

India's reliance on 11 manufactured goods shifts from ASEAN to China

ASEAN (Association of East Asian Nation) is an economic and political block of 10 countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) in the Indo-pacific region. ASEAN countries have a total population of 662 million people representing around 8.4% of global population and with a share of about 3.3% of world gross domestic product (GDP) their combined GDP is valued at around USD 3.2 trillion. In 2021 ASEAN total trade to world stood at around USD 3.3 trillion. ASEAN export to the world for the same year was recorded at USD 1.7 trillion having around 7.7% share of global export. For certain goods ASEAN is considered as alternate source of import for China to countries looking to diversify their import basket to hedge against supply chain risk due to its geographical location and similar industrial structure to China. Fuel and energy, electronic equipments and machinery appliances are the biggest export form ASEAN.

India- ASEAN Trade

Currently ASEAN is India's 4th largest trading partner among major trading blocks and regions. In FY 2021-22 India-ASEAN Total trade stood at around USD 110 billion up by 40% from around USD 78 billion in FY 2011-12. ASEAN is India's 3rd largest source of import after China and Gulf Corporation Council (GCC). India imported more than USD 68 billion worth of merchandise from ASEAN in FY 2021-22. Out of the total import from ASEAN 17.54% were energy goods (HS code 27), 18% were agro – products (HS code 01-25). Non-agro-energy import (HS code 26-99 excluding 27) constitutes around 64.5% of India's total import from ASEAN.

Post pandemic and pre pandemic import

Supply side disruption caused due to the pandemic and later arising out of the ongoing conflict in Europe raised lot of concern regarding India's dependency on China especially for its non-agro-energy imports. ASEAN with its geographical location and similar industrial structure as China was seen as alternate source of imports, especially for non-agro and non-energy goods.

Comparing India's import from ASEAN for FY 2021-22 (post-pandemic) with FY 2018-19 (pre-pandemic), nine commodities can be identified where the share of ASEAN in India's import has risen, while at the same time the share of China has declined commensurately. These nine commodities are personal computers, digital cameras, miscellaneous electronic goods, articles of iron & steel, plastics and fertilizer. The share of China in India's total import of these nine commodities declined from 40% before the pandemic to 38% currently, while the share of ASEAN countries grew from 13.9% to 15.65% during this period.

Increasing share of China

At the same time, it is striking to know that across 11 commodities, spanning electrical machinery and chemicals, the share of China in India's total import has grown from 29% to 44%, while the corresponding share of ASEAN has declined from 36% to 27%. India's import of these 11 goods from

ASEAN declined to USD 3.7 billion in 2021-22 from USD 4.2 billion in 2018-19, while our import from China grew 47% to USD 9.3 billion.

Some of these 11 goods include acid & salts, polypropelene, electronic integrated circuits, communication apparatus, digital processing units, transistors and certain kinds of auto components.

Notifications

Press Information Bureau

Update on new wage code

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1844649>

Government has launched a World Bank supported Central Sector Scheme called Raising and Accelerating MSME Performance (RAMP).

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1844602>

ECGC introduces new scheme providing enhanced export credit risk insurance cover up to 90% for small exporters

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1845036>

India-Egypt joint trade committee and Joint business council meet sets bilateral trade target of USD 12 billion to achieve within 5 years

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1845838>

12.7 percent increase in Index of Eight Core Industries for June, 2022

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1846246>

DGFT

Relaxation in provision of submission of 'Bill of Export' as an evidence of export obligation discharge for supplies made to SEZ units in case of EPCG Authorization-reg.

<https://content.dgft.gov.in/Website/dgftprod/cd48c08e-b15b-4919-8b7f-dc9a0fc51ec8/PC%20No.%2043.%202015-20.pdf>

Clarification regarding Non-Ferrous Metal Import Monitoring System (NFMIMS)

<https://content.dgft.gov.in/Website/dgftprod/351470c4-99ee-4eaa-90d9-4fff01b97063/Policy%20Circular%20No%2042%20dt%2027-07-22.pdf>

CBIC

Tariff Notification-

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-nt2022/csnt65-2022.pdf;jsessionid=31852F5019C1DD2A69E491C9211EC6C4>

Exchange Rate Notification

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1846347>

RBI

RBI reserve as on 22 July at USD 571.5 billion

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54121