



MAERSK TRADE REPORT

Refrigerated cargo leads India's growth

India – Q3 2018



India registers double-digit trade growth in Q3 2018

- 10% export growth, 9% import growth in Q3
- Major turnaround in exports from West India, while East India experiences rapid import growth
- Pharmaceuticals, vehicles and metals play a key role in commodity trade

India's containerised export trade with the world grew a healthy 10% in the third quarter of 2018 (Q3) due to broad-based recovery in the manufacturing sector, globally buoyed by a surge in demand from end-user industries. One of the contributing factors for higher exports is the sharp depreciation of Indian rupee against the dollar which made Indian products more competitive. Additionally, the investments by Chinese firms to comply with strict environmental norms have increased their cost of production and together with the appreciating yuan, has reduced their production cost advantage, thus benefitting Indian exports.

The high demand for India-made vehicles, electrical appliances and kitchenware; as well as refrigerated cargo such as meat, seafood and pharmaceuticals, have driven the country's export growth trajectory. The upswing witnessed by the manufacturing sector during the last few quarters is reflective of the firming demand for India-made goods, including from non-traditional markets such as Algeria and Nigeria, which also helped to drive export growth. India's drive to create a new farm export framework to liberalize trade in farm products and grow farm exports via the conclusion of multiple bilateral agreements is expected to yield positive outcome.

Containerized imports maintained a stable growth of 9%, mainly due to a heavy inflow of paper into the country, along with metals and vehicles from North American and European countries.

"The upward movement in global commodity prices, continuing depreciation of the Indian rupee and recent major shipping-logistics reforms such as liberalized cabotage policy and Direct Port Delivery are instrumental in supporting the export-import trade between India and global markets. With fast growing trade figures that are significantly higher than the estimated global containerized demand growth of 3-4%, coupled with strategic competitive pricing, India is emerging as a favorable trade destination for both advanced and emerging markets."

Steve Felder

Managing Director for Maersk Line – South Asia



Strong growth in reefer exports; and high increase in dry commodity imports

The demand for Indian organic food to the United States, the European Union, Canada, Israel and Vietnam has played a crucial part in India's reefer export development. Though the export of meat was low, the export of onions witnessed a 15% growth and exports of shrimps grew by 20%, thereby driving overall reefer exports by 27% year-on-year. *

Containerised imports of paper, metal and kitchenware (appliances) have driven the import of dry commodities by 18% year-on-year*. United Kingdom, Canada, Germany and South Korea have been the key import origins in Q3 2018. The import of paper continues even in Q3 2018 from the United States, Canada, United Kingdom and South Korea with an increased demand from FMCG and packaged food segment, the rapidly growing e-commerce industry and the run-up to the upcoming elections. The surge in paper imports has raised some concerns for local paper manufacturing players, and there is an evaluation of a potential three years anti-dumping on certain kinds of uncoated paper from Indonesia, Thailand and Singapore.

“Today, India's trade growth is hidden in our hinterland. The advent of the rural evolving into urban, and the accessibility of inland to the coast, has started to expose the potential that our hinterlands hold to transform. What cannot be ignored is that the hinterlands of India cannot be developed in exclusivity. An inclusive approach, covering the development of both the hinterlands and the urban coastal area holds the key to overall progress. Only when the inland is connected to the coast, when they come on equal playing ground, with continued access to the latest technologies, knowledge, and infrastructure, will the full potential of our great nation be realized”

Ajit Venkataraman

Managing Director, APM Terminals - South Asia



Pharmaceuticals, vehicles and metals play a key role in commodity trade

The opening of China's pharmaceutical market, and its decision to cut tariffs on Indian cancer drugs (which are highly demanded in China as they are cheaper than Western cancer drugs) has propelled its pharma exports. The Indian pharma sector also witnessed high export to North American nations in Q3 2018. On the import side, there is a substantial increase in pharmaceutical imports from Northern European countries.

The rise of exports of Indian two-wheelers, passenger and transport vehicles have resulted in a 36%* growth in Q3 2018. Strong demand from regions of Latin America, Africa and surrounding countries like Nepal, Bangladesh and Sri Lanka have pushed the India-made vehicles to international markets.



Metal imports have increased 33%* year on year, on the back of iron and steel scraps driving this growth from the North and West regions of India. In tandem, import of recyclables to India from United States, Belgium, United Kingdom and Netherlands have witnessed a significant growth since China's crackdown on the import of solid waste - including recyclables – owing to environmental concerns.

Demand for India-made automobiles

36%*

Increase in export of vehicles

Year on year

North and West India driving metal imports

33%*

Increase in metal import

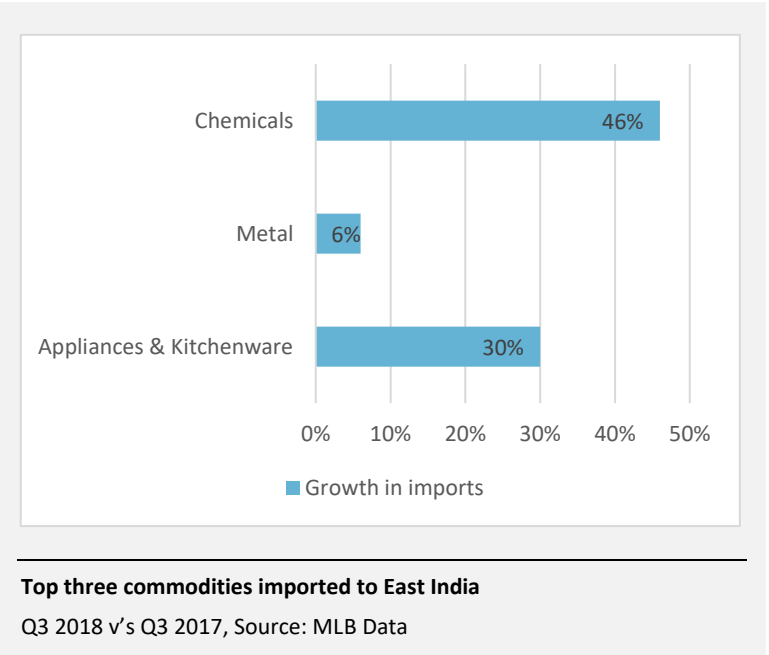
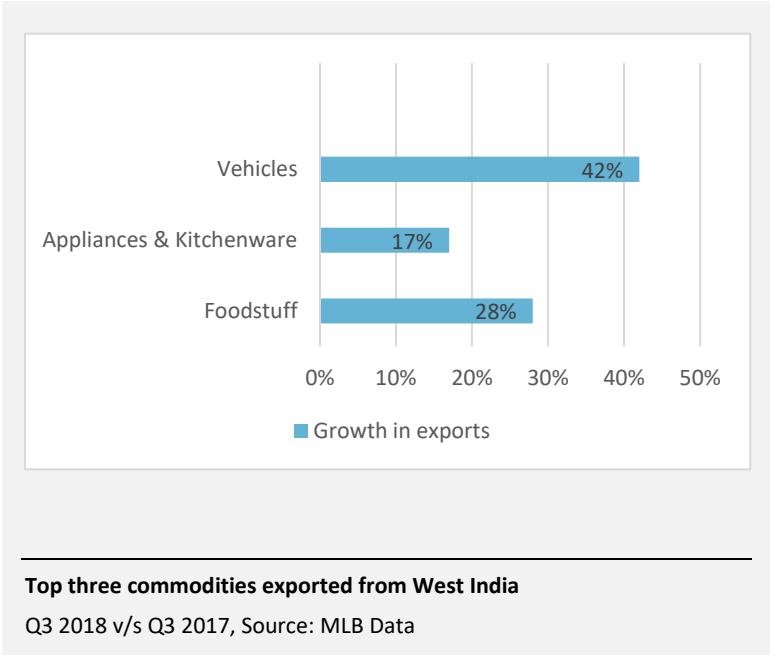
Year on year

*The report is based on containerised trade data. * Y-O-Y percentage is comparison of Q3 2018 with same period last year i.e. Q3 2017. All the India specific number are MLB data

Major turnaround in exports from West India, while East India experiences rapid import growth

The growth in the export basket from West India has been led by an increase in the shipment of India-made automobiles, and white goods such as kitchenware and appliances to foreign shores. While the exports from West India witnessed a contraction of 15% in Q3 2017, the exports increased by 10% in Q3 2018 on the back of high volume trade with the United Arab Emirates, Nigeria and the United States.

With rising demand for chemicals, metal and paper, the import to the East region of India has grown swiftly at 9% when compared to 3% in Q3 2017. Countries like Canada, South Korea and China have been the leading import origins for the growing region.



Outlook for 2019



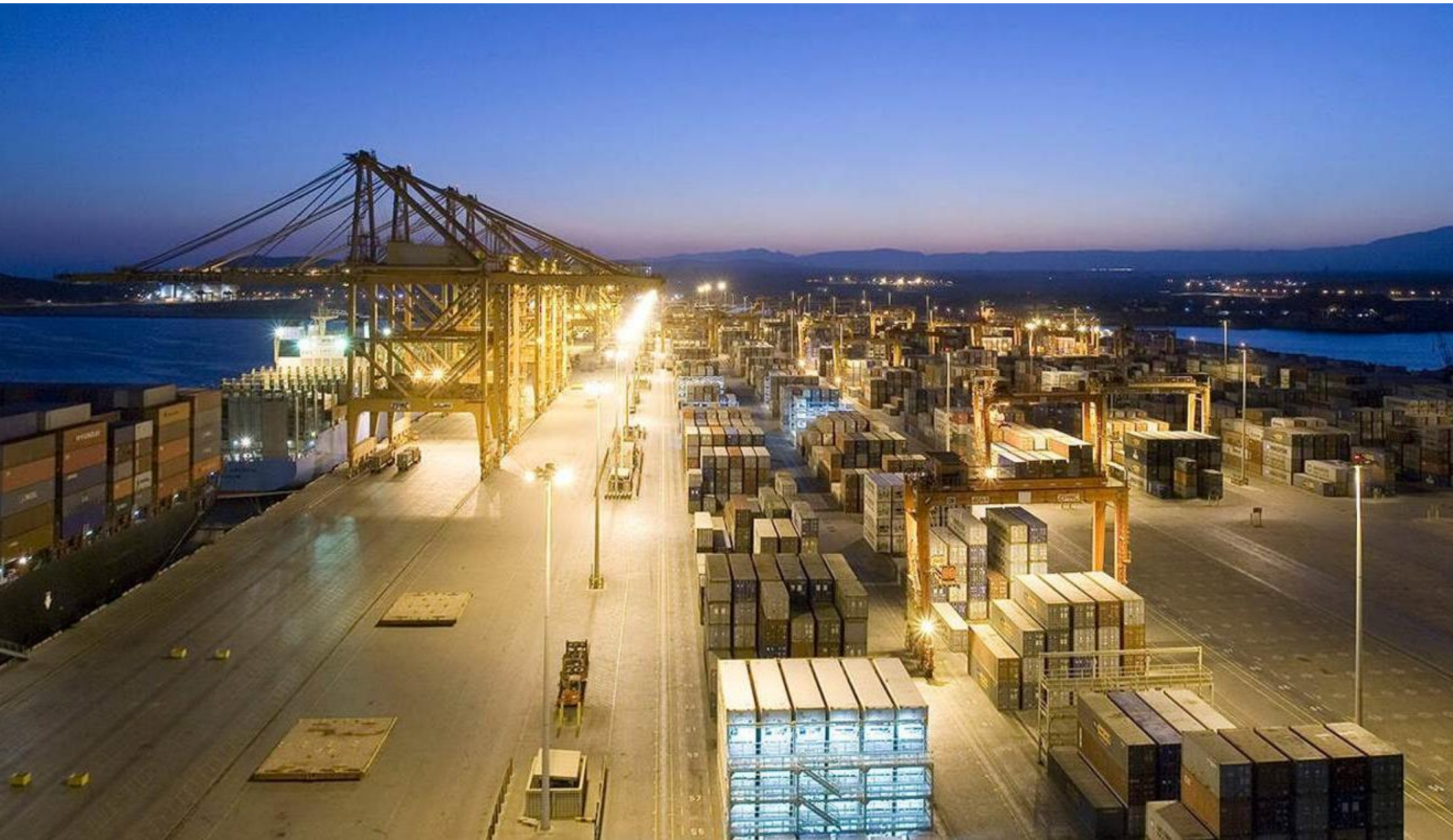
“Although the sector is looking at fast growth in the coming year, logistics infrastructure - which is the backbone of the industry – also needs to be strengthened simultaneously. The government is in line with this objective, as we have witnessed a cluster of initiatives towards making India a global superpower, including the ‘Make in India’ campaign. The efforts to create a more pro-business, investor-friendly environment is clearly



visible as the economy recently advanced 23 spots to rank 77th in the World Bank’s latest ‘Ease of Doing Business’ index. As the industry foresees and awaits the benefits of cabotage relaxation and streamlining of exporters’ GST refunds, digitisation and blockchain technology in the supply chain infrastructure is set to transform the logistics industry in the coming years.”

Steve Felder

Managing Director for Maersk Line – South Asia





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://www.maersk.com/>



About A.P. Moller Maersk

A.P. Moller - Maersk is an integrated container logistics company working to connect and simplify its customers' supply chains. As the global leader in shipping services, the company operates in 130 countries and employs roughly 76,000 people.

With simple end-to-end offering of products and digital services, seamless customer engagement and a superior end-to-end delivery network, Maersk enables its customers to trade and grow by transporting goods anywhere - all over the world.

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

For more details, please contact Cohn & Wolfe Six Degrees PR

Aditya Karlekar
adityak@sixdegreespr.co.in / +91 9930933882

Maersk Line

Komal Sahu
komal.sahu@maersk.com / +919892169200