

Monthly Economic Analysis Fortune 2007

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Macro Economic Developments

Industrial Growth

The CSO released IIP numbers for the first half of 2007-08 and the data shows overall production growth at 9.2 per cent compared to the high growth of 11.2 per cent posted in the same period a year ago. The main driver to the industrial growth-the manufacturing sector decelerated in the first two quarters registering 9.7 percent growth in April-September of 2007-08 as against the impressive 12.1 per cent in the corresponding period of the last fiscal. However, during the period the growth of mining and electricity sector were maintained.

Fear over the rising international crude oil prices remain, leaving a negative impact on the manufacturing sector.

In September 2007-08 itself the growth in the output of manufacturing sector decelerated sharply to 6.6 per cent as against the double-digit growth in the same month of previous year. Power sector joined the league of laggards. Only the growth in the mining sector exceeded the growth posted in the same months of last year.

On going by the use-based classification during the six-month period of 2007-08, we see the basic and capital goods outpace the growths posted a year ago. However the intermediate goods category was seen to slow by a margin this year as against growth in the last fiscal.

The consumer goods failed to maintain the growth during first half of the year; slowdown in the consumer goods sector was on account of drop in the production of consumer durables category.

During the first half of the FY 07, five of the 16 industry sectors observed post higher growth in production compared to the growth recorded in the previous fiscal. The growth of sectors that improved their performance compared to that of last year were leather (7.8 per cent), food products (13.3 per cent), rubber plastic petrol and coal (12.0 per cent), jute products (18.9 per cent) and wood products (78.8 per cent). Among the above five, four industry sectors leaving the Rubber, plastic and petrol industry were found in the poor performing zone in the corresponding period of previous fiscal

A majority of 10-industry sectors were laggards in the current year.. These include textile, beverages, basic metal, basic chemicals, machinery and equipment transport and equipment, paper industry, non-metallic mineral products, manmade

textile wool and silk. Only growth in metals products turned negative during the period.

Core Infrastructure Industries

The growth of the core six-core infrastructure industries during the first half of 2007-08 upto September has fallen behind the growth posted in the same period a year ago. Cumulative growth for the five sectors has slipped, clocking a growth rate lower compared to that of the last fiscal. Finished steel grew at 6.6 per cent, cement at 8.3 per cent, crude petroleum 0.7 per cent, petroleum refinery 6.9 per cent, and coal 2.8 per cent compared to that of the growths of 12.2 per cent, 10.6 per cent, 4.1 per cent, 12.3 per cent and 5.3 per cent respectively posted in the corresponding period of 2006-07. Only the power sector outpaced the growth recorded in the previous year during the period.

September 2007 data on infrastructure represented deceleration in growth of finished steel, cement, petroleum refinery and power. Crude petroleum was seen to turn negative where as coal registered a very high growth compared to the growth posted in the last fiscal.

Telecommunications

Telecommunication sector stays promising. The current wave of growth in the economy leaves enough room for growth in the sector. Total number of phones has expanded by 41.8 million vis-a-vis 67.0 million registered numbers for the whole year upto March 2006-07. Only a million away from the 250 million mark.

The sector, revolutionized by mobile telephony makes an average monthly addition of about 6.5 million phones to the total network. The basic / wired lines had showed weakness and the numbers remains unaltered. The latest numbers show wired telephony subscription dropping by about half a million to 39.5 million in September 2007.

Inflation Trends

Country's inflation remains anchored. The recent weekly numbers released in the later half of October 2007 shows rate further being brought down, below 3 percent. The central bank however has no plans to withdraw the raft of the measures, as the pressures in the money market continue to build.

On looking at the WPI based inflation average for the month of October 2007 we observed the inflation rate drop down to an average of 3.0 percent compared to that of 5.5 per cent in the same month of last fiscal. Mainly the broad segments, primary commodities, fuel, power light and lubricants and some manufactured items have aided in softening inflation to the desired levels. In the primary group the price of pulses contributed mainly to the high inflation last year has lessened during the month, and prices of fruits too were found to have softened.

Price index of fuel, power, light and lubricants group fell by 1.7 per cent. For the manufacturing sector, inflation stayed lower at 4.0 per cent compared to that of the rate of inflation in October month (4.7 per cent) of the previous year. Only the textile prices dropped by a substantial 1.7 per cent compared to last year's price index. The high inflation rate in manufactured products segment recorded in October 2007-08 were in the basic metals, transport equipment, leather products and chemicals products.

Monetary Indicators

The money market steps into the 7th month of the year and the data for October 2007 suggested continued mopping of excess liquidity in the money market. M3 rose by 8.0 per cent and remains roughly at par with that of the previous year's increase. Growth in the credit to the government sector remained steady around 4 per cent, little behind what was posted in the same month of 2006-07. Borrowings by the commercial sector picked up but the increase was lower compared to last year's mainly on account of tightening of interest rates..

Build up in the foreign exchange assets of SCBs remained lower than the increase in the previous year. The better half of the data was of non-monetary liabilities that slowed to 3.4 per cent compared to that of 10.8 per cent in the previous year. Growth in the aggregate deposits in the SCB continues to remain steady, deposits have been diverted towards the recent benefit-linked time deposits. Sharp rise in the Investments in the government and other approved securities was witnessed, since the month of July 2007. Credit off take on the food segment has declined whereas the rise was seen only in the non-food category.

Stock Market Trends

The Indian stock market is back on its feet. Sensex touched the first 10000 points in 10 years and the second came in 20 months and this explains how investors have responded to an economy that is on a high growth path. All the major stock indices BSE and NSE have gained momentum crossing 20000 and 5000 points in

the recent trading sessions surging from 17000 and 4000 points in a matter of few weeks respectively. The strong sentiments from the foreign investors were found to bounce and investments were also seen to hurl from the domestic institutional and retail investors. But mostly the investments that came from outside only lifted the indices, as domestic savings are mostly reserved for safe investments.

Fiscal Trends

Gross tax collection stood at Rs 223491 crore in September 2007-08 recording an increase of 24.5 per cent compared to that of 30.5 per cent in the same period a year back. Center's total collection from the direct tax sources accounted for 47 per cent. The growth in the corporation tax was seen to chase last month's growth. The income tax in the sixth month period (April- September) 2007-08 has increased from Rs 26198 crores to Rs 35446 Crores registering an increase of 35.3 per cent compared to a low 24.3 per cent in the same period of 2006-07.

Collection from the customs widened however the pace seems to have slightly taken a hit from July 2007 onwards. Growth in collection slipped from 32.7 per cent in September 2006 to 15.8 per cent in 2007, excise duty collections recorded a low growth rate as against the growth rate in the corresponding month a year ago.

Receipts from the tax sources accounted for 81 per cent share in the revenue receipts, and tax receipts have achieved about 40 per cent of the target for the current fiscal. Data on the revenue deficit has marched much ahead in the first six months, nearing the target deficit number for the present fiscal and position of fiscal deficit stood at Rs 81200 crore covering half of the targeted amount.

Foreign Trade

India's merchandise exports growth needs to push up if the target set for exports for the current year is to be met. Presently, data up to September 2007 shows exports rise by 18 per cent compared to that of 23 per cent in the previous year. Whereas the import bill has been raised by 25.5 per cent as against 19 per cent in the corresponding month of last year, the rise has been mainly on account of non-oil import bill that was observed to pickup sharply during the period. However, the oil segment was found to slow to 8.2 per cent in September 2007 compared to 37 per cent in the previous year.

The quarterly high growth trends were broken in the month of September 2007 when the oil imports showed 0.1 per cent rise. Oil import bill is likely to see some

change due to expected revision of oil prices as a result of soaring international crude oil prices.

Capital Inflows

During the first five months of the fiscal upto August 2007 the country received USD 18.9 billion of total foreign investments. Of which USD 7.5 billion came as foreign direct investments compared to USD 4.0 billion during the five month period in the previous year. Portfolio investments is mostly GDRs / ADRs and foreign institutional investments, the latter representing the mood of the market and is of short term in nature.

Foreign Exchange Reserves

India's reserve position rose by 8.2 per cent from USD 228 billion in August 2007 to US \$ 247.7 billion in September 2007, enough to cover more than a year's imports. Its constituents foreign currency assets picked by USD 18 billion over the previous month's level to reach USD 221 billion. Reserve position in gold has changed by half a billion dollar to USD 7.3 billion and position in SDR remained unchanged at USD 2 billion. Reserve tranche position in the IMF reduced by a few millions.

Trends in the Exchange Rates

In October 2007 Indian Rupee further became stronger against the USD. Indian Rupee vs. the USD averaged at Rs 39.5 in October 2007, getting firm by 2 per cent over the average exchange rate computed for the previous month of this fiscal. INR traded at a high of Rs 39.31 and a low of Rs 39.79 during the month. The concerns over the rising rupee against the USD remain still impacts the realization of the exporter community. The central bank's intervenes from time to time to plug Rupee from further appreciating against the USD.

INR against the Euro averaged at Rs 56.22 during October 2007. INR vs Euro traded at a high/ low of Rs 55.49/ 56.98 , however fluctuating less as compared to the movement in INR against the USD.

Lead Stories of the Month

New Initiative for Greenfield Airports

The Cabinet's Committee on Infrastructure headed by the Prime Minister had constituted an Inter Ministerial Group (IMG) under the chairmanship of Secretary (Civil Aviation) to recommend the principles, guidelines and licencing conditions for greenfield airports. This was done with a view to bridging the growing deficit in airport infrastructure. The anticipated investment in airport development during the Eleventh Plan is over Rs.40,000 crore, both from public and private sources, including for greenfield airports. It is, therefore, necessary to lay down the policy guidelines that would govern proposals for setting up greenfield airports, other than defence airports.

An IMG under the chairmanship of Secretary (Civil Aviation) was constituted by the Ministry of Civil Aviation with representatives from the Ministries of Defence, Home Affairs, Department of Economic Affairs, Planning Commission and officials of the Ministry of Civil Aviation.

As per new draft policy, the mandatory approval of the Central Government for greenfield airports should be dispensed with in all cases except in those where the project proposal is not in conformity with the policy. Certain functions to be performed at the airport such as air traffic services, security, customs, immigration etc. would be reserved to be performed by the central agencies. An airport company seeking a license would be required to obtain certain clearances from these central agencies. The guidelines of the respective agencies would be notified by them accordingly.

State governments desirous of setting up a greenfield airport can either set it by itself or through any of its designated entity or a Joint Venture Company. The State Government would consider granting land (concessional or otherwise), real estate development right, airport connectivity and fiscal concessions to such an airport company. In case a private party is to be selected, it would be through competitive bidding.

As per the draft policy, since the grant of a license for a greenfield airport involves several agencies, a Steering Committee is to be set up under the chairmanship of the Secretary (Civil Aviation) to coordinate and monitor the various clearances required for setting up a greenfield airport.

As per the draft policy, greenfield airports to be set up by the Airports Authority of India would be preferably constructed through Public Private Partnership (PPP) and such airports would be financed substantially through PPP concessions. Land

for such airports will have to be provided by the AAI and the concessions for development of greenfield airports would be awarded through open competitive bidding based on model bidding documents. Where it is not feasible to follow the PPP route, AAI could set up greenfield airports by itself, as may be approved by the Government on a case to case bases. Financing and development of any other airport would be the responsibility of the Airport Company seeking the license. Land for this purpose would have to be acquired by such airport company in accordance with the existing policy of the government.

In case a state government wishes to promote the setting up of airports in the state, it could either :

- Apply to the DGCA for a license itself, in which event the State Government would be responsible for development and operation of the airport; or
- An entity of the State Government could apply for a license to DGCA, in which event such entity would be responsible for development and operation of the airport;
- The State Government or its corporation may select a private entity and form a Joint Venture Company (JVC) in the private sector and in such an event, the JVC would be responsible for development and operation of the airport under a license from DGCA; or
- Allot land to a private Airport Company for development and operation of an airport under a license from DGCA.

In case State Government wishes to facilitate setting up of airport, it could provide the following to the respective Airport Company:

- Land, concessional or otherwise;
- Real estate development rights in and around greenfield airports;
- Airport connectivity; and
- Fiscal incentives by way of exemptions from State taxes.

The draft guidelines will now require the approval of the Cabinet Committee on Infrastructure.

Plan Panel Moots Electricity Fund

The Planning Commission has proposed setting up of a National Electricity Fund (NEF) to generate resources for improving power distribution network in the country.

The proposal will form part of the Eleventh Five-Year Plan (2007-12), which is likely to be placed before the full Planning Commission for its approval on November 8.

The proposals for the power sector in the Eleventh Plan, currently being finalised by the Commission, will include augmenting the country's power generating capacity by 80,000 MW, setting up of peaking power stations and providing level playing field to private operators.

The total funds required for sub-transmission and distribution during the Plan period, which includes the Accelerated Power Development and Reforms Programme, scheme, is estimated at Rs 3,09,177 crore.

New SEZs Cleared

The Board of Approval of the Special Economic Zones (SEZs) has recommended grant of 10 formal and three in-principle approvals for setting up of 395 SEZs. Out of these, 156 SEZs have been notified and investment of Rs.50,906 crore has taken place in these notified SEZs providing direct employment to over 72168 persons.

The prominent among those recommended are:

Formal approvals for an IT/ITES SEZ by Tata Consultancy Services Limited in West Bengal; Bio-technology Park SEZ by Saloni Business Park Pvt. Ltd at Maharashtra; IT/ITES SEZ by Rakindo Kovai Township Pvt. Ltd at Tamil Nadu; IT/ITES SEZ by Malwa IT Park Ltd at Madhya Pradesh; and Free Trade Warehousing Zone SEZ by Jafza Chennai Business Parks Pvt. Ltd at Tamil Nadu.

In-principle approvals for setting up of multi-product SEZ by Privilege Power and Infrastructure Pvt. Ltd. at Maharashtra; Electronics & Electrical products SEZ by Sriperumbudur Ventures Pvt. Ltd at Tamil Nadu; and Multi-product SEZ by Sengadu Projects Pvt. Ltd. at Tamil Nadu.

Japan Submits Final Report on Freight Corridors

The Japan International Cooperation Agency (JICA) has presented the final study report on Dedicated Freight Corridor (DFC) to the Ministry of Railways. The final report was handed over to Mr. K.C.Jena, Chairman, Railway Board by Mr. T. Fujii, Resident Representative, JICA India along with Mr. Tetsuya Masuzawa, Deputy Team Leader, and other members of JICA Study Team in presence of other Members and senior officials of Railway Board.

Speaking on the occasion, Mr. Jena said that the DFC projects are the flagship projects of Indian Railways and are certainly one of the most ambitious infrastructure projects in the country. The project is a very vital for the Indian Railways for capacity creation to meet the ever-growing traffic requirements, he added. He said that the implementation of this project requires massive resources and is also a challenge for our engineers in more ways than one.

Mr. Jena said that the completion of JICA study is the culmination of an initiative which originated in April 2005 in the Joint Declaration by the Prime Ministers of India and Japan. The study was agreed upon by the Governments of the two countries and is a good example of Indo-Japanese cooperation. He expressed his confidence that this study is only the beginning of the cooperation between India and Japan on the DFC project.

Development of DFC for carrying additional traffic is essential in view of high growth in demand. Railways have proposed a 2700 kilometer long railway line project (Eastern Corridor – 1279 kms. and Western corridor – 1483 Kms.) as an augmentation of capacity of Indian Railways network to handle the large increase in volume of traffic over the coming years.

Trends in the Exchange Rates

India has a major role in the future of global food business as it has a strong base in agriculture and provides a large and varied raw material base for food processing industry. It is a country of over 1.10 billion consumers and there is a largely untapped domestic market of 1000 million consumers in the food processing sector and two hundred million more consumers are expected to shift to processed food by 2010. This was stated by Union Minister of State (Independent Charge) for Food Processing Industries, Mr. Subodh Kant Sahai at the opening of Indian Pavilion in the Trade Fair "Anuga -2007" of International Food Sector at Cologne, Germany from October 13-17, 2007. The fair was jointly organised by Ministry of Food Processing Industry(MFPI) and Federation of Indian Chambers of Commerce Industry (FICCI), Agriculture Products Export Development Authority (APEDA) and Industry Associations.

The Minister said that there are many areas for investment in this sector which include Mega Food Parks, Agri-Infrastructure, Supply Chain Aggregation, Logistics & Cold Chain Infrastructure, Fruit and Vegetable Products, Animal Products, Meat and Dairy, Fisheries & Seafood, Cereals, Consumer Foods/Ready to Eat Foods, Wine and Beer, Machinery/Packaging. He said that Indian Government is giving priority to this sector. The Government has set up a National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) at Kundli, Haryana as an Apex knowledge centre in the field of latest Food Technology. The Minister pointed out that the "Food Parks" are being set up in different parts of the country as part of the strategy to develop food-processing infrastructure. It will help small and medium entrepreneurs in a big way. Shri Sahai also informed that Indian government has enacted the Food Safety and Standards Act, 2006 to consolidate multiple laws relating to food and to set up an independent Food Authority.

Pointing out the vision 2015 of the Government of India for the Food Processing Sector, the Minister said that enhancing and stabilising the income level of the farmers, providing choice to consumers, promoting a dynamic food processing industry and making the sector attractive for both domestic and foreign investors and having a transparent and industry friendly regulatory regime are some of the highlights of this vision strategy.

Audi to Augment Local Production in India

German luxury car major Audi has said it plans to increase local production of its models in India, with its sedan A4, which could be the next one to be manufactured there.

"The Indian market is small for us now but has the potential to grow bigger... we may locally produce the A4 model as well," the Audi AG CEO, Mr Rupert Stadler said.

He said the company has already started local production of its A6 sedan at the facility of Skoda, which is also a part of the Volkswagen Group.

The company sells its various models including the A8 and the SUV Q7 through the import route. Asked about the targets in India, he declined to commit on an exact figure but said the premium segment market in India has been growing fast and offered a good opportunity.

Competitors such as Mercedes and BMW have been scaling up targets, which he describes "as a reflection of the growth" in the top end of segment.

GM to Set up Engine Factory in India

General Motors India is in the process of setting up a new facility to manufacture engine and transmission parts in the country. This is likely to be located in Maharashtra, where it already has a facility near Talegaon and would be operational by next year.

Mr Karl Slym, the newly appointed President and Managing Director of General Motors Corporation who took charge of the Indian operations with effect from October 1, said: "We are evaluating setting up a manufacturing unit for powertrain products. However, the investment and the precise location of the new facility would be announced shortly."

Currently, General Motors India is sourcing engine and transmission parts from its global facilities in different locations of the world depending on the product. "Initially, we would cater to the domestic market and later we would also be looking at exports," said Mr P. Balendran, Vice-President, General Motors, India.

Mr Slym also said that the company would be launching its second sports utility vehicle, Captiva, after having introduced Tavera for the domestic market. Captiva, which is slated to hit the Indian roads during the Auto Expo here in January 2008, would compete with Honda's CRV and Maruti Suzuki's Grand Vitara.

Initially, Captiva is to be imported as a completely built unit and depending on the demand, the company would decide on assembling it here.

Commenting on whether GM would be introducing another small car in the market following the healthy sales of Spark, Mr Balendran said that the company planned to launch a mini car which would be either a variant of the existing Spark or could be a new model from its global small car portfolio.

He said the company was eyeing the export market that would be served from its Talegaon facility, which would have a capacity of about 1.4 lakh units. With this, the company's capacity would be about over 2.20-lakh units.

Wockhardt Acquires Drug Firm in US

Pharmaceutical major Wockhardt Ltd has announced that it has acquired Morton Grove Pharmaceuticals, a liquid generic and specialty dermatology company in the US with sales revenue of \$52 million.

The acquisition would boost the company's US revenue by providing a complete range of dosage forms right from tablets, capsules, liquids to injectables, Wockhardt said in a communique to the Bombay Stock Exchange.

"Morton Grove is strategic to Wockhardt. It provides entry into the US generic market with a portfolio of 31 products, 13 of which occupy the No.1 market position. All others are in the Top 3. This represents a clear demonstrable strength in sales and marketing," Wockhardt Ltd Chairman, Mr. Habil Khorakiwala said.

Pursuant to the acquisition the overall product range of the company would rise to around 54 products for the US market, of which 23 products are currently being marketed by Wockhardt USA.

"Wockhardt now has a strong position in the liquid market in the US and the UK," Mr. Khorakiwala added.

Rupee to Gain Further against Dollar, Say Experts

Unabated overseas fund flows into domestic equities coupled with prevailing high interest rate regime could result in a massive surge in rupee value against the US dollar and the local currency may touch the 39-mark by December, say experts.

This will hit the exporters hard, whose incomes have shrunk considerably due to a nearly 12 per cent rise in rupee value in recent months.

Heavy fund inflows, which have crossed US\$ 17 billion from March till mid-October, would lead to further appreciation of rupee, they said.

"The rupee will go beyond 39.30 in the next two months as it is under immense pressure due to capital inflows which is expected to cross the USD 25 billion by FY 08," Canara Bank's senior forex dealer, Mr. Ashish Modi said.

Another factor that would determine the rupee's movement would be the Reserve Bank's decision on its key policy rates.

With the apex bank widely expected to maintain status-quo on its rates during the mid-term review of its annual monetary policy next week, the higher interest rate regime would also propel rupee appreciation, the experts said.

"Exporters will have to live up with this reality," Modi said, adding the rupee could rise by about 50-60 paise to hover in the range of 39-39.30 a dollar by December.

According to Federation of Indian Export Organisations (FIEO) Eastern Region Chairman, Mr. P Saraf, surging rupee has slowed down exports by 20 per cent in the current fiscal.

The banking regulator, despite a slew of measures to rein in the inflows and suck out excess liquidity from the system, has been unsuccessful in its attempt to contain rupee rise.

The RBI had resorted to the removal of daily reverse-repo cap of Rs 3,000 crore and a 0.5 per cent hike in the cash reserve ratio (CRR) in the previous policy reviews, besides raising the market stabilisation scheme (MSS) ceiling to Rs two lakh crore.

"The exports industry is virtually heading towards a crisis and unemployment. Apart from the currency appreciation, imposition of various taxes like fringe benefit tax and service tax has multiplied the agonies of exporters," Mr. Saraf pointed out.

One of the redeeming features presently in the Indian economy, high corporate profitability, too could come under pressure, he noted.

"High crude oil-prices, currently close to USD 90 per barrel, will also exert pressure on the system and may even affect corporate profitability," the FIEO official said.

Diamond Industry Unaffected by Rupee Rise

The diamond industry appears to have weathered the phenomenon of rupee appreciation if the average realization on exports in the first half of the current fiscal is anything to go by.

The industry earned Rs 13,333 per carat in the first half of fiscal 2007-08 against Rs 13,424 per carat in the corresponding period last year.

This is revealed by data on industry exports furnished by the Gem and Jewellery Export Promotion Council.

The EPC data also showed that the average exchange rate was of Rs 41.09 to \$1 during April-September 2007 reflecting an appreciation of 10 per cent from Rs 45.63 that prevailed in the corresponding period last year.

In rupee value terms, cut and polished diamond exports were Rs 27,173.35 crore during the first half of 2007 (Rs 24,156.03 crore). In dollar terms, it was \$6,613.1 million (\$5,293.8 million), according to the EPC.

However Mr Sanjay Kothari, Chairman of the Council, would not read too much into this.

"The comparison (per carat) is not correct as there may have been higher value goods exports during the first half of this year," he said.

"The effect may be due to the scaling up of the invoice of cut and polished diamonds as the rough prices (input costs) have gone up in dollar," explained another industry person who did not wish to be named.

One company executive claimed that 'top line' companies hedge their dollar receivable with forward contracts which might explain the constant rupee realisation. But such hedging, if any, would only improve the realisation as the industry numbers reflect customs declarations, claimed another source.

However, the import cost of rough diamond has not changed per carat in both rupee and dollar terms. 'Roughs' to the tune of 847.4335 lakh carats (800.5577 lakh carats), costing Rs 20, 751.27 crore (Rs 18,532.88 crore) translated into a per carat cost of Rs 2,449 in the current fiscal against Rs 2,315 last year.

Steel Production Increases by Over 6%

Production of finished carbon steel during April-September 2007 was estimated at 24.80 million tonnes, recording a rise of 6.6 per cent over the same period last year. During April-September 2006, the production of finished carbon steel was 23.256 million tonnes. Production of Pig Iron recorded a rise of 7.9 per cent at 2.582 million tonnes. Steel Authority of India Ltd. (SAIL) produced 6.24 tonnes during April-September 2007 compared to 6.01 million tonnes last year while Rashtriya Ispat Nigam Ltd.(RINL) produced 1.203 million tonnes during the first six months compared to 1.307 million tonnes previous year.

Import of finished carbon steel during the first six months, April to September 2007, was up by 28.2 per cent over the same period last year. During April to September 2007, the imports stood at 2.45 million tonnes compared to 1.911 million tonnes in 2006. Exports during the same period went up by 7.4 per cent, from 2.42 million tonnes in April-September, 2006 to 2.60 million tonnes this year.

External Sector: Foreign Trade April - May

Region/Country	Export			Import		
	US \$ million		% change	US \$ million		% change
	2006	2007	2007	2006	2007	2007
World	18624.3	23238.9	24.78	26836.9	36942.9	37.66
Africa	1241.9	2465.7	98.54	2301.3	3774.7	64.03
Egypt	91.2	203.2	122.72	286.9	246.6	-14.03
Kenya	138.7	197.3	42.29	9.3	11.5	22.77
Mauritius	52.5	200.4	282.03	2.0	2.0	0.99
Nigeria	109.3	131.1	19.90	1126.3	1426.7	26.68
South Africa	299.2	418.6	39.89	561.6	656.4	-16.89
America	3642.0	3800.3	4.35	2540.2	3049.8	20.06
Brazil	215.4	254.9	18.36	101.0	134.5	33.08
Canada	174.0	181.1	4.11	145.1	190.6	31.30
Mexico	76.4	80.1	4.77	118.6	145.3	22.44
USA	2864.9	3036.5	5.99	1608.1	1775.2	10.39
Asia (excl. Middle East)	6025.2	7011.9	16.38	7282.5	10484.8	43.97
Bangladesh	283.8	347.3	22.34	45.4	32.9	-27.35
China	1185.4	1307.1	10.27	2312.2	3849.3	66.48
Hong Kong	676.6	833.3	23.15	381.7	541.4	41.86
Indonesia	286.9	311.5	8.56	576.6	821.0	42.39
Japan	366.0	548.5	49.87	748.1	998.0	33.40
Korea DPR (North)	70.0	156.3	123.41	104.9	19.8	-81.17
Korea Republic (South)	272.9	374.0	37.04	701.6	910.6	29.79
Malaysia	170.3	227.4	33.50	721.7	958.9	32.87
Nepal	128.3	211.1	64.53	37.3	56.0	50.18
Philippines	79.1	69.5	-12.19	29.4	33.4	13.50
Singapore	1245.0	1191.3	-4.32	727.8	1194.6	64.14
Sri Lanka	416.2	408.0	-1.95	103.4	53.3	-48.39
Taiwan (Taipei)	129.5	317.3	145.08	223.1	387.1	73.50
Thailand	218.6	183.9	-15.85	251.0	349.1	39.08
Viet Nam	113.2	166.5	47.06	27.6	23.9	-13.58
Middle East	3136.0	4315.6	37.61	7564.2	8887.6	17.50
Iran	272.5	399.0	46.46	942.0	1716.9	82.27
Iraq	50.6	31.0	-38.69	902.9	915.1	1.35
Israel	203.0	217.0	6.89	155.9	242.2	55.33
Kuwait	111.5	106.9	-4.10	1051.4	888.1	-15.53
Saudi Arabia	310.1	417.6	34.65	2062.6	1904.5	-7.66
UAE	1748.1	2397.8	37.17	1671.4	2235.6	33.75
Europe	4357.7	5411.5	24.18	6123.7	8787.1	43.49
European Union	3798.3	4561.2	20.09	4010.4	5143.1	28.24

Belgium	459.5	659.4	43.50	650.0	835.2	28.48
Denmark	70.1	70.5	0.50	61.7	71.1	15.23
France	445.4	378.3	-15.08	291.4	331.9	13.89
Germany	624.6	699.3	11.97	1187.2	1432.3	20.64
Italy	479.7	604.0	25.89	354.8	542.5	52.89
Netherlands	316.9	565.7	78.53	157.4	295.4	87.65
Spain	264.7	325.3	22.89	93.5	128.0	36.82
Sweden	50.1	66.2	32.06	297.6	407.7	36.99
UK	838.9	987.0	17.66	618.1	797.8	29.08
Other European Countries	559.5	850.3	51.98	2113.3	3644.0	72.43
Russia	113.5	134.1	18.12	221.7	324.6	46.41
Switzerland	69.8	105.6	51.29	1412.4	2576.8	82.44
Turkey	156.5	247.4	58.12	30.7	240.4	682.28
Oceania	206.4	157.3	-23.79	1006.1	1902.3	89.08
Australia	137.2	129.8	-5.37	948.2	1785.8	88.33