

Belgium's trade relations with

INDIA

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Belgian
Foreign Trade Agency



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1 IMPORTANCE OF BELGIUM AND THE OTHER EU COUNTRIES IN TRADE WITH INDIA

1.1 EXPORTS

Total exports of goods from the European Union (EU-27) to India amounted to €32.2 billion in 2020.

Belgium accounted for a share of 13.9%, which made it the 3rd largest exporter of goods to India within the EU. Germany took first place with 33.2%, while France occupied second place with 17.7%.

Whereas European exports (EU-27) to India fell by 15.8% (€-6.0 billion) in 2020, Belgian exports were down by an even higher percentage rate (-33.2% or €-2.2 billion). As a result, our country's share in EU exports of goods to India decreased in 2020.

The value of German exports of goods to India plunged by 10.4% (€-1.2 billion) in 2020 due to the lower value for 'machinery for working rubber or plastics or for the manufacture of products from these materials', 'boards, panels, consoles, desks, cabinets and other bases for electric control or the distribution of electricity for a voltage not exceeding 1,000 V' and 'machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers' among other things, while exports from France displayed a negative growth rate of only 1.5% (€-85.9 million).

TABLE 1: DEVELOPMENT OF EXPORTS TO INDIA

In million €	2019	2020	Variation (in %)	Share (in %)
1 Germany	11,907.9	10,671.4	-10.4	33.2
2 France	5,779.2	5,693.3	-1.5	17.7
3 Belgium	6,676.8	4,458.9	-33.2	13.9
...				
Total EU-27	38,198.4	32,158.0	-15.8	100.0

1.2 IMPORTS

Total imports of goods by the European Union (EU-27) from India amounted to €33.0 billion in 2020.

Belgium was the 5th largest importer of goods from India within the EU with a share of 11.7%. Germany was not only the largest exporter of goods to India, but also the most significant importer with a share of 21.2%. Italy and the Netherlands completed the top three with shares of 12.8% and 11.9% respectively.

While EU-27 imports from India decreased by 16.6% (€-6.6 billion) in 2020, Belgian imports fell by a slightly smaller percentage rate (-16.0% or €-737.2 million). As a result, our country's share of EU imports of goods from India has increased a bit in 2020.

German imports of goods from India recorded a drop of 6.8% (€-510.5 million) in 2020, while those of Italy fell by 17.8% (€-917.8 million). The decrease in Dutch imports from India by 25.0% (€-1.3 billion) is to a large extent the result of a lower value for the sub-section 'medium oils'.

TABLE 2: DEVELOPMENT OF IMPORTS FROM INDIA

In million €	2019	2020	Variation (in %)	Share (in %)
1 Germany	7,524.3	7,013.9	-6.8	21.2
2 Italy	5,153.9	4,236.1	-17.8	12.8
3 Netherlands	5,217.5	3,915.7	-25.0	11.9
...				
5 Belgium	4,604.6	3,867.3	-16.0	11.7
...				
Total EU-27	39,578.0	33,022.0	-16.6	100.0

2 IMPORTANCE OF INDIA AND ITS NEIGHBOURING COUNTRIES FOR BELGIUM'S FOREIGN TRADE (2020)

KLANT → BELGISCHE EXPORT

LEVERANCIER → BELGISCHE IMPORT



INTEREST IN INDIA

The database of the Belgian Foreign Trade Agency, which registers more than 23,000 companies, holds records on 1,413 Belgian companies that export to India and another 2,101 companies that show an interest in this market.

3 BILATERAL TRADE RELATIONS

3.1 TRADE IN GOODS

In 2020, India ranked **14th** among Belgium's main clients, before the Russian Federation but after Switzerland.

Total Belgian **exports** of goods to India amounted to almost €4.5 billion in 2020, which is **33.2%** (€-2.2 billion) less than the previous year. In 2020, exports to India were responsible for 1.2% of the total amount of Belgian goods exported.

India was Belgium's **16th** largest supplier of goods in 2020, ranking after Turkey, but ahead of Singapore.

Total Belgian **imports** of goods from India dropped by **16.0%** (€-737.2 million), amounting to almost €3.9 billion in 2020. Last year, India was responsible for 1.1% of total Belgian imports of goods.

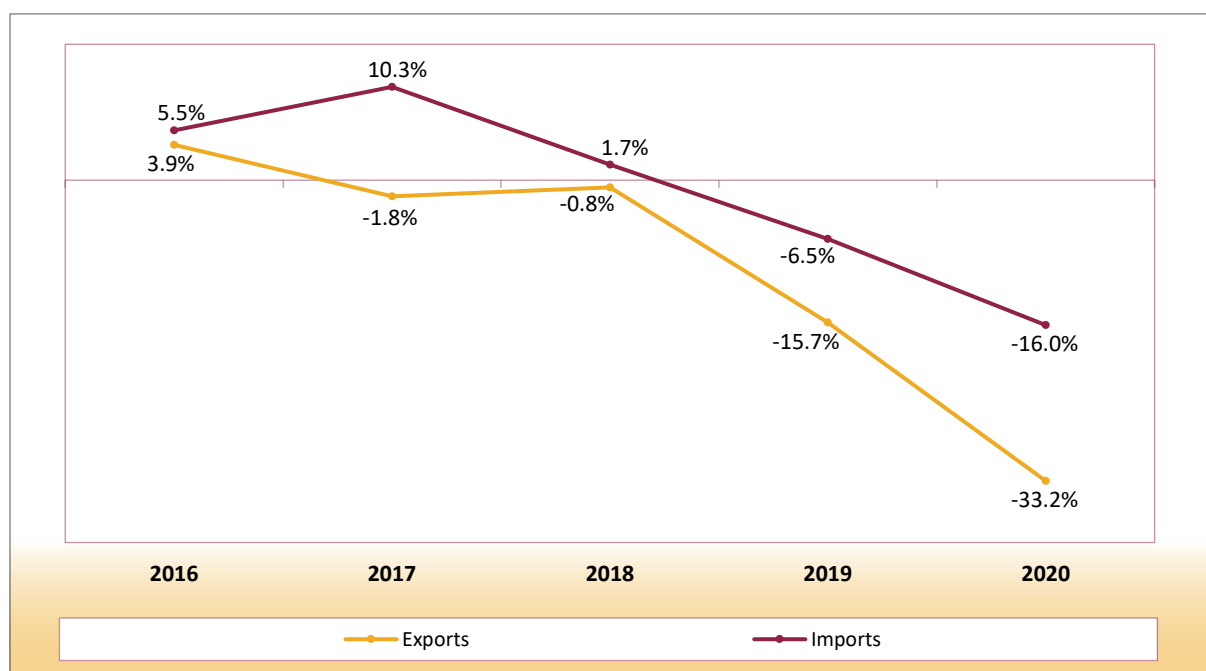
TABLE 3: DEVELOPMENT OF BELGIUM'S TRADE IN GOODS WITH INDIA

In million €	2016	2017	2018	2019	2020
Exports	8,132.2	7,983.5	7,919.6	6,676.8	4,458.9
Imports	4,388.4	4,841.9	4,923.8	4,604.6	3,867.3
Trade Balance	3,743.8	3,141.7	2,995.9	2,072.2	591.6
Exports: variation in %	3.9	-1.8	-0.8	-15.7	-33.2
Imports: variation in %	5.5	10.3	1.7	-6.5	-16.0

Belgium traditionally displays a surplus on its trade balance for goods with India. The surplus, which amounted to more than €3.7 billion in 2016, has been getting smaller each year since. It fell to roughly €3.1 billion and €3.0 billion in 2017 and 2018, because during each of those two years exports were slightly

down, while imports continued to grow. Both in 2019 and 2020 exports decreased by a larger amount than imports. This is why the trade surplus first fell to around €2.1 billion, before declining even further to €591.6 million this past year, which is the lowest level of the period under review.

FIGURE 1: VARIATION OF EXPORTS AND IMPORTS (IN %)



Total Belgian **exports** of goods to India traditionally consist to a large extent of precious metals and stones. An increase or decrease in the exports of this group of products therefore also has a significant influence on the evolution of total exports to this country. After displaying a rise of 3.9% in 2016, Belgian exports of goods to India have been down each year since, recording a negative growth rate of 1.8% and 0.8% in 2017 and 2018 respectively due to the lower value of the aforementioned precious metals and stones, among other things. The situation then deteriorated, with exports of

goods dropping yet another 15.7% in 2019. In view of the COVID-19 pandemic, Belgian exports of goods to India subsequently fell even further by 33.2% in 2020.

Because of a higher value of base metals among other things, total Belgian **imports** of goods from India displayed an increase of 5.5% in 2016 and of 10.3% in 2017. The growth rate of imports was subsequently limited to 1.7% in 2018, after which the value of imports fell by 6.5% in 2019 and by 16.0% in 2020 due to the lower value for precious metals and stones, among other things.

3.1.1 EXPORTS

In 2020, **precious metals and stones** took the top position in total Belgian **exports** of goods to India. With a value of €2.8 billion, this group of products represented a share of 63.4% of total exports. This section was mainly composed of ‘non-industrial diamonds, unworked or simply sawn, cleaved or bruted’.

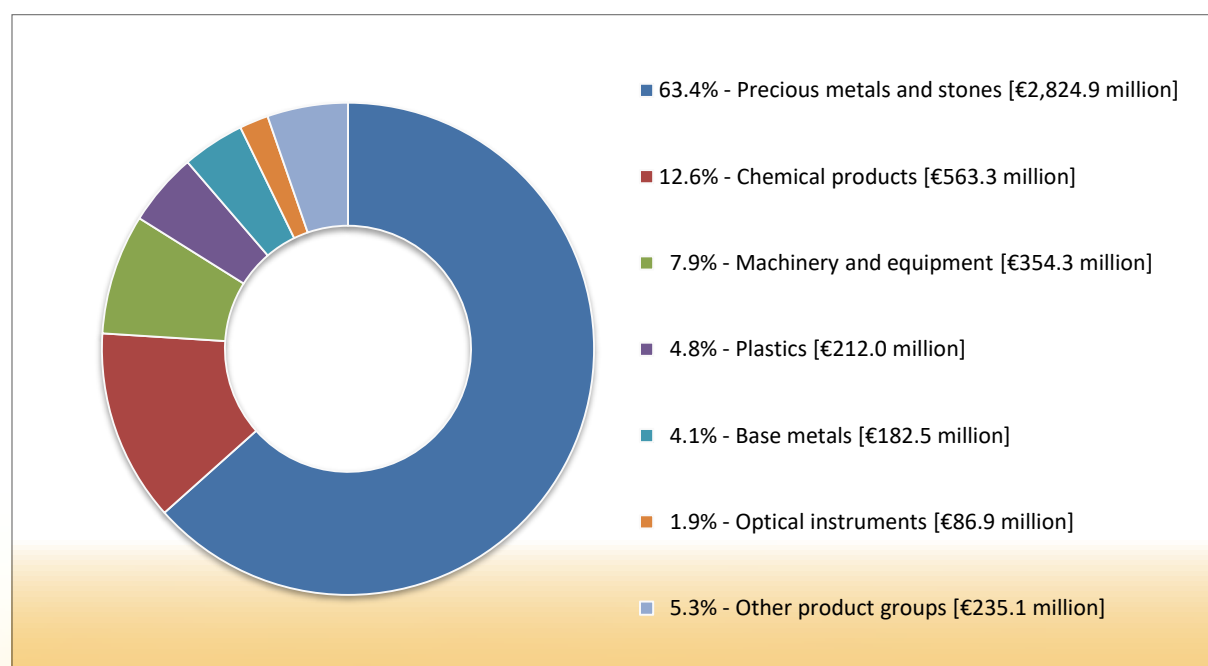
Exports of **chemical products** (main subsections: ‘vaccines for human medicine’ and ‘medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses’) amounted to €563.3 million, corresponding to a share of 12.6% of Belgian exports of goods to India.

Machinery and equipment (main subsections: ‘parts of turbojets or turbopropellers’ and ‘power looms for weaving fabrics of a width exceeding 30 cm, shuttle type’) completed the top three with a share of 7.9% and exports totaling €354.3 million.

There were three other product groups that also accounted for a share of more than 1.0% of Belgian exports of goods to India. These sections were:

- **plastics**: €212.0 million, corresponding to a share of 4.8%;
- **base metals**: €182.5 million, corresponding to a share of 4.1% and
- **optical instruments**: €86.9 million, corresponding to a share of 1.9%.

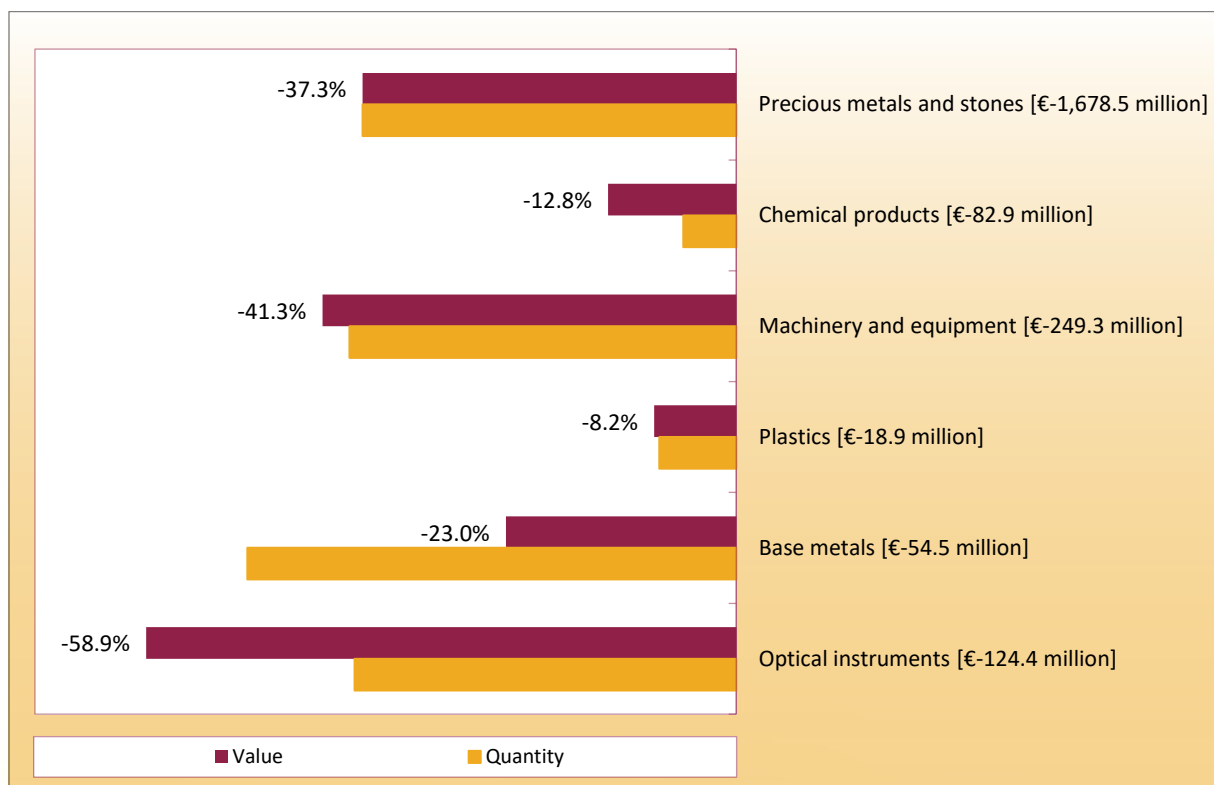
FIGURE 2: BREAKDOWN OF BELGIAN EXPORTS TO INDIA BY PRINCIPAL COMMODITIES (IN %) — 2020



The chart below shows that, of the product groups which represented a share of more than 1.0% in Belgian exports of goods to India, the **precious metals and stones**' section recorded by far the largest decrease in value in 2020. Exports of this group of products fell by nearly €1.7 billion (-37.3%), due mainly to the lower value for 'non-industrial diamonds, unworked or simply sawn, cleaved or bruted'. The decline in exports for this group of products are also the main reason why total Belgian exports of goods to India were down by a third (-33.2%) in 2020.

The other product groups with a share of more than 1.0% in exports to India recorded a negative growth rate varying from 8.2% (**plastics**) to 58.9% (**optical, precision and medical instruments**). The drop experienced by this last product group by €124.4 million can be attributed in large part to lower exports of 'artificial joints' and 'ocular prostheses'. The fact that the exported quantity of this last section displayed a smaller drop than the value of exports, indicates that the unit price for this type of products was lower in 2020 than during the year before.

FIGURE 3: VARIATION OF EXPORTS TO INDIA BY PRINCIPAL COMMODITIES (IN VALUE AND QUANTITY) — 2020/2019



3.1.2 IMPORTS

Precious metals and stones also took first place in total Belgian imports of goods from India in 2020. This group of products, composed primarily of ‘non-industrial diamonds’, represented a value of nearly €1.1 billion, corresponding to a share of 27.8%.

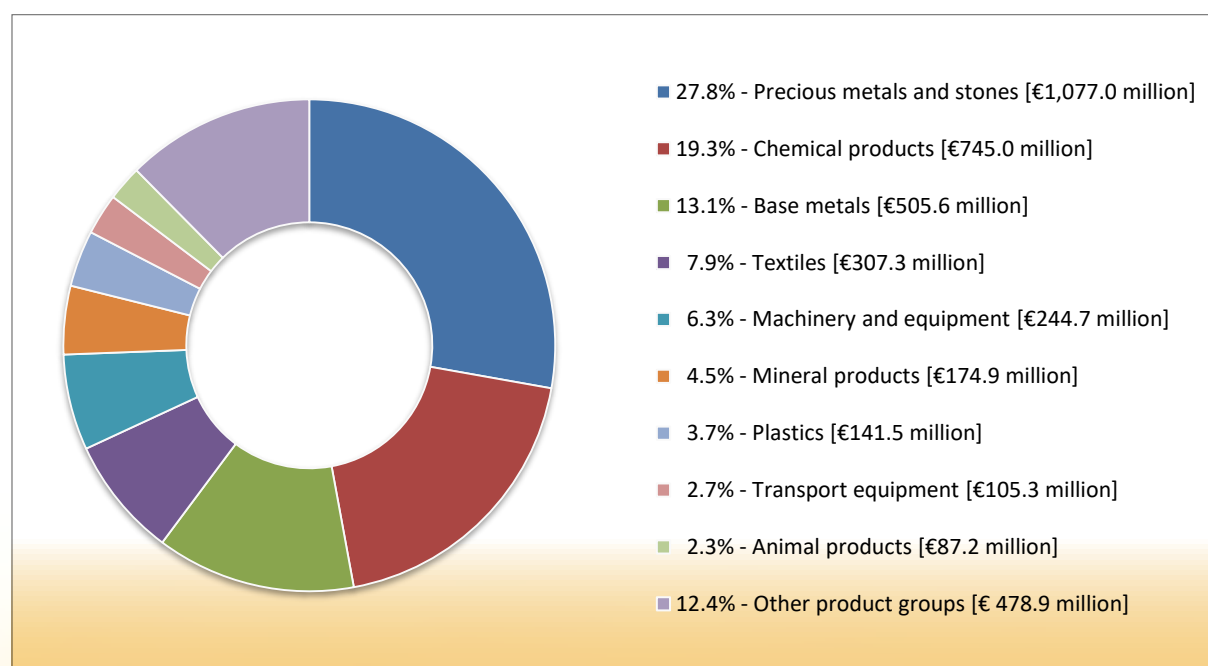
Imports of **chemical products** (main subsections: ‘medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses’, ‘benzene’, ‘heterocyclic compounds with nitrogen hetero-atoms only’ and ‘pigments and preparations based thereon’) amounted to €745.0 million, equivalent to a share of 19.3%.

Base metals, composed primarily of ‘flat-rolled products of iron or non-alloy steel’ and ‘semi-finished products of iron or non-alloy steel’, completed the top three sections of Belgian imports from India, amounting to €505.6 million or a share of 13.1%.

There were two further product groups that also recorded a share of more than 5.0% of Belgian imports from India. These sections were:

- **textiles:** €307.3 million, corresponding to a share of 7.9% and
- **machinery and equipment:** €244.7 million, corresponding to a share of 6.3%.

FIGURE 4: BREAKDOWN OF BELGIAN IMPORTS FROM INDIA BY PRINCIPAL COMMODITIES (IN %) — 2020



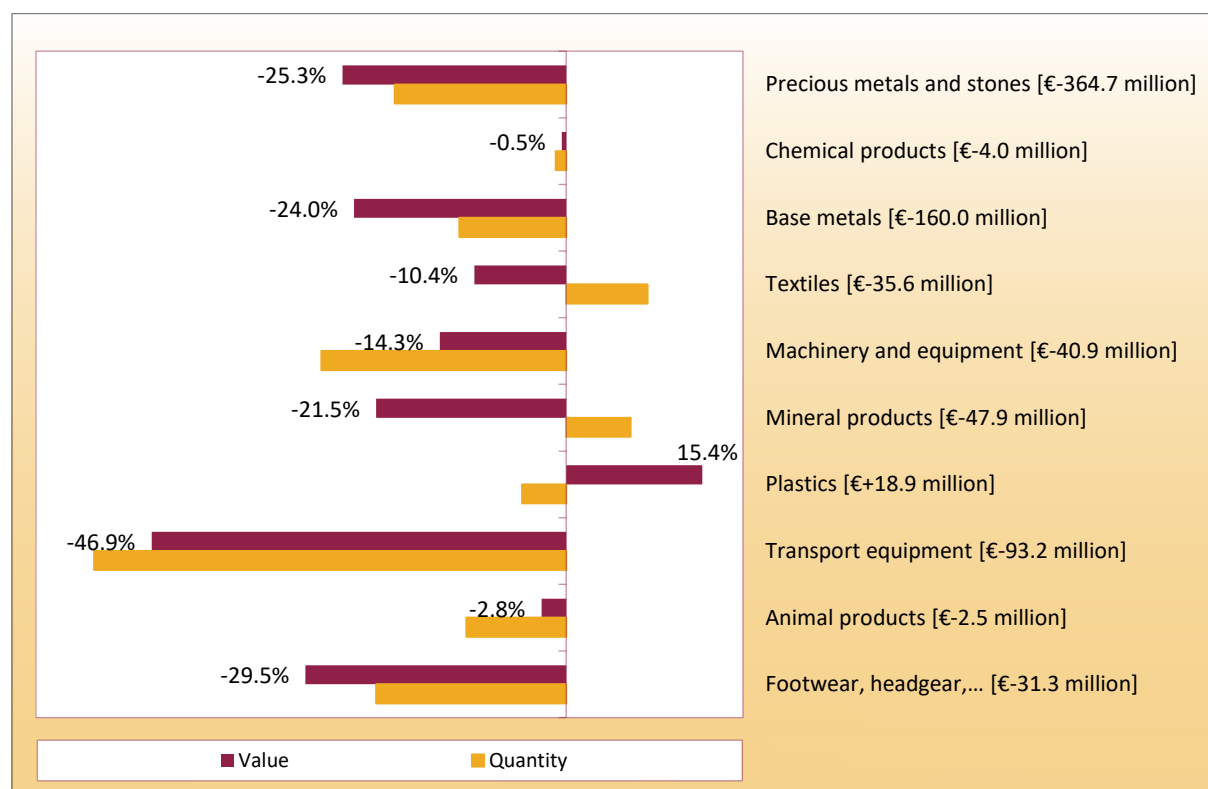
The chart below shows that, of the ten main product groups, the **plastics** section was the only one to record an increase in 2020. The value of this group of products grew by €18.9 million (+15.4%), due in part to higher imports of ‘plates, sheets, film, foil and strips, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials of polyethylene terephthalate’.

Total Belgian imports of goods from India decreased by 16.0% in 2020, due in large part to the value of **precious metals and stones** and

more specifically, ‘non-industrial diamonds’ falling by €364.7 million (-25.3%) in 2020.

The other product groups from the top ten displaying a drop in imports recorded a negative growth rate varying from 0.5% (**chemical products**) to 46.9% (**transport equipment**). The fall in value of this last product group by €93.2 million can be attributed in large part to the fact that the sub-section ‘motor vehicles for the transport of goods of a gross vehicle weight not exceeding 5 tonnes’ was no longer imported in 2020.

FIGURE 5: VARIATION OF IMPORTS FROM INDIA BY PRINCIPAL COMMODITIES (IN VALUE AND QUANTITY) — 2020/2019



3.1.3 GENERAL PATTERN OF DEVELOPMENT OF THE TRADE IN GOODS AFTER THE FIRST THREE MONTHS OF 2021

Exports

Belgian **exports** of goods to India amounted to over €1.4 billion after the first three months of 2021, corresponding to a decrease of 0.5% (€-7.4 million) compared with the same period in 2020.

Precious metals and stones held on to first place in exports after the period under review with a share of 66.3% and an amount of €950.6 million, despite the fact that the value of this group of products has dropped by 0.5% (€-4.5 million) compared to the corresponding period in 2020.

Imports

Belgian **imports** of goods from India amounted to roughly €1.2 billion after the first three months of 2021. This is an increase of 3.0% (€+35.0 million) in comparison to the same period of 2020.

Precious metals and stones had maintained first place in Belgian imports of goods from India after the first quarter of 2021 with a share of 38.7% and an amount of €468.6 million, due to the fact that the value for this section was up by 23.0% (€+87.8 million).

The primary reason why total Belgian exports of goods to India were slightly down after the first quarter of 2021 was the development of the **chemical products** and **machinery and equipment** sections. The value of the first group of products fell by 24.6% (€-34.6 million) to €106.3 million, while exports of the latter section amounted to €96.5 million, which is €29.7 million (-23.5%) less than after the first three months of 2020.

Chemical products were positioned in second place with a share of 16.3% and an amount of €197.2 million. Imports of this group of products from India recorded a drop of 11.4% (€-25.4 million).

Imports of **base metals**, which grew by 20.0% (€+23.9 million), amounted to €143.3 million. This group of products accounted for a share of 11.8% of goods imported from India.

Mineral products was the section for which the value took the biggest hit after the period under review. Belgian imports from India recorded a decrease of 85.7% (€-49.6 million), causing the value of this section to fall to €8.3 million.

3.2 TRADE IN SERVICES

The value of Belgian exports of services to India was down by 12.5% (€-45.7 million) in 2020, falling from €365.2 million to **€319.5 million**. This made India Belgium's **31st** largest customer after Greece but before South Africa with a share of 0.3% of total Belgian exports of services.

Belgian imports of services from India accounted for a value of **€573.1 million** in 2020, corresponding to a 1.0% (€+5.4 million) increase compared to the year before. India was Belgium's **21st** largest supplier in 2020 with a share of 0.6% of our country's total imports of services, ranking before Bulgaria, but after China.

TABLE 4: DEVELOPMENT OF BELGIUM'S TRADE IN SERVICES WITH INDIA

In million €	2018	2019	2020
Exports	368.9	365.2	319.5
Imports	591.0	567.7	573.1
Trade balance	-222.1	-202.5	-253.6
Exports: variation in %	20.0	-1.0	-12.5
Imports: variation in %	34.0	-3.9	1.0

Belgium's **trade balance for services** has been negative for the last three years, with imports of services from India outperforming exports to that country each time.

The deficit in Belgium's services trade balance with India, which amounted to €222.1 million in 2018, was reduced to €202.5 million a year later due to the value of imports decreasing by a larger amount than

that of the exports. While exports continued declining in 2020, imports recorded a modest growth rate. As a result, the trade deficit rose to €253.6 million this past year.

The trade balance for services was in contrast to that for goods during the period under review, with the latter traditionally being in our country's favour.

3.2.1 EXPORTS

In 2020, **other business services** comprised the largest category in terms of total Belgian **exports** of services to India with a share of 30.7% and a value of €98.0 million. This section includes, among other things, 'merchandising', 'operational leasing services', 'legal services', 'accounting, auditing, bookkeeping and tax consultancy services', 'advertising, market research and public opinion polling' and 'waste treatment and depollution'. **Communication services** took 2nd place with 30.0%, while **transportation services** settled in third with a share of 20.4%.

Transportation services displayed a growth rate of 8.2% in 2020, with their value growing by €4.9 million to €65.0 million.

Financial services were the only other section from the top five service groups of which exports increased this past year. Their value was up by €4.1 million (+23.8%) to €21.7 million.

Cross-border services that require physical distancing have fallen sharply during the COVID-19 crisis. That helps explain why the value of

construction in exports of services fell by 27.6%, from €21.1 million in 2019 to €15.3 million last year.

With the borders remaining closed during the first lockdown (March-May 2020) and restrictions continuing to apply afterwards, far fewer tourists and business travellers have visited our country in the past year. The occupancy rate in the hotels was at a lower level and foreigners also spent less on meals and souvenirs during their stay. As a result, **travel services** tumbled out of the top five in 2020, with their value in terms of Belgian exports of services to India falling by 63.1% (€-14.9 million).

The lower value for **communication services** was also part of the reason why total Belgian exports of services to India were down by 12.5% in 2020. Exports of this group of services recorded a drop of 11.8% (€-12.9 million) during this past year.

The other remaining group of services in the top five for which the value of exports declined was **other business services** (€-8.3 million or -7.8%).

TABLE 5: BELGIAN EXPORTS TO INDIA BY PRINCIPAL SERVICES

In million €	2019	2020	2020/2019 Var. in %	2020 Share in %
Other business services	106.3	98.0	-7.8	30.7
Communication services	108.9	96.0	-11.8	30.0
Transportation services	60.1	65.0	8.2	20.4
Financial services	17.6	21.7	23.8	6.8
Construction services	21.1	15.3	-27.6	4.8
Other services	51.2	23.5	-54.1	7.3
Total	365.2	319.5	-12.5	100.0

3.2.2 IMPORTS

Other business services not only took first place in total Belgian exports of services to India; they also comprised the largest section of imports from that country. Their value amounted to €243.7 million in 2020, corresponding to a share of 42.5%. **Communication services** and **transportation services** rounded of the top three with shares of 37.8% and 12.2% respectively. This last group of services is composed of sea transport, air transport, space transport, rail transport, road transport, inland waterway transport and pipeline transport.

Insurance services recorded the largest percentage increase among the top five import sections from India, with their value rising by 73.7% (€+6.6 million) to €15.5 million.

The fact that total Belgian imports of services from India were up by 1.0% in 2020 was also due to the higher value for the following sections: **other business services** (+3.0% or €+7.2 million), **communication services** (+0.8% or €+1.8 million) and **transportation services** (+26.5% or €+14.7 million).

Travel services were the only section in the top five that displayed a negative growth rate. With the borders remaining closed during the first lockdown (March-May 2020) and restrictions continuing to apply afterwards, far fewer Belgian tourists and business travellers went to India. The occupancy rate in the hotels was at a lower level and Belgians also spent less on meals and souvenirs during their stay. This contributed to a drop of 63.5% (€-12.9 million) in Belgian imports of travel services from India.

TABLE 6: BELGIAN IMPORTS FROM INDIA BY PRINCIPAL SERVICES

In million €	2019	2020	2020/2019 Var. in %	2020 Share in %
Other business services	236.6	243.7	3.0	42.5
Communication services	214.9	216.7	0.8	37.8
Transportation services	55.3	70.0	26.5	12.2
Insurance services	8.9	15.5	73.7	2.7
Travel services	20.3	7.4	-63.5	1.3
Other services	31.7	19.8	-37.5	3.5
Total	567.7	573.1	1.0	100.0

4 ECONOMIC INDICATORS FOR INDIA

Economic structure (2020 - estimates)	
GDP (2019)	\$2.87 trillion
GDP growth rate	-7.3%
Inflation	6.2%
Exports of goods (FOB)	\$275.5 billion
Imports of goods (FOB)	\$427.5 billion
Trade balance	\$-152.0 billion
Population	1.38 billion
Unemployment rate	7.1%
Main customers: % of total (2020)	
United States	17.9
China	6.9
UAE	6.5
Hong Kong	3.5
Main suppliers: % of total (2020)	
China	15.9
United States	7.2
UAE	6.5
Saudi Arabia	4.8
Main exports: % of total (2020)	
Petroleum oils and oils obtained from bituminous minerals	9.5
Medicaments	6.0
Diamonds	5.5
Main imports: % of total (2020)	
Petroleum oils and oils obtained from bituminous minerals	17.5
Gold	6.0
Diamonds	4.3

Source: TrendEconomy

5 INDEX OF THE UNIT PRICE FOR IMPORTS AND EXPORTS

The table below gives an overview of the development of the index of the unit price for imports and exports for Belgium (with the world).

This index facilitates an analysis of the general development of the price of goods. This makes it possible to consider the global evolution of Belgian imports and exports in perspective by determining the part that is

caused by price developments (and hence which part is caused by a change in quantity).

The table has to be interpreted as follows:

If a given product had an export value of €100 in the year 2015, then this product had an average value of €98.4 in 2020. The same principle applies to imports. If a particular product had an import value of €100 in 2015, the same product then had an import value of €98.8 in 2020.

TABLE 7: INDEX OF THE UNIT VALUE OF TOTAL BELGIAN EXPORTS AND IMPORTS (2015=100)

	Export	Import
2010	91.6	94.2
2011	95.3	98.1
2012	94.6	96.6
2013	96.8	97.1
2014	98.7	99.2
2015	100.0	100.0
2016	103.4	105.3
2017	104.1	105.0
2018	105.3	106.5
2019	105.3	105.9
2020	98.4	98.8

6 SOURCES

WORLD BANK — WWW.WORLDBANK.ORG

NATIONAL BANK OF BELGIUM — WWW.BNB.BE

CREDENDO GROUP — WWW.CREDENDOGROUP.COM

CIA WORLD FACTBOOK — WWW.CIA.GOV

DIRECTORATE-GENERAL COMMERCE, EUROPEAN COMMISSION — [HTTP://EC.EUROPA.EU/TRADE](http://EC.EUROPA.EU/TRADE)

EUROSTAT, EUROPEAN COMMISSION — [HTTP://EC.EUROPA.EU/EUROSTAT](http://EC.EUROPA.EU/EUROSTAT)

WORLD TRADE ORGANIZATION — WWW.WTO.ORG

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