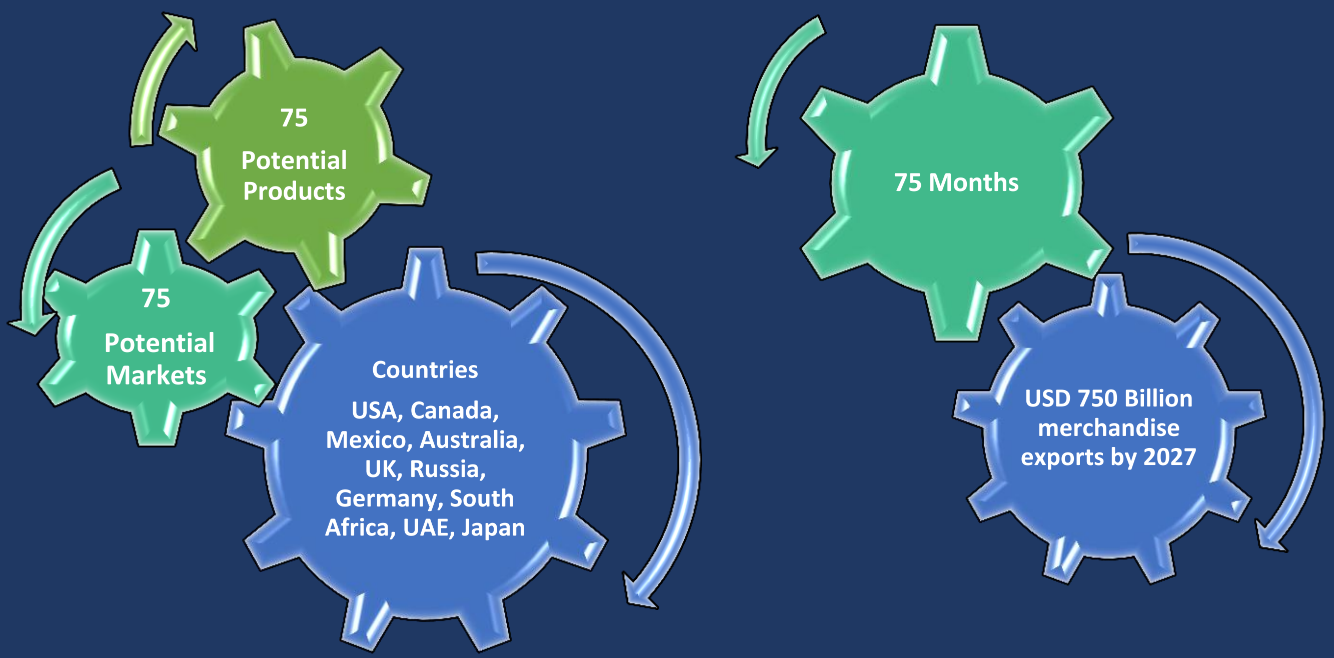
Achieving a Higher Exports Trajectory: 75 Potential Products and Markets



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PHD Chamber's viewpoint

Shri Sanjay Aggarwal
President, PHDCCI

Over the past decades, both export & import flows have moved in tandem with GDP for almost all countries in the world. It has been observed that there are close linkages between world exports, imports and total trade with world GDP. Similarly, for major economies such as USA, China, Japan, Germany, India, UK, UAE and Singapore, there is sufficiently high degree of correlation between their exports, imports, trade and GDP. The pandemic COVID-19 is a humanitarian crisis on a global scale. At this juncture, it becomes necessary to understand the implications for India's exports outlook. As world economic recovery is on the way although risks of w orse growth outcomes remain if the virus resurges, demand is expected to re-emerge in India's top export destinations. The study suggests that USD 400 billion export target is achievable in FY 21-22. Efforts should be made to ensure greater ease of doing exports for exporters to re-capture the lost momentum and resume the exports growth trajectory of FY2019 level or before.

Shri Pradeep Multani
Senior Vice President
PHDCCI

Exports, imports, total trade and GDP for the world economy and other major economies including India are highly correlated. This has implications for India especially during the difficult time of pandemic COVID-19 when both production and consumption took a back seat due to associated supply chain disruptions. India has shown remarkable resilience in the pandemic by fighting the virus as well as ensuring economic stability. Going forward, estimates show improved growth prospects of India's top export destinations. At this stage, India should think big and be ready with a strategy to further improve quality, build capacity, bring in economies of scale and improve price competitiveness to make our export products more relevant and appealing to the global buyers.

Shri Saket Dalmia
Vice President, PHDCCI

Trade is considered as an important driver of economic growth and prosperity. The global economy is experiencing the deepest recession since the Great Depression in the 1930s due to the continued spread of pandemic COVID-19. It has been observed that there exists a high degree of correlation between exports, imports, total trade and GDP for select economies. For India's top export destinations, estimates by IMF suggest better economic recovery to imply improved demand for India's goods and services in the international market. Sectors such automotive & auto components, pharmaceuticals and medical devices, bio-technology, capital goods, IT &ITeS, accounting and finance services, audio visual services, legal services, among others, should be focused upon in the short and medium term to increase India's exports especially from the MSME's sector.

Shri Saurabh Sanyal
Secretary General
PHDCCI

The study on achieving a higher exports trajectory has undertaken an analysis to understand the linkages between GDP, exports, imports and trade for select economies and come out with interesting insights. The analysis stated that there are close linkages between GDP, exports, imports and trade. Furthermore, India's foreign demand is expected to rise further as the global economy resumes its previous trajectory slowly. At this juncture, the Government should focus on promoting ease of doing business & exports and further reduce the cost of doing business in the country including the costs of capital, costs of compliances, costs of logistics, costs of land and availability of land and costs of labour. The Study has identified 75 potential products and markets for enhancing and increasing the exports in coming times.

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Executive Summary

The World economy has enjoyed sustained positive growth over the last few decades, accompanied by quicker growth in global trade. A significant portion of contemporary research has been devoted to understanding the probable relationships between international trade and a country's economic size. The current study conducted an investigation to ascertain the relationships between GDP, exports, imports, and trade for a sample of economies, including the world economy, the United States of America, China, Japan, Germany, India, the United Kingdom, the United Arab Emirates, and Singapore.

World exports to GDP ratio has climbed from 18% in 2001 to 27% in 2020 while world imports to GDP ratio has increased from 19% in 2001 to 27% in 2020. As a result, total world trade to GDP ratio has also increased from 37% in 2001 to 53% in 2020. For the US economy, exports to GDP ratio has improved from 7% in 2001 to 10% in 2020 while USA’s imports to GDP ratio has grown from 11% to 14% during the same period. Therefore, USA’s trade to GDP ratio has increased from 18% in 2001 to 24% in 2020.

In case of China, exports to GDP ratio increased from 20% in 2001 to 38% in 2007 and declined thereafter to stand at 20% in 2020. Similarly, China’s imports to GDP ratio increased from 18% in 2001 to 31% in 2007 but declined to reach at 17% in 2020. Therefore, China’s trade to GDP ratio increased from 38% in 2001 to a high of 71% in 2006, however, declined considerably thereafter to stand at 36% in 2020.

Japan’s exports to GDP ratio increased from 9% in 2001 to 16% in 2020. Similarly, Japan’s imports to GDP ratio increased from 8% in 2001 to 16% in 2020. Therefore, Japan’s trade to GDP ratio increased from 17% in 2001 to 32% in 2020. Germany’s exports to GDP ratio increased from 29% in 2001 to 44% in 2020. Similarly, Germany’s imports to GDP ratio increased from 25% in 2001 to 39% in 2020. Therefore, Germany’s trade to GDP ratio increased from 54% in 2001 to 83% in 2020.

India’s exports to GDP ratio has increased from 9% in 2001 to 18% in 2020 while India’s imports to GDP ratio has increased from 10% to 19% during the same period. Therefore, India’s trade to GDP ratio has increased from 19% in 2001 to 37% in 2020. For the UK’s exports to GDP ratio increased from 17% in 2001 to 27% in 2020. Similarly, UK’s imports to GDP ratio increased from 22% in 2001 to 31% in 2020. Therefore, UK’s trade to GDP ratio increased from 39% in 2001 to 58% in 2020.

UAE’s GDP at current prices has increased from USD 103(Including services) billion in 2001 to USD 354 in 2020 (excluding services). Accordingly, UAE’s exports to GDP ratio increased from 49% in 2001 to 86% in 2020. Similarly, UAE’s imports to GDP ratio increased from 41% in 2001 to 64% in 2020. Therefore, UAE’s trade to GDP ratio increased from 90% in 2001 to 150% in 2020. For Singapore, exports to GDP ratio increased from 136% in 2001 to 162% in 2020. Similarly, Singapore’s imports to GDP ratio increased from 129% in 2001 to 148% in 2020. Therefore, UAE’s trade to GDP ratio increased from 265% in 2001 to 310% in 2020.

Furthermore, the study has assessed the degree of correlation of GDP with total trade, exports and imports for the aforementioned economies. The degree of correlation of GDP with exports is the highest for UAE (0.98), followed by Germany (0.98), World economy (0.97), Singapore (0.96), China (0.96), India (0.96), USA (0.94), UK (0.90) and Japan (0.67). The degree of correlation of GDP with imports is the highest for UAE (0.98), World economy (0.98), Germany (0.97), China (0.96), Singapore (0.96), India (0.93), USA (0.93), UK (0.89) and Japan (0.69). The degree of correlation of GDP with total trade is the highest for UAE (0.99), followed by Germany (0.98), World economy (0.98), China (0.96), Singapore (0.96), India (0.94), USA (0.93), UK (0.91) and Japan (0.67).

India's primary exporting partners during the Coronavirus pandemic in 2020 were United States of America, China, and the United Arab Emirates. China took second place in 2020, with a 1.6 percentage point increase in percentage share over 2019. During 2020 and 2019, China, United States of America, and United Arab Emirates were India's top importing partners. However, the percent share of the United States of America and the United Arab Emirates has decreased, with the exception of China, which has climbed by 1.7 percentage points in 2020 over 2019. In terms of commodities, India's top exporting commodities in 2020 were mineral fuels and oils, natural and cultured pearls, and pharmaceutical products, with pharmaceutical exports increasing by 1.3 percentage points over 2019. On the other hand, Mineral fuels and oils, electrical machinery, and natural or cultured items were India's major importing commodities in 2020. In 2020, the share of electrical machinery increased by 1 percentage points as compared to 2019.

The pandemic COVID-19 is a humanitarian crisis on a global scale. With the outbreak of COVID-19, the deepening of the contraction in global growth & trade during the recent years has been accentuated badly leading to a compounding cripple effect on domestic as well as external demand. At this juncture, it becomes necessary to understand the implications for India’s exports outlook, going forward. India’s top export destinations contribute around 74.4% in India’s total exports to world.

As world economic recovery is on the way, one of the major causes of concern lies with the structure of global demand and income generation amid a highly volatile and uncertain environment. The average GDP growth rate (projected) for India’s top 25 export destinations stands at (-) 3.2% during 2020 while for 2021 the average growth in these economies is projected to rebound to stand at (+) 4.1%. Although, risks of worse growth outcomes remain if the virus resurges and availability of proven COVID-19 vaccines is slower than anticipated, demand is expected to re-emerge in India’s top export destinations.

India’s merchandise exports fluctuated around USD 260-330 billon since the last 8-9 years, with the highest exports being USD 330 billion in 2018-19. The Govt. of India has decided to give a quantum boost to exports and set a target of USD 400 billion for FY 2021-22 under the initiative of ‘local goes global’. India has already achieved the 41% of the set target in the first five months, and to maintain the momentum for the remaining seven months, India needs to export USD 34bn per month. This target is realistic and achievable as India’s major exporting partners are the world's leading economies. The GDP growth projections for India’s top 25 export destinations are estimated to be 4.1 %(average) for 2021.

Furthermore, the high degree of correlation between GDP, exports, and imports suggests that focusing on demand will provide these economies a better chance of recovering growth in the future.

Export Outlook: Perspective and Possibilities

The study has identified 75 potential export products and markets to enhance and increase India's exports to achieve USD 400 billion goods export target in 2021-22 and USD 750 billion goods exports in the next 75 months by 2027. The USA, Canada, Germany, France, UK, Japan, UAE, China, Mexico, Australia, among others would be the major focused markets in the next 75 months to achieve the goods export target of USD 750 billion by 2027.

The clarion call given by Hon'ble Prime Minister Shri Narendra Modi ji for Atmanirbahr Bharat to fulfill the dream of making 21st century belongs to India along with announcing the ambitious target of boosting merchandise exports to USD 400 billion in FY2022 are highly encouraging and will strengthen India's position in global economic system.

The study identified 75 potential products from 9 most promising Sectors and 31 Chapters. The sectors include Agriculture; Mineral and Fuels; Chemical and Allied Products; Textile & Footwear; Metal and Non Metals; Machinery and Mechanical Appliances; Transport/Automobiles; Optical Photographic & Cinematographic and; Toys, Games and Sports.

Currently, these 75 potential products contribute around USD 127 billion, which is around 46% of the total exports from India. At the global level, these 75 products also have significant 21% presence in the total global exports, whereas India's share of these 75 products currently is only 3.6%. The focus on these 75 potential products would create ease of doing business, enhanced production possibilities, linkages with global value chains, innovative technologies to create economies of scale in production to become more and more competitive in global markets.

The study has found high trade to GDP correlation for India at 0.94 as well as high export to GDP correlation at 0.95. This indicates as export grows, the economic growth trajectory becomes strong and sustainable. The economies such as UAE, Germany, China, Singapore, USA and UK also hold a high degree of correlation of trade to GDP and exports to GDP of more than 0.9.

The growth prospects of India's top 25 export destinations are bright with their average GDP growth projections estimated to be 4.1% (average) for 2021. This indicates that the target set for USD 400 billion in 2021-22 is very much realistic and achievable.

Going ahead, the policy reforms such as flexible labour laws, enhanced participation of women in labour force, improved ease of doing business, particularly for MSMEs along with the reduced cost of doing business, such as costs of capital, costs of power, costs of logistics, costs of land and availability of land, costs of compliances and cost of labour, would go a long way to enhance and increase the export growth trajectory and to achieve USD 750 billion goods export target by 2027.

Section I: Linkages Between World Trade and GDP

1. Introduction

Over the last few decades, the world economy has experienced sustained positive economic growth and has been accompanied by even faster growth in world trade. It is observed that international trade is central to promoting economic growth and prosperity. Economies that are open to international trade tend to grow faster, innovate exceptionally, witness improvements in productivity and generate higher income and more opportunities for their citizens. Global trade also benefits lower-income households by offering consumers more affordable goods and services. Moreover, integrating with the world economy through trade and global value chains helps drive economic growth and achieve socio-economic development—locally and globally.

Movements in international trade and GDP are closely related. Increased exports support higher economic growth and exports are very often the main source for foreign exchange needed for funding imports of goods and services that constitute an important component of overall supply in an economy. The analysis aims to understand the linkages between world trade and GDP over the years starting from 2000s when the globalization trend had gained momentum across the world.

2. Analysis of linkages between world trade and GDP

The integration of various economies into a global economic system has been one of the most important developments of the last century. This process of integration, often termed as Globalization, has materialized in a remarkable growth in trade between countries. Since the mid-19th century, there have been at least two episodes of globalization.

The first episode began around the mid-19th century and ended with the commencement of World War I with nations' moving towards protectionism and guarding their economies & industries. The second era began in the aftermath of World War II and continues till today along with periodic waves of protectionist policies and unilateralism.

Over the years, globalization has led to economic growth and created new jobs through the cross-border flow of goods, capital, and labour. Global trade integration allows for more efficient allocation of resources through economies of scale as well as through increased competition. It facilitates knowledge diffusion and technology transfer, all of which affect costs, and productivity patterns that foster technological progress and lead to a greater efficiency.

Over the years, world exports of goods and services have increased significantly from USD 6128 billion in 2001 to USD 22566 billion in 2020. On the other hand, world imports have increased from USD 6296 billion in 2001 to USD 22569 billion in 2020. Therefore, total world trade in goods and services has increased from USD 12423 billion to USD 45135 billion during the same period.

Further, world GDP at current prices has increased from USD 33427 billion in 2001 to USD 84,537 in 2020. Accordingly, world exports to GDP ratio has increased from18% in 2001 to 27% in 2020 while world imports to GDP ratio has increased from 19% in 2001 to 27% in 2020. As a result, total world trade to GDP ratio has increased from 37% in 2001 to 53% in 2020.

World trade to GDP ratio during the period 2001-2020

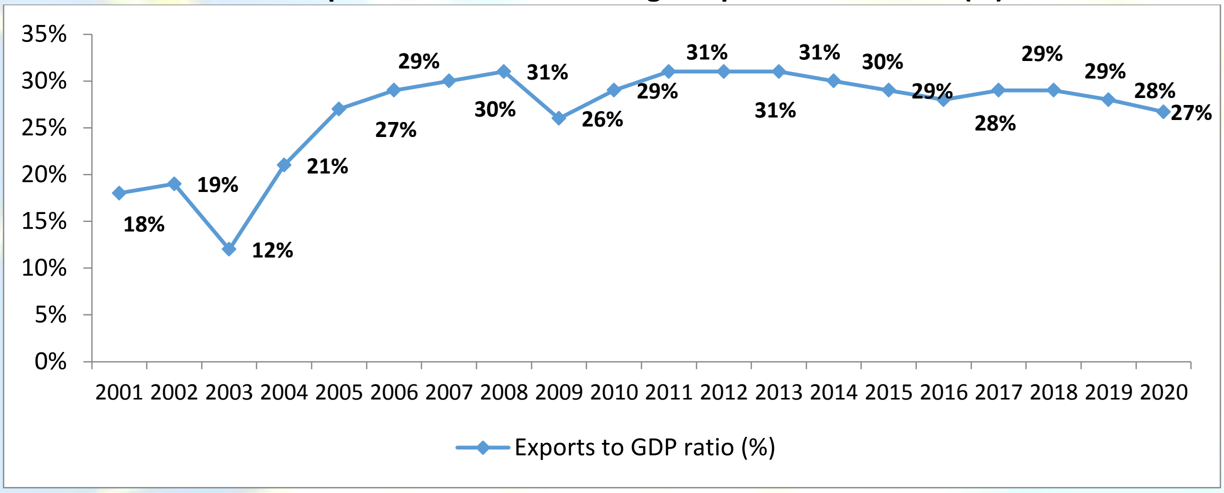
Year	World Exports (USD Billion)	World Imports (USD Billion)	Total world trade (USD Billion)	World GDP at current prices (USD Billion)	Exports to GDP ratio (%)	Imports to GDP ratio (%)	World trade to GDP ratio (%)
2001	6,128	6,296	12,423	33,427	18%	19%	37%
2002	6,424	6,601	13,025	34,710	19%	19%	38%
2003	4,486	7,700	12,186	38,945	12%	20%	31%
2004	9,101	9,393	18,494	43,867	21%	21%	42%
2005	12,885	13,120	26,004	47,517	27%	28%	55%
2006	14,973	15,207	30,180	51,502	29%	30%	59%
2007	17,398	17,591	34,988	58,032	30%	30%	60%
2008	20,016	20,296	40,312	63,676	31%	32%	63%
2009	15,968	16,165	32,133	60,396	26%	27%	53%
2010	19,056	19,796	38,852	66,113	29%	30%	59%
2011	22,561	22,675	45,236	73,448	31%	31%	62%
2012	22,984	22,981	45,965	75,146	31%	31%	61%
2013	23,759	23,612	47,371	77,302	31%	31%	61%
2014	24,079	24,025	48,104	79,451	30%	30%	61%
2015	21,525	21,557	43,081	75,199	29%	29%	57%
2016	21,113	21,078	42,191	76,336	28%	28%	55%
2017	23,210	23,211	46,421	81,229	29%	29%	57%
2018	25,467	25,484	50,952	86,409	29%	29%	59%
2019	24,852	24,812	49,664	87,752	28%	28%	57%
2020	22,566	22,569	45,135	84,537	27%	27%	53%

Source: PHD Research Bureau, PHDCCI, compiled from Trade map and World Bank database. NOTE: Figures for the year 2001-2004 pertains to goods only

2.1 World exports to GDP ratio

Exports play an important role in influencing the level of economic growth, employment and the balance of payments for any economy. It has been observed that higher economic growth rates, lower transportation costs, globalization, economies of scale, reduced trade barriers, among others have contributed in increased level of world exports. World exports as a percentage of world GDP have increased from 18% in 2001 to 27% in 2020.

World exports to GDP ratio during the period 2001-2020 (%)

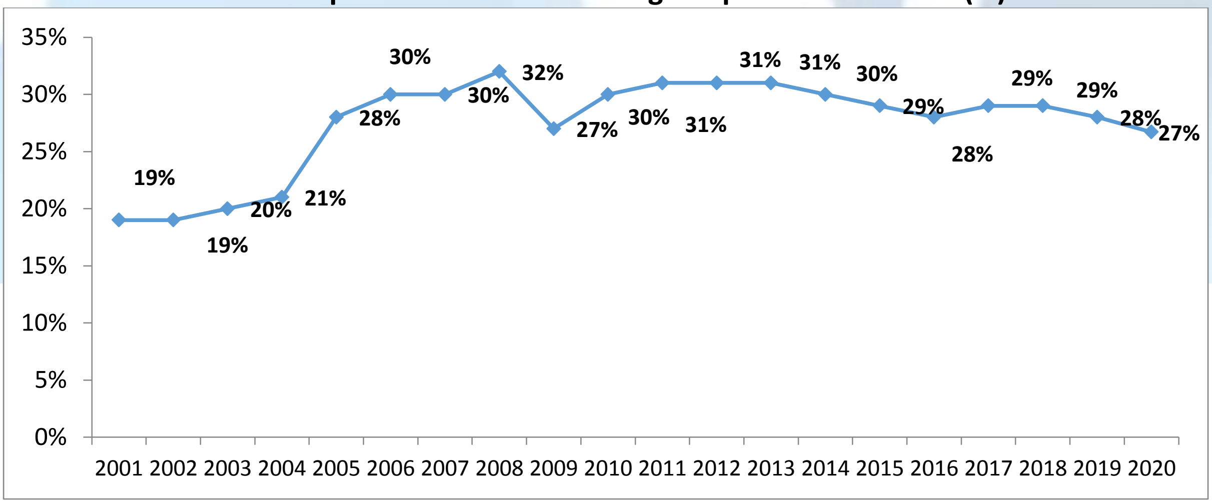


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

2.2 World imports to GDP ratio

One of the important reasons for imports is that goods or services that are either essential to economic well-being or are highly attractive to consumers but are not easily available in the domestic market. In other words, imports may be cheaper or of better quality. Imports may also be more easily available or more appealing than locally produced goods. In many cases, no or very few local alternatives exist and importing becomes essential. World imports as a percentage of world GDP have increased from 19% in 2001 to 27% in 2020.

World imports to GDP ratio during the period 2001-2020 (%)

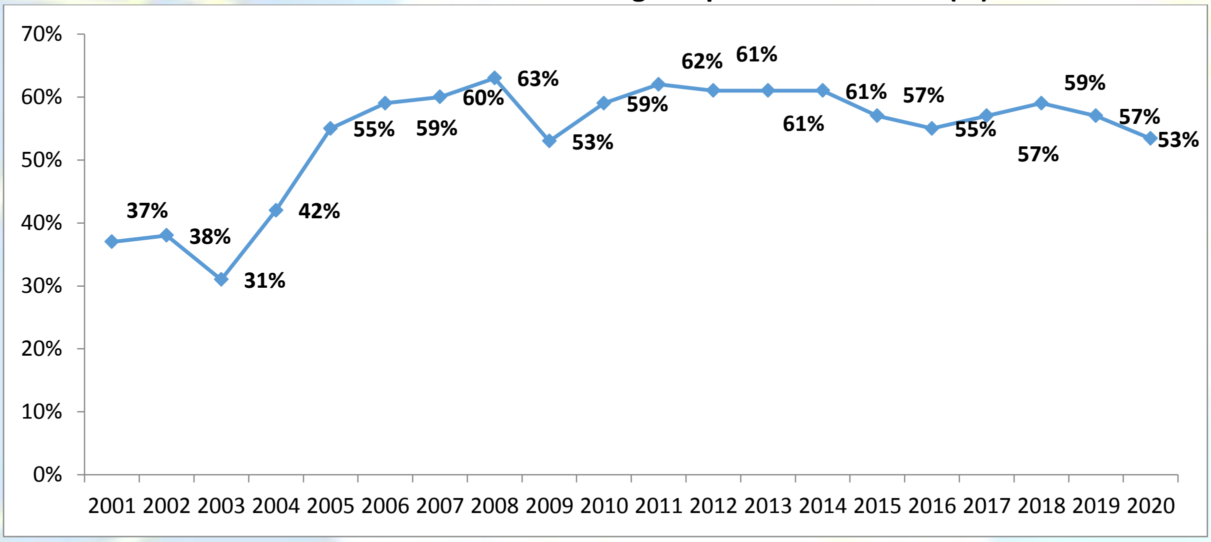


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

2.3 World trade to GDP ratio

Globalization has been a key driver of unprecedented economic growth and expansion of foreign trade. It has had a positive effect on economic growth, contributing to rising standards of living and reduction of socio-economic problems across the world. Moreover, the increase of international trade over the last many years has been a result of the globalization process. It has been observed that, World trade as a percentage of world GDP has increased from 37% in 2001 to 53% in 2020.

World trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

Since the 2000s, the rising trend in globalization and the associated gains from free trade led to significant increases in world trade and GDP. As a result, the world trade to GDP ratio peaked at around 63% in the year 2008. However, the world economy started to contract sharply in the second half of 2008 as the financial crisis caused by a dramatic rise in mortgage negligencies and foreclosures in USA were transmitted to the rest of the world. The fast-moving turmoil spread to other economies mainly through two channels: financial markets and foreign trade and is widely known as the Global Financial Crisis (GFC). Thus, the world economy plunged into the most serious recession afterwards due to the financial crisis that spread on a global scale.

The trend in the world trade to GDP ratio remains to be fluctuating and never attained the pre-crisis peak level due to a variety of reasons including rising protectionism and unilateralism amongst many economies to shield themselves from the ill effects of the interconnected nature of the globalized world economic order. Although continuous efforts have been made at the global level to promote free and fair trade, rising nationalism and geopolitical tensions including USA-China trade tussle and fears surrounding BREXIT have had a severe impact on global economic prospects resulting in below potential global growth and prosperity.

One of the most significant developments in the international trade arena in the recent past has been the breakout of trade tensions between the two largest economies of our world economic system i.e., USA and China. The effects of a trade war between USA and China have merely been restricted to these two economies due to the prevalence of the multilateral trading system and have affected global growth and trade to a large extent.

Moreover, rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade. Furthermore, the pandemic COVID-19 outbreak in almost every country of the world has already brought considerable human suffering and major economic disruption.

The pandemic is a global public health crisis without precedent in living memory, and continues to result in a widespread loss of life and severe human suffering. To contain the spread of the virus and save lives, most governments throughout the world imposed stringent containment measures. Activity in many sectors was shut down completely and travel and mobility were curtailed. These necessary measures have succeeded in slowing the spread of infections and reducing the death toll, but have resulted in large short-term economic disruptions and job losses, compounded by falling business confidence and tighter financial conditions.

In view of the above, the global economy is now experiencing the deepest recession since the Great Depression in the 1930s. As per IMF, global growth is projected at (–) 4.4% in 2020 as a result of pandemic COVID-19, much worse than during the 2008–09 financial crisis while WTO projects world trade to fall by 9.2% in 2020 as COVID-19 disrupts normal economic activity across the globe. These projections have been revised upwards considering some uptick in global economic activity and foreign trade.

After decades of high growth for world trade, global tourism and international cooperation, globalization hit certain roadblocks in recent years, as the re-emergence of nationalism and protectionism have undone some of the progress made in the past. After global trade growth slowed significantly in 2019, partly due to trade tensions between USA and China, the COVID-19 pandemic is expected to cause an unprecedented fall in world trade, going forward.

At this juncture, there is a need for a coordinated international response to the global crisis created by the spread of COVID-19 not just on health but also on global trade, finance and macroeconomic policies. Keeping markets open as well as fostering a more favourable business environment by all countries will be critical to spur the global economic prospects that leads to a much faster recovery than if each country acts alone.

3. Analysis of linkages between USA's Trade and GDP

The United States of America (USA) is the world's biggest economy and a leading trading nation (goods and services) with global interests and an unmatched global reach. The country has the most technologically powerful economy in the world and American businesses are widely known for technological advances and path breaking innovation, especially in Information Technology, Pharmaceuticals, Aerospace & Military Equipments, among others.

The US economy is very often considered as the engine of the world economy. As a result, any slowdown in USA raises concerns about the spillover effect on the other economies. The US dollar is the most used currency in international transactions and is the world's foremost reserve currency. Since the Great Depression of the 1930s and World War II, the country's foreign trade and global economic policies have changed significantly to reduce trade barriers and integrate closely in the world economic system. Presently, USA is the world's largest importer and the second-largest exporter.

Trade remains an engine of growth for America. The American economy has been closely intertwined with the global economy and has been a promoter of economic openness and free trade. One other principle that the US has traditionally followed in the trade arena is the concept of multilateralism. Thus, liberalization of trade and investments over the years has made Americans wealthier and lifted millions of people out of poverty thereby promoting socio-economic development.

However, the country has not always been an advocate of free trade. At times in its history, USA has had a strong impulse towards economic and trade protectionism; the practice of using tariffs/ quotas to restrict imports of foreign goods to protect the interests of the domestic industry.

Nonetheless, USA continues to pursue the agenda of undertaking rapid trade growth that acts as a transmitter of economic stimulus around the globe and a vehicle of continued global recovery. The country recognises the long term benefits of expanded trade, as well as the positive role trade can play in the current global economic recovery.

USA is the second largest trading nation in the world. Foreign trade is critical to America's prosperity thereby fuelling economic growth, supporting millions of employment opportunities, expanding the variety of products & services available for purchase by consumers & businesses, encouraging greater investments and raising standards of living.

Over the years, USA's exports of goods and services have increased significantly from USD 729 billion in 2001 to USD 2123 billion in 2020. On the other hand, USA's imports have increased from USD 1141 billion in 2001 to USD 2865 billion in 2020. Therefore, USA's total trade in goods and services has increased from USD 1870 billion to USD 4988 during the same period.

Further, USA's GDP at current prices has increased from USD 10582 billion in 2001 to USD 20933 in 2020. Accordingly, USA's exports to GDP ratio has increased from 7% in 2001 to 10% in 2020 while USA's imports to GDP ratio has increased from 11% to 14% during the same period. Therefore, USA's trade to GDP ratio has increased from 18% in 2001 to 24% in 2020.

USA's trade to GDP ratio during the period 2001-2020

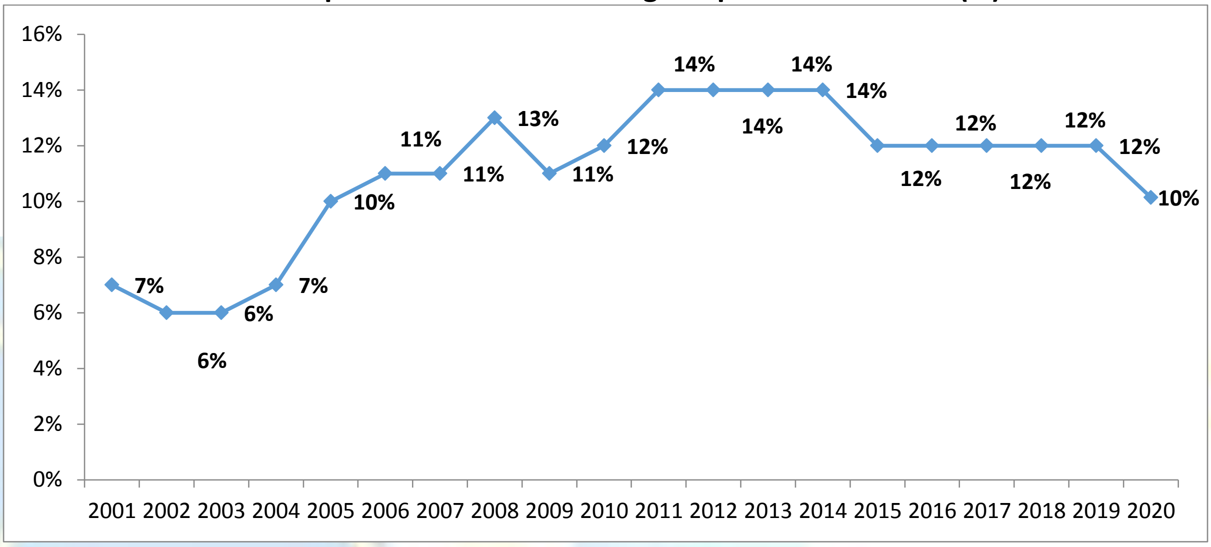
Year	USA Exports (USD Billion)	USA Imports (USD Billion)	Total trade (USD Billion)	USA's GDP at current prices (USD Billion)	USA's exports to GDP ratio (%)	USA's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2001	729	1141	1870	10582	7%	11%	18%
2002	693	1200	1893	10936	6%	11%	17%
2003	725	1303	2028	11458	6%	11%	18%
2004	815	1525	2340	12214	7%	12%	19%
2005	1280	2047	3327	13037	10%	16%	26%
2006	1460	2268	3728	13815	11%	16%	27%
2007	1658	2403	4061	14452	11%	17%	28%
2008	1841	2585	4426	14713	13%	18%	30%
2009	1579	2009	3589	14449	11%	14%	25%
2010	1860	2405	4265	14992	12%	16%	28%
2011	2126	2722	4848	15543	14%	18%	31%
2012	2230	2804	5034	16197	14%	17%	31%
2013	2297	2792	5090	16749	14%	17%	30%
2014	2376	2902	5278	17522	14%	17%	30%
2015	2271	2813	5084	18219	12%	15%	28%
2016	2232	2761	4993	18707	12%	15%	27%
2017	2377	2951	5328	19485	12%	15%	27%
2018	2528	3174	5703	20580	12%	15%	28%
2019	2521	3157	5678	21428	12%	15%	26%
2020	2123	2865	4988	20933	10%	14%	24%

Source: PHD Research Bureau, PHDCCI, compiled from Trade map and World Bank database. NOTE: Figures for the year 2001-2004 pertains to goods only

3.1 USA's exports to GDP ratio

USA is the second-largest exporter in the world. USA's exports of goods and services to world reached a peak of USD 2376 in 2014 and declined thereafter in 2015 and 2016. In 2017, exports again reached the level of USD 2377 billion, however, witnessed a decline due to rising trade and geopolitical tensions between USA and other countries including China. USA's exports as a percentage of GDP have increased from 7% in 2001 to 10% in 2020.

USA's exports to GDP ratio during the period 2001-2020 (%)

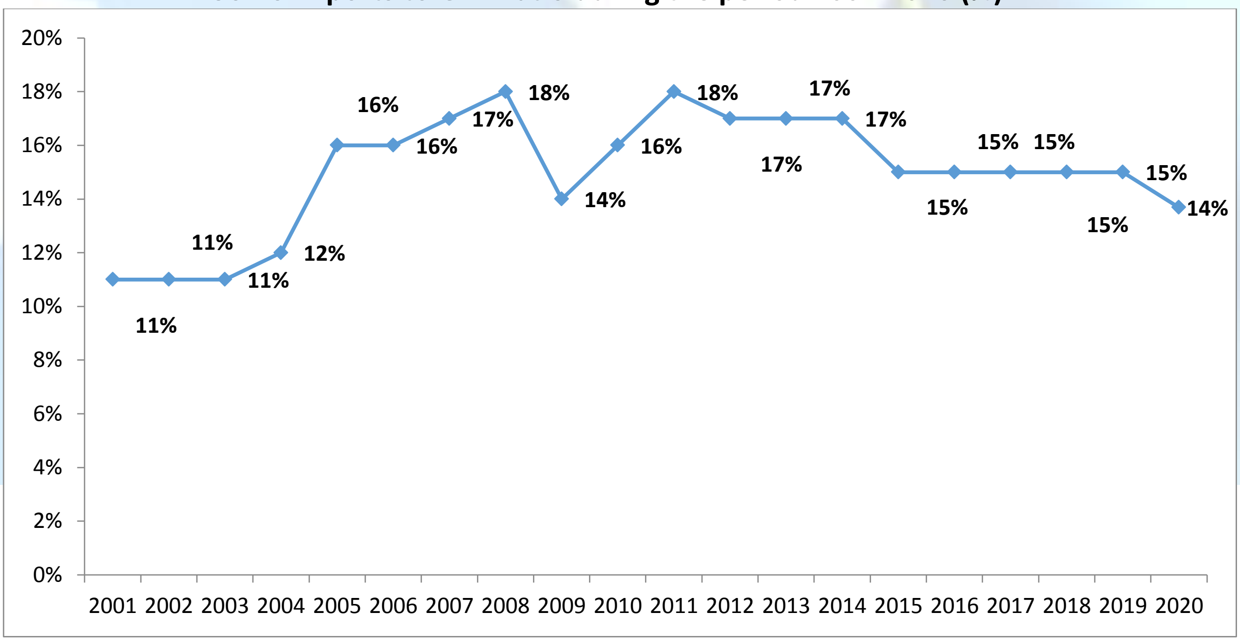


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

3.2 USA's imports to GDP ratio

Imports lower prices, increase choices for US population and help American businesses to compete in the international market. Historically, USA has imported goods and services more than it has exported to the rest of the world. Recently, USA has turned towards protectionism and saving American jobs arguing that rising imports from other countries such as China, Canada, EU, Russia, India, among others have hurt the national interests of the US economy. USA's imports as a percentage of GDP have increased from 11% in 2001 to 14% in 2020.

USA's imports to GDP ratio during the period 2001-2020 (%)

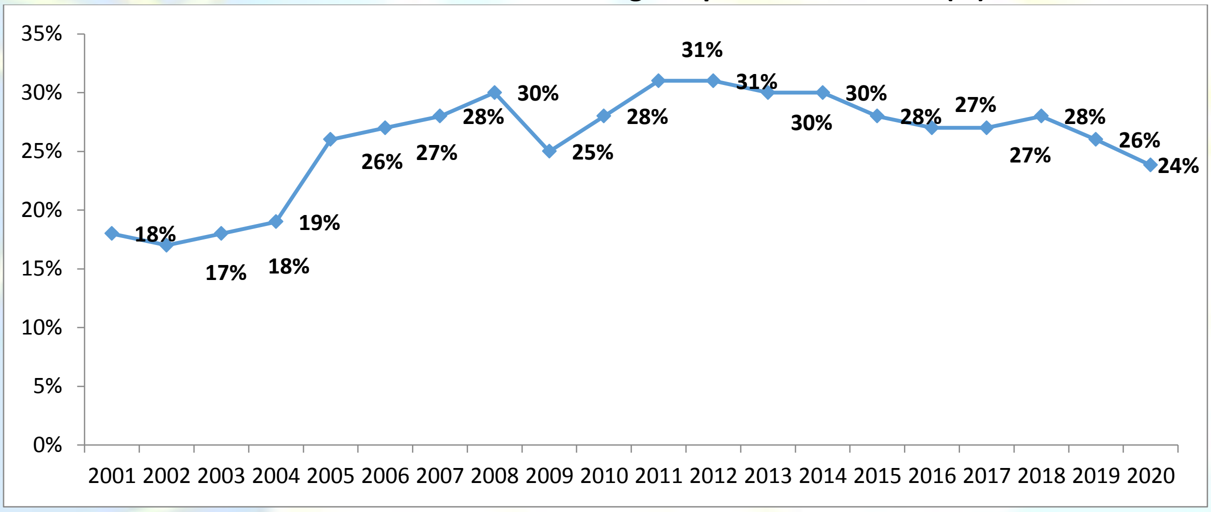


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

3.3 USA's trade to GDP ratio

Over the years, total trade of USA has expanded significantly on the back of rapid industrial and technological advancements. USA's total trade in goods and services has increased dramatically from USD 1870 billion in 2001 to USD 4988 in 2020. Accordingly, the trade to GDP ratio has increased from 18% to 24% during the same period.

USA's trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

The US economy has found it harder to recover from the 2008 Global Financial Crisis which is believed to be the worst financial crisis since the Great Depression of 1930s. Trade restrictions and tariffs have risen and trade policy uncertainties over the past few years have been high with negative consequences for the US and the global economy as a whole. Nonetheless, over the past decade, US economy had steadily grown with considerable economic activity and improved standards of living and increased prosperity.

Presently, the country is in the midst of an unprecedented economic shock. The longest expansion in US history has been derailed by the unanticipated advent of pandemic COVID-19. The sudden-stop in activity, arising from the lockdown to control the spread of the pandemic has caused severe contractions in economic activity and a surge in unemployment. Further policy efforts including fiscal and monetary measures will be needed to counter the impact of pandemic and also address a range of deep-rooted economic challenges that continue to afflict the US.

4. Analysis of linkages between China's Trade and GDP

Prior to the introduction of economic reforms and trade liberalization in the 1970s, China's economy was centrally controlled, stagnant and relatively isolated from the global economy. The country's growth took off when it began to connect its economy with the rest of the world and embrace a market-based system. Today, China is an upper-middle-income country and the world's second largest economy.

China's integration in the world economy has led to certain benefits for other economies in terms of increased international trade and flow of business. Consumers have benefited from lower prices due to low-cost imports from China while Multinational Companies (MNCs) have found their way in China's market to establish businesses and expand operations.

However, over the years, China has been resorting to unfair trade practices, dumping low cost products and rerouting such products via various other economies in quickly expanding emerging market economies including India. As a result, unfair competition from low cost imported products has impacted the sentiments of domestic manufacturers especially the Micro, Small and Medium Enterprises (MSMEs) in terms of production processes and employment creation.

Nonetheless, China's growing global economic influence and economic & trade policies have significant implications for the world economy. Given its size, the country is central to important global & regional economic and development issues. However, China's economy has been facing external headwinds and economic growth has decelerated in recent years amid rising geopolitical issues and trade tussles with the world's largest economy i.e., USA. Moreover, China's high growth based on resource-intensive manufacturing, exports, and low-paid labor has largely reached its limits and has led to economic, social, and environmental imbalances[1].

The COVID-19 outbreak which started in China and then spread to the rest of the world has led to an unprecedented economic shock bringing normal economic activities to a sudden halt in the first half of the current year. Like other economies China's most immediate challenge is to mitigate the economic, social and public health impacts of the COVID-19 pandemic.

Over the years, China has increased its presence in the world economic system. The country accounts for a larger pie of world trade on account of major reforms introduced back in the late 1970s focusing on market-oriented economic development. The reform measures included phase out of collectivized agriculture, gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, growth of the private sector, development of stock markets, modernized banking system and opening up of the economy to foreign trade and investments.

China is widely recognized as an international hub of manufacturing and is particularly known for the production of technology components and products for multinational companies. During the past few years, China has been able to significantly reduce the costs of its factors of production leading to massive scale efficiencies and superior manufacturing capacity. It also provides lucrative incentives and subsidies to various industries to expand production and boost exports. As a result, China has been able to capture a significant market share in global trade.

[1] World Bank

Over the years, China's exports of goods and services have increased from USD 266 billion in 2001 to USD 2872 billion in 2020. On the other hand, China's imports have increased from USD 244 billion in 2001 to USD 2437 billion in 2020. Therefore, China's total trade in goods and services has increased from USD 510 billion to USD 5309 during the same period.

Further, China's GDP at current prices has increased from USD 1339 billion in 2001 to USD 14723 in 2020. Accordingly, China's exports to GDP ratio increased from 20% in 2001 to 38% in 2007 and declined thereafter to stand at 20% in 2020. Similarly, China's imports to GDP ratio increased from 18% in 2001 to 31% in 2007 but declined to reach at 17% in 2020. Therefore, China's trade to GDP ratio increased from 38% in 2001 to a high of 71% in 2006, however, declined considerably thereafter to stand at 36% in 2020.

China's trade to GDP ratio during the period 2001-2020

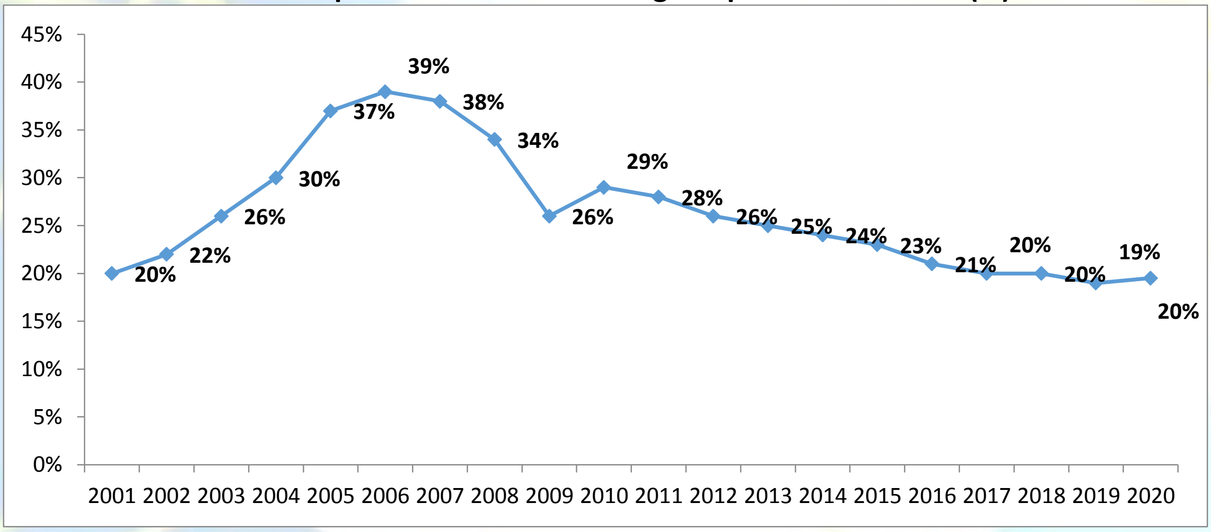
Year	China Exports (USD Billion)	China Imports (USD Billion)	Total trade (USD Billion)	China's GDP at current prices (USD Billion)	China's exports to GDP ratio (%)	China's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2001	266	244	510	1339	20%	18%	38%
2002	326	295	621	1471	22%	20%	42%
2003	438	413	851	1660	26%	25%	51%
2004	593	561	1155	1955	30%	29%	59%
2005	840	744	1584	2286	37%	33%	69%
2006	1063	892	1955	2752	39%	32%	71%
2007	1346	1085	2431	3550	38%	31%	68%
2008	1576	1289	2865	4594	34%	28%	62%
2009	1324	1152	2476	5102	26%	23%	49%
2010	1756	1589	3346	6087	29%	26%	55%
2011	2099	1991	4091	7552	28%	26%	54%
2012	2250	2099	4350	8532	26%	25%	51%
2013	2416	2281	4697	9570	25%	24%	49%
2014	2561	2392	4954	10476	24%	23%	47%
2015	2500	2117	4618	11062	23%	19%	42%
2016	2329	2041	4369	11233	21%	18%	39%
2017	2500	2309	4808	12310	20%	19%	39%
2018	2766	2660	5426	13895	20%	19%	39%
2019	2782	2570	5351	14343	19%	18%	37%
2020	2872	2437	5309	14723	20%	17%	36%

Source: PHD Research Bureau, PHDCCI, compiled from Trade map and World Bank database. NOTE: Figures for the year 2001-2004 pertains to goods only

4.1 China's exports to GDP ratio

The story of China's exports boom can be attributed to its unstoppable international economic integration during the last many decades. The increased amount of processing trade has enabled China to export increasingly sophisticated products by assembling high-quality duty free imported inputs. In the process, exports of many goods have increased dramatically, leading to enhanced specialization. China's exports to GDP ratio increased from 20% in 2001 to 38% in 2007 and declined thereafter to stand at 20% in 2020.

China's exports to GDP ratio during the period 2001-2020 (%)

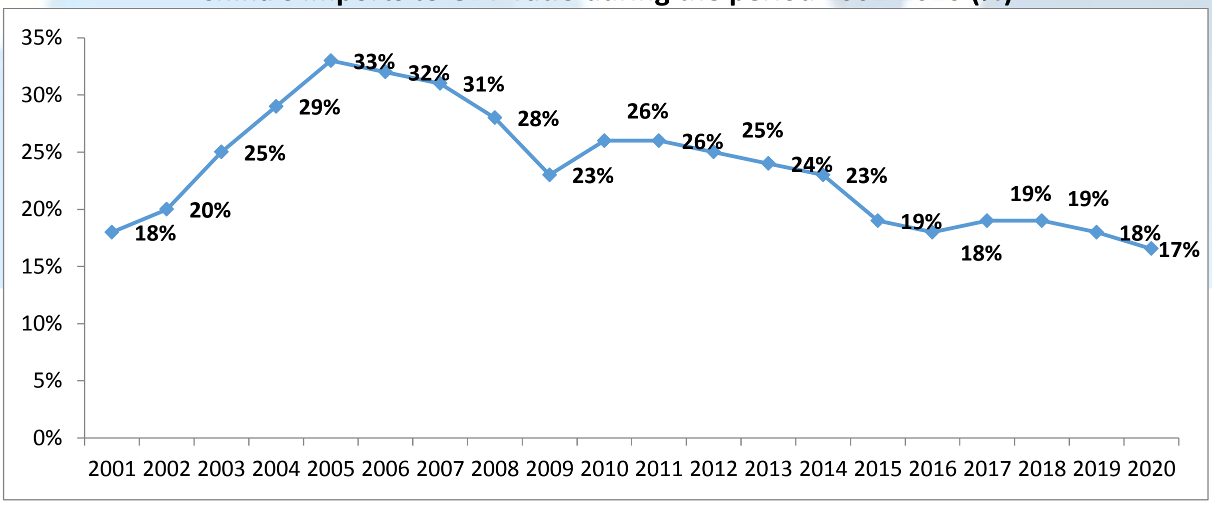


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

4.2 China's imports to GDP ratio

China's imports of goods and services have increased from USD 244 billion in 2001 to USD 2437 billion in 2020. China's imports to GDP ratio increased from 18% in 2001 to 31% in 2007 but declined to reach at 17% in 2020.

China's imports to GDP ratio during the period 2001-2020 (%)

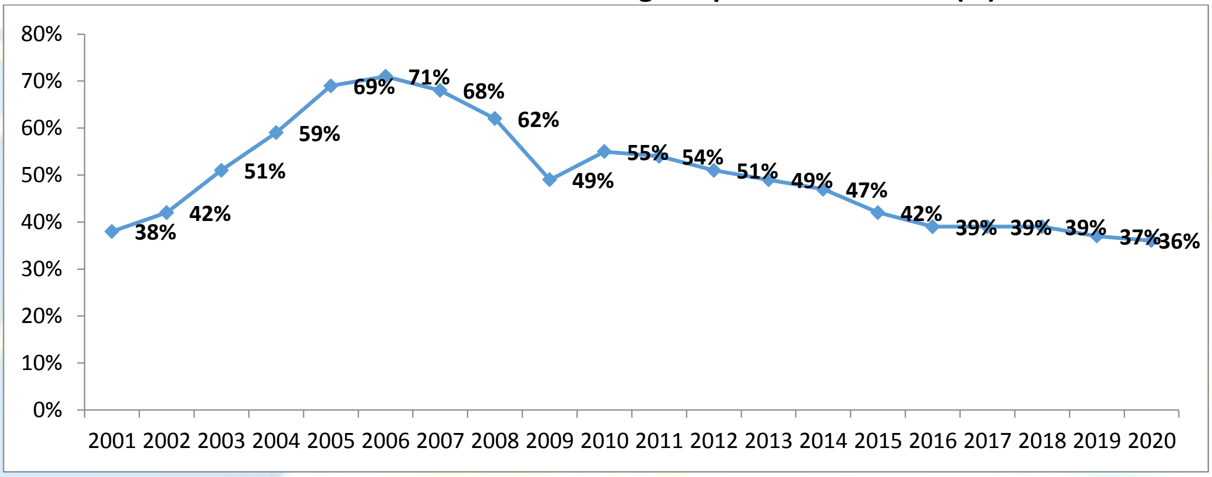


Source: PHD Research Bureau, PHDCCI, compiled from Trade map and World Bank database

4.3 China's trade to GDP ratio

China has become a major global player in international trade as a supplier and as a market. Over the years, China trade to GDP ratio increased from 38% in 2001 and reached a peak of 71% in 2006. It declined thereafter and stands at 36% in 2020.

China's trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

China's economy has been facing external headwinds and an uncertain environment during the recent years. The trade conflict with USA that started in early 2018 escalated thereafter, and the outlook for the global economy also remained weak than expected. The conflict goes beyond bilateral trade and extends to structural issues related to China's foreign investment regime, intellectual property (IP) protection and technology transfer policies. Undoubtedly, the trade tussles between the world's two largest economies has negatively affected the multilateral trading system.

The already slowing Chinese economy was blown by the outbreak of pandemic COVID-19 and has had far-reaching economic and social consequences not only severely affecting China's economy but also leading to a global recessionary situation much grave than the Global Financial Crisis of 2008-09. In such a scenario, China's economic outlook remains grim as the rising tensions with USA and the pandemic have added to structural issues that China has been facing for years, including demographic changes, over-investment, low industrial productivity and high debt levels[2].

5. Analysis of linkages between Japan's Trade and GDP

Japan was a predominantly agrarian society and began its industrialization process in the second half of the 19th century by adopting western technologies and practices. The country developed itself into a major industrial power by the first decade of the 20th century. Its economic and military power continued to grow in the following decades, thereby, enabling it to emerge as an expanding global power in the 1930s. However, Japan's entry into World War-II resulted in a devastating impact on the country's economy while destroying most of its industrial base and infrastructure.

[2] Source: World Economic Forum

Subsequently, Japan began restoring its free-enterprise economy and industrial structure in the 1940s. The economy eventually embarked upon a path of expansion and witnessed impressive economic growth until the early 1990s, when it slowed considerably. The 1997 Asian Financial Crisis was the major external factor responsible for Japan's economic downturn as the crisis severely impacted the markets that Japan catered to and hence worsened the economic prospects of the Japanese economy by reducing export demand. The collapse of the some of the major banks in Japan also damaged the Japanese economy resulting in lower economic growth rates.

Today, Japan is the world's third largest economy and one of the most technologically advanced economies. Some of the major factors that have helped Japan to become one of the most important global economic power include rapid advancements in industrial output, shift to high value added products, improved export competitiveness and use of advanced technology & techniques.

5.1 Analysis of linkages between Japan’s trade and GDP

Since the 1990s, the share of East Asian countries in overall world trade expanded greatly and with this expansion Japan’s dependence on trade within East Asia, particularly with China, also grew significantly. Furthermore, since the start of the 21st century, Japan’s foreign trade had been advancing more or less smoothly. However, with the global economic crisis that followed the Lehman shock in 2008, Japanese foreign trade suffered a setback.

Over the years, Japan’s exports of goods and services have increased from USD 403 billion in 2001 to USD 799 billion in 2020. On the other hand, Japan’s imports have increased from USD 349 billion in 2001 to USD 825 billion in 2020. Therefore, Japan’s total trade in goods and services has increased from USD 753 billion to USD 1624 during the same period.

Further, Japan’s GDP at current prices has increased from USD 4304 billion in 2001 to USD 5049 in 2020. Accordingly, Japan’s exports to GDP ratio increased from 9% in 2001 to 16% in 2020. Similarly, Japan’s imports to GDP ratio increased from 8% in 2001 to 16% in 2020. Therefore, Japan’s trade to GDP ratio increased from 17% in 2001 to 32% in 2020.

Japan's trade to GDP ratio during the period 2001-2020

Year	Japan Exports (USD Billion)	Japan Imports (USD Billion)	Total trade (USD Billion)	Japan's GDP at current prices (USD Billion)	Japan's exports to GDP ratio (%)	Japan's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2001	403	349	753	4304	9%	8%	17%
2002	417	338	754	4115	10%	8%	18%
2003	472	383	855	4446	11%	9%	19%
2004	566	455	1021	4815	12%	9%	21%
2005	697	655	1352	4755	15%	14%	28%
2006	756	720	1477	4530	17%	16%	33%
2007	836	781	1617	4515	19%	17%	36%
2008	922	941	1864	5038	18%	19%	37%
2009	702	708	1409	5231	13%	14%	27%
2010	904	859	1763	5700	16%	15%	31%
2011	964	1031	1995	6157	16%	17%	32%
2012	936	1071	2006	6203	15%	17%	32%
2013	850	1004	1854	5156	16%	19%	36%
2014	854	1005	1859	4850	18%	21%	38%
2015	788	827	1615	4389	18%	19%	37%
2016	821	794	1616	4923	17%	16%	33%
2017	885	865	1750	4867	18%	18%	36%
2018	932	950	1882	4955	19%	19%	38%
2019	911	925	1835	5082	18%	18%	36%
2020	799	825	1624	5049	16%	16%	32%

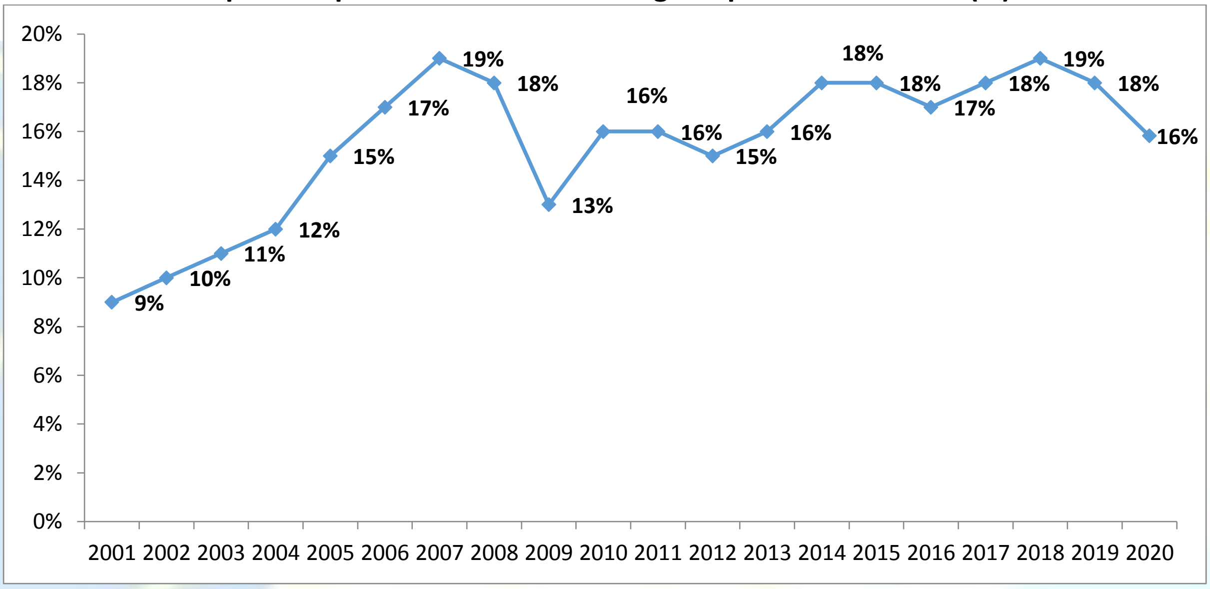
Source: PHD Research Bureau, PHDCCI, compiled from Trade map and World Bank database. NOTE: Figures for the year 2001-2004 pertains to goods only

5.2 Japan's exports to GDP ratio

Exports are an important source of funding for economic development in Japan and imports are considered mostly for raw materials. Japan is often viewed as a heavily export-dependent nation due to the success of certain exports. Over the years, the structure of

Japan's exports has shifted to heavy-industry products and away from textiles and light-industry products. Accordingly, Japan's exports to GDP ratio increased from 9% in 2001, reached at 19% in 2007 and declined thereafter to 16% in 2013. The ratio rose further to 18% in 2019 and stands at around 16% in 2020.

Japan's exports to GDP ratio during the period 2001-2020 (%)

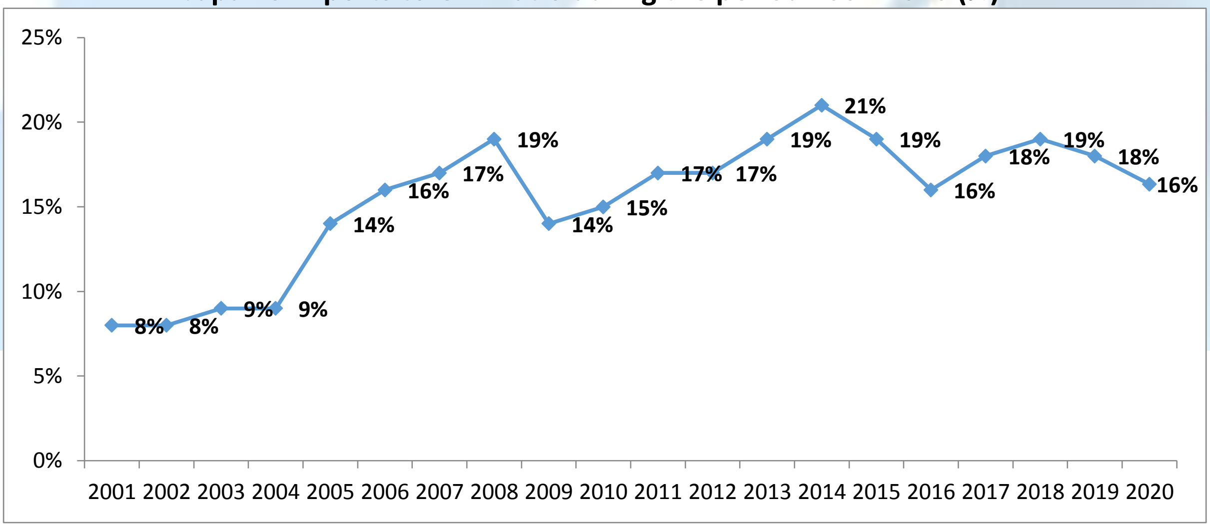


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

5.3 Japan's imports to GDP ratio

Over the years, rising real income in Japan has increased demand for imports, both that are consumed directly and those that enter into production. Japan's imports to GDP ratio increased from 8% in 2001 to reach a high at 19% in 2008. The ratio declined thereafter and reached 21% in 2014. In 2020, Japan's imports to GDP ratio stands at 16%.

Japan's imports to GDP ratio during the period 2001-2020 (%)

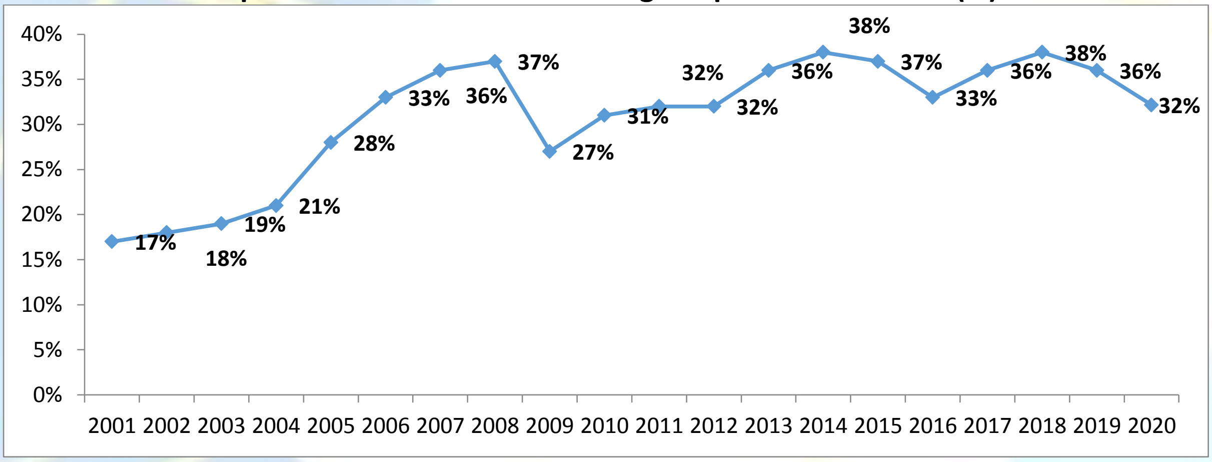


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

5.4 Japan's trade to GDP ratio

Japan's economic links with the world economy have been significantly influenced by growth of its foreign trade and advancements in industrial competitiveness globally. Over the years, Japanese international trade has grown rapidly and outward investments have created a global sales and distribution network for exports. This has also ensured a more stable supply chain for imports of resources, energy and intermediate goods for processing in Japan. Thus, Japan's trade to GDP ratio increased from 17% in 2001 and reached a peak of 37% in 2008. It declined thereafter and rose again to reach 36% in 2019 and 32% in 2020.

Japan's trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

As per the observations by IMF, the Japanese economy was expanding at a moderate pace, although the weakening global growth affected export, production and business sentiment. The economy was expected to continue its expansion in the near term, however, the COVID-19 pandemic has had a severe impact on countries all over the world and Japan is no exception.

The spread of COVID has inflicted a severe impact on Japan's economy through declines in output, exports, demand from overseas tourists and private consumption. As a result, there are significant uncertainties over the outlook for the economy as the pandemic continues on a global basis and concern about a second wave of the virus has increased recently. Going forward, the overall economic impact of the pandemic is difficult to assess at this point, however, continued efforts including a mix of fiscal and monetary measures would play a crucial role in rejuvenating Japan's economic growth in the coming times.

6. Analysis of linkages between Germany's Trade and GDP

As the world's 4th largest economy, Germany is the European Union's (EU's) most populous nation and plays a leading role in the continent's economic, political and security affairs. Germany is renowned for its technological innovation, art and science and carries a strong industrial base. Germany's economic performance has been strong for the past decade with the unemployment rate stable and healthy public and private balance sheets.

Although the economy has been on a solid growth path for years, the challenges of globalization, digitization, demographic change, the development of Europe and now pandemic COVID-19 pose a great risk to the overall economic outlook of Germany. Furthermore, the export-dependent economy has been hit hard by the slowdown in global demand while structural challenges have been looming for the medium term.

Exports and international trade play a crucial role in the German economy. The German economy has exhibited growth during the last few years. However, the economic momentum has slowed noticeably. The weakened global economy and slower pace of global trade has put a strain on German export-oriented firms and also had a negative impact on its businesses.

Over the years, Germany's exports of goods and services have increased from USD 571 billion in 2001 to USD 1690 billion in 2020. On the other hand, Germany's imports have increased from USD 486 billion in 2001 to USD 1480 billion in 2020. Therefore, Germany's total trade in goods and services has increased from USD 1057 billion to USD 3170 during the same period. Further, Germany's GDP at current prices has increased from USD 1944 billion in 2001 to USD 3803 in 2020. Accordingly, Germany's exports to GDP ratio increased from 29% in 2001 to 44% in 2020. Similarly, Germany's imports to GDP ratio increased from 25% in 2001 to 39% in 2020. Therefore, Germany's trade to GDP ratio increased from 54% in 2001 to 83% in 2020.

Germany's trade to GDP ratio during the period 2001-2020

Year	Germany Exports (USD Billion)	Germany Imports (USD Billion)	Total trade (USD Billion)	Germany's GDP at current prices (USD Billion)	Germany's exports to GDP ratio (%)	Germany's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2001	571	486	1057	1944	29%	25%	54%
2002	616	490	1106	2069	30%	24%	53%
2003	749	602	1350	2496	30%	24%	54%
2004	912	718	1630	2809	32%	26%	58%
2005	1143	989	2132	2846	40%	35%	75%
2006	1310	1147	2457	2992	44%	38%	82%
2007	1546	1318	2864	3421	45%	39%	84%
2008	1702	1481	3183	3730	46%	40%	85%
2009	1353	1180	2533	3398	40%	35%	75%
2010	1493	1324	2817	3396	44%	39%	83%
2011	1735	1558	3292	3774	46%	41%	87%
2012	1663	1456	3118	3527	47%	41%	88%

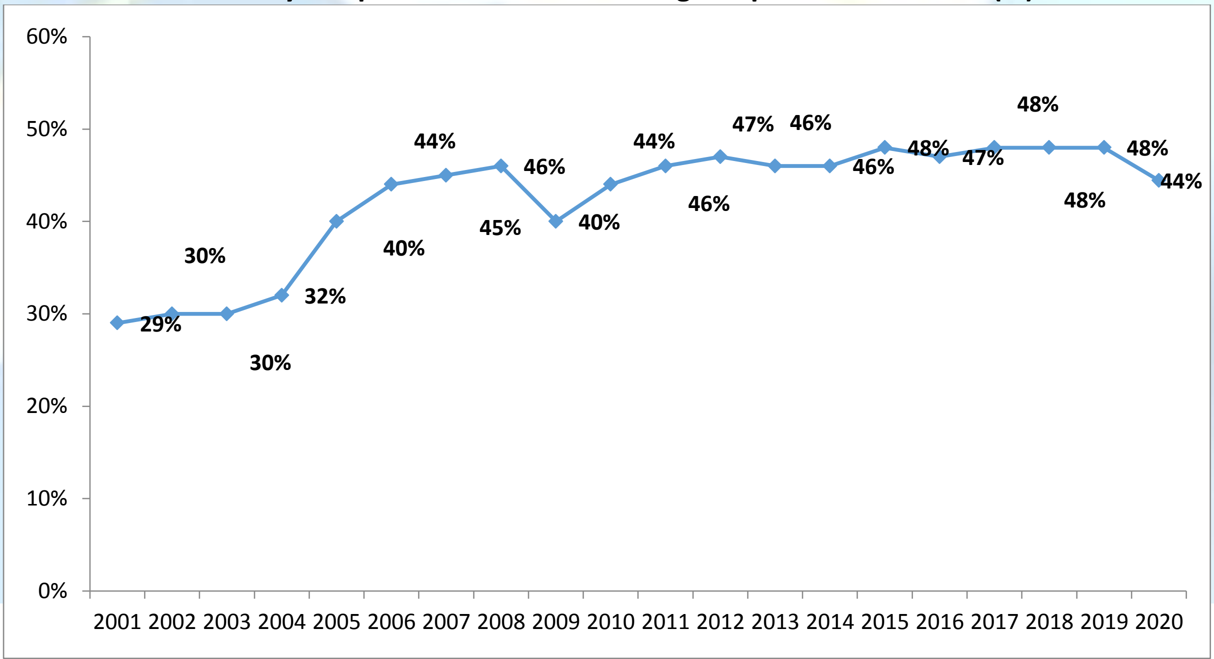
2013	1724	1515	3239	3733	46%	41%	87%
2014	1798	1548	3346	3884	46%	40%	86%
2015	1604	1355	2960	3361	48%	40%	88%
2016	1624	1373	2997	3447	47%	40%	87%
2017	1763	1508	3271	3666	48%	41%	89%
2018	1900	1654	3554	3950	48%	42%	90%
2019	1827	1601	3428	3846	48%	42%	89%
2020	1690	1480	3170	3803	44%	39%	83%

Source: PHD Research Bureau, PHDCCI, compiled from Trade map and World Bank database. NOTE: Figures for the year 2001-2004 pertains to goods only

6.1 Germany's exports to GDP ratio

Germany's dynamic export engine has underpinned its high living standards. In recent years, German manufacturing exporters have continued to gain market shares while expanding into new markets. Improved price competitiveness, innovation in sectors with long-standing comparative advantage and specialisation in the production of those investment goods demanded by fast-growing emerging economies have all played important roles in sustaining the competitiveness of the export-oriented manufacturing sector.[3] Accordingly, Germany's exports to GDP ratio increased from 29% in 2001 and reached at 47% in 2012. Since then its exports to GDP ratio has remained more or less the same to reach at around 44% in 2020.

Germany's exports to GDP ratio during the period 2001-2020 (%)



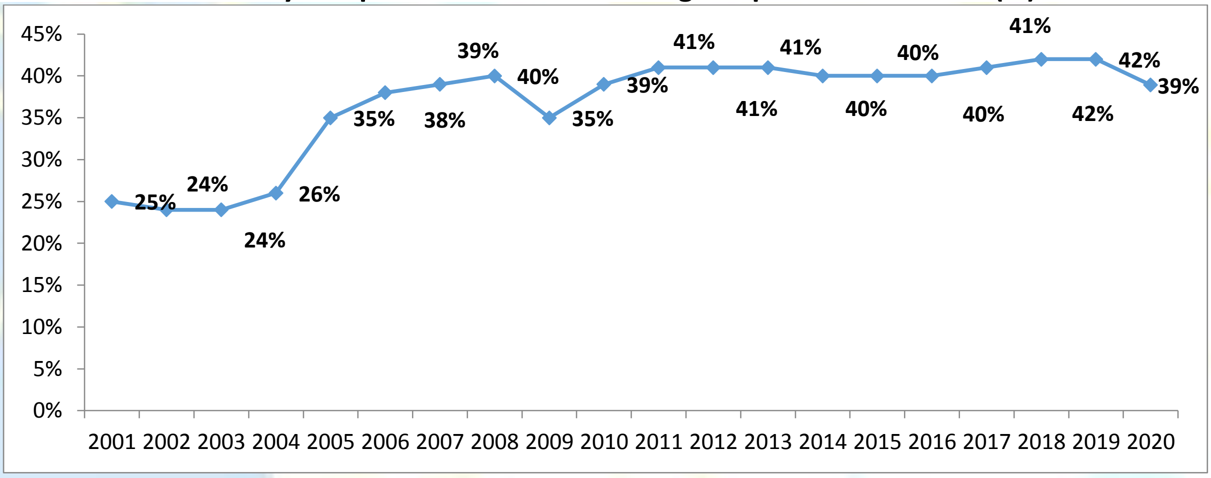
Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

[3] OECD: "Better Policies" Series, February 2014

6.2 Germany's imports to GDP ratio

Germany's imports to GDP ratio increased from 25% in 2001 to reach a high at 41% in 2011. Since then its imports to GDP ratio has remained more or less the same to reach at around 39% in 2020.

Germany's imports to GDP ratio during the period 2001-2020 (%)

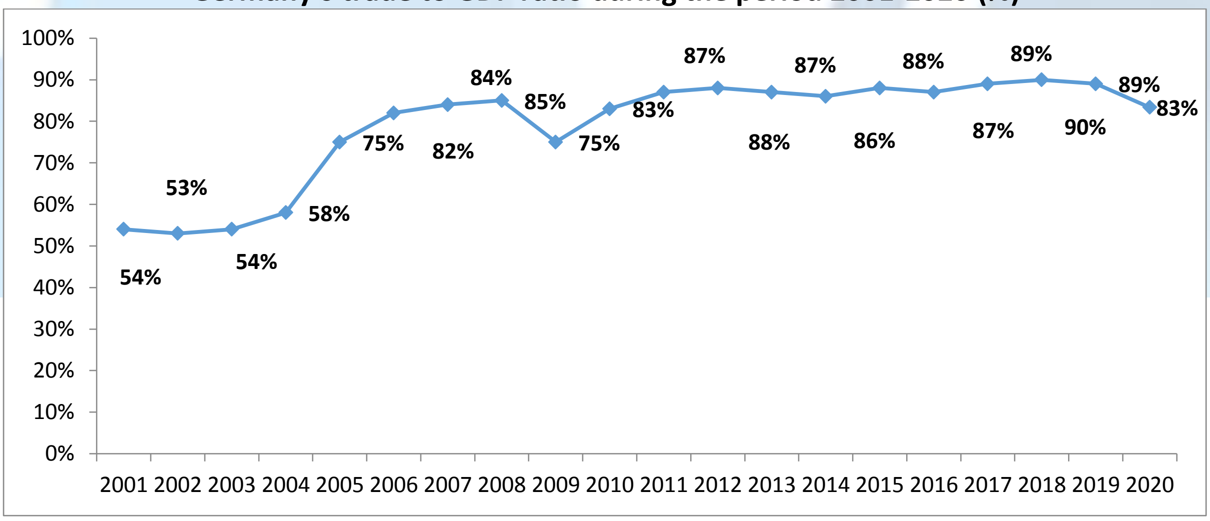


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

6.3 Germany's trade to GDP ratio

In the face of the Global Financial Crisis, the German economy has proved resilient, outperforming other large and high-income European economies. With its specialisation in capital goods, the country has enjoyed a broad-based global upswing. Moreover, Germany's economy has benefited from globalisation in general and from the global recovery since 2010 in particular. Over the years, Germany's trade to GDP ratio increased from 54% in 2001 and reached a peak of 88% in 2012 and declined thereafter a bit and rose again to reach 89% in 2019 and 83% in 2020.

Germany's trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

Although there have been headwinds for the overall outlook of the German economy, over the years, the country has witnessed decent growth trends with stimuli from the domestic economy providing momentum. Both Germany and Europe in recent years have been facing extraordinarily severe challenges. The German economy's export dependence and financial openness make it particularly vulnerable to external shocks. Thus, the global outbreak of the COVID-19 pandemic is expected to result in a significant slowdown for the German economy. Furthermore, a significant rise in global protectionism, a more pronounced US-China trade tensions or BREXIT may hurt Germany's exports and foreign investments and possibly disrupt supply chains. Such disruptions can weigh down on domestic demand and consumption and prove particularly harmful to the German auto industry.

Currently, the main focus of German economic approach is the fight against the COVID-19 pandemic and its economic consequences. The Federal Government of Germany has launched a historic package of reform measures to protect the health of citizens, support jobs & businesses and sustain economic growth. Going ahead, the abruptly changing global economic environment and the immense uncertainty regarding future growth prospects have cast a shadow on Germany's economic and trade progress. The speed and magnitude of the economic recovery in Germany following the recession will depend crucially on the future course of the economic impairments caused by both the pandemic and the measures taken to contain it.

7. Analysis of linkages between India's Trade and GDP

Foreign trade plays a vital role to the growth and development of an economy in terms of enhanced level of production, generation of employment and income, inflow of foreign exchange at the domestic level and strengthening bilateral and multilateral economic relations at the global level.

Over the years, foreign trade has played an important role in the Indian economy. Exports have continued to be the major focus of India's foreign trade policy and India is considered as one of the most attractive market for foreign trade with a large base of export and import centric industries. This can be attributed to various factors such as a large and expanding consumer base, availability of skilled & semi-skilled managerial and technical manpower, availability of capital, improved infrastructure, among others.

Since the advent of economic reforms in 1991, India has embarked upon a programme of economic and trade liberalisation resulting in significant expansion in broad contours of the country's foreign trade. This process has further been accelerated by India's active role in the World Trade Organisation (WTO). Since then India has rapidly engaged in several bilateral and multilateral agreements and trade mechanisms resulting in increased volume of trade and investments.

Over the last 30 years since India's liberalisation, the country's foreign trade has expanded multi-fold and witnessed significant structural shifts in product as well as geographic composition. The easing of quantitative restrictions as well as significant reduction in tariff levels across product lines has tremendously aided the growth of foreign trade in the decades following liberalisation.

India was considered as a bright spot in the global economic system and a major growth driver of the world economy, however, during the last few years, India's economy has been passing through a phase of structural and cyclical slowdown followed by the pandemic impact of COVID-19. Going ahead, India's credibility in the global economic system is stronger than ever and it is expected that India will be a fastest moving economy in the next very few years supported by the slew of robust economic reforms undertaken by the Government and RBI.

Over the years, India's exports of goods and services have increased significantly from USD 44 billion in 2001 to USD 481 billion in 2020. On the other hand, India's imports have increased from USD 51 billion in 2001 to USD 522 billion in 2020. Therefore, total India's total trade in goods and services has increased from USD 95 billion to USD 1003 during the same period.

Further, India's GDP at current prices has increased from USD 485 billion in 2001 to USD 2709 in 2020. Accordingly, India's exports to GDP ratio has increased from 9% in 2001 to 18% in 2020 while India's imports to GDP ratio has increased from 10% to 19% during the same period. Therefore, India's trade to GDP ratio has increased from 19% in 2001 to 37% in 2020.

India's trade to GDP ratio during the period 2001-2020

Year	India Exports (USD Billion)	India Imports (USD Billion)	Total trade (USD Billion)	India's GDP at current prices (USD Billion)	India's exports to GDP ratio (%)	India's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2001	44	51	95	485	9%	10%	19%
2002	50	57	108	515	10%	11%	21%
2003	59	72	132	608	10%	12%	22%
2004	76	99	175	704	11%	14%	25%
2005	153	201	354	820	19%	25%	43%
2006	191	253	444	940	20%	27%	47%
2007	232	310	542	1217	19%	25%	45%
2008	288	404	692	1199	24%	34%	58%
2009	270	347	617	1342	20%	26%	46%
2010	337	465	802	1676	20%	28%	48%
2011	440	588	1028	1823	24%	32%	56%
2012	435	619	1054	1828	24%	34%	58%
2013	486	593	1079	1857	26%	32%	58%
2014	475	588	1062	2039	23%	29%	52%
2015	420	514	935	2104	20%	24%	44%
2016	423	490	913	2295	18%	21%	40%

Year	India Exports (USD Billion)	India Imports (USD Billion)	Total trade (USD Billion)	India's GDP at current prices (USD Billion)	India's exports to GDP ratio (%)	India's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2017	481	598	1080	2653	18%	23%	41%
2018	529	685	1214	2713	19%	25%	45%
2019	538	658	1196	2875	19%	23%	42%
2020	481	522	1003	2709	18%	19%	37%

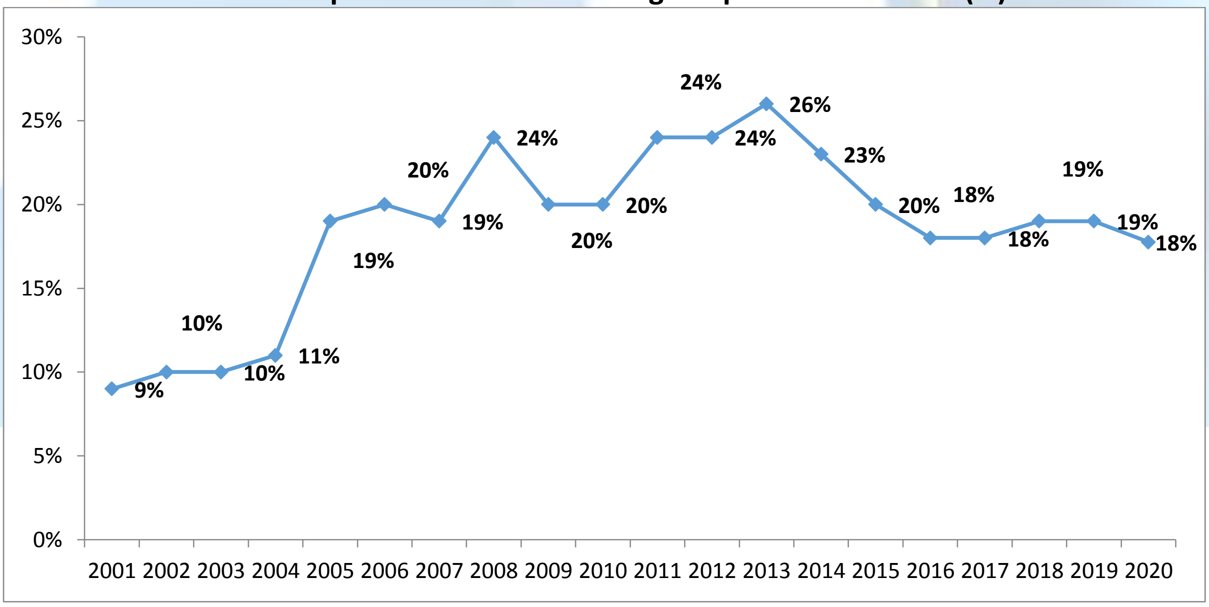
Source: PHD Research Bureau, PHDCCI, compiled from Trade map and World Bank database. NOTE: Figures for the year 2001-2004 pertains to goods only

7.1 India's exports to GDP ratio

Over the years, India's foreign trade has undergone significant changes in terms of volume, structure and direction such as sector specific interventions, focused export promotion initiatives, increased transparency and greater ease of doing business for exporters. It is highly appreciable that the Government has been undertaking continuous efforts to diversify India's exports in terms of market and product expansion.

India's export sector faced many challenges post 2013-14 period due to the accentuation of the global economic/ financial crisis. However, exports have been growing on a promising basis since 2016-17 owing to greater push for improved trade & logistics infrastructure, introduction of New Foreign Trade Policy 2015-20, greater facilitation to MSMEs exporters, among others. India's exports as a percentage of GDP have increased from 9% in 2001 to 18% in 2020.

India's exports to GDP ratio during the period 2001-2020 (%)

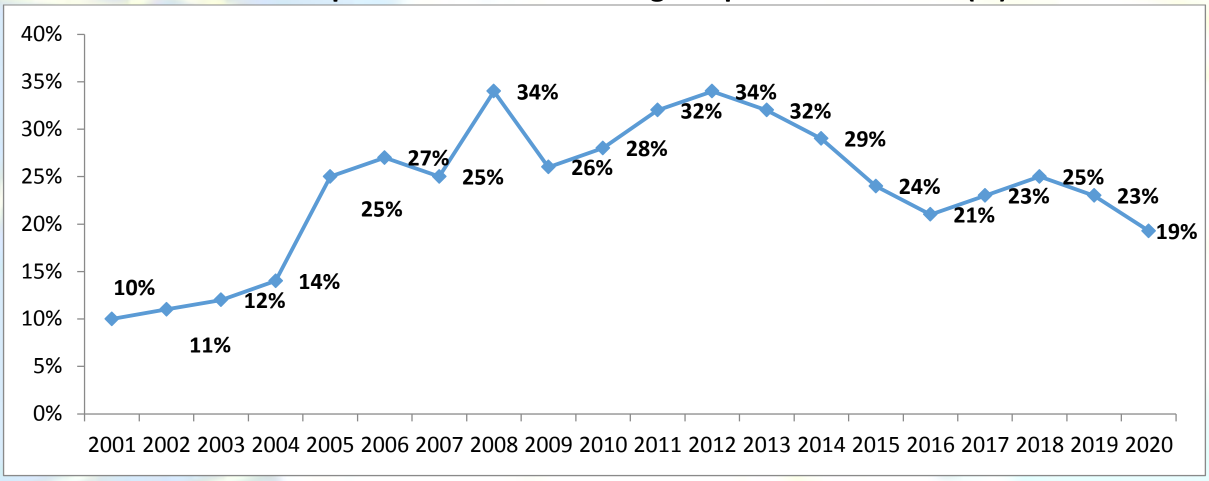


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

7.2 India's imports to GDP ratio

Goods and services purchased from abroad are referred to as imports. Over the years, India's imports have outpaced exports resulting in trade deficit for the country. Imports peaked in 2012 and reached USD 619 billion from USD 51 billion in 2001. Imports declined thereafter to the level of USD 490 billion in 2016 and rose again to reach USD 522 billion in 2020. India's imports as a percentage of GDP have increased from 10% in 2001 to 19% in 2020.

India's imports to GDP ratio during the period 2001-2020 (%)

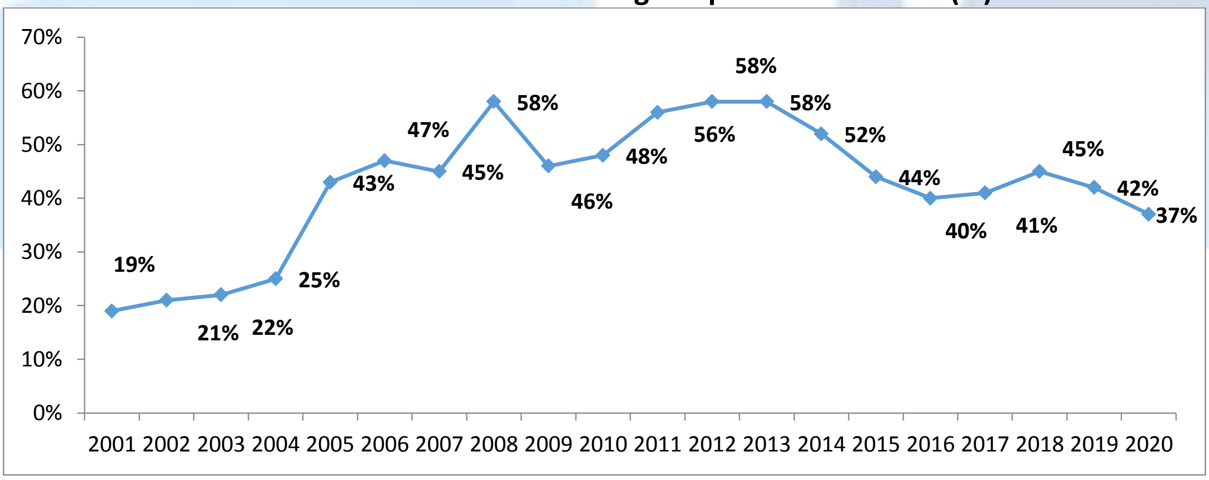


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

India's trade to GDP ratio

One way to measure the extent to which an economy is globally linked is by comparing its international trade with its GDP. Since the degree of trade represents openness of an economy with respect to other economies, the trade to GDP ratio also indicates the degree of globalization i.e., the higher is this ratio, the more globalized an economy is. It has been observed that, India's trade as a percentage of its GDP has increased from 19% in 2001 to 37% in 2020.

India's trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

India's trade to GDP ratio has increased substantially in the last few decades mainly due to increased service exports from India. India's trade to GDP ratio has been rising sharply and reached a high of around 58% in the year 2008. It declined thereafter indicating the overall impact of the weakened economic and trade prospects for the global economy. The recovery from the Global Financial Crisis in 2008 was swift as India's trade to GDP ratio rose to 58% and reached the peak attained in the pre-crisis era. Historically, India has been viewed as being far less vulnerable to the Global Financial Crisis than other large economies since the country was much less integrated with the world economy than countries such as USA and China.

It has been observed that India's merchandise trade balance improved from 2009-14 to 2014-20 on the back of decline in crude prices. The merchandise exports to GDP ratio declined due to weakened global demand and heightened trade tensions over 2018-19 and first half 2019-20. On the other hand, the merchandise imports to GDP ratio also declined, entailing a net positive impact on the BoP position. This is because of the large presence of crude oil in the import basket. Moreover, India's trade to GDP ratio has remained between the range of 40-45% during the last few years.

In the post-COVID scenario, there would be noticeable changes in the global supply-chains and India should focus on capturing a significant share in the world economic system. To become AatmaNirbhar Bharat, it is now imperative for our country to reduce import content and divert trade towards friendly nations while focusing on enhancing indigenous production and domestic capacity building. Increased domestic capacity building would not only help in reducing India's imports but also enhance its exports presence particularly in the top export destinations.

At this juncture, bolstering manufacturing at competitive costs should be a key focus area for the Government. India should take advantage of the global supply chain disruptions and become a global manufacturing and exporting hub, going forward. Prosperity of businesses facilitates creation of jobs and generation of incomes which improves the country's position in socioeconomic and business rankings in global charts. Therefore, it becomes important to further reduce the cost of doing business in India and attract significant foreign investments and achieve the goal set by our Hon'ble Prime Minister of a USD 5 trillion economy by 2024-25.

Cost competitiveness of our businesses enterprises should be enhanced and a level playing field should be created. The Government should focus on further reducing the cost of doing business in the country including the costs of capital, costs of compliances, costs of logistics, costs of land and availability of land and costs of labour. Being one of the most dynamic emerging market economies, India has been continuously considered as one of the top attractive destinations for inbound investments. Now, India has shown remarkable resilience in this pandemic, by fighting the virus as well as ensuring economic stability. India should use this golden opportunity by further offering Red Carpet to global investors and provide the most favourable terms for setting up manufacturing bases in India.

Going ahead, efforts should be made to build scale and size and enhance our contribution in global trade. Also, greater facilitation measures to promote ease of doing business, attract foreign investments, availability of world class infrastructure, skill development & entrepreneurship, among others would go a long way in strengthening the Indian manufacturing ecosystem and positioning India's as a global exporting hub.

8. Analysis of Linkages between UK's Trade and GDP

The United Kingdom (UK) has a developed and international trading economy that was at the forefront of the 19th-century Industrial Revolution. Presently, the UK comprises of a mixed economy, developed through the forces of free market and global economy. Agriculture is intensive, highly mechanized and efficient by European standards. The country has large coal, natural gas, and oil resources. The services sector, particularly banking, insurance, and business services, are the key drivers of British GDP growth. Moreover, the British economy is currently one of the largest and most diversified in the world.

International trade has long been pivotal to the United Kingdom's economy. Over the years, UK's exports of goods and services have increased from USD 279 billion in 2001 to USD 736 billion in 2020. On the other hand, UK's imports have increased from USD 359 billion in 2001 to USD 832 billion in 2020. Therefore, UK's total trade in goods and services has increased from USD 638 billion to USD 1568 during the same period.

Further, UK's GDP at current prices has increased from USD 1640 billion in 2001 to USD 2711 in 2020. Accordingly, UK's exports to GDP ratio increased from 17% in 2001 to 27% in 2020. Similarly, UK's imports to GDP ratio increased from 22% in 2001 to 31% in 2020. Therefore, UK's trade to GDP ratio increased from 39% in 2001 to 58% in 2020.

UK's trade to GDP ratio during the period 2001-2020

Year	UK Exports (USD Billion)	UK Imports (USD Billion)	Total trade (USD Billion)	UK's GDP at current prices (USD Billion)	UK's exports to GDP ratio (%)	UK's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2001	279	359	638	1640	17%	22%	39%
2002	286	372	658	1784	16%	21%	37%
2003	312	425	737	2053	15%	21%	36%
2004	355	503	858	2417	15%	21%	35%
2005	640	711	1350	2539	25%	28%	53%
2006	743	812	1556	2714	27%	30%	57%
2007	791	902	1693	3101	26%	29%	55%
2008	807	928	1735	2923	28%	32%	59%
2009	641	741	1382	2411	27%	31%	57%

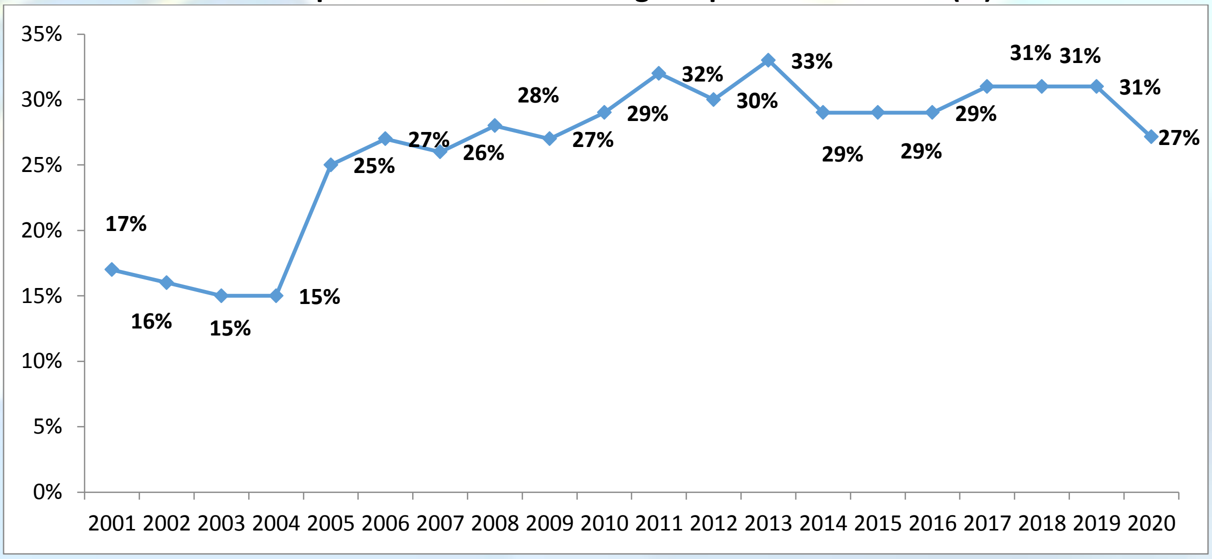
2010	711	819	1530	2475	29%	33%	62%
2011	851	921	1772	2659	32%	35%	67%
2012	821	894	1715	2705	30%	33%	63%
2013	912	872	1784	2786	33%	31%	64%
2014	904	930	1834	3064	29%	30%	60%
2015	839	864	1703	2929	29%	29%	58%
2016	775	863	1638	2694	29%	32%	61%
2017	817	874	1691	2666	31%	33%	63%
2018	900	935	1835	2861	31%	33%	64%
2019	885	976	1861	2827	31%	35%	66%
2020	736	832	1568	2711	27%	31%	58%

Source: PHD Research Bureau, PHDCCI, compiled from Trade map and World Bank database. NOTE: Figures for the year 2001-2004 pertains to goods only

8.1 UK's exports to GDP ratio

UK's exports to GDP ratio increased from 17% in 2001 and reached at 32% in 2011. Since then its exports to GDP ratio has remained more or less the same to reach at around 31% in 2019 and fall to 27% in 2020.

UK's exports to GDP ratio during the period 2001-2020 (%)

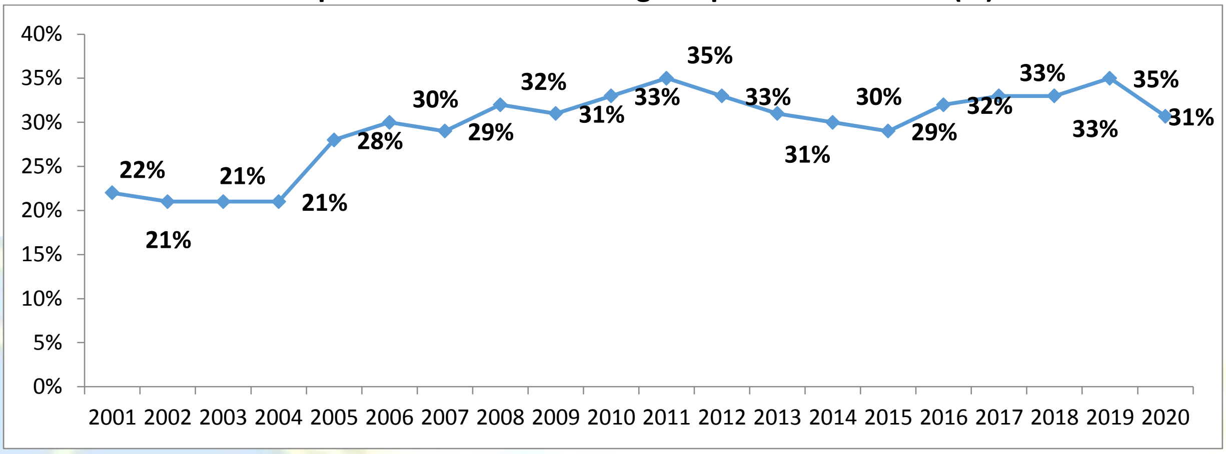


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

8.2 UK's imports to GDP ratio

UK's imports to GDP ratio increased from 22% in 2001 to reach a high at 35% in 2011. Since then its imports to GDP ratio has declined to 29% in 2015 and rose again to reach at 35% in 2019 and then fall to 31% in 2020.

UK's imports to GDP ratio during the period 2001-2020 (%)

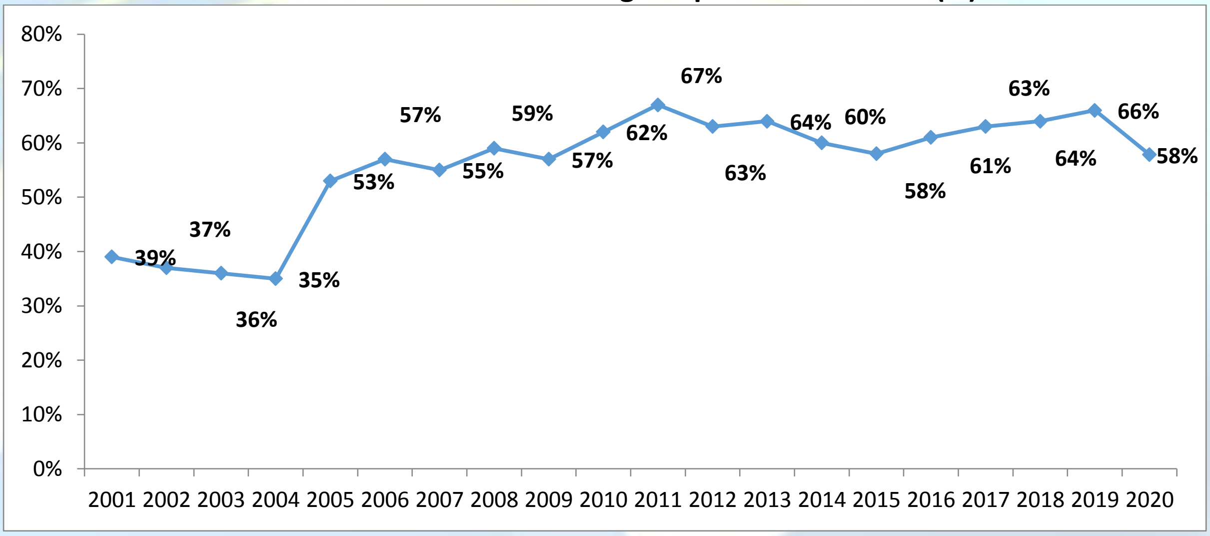


Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

8.3 UK's trade to GDP ratio

Over the years, UK's trade to GDP ratio increased from 39% in 2001 and reached a peak of 67% in 2011 and declined thereafter a bit and rose again to reach 66% in 2019 and 58% in 2020.

UK's trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

The UK economy began to slowdown since the referendum vote to leave the European Union (EU) in 2016. In 2019, UK's economic growth was largely shaped by the uncertainty surrounding the UK's withdrawal from the EU. In January 2020, the UK's long-standing EU membership came to an end popularly known as Brexit. Economic prospects showed signs of turning positive in early 2020, as Brexit-related political uncertainty faded.

As the economy witnessed a mild rebound in the pace of economic activity, the momentum was short-lived as global COVID-19 pandemic struck the world and social distancing measures began to be imposed in various countries. The on-going COVID-19crisis has pushed the UK economy into a recessionary situation. Over the past few months, the UK Government has gradually rolled back COVID-19 restrictions in order to stimulate the economic recovery process. However, like for many other economies, worsening/ resurgence of the current global health crisis poses the biggest risk to this recovery. As such, demand is weak since most of the businesses are on the path of deferring investments and households are deferring consumption.

As the COVID-19 containment restrictions have been eased, demand is being reallocated across sectors and businesses; however, the overall effect on demand is expected to be negative. There has been a mild recovery across various sectors as more businesses and non-essential service providers were allowed to operate and as restrictions were eased along with growing confidence from the drop-off of the number of positive COVID-19 cases.

At this juncture, macroeconomic stability risks for the UK are weighted towards the downside in terms of both the length and depth of the COVID-19 impact and the possibility of a no UK-EU FTA deal by the end of 2021 as well as wider subdued global economic prospects. Going forward, the economic outlook for the UK economy is extremely uncertain and depends critically on the effectiveness of Government policies to manage the economy while keeping down the Covid-19 infection rate.

9. Analysis of linkages between UAE’s Trade and GDP

The United Arab Emirates (UAE) is a mixed free-market economy based on oil and natural gas production and these sectors combined contribute significantly to UAE’s economy. Before the discovery of oil in the 1950s, the region's economy was driven mainly by nomadic farming, date palm cultivation, fishing, pearling and seafaring. During the recent decades, the UAE's economic diversification process has led to the emergence of several non-oil sectors including manufacturing, construction, business services, real estate, among others and has raised the overall standard of living of the citizens.

The UAE enjoys a strategic location between Asia, Europe and Africa. Despite the fluctuations in oil prices and the global economic recession, the UAE has enjoyed a stable economy. The economy maintains strong financial reserves and has a durable banking sector. The country continues to develop its infrastructure and has made impressive development in some of its key sectors. Moreover, strategic location, strong financial reserves, large sovereign wealth fund, promising investor home economies, consistent government spending, progressive policy of economic diversification, free zones and increased foreign direct investment contribute to the UAE’s robust economy.

United Arab Emirates are amongst the world's most dynamic markets in terms of foreign trade. The UAE supports open trade and has stable trade relations with countries throughout the world. Due to its open economy, attractive business environment and continued economic growth, the UAE has emerged as a key international trade hub between the East and West.

Furthermore, despite the sharp slowdown in trade in 2009, the UAE is considered a central business hub of the Gulf countries, Iran, South Asia and East Africa. Over the years, UAE's exports of goods and services have increased from USD 51 billion in 2001 to USD 389 billion in 2019. Whereas in 2020 exports of merchandise goods reached to USD 306 Billion. On the other hand, UAE's imports have increased from USD 42 billion in 2001 to USD 288 billion in 2019. In 2020 imports of merchandise goods has reached to USD 226 Billion. Therefore, UAE's total trade in goods and services has increased from USD 93 billion to USD 678 during the same period. Whereas in 2020 the total trade of merchandise goods reached to USD 532 Billion.

Further, UAE's GDP at current prices has increased from USD 103(Including services) billion in 2001 to USD 354 in 2020(Excluding services). Accordingly, UAE's exports to GDP ratio increased from 49% in 2001 to 86% in 2020. Similarly, UAE's imports to GDP ratio increased from 41% in 2001 to 64% in 2020. Therefore, UAE's trade to GDP ratio increased from 90% in 2001 to 150% in 2020.

UAE's trade to GDP ratio during the period 2001-2020

Year	UAE Exports (USD Billion)	UAE Imports (USD Billion)	Total trade (USD Billion)	UAE's GDP at current prices (USD Billion)	UAE's exports to GDP ratio (%)	UAE's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2001	51	42	93	103	49%	41%	90%
2002	54	48	102	110	50%	44%	93%
2003	70	58	127	124	56%	46%	102%
2004	94	78	172	148	64%	53%	117%
2005	122	94	216	181	68%	52%	120%
2006	152	113	265	222	69%	51%	119%
2007	187	166	353	258	72%	64%	137%
2008	249	220	469	315	79%	70%	149%
2009	202	187	389	254	80%	74%	153%
2010	238	179	417	290	82%	62%	144%
2011	316	216	532	351	90%	62%	152%
2012	376	240	615	375	100%	64%	164%
2013	392	253	645	390	101%	65%	165%
2014	401	278	679	403	100%	69%	168%
2015	361	266	628	358	101%	74%	175%
2016	361	270	631	357	101%	76%	177%
2017	384	291	675	386	100%	75%	175%
2018	393	282	674	422	93%	67%	160%

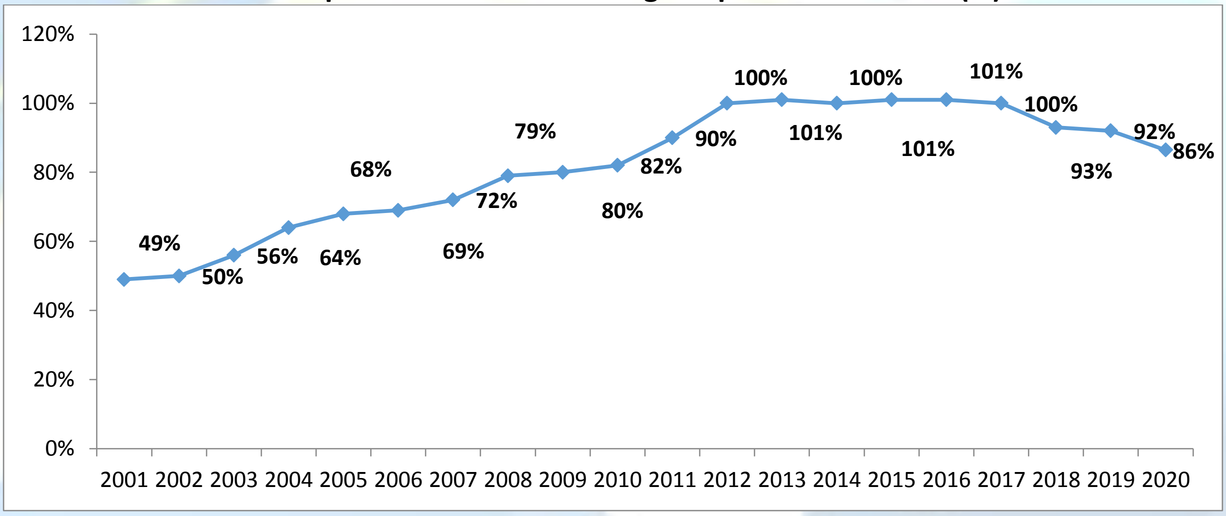
Year	UAE Exports (USD Billion)	UAE Imports (USD Billion)	Total trade (USD Billion)	UAE's GDP at current prices (USD Billion)	UAE's exports to GDP ratio (%)	UAE's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2019	389	288	678	421	92%	68%	161%
2020	306	226	532	354	86%	64%	150%

Source: PHD Research Bureau, PHDCCI, compiled from World Bank database.
NOTE: Figures for the year 2020 pertains to goods only

9.1 UAE's exports to GDP ratio

UAE's exports to GDP ratio has consistently increased from 49% in 2001 to reach a high of 101% in 2013 and stands at 86% in 2020. The major export items of the UAE economy include mineral fuels, mineral oils, pearls & stones, electrical machinery and equipment, plastics and articles , aluminium and articles, essential oils, among others.

UAE's exports to GDP ratio during the period 2001-2020 (%)

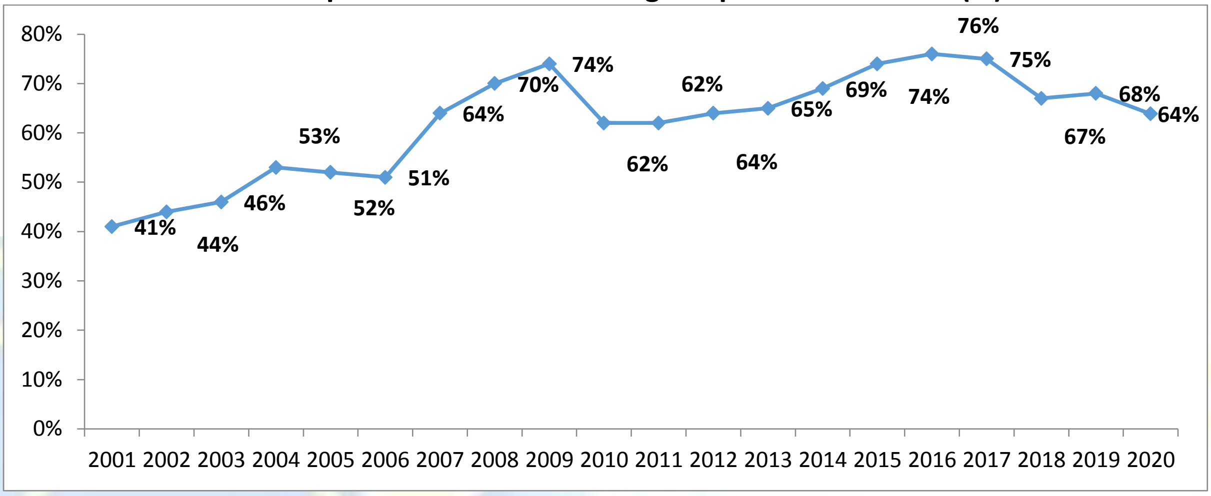


Source: PHD Research Bureau, PHDCCI Compiled from World Bank database
NOTE: Figures for the year 2020 pertains to goods only

9.2 UAE's imports to GDP ratio

UAE's imports to GDP ratio increased from 41% in 2001 to reach a high at 74% in 2009. Since then its imports to GDP ratio has declined and reached a high of 76% in 2016. UAE's imports to GDP ratio stands at 64% in 2020. The major import items of the UAE economy include pearls & stones, electrical machinery and equipment, mineral fuels, mineral oils, aircraft, spacecraft, and parts, articles of iron and steel, among others.

UAE's imports to GDP ratio during the period 2001-2020 (%)

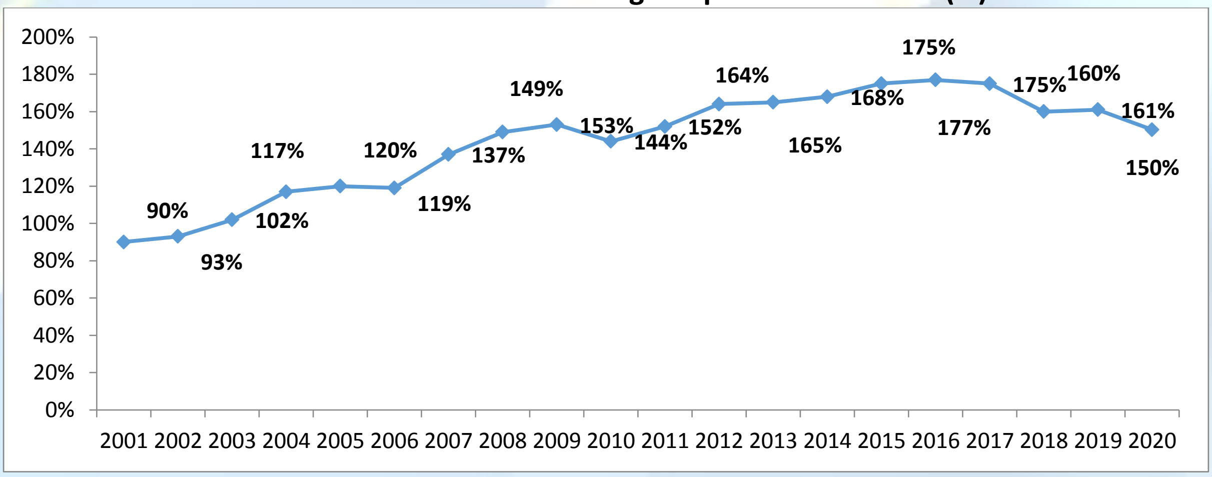


Source: PHD Research Bureau, PHDCCI Compiled from World Bank database
NOTE: Figures for the year 2020 pertains to goods only

9.3 UAE's trade to GDP ratio

During the last decade, the UAE has focused on reducing the country's dependency on oil exports by diversifying the economy with focus on business, tourism and construction sectors. Dubai is the most important regional export hub and has become one of the largest export centre in the world in the recent years. Over the years, UAE's trade to GDP ratio increased from 90% in 2001 and reached a peak of 177% in 2016 and declined thereafter to reach 150% in 2020.

UAE's trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database
NOTE: Figures for the year 2020 pertains to goods only

After a subdued economic performance in recent years, partly due to cuts in oil output as part of OPEC agreements along with continued corporate restructuring, reduced government investment, declining real estate prices, among others, economic activity is expected to pick up in the UAE in the future. The country recorded a relatively modest economic growth in 2019 amid a slowing global economy, trade and geopolitical tensions and weaker energy demand.

The global crisis of COVID-19 is an unprecedented event witnessed in the history of the world economy. The economy of Middle East region has particularly been impacted especially for oil exporting countries due to the decline of oil prices, levels of production and exports of gas and oil. Furthermore, virus-induced restrictions led to closed borders, grounded flights, shuttered businesses and disrupted global supply chains thereby upending the economic foundation of the UAE economy including trade, tourism and transportation.

Going ahead, in 2021, the economy is expected to rebound on the back of recovering domestic demand subject to the post-pandemic global economic recovery, rising business optimism, continued fiscal stimulus and higher government and private sector investments related to the postponement of Dubai's Expo 2020. Nevertheless, low oil prices and a continued resurgence of new Covid-19 cases pose key downside risks to UAE's economic growth outlook. At this juncture, a more diversified UAE economy with strong financial and tourism sectors would play a major role in enhancing the country's economic growth trajectory.

10. Analysis of linkages between Singapore's Trade and GDP

In the decades after its independence, the Singapore economy rapidly developed from a low-income country to a high-income country. After rapid industrialization in the 1960s triggered the nation's development trajectory, manufacturing became the main driver of growth for the country. Today, Singapore is one of the world's most prosperous nations with a business-friendly regulatory environment and is ranked among the world's most competitive economies. Furthermore, factors such as globalization, free-market capitalism, education, and other robust policy reforms have helped the country to overcome its geographic disadvantages and become a leader in global commerce.

10.1 Analysis of linkages between Singapore's trade and GDP

Since the 1960s, Singapore has adopted a policy of export-oriented industrialization, promoting the export of goods and services in the international markets. Its economy is mainly driven by exports in electronics manufacturing and machinery, financial services, tourism, and is the world's busiest cargo seaport. Singapore is one of the world's most open economies with the value of its trade in goods and services equating to more than three times its overall economic output.

Over the years, Singapore's exports of goods and services have increased from USD 122 billion in 2001 to USD 550 billion in 2020. On the other hand, Singapore's imports have increased from USD 116 billion in 2001 to USD 503 billion in 2020. Therefore, Singapore's total trade in goods and services has increased from USD 238 billion to USD 1053 during the same period.

Further, Singapore's GDP at current prices has increased from USD 90 billion in 2001 to USD 340 in 2020. Accordingly, Singapore's exports to GDP ratio increased from 136% in 2001 to 162% in 2020. Similarly, Singapore's imports to GDP ratio increased from 129% in 2001 to

148% in 2020. Therefore, UAE's trade to GDP ratio increased from 265% in 2001 to 310% in 2020.

Singapore's trade to GDP ratio during the period 2001-2020

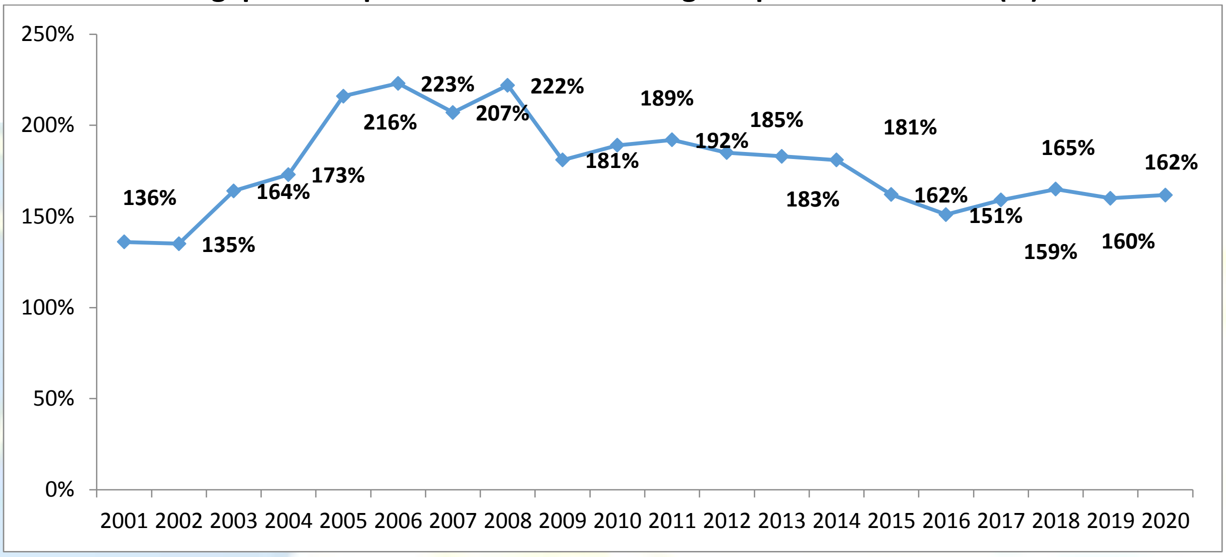
Year	Singapore Exports (USD Billion)	Singapore Imports (USD Billion)	Total trade (USD Billion)	Singapore's GDP at current prices (USD Billion)	Singapore's exports to GDP ratio (%)	Singapore's imports to GDP ratio (%)	Total trade to GDP ratio (%)
2001	122	116	238	90	136%	129%	265%
2002	125	116	242	93	135%	126%	261%
2003	160	136	296	98	164%	140%	303%
2004	199	174	372	115	173%	151%	324%
2005	276	256	532	128	216%	200%	416%
2006	332	305	637	149	223%	205%	428%
2007	375	340	715	181	207%	188%	395%
2008	430	414	844	194	222%	214%	436%
2009	352	330	683	194	181%	170%	352%
2010	454	414	867	240	189%	172%	362%
2011	536	490	1026	279	192%	176%	367%
2012	545	519	1064	295	185%	176%	361%
2013	562	538	1100	308	183%	175%	358%
2014	569	545	1114	315	181%	173%	354%
2015	500	458	958	308	162%	149%	311%
2016	482	442	923	319	151%	139%	290%
2017	543	508	1050	342	159%	149%	307%
2018	615	571	1186	373	165%	153%	318%
2019	595	558	1153	372	160%	150%	310%
2020	550	503	1053	340	162%	148%	310%

Source: PHD Research Bureau, PHDCCI, compiled from Trade Map and World Bank database.

10.2 Singapore's exports to GDP ratio

Over the years, Singapore has adopted a process of industrialization by the way of an export oriented strategy. The country's strategic location, free trade policy and supply of quality goods are some of the most important factors that have contributed in Singapore's impressive trade performance. Singapore has been an exporter of electronic goods and is a leading manufacturer of computer disk drives, consumer goods, chemicals and mineral fuels, among others. Singapore's exports to GDP ratio has significantly increased from 136% in 2001 to reach a high of 222% in 2008 and declined thereafter to stand at 162% in 2020.

Singapore's exports to GDP ratio during the period 2001-2020 (%)

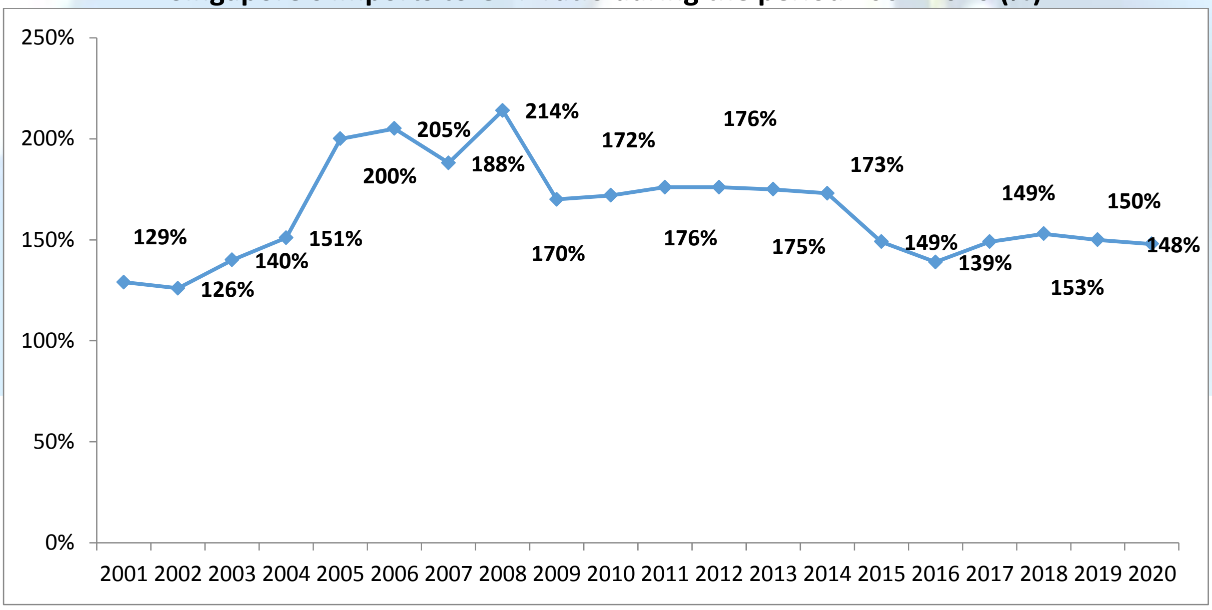


Source: PHD Research Bureau, PHDCCI Compiled from Trade Map and World Bank database

10.3 Singapore's imports to GDP ratio

Singapore's imports to GDP ratio increased from 129% in 2001 to reach a high at 214% in 2008. Since then its imports to GDP ratio has declined to reach at 148% in 2020. The major import items of the Singapore economy include electrical machinery and equipment, mineral fuels, mineral oils, pearls & stones, optical 7 photographic instruments, aircraft, spacecraft, and parts, organic chemicals, among others.

Singapore's imports to GDP ratio during the period 2001-2020 (%)

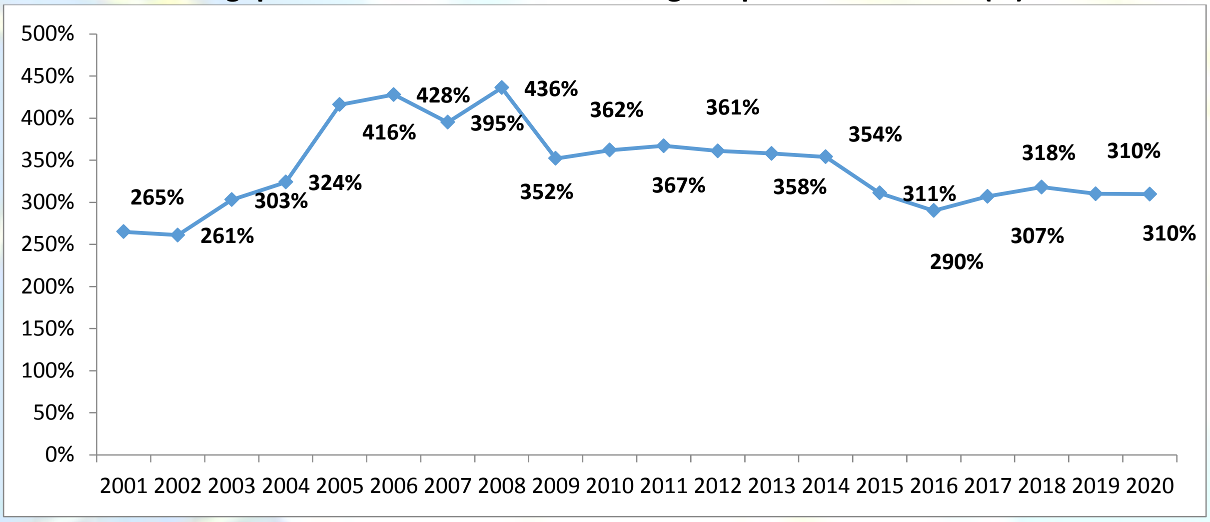


Source: PHD Research Bureau, PHDCCI Compiled from Trade Map and World Bank database

10.4 Singapore's trade to GDP ratio

Over the years, Singapore has undertaken major trade promotion reforms and continues to provide financial support through a variety of programmes to assist companies to expand or develop new overseas operations. Singapore's trade to GDP ratio increased from a whopping high of 265% in 2001 to reach a peak of 436% in 2008 and declined thereafter to reach 310% in 2020.

Singapore's trade to GDP ratio during the period 2001-2020 (%)



Source: PHD Research Bureau, PHDCCI Compiled from Trade map and World Bank database

Historically, Singapore's macroeconomic performance has been impressive. The country's economic activity moderated in 2018. Economic growth decelerated a bit further in the year 2019. Starting 2020, the COVID-19 pandemic has caused a severe disruption to overall global economic activity and has led to both demand and supply-side shocks to the Singapore economy. The impact of COVID-19 on the country's economy has been broad and significant thereby affecting different sectors of the economy including sectors that rely on international travel and other tourism-related sectors. Consumer-driven sectors such as retail and food services have also been badly affected by a major cutback in domestic consumption amidst progressively stricter safe social distancing measures. At the same time, sectors such as manufacturing and wholesale trade have also been affected by the fall in external demand and supply chain disruptions, while sectors like construction and real estate have been affected by negative spillover effects arising from the downturn in the domestic economy.

Going ahead, it is expected that the Singapore Government's economic support packages would shore up the domestic economy to mitigate the impact of COVID-19 although there remain risks regarding re-emergence of COVID-19 cases and on how to safely carry on with economic activities.

11. Degree of correlation of GDP with total trade, exports and imports of select economies

Trade plays an important role in economic development of a nation. A significant section of contemporary research has been devoted towards determining possible interrelations between international trade and the level of economic size of a country. The present study has assessed the degree of correlation of GDP with total trade, exports and imports for select economies.

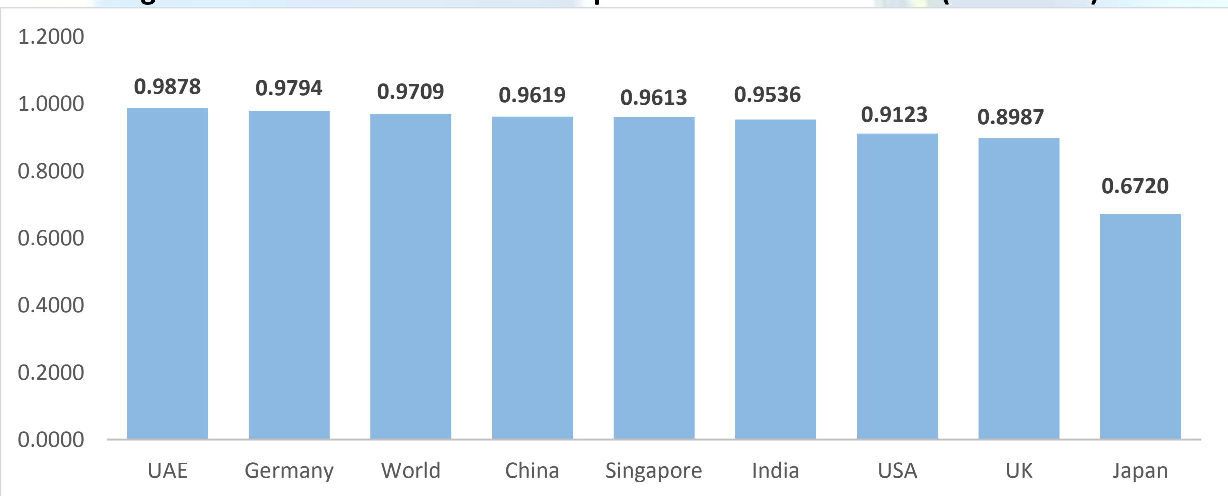
Degree of Correlation of GDP with total trade, exports and imports of select economies (2001-2020)

Country	Exports	Imports	Total Trade
UAE	0.9878	0.9834	0.9906
Germany	0.9794	0.9769	0.9788
World	0.9709	0.9764	0.9746
China	0.9619	0.9596	0.9621
Singapore	0.9613	0.9562	0.9591
India	0.9536	0.9172	0.9362
USA	0.9123	0.9128	0.9161
UK	0.8987	0.9190	0.9122
Japan	0.6720	0.6884	0.6868

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

The degree of correlation of GDP with exports is the highest for UAE (0.9878), followed by Germany (0.9794), World economy (0.9709), China (0.9619), Singapore (0.9613), India (0.9536), USA (0.9123), UK (0.8987) and Japan (0.6720).

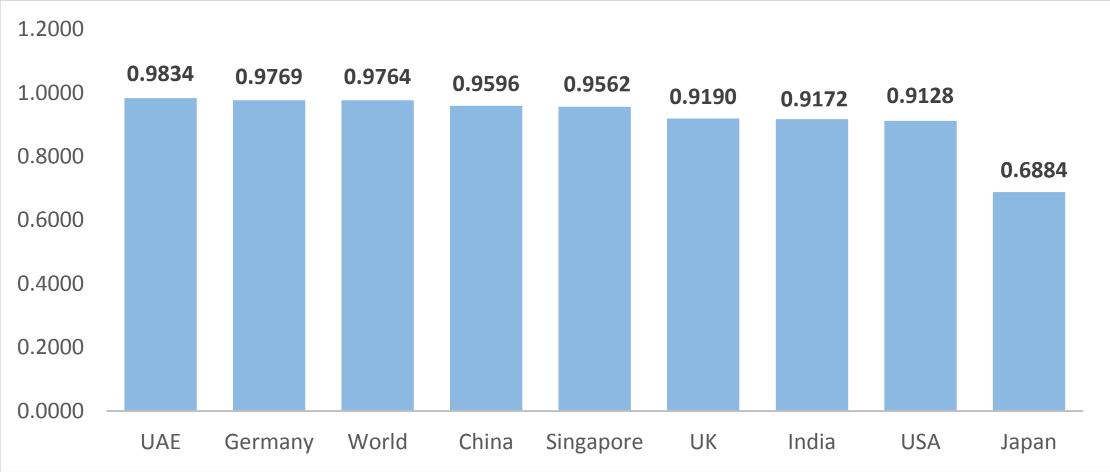
Degree of correlation of GDP with exports of select economies (2001-2020)



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

The degree of correlation of GDP with imports is the highest for UAE (0.9834), Germany (0.9769), World economy (0.9764), China (0.9596), Singapore (0.9562), UK (0.9190), India (0.9172), USA (0.9128) and Japan (0.6884)

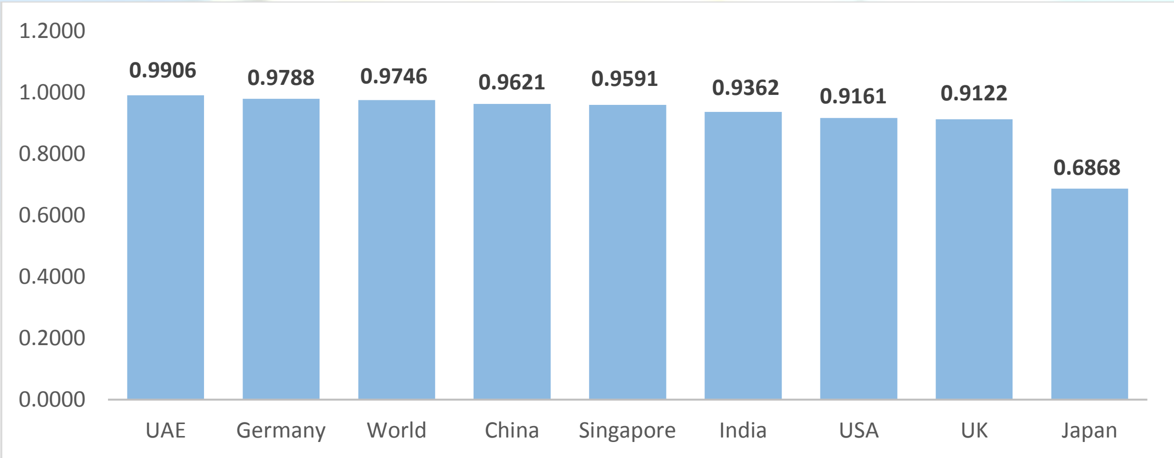
Degree of correlation of GDP with imports (2001-2020)



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

The degree of correlation of GDP with total trade is the highest for UAE (0.9906), followed by Germany (0.9788), World economy (0.9746), China (0.9621), Singapore (0.9591), India (0.9362), USA (0.9161), UK (0.9122) and Japan (0.6868).

Degree of correlation of GDP with total trade (2001-2020)



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

In nutshell, a high degree of correlation exists between GDP and Trade. The countries such as UAE, Germany, China, Singapore USA having high degree of correlation between GDP, export and imports whereas, Japan has the lowest degree of correlation. The degree of correlation of GDP with exports is the highest for UAE (0.98), followed by Germany (0.98), World economy (0.97), Singapore (0.96), China (0.96), India (0.96), USA (0.94), UK (0.90) and Japan (0.67).

The degree of correlation of GDP with imports is the highest for UAE (0.98), World economy (0.98), Germany (0.97), China (0.96), Singapore (0.96), India (0.93), USA (0.93), UK (0.89) and Japan (0.69). The degree of correlation of GDP with total trade is the highest for UAE (0.99), followed by Germany (0.98), World economy (0.98), China (0.96), Singapore (0.96), India (0.94), USA (0.93), UK (0.91) and Japan (0.67).

Section II: Development in India’s Trade in Covid Times

12. Development in India's Trade in Covid times

Ever since the outbreak of COVID-19 pandemic, analysts and experts worldwide are in a race to project bigger and bigger economic troubles for the global economy. With each day passing, the new forecasts are showing a gloomier picture than the previous one. The COVID-19 pandemic represents an unprecedented disruption to the global economy and world trade, as production and consumption are scaled back across the globe. The estimates for world economy indicate the pandemic has reduced global economic growth to an annualized rate of -4.5% to -6.0% in 2020, with a partial rebound of 2.5% to 5.2% projected for 2021. Global trade is estimated to have fallen by 5.3%[4] in 2020, but it is projected to grow by 8.0% in 2021.

The impact of coronavirus pandemic on India has been largely disruptive in terms of economic activity as well as a loss of human lives. Almost all the sectors have been adversely affected as domestic demand and exports sharply plummeted. At this juncture, it becomes necessary to understand the implications for India's overall trade scenario in terms of trade destination and composition. India's top 10 exports destination countries contribute around 50.8% share in total exports in 2020 wherein, the USA, China and Hong Kong are top ranked countries. On the other side, India's top ten import destination countries account for about 55.9% share in overall merchandise imports, with China, the United States, and the United Arab Emirates ranked the highest for the same period.

12.1. Direction of India's Trade in Pandemic Times

Top 10 countries of Total Merchandise Trade of India

India's Top Ten merchandise trade countries (Value in Billion USD) for the period 2018 to 2020									
	2018			2019			2020		
S.no.	**Countries**	**Total Trade in 2018**	**% Share**	**Countries**	**Total trade in 2019**	**%Share**	**Countries**	**Total Trade in 2020**	**%Share**
1	China	90.3	10.8%	USA	89.2	11.1%	China	77.8	12.1%
2	USA	84.6	10.2%	China	85.7	10.7%	USA	75.9	11.8%
3	UAE	56.1	6.7%	UAE	59.8	7.5%	UAE	41.9	6.5%
4	Saudi Arabia	34.0	4.1%	Saudi Arabia	33.0	4.1%	Hong Kong	24.1	3.7%
5	Hong Kong	29.3	3.5%	Hong Kong	28.9	3.6%	Saudi Arabia	23.9	3.7%
6	Singapore	25.0	3.0%	Singapore	25.6	3.2%	Singapore	20.6	3.2%
7	Iraq	25.0	3.0%	Iraq	24.1	3.0%	Iraq	17.6	2.7%
8	Germany	22.9	2.7%	Germany	20.8	2.6%	Germany	17.3	2.7%
9	Korea	21.3	2.6%	Korea	20.8	2.6%	Korea	16.7	2.6%
10	Indonesia	20.9	2.5%	Indonesia	20.1	2.5%	Indonesia	16.4	2.5%

[4] International Monetary Fund

	Total of Top ten Countries	**409.4**	49.1%		**408.0**	50.9%		**332.2**	51.6%
11	**Rest of World**	423.9	50.9%		394.1	49.1%		311.2	48.4%
	Total	**833.3**			**802.1**			**643.5**	
	Growth rate				**-3.74%**			**-19.78%**	

Source: PHD Research Bureau, PHDCCI, compiled from Trade Map

Over the span of three years, India's total merchandise trade has decreased from USD 833.3 billion in 2018 to USD 643.5 billion in 2020. However, in 2020, China was India's top merchandise trading partner, followed by the United States of America and the United Arab Emirates. It has been witnessed that the percentage share of China in total merchandise trade has been increased by 1.1 percentage points in 2020 as compare to 2019.

It can be further noticed that the cumulative percentage of the top 10 countries in total merchandise trade has increased from 49.1 percent in 2018 to 51.6 percent in 2020. Therefore, the total merchandise share of the rest of the world countries decreased from 50.9 percent in 2018 to 48.4 percent in 2020.

Top 10 Countries of Merchandise Exports of India

India's Top Ten Exporting countries (Value in Billion USD) for the period 2018 to 2020									
	2018			**2019**			**2020**		
S.no.	**Countries**	**Exported value in 2018**	**% Share**	**Countries**	**Exported value in 2019**	**%Share**	**Countries**	**Exported value in 2020**	**%Share**
1	USA	51.8	16.0%	USA	54.29	16.8%	USA	49.32	17.9%
2	UAE	29.1	9.0%	UAE	29.54	9.1%	China	19.01	6.9%
3	China	16.5	5.1%	China	17.28	5.3%	UAE	17.95	6.5%
4	Hong Kong	13.2	4.1%	Hong Kong	11.48	3.6%	Hong Kong	9.54	3.5%
5	Singapore	10.5	3.2%	Singapore	10.74	3.3%	Singapore	8.30	3.0%
6	United Kingdom	9.8	3.0%	Netherlands	8.91	2.8%	Bangladesh	7.91	2.9%
7	Germany	9.0	2.8%	United Kingdom	8.80	2.7%	United Kingdom	7.77	2.8%
8	Bangladesh	8.8	2.7%	Germany	8.57	2.7%	Germany	7.66	2.8%
9	Netherlands	8.7	2.7%	Bangladesh	8.24	2.6%	Netherlands	6.26	2.3%
10	Nepal	7.3	2.3%	Nepal	7.11	2.2%	Malaysia	6.19	2.2%

	Total of Top ten Countries	**164.6**	**50.8%**		**164.9**	**51.0%**		**139.9**	**50.8%**
11	**Rest of World**	159.4	49.2%		158.3	49.0%		135.6	49.2%
	Total	**324.0**			**323.3**	**100**		**275.5**	**100**
	Growth rate				**-0.23%**			**-14.78%**	

Source: PHD Research Bureau PHDCCI, compiled from Trade Map

Over the span of three years, India's overall exports of goods have declined from USD 324 billion in 2018 to USD 275.5 billion in 2020. However, United States of America ranked first as the major exporter with a percentage share of 17.9 per cent during 2020 followed by China and United Arab Emirates. It has been witnessed that exports of goods to United States of America have increased by 1.1 percentage point during the pandemic times as compared to 2019, while exports to China increased by 1.6 percentage point during the same period.

Furthermore, the export share of the Top 10 countries has recorded a marginal decline in the percentage share of total exports from 2018 to 2020. However, a decrease of USD 24.7 billion in total merchandise exports can also be noted for the same period.

Top 10 Countries of Merchandise Imports of India

India's Top Ten Importing countries (Value in Billion USD) for the period 2018 to 2020									
	2018			**2019**			**2020**		
S. no.	**Countries**	**Imported value in 2018**	**% Share**	**Countries**	**Imported value in 2019**	**%Share**	**Countries**	**Imported value in 2020**	**%Share**
1	China	73.8	14.5 %	China	68.4	14.3%	China	58.8	16.0%
2	USA	32.8	6.4%	USA	34.9	7.3%	USA	26.6	7.2%
3	Saudi Arabia	28.5	5.6%	UAE	30.3	6.3%	UAE	23.9	6.5%
4	UAE	27.0	5.3%	Saudi Arabia	27.0	5.6%	Saudi Arabia	17.7	4.8%
5	Iraq	23.1	4.5%	Iraq	22.1	4.6%	Iraq	16.2	4.4%
6	Switzerland	18.1	3.6%	Switzerland	17.7	3.7%	Hong Kong	14.6	4.0%
7	Korea	16.4	3.2%	Hong Kong	17.4	3.6%	Singapore	12.3	3.3%
8	Hong Kong	16.1	3.2%	Korea	16.1	3.4%	Korea	12.2	3.3%
9	Indonesia	16.1	3.2%	Indonesia	15.6	3.3%	Indonesia	12.0	3.3%
10	Iran	14.8	2.9%	Singapore	14.9	3.1%	Switzerland	11.3	3.1%

	Total of Top ten Countries	**266.8**	**52.4 %**		**264.4**	**55.2%**		**205.6**	**55.9%**
11	**Rest of World**	242.4	47.6 %		214.5	44.8%		162.4	44.1%
	Total	509.3			478.9			368.0	
	Growth rate				**-5.97%**			**-23.16%**	

Source: PHD Research Bureau PHDCCI, Compiled from Trade Map

Over the span of three years, India's overall imports of goods have declined from USD 509.3 billion in 2018 to USD 368 billion in 2020. However, China ranked first as the major importer with a percentage share of 16% during 2020 followed by United States of America and United Arab Emirates. It has been noticed that imports from china have increased by 1.7 percentage points during the pandemic times as compared to 2019, while imports from the United States of America fell by 0.1 percentage points during the same period.

Further, the import share of the Top 10 countries has increased to 56% in 2020 as compared to 52 % in 2018.Therefore, the total import share of the rest of the world countries decreased from 47.6 percent in 2018 to 44.1 percent in 2020.

12.2. Commodity Composition of India's trade in Covid times

Top Ten Export commodities of India

India's Top Ten commodities of Exports (Value in USD Billion) for the period 2018 to 2020									
	2018			**2019**			**2020**		
S. no	**Commodities (HS 2 Digit)**	**Values In USD Bn**	**% Share**	**Commodities (HS 2 Digit)**	**Values In USD Bn**	**% Share**	**Commodities (HS 2 Digit)**	**Values In USD Bn**	**% Share**
1	MINERAL FUELS And Oils	48.69	15.03 %	MINERAL FUELS And Oils	44.53	13.78 %	MINERAL FUELS And Oils	27.63	10.03 %
2	Natural Or Cultured Pearls	40.14	12.39 %	Natural Or Cultured Pearls	36.73	11.36 %	Natural Or Cultured Pearls	24.45	8.88%
3	Nuclear Reactors, Boilers E	20.46	6.32%	Nuclear Reactors, Boilers E	21.26	6.58%	Pharmaceutical Products	18.42	6.69%
4	Vehicles Other Than Railway	18.27	5.64%	Organic Chemicals	18.24	5.64%	Nuclear Reactors, Boilers E	17.97	5.52%
5	Organic Chemicals	17.81	5.50%	Vehicles Other Than Railway	17.41	5.39%	Organic Chemicals	17.42	6.52%

6	Pharmaceutical Products	14.33	4.42%	Pharmaceutical Products	16.26	5.03%	Electrical Machinery And Equipment	13.46	6.33%
7	Electrical Machinery And Equipment	11.86	3.66%	Electrical Machinery And Equipment	14.94	4.62%	Vehicles Other Than Railway	12.99	4.89%
8	Iron And Steel	9.96	3.08%	Iron And Steel	9.77	3.02%	Iron And Steel	10.63	4.72%
9	Cotton	8.11	2.50%	ARTICLES OF APPAREL AND CLOTHING NOT KNITTED	8.36	2.59%	CEREALS.	8.67	3.86%
10	Articles Of Apparel And Clothing.	8.08	2.49%	Articles Of Apparel And Clothing Knitted	7.87	2.44%	Plastic And Articles Thereof.	6.59	3.15%
Total Of Top 10 Commodities		**197.71**	**61.02%**	**Total Of 10 Commodities**	**195.37**	**60.44%**	**Total Of 10 Commodities**	**158.23**	**57.44%**
11	Rest of the Others	126.28	38.98%	Rest of the Others	127.88	39.56%	Rest of the Others	117.25	42.56%
	Total	**323.99**	**100%**	**Total**	**323.25**		**TOTAL**	**275.48**	**100%**

Source: PHD Research Bureau PHDCCI, Compiled from Trade Map

Over the span of three years, the share of top 10 commodities exported from India declined from USD 197.71 billion to USD 158.23 billion in 2020. Mineral fuel and mineral oil products share of 15.03 percent in the year 2018 has declined to 10.03 percent in the year 2020. On the other hand, natural and cultured pearls have also registered a significant decline. Exports of pharmaceutical products increased significantly from 5.03 percent in the year 2019 to 6.7 percent in 2020 and ranked third among the top ten commodities exported from India in the year 2020.

According to this data, global demand for Indian medicinal products is still high throughout the Coronavirus pandemic. As far as other commodities are concern, the percentage share has increased from 38.9 percent in 2018 to 42.6 percent in 2020. We can deduce from the preceding discussion that during pandemic, demand for pharmaceutical and iron and steel goods increased dramatically across India's exporting partners.

Top Ten Import commodities of India

India's Top Ten commodities of Imports (Value in USD Billion) for the period 2018 to 2020									
	2018			2019			2020		
S.no	**Commodities (HS 2 Digit)**	**Values In USD Bn**	**% Share**	**Commodities (HS 2 Digit)**	**Values In USD Bn**	**% Share**	**Commodities (HS 2 Digit)**	**Values In USD Bn**	**% Share**
1	MINERAL FUELS And OILS	169.33	33.25%	MINERAL FUELS AND MINERAL OILS	152.67	31.88%	MINERAL FUELS AND MINERAL OILS	104.35	28.36%
2	Natural Or Cultured Pearls	58.9	12.78%	Natural Or Cultured Pearls	58.9	12.30%	Electrical Machinery	42.94	11.67%
3	Electrical Machinery And Equipment And Parts	52.62	10.33%	Electrical Machinery And Equipment And Parts	50.84	10.62%	Natural Or Cultured Pearls	41.04	11.16%
4	Nuclear Reactors, Boilers, Machinery.	65.07	8.51%	Nuclear Reactors, Boilers	44.47	9.29%	Nuclear Reactors, Boilers,	35.2	9.57%
5	Organic Chemicals	22.65	4.45%	Organic Chemicals	20.53	4.29%	Organic Chemicals	18.15	4.93%
6	Plastic And Articles Thereof.	15.23	2.99%	Plastic And Articles Thereof.	14.62	3.05%	Plastic And Articles Thereof.	11.97	3.25%
7	Iron And Steel	12.03	2.36%	Iron And Steel	11.8	2.46%	Animal Or Vegetable Fats And Oils	10.59	2.88%
8	Animal Or Vegetable Fats And Oils And Their Cleavage Products	10.16	2%	Animal Or Vegetable Fats And Oils	9.83	2.05%	Optical, Photographic Cinematographic	8.21	2.23%
9	Optical, Photographic Cinematographic Measuring,	9.49	1.86%	Optical, Photographic Cinematographic Measuring	9.49	1.99%	Iron And Steel	7.55	2.05%
10	Inorganic Chemicals;	7.29	1.43%	Fertilisers	7.19	1.50%	Fertilisers	7.17	1.95%
Total of Top 10 Commodities		422.77	83.01%	Total of 10 Commodities	380.34	79.42%	Total of 10 Commodities	287.17	78.04%
11	Rest of the Others	86.5	16.98%	Rest of the Others	98.54	20.57%	Rest of the Others	80.81	21.96%
	Total	**509.27**	**100%**	**Total**	**478.88**	**100%**	**Total**	**367.98**	**100%**

Source: PHD Research Bureau PHDCCI, Compiled from Trade Map

Over a three-year period, the share of top 10 commodities imported in India declined from USD 422.77 billion to USD 287.17 billion in 2020. Mineral fuels and oils were the top imported commodity with a percentage share of 28.36 in 2020 followed by electrical machinery and Natural cultured and pearls.

In a nutshell, it may be concluded that during the coronavirus pandemic, domestic demand for almost all the products have declined. Percentage share of electrical machinery has increased; however, industrial basic inputs such as mineral fuels and oils and Natural or cultured share has declined. However, the demand for Indian medicinal products is still high throughout the Coronavirus pandemic. As far as other commodities are concern, the percentage share rest of the other commodities have increased from 38.9 percent in 2018 to 42.6 percent in 2020. Therefore, we can deduce from the preceding discussion that during pandemic, demand for pharmaceutical and iron and steel goods increased dramatically across India's exporting partners.

Section III: India’s Exports Outlook: Prospects & Possibilities

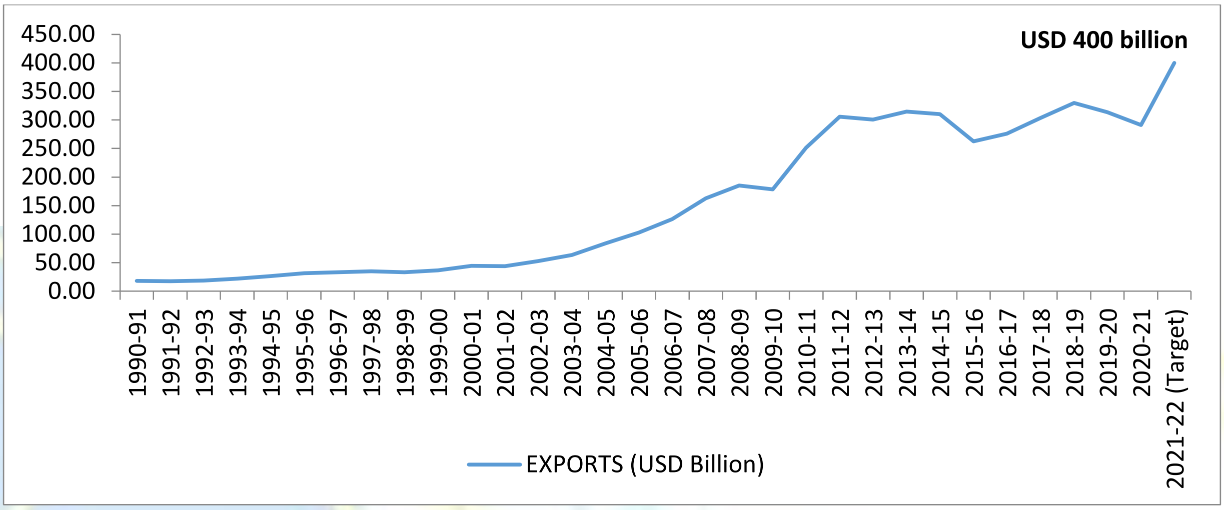
13. India's Exports Outlook: Prospects & Possibilities: Resilience will enhance the exports trajectory

The Government of India has undertaken various bold initiatives to regain the economic momentum under AatmaNirbhar Bharat Abhiyaan such as Aatmanirbhar Bharat Rozgar Yojana, extension of Emergency Credit line Guarantee scheme, Production Linked Incentive Scheme for 13 champion sectors, reduction in the Performance Security on contracts, income tax relief to developers and home buyers, among others. These measures were pointed towards enhanced demand, job creation, increased private investments, escalated exports and growth of sectors that have strong backward and forward linkages. In addition, simplification of various exports incentive in the current foreign trade policy during pandemic times and announcement of RoSTL and RoDTEP scheme among others to boost the export growth trajectory of India.

The Indian economy supported by market resilience, dynamism and facilitative reform measures, India's exports have undergone significant changes in the recent years in terms of volume, structure and direction. However, India's exports have faced a challenging period in the last few years on account of subdued global economic outlook and a major international trade slowdown. India's exports stuck around USD 260-330 billion since last 8-9 years. Therefore there is need to increase exports to the new heights. The Government of India after extensive consultation with the stakeholders set a target of USD 400 billion for the year 2021-22. India has already achieved the 41% of the target in the first five months. India's exports increased more than 67% from USD 98.05 billion during the period of April to August 2020 to USD 163 billion during April to August 2021, bringing the country closer to the Hon'ble Prime Minister's USD 400 billion exports target for FY 2021-22 announced recently.

India's export growth trajectory has increased from USD 17.9 billion in 1991-92 to USD 291.2 billion in 2020-21. However, India achieved a remarkable growth of USD 330.1 billion in 2018-19 and USD 313.4 billion in 2019-20 but owing to pandemic, export growth decelerated a little in 2020-21. As global value chains are re-connecting once again and GDP growth rates of India's major export destinations are projected high in 2021 as compared with last pandemic year of 2020, at this juncture, India holds a great opportunity to enhance the export growth trajectory to the next level and to achieve US $ 400 billion merchandise export target set by the Government. The government has suggested 4 ways to be focused significantly to make India a global champion: 1) increase in manufacturing which is Qualitatively Competitive 2) Minimize the Logistics Cost 3) Work in collaboration 4) Identifying international market for Indian products.

Exports of India from 1990-91 to 2020-21 (USD Billion)



Source: PHD research bureau, compiled from data Reserve bank of India.

At present, exports account for 20 per cent of India's GDP and about 60 per cent of India's exports are related to engineering, gems and jewellery, petroleum and chemical products and pharmaceuticals. The average GDP growth rate for India's top 25 export destinations is projected to stand at 4.1 percent in 2021 as compared with the negative growth rate of (-)3.2 percent in 2020. India's exports increased about 90 percent (average) during the period of April to July 2021 compared to the previous year, which brings India closer to its export target of USD 400 Billion.

To achieve this target, the factors to be focused upon includes removal of problems of transport, logistics, manufacturing, walking shoulder to shoulder with exporters, and expanding Indian product basket for the international market. The draft National Logistic Policy, boost for project exports and enhancing export insurance cover offer significant encouragement in taking exports to new peaks and meet the current requirements to facilitate market scenario. In achieving Atmanirbhar Bharat Mission simplification of export procedures, increased competitiveness among Indian exporters and capacity building programs for potential Indian exporters are actively being the driving force.

Developing a Foreign Trade Policy which is in line with the larger Industrial Policy will help the industries to compete and perform well at larger scale. Promoting Brand India would help establish India as a global manufacturing hub and improving the policies of Special Economic Zones would aid in achieving the target. Identifying high end imported products through technological advancements as prospective for manufacturing in house can also be implemented for selective products. Newer international schemes and policies will make the Indian manufacturers ready to compete at global level more easily and achieve better results.

Fixing an achievable export target is a first step towards the identification of potential market and region selection for business purposes. Various market expansion activities such as handling of routine trade and investment enquiries, providing information on economic and business climate, and identifying new business opportunities by undertaking promotional activities such as market surveys, seminars, workshops and outreach activities will pave the way for an efficient trading process.

Top 25 export products of India in 2020-21 (HS -2digit)

S.no	HS Code	Commodity	2020-2021 (USD Million)	Share (%)	Top 5 destination
1	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	26,881	9.23	Singapore, UAE, Neitherlands, Nepal, Malaysia
2	71	Natural or cultured pearls, precious or semiprecious stones, pre. metals, clad with pre. metal and articles thereof; imit. jewellery; coin.	26,161	8.98	USA, Hong-Kong, UAE, Belgium, Israel
3	30	Pharmaceutical products	19,384	6.66	USA, South Africa, UK, Nigeria, Russia
4	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	18,948	6.51	USA, Germany, Thailand, China, UK
5	29	Organic chemicals	17,950	6.17	China, USA, Germany, Brazil, Japan
6	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers and parts.	14,212	4.88	USA, UAE, Germany, China, UK
7	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	13,637	4.68	USA, Mexico, Bangladesh, South Africa, Nepal
8	72	Iron and steel	12,124	4.16	China, Vietnam, Italy, Nepal, UAE
9	10	Cereals.	10,064	3.46	Southy Arab, Bangladesh, Iraq, Nepal, Iran
10	39	Plastic and articles thereof.	6,871	2.36	China, USA, UAE, Nepal, Bangladesh
11	73	Articles of iron or steel	6,593	2.26	USA, Germany, UAE, Canada, UK
12	61	Articles of apparel and clothing accessories, knitted or crocheted.	6,348	2.18	USA, UAE, UK, Germany, France

13	52	Cotton.	6,316	2.17	Bangladesh, China, Vietnam, Korea, Sri Lanka
14	62	Articles of apparel and clothing accessories, not knitted or crocheted.	5,942	2.04	USA, UAE, UK, Germany, Spain
15	76	Aluminium and articles thereof.	5,771	1.98	Malaysia, Korea, USA, China, Taiwan
16	26	Ores, slag and ash.	5,243	1.80	China, Japan, Malaysia, Korea, Oman
17	3	Fish and crustaceans, molluscs and other aquatic invertebrates.	5,235	1.80	USA, China, Japan, Vietnam, Thailand
18	63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	5,221	1.79	USA, UK, UAE, Germany, Australia
19	38	Miscellaneous chemical products.	5,116	1.76	Brazil, USA, Japan, China, Germany
20	89	Ships, boats and floating structures.	4,488	1.54	Singapore, Indonesia, South Africa, UAE, Sri Lanka
21	9	Coffee, tea, mate and spices.	3,902	1.34	China, USA, Bangladesh, UAE, Iran
22	90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	3,273	1.12	USA, Germany, France, China, Singapore
23	40	Rubber and articles thereof.	3,253	1.12	USA, Germany, UK, UAE, France
24	2	Meat and edible meat offal.	3,223	1.11	Hong-Kong, Vietnam, Malaysia, Egypt, Indonesia
25	17	Sugars and sugar confectionery.	3,142	1.08	Indonesia, Sudan, Iran, Sri Lanka, Somalia
		Total of top 25 commodities	2,39,299	82.19	
		Rest of world	51,865	17.81	
		Total	2,91,164		

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

Top exported products in the year 2020-21 are mineral fuels, mineral oils and products of their distillation, natural or cultured pearls, pharmaceutical products, Nuclear reactors, boilers, machinery and mechanical appliances, organic chemicals etc. The top 25 commodities accounts for almost 82% of total Exports with value worth USD 239,298.74

million. The destination of top commodities is directed towards countries like USA, UAE, China, Germany, UK, South Africa, Hong-Kong, Nepal, Bangladesh, Hong-Kong, etc.

Top 25 Export destinations of India in 2020-21

S. No	Countries	Exported value in 2020 (USD Billion)	%Share	GDP growth 2020	Projected IMF GDP growth 2021
1	USA	51.62	17.73	-3.5	7
2	China	21.19	7.28	2.3	8.1
3	UAE	16.70	5.73	-5.9	3.1
4	Hong Kong	10.16	3.49	4.3	-6.1
5	Bangladesh	9.10	3.13	3.8	5
6	Singapore	8.68	2.98	-5.4	5.2
7	United Kingdom	8.16	2.80	-9.8	7
8	Germany	8.12	2.79	-4.8	3.6
9	Nepal	6.77	2.32	-1.9	2.9
10	Netherland	6.47	2.22	-3.7	3.5
11	Malaysia	6.06	2.08	-5.6	4.7
12	Saudi Arab	5.86	2.01	-4.1	2.4
13	Belgium	5.24	1.80	-6.4	4
14	Indonesia	5.03	1.73	-2.1	3.9
15	Vietnam	5.00	1.72	7	2.9
16	France	4.78	1.64	-8	5.8
17	Italy	4.74	1.63	-8.9	4.9
18	Korea rp	4.68	1.61	-0.9	4.3
19	Japan	4.43	1.52	-4.7	2.8
20	Brazil	4.24	1.46	-4.1	5.3
21	Thailand	4.24	1.46	-6.1	2.1
22	Australia	4.04	1.39	-2.4	5.3
23	Turkey	3.95	1.36	1.8	5.8
24	South Africa	3.93	1.35	-7	4
25	Sri Lanka	3.50	1.20	-3.6	4
	Total of Top 25 Countries	216.69	74.41	Average -3.2	4.1
	Rest of World	74.51	25.59		
	Total	291.2	100.00		

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

The top export destination of India are USA, China, UAE, Hong-Kong, Bangladesh, Singapore, UK, Germany, Nepal, Netherlands, etc. With USD 146.97 billion of exports (50 percent of total exports) are directed towards the top 10 exporting destination of India. 74% of total exports are directed towards the top 25 export destinations.

The COVID-19 pandemic inflicted a sudden stop in global supply and demand due to stringent containment measures worldwide thereby leading to an adverse impact on normal production and consumption activities. As world economic recovery is on the way, one of the major causes of concern lies with the structure of global demand and income generation amid a highly volatile and uncertain environment. The average GDP growth rate (projected) for India's top 25 export destinations stands at (-) 3.2% during 2020 while for 2021 the average growth in these economies is projected to rebound to stand at (+) 4.1%.

As mentioned above, India's merchandise exports fluctuated around USD 260-330 bn since the last 8-9 years, with the highest exports being USD 330 bn in 2018-19. The Govt. of India has decided to give a quantum boost to exports and set a target of USD 400 bn for FY 2021-22 under the initiative of 'local goes global'. India has already achieved the 41% of the set target in the first five months, and to maintain the momentum for the remaining five months, India needs to export USD 34bn per month. This target is realistic and achievable as India's major exporting partners are the world's leading economies. The average GDP growth projection for India's top 25 export destinations is estimated to be 4.1% for 2021. Furthermore, the high degree of correlation between GDP, exports, and imports suggests that focusing on demand will provide these economies a better chance of recovering growth in the future.

The growth momentum of the FY2021-22 must continue beyond the period, and we must target USD 1 trillion merchandise exports by the year 2030. For that, it is necessary to expand the trade with the potential markets and strategized products. The study has identified the existing and potential market to expand our exports and scope for signing new trade agreements. It has also identified 75 promising sectors/products to boost exports and achieve the target of USD 1 trillion merchandise exports by 2030.

The above analysis has implications for India's exports growth trajectory, going forward. Although, risks of worse growth outcomes remain if the virus resurges and availability of proven COVID-19 vaccines is slower than anticipated, demand is expected to re-emerge in India's top 25 export destinations. At this juncture, it becomes crucial for India to ensure greater ease of doing exports for its exporters to re-capture the lost momentum and resume the exports growth trajectory of FY2019 level or before.

14. Making India an Export Hub: Achieving a higher export growth trajectory

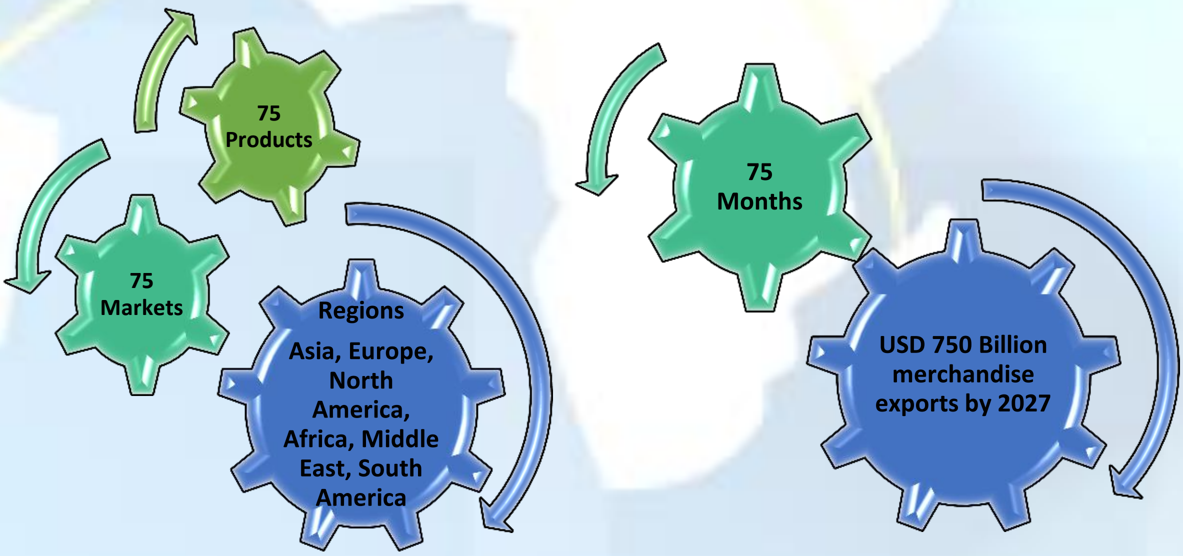
To fulfil the dream of 'Make in India' in the short run and the objective of 'Make for the world' in the long run, India needs to identify and target the potential export products and markets. This would help India to become a part of global value chain (GVC). In today's GVC, there is dominance of intra-firm trade at the global level. Also, emphasis must be given to enhancing trade relations with neighboring and untapped countries from Asian region, Africa, North America, Europe among others.

The study has identified 75 high potential export products according to their demand and competitiveness in various markets which will help to further enhance India's export growth trajectory. The timely measures undertaken by the Government has helped the economy to recover from extreme lows with further steps of Government like for removing the Anti-Dumping Duty on Viscose Staple Fibre (VSF), extending the RoSCTL benefits to textile companies, and offering RoDTEP benefits for yarn, fabrics, and other products. This initiative of the government will decrease the production costs and enhance the exports growth. Economy is now looking up and attaining the economic momentum.

In order to boost exports in Global Markets especially where India has inherent strengths such as pharmaceuticals and other potential product should be focused upon and made to diversify the portfolio of our export products in terms of more countries and more products, where India has core competence and there is also demand in the destination countries. Identifying different sectors along with 75 products, aiming to increase the exports could be a significantly important first step in achieving the export target of USD 400 billion and to enhance and increase the exports in the coming times.

Top 75 Products and 75 markets with strategic importance are recognized from 8 Sectors and 32 chapters, by focusing on these products target of USD 400 billion is achievable. The total 75 products identified contribute 46.6% of total exports of India in 2020 and the share of world 75 products in total world exports accounted for 20.8%. On the other hand, India's share of these 75 exports products accounted for 3.6 % share in the world's 75 exported products during the same period.

India @75: Expanded exports growth trajectory



Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

75 potential Markets and 75 potential Products for India's Exports

S.no	HS Chapters	HS Codes (6 Digits)	India's Share in World's Exported Products	Existing Market of India	Markets to be focused
	Agriculture Sector				
1	**(Total Chapter 08)** Chapter 02: Meat and Edible Meat Offal. Chapter 3: Fish And Crustaceans Chapter 9: Coffee, Tea, Mate And Spices Chapter 10: Cereals Chapter 17: Sugars And Sugar Confectionery. Chapter 21: Miscellaneous Edible Preparations. Chapter 23: Residues And Waste From The Food Industries Chapter 52: Cotton	**(Total 9 Products)** 020230 030617 090111 100590 100630 170114 210690 230400 520100	8.64%	Hong-Kong, Vietnam, Malaysia, Egypt, Indonesia, Iraq, Saudi Arab, Philippines, UAE, Algeria, USA, China, Japan, Belgium, Canada, UK, Netherlands, Russian Federation, Italy, Germany, Jordan, Kuwait, Libya, Australia, Greece, Slovenia, Spain, Bangladesh, Nepal, Bhutan, Yemen, Oman, Qatar, Iran, Benin, Togo, Guinea, South Africa, Singapore, Thailand, Sri Lanka, France, Korea, Turkey, Mauritius	USA, Japan, Korea, Russia, Spain, France, Italy, Taiwan, China Germany, Canada, Switzerland, Mexico, South Africa, Malaysia, Nigeria, Algeria, Morocco, Netherlands, Indonesia, Vietnam, Poland,
	Mineral and Fuels				
2	**(Total 02 Chapters)** Chapter 26: Ores, Slag And Ash. Chapter 27: Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes.	**(Total 06 Products)** 260111 260112 271019 271012 271600 270799	11.15%	China, Japan, Korea, Vietnam, Indonesia, Malaysia, Nepal, Oman, UAE, USA, Singapore, Saudi Arabia, Taiwan, Brazil, Poland, Egypt, Bahrain, Australia, Netherlands, Mozambique, Togo, Venezuela, Israel, Kenya, Sri Lanka, UK, Bangladesh, Thailand, Qatar, Italy	Germany, Taiwan, Netherlands, France, Bahrain, Japan, Canada, Turkey, UK, Indonesia, USA, Thailand, Brazil, China, Belgium, Estonia
	Chemical and Allied Products				
3	**(Total 06 Chapter)** Chapter 29: Organic Chemicals Chapter 30: Pharmaceutical Products Chapter 38: Miscellaneous Chemical Products Chapter:39 Plastic And Articles Thereof Chapter 40: Rubber And Articles Thereof Chapter 42: Articles Of Leather, Saddlery And Harness	293499 293359 293399 293339 290243 300490 300220 300420 380893 392690 390120 390210 390110 392190 401120 420221	8.89%	Turkey, China, Japan, USA, South Africa, Russian Federation, Singapore, Germany, UAE Spain, UK, Italy, Canada, Croatia, Brazil, Korea, Ireland, Switzerland, Bangladesh, Netherlands, Malaysia, Indonesia, Portugal, Thailand, Mexico, Saudi Arab, Taiwan, Australia, Belgium, , Philippines, Uzbekistan, Congo, Ukraine, Nigeria, France, Yemen, Iraq, Argentina, Germany, Israel, Vietnam, Chile Nepal, Kenya, Bhutan, Peru, Egypt, Ghana	Germany, Ireland,, Switzerland, Belgium, UK, Italy, Greece, Japan, Spain, Singapore, UK, France, Brazil, Turkey, , China, USA, Hongkong, Nigeria, Canada, Poland, Vietnam, Saudi Arabia, Netherlands, Taiwan, Macao

S.no	HS Chapters	HS Codes (6 Digits)	India's Share in World's Exported Products	Existing Market of India	Markets to be focused
	Textile & Footwear				
4	**(Total Chapters 04)** Chapter 61: Articles Of Apparel And Clothing Accessories, Knitted Chapter 62: Articles Of Apparel And Clothing Accessories, Not Knitted Chapter 63: Other Made Up Textile Articles Chapter 64: Footwear and Gaiters	610910 620342 630790 640391	1.01%	USA, UAE, Germany, UK, Nigeria, France, Netherland, Spain, Australia, Canada, Yemen, Russian Federation, Belgium, Togo, Sri Lanka, China, Thailand, Italy, Poland, Hungary	Japan Italy, Poland, China, Hongkong, Switzerland, Australia, France, Spain, Russia, Canada
	Metal and Non Metals				
5	**(Total Chapters 04)** Chapter 71: NATURAL OR CULTURED PEARLS Chapter 72: IRON AND STEEL Chapter 73: ARTICLES OF IRON OR STEEL Chapter 76: ALUMINIUM AND ARTICLES THEREOF	711319 710239 710231 720839 732690 730890 760110 760120 761699	10.26%	USA, UAE, Hong-Kong, Singapore, Qatar, Australia, France, Turkey, Belgium, Israel, Thailand, Japan, UK, Botswana, Sri Lanka, China, Thailand, Vietnam, Nepal, Italy, Saudi Arabia, Bangladesh, Taiwan, Oman, Spain, Germany, Netherlands, Canada, Japan, Cameroon, Nigeria, Kenya, Tajikistan, Malaysia, Brazil, Mexico, Israel, Germany	Ireland, Japan, Qatar, Netherland, Italy, Korea, Hongkong, China, Germany, Poland, Mexico, Hungary, Thailand, UK, Canada, Austria, France, Australia, Belgium, Kazakhstan, Switzerland, Denmark, Spain, Poland, Sweden, Singapore, Taiwan, Vietnam
	Machinery and Mechanical Appliances				
6	(Total Products 02) Chapter 84: Nuclear Reactors, Boilers Chapter 85: Electrical Machinery And Equipment And Parts Thereof	848180 841112 847989 840999 840991 843149 841480 848190 848340 841391 841490 851712 851762 851770 850440 853710 853890 854449 850300	4.92%	USA, China, Germany, Italy, Brazil, UK, Belgium, Turkey, Thailand, Mexico, UAE, UK, Spain, Saudi Arabia, Hungary, Poland, Romania, Italy, Germany, Russian Federation, Netherlands, Italy, South Africa, France, Hong-Kong, Australia, Singapore, Thailand, Korea, Vietnam, Indonesia, Israel, Nigeria, Japan, Nepal, Mexico, Nigeria, Myanmar, Kuwait, Cote D' Ivories, Algeria, Brazil, Denmark	Germany, UK, Korea, France, USA, Italy, Belgium, Spain, China, Sweden, Slovakia, Romania, Brazil, Mexico, Saudi Arabia, Canada, Russia, Austria, Netherlands, Japan, Panama Russia Federation, Korea, Norway, Denmark

S.no	HS Chapters	HS Codes (6 Digits)	India's Share in World's Exported Products	Existing Market of India	Markets to be focused
	Transport/Automobiles				
7	**(Total Chapters 03)** Chapters 87: Vehicles Other Than Railway Or Tramway Chapter 88: Aircraft, Spacecraft, And Parts Thereof Chapter 89: Ships, Boats And Floating Structures	870323 870322 870899 870321 870830 870850 880100 890120	3.29%	Mexico, USA, Saudi Arabia, Canada, South Africa, Japan, UAE, Australia, Peru, Chile, UK, Nepal, Tunisia, Indonesia, Vietnam ,Turkey, Germany, Brazil, Italy, Thailand, France, Spain, Taiwan, China, Nigeria, Egypt, Iraq, Bangladesh, Somalia, Ethiopia, Sudan, Poland, Denmark, Israel, Malaysia, Switzerland, Sweden, Singapore, Sri Lanka, Maldives, Mauritius, Oman, Nepal	Ireland, Japan, Qatar, Netherland, Italy, Korea, Hong Kong, Germany, Poland, Mexico, Hungary, Thailand, UK, Canada, Austria, France, Australia, Belgium, Kazakhstan, China, Switzerland, Denmark, Spain, Poland, Sweden, Singapore, Taiwan, Vietnam
	Optical Photographic & Cinematographic				
8	**(Total Chapters 02)** Chapter 90: Optical, Photographic Cinematographic Measuring, Chapter 94: Furniture; Bedding, Mattresses, Mattress Supports, Cushions And Similar Stuffed Furnishing Checking Precision, Medical Or Surgical	901890 901839 940360	1.02%	USA, Germany, China, Belgium, Turkey, Singapore, Poland, France, Nepal, UK, Brazil, Iran, Netherlands, Russian Federation, Sri Lanka, Kenya, Bangladesh, Nepal, Vietnam, Egypt, UAE, Portugal, Ghana	Netherland, Japan, Mexico, Italy, Australia, France, UK, Belgium, Saudi Arabia, USA, Singapore
	Toys, Games and Sports Requisite				
9	**(Total Chapters 01)** Chapter 95: Toys, games and Sports Requisite	950300	0.24%	Russian Federation, Sri Lanka, Kenya, Bangladesh, Nepal, Vietnam, Egypt, UAE, Portugal, Ghana Poland, France, Nepal, UK, Brazil, Iran, Netherlands,	Germany, France, China, Japan, Canada, Belgium, USA
Total	**32 Chapters**	**75 Products**	**3.59%**		**75 Markets**

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

The products are divided into 9 sectors, in the agriculture sector there are 8 chapters and 9 products identified, the major products includes cotton, cereals and Fish and crustaceans, molluscs and other aquatic invertebrates, etc. In these 9 products the share of India's Exports to world's exports is 8.6% and the major markets to be focused upon are USA, Japan, China, Korea and Russia.

In the Mineral and fuels sector there are 2 chapters along with 6 products. In these 6 products the share of India's Exports to world's exports is 11.1%, the major products covered in this sector are Agglomerated iron ores and concentrates (excluding roasted iron pyrites), Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume, etc. The major markets to be focused upon are Germany, Taiwan, Netherlands, France and Bahrain.

In the Chemical and allied sector there are 6 chapters along with 16 products, in these products the share of India's Exports to world's exports is 8.9%. The major products covered in this sector are P-Xylene, Heterocyclic compounds with nitrogen hetero-atom, Medicaments containing antibiotics, put up in measured doses Herbicides, anti-sprouting products and plant-growth regulators and the major markets to be focused upon are USA, UK, China, Canada and Turkey.

In the Textiles and footwear sector there are 4 chapters along with 4 products, the major products are Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather, T-shirts, singlet's and other vests of cotton, knitted or crocheted and Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton. In these products the share of India's Exports to world's exports is 1%. The major markets to be focused upon are USA, UAE, UK, Germany and Japan.

In the metals and non-metals sector there are 4 chapters along with 9 products, in these products the share of India's Exports to world's exports is 10.3%. The major products in metals and non-metals are Diamonds, worked, but not mounted or set, Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, Aluminum, not alloyed, unwrought, etc. The major markets to be focused upon are Ireland, China, Japan, Qatar and Japan.

In the Machinery and Mechanical Appliances sector there are 2 chapters along with 19 products, in these products the share of India's Exports to world's exports is 4.9%. The major products in this sector are Turbojets of a thrust > 25 kN, Parts suitable for use solely or principally with electric motors and generators, Gears and gearing for machinery, Static converters, etc. The major markets to be focused upon are China, Germany, UK, Korea and France.

In the Transport/Automobiles sector there are 3 chapters along with 8 products, in these products the share of India's Exports to world's exports is 3.3%. The major products in this sector are Motor cars and other motor vehicles principally designed for the transport of persons, Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, Motor cars and other motor vehicles principally designed for the transport of person, etc. The major markets to be focused upon are China, Ireland, Japan, Qatar and Netherlands.

The sector related to Optical Photographic & Cinematographic, containing 2 chapters and 3 Products including optical, photographic cinematographic measuring checking precision, medical or surgical inst. and furniture; bedding, mattresses, mattress supports, and cushions and in these 2 products the share of India's Exports to world's exports is 1.02%. The major markets to be focused upon are Netherland, Japan, Mexico, Italy and Australia.

Toys, Sports Requisite stuffed furnishing and Toys, games and Sports Requisite contains one chapter Tricycles, scooters, pedal cars and similar wheeled toys the share of this product in world's exports is 0.24%. The major markets to be focused upon are USA, Germany, UK, France and Canada.

75 Potential Export products of India

S. No		S. No	HS Code (6 Digit)	HS Code	HS Code (6 Digit)
Agriculture		26	'390120	S. No	
1	20230	27	'390210	51	'841480
2	30617	28	'390110	52	'848190
3	'090111	29	'392190	53	'848340
4	'100590	30	'401120	54	'841391
5	'100630	31	'420221	55	'841490
6	'170114	**Textile and Footwear**		56	'851712
7	'210690	32	'610910	57	'851762
8	'230400	33	'620342	58	'851770
9	'520100	34	'630790	59	'850440
				60	'853710
Mineral Products		35	'640391		
10	'260111	**Metals and Non- Metals**		61	'853890
11	'260112	36	'711319	62	'854449
12	'271019	37	'710239	63	'850300
13	'271012	38	'710231	**Transportation /Automobiles**	
14	'271600	39	'720839	64	'870323
15	'270799	40	'732690	65	'870322
Chemical and allied Products		41	'730890	66	'870899
16	'293499	42	'760110	67	'870321
17	'293359	43	'760120	68	'870830
18	'293399	44	'761699	69	'870850
19	'293339	**Machinery and Mechanical appliances**		70	'880100
20	'290243	45	'848180	71	'890120
21	'300490	46	'841112		
22	'300220	47	'847989	**Optical Photographic & Cinematographic, Toys, Sports Requisite**	
23	'300420	48	'840999	72	'901890

24	'380893	49	'840991	73	'901839
				74	940360
25	'392690	50	'843149	75	'950300

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

Top 75 Potential Export Markets for India

S.no	Country	S.no	Country	S.no	Country
1	USA	26	Hong -Kong	51	Sudan
2	Canada	27	Indonesia	52	Algeria
3	Mexico	28	Switzerland	53	Chile
4	Australia	29	Oman	54	Bhutan
5	UK	30	Taiwan	55	Uzbekistan
6	Russia	31	Russian Federation	56	Kuwait
7	Germany	32	Ireland	57	Bahrain
8	South Africa	33	Israel	58	Greece
9	UAE	34	Nigeria	59	Mauritius
10	Japan	35	Sri Lanka	60	Myanmar
11	France	36	Saudi Arabia	61	Croatia
12	China	37	Qatar	62	Slovenia
13	Korea	38	Yemen	63	Ukraine
14	Netherlands	39	Philippines	64	Slovakia
15	Thailand	40	Iran	65	Mozambique
16	Singapore	41	Hungary	66	Tunisia
17	Belgium	42	Denmark	67	Botswana
18	Turkey	43	Egypt	68	Somalia
19	Spain	44	Kenya	69	Ethiopia
20	Brazil	45	Peru	70	Congo
21	Vietnam	46	Iraq	71	Cameroon
22	Malaysia	47	Sweden	72	Guinea
23	Nepal	48	Tajikistan	73	Libya
24	Bangladesh	49	Portugal	74	Venezuela
25	Poland	50	Romania	75	New Zealand

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry

The majority of markets fall in the Asia owing to distance and reduced logistics the market could be accessed easily. In Europe there exist focused markets like Germany, France, UK; Netherlands which have the pre-existing markets in India and economies like could be focused upon in order to enhance the market area for our exports. In North America the top markets for India like USA, Canada, Mexico are the strategic markets which should be explored and capitalize its potential as it is already established as the top exporting partners of India. Some unexplored market in Africa with potential to be explored further for some of the strategic products. Countries like Brazil, Peru and are some of the countries in South

America which could be targeted with targeted products. Australian market could be targeted as well.

Export Outlook: Perspective and Possibilities

The study has identified 75 potential export products and markets to enhance and increase India's exports to achieve USD 400 billion goods export target in 2021-22 and USD 750 billion goods exports in the next 75 months by 2027. The USA, Canada, Germany, France, UK, Japan, UAE, China, Mexico, Australia, among others would be the major focused markets in the next 75 months to achieve the goods export target of USD 750 billion by 2027.

The clarion call given by Hon'ble Prime Minister Shri Narendra Modi ji for Atmanirbahr Bharat to fulfill the dream of making 21st century belongs to India along with announcing the ambitious target of boosting merchandise exports to USD 400 billion in FY2022 are highly encouraging and will strengthen India's position in global economic system.

The study identified 75 potential products from 9 most promising Sectors and 31 Chapters. The sectors include Agriculture; Mineral and Fuels; Chemical and Allied Products; Textile & Footwear; Metal and Non Metals; Machinery and Mechanical Appliances; Transport/Automobiles; Optical Photographic & Cinematographic and; Toys, Games and Sports.

Currently, these 75 potential products contribute around USD 127 billion, which is around 46% of the total exports from India. At the global level, these 75 products also have significant 21% presence in the total global exports, whereas India's share of these 75 products currently is only 3.6%. The focus on these 75 potential products would create ease of doing business, enhanced production possibilities, linkages with global value chains, innovative technologies to create economies of scale in production to become more and more competitive in global markets.

The study has found high trade to GDP correlation for India at 0.94 as well as high export to GDP correlation at 0.95. This indicates as export grows, the economic growth trajectory becomes strong and sustainable. The economies such as UAE, Germany, China, Singapore, USA and UK also hold a high degree of correlation of trade to GDP and exports to GDP of more than 0.9.

The growth prospects of India's top 25 export destinations are bright with their average GDP growth projections estimated to be 4.1% (average) for 2021. This indicates that the target set for USD 400 billion in 2021-22 is very much realistic and achievable.

Going ahead, the policy reforms such as flexible labour laws, enhanced participation of women in labour force, improved ease of doing business, particularly for MSMEs along with the reduced cost of doing business, such as costs of capital, costs of power, costs of logistics, costs of land and availability of land, costs of compliances and cost of labour, would go a long way to enhance and increase the export growth trajectory and to achieve USD 750 billion goods export target by 2027.

15. Conclusions & Recommendations

Trade has always been considered as an important driver of economic growth and prosperity. The present study has undertaken an analysis to understand the linkages between GDP, exports, imports and trade for select economies including the World economy, USA, China, Japan, Germany, India, UK, UAE and Singapore. After examining the exports to GDP, imports to GDP and trade to GDP ratios of these economies, it is observed that the degree of correlation of GDP with exports is the highest for UAE (0.98), followed by Germany (0.97), World economy (0.97), China (0.96), Singapore (0.96), India (0.95), USA (0.91), UK (0.89) and Japan (0.67).

The degree of correlation of GDP with imports is the highest for UAE (0.98), Germany (0.97), World economy (0.97), China (0.95), Singapore (0.95), UK (0.91), India (0.91), USA (0.91) and Japan (0.68). The degree of correlation of GDP with total trade is the highest for UAE (0.99), followed by Germany (0.97), World economy (0.97), China (0.96), Singapore (0.95), India (0.93), USA (0.91), UK (0.91) and Japan (0.68). Therefore, there are close linkages between the GDP, exports, imports and total trade for the world economy and the select economies in particular.

The pandemic COVID-19 is a humanitarian crisis on a global scale. With the outbreak of COVID-19, the deepening of the contraction in global growth & trade during the recent years has been accentuated badly leading to a compounding cripple effect on domestic as well as external demand. At this juncture, it becomes necessary to understand the implications for India’s exports outlook, going forward. India’s top 25 export destinations contribute around 74.4% in India’s total exports to world.

Due to strict containment measures placed around the world, the COVID-19 pandemic brought global supply and demand to a standstill, causing a negative impact on normal production and consumption activities. One of the key causes of concern as the global economy recovers is the structure of global demand and income generation in a highly unpredictable and uncertain environment. In 2020, the average GDP growth rate (projected) for India's top 25 export destinations is expected to be (-) 3.2 percent, while in 2021, the average growth rate is expected to be (+) 4.1 percent.

Thus, it becomes crucial for India to ensure greater ease of doing exports for its exporters to re-capture the lost momentum and resume the exports growth trajectory of FY2019 level or before. The AatmaNirbhar Bharat mission as envisioned by Hon’ble Prime Minister, Shri Narendra Modi is a timely measure and would help India to focus on local production and local supply chains while also increasing its export presence in international markets. There is a need of large-scale investments in infrastructure, increased investments in innovation and research and development (R&D), massive skill development, among others to ensure long-term competitiveness of industry and enhance the image of Brand India globally.

The USD 400 billion export target is realistic because India's primary exporting partners are leading economies with high GDP growth rates and are expected to expand at higher rates in 2021 and subsequent years. Furthermore, the high degree of correlation between GDP and exports implies that these economies have a better chance of recovering growth in the future by focusing on demand.

The growth momentum of the FY2021-22 must continue beyond the period, and we must target USD 1 trillion merchandise exports by the year 2030. For that, it is necessary to expand the trade with the potential markets and strategized products. The study has identified the 75 existing and potential market to expand our exports and scope for signing new trade agreements. It has also identified 75 promising sectors/products to boost exports and achieve the target of USD 1 trillion merchandise exports by 2030.

Enhancing regional cooperation is not only economically advantageous, but also strategically crucial for India's integration into the global economy. In order to establish trust and counteract China's developing relations with India's neighbours, policies must focus on lowering barriers and facilitating greater connectivity in all spheres. The need of hour is to revisit FTAs and removing trade barriers by harmonising customs, enhancing regional value chains, improving cross-border infrastructure, reducing the timeframes for dispute resolution mechanisms and arbitration procedures, strengthening roads, railways, shipping, and air links, and enforcing stricter trade diversion controls. India can increase exports via strengthen ties with regional countries by implementing these recommendations.

Suggestions:

- Presently, the global supply chains are undergoing a major transformation due to disruptions caused by COVID-19 and time is most opportune for India to capture a bigger share in the world economic system and develop strong and resilient local supply chains while remaining a part of the global supply chain network.

- The focus should be put upon building of the value chain in the country instead of importing components and doing assembling activities. This will increase our economies of scale, reduce cost, ensure quality & dependability, increase traceability and help in maintaining speed of delivery. These are the crucial elements which will make our export products attractive at the global level.

- Strengthening of MSMEs to compete with imported products will enhance contribution of MSMEs in manufacturing and thereby in overall economic growth and will help India to become Atmanirbhar in the coming times.

- The focus should be put upon One District One Product (ODOP) Scheme that aims to give boost to the traditional industries and enable the people to gain expertise in one product. The scheme can help in preserving and developing local skills and craft, provide significant exposure to our industries especially to the Micro, Small & Medium Enterprises (MSMEs) and generate gainful employment opportunities across the States.

- The focus of FTAs should be on connecting with global value chains in order to better position our products in front of foreign buyers, rather than inviting global producers to sell their products openly in our market without a suitable give and take. To take the advantage of FTA's we should revamp the strategy and follow the aggressive approach for the early conclusion of FTA's in each identified market. We should move forward with the countries such as EU, UK, Canada, UAE, Australia and Mexico as they have immense potential to boost India's export growth trajectory.

- The Government has given major thrust to Ease of Doing Business and has worked aggressively to ensure that India moves up on the rankings of ease of doing business of the World Bank. India has been continuously improving in World Bank's Ease of Doing Business Rankings and has jumped by 79 spots from 142nd rank in 2015 to 63rd rank in 2020 among 190 economies.

- As various foreign companies are looking at India for investments, there is a need to sustain this momentum of implementing reforms both at the Centre and State levels to make India one of the best destinations to do business.

- Prosperity of businesses facilitates creation of jobs and generation of incomes which improves the country's position in socioeconomic and business rankings in global charts. Thus, it becomes important to further reduce the cost of doing business in India and attract significant foreign investments and achieve the goal set by our Hon'ble Prime Minister, Shri Narendra Modi ji of a USD 5 trillion economy by 2024-25.

- In the recent years, procedural requirements have been relatively reduced and the communication between Government departments has become more transparent and hassle free, however, the cost aspect of some of the parameters still needs to be relaxed further. Various approvals, documentation requirements and multiple visits to departments that consume a significant amount of time and initial investment in a business. The Government should focus on further reducing the cost of doing business in the country and create a level playing field for the industry.

- The provision of Rs 1.97 lakh crore under Production Linked Incentive (PLI) Scheme for 13 champion sectors is highly appreciable and will help link India to global value chains, encourage exports, give companies a competitive edge in global market and make India a global manufacturing hub in the coming times.

- India's focus should be put upon building of the value chain in the country instead of importing components and doing assembling activities. This will increase our economies of scale, reduce cost, ensure quality & dependability, increase traceability and help in maintaining speed of delivery. These are the crucial elements which will make our export products attractive at the global level.

- In India, the logistics cost as a percentage of its GDP stands at 14%. This cost is pretty high compared to the similar cost in the US (9.5%), Germany (8%) and Japan (11%). Nevertheless, the country aims to bring down this cost to less than 10% by 2022. According to the logistics performance index (LPI, 2018), which is the weighted average of a country's score on the six key dimensions, India lags behind most nations in Asia. Germany tops the Index, while India is ranked at 44. The Index takes in to count aspects like Customs, which is used to gauge the efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs). Similarly, Infrastructure takes in to count the quality of trade and transport related infrastructure (e.g. ports, railroads, roads, information technology). India should develop a multimodal infrastructure to bring down the logistic cost.

- The Atmanirbhar Bharat mission as envisioned by Hon'ble Prime Minister, Shri Narendra Modi is a timely measure and would help India to focus on local production and local supply chains while also increasing its export presence in international markets. Indigenous production capacities with more and more deployment of labour, capital and technology should be focused. The emphasis of domestic production should move forward from labour intensive to capital intensive to high end technology products in the coming times gradually.

- At this stage, India should think big and be ready with a strategy to further improve quality, build capacity, bring in economies of scale, and improve price competitiveness to make our export products more relevant and appealing to the global buyers. The Government needs to build up a well-integrated and competitive supply chain logistics including increase in the number of cargo containers to meet the growing global demand of Indian products especially spices, ceramics, home-ware, fashion and lifestyle goods, textiles, engineering goods and furniture, among others.

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Disclaimer

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• State Profiles	• India's Economic Developments	• Global Economic Monitor (GEM)	
• Impact Assessments	• States' Economic Developments	• Trade & Investment Facilitation Services (TIFS) Newsletter	
• Thematic Research Reports	• International Developments	• State Development Monitor (SDM)	
• Releases on Economic Developments	• Financial Markets		
	• Foreign exchange market		
	• Developments in International Trade		

Studies Undertaken by PHD Research Bureau

A: Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (Apr 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
31. India - USA Economic Relations (February 2015)
32. Economy on the Eve of Union Budget 2015-16 (February 2015)
33. Budget Analysis (2015-16)
34. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
35. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth(February 2016)
41. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
42. BREXIT impact on Indian Economy (July 2016)
43. India's Exports Outlook (August 2016)
44. Ease of Doing Business : Suggestive Measures for States (October 2016)
45. Transforming India through Make in India, Skill India and Digital India (November 2016)

46. Impact of Demonetization on Economy, Businesses and People (January 2017)
47. Economy on the eve of Budget 2017-18 (January 2017)
48. Union Budget 2017-18: A budget for all-inclusive development (January 2017)
49. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
50. Worklife Balance and Health Concerns of Women: A Survey (March 2017)
51. Special Economic Zones: Performance, Problems and Opportunities (April 2017)
52. Feasibility Study (socio-Economic Survey) of Ambala and Rohtak Districts in Haryana (March 2017)
53. Goods and Services (GST): So far (July 2017)
54. Reshaping India-Africa Trade: Dynamics and Export Potentiality of Indian Products in Africa (July 2017)
55. Industry Perspective on Bitcoins (July 2017)
56. Senior Housing: A sunrise sector in India (August 2017)
57. Current state of the economy (October 2017)
58. Equitable finance to fulfill funding requirements of Indian Economy (October 2017)
59. The Wall of Protectionism: : Rise and Rise of Protectionist Policies in the Global Arena, (November 2017)
60. India-Israel Relations: Building Bridges of Dynamic Trade(October 2017)
61. Role of Trade Infrastructure for Export Scheme (TIES) in Improving Export Competitiveness (November 2017)
62. India - China Trade Relationship: The Trade Giants of Past, Present and Future (January 2018)
63. Analysis of Trade Pattern between India and ASEAN(January 2018)
64. Union Budget 2018-19 – (February 2018)
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69. Growth Prospects of the Indian Economy: Road to US $5 Trillion Economy(May 2018)
70. India's Free Trade Agreements Dynamics and Diagnostics of Trade Prospects(May 2018)
71. India – UK Trade Relations and Societal Links: Way Forward (June 2018)
72. Rural Economy: Road to US $5 Trillion Economy(September 2018)
73. Indian Economy on the Eve of Union Budget 2019-20 (Interim): Steady…strong…fastest moving economy (January 2019)
74. Interim Budget 2019-2020: A Dynamic, Inclusive & Pragmatic Budget (February 2019)
75. Women Entrepreneurship: Transforming from Domestic Households to Financial Independence (March 2019)
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78. Job Creation: A Pan India Survey of Households (March 2019)
79. India Inc. Speaks Live: Wish List for the Next Five Years (May 2019)
80. Suggestive Roadmap for Revitalizing Economic Growth (June 2019)
81. Indian Economy on the Eve of Union Budget 2019-20 (July 2019)
82. Union Budget 2019-20: Road to US$ 5 trillion economy (July 2019)
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84. Report Emerging contours in the defence and homeland security
85. Framework of University-Industry Linkages in Research DSIR
86. India’s Trade and Investment opportunities with ASEAN Economies (November 2019)
87. Indian Economy on the Eve of Union Budget 2020-21 (February 2020)
88. Union Budget 2020-21: Aspirational, Caring and Developmental Budget (February 2020)
89. Macroeconomic Indicators and Pandemic COVID-19 Stimulus provided by Select Economies (April 2020)
90. Analysis on Relief Mesaures -Salaries wages by pandmeic COVID-19 impacted countries (April 2020)

91. Report on impact of Pandemic COVID-19 by PHDCCI (April 2020)
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93. Impact of Pandemic COVID-19 : PHD Chamber's detailed representation on short term and long term measures submitted to the Government (April 2020)
94. Mitigating the Impact of Pandemic COVID-19 on Trade & Industry: PHDCCI Representations to Government of India and State Governments (April 2020)
95. Compendium of various relief measures provided by the States to mitigate the impact of pandemic COVID-19 (April 2020)
96. Calibrated Approach to Exit from Lockdown (April 2020)
97. Compendium on Relief Measures provided by the Govt. under Direct & Indirect Taxes to mitigate the impact of pandemic COVID (April 2020)
98. Relief Measures provided by Ministry of Finance, Ministry of Commerce & others (April 2020)
99. Relief measures provided by various countries to mitigate the daunting impact of pandemic COVID-19 on economy, trade and industry(April 2020)
100. Analysis of COVID at International and Sub-national Level- Speed of Spread, Mortality and Recovery(April 2020)
101. Supplement of Recent Notifications by the Central Government, State Governments and Tax Authorities to Mitigate the Impact of Pandemic COVID-19
102. PHDCCI COVID-19 Updates
103. PHDCCI Quick Survey on Post Lockdown Business Scenario (May 2020)
104. Impact of GST on Economy and Businesses
105. Report on India's imports from China- Strategy for domestic capacity building (September 2020)
106. PHDCCI Economic and Business Momentum (EBM) Index (November 2020)
107. The Future of Expanding India-USA Bilateral Relations- Strengthening bilateral ties through FTA (November 2020)
108. The Economy GPS Index (January 2021)
109. Union Budget 2021-22: Demand Boosting, Investment Inducing and Growth Oriented Budget (February 2021)
110. Analysis of State Budgets FY2021-2022 (April 2021)
111. Impact of Coronavirus 2. 0 on Economy and Businesses (May 2021)
112. Relief measures provided by various countries to mitigate the daunting impact of pandemic COVID-19 on economy, trade and industry
113. Analysis of COVID at International and Sub-national Level- Speed of Spread, Mortality and Recovery.
114. Supplement of Recent Notifications by the Central Government, State Governments and Tax Authorities to Mitigate the Impact of Pandemic COVID-19
115. PHDCCI COVID-19 Updates
116. PHDCCI Quick Survey on Post Lockdown Business Scenario May 29th 2020
117. Impact of GST on Economy and Businesses (August 2020)
118. India's Imports from China: Strategy for Domestic Capacity Building (September 2020)
119. PHDCCI Economic and Business Momentum (EBM) Index (October 2020)

B: State profiles

120. Rajasthan: The State Profile (April 2011)
121. Uttarakhand: The State Profile (June 2011)
122. Punjab: The State Profile (November 2011)
123. J&K: The State Profile (December 2011)
124. Uttar Pradesh: The State Profile (December 2011)
125. Bihar: The State Profile (June 2012)
126. Himachal Pradesh: The State Profile (June 2012)
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128. Resurgent Bihar (April 2013)
129. Life ahead for Uttarakhand (August 2013)
130. Punjab: The State Profile (February 2014)
131. Haryana: Bolstering Industrialization (May 2015)
132. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015),
133. Suggestions for Progressive Uttar Pradesh (August 2015)

134. State profile of Telangana- The dynamic state of India (April 2016)
135. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh (August 2016)
136. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh : Suggestions for the State Government (August 2016)
137. Rising Jharkhand: An Emerging Investment Hub (February 2017)
138. Punjab: Roadmap for the New Government Suggestions for the Industrial and Socio-Economic Development – Focus MSMEs ease of doing business (May 2017)
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