



Textiles sector post sharpest growth in world exports among manufactured goods

World Trade Organisation released its flagship publication World Trade Statistical Report 2021 on July 30, 2021. The report acknowledges the sharp decline in world trade in 2020 because of the onset of the pandemic. At the same time, the report highlights early signs of recovery in merchandise trade during April-June 2021 as suggested by certain indicators. In a sign of recovery in global supply chain, world exports of intermediate goods rose by 8.5% in October-December 2020 after declining in the preceding three quarters. On the other hand, the report raises concern about signs of weak growth in services trade. According to WTO, international air traffic (as measured by number of international flights operational) remained just above 50% of the pre-pandemic level as of May 2021. A swift recovery in world merchandise and services trade depends on rapid and equitable access to COVID-19 vaccines around the world, the report notes.

Impact of pandemic

World merchandise trade declined 8% in 2020, while trade in commercial services fell 21% because of the disruptive impact of COVID-19 pandemic. The impact of COVID-19 was not balanced across sectors as certain segments of the economy benefitted from increase in demand and trade volumes. For instance, the share of medical goods in world merchandise trade grew 1.3% to 6.6% in 2020 because of increase in demand for medicine and other healthcare items. Trade in medical goods increased significantly in 2020, with trade in personal protective products growing the most by 47.2%. Similarly, world exports of agricultural products grew 0.9% in 2020 as many countries depended on food exports during the COVID-19 crisis.

World exports of textiles grew 16%, the highest growth among all manufactured goods in 2020, as textile products are used in personal protective equipments, face masks and other medical items. On the other hand, exports of automotive components declined 16%, the sharpest fall among manufactured goods, because of disruptions to production lines and weak demand in 2020.

Services Exports

Travel and tourism was the worst affected services segment amidst the pandemic. Export of travel, tourism and related services declined to USD 549 billion from USD 1,468 billion in 2019. As a result, the contribution of transport and travel to total services trade fell from 43% to 31% in 2020.

According to the report, international travelers' expenditure fell 81% and transport by 29% in April-June period of 2020. Although the contraction in transport service was similar to the drop in the financial crisis of 2009, this time the decline was led largely by restrictions to passenger transport and a fall in demand for international travel rather than by sharp contraction in freight shipping.



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Export of computer services grew 8% in 2020 as the pandemic increased demand for digitalization and forced company executives to work from remote locations. India's export of computer services grew 6%, although many other countries such as Sri Lanka, Netherlands, Poland, USA and Indonesia have posted higher growth in this category than India.

The share of other commercial services, such as financial services, legal services, computer services and professional services, grew to 66% in 2020 from 54% in total services exports.

In 2020, Slovenia and Cambodia improved their world rankings in merchandise trade as their manufacturing sectors are well integrated into regional supply chains. China retained its position as the leading exporter of goods in 2020, with its share in world exports growing 1% to 13% in 2020.

India's ranking in world merchandise exports declined from 18th rank to 21st rank in 2020 as Vietnam, UAE and Switzerland posted better performance than India in exports.

Notifications

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Global level market for MSMEs

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Development of small scale industries

<https://pib.gov.in/PressReleasePage.aspx?PRID=1740289>

Externally Aided Projects

<https://pib.gov.in/PressReleasePage.aspx?PRID=1740307>

India produces more than 70% of wind power equipments

<https://pib.gov.in/PressReleasePage.aspx?PRID=1740271>

Government releases Rs. 397.28 cr. to states under Amended Technology Upgradation Fund Scheme

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DGFT

New online module for issuance of Export Authorisation for SCOMET items

<https://content.dgft.gov.in/Website/dgftprod/b2f560f6-2691-46a7-9cd3-684616befe9b/Trade%20Notice%20No%2011-%20%202021-22%20dated%2028-07-2021.pdf>

Foreign Trade Policy 2015-20 – Introduction of online deemed exports application module

<https://content.dgft.gov.in/Website/dgftprod/bee09520-a1fd-4332-b1b5-218ae0f8353a/Trade%20Notice%20%20No%2012%20.pdf>