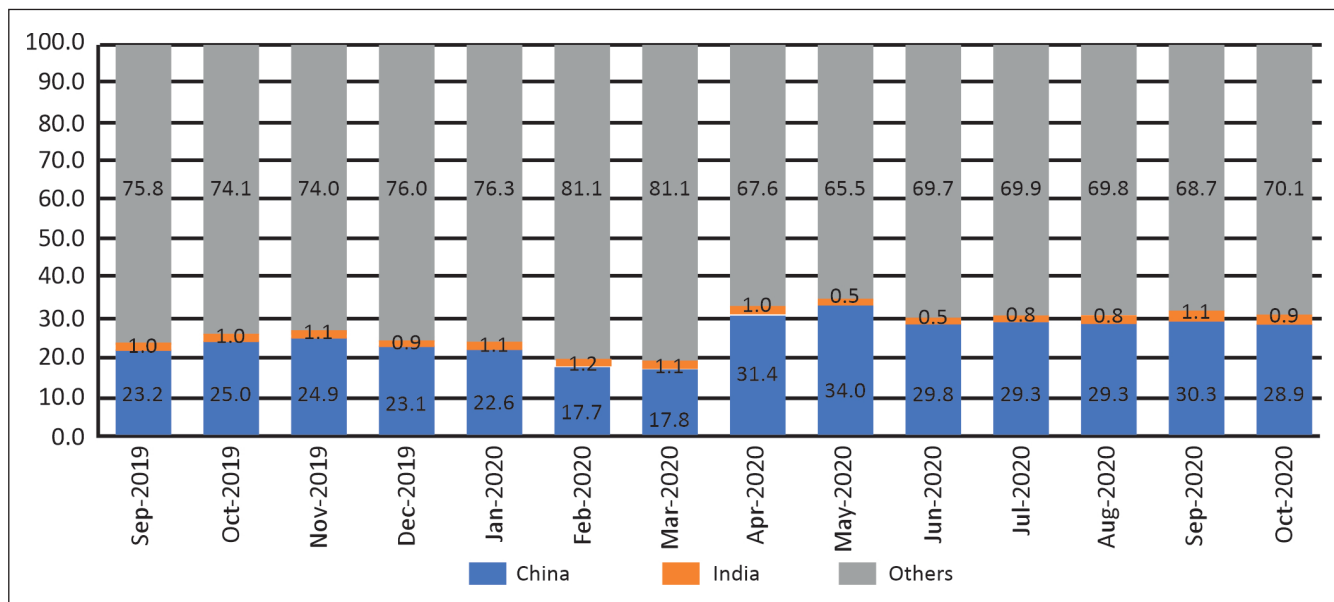


Figure 6.3 (iii): Share of Code 85 Imports by the US from India and China

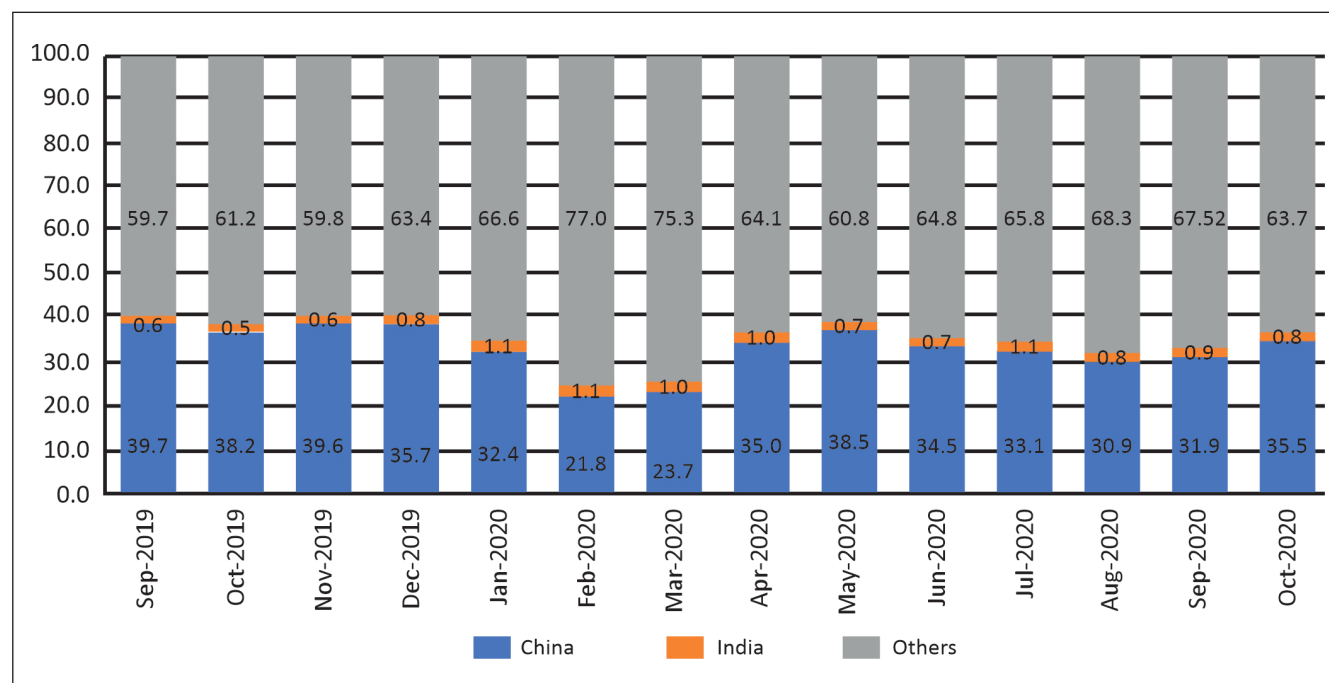
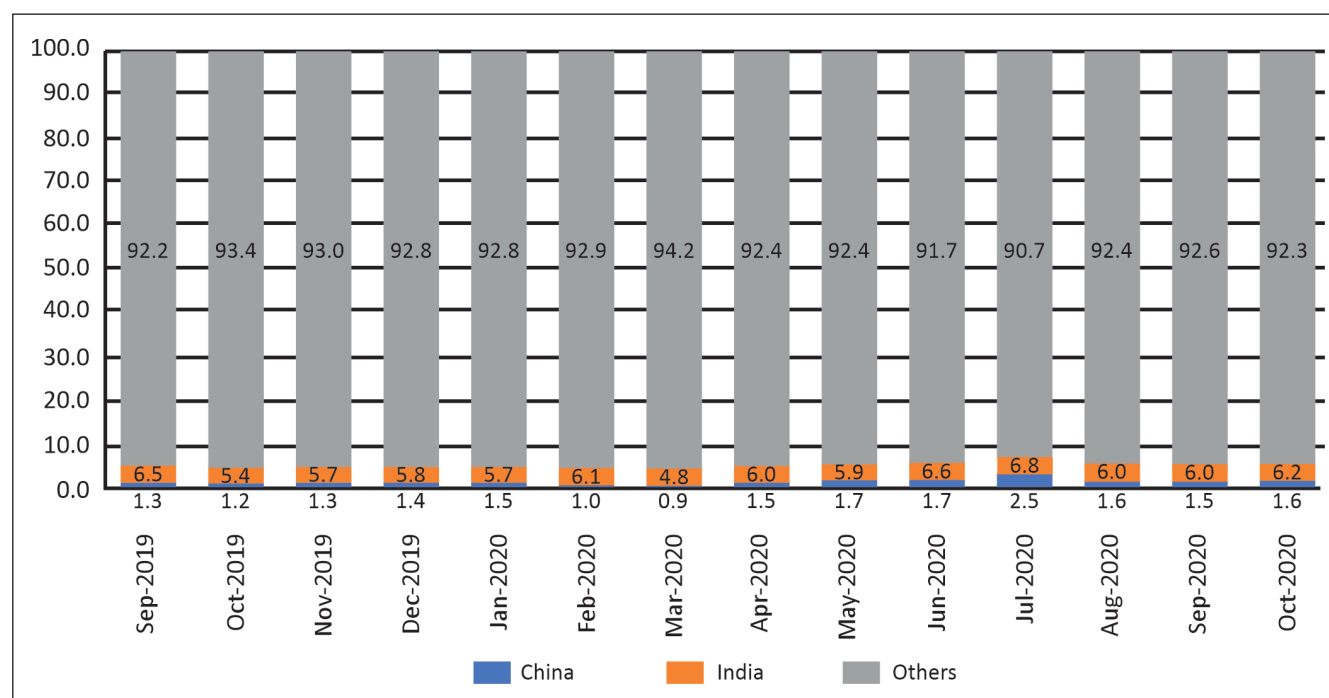


Figure 6.3 (iv): Share of Code 30 Imports by the US from India and China



Source: Based on ITC Trademap database.

To see if trade diversion is taking place in some major imports of major trading partners of India, in Chapter 3 an exercise was done taking HS-4 digit level items with a share of 0.5% and above under code 84 and 85 and examining if growth in imports of the major trading partners has increased or fallen from China or India. This was done because Code 84 and Code 85 items are important in imports by India's major trading partners and are the items where there is scope for trade diversion from China to India by these major trading partners.



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**In the US imports from India**, there are 5 such items-transmission shafts, etc. (Code 8483), Taps, cocks, valves, etc. (Code 8481), engines and motors, etc. (8412), Pumps for liquids, etc. (8413), and Telephone sets, etc. (8517) which are the major subcategory items under codes 84 and 85 with a share of 0.5% and above. (See Annexure 3.1 in Chapter 3) Among them, Code 8517 and Code 8481 have shares of 0.5% and above even in US imports from China. Telephone sets, etc. (Code 8517) has a high share of 12.8% in US imports from China, while its share in US imports from India is only 0.5%. But in the case of this item, growth in US imports from India has turned positive in 2019 Q4 and become very high in 2020 Q1 and 2020 Q2 at 192.3% and 173.8% respectively, while growth in US imports from China of this item has been negative in 2019 and all the 4 quarters 2019 Q3 to 2020 Q1. This looks like a possible case of trade diversion from China to India by the US after the Pandemic set in.

**In the case of imports of Engines and motors, etc. (Code 8412)**, growth in US imports from India has been positive in 2019 and all 4 quarters 2019 Q3 – 2020 Q2 with very high growth in some quarters, whereas growth in US imports of this item from China was negative in 2019 and low or negative in the 4 quarters 2019 Q3 to 2020 Q2. This also is a potential item for exports by India to the US where trade diversion can take place.

**There are also some items in the US imports which have a share of 0.5% and above in its imports from China, but not from India.** Among these items, for some items like Automatic data-processing machine (Code 8471) with a share of 9.64% in US imports from China, Electrical transformers (Code 8504), Monitors and Projectors (Code 8528) and Insulated including enabled or anodized wire (Code 8544), US imports from India has suddenly shown high positive growth in most of the 4 quarters from 2019 Q3 to 2020 Q2 indicating some shift in US imports from China to India.

**In the case of Australia's imports from India also**, in Telephone sets, etc. (Code 8517), import growth from India has been high during 2019 Q4 and very high in 2020 Q1 and 2020 Q2.

**Thus, there are many items in Code 84 and 85 where India also has a competitive advantage but not a high market share like China. Some extra effort by India to push exports of these items to countries like the US and Australia can pay rich dividends. The top subcategory items with high weightage in the imports of different advanced countries from India and China particularly QUAD including Japan are more or less similar.**

**India also needs to shift from its overdependence on China for imports and also aim at local sourcing.** The policy of 'Atma Nirbhar Bharat' of India is one such initiative. This is not a protectionist policy; instead it aims at making India self-reliant to make India a bigger and more important part of the global economy. It does not mean self-containment and isolating away from the World or being protectionist. It merges domestic production and consumption with global supply chains.

**Meanwhile, China seems to continue its liberal imports policy from developed countries**, with its imports in 2020 Q2 growing by 5.7% from the USA, 0.1% from Japan, 1.3% from QUAD (3), 5.7% from Singapore and even by 5% from India.

**So while opportunities for trade diversion from China should be tapped and local sourcing explored, liberal import policies with major trading partners including forming strategic trading blocks with groups like QUAD could help India. But this needs to be done with great speed.**

## **6.7 Strategies and Policies to face Emerging Trade Restrictions and Market Access Challenges**

**Trade restrictions by countries including India have been increasing over the years. However, since the onset of COVID-19 many trade-facilitating measures were also taken.** As per the WTO's latest biannual monitoring report on trade measures, during the period 16 October, 2019 to 15 May 2020, G-20 economies implemented 154 new trade and trade-related measures, 95 of them trade facilitating and 59 trade restrictive. Of these measures, 93 (about 60%) were linked to the COVID-19 Pandemic. Of these 65 facilitated trade and 28 restricted trade. Other

than COVID-19 related measures, 61 trade and trade-related measures were implemented, of which 30 are trade facilitating.

As indicated above, the trade measures of G20 are divided into (1) Regular non-Covid related measures and (2) Measures taken in the context of COVID-19

### (1) Regular Non-Covid Related Trade Measures

**Most of the Regular trade facilitating measures introduced from Mid-May 2019 to Mid-May 2020** are related to import tariffs. (Table 6.4) The share of trade-facilitating measures in G20 imports has increased suddenly from Mid-October 2019 to Mid-May 2020 to 4.88% from 0.61% in Mid-May to Mid-October 2019. (Table 6.5)

**Table 6.4: G20 Measures facilitating trade**

| Type of measure          | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | Mid-May 19 to mid-Oct 19 (5 months) | Mid-Oct 19 to mid-May 20 (7 months) |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------------------------|-------------------------------------|
| <b>Import</b>            | <b>83</b> | <b>63</b> | <b>71</b> | <b>66</b> | <b>59</b> | <b>60</b> | <b>71</b> | <b>54</b> | <b>34</b>                           | <b>27</b>                           |
| - Tariff                 | 72        | 50        | 58        | 55        | 51        | 49        | 63        | 51        | 32                                  | 23                                  |
| - Customs procedures     | 8         | 12        | 9         | 7         | 6         | 9         | 4         | 1         | 1                                   | 1                                   |
| - Tax                    | 1         | 1         | 0         | 3         | 2         | 2         | 3         | 1         | 1                                   | 3                                   |
| - QRs                    | 2         | 0         | 4         | 1         | 0         | 0         | 1         | 1         | 0                                   | 0                                   |
| <b>Export</b>            | <b>7</b>  | <b>4</b>  | <b>5</b>  | <b>19</b> | <b>12</b> | <b>18</b> | <b>8</b>  | <b>5</b>  | <b>2</b>                            | <b>2</b>                            |
| - Duties                 | 3         | 2         | 2         | 10        | 5         | 1         | 5         | 4         | 2                                   | 2                                   |
| - QRs                    | 3         | 2         | 1         | 2         | 1         | 1         | 0         | 0         | 0                                   | 0                                   |
| - Other                  | 1         | 0         | 2         | 7         | 6         | 16        | 3         | 1         | 0                                   | 0                                   |
| <b>Other</b>             | <b>4</b>  | <b>1</b>  | <b>1</b>  | <b>2</b>  | <b>2</b>  | <b>0</b>  | <b>0</b>  | <b>1</b>  | <b>0</b>                            | <b>1</b>                            |
| <b>Total</b>             | <b>94</b> | <b>68</b> | <b>77</b> | <b>87</b> | <b>73</b> | <b>78</b> | <b>79</b> | <b>60</b> | <b>36</b>                           | <b>30</b>                           |
| <i>Average per month</i> | 7.8       | 5.7       | 6.4       | 7.3       | 6.1       | 6.5       | 6.6       | 5.0       | 7.2                                 | 4.3                                 |

Source: WTO Report on G20 Trade Measures, 29 June 2020.

**Table 6.5: Share of trade covered by trade-facilitating measures**

|                              | Mid-Oct 16 to mid-May 17 | Mid-May to mid-Oct 17 | Mid-Oct 17 to mid-May 18 | Mid-May to mid-Oct 18 | Mid-Oct 18 to mid-May 19 | Mid-May to mid-Oct 19 | Mid-Oct 19 to mid-May 20 |
|------------------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| Share in G20 imports         | 1.29%                    | 0.22%                 | 0.68%                    | 1.59%                 | 2.92%                    | 0.61%                 | 4.88%                    |
| Share in total World imports | 0.99%                    | 0.17%                 | 0.52%                    | 1.23%                 | 2.28%                    | 0.48%                 | 3.78%                    |

Source: WTO Report on G20 Trade Measures, 29 June 2020.

**During Mid-October 2019 to Mid-May 2020, among the other regular trade and trade-related measures, import tariffs were the major ones followed by Quantitative Restriction (QR).** (Table 6.6) The share of trade covered by import restrictive measures of G20 in G20 imports fell slightly to 2.8% during mid-October 2019 to mid-May 2020, compared to 3.1% mid-May 2019 to mid-October 2019. (Table 6.7)

**Table 6.6: Other trade and trade-related measures**

| Type of measure            | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | Mid-May to mid-Oct 19 (5 months) | Mid-Oct 19 to mid-May 20 (7 months) |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|----------------------------------|-------------------------------------|
| <b>Import</b>              | <b>58</b>  | <b>59</b>  | <b>45</b>  | <b>62</b>  | <b>42</b>  | <b>36</b>  | <b>60</b>  | <b>45</b>  | <b>24</b>                        | <b>26</b>                           |
| - Tariffs                  | 25         | 34         | 29         | 37         | 25         | 20         | 46         | 27         | 15                               | 12                                  |
| - Customs procedures       | 25         | 15         | 12         | 19         | 13         | 12         | 2          | 4          | 3                                | 2                                   |
| - Taxes                    | 3          | 3          | 2          | 3          | 2          | 1          | 3          | 3          | 2                                | 2                                   |
| - QRs                      | 4          | 7          | 2          | 3          | 2          | 2          | 8          | 9          | 3                                | 8                                   |
| - Other                    | 1          | 0          | 0          | 0          | 0          | 1          | 1          | 2          | 1                                | 2                                   |
| <b>Export</b>              | <b>10</b>  | <b>20</b>  | <b>14</b>  | <b>23</b>  | <b>6</b>   | <b>11</b>  | <b>10</b>  | <b>8</b>   | <b>4</b>                         | <b>5</b>                            |
| - Duties                   | 1          | 1          | 4          | 5          | 1          | 3          | 6          | 1          | 0                                | 2                                   |
| - QRs                      | 5          | 4          | 5          | 4          | 1          | 4          | 2          | 2          | 2                                | 0                                   |
| - Other                    | 4          | 15         | 5          | 14         | 4          | 4          | 2          | 5          | 2                                | 3                                   |
| <b>Other</b>               | <b>8</b>   | <b>4</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>12</b>  | <b>0</b>   | <b>1</b>   | <b>0</b>                         | <b>0</b>                            |
| - Other than local content | 4          | 0          | 0          | 0          | 3          | 2          | 0          | 1          | 0                                | 0                                   |
| - Local content            | 4          | 4          | 9          | 9          | 6          | 10         | 0          | 0          | 0                                | 0                                   |
| <b>Total</b>               | <b>76</b>  | <b>83</b>  | <b>68</b>  | <b>94</b>  | <b>57</b>  | <b>59</b>  | <b>70</b>  | <b>54</b>  | <b>28</b>                        | <b>31</b>                           |
| <i>Average per month</i>   | <i>6.3</i> | <i>6.9</i> | <i>5.7</i> | <i>7.8</i> | <i>4.8</i> | <i>4.9</i> | <i>5.8</i> | <i>4.5</i> | <i>5.6</i>                       | <i>4.4</i>                          |

Source: WTO Report on G20 Trade Measures, 29 June 2020.

**Table 6.7: Share of trade covered by import-restrictive measures of G20**

|                              | Mid-Oct 15 to mid-May 16 | Mid-May to mid-Oct 16 | Mid-Oct 16 to mid-May 17 | Mid-May to mid-Oct 17 | Mid-Oct 17 to mid-May 18 | Mid-May to mid-Oct 18 | Mid-Oct 18 to mid-May 19 | Mid-May to mid-Oct 19 | Mid-Oct 19 to mid-May 20 |
|------------------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| Share in G20 imports         | 0.5%                     | 0.1%                  | 0.4%                     | 0.3%                  | 0.6%                     | 3.5%                  | 2.5%                     | 3.1%                  | 2.8%                     |
| Share in total World imports | 0.4%                     | 0.1%                  | 0.3%                     | 0.2%                  | 0.5%                     | 2.7%                  | 1.9%                     | 2.4%                  | 2.1%                     |

Source: WTO Report on G20 Trade Measures, 29 June 2020.

Most of the regular trade remedy actions are related to anti-dumping initiations followed by CVD initiation. During Mid-October 2019 to Mid-May 2020, the average per month initiations were 21.1 per month, while there were terminations averaging 7.9 per month. The share of trade covered by trade remedy initiations of G20 imports increased marginally to 0.16% during this period. (Table 6.8 and 6.9)

**Table 6.8: Trade remedy actions**

| Type of measure     | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | Mid-May 19 to mid-Oct 19 (5 months) | Mid-Oct 19 to mid-May 20 (7 months) |
|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------------------------|-------------------------------------|
| <b>Initiations</b>  | <b>201</b> | <b>278</b> | <b>258</b> | <b>210</b> | <b>262</b> | <b>258</b> | <b>223</b> | <b>214</b> | <b>134</b>                          | <b>148</b>                          |
| - AD                | 166        | 238        | 208        | 175        | 226        | 213        | 168        | 167        | 112                                 | 117                                 |
| - CVD               | 22         | 33         | 37         | 31         | 30         | 39         | 47         | 35         | 16                                  | 28                                  |
| - SG                | 13         | 7          | 13         | 4          | 6          | 6          | 8          | 12         | 6                                   | 3                                   |
| Average per month   | 16.8       | 23.2       | 21.5       | 17.5       | 21.8       | 21.5       | 18.6       | 17.8       | 26.8                                | 21.1                                |
| <b>Terminations</b> | <b>161</b> | <b>153</b> | <b>171</b> | <b>151</b> | <b>142</b> | <b>113</b> | <b>182</b> | <b>136</b> | <b>48</b>                           | <b>55</b>                           |
| - AD                | 130        | 135        | 144        | 122        | 120        | 93         | 162        | 124        | 47                                  | 53                                  |
| - CVD               | 21         | 15         | 21         | 19         | 15         | 10         | 20         | 7          | 1                                   | 0                                   |
| - SG                | 10         | 3          | 6          | 10         | 7          | 10         | 0          | 5          | 0                                   | 2                                   |
| Average per month   | 13.4       | 12.8       | 14.3       | 12.6       | 11.8       | 9.4        | 15.2       | 11.3       | 9.6                                 | 7.9                                 |

Source: WTO Report on G20 Trade Measures, 29 June 2020.

Note: AD= Antidumping, CVD= Counter Valuing Duty, SG= Safeguard Measures

**Table 6.9: Share of trade covered by trade remedy initiations of G20**

|                              | Mid-Oct 15 to mid-May 16 | Mid-May to mid-Oct 16 | Mid-Oct 16 to mid-May 17 | Mid-May to mid-Oct 17 | Mid-Oct 17 to mid-May 18 | Mid-May to mid-Oct 18 | Mid-Oct 18 to mid-May 19 | Mid-May to mid-Oct 19 | Mid-Oct 19 to mid-May 20 |
|------------------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| Share in G20 imports         | 0.47%                    | 0.11%                 | 0.20%                    | 0.24%                 | 0.43%                    | 0.18%                 | 0.14%                    | 0.11%                 | 0.16%                    |
| Share in total World imports | 0.36%                    | 0.08%                 | 0.15%                    | 0.19%                 | 0.33%                    | 0.14%                 | 0.11%                    | 0.09%                 | 0.13%                    |

Source: WTO Report on G20 Trade Measures, 29 June 2020.

## (2) COVID-19 Trade and Trade-related Measures

**As of mid-May 2020, 93 COVID-19 trade and trade-related measures were recorded** of which 65 are trade facilitating and 28 trade restrictive. Of the COVID-19 related trade-restrictive measures, above 90% were export bans and by mid-May, 36% of the COVID-19 related restrictions were removed.

**Most of the trade measures in the merchandise sector** introduced as a result of COVID-19 by different countries including India were medical-related or agricultural items as seen in Chapter 4. There were temporary restrictions or even liberalization in the case of medical-related items. The protective trade measures to build the national economy or for self-reliance were limited in number.

**Some of the measures in the merchandise trade sector** have sunset clauses and are temporary. The ones which may last long, need to be negotiated, like antibiotic residues and other SPS issues on fish and related items by the European Countries, the USA, China, Japan, Thailand, Australia, Saudi Arabia, Kuwait, Canada and South Africa, and by Middle East countries on Rice seeking sanitary norms at par with the EU.

**In the services sector,** the major restrictive measures taken by many countries were related to curbing takeovers or acquisitions of local companies by foreign companies, particularly the Chinese companies and restrictive visa measures by the US. But most of the other measures were liberalizing particularly in the financial sector related to maintaining a lower level of liquidity, in the air transport sector of waiving slot-use requirement by the US and

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facilitating broadband services. India needs to emulate the measures related to broadband services to tap this potential sector. Even China's measure of providing services to facilitate FDI by the different local Departments of Commerce is worth emulating.

**In the case of IPR measures**, the US and to some extent Taiwan were very proactive in the wake of COVID-19. Their measures are worth emulating. These include waiving off petition fees, launching a prioritized examination of patents, trademarks and services marks applications, etc. by the US.

**While many of the COVID-19 related restrictive measures may be phased out, the ones likely to remain need to be negotiated by India. FTAs with major strategic partners could also help in tackling restrictive trade measures.**

### **6.8 Strategies and Policies related to FTAs in the wake of COVID-19 crisis**

Studies have shown that most of India's FTAs have been more beneficial to its FTA partners than India. There are also examples of some FTA partners giving more concessions to countries with which it has other FTAs which more than nullifies any concessions given to India by them. **COVID-19 should be a wake-up call for India to totally review its FTA/CECA strategy. Countries like the EU are negotiating a Trade Deal with China though it has to be approved by the European Parliament and already there are many dissenting voices. However, it may be difficult for India to be a partner of any FTA in the near future where China is the major player as decisions on FTAs cannot be separated from geopolitical considerations.**

**The analysis in this study so far has shown that a regional grouping with QUAD countries is a good proposition.** The strategic forum of India with the QUAD countries could be taken forward to the level of some form of economic and trade grouping. There are indications of Trade diversion from China to India by these countries. India needs to quickly utilize the opportunity to see that Trade diversion to India coupled with Investment diversion to India becomes a reality as many foreign investors are planning to move lock, stock and barrel from China. **Thus India has to be choosy in its FTAs/CECAs and also careful in not including some sectors like Electronics in its FTAs.**

Some examples of sector-specific issues/ experiences regarding India's FTAs are the following.

**In the case of Agricultural and related products**, India needs to review its preferential tariff to South Korea, Japan, SAARC, Malaysia and Indonesia. For example, though India has a CEPA with Japan, Rice is not given preferential access and has to face high tariffs of 700% plus.

**In the case of the textiles and garments sector**, CECA with Korea and Japan have been found to be more beneficial to FTA partners. Since India has a duty disadvantage of 9.6% in apparel exports to the EU compared to competitors like Bangladesh, Cambodia, Sri Lanka, Pakistan and Vietnam (which recently concluded an FTA with the EU), an FTA with the EU would benefit India. In the case of the USA, while the average tariff is 12.5%, the US applies peak tariffs on some products including MMF. India also being out of the US GSP, its competitors who are in the US GSP are gaining. An FTA with the USA could help India in the apparel sector, including MMF based apparel in which India has of late taken initiatives to promote exports.

**In the case of the electronics sector**, the Industry has pointed out that FTAs have done great damage to the local industry as India is a huge consumer market and in signing FTA with the ASEAN, domestic electronic manufacturing is adversely affected. So an immediate review of FTAs including in the Electronics sector is needed. The electronics sector should be kept out of any future FTAs.

**In the case of the leather and footwear sector**, the US and EU account for 70% of India's exports of this sector. With India being out of the US GSP, India's competitors including those with GSP benefits are gaining. So an FTA with the US is needed in the absence of GSP for this sector. The EU GSP to India ends in 2023. With possibilities of this not likely to be extended, concluding the stalled FTA with the EU can help. In the case of Japan, the 8th largest

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importer of leather and footwear, India's market share is only 0.9%. While under India-Japan CEPA, Japan has agreed to eliminate tariffs for most of the items in Chapter 41 (finished leather) and Chapter 42 (Leather goods) by 2021-22, for footwear, duty concession to India has been given only for some categories and most items have MFN duties as high as 27%-30%. Japan is not a major manufacturer of footwear and India needs to renegotiate with Japan to include all types of footwear under HS 6401 to 6405 for duty concessions on a reciprocal basis.

**In the case of Marine products,** India's present FTAs have not helped much compared to EU-Vietnam and EU-Ecuador FTAs where Vietnam and Ecuador have greatly benefitted. Despite having a CEPA with Japan, farmed shrimp exports are subject to 100% sampling of Vannamei and 30% sampling of farmed Black Tiger Shrimp from India for antibiotic residue (AOZ).

**So, on the lines of zero-budgeting, a careful but quick review of existing FTAs along with concluding new useful FTAs with major trading partners of India is important. Negotiations in Indo-US, Indo-UK and Indo-EU FTAs should be brought to a logical conclusion at the earliest. If necessary India should not hesitate to terminate some less useful FTAs or make them more useful for India atleast at the time of renewal.**

### **6.9 COVID-19 and the role of Trade-related Institutions like the WTO**

COVID-19 has given a rude shock to the whole world and more so for the developed countries like the USA, the EU, the UK, etc. which looked invincible. Countries after countries fell prey to the virus. European countries like Italy and Spain collapsed. UK and USA were also badly hit. China, where the crisis started first seemed to have recovered but the situation is still volatile. On the other hand, countries like India have been able to manage the crisis fairly successfully. All this has led to a debate as to whether there would be a Bretton Woods like situation and what will be the role of existing International Institutions like WTO, G-20, etc.

While the 12<sup>th</sup> Ministerial Conference (MC12) scheduled for June 2020 was cancelled, the fifteenth G-20 Summit (Riyadh Summit) was held virtually on 21-22 November 2020. Trade-related institutions like ITC, WTO, UNCTAD and other international institutions like OECD, G20, started working on trade facilitating measures, evaluating the extent of the crisis and emerging restrictions. G20 pledged to collective action measures to mitigate the impact of the COVID-19 pandemic on trade and investment and help foster global economic recovery.

**With some signs of the crisis subsiding, the initial talk of fundamental reforms in International institutions seems to have subsided.** This situation is somewhat similar to what happened during the time of the Great Depression and World War II in 1944 leading to the Bretton Woods. As indicated by James M. Boughton (June 22, 2020), since the IMF and World Bank organisations were established before the crisis ended, they took off. But the International Trade Organisation discussions were on a low key and once the War ended, the formation of the WTO took almost half a century.

**While the issue of the formation of new institutions may be less relevant now, serious thought needs to be given in the WTO, G20 and other Trade institutions to emerging challenges like the following.**

- **The first such issue is the growing digital trade in the wake of social distancing,** which will need a whole set of new rules. On the digital economy, the G-20 leaders expressed their support for fostering an open, fair and non-discriminatory environment and for protecting and empowering consumers while addressing the challenges related to privacy, data protection, IPR and security.
- **The second major issue is related to providing Health and Medical supplies particularly the Vaccine to the World at a reasonable price.** The usual principles of business or profit motive will have to be given up for this purpose. World institutions need to work to provide this at reasonable rates with only a small markup above costs. Even ways to subsidise costs by International bodies can be worked out to make it more philanthropic in nature.

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- **The Issue of rights over IPRs, the third important issue follows from the second issue.** In fact, India's and South Africa's Joint Proposal at WTO was on temporarily waiving the intellectual property and patent rights on COVID-19 vaccines, medical devices and protective kits in the TRIPS agreement. However no consensus could be reached and deep divisions emerged, though it has been retained in the Agenda for future negotiations.
  - **Some other issues** include trade facilitation, health and SPS related protocols for trade and addressing emerging trade restrictions.
  - **Reviving International Trade** which has fallen to unprecedented low levels would also continue to be the main theme of future trade discussions.

**However, with countries moving from a single-sourcing model to China+1 model and local/regional sourcing and more clamour for strategic FTAs, it is to be seen whether the role and importance of multilateral trade institutions will remain the same.** While India will get the G20 Presidency in 2022, many developments are likely to happen before that in 2021.

### 6.10 Inter-Sectoral Linkages

COVID-19 has brought to the fore the inter-sectoral linkages between some important sectors.

**The pharmaceutical sector and healthcare** sector is the first and foremost such combination of merchandise and service sector with great potential. Biotech and R&D are also related to this. India is competitive in all these sectors and any export strategy should consider these sectors together.

**The second major combination is hardware, software, telecommunications and broadband sectors.** India's competence in software and telecommunication services should now be extended to broadband services and IT hardware where many initiatives have been taken. This will be a powerful growth propelling combination where local sourcing and domestic supply chains can develop promoting both domestic industry and exports. Telecommunications equipment and Broadband Services can also be exported through Project exports.

**Shipping services and the whole Merchandise Trade Sector have interlinkages.** COVID-19 has taught us the weakness in depending majorly on foreign shipping lines at the time of crisis and the need for Indian Ships for India's Trade. If this stark reality is understood, then a billion-dollar business will open. This sector is a strong candidate for Atma Nirbhar Bharat Policy.

**Tourism and air transport have high linkages but both are in deep trouble.** Other sectors also have some interlinkages like textiles sector with pharmaceuticals sector in the supply of PPE kits, etc.

**Thus future trade strategies and policies should not be formulated in silos but should be combined policies considering the strong interlinkages between merchandise sectors with merchandise sectors, merchandise sectors with services sectors and services sectors with services sectors.**

### 6.11 Implementation of Strategies and Policies

The implementation of the different strategies and policies outlined in this and earlier chapters can be broadly divided into (1) policies for implementation in the nearer term (6 months to 1 year) to pick the low hanging fruits and (2) policies for the longer time period (2 to 3 years).

However, there will be a lot of overlapping and we cannot allocate the measures into water-tight compartments. Particularly there are many medium-term measures that fall on the borderline of short term and long term.

## (1) Implementation in the Nearer Term

These include the following.

**Most of the logistics related issues** and policies mentioned in this Chapter need to be implemented in the short or nearer term. These include among others addressing the abnormal increase in sea freights, container shortages at ports, very short-term validity of container bookings, unrelated shipping charges, demurrage charges at airports, need for daily cargo trains at Ports like JNPT and Mundra, etc.

**Many Foreign Trade and Tax-related issues** also need to be addressed in the nearer term. These include among others relaxation in export obligation under the advance authorization, waiver of refund of Drawback for cancelled Export orders due to COVID-19 impact, a mechanism to address delayed payments by ECGC and immediate implementation of the NIRVIK scheme. There is also a need for reforms in ECGC terms to consider COVID-19 as a 'force majeure' situation coupled with speedy approvals and speedy settlement of claims and extending ECGC coverage to 90% from 80% for MSMEs. Speedy finalisation of rates of RODTEP scheme; addressing the issue of CAROTAR 2020 and faceless assessment; and a system to rectify errors made by exporters on shipping bills so that refunds are not held up, etc. are also measures for implementation in the nearer term.

**GST and IT related issues** like allowing expenditure on COVID-19 related social activities as Business expenditure; resolving the issue of flagging some exporters as 'Risky' exporters which leads to IGST/DBK getting stuck for them; and timely payment of GST/Income Tax reimbursements, also need to be addressed in the nearer term.

**Finance and banking related issues/policies** to be addressed in the nearer term includes among others, relaxation of SMA/NPA classification by RBI for identifying accounts that have a potential to be NPA/Stressed Assets; and reforms by RBI/Government related to Payment norms and discounts to customers.

**Other policy suggestions** for the nearer term include among others, extension of timelines stipulated under state industrial policies.

**There are also many sector-specific issues and policy suggestions** to be addressed in the nearer terms. These include among others the following.

- Addressing new restrictions like quota restrictions, health certificates, higher import duties and new sanitary norms for **some agricultural items**
- Producing and manufacturing COVID-19 vaccine in the nearer term and supplying it at reasonable prices for other countries which can give a filip to the **Pharmaceutical Exports**
- Expediting roll out of National Policy on Electronics-2019 to help **Electronics sector exports**
- Having a dedicated cargo ship to the US atleast once a week, providing end to end service by Railways, making PU imports duty-free, removal of animal quarantine clearance for processed leathers, etc. to help **Leather and Footwear exports**
- Hand-holding on environment related issues which crop up from time to time in the **Chemicals sector**
- Extension of time limit for completion of exports beyond 90 days of purchase of gold and extension of time for re-payment of gold loan, etc. in **Gems and Jewellery sector**
- Addressing antibiotic residue issue in EU and Japan, and other major markets, container shortage issue caused by China, etc. affecting **Marine exports**



- Addressing requests by clients for deferred payments, discounts and reduction in billing rates, flexible employment policies, etc., in the **IT-BPM sector**
- Reversing the recent contentious regulations favouring foreign flag vessels, strict implementation of the recent public procurement orders, etc. in the **Shipping sector**
- Setting up a Tourism COVID-19 Fund, restoring air connectivity, though with caution to major markets, following travel-friendly quarantine policies in the **Tourism sector**
- Allowing refund/adjustment of accumulated GST credit or use it as collateral against loans, in Telecom Sector and liberalization of Satcom to speedily connect remote areas in the case of **Broadband Services**.

## (2) Implementation in the Longer time period

Policies for implementation in the longer time period include the following.

**Digitization and Automation in Indian Ports and Shipping** and using RFID tags for easy tracking and identification of export consignments is a medium to long term implementation issue.

**Liberalization to the extent possible of all procedures related to exports** where government benefits/refunds are not involved could be done in the medium to long term.

**Strategies related to Greater Supply Chain integration** like diverse sourcing and local sourcing instead of single sourcing and greater digitization are long term policies for implementation.

**While fundamental reforms in International institutions** like WTO, G-20 are long term issues, trade facilitation, facilitative measures to provide health and medical supplies particularly vaccines to the World and the temporary waiving of Intellectual Property Rights (IPRs) on COVID-19 Vaccines, medical devices and protective kits are short/medium term implementation issues which can be addressed by the international institutions.

**Forming strategic Trading blocks** like QUAD and utilizing the opportunities of Trade diversion from China by assisting even at local govt. levels are medium to long term measures. Medium to long-term implementation measures also include measures to tackle emerging trade restrictions and concluding useful and strategic FTAs along with reviewing existing FTAs.

**Marketing and Virtual Trade Fairs** through reforms in MAI are some other long term measures.

**There are also some sector-specific measures** of a long term nature like the following.

- Tapping the potential for ‘Safe Spices’ exports with sustainably produced MRL compliant spices to help **spices exports**
- Supporting automation and digitization to tap the opportunities in the medical-related **textiles and garments**.
- Becoming a global hub for Electronics repair services by allowing seamless export of spares and allowing global stores and dispatch centres to be set up in India, etc.; making Electronics hub a reality by forming a consortium of component companies, design companies, R&D companies and manufacturing companies; developing a star rating for all the tech products indicating the percentage of indigenisation as a guide to consumers, etc., **in the electronics sector**
- Creating Plug and play model clusters, the extension of IFLAPD, negotiating for the continuation of EU-GSP beyond 2023, negotiating with Japan for 0% duty on all types of footwear, and giving consent to operate tanneries for 5 years in the **leather and footwear sector**
- Setting up dedicated Industrial Park for Dyes and Dye Intermediates, etc. in the **chemicals sector**

- Operational changes like upgrading handling facilities in major fishing harbours and setting up advanced laboratories, establishing online Trade platform for direct marketing of aquaculture, strengthening traceability of residues and fast-tracking clearance of SIP (Sanitary Import Permit), etc. for **marine exports**
- Turning districts as exports hubs for **sports goods exports**
- Addressing the issue of preferential duties in FTAs for tyre imports and lowering the high duties on inputs to help **tyre exports**
- Embracing the new normal of digitization and new practices like WFH, remote connectivity and better leverage of Technology; application of IT in new potential sectors like healthcare, Govt. and construction; enabling stringent security protection particularly in WFH arrangements; streamlining “blended” Workplace policies for OSPs, firms in SEZs and STPIs, etc. in **IT-BPM sector**
- Strengthening the capacity of Indian ships in India’s trade, formulating an integrated Maritime policy, setting up a Maritime Development Fund, reaffirming Government of India’s policy of imports f.o.b. and strengthening the policy of ROFR, strongly opposing the contentious issue of bringing shipping into a regional market-based measure – the EU ETS, etc. in the **shipping services sector**
- A multi-year moratorium of Interest and Principal for loans, effective communication and marketing by multiple series of 30 secondar social media ads and following a policy of Revenge Tourism as done by China, etc. for **tourism services sector**
- Forming a Telecom Finance Corporation or a Infrastructure Bank, rationalization of statutory levies and taxes viz LF, SUC, GST, Input Tax Credits, etc., optimum spectrum pricing, enhancement of scope of IP1 registration to include sharing of both active and passive infrastructure, creating and manufacturing strong digital communications network by rationalization of Right of Way (ROW) rules, Fibre First initiative, open public Wi-fi networks and opening E&V bands, carving out a Telecom startup/MSME fund from Startup India Fund, inviting global OEMs to invest in setting up units in India and also setting up global manufacturing hubs even outside India in global locations, reducing cost disparity compared to other competitors in manufacturing and exporting telecom products, making India a Fibre manufacturing capital of the World by supportive FT policies like 10% BCD on Optical Fibre without concessions to FTAs, combined strategy of manufacturing optical fibre and exports coupled with providing Broadband services through project exports, manufacturing other Telecom equipment and preparing for 6G by kickstarting early phase R&D of 6G and Auxiliary Technologies, in **telecom and broadband sector**.
- Long term policies also include formulating a comprehensive strategy in some areas like Pharmaceuticals, Healthcare, Biotechnology and R&D where there are inter-sectoral linkages and adopting a combined inter-sectoral strategy for Hardware, Software, Telecom and Broadband services.

## 6.12 Conclusion

**Thus, a bunch of issues and policy suggestions, some for the nearer term and some for the longer term are given here. However, COVID-19 is a constantly developing and changing phenomenon and policymakers have to keep their eyes open and ears close to the ground and make quick and suitable changes in policies and strategies.**

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## ACRONYMS

|         |   |
|---------|---|
| AA      | Advance Authorization   |
| AAICLAS | AAI Cargo Logistics & Allied Services Company Ltd                   |
| AEO     | Authorised Economic Operator  |
| AEP     | Average Export Performance  |
| AGR     | Adjusted Gross Revenues   |
| AI      | Artificial Intelligence   |
| AIT     | Advanced Income Tax   |
| AIVs    | Avian Influenza Viruses   |
| APEDA   | Agricultural & Processed Food Products Export Development Authority |
| APIs    | Active Pharmaceutical Ingredients                                   |
| APRA    | Australian Prudential Regulatory Authority                          |
| APTA    | Asia Pacific Trade Agreement  |
| AQCS    | Animal Quarantine and Certification Station                         |
| ARPU    | Average Revenue Per User  |
| ASEAN   | Association of Southeast Asian Nations                              |
| AT      | Advanced Tax  |
| ATUFS   | Amended Technology Upgradation Funds                                |
| BBNL    | Bharat Broadband Nigam Limited                                      |
| BCP     | Business Continuity Plans   |
| BFSI    | Banking, Financial Services and Insurance                           |
| BOL     | Bill of Lading  |
| BoP     | Balance of Payments   |
| BSAL    | Buyer Specific approval List  |
| CAAC    | Civil Aviation Administration of China                              |
| CBIC    | Central Board of Indirect Taxes and Customs                         |
| CECA    | Comprehensive Economic Cooperation Agreement                        |

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|----------|---|
| CEPA     | Comprehensive Economic Partnership Agreements                 |
| CETPs    | Common Effluent Treatment Plants                              |
| CFCs     | Common Facility Centres                                       |
| CFH      | Cochin Fisheries Harbour                                      |
| CIOs     | Chief Information Officer                                     |
| CIPET    | Central Institute of Petrochemicals Engineering & Technology  |
| CoI      | Certificate of Inspection                                     |
| COO      | Certificate of Origin   |
| CoO      | Country of Origin   |
| COOs     | Chief Operating Officers                                      |
| CORSIA   | Carbon Offsetting and Reduction Scheme                        |
| COS      | Committee of Secretaries                                      |
| COVID-19 | Coronavirus Disease   |
| CPCB     | Central Pollution Control Board                               |
| CRR      | Cash Reserve Ratio  |
| DFIA     | Duty Free Import Authorization                                |
| DG       | Director General  |
| DGCI&S   | Directorate General of Commercial Intelligence and Statistics |
| DOT      | Department of Telecommunications                              |
| DPIIT    | Department for Promotion of Industry and Internal Trade       |
| EAF      | Electric Arc Furnaces   |
| ECB      | European Central Bank   |
| ECLGS    | Emergency Credit Line Guarantee Scheme                        |
| EEPC     | Engineering Export Promotion Council                          |
| EODB     | Ease of Doing Business  |
| EODC     | Export Obligation Discharge Certificate                       |
| EPCG     | Export Promotion Capital Goods Scheme                         |
| EPF      | Employee Provident Fund                                       |
| EU       | European Union  |
| EVC      | Electronic Verification Code                                  |
| EWBs     | E-way bills   |
| FCC      | Federal Communications Commission                             |
| FCL      | Full Container Load   |
| FCR      | Forwarders Cargo Receipt                                      |
| FDA      | Food and Drug Administration                                  |
| FDI      | Foreign Direct Investment                                     |
| FEEs     | Foreign Exchange Earnings                                     |
| FEMA     | Federal Emergency Management Agency                           |
| FIBCs    | Flexible Intermediate Bulk Containers                         |
| FoB      | Free on Board   |
| FTAs     | Foreign Tourist Arrivals                                      |

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| FTA      | Free Trade Agreement   |
| FTP      | Foreign Trade Policy   |
| G&J      | Gems and Jewellery   |
| GCCs     | Global Capabilities Centres                                  |
| GE       | Graphite Electrodes  |
| GI       | Geographical Indication                                      |
| GSDP     | Gross State Domestic Product                                 |
| GSP      | Generalised System of Preferences Scheme                     |
| GST      | Goods and Services Tax                                       |
| HACCP    | Hazard Analysis Critical Control Point                       |
| HBP      | Handbook of Procedures                                       |
| HC       | Verification of International Health Certificate             |
| HD       | High Definition  |
| HPCSA    | Health Professions Council of South Africa                   |
| HS       | Harmonized System  |
| IBUs     | Banking Units  |
| ICASA    | Independent Communications Authority of South Africa         |
| IDFs     | Infrastructure Debt Funds                                    |
| IDLS     | Integrated Development of Leather Sector                     |
| IFLAPD   | Indian Footwear, Leather & Accessories Development Programme |
| IFPRI    | International Food Policy Research Institute                 |
| IFSC     | International Financial Services Centre                      |
| IHHNV    | Infectious Hypodermal and Hematopoietic Necrosis Virus       |
| IMF      | International Monetary Fund                                  |
| IMNV     | Infectious Myonecrosis Virus                                 |
| IoT      | Internet of Things   |
| IPI      | Institute of Intellectual Property                           |
| IPOS     | Intellectual Property Office of Singapore                    |
| IPRs     | Intellectual Property Rights                                 |
| ITAs     | International Tourist Arrivals                               |
| ITC      | International Trade Centre                                   |
| ITRs     | International Tourism Receipts                               |
| IVHC/IVC | International Veterinary Health Certificate                  |
| JIT      | Joint Inspection Team  |
| LCL      | Less than Container Load                                     |
| LEO      | Let Export Order   |
| LF       | License Fee  |
| MAC      | Multi species Aquaculture Centres                            |
| MAIS     | Market Access Initiative Scheme                              |
| MC12     | 12th Ministerial Conference                                  |
| MDF      | Maritime Development Fund                                    |



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| MEIS   | Merchandise Exports from India Scheme                  |
| MeitY  | Ministry of Electronics and Information Technology     |
| MHz    | Megahertz  |
| MLFAC  | Mega Leather, Footwear and Accessories Cluster         |
| MMPA   | Marine Mammal Protection Act                           |
| MoCI   | Ministry of Commerce and Industry                      |
| MRL    | Maximum Residue Level                                  |
| MRV    | Monitoring, Reporting and Verification                 |
| MSAMB  | Maharashtra State Agricultural Marketing Board         |
| MSF    | Marginal Standing Facility                             |
| MSQ    | Maritime Safety Queensland                             |
| NBC    | Nucleus Breeding Centre                                |
| NDCP   | National Digital Communications Policies               |
| NDF    | Non-Deliverable forward                                |
| NIRVIK | Niryat Rin Vikas Yojana                                |
| NOC    | No Objection Certificate                               |
| NPAs   | Non-Performing Assets                                  |
| NTCF   | Nylon Tyre Cord Fabric                                 |
| OECD   | Organisation for Economic Co-operation and Development |
| OSFI   | Office of the Superintendent of Financial Institutions |
| OSPs   | Other Service Provides                                 |
| P2R    | Pillar 2 Requirement                                   |
| PABS   | Programme for Aquaculture Brood Stock and Seed Supply  |
| PLIS   | Production Linked Incentive Scheme                     |
| PMGKP  | Pradhan Mantri Garib Kalyan Package                    |
| PPE    | Personal Protective Equipment                          |
| PSC    | Phyto-sanitary Certificates                            |
| PSEs   | Public Sector Enterprise                               |
| PTA    | Purified Terephthalic Acid                             |
| QCO    | Quality Control Order                                  |
| QUAD   | Quadrilateral Security Dialogue                        |
| RAs    | Regional Authorities                                   |
| RBI    | Reserve Bank of India                                  |
| RCMC   | Registration cum Membership Certificate                |
| RD     | Regulatory Duty  |
| REX    | Registered Exporter                                    |
| RLAs   | Regional Licensing Authority                           |
| RoDTEP | Remission of Duties or Taxes on Export Products        |
| RoFR   | Right of First Refusal                                 |
| RoSCTL | Rebate of State and Central Taxes and Levies Scheme    |
| RoW    | Right of Way   |

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| ROW    | Rest of the World                                      |
| RWA    | Risk-Weighted Assets                                   |
| SAARC  | South Asian Association for Regional Cooperation       |
| SD     | Supplementary Duty                                     |
| SEIS   | Service Export from India Scheme                       |
| SEPs   | Standard Essential Patents                             |
| SIP    | Sanitary Import Permit                                 |
| SLAs   | Service-Level Agreements                               |
| SLF    | Special Liquidity Facility                             |
| SMA    | Special Mention Accounts                               |
| SNB    | Swiss National Bank                                    |
| STAP   | Scheme for Testing Aquaculture Products                |
| SUC    | Spectrum Usage Charge                                  |
| TBR    | Truck & Bus Tyre                                       |
| TCIL   | Telecommunications Consultants India Limited           |
| TEN-T  | Trans-European Transport Network                       |
| THC    | Terminal Handling Charges                              |
| TLTRO  | Targeted Long Term Repo Operations                     |
| TPO    | Third-Party Observation                                |
| TSPs   | Telecom Service Providers                              |
| TSPs   | Telecom Service Provides                               |
| UNCTAD | United Nations Conference on Trade and Development     |
| UnICEP | Unified Interface for Certification and Export Process |
| UNWTO  | UN World Tourism Organization                          |
| UPPCB  | Uttar Pradesh Pollution Control Board                  |
| USF    | Universal Service Fund                                 |
| USPTO  | United States Patent and Trademark Office              |
| VAFA   | Vegetables & Fruits Exporters Association              |
| VAT    | Value Added Tax  |
| VBSM   | Virtual Buyer Seller Meetings                          |
| VC     | Video Conferencing                                     |
| VOC    | Volatile Organic Compounds                             |
| VoIP   | Voice over Internet Protocol                           |
| VPN    | Virtual Private Network                                |
| WANA   | West Asia and North Africa                             |
| WFH    | Work-From-Home   |
| WSSV   | White Spot Syndrome Virus                              |
| WTO    | World Trade Organisation                               |

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