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India's containerised trade recorded slower growth than global average in Q2 of '19

FE BUREAU

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CONTAINERISED TRADE IN India recorded slower growth than the global average in the second quarter of 2019 due to a cocktail of international factors such as slowing trade growth, growing trade tensions and domestic factors like rural consumer distress, tightening liquidity and a slowdown in key manufacturing sectors, says a report by container logistics company Maersk.

The Maersk India Trade Report Q2 2019 reports that India's overall imports grew at a mere 2% while exports remained flat. Both imports and exports were growing at a healthy rate during the same period last year at 8% and 9%, respectively.

While the long-term growth perspective on the Indian economy remains positive, the short-term strain is being reflected across industries as well as in India's containerised trade, which has slowed to a mere 1% growth in the second quarter of 2019. In the corresponding period last year, this stood at a healthy 9% growth, almost three times higher than the global growth average of 2-3%. India's exports to China declined by 20%, led by a reduction in demand for India-made textiles and apparel, which were large export commodities in the corresponding period last year. Imports from China contracted more, by 22%. On the other hand, the increasing economic cooperation between India and Saudi Arabia led the latter to emerge as one of India's strongest export partners in second quarter of 2019, growing by 74%, with vegetables, tiles, stone and glass exports from India leading this growth.

Steve Felder, managing director, Maersk South Asia added, "The overall deceleration of trade growth reflects a broad-based slowdown across key economic sectors. Amidst increasing global volatility, a slower local economy and the US' withdrawal of preferential access for certain Indian products, India's import-export trade is expected to continue to face headwinds in the coming months."