

# TURNAROUND IN INDIA'S 2017 TRADE PAVES THE WAY FOR A SUCCESSFUL 2018

2017 **INDIA**





Despite major reforms, India's Export-Import displayed high levels of resilience and outdid some of the world's largest economies, to register 9% y-o-y growth in 2017

Indian exports jumped from 1% growth in Q1 to 14% in Q4 registering a strong turnaround

East India led export growth at 19% while South India strengthened exports of India-made automobiles to Algeria

Slower imports growth of 8% registered over the 12-month period with North India leading the way

India's trade growth with North America reached 9%, nearly doubling growth seen in 2016

In Q4 2017, India recorded a strong 14% containerized export growth, exceeding collective increases seen in the previous quarters, resulting in full year growth of 10%. This comes as a welcome relief, as India opened 2017 with a mere 1% YoY export rise in Q1 as the market was reeling from the effects of demonetization and the anticipation of GST implementation.

The biggest high though comes from the fact that India's 12-month import-export growth closed at a healthy 9%, which when compared to the global growth average of 4% cements India's position as being amongst the fastest growing major markets worldwide.

*"India's robust trade performance in 2017 reflects the equity the country enjoys with its trade partners globally. Case in point is the turnaround we've seen in India's trade with North America, which grew at double the pace of the previous year's growth. As the local market stabilizes further, we expect to see more of such wins in 2018, and are looking forward to participating in – and indeed enabling – the India growth story,"* said Steve Felder, Maersk Managing Director for India, Sri Lanka, Bangladesh, Nepal, Bhutan and Maldives

### East India, the forerunner of India's import-export growth

Unlike in 2016, when India's Northern states almost single-handedly drove the country's overall import-export growth, in 2017 the credit for this would go to the Eastern region.

This was mainly due to increases in throughput clocked by Haldia and Visakhapatnam ports at 77% and 28% y-o-y respectively. Together they helped the Eastern region's contribution to global exports grow by 19% YoY, which in turn became a key driver of India's overall import-export rise of 9%.

A major part of this export-led growth for the region came from its trade with North America. However, in volume terms it was East India's exports to the Mediterranean countries which resulted in the region clocking an outstanding YoY increase of 24% in 2017.



*"This was driven mainly by demand for metal imports into Italy, Spain and Belgium, which grew at 47%, 42% and 32% respectively. Additionally, ores saw good export growth from the region with increased demand from Taiwan, China and Japan," explained Felder.*



### Auto exports drove Southern and Western India's growth story

Containerization in India currently stands at 55% of the country's total import-export trade, and is expected to grow significantly in the years to come. One of the propellers of this trend is expected to be increasing containerization of India-made automobiles, which helped grow India's overall auto exports by 20% in 2017, headed mainly for the United States, Algeria and Russia. This also resulted in Algeria emerging as one of the fastest-growing trade partners for India. Auto exports to this country which were in the red a year ago at -27%, turned around significantly in 2017 to close at an impressive 31% growth.

A significant portion of these exports were driven by India's Southern region, with ports in Kattupali and Krishnapatnam registering throughput growth of 75% and 26% respectively, pushing up the region's exports to Algeria by a whopping 188% YoY. This number was at 130% in 2016.

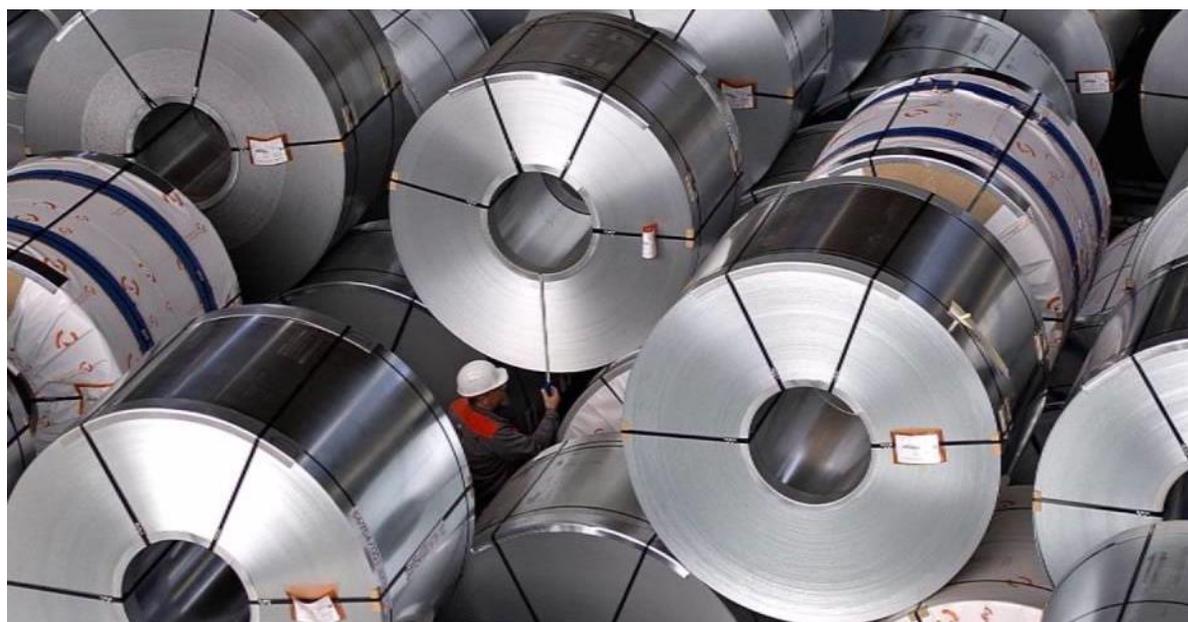
India's containerized auto exports also benefited the country's Western region, which was catering mainly to Egypt and Nigeria, and registered growth at 5% YoY in 2017, up from 2% in 2016.

*Felder explained, "Over the past year, we have seen an increase in automotive OEM's (Original Equipment Manufacturers) opting for containerization of their vehicle shipments from India. For one thing, containerization ensures that these vehicles are transported safely, and aren't affected by external factors while they are out at sea. Additionally, with containerization, OEMs can move large volumes in each consignment, thereby achieving higher economies of scale."*

*He further added, "As world leaders in integrated logistics management working with OEMs across the board, we understand the specialized capabilities required to support India's rapidly evolving auto export trade, and continue to invest in growing our skills and services in this area".*

Other key propellers of India's export growth in 2017 included:

- India's exports to UAE registered a strong turnaround, from a 15% decline in 2016 to close at a healthy 11% increase in 2017. This was mainly due to stabilizing oil prices in the region which in turn propelled consumer spending.
- Exports of seeds, beans, cereals and flour to Saudi Arabia went from a 10% decline in 2016 to 39% growth in 2017.
- On the other hand, tile, stone and glass exports, which were leading growth at 99% last year found themselves in the red at -23% in 2017.



### India's imports from Europe rose, while metal demand dropped

Growth in India's overall imports slowed to 8% yoy in 2017 with imports from North America and Mediterranean countries declining.

However, it showed a positive increase coming from Europe. This mainly resulted from:

- Vehicle imports from Germany picking up in 2017 to grow by 14% YoY compared to a decline of 16% in 2016
- Reefer imports picked up pace from 1% YoY growth in 2016 to 7% growth in 2017, where imports from Netherlands itself grew by 31% YoY in Q4 2017 alone

Metal imports for the same period slowed to stand at -11% YoY growth in 2017, from 4% in 2016.

*"The decline in metal imports was mainly due to the drop in the demand for solar equipment in 2017," said Felder. "Going back to 2016, the Government's focus on setting up solar cities resulted in a spike in related equipment imports which was sufficient to meet the immediate needs of the industry at that time. As the Government's 'Development of Solar Cities' scheme covering 60 cities moves into the next phase over the coming months, we can once again expect to see an increase in imports in this area."*

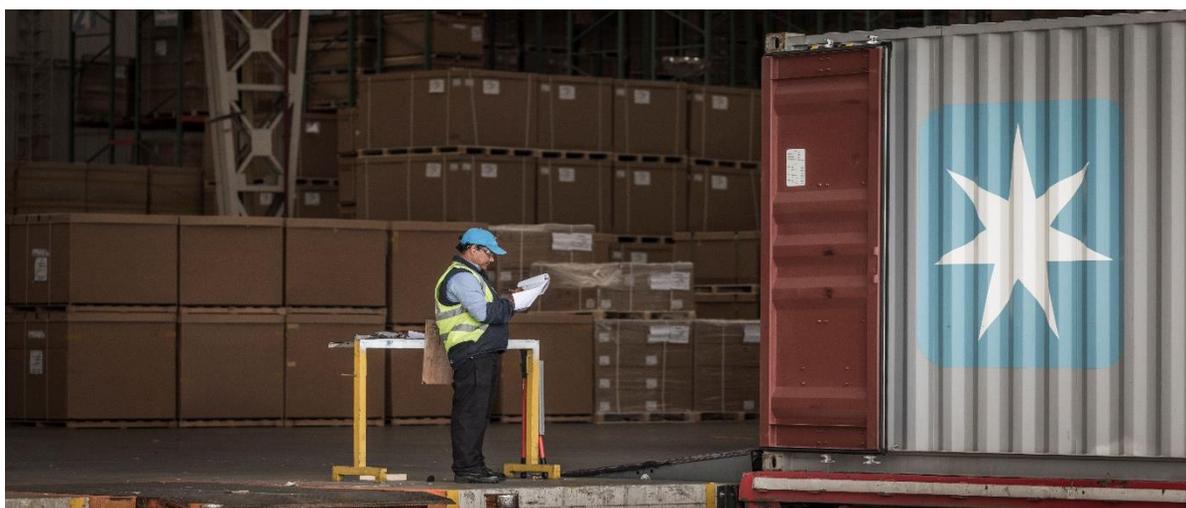
Other interesting facts related to India's evolving import landscape include:

- Increasing import of China-made furniture to 30% YoY in 2017
- Slowing reefer import growth from 81% in 2016 to 3% in 2017
- Declining imports from Germany and South Korea by 12% and 24% respectively

### 2018 a promising year

The year gone by presented us with some interesting growth trends driven not only by changes within our boundaries and shifts in the global economy, but also by new export destinations and unexpected commodities taking the lead.

*"We expect 2018 to be just as exciting, more so given the added impetus on ease of doing business and the impact of major policy reforms seemingly behind us. All these signals indicate strong growth for the containerized market this year and we are looking forward to participating in – and enabling – this growth story," ventured Felder.*



### ABOUT MAERSK LINE

Maersk Line, the global containerized division of the Maersk Group, is dedicated to delivering the highest level of customer-focused, reliable ocean transportation services

- Supports over 29,000 customers across sectors
- Maersk Line in India is the leading Container Shipping Line in the region with footprints across 25 offices, 55 Inland Acceptance Points and presence across 16 ports in India
- Increased number of acceptance points for both dry and reefer cargo to increase penetration in the remote Indian Hinterland
- 26 years of presence in India gives Maersk Line a strong insight into the Indian market

Get more information at <https://my.maerskline.com/homepage/>



### ABOUT MAERSK

A.P. Moller - Maersk is an integrated transport & logistics company with multiple brands and is a global leader in container shipping and ports. Including a stand-alone Energy division, A.P. Moller - Maersk employs roughly 88,000 employees across operations in 130 countries.

In India, the Transport & Logistics Division of A.P. Moller - Maersk is present through Maersk Line, APM Terminals Mumbai, APM Terminals Pipavav, APM Terminals Inland Services, DAMCO, Svitzer, Ardent, Maersk Tanker, Global Service Centre, Maersk Training and Maersk Crewing. It employed around 13,000 people and had a turnover of USD511m in 2015-2016.

Get more information at <http://www.maersk.com/>

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