

exports: India's exports to EU declined in the last 20 years, accounts for mere 0.9% of the total imports of EU

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India exports to the EU grew more than five times between 2001 and 2011 to \$45 billion, but stagnated in the subsequent years.

Synopsis

The share of the European Union in India's overall goods exports declined from 18% in 2001 to 14% in 2020, even though there was growth in the absolute value of shipments.

India's [exports](#) have seen a steady growth over the last six months, but bucking this trend trade with the [European Union \(EU\)](#), which is the second largest export market for India after the USA, has seen a steady decline.

According to an analysis by [MVIRDC WTC Mumbai](#), the share of the European Union in India's merchandise exports has declined in the last 20 years. The share of the European Union in India's overall goods exports declined from 18% in 2001 to 14% in 2020, even though there was growth in the absolute value of shipments. India's exports to the European Union stagnated around \$45 billion since 2011 after rising from \$8.1 billion in 2001. Today, India hardly accounts for 0.9% of the total import of the European Union, which reflects untapped export potential in this market.

This is in stark contrast to the current growth in India's exports. According to [India Exim Bank](#) exports from India in the quarter ending September 2021 is estimated to be \$98 billion. The [Ministry of Commerce and Industry](#) expects India's exports to grow to \$1 trillion by 2027-28. It has planned to enhance exports of 31 commodities to 200 countries to attain the target of \$400 billion exports in 2021.

Table 2: Percentage of total imports of various regions met by Indian exporters as of 2020

Regions	Percentage
Middle East Asia	5.6%
Africa	5.5%
South Asia	4.3%
ASEAN	2.1%
Asia	2.0%
North America	1.9%
Latin America and Caribbean	1.6%
Oceania	1.6%
Commonwealth of Independent States	1.5%
European Union (27 countries)	0.9%

Source: ITC, Geneva

While the EU is seeing a decline, the share of Asia in India's goods exports grew from 38% to 46%, Middle East Asia rose from 13% to 15.6%, Africa's share expanded from 6.4% to 9.5% and Latin America and Caribbean's share increased from 2.4% to 4.5%. The share of North America (USA, Canada & Mexico) in India's goods exports remained steady around 20% in the last 20 years.

What led to the stagnation?

The report says India's value of exports to the European Union has not made much headway in the last one decade because of a slew of non tariff measures taken by the bloc against Indian exports. Specifically, the plant and animal safety measures (technically known as sanitary and phytosanitary measures) has affected India's exports of agro commodities. The European Union has implemented eight sanitary and phytosanitary measures against India's agro product exports so far.

In a statement, Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai said, "There is huge scope for Indian exporters to expand their footprint in the EU market. India needs to revive its negotiation of the [FTA](#) with the EU to resolve the [non-tariff barriers](#)."

In order to increase the exports to the EU market, MVIRDC WTC Mumbai says India needs to take a three-pronged strategy:

1. Promote exports of mechanical appliances, electrical & electronic machineries and its parts, automobiles & auto components, which are top import items in the EU
2. Revive negotiation of [Free Trade Agreement](#) (FTA) with the EU to resolve non tariff barriers
3. Provide yearly target to India's official trade missions in the EU countries for increasing exports to these respective countries

Potential market

The European Union holds the key in India realizing its export target of \$1 trillion by 2027-28, as the bloc is the second largest importer of goods in the world with a share of 28% in world [imports](#), after Asia's 38% share. Major products imported by European Union bloc are:

- Mechanical appliances
- Electrical and electronic machineries and its parts
- Automobiles and auto components
- Pharmaceuticals

- Plastic products
- Medical and scientific instruments
- Organic chemicals
- Iron and steel products

India exports to the EU grew more than five times between 2001 and 2011 to \$45 billion, but stagnated in the subsequent years. Around 60% of goods imported by the European Union are sourced from countries within the bloc. The low share of India in the total import of EU reflects scope for expanding the exports in this bloc. In the last 20 years, countries such as Romania and Slovakia have increased exports to other countries within the European Union. Therefore, Indian exporters planning to foray into the EU market need to prove their competitiveness against others, says the MVIRDC WTC Mumbai.