

GTRI Report

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Merchandise Imports Set To Touch US\$710 Billion This Fiscal

Global Trade Research Initiative

Preface

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We are happy to share a factual brief on India's imports highlighting major products and countries.

We would be happy to receive your feedback at ajay@centrefortrade.com

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Merchandise imports set to touch US\$710 billion this fiscal

India's merchandise imports for the fiscal year ending March 2023 are estimated to touch US\$710 billion, up from \$613 billion in FY2022, an increase of over 15.8 percent over last year.

A-Key Product categories

Six product categories account for 82% of India's total merchandise imports. Estimated imports for FY2023 are:

- Petroleum, Crude oil-\$210 billion
- Coal, Coke-\$51 billion
- Diamonds, Precious metals -\$77 billion
- Chemicals, plastics-98.2
- Electronics-US\$69 billion
- Machinery-76 billion

1-Petroleum crude and products

The estimated values of petroleum imports are US\$210 billion. This includes Crude oil with an import value of US\$163 billion and LNG and LPG of US\$17.6 billion and US\$14 billion, respectively. Crude imports grew by 53% over the last fiscal. India bought crude from diversified countries. The top suppliers are Iraq (US\$36billion), Saudi Arabia-(US\$31billion), Russia (US\$21billion), UAE (US\$17billion) USA (US\$11.9billion). Imports from Russia increased by 850% over last year.

2-Coke, coal

India's estimated coke and coal imports for FY2023 are US\$ 51 billion. We import both coking coal and thermal coal. While coking coal is used as raw material for making steel, thermal coal is used to generate electricity.

The coking coal imports may exceed US\$ 20.4 billion, an 87% increase over last year. Steam coal imports may exceed US\$ 23.2 billion, a 105% increase over last year.

3-Diamond, Precious metals

In FY23, India's diamond imports are estimated at US\$27.3 billion. Of these, most were exported and earned \$24 billion. The remaining may be consumed locally. Major imports are rough(US\$ 18.5 billion) and Cut and Polished diamonds(8.8 billion). Rough diamonds are cut and polished, and exported. As value addition in diamond cutting and polished is <4%, data implies that India also exported

most of the imported cut and polished diamonds. The reasons for such circular trading without adding value are not clear.

India is the second largest gold importer after China. But its Gold imports have come down from US\$56.4 billion in CY2021 to US\$37.7 billion in CY2022, a decline of 33% due to an increase in import duties. Part of the gold was exported as jewelry, earning \$13 billion, and gold worth \$24.7 billion was consumed locally.

India's Silver imports have risen from US\$ 2.1 billion in CY2021 to US\$6.3 billion in CY2022, an increase of 207%. All imports were consumed locally.

4-Chemicals, Pharma, Plastics, Rubber

Chemicals, pharma, plastics, and Rubber accounts for \$98.2 billion or almost 13.8 percent of India's imports. Major imports are Organic chemicals, including APIs (US\$ 30 billion), Fertilisers(US\$ 17 billion), and Plastics (US\$ 22 billion).

India imports 65-70% of APIs from China. India's bulk drug industry, led by public sector units IDPL and Hindustan Antibiotics, was way ahead of China's in the 1990s but fell back due to specific policy measures and predatory pricing by China. We must revive the API industry to ensure our country's health security. This will require focus on not the top or penultimate product but the entire supply chain.

Plastic imports are large. Essential products are PVC resin-US\$ 1.8 billion, Terephthalic acid -US\$ 1.4 billion, Polypropylene-US\$ 1.4 billion, Polyethylene -US\$ 1.4 billion, Styrene-US\$ 1.2 billion. India must remove any inverted duty conditions to set the sector free.

5-Machinery, Electronics

Machinery, electronics, and telecom account for \$135 billion or almost 20.4 percent of India's imports. Machinery accounts for \$76 billion or nearly 10.7 percent of India's imports. Significant products imported include Turbojets, turbines- US\$3.6 billion, Air, vacuum pumps- US\$3.6 billion, Ball bearing-US\$1.3 billion, and Automobile engines-US\$1.1 billion.

Electronics, including Telecom equipment, account for \$67 billion or almost 9.7 percent of India's imports. Major products imported include Computer, Laptop, tablets and parts-US\$18.4 billion, Integrated Circuits-US\$13.3billion, PCB--US\$7.6 billion, Solar cells, parts -US\$4.7 billion, Computer memories-US\$4.1 billion, TVs, Parts etc-US\$3 billion, LITHIUM-ION batteries-US\$2.6 billion, Smartphones-US\$1.6 billion, Mobile phone parts-US\$2.4 billion, Computer printers- US\$1.6 billion, Headphones Earphones -Us\$615 Million

6-Steel, metals, Ores, and minerals

Steel, Metals, Ores, and minerals groups imports are estimated at US\$51 billion. In FY23— steel, aluminum, copper, and other metals and other metals US\$40 billion. Ores and minerals US\$11 billion. Major import products are Steel Waste and Scrap (US\$5.9billion), Aluminium Scrap (US\$3.9billion), Copper Scrap(US\$788 million), Brass Scrap (US\$871 million), Copper Ores/ Concentrates (US\$3.3 billion), Copper Cathodes /Anodes (US\$2.4billion).

India must watch out for subsidized imports as China, Korea, and Japan have excess capacities, and exports to the EU would be restricted because of carbon border taxes.

7-Agriculture

The agriculture sector's imports are estimated to be \$33.3 billion in FY23. Vegetable oil and pulses remain the most significant imports. Essential vegetable oil imports are Crude Palm Oil (\$8.4 billion), Crude Soya Bean Crude Oil (\$6.0 billion), Crude Sunflower Seed Oil (\$3.0 billion), Refined Bleached Deodorised Palmolein (\$2.billion). Essential pulses imports are Pigeon Peas (Arhar) (\$627 million), Lentils (Mosur) (\$525 million), Beans Of The Spp Vigna Mungo (Urad) (\$490 million); other significant imports are Cashew Nuts (\$1.8 billion), Almonds (\$967 million), Apples Frsh (\$320 million), Dates (\$192 million).

The debate on (I) the health impact of palm oil and (II) if India can grow these profitably remains inconclusive. Fact-led decision-making may help consumers with informed choices on the use of the different types of oils.

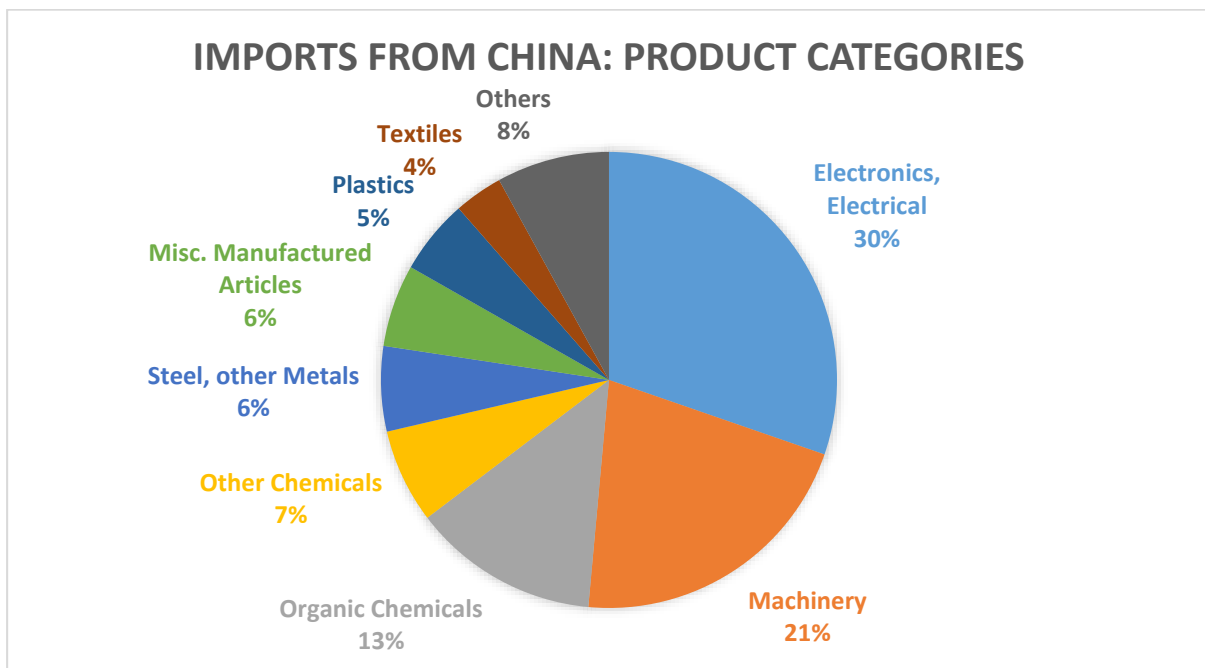
B-Major suppliers to India

1-India's imports are more than its exports with 22 of 25 top trading partners in terms of imports.

S.No	Country / Region	Import	Export	Balance
1	China	102.6	15.2	-87.5
2	UAE	52.9	31.3	-21.5
3	U S A	50.9	80.1	29.2
4	Saudi Arabia	43.9	10.1	-33.9
5	Iraq	37.6	2.5	-35.1
6	Russia	35.5	2.9	-32.6
7	Indonesia	28.5	9.9	-18.6
8	Singapore	24.3	11.8	-12.5
9	S. Korea	20.7	7.5	-13.2
10	Australia	19.7	8.3	-11.4
11	Hong Kong	19.4	9.8	-9.6
12	Qatar	17.3	2.0	-15.3
13	Switzerland	16.3	1.3	-15.0
14	Japan	15.7	5.7	-10.0
15	Germany	15.1	10.5	-4.6
16	Malaysia	13.5	7.2	-6.3
17	Kuwait	12.8	1.5	-11.3
18	Thailand	11.3	6.1	-5.2
19	South Africa	11.2	8.2	-2.9
20	Belgium	9.7	9.7	0.0
21	U K	9.5	11.2	1.7
22	Vietnam	9.0	5.9	-3.1
23	Nigeria	8.7	5.3	-3.4
24	Oman	8.7	4.7	-3.9
25	Taiwan	7.8	2.7	-5.1

2-Imports from China

India has highest deficit with China exceeding US\$87.5 billion. China's 65% exports to India are in just 3 categories. Electronics (US\$ 31 billion), Machinery (US\$ 21.7 billion), and Organic Chemicals (US\$ 13.6 billion). Other key import categories from China are: Plastics (US\$ 5.4billion), Fertilizers (US\$ 2.3 billion), Medical, scientific instrument (US\$ 2.2 billion), Iron and steel, products (US\$3.9 billion), Automobiles (US\$ 1.8 billion, Aluminium (US\$ 1.4billion, Inorganic chemicals(US\$ 1.2billion, Manmade filament(US\$ billion,



C-Outlook for Next Fiscal

The world GDP has crossed US\$ 100 Trillion first time in 2022, but the GDP forecast for 2023 at sub 3 percent is weak at best. Currently, four reasons are affecting global economies.

1-High Inflation in Developed countries. Inflation in the US is 9 percent, and in the UK, Canada, and Germany is in double digits. The root cause can be traced to the US printing \$5 trillion in 2020-21 to combat Covid and subsequent actions leading to bank failures. But this may be just the beginning.

2-The Russian invasion of Ukraine. The US sanctions on Russia made the effect of war felt at the international level by restricting the supplies of Oil and raw materials, leading to high prices. It's no more a two-country war. The world pays the price through high prices and supply disruptions.

3-Currently, Brent crude sells at US\$ 76 per barrel. The US sanctions on Russia and the weakening of the US-Saudi Arabia 1970s deal that lead to the dollar becoming the world's reserve currency will unsettle supply lines leading to uncertainty and price rise.

4-The US effort to create alternate supply chains excluding China may increase prices.

The Year 2023 will make most countries turn inward to stay safe from the global headwinds, not of their creation. Indian economy will be moderately impacted by weak global demand and recession in large economies.

India's imports -US\$ billion					
S.No	Product Categories	FY22*	FY23	%Growth	Share
1	Animal Products	0.27	0.28	5.4	0.0
2	Agriculture	30.71	33.30	8.4	4.7
3	Ores, Mining products	9.16	10.37	13.2	1.5
4	Coal, Crude oil, products	180.86	259.79	43.6	36.6
5	Chemicals, Pharma, Plastics	87.65	98.21	12.0	13.8
6	Steel and other metals	34.26	39.68	15.8	5.6
7	Rubber, leather, wood, paper etc	14.03	15.66	11.6	2.2
8	Textiles, Apparels	8.64	10.44	20.8	1.5
9	Machinery	74.30	76.18	2.5	10.7
10	Electronics, electrical	60.76	68.93	13.4	9.7
11	G&J	94.43	76.82	-18.6	10.8
12	Automobiles, Railways, Aircraft, Ship	17.96	20.34	13.2	2.9
13	Grand Total	613.05	710.00	15.8	100.0
*Estimated					

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About Global Trade Research Initiative

GTRI aims to create high-quality and jargon-free outputs for governments and industry on issues related to trade, technology and investment from the perspective of development and poverty reduction.

Mr Ajay Srivastava is the co-founder of GTRI. He took VRS from the Government of India in March 2022. He is an Indian Trade Service officer with experience in trade policy making, WTO and FTA negotiations. He did MBA from Indian School of Business.

Feedback

Your feedback on this report is most welcome. Please write to ajay@centrefortrade.com.