

Maersk: Conducive dynamics driving India's trade growth

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Coimbatore, September 3

Fluctuating rupee, growing industrial production and ongoing infrastructure developments are said to drive the country's containerised trade. Logistics industry and trade sources foresee huge untapped opportunity in containerised segment.

"India is on a transformation path, particularly with the introduction of GST, infrastructure developments such as dedicated freight corridors and so on. Most of the landscape today is a hotbed of opportunities. Around 60 per cent goods and services in India are containerised as against 70-75 per cent in developed markets. There is huge opportunity to tap in this segment," said Ajit Venkataraman, Managing Director, APM Terminals, South Asia.

He added that the biggest challenge — both for the trade in general and container in particular — is lack of infrastructure. The incorrect loading of refrigerated cargo into reefer container or

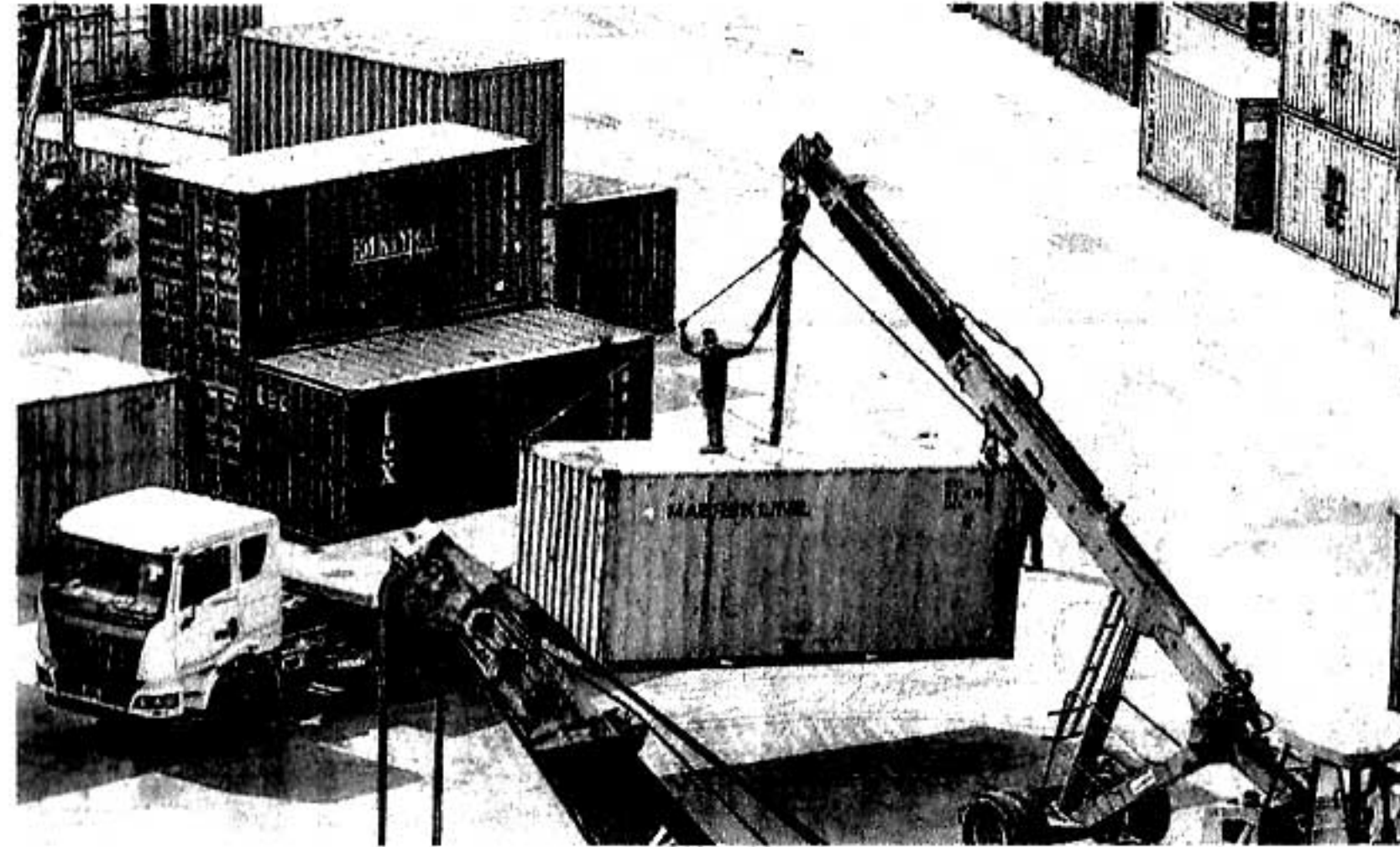
incorrect setting can prove disastrous for the consignment. But this is far more promising as a segment as the wastage of perishables is huge.

The cold chain, if developed near the source (where the produce is washed, segregated, packed and transported) in temperature controlled trucks, it could help in seamless supply, and reduce wastage.

Maersk report

A trade report by AP Moller-Maersk has confirmed that North India leads (among all four regions) in growth with exports clocking 13 per cent growth during the first half and substantial rise in imports as well, taking the overall growth to 23 per cent.

Textiles, apparels, plastic and chemicals have been exported from the North to the US and Saudi Arabia. Turkey also emerged as a top export destination for Indian-made vehicles, plastic and rubber commodities. However, the weakening of the Lira may put this under pressure in



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the future, the report notes.

"There have been no major hiccups in the country's export-import trade. The impact of GST has now largely subsided. There are mixed reports though about the timeliness and velocity of GST refunds. Potential trade opportunities have been converted with competitive pricing, quality product and growing domestic demand. India has been actively buying raw materials such as plastic, rubber and metal to safeguard its manufacturing

and infrastructure sectors," said Steve Felder, Managing Director for Maersk Line, South Asia.

Other findings

The findings further revealed that China's restrictions on waste paper imports and dynamic trade relations with the US favoured India's export-import market.

The automotive sector is said to have made a strong start with significant upsurge in exports as the demand for auto and auto an-

cillaries grew in the US, Turkey and Egypt.

"India is emerging as an automobile export hub piggybacking on factors such as skilled resources, labour cost, quality of automobile manufacturing and engineering. The government's focus on improving port infrastructure would further contribute to the automobile sector's export competitiveness," explains Felder.

The high import growth was fuelled by import of paper, scrap metal and recyclables into North India from the US and North Europe, as the cost of producing paper is high in India and due to the rising domestic demand for newsprint, packaging and writing paper.

Commenting on the development, Felder said the government's efforts at strengthening its economic and strategic relations with Southeast Asian nations (ASEAN) and rising digitisation is playing a significant role in catalysing the export-import growth opportunities in the coming months.