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India's EXIM trade may continue to face headwinds, says Maersk

OUR BUREAU

Mumbai, September 23

India's export-import (EXIM) trade is expected to face continued headwinds in the coming months, AP Moller Maersk said after its April-June India trade report showed the country's containerised trade growth slowing to 1 per cent (against 9 per cent in the same period last year). AP Moller Maersk runs Maersk Line, the world's biggest container shipping firm.

Moller Maersk attributed the steep decline in growth to "a cocktail of international factors such as slowing trade growth and growing trade tensions, coupled with domestic factors like rural consumer distress, tightening liquidity and a slowdown in key manufacturing sectors."

"Combined, these triggers impacted the country's economic activity, slowing overall import-export growth," it said in a report released on

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

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'Container trade growth fell to 1% in April-June'

India will continue to see EXIM headwinds in coming months, says AP Moller Maersk

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nomie sectors. Amidst increasing global volatility, a slower local economy and the USA's withdrawal of preferential access for certain Indian products, India's import-export trade is expected to continue to face headwinds in the coming months," said Maersk South Asia MD Steve Felder.

"However, the Commerce Ministry's recently-proposed export

promotion scheme, supported with a production-based support scheme, coupled with a weaker rupee, is likely to boost 'Make in India' and benefit multiple industries. Additionally, India has a great opportunity to position itself as a beneficiary of the global trade tensions, provided it can attract investment, move up the ease of doing business index and reduce costs related to logistics," Felder said without making a reference to last Friday's corporate tax cut announcement and its potential impact on reviving the economy and trade.

Exports to China decline

India's exports to China declined by 20 per cent, 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 per cent.

On the other hand, the increasing economic co-operation between India and Saudi Arabia led the latter to emerge as one of India's most reliable export partners in April-June 2019, with trade volumes growing by 74 per cent, with vegetables and tiles, stone and glass exports leading the growth.

The commodity that saw the sharpest fall in exports to North America was India-made vehicles, which slowed to 11 per cent growth from a healthy 67 per cent growth last year. On the import side, while domestic demand for textiles, apparel and accessories from North America grew, commodities such as fruits and nuts, vegetables and food-stuff experienced a weakening demand, it said.

The quarterly India Trade Report that Moller Maersk publishes is based on its own data.