

Territorial NEWSLETTER Europe

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



With ongoing discussions on India-EU FTA, it is very important that we identify aggressive interests of India in the European countries and adopt policies conducive to help these sectors grow their exports to Europe. Keeping this in mind this edition of the Europe newsletter focuses on the automobile and auto components sector which is one of India's aggressive interests in Europe. The cover story emphasizes on the current trade between India and Europe in this sector. It also lists barriers and certifications that Indian exporters face in Europe. The analysis shows that while India has a good potential in Europe, it still

needs to work a lot towards technology and regulations to make a strong entry into the European automobile market.

I sincerely hope our readers will be benefitted from this issue.

T S Bhasin

EU Territorial Committee Chairman's Note



This edition of the newsletter focuses on auto and auto components trade between India and Europe as this is one of our key aggressive interests with the continent. It is very important for us to identify our strength and weakness in the wake of the India-EU FTA. The cover story deals with the current trade and barriers that the Indian exporters face in Europe.

I sincerely hope that readers will find this edition useful.

R P Jhalani

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EU Section: Basic Facts

Countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Spain, Sweden, United Kingdom (UK), Turkey

Area: 4, 324, 782 Sq. km

Population: 513, 949, 445

GDP: USD 19.18 trillion

Climate: cold temperate; potentially subarctic in the north to temperate; mild wet winters; hot dry summers in the south

Natural resources: Iron ore, natural gas, petroleum, coal, copper, lead, zinc, bauxite, uranium, potash, salt, hydropower, timber

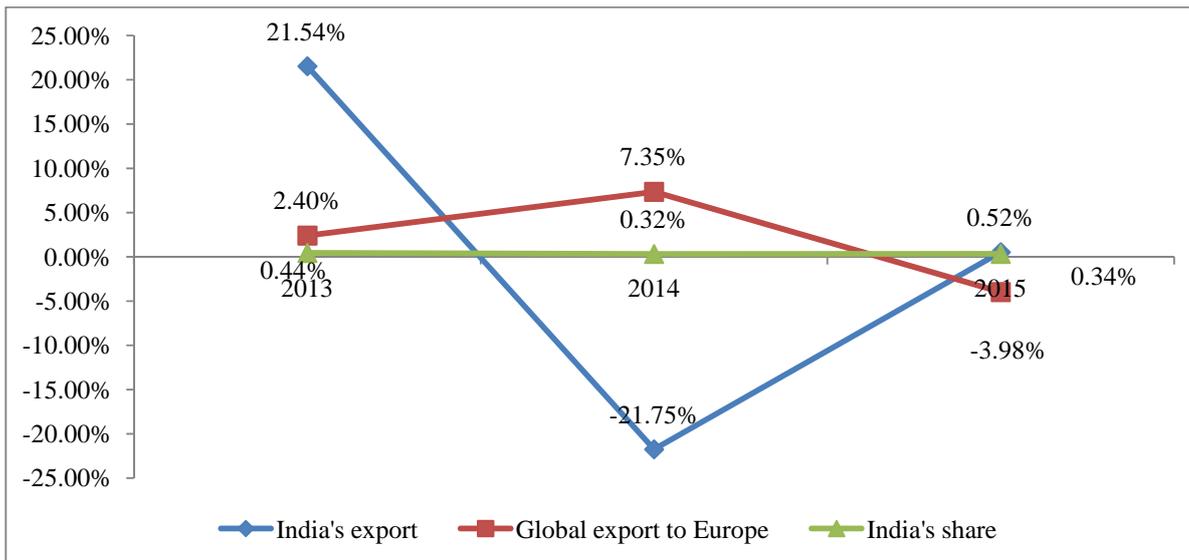
Focus: Automobile and auto-components: India's aggressive interest in EU

Motor Vehicles and cars and auto components have been considered as a major aggressive interest for India for penetrating the European markets. Europe boasts of hosting some of the best automobile manufacturers globally. This gives rise to a value chain of auto components and parts in the European automotive industry. India already having a well defined automobile and auto component sector, has the potential to become part of this value chain. However, currently most of the automobile and auto components manufactured in India cater to the domestic demand. It is to be noted here that big German auto brands such as Volkswagen, BMW and Audi, Jaguar and Land rover have forayed into the Indian market. But they have been particularly keen to capture the domestic demand, with relatively lower focus on exports. It remains to be seen, how this existing partnership can help India become a part of the European automotive value chain. This note refers to the current trade dynamics between India and European countries in automobile and auto components sector.

Motor Vehicles and Cars

During the year 2014, while India's motor vehicles export to Europe fell down by approximately 22%, Europe's global import increased by 7.35%. During 2015, India's exports to Europe registered a slight increase while Europe's import from the world came down slightly (Figure 1). India's share in Europe's total import of motor vehicles has, however, remained constant.

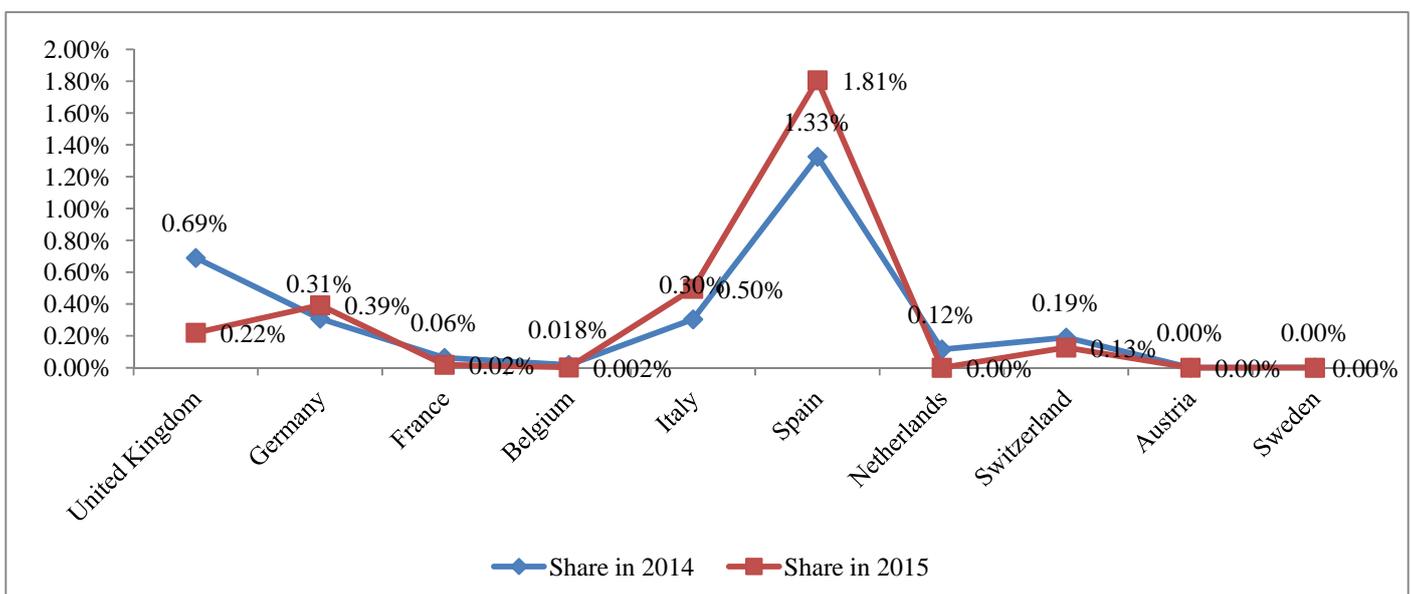
Figure 1: Trends in India's export to Europe vis-à-vis Europe's import from world



Source: ITC trade map

The top 10 European importers of motor vehicles and cars globally include UK, Germany, France, Belgium, Italy, Spain, Netherlands, Switzerland, Austria and Sweden. India's share in these 10 countries has been on an average 0.31%. Country wise India's share and the trends in the last two years are given in the Figure 2.

Figure 2: India's share in country's import: 2014 and 2015



Source: ITC trade map

It is evident from the figure that India's maximum share has been in the import of Spain which also gained in 2015. There is also some gain for Italy. However, India's share has come down for United Kingdom. For all the other, it remains the same.

Technical barriers to trade: Faced by Indian motor vehicles exporters to Europe

We tried to speak to the automobile industry to understand the barriers faced by them while exporting to Europe. However, we failed to elicit much response. We, therefore, rely on and present here types of approvals and certifications required to export automobiles to the European continent. These are sourced from the European Union website.

Type of approval for cars to be exported to Europe

Within Europe, two systems of type approval exist

- a. One is based on EC directives providing for the approval of whole vehicles, vehicle systems and separate components. There are two types of EC approval
 - European Community Whole Vehicle Type Approval
 - European Community Small Series Type Approval (for low volume cars and motor cycles only)
- b. The other directive is based on United Nations Regulations formerly known as UNECE Regulations and provides for approval of vehicle systems and separate components but not of the whole vehicle

A certificate of conformity, a declaration of conformity with the type approval of EC is also required for importing vehicles to Europe.

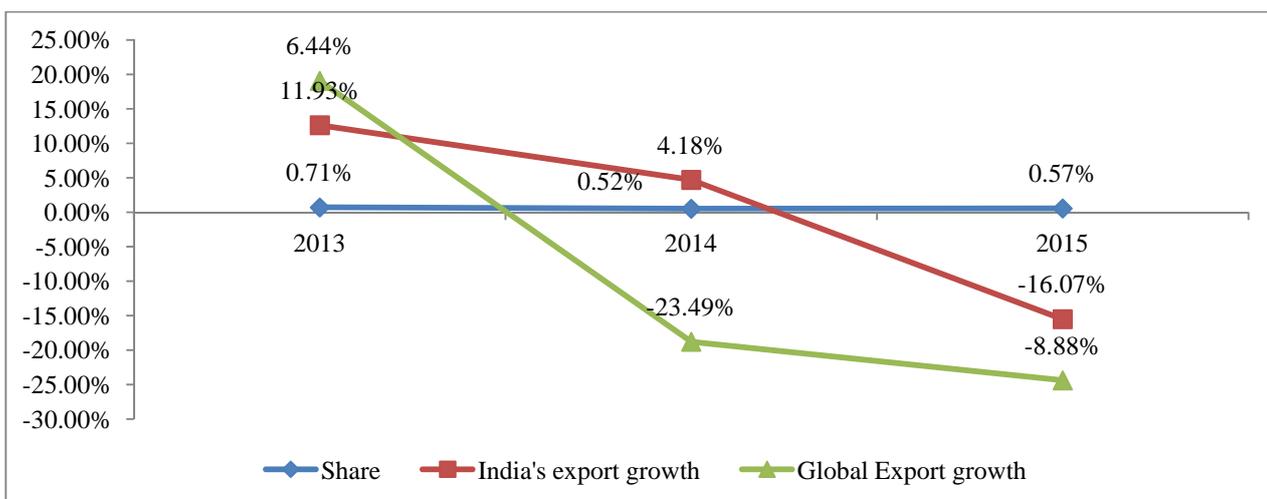
Emission Standards: All cars imported in Europe must be Euro 6 compliant.

End of life vehicles certificate: The ELV legislation aims to avoid environmental pollution in the waste stage of cars. It aims to reduce hazardous substances in vehicles. Furthermore, vehicles should be designed to facilitate proper dismantling and recycling (by coding the components) and the heavy metals lead, mercury, cadmium, hexavalent chromium are prohibited (except for a few applications).

Auto Components

Throughout 2014 and 2015, both global and India’s auto components export to Europe fell down consistently (Figure 3). India’s share in Europe’s total import of auto components has, however, remained constant.

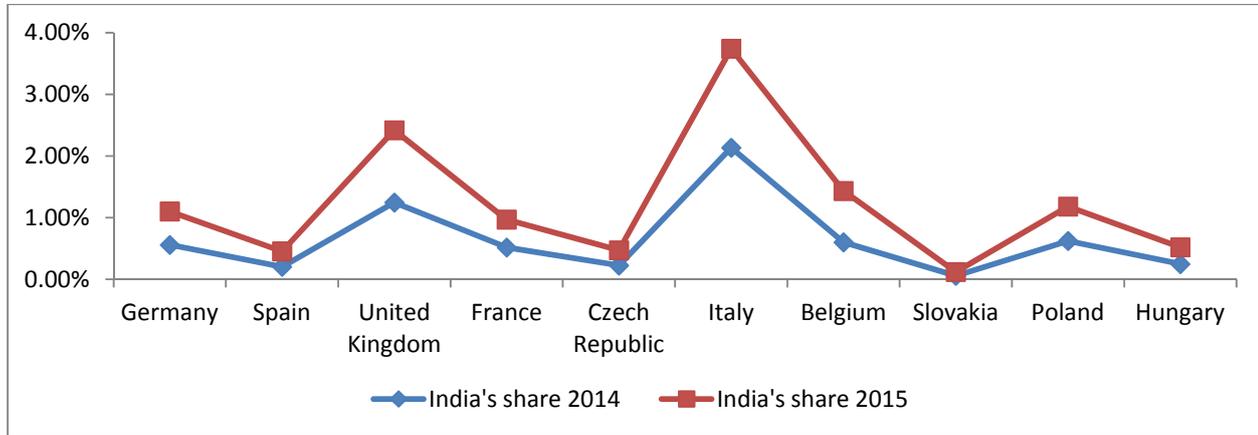
Figure 3: Trends in India’s export to Europe vis-à-vis Europe’s import from world



Source: ITC trade map

The top 10 European importers of motor vehicles and cars globally include UK, Germany, France, Belgium, Italy, Spain, Netherlands, Switzerland, Austria and Sweden. India's share in these 10 countries has not been on an average 0.60%. Country wise India's share and the trends in the last two years are given in the figure 2.

Figure 4: India's share in country's import: 2014 and 2015



Source: ITC trade map

It is evident from the figure that India's share increased in 2015 for almost all the 10 countries. Maximum increase perceived in Italy and UK.

Technical barriers to trade: Faced by Indian auto components exporters to Europe

In our discussion with the auto parts industry in India, it was mentioned that since auto parts manufacturers in India work with European OEMs, they always get the necessary certifications and approvals as per their client requirement before sending their products in Europe. Due to this they do not face any major issues while exporting to Europe.

Also, below we mention the different certifications or approvals required for auto components manufacturers to send their products to the European continent. Such information are sourced from the European Union website.

Type of approval for auto parts to be exported to Europe

- a. Whole vehicle type approval: Also applicable on auto components
- b. CE marking: Electronic equipments need to bear CE mark
- c. The REACH Regulation for automobiles: This regulation sets rules for the placing on the market of chemical substances and, more relevant to producers of automotive components, it also restricts the use of certain dangerous chemicals (so called Substances of Very High Concern –SVHC) and specific uses of certain chemicals e.g. certain flame retardants or polycyclic-aromatic hydrocarbons (PAH) in tyres.
- d. End of life vehicles: The ELV legislation aims to avoid environmental pollution in the waste stage of cars. It aims to reduce hazardous substances in vehicles. Furthermore, vehicles should be designed to facilitate proper dismantling and recycling (by coding the components) and the heavy metals lead, mercury, cadmium, hexavalent chromium are prohibited (except for a few applications).
- e. Heavy metals in batteries: There are restrictions on heavy metal content and labelling requirements for batteries and accumulators. These may not contain more than 0.0005% of mercury by weight or 0.002%

cadmium. Furthermore batteries containing mercury, cadmium or lead must be labelled with a 'crossed-out wheeled bin' and there are specific capacity labelling requirements for automotive batteries

From the above analysis it is evident that while India has the potential to be part of the European automobile value chain, it has still not been able to enter the market in a big way. There is still a lot left especially in terms of technology and standards that needs to be addressed for India to become a successful partner in Europe's automobile value chain.

Trade Trend Analysis- India-EU

The top 5 EU nations which had the highest demand for Indian engineering products during April 2016 in absolute values include:

Country	Export in April 2015 (USD million)	Export in April 2016 (USD million)	Growth (%)
UK	166.24	181.49	9.18
Germany	145.15	169.52	16.80
Italy	121.31	123.05	1.43
Turkey	95.57	107.55	12.54
France	69.69	92.28	32.41

Between April 2015 and April 2016, all the top 5 countries registered a positive growth in import from India.

Some Trends in engineering exports to EU in April 2016

Exports of engineering products to EU in April 2016 increased by 13.47% compared to April 2015. In value terms, exports increased from USD 872.31 million to USD 989.87 million. During April 2016 EU's share in total Indian engineering exports remained at 17.44%

On the basis of the export data of April 2016, the EU countries which feature in the top 25 export destinations for India include UK, Germany, France, Italy, Turkey, Poland, Netherlands, Belgium and France.

Top 10 panels exported to EU in April 2016 include

Name of the Panel	Export in April 2015 (USD million)	Export in April 2016 (USD million)	Growth (%)
Motor vehicles and cars	84.55	149.71	77.07
Products of iron and steel	127.64	128.38	0.58
Auto components and parts	95.36	100.48	5.37
Iron and Steel	119.44	99.32	-16.85
Electrical machinery	80.47	82.46	2.48
Industrial machinery	70.50	71.64	1.61
Aircrafts spacecrafts and parts	26.42	61.66	133.39
IC engines and parts	53.72	61.06	14.62
Medical and scientific instruments	24.53	30.79	26.02
Machinery for ATMs	19.34	20.59	6.46

European Free Trade Association (EFTA) Section: Basic Facts

Countries: Iceland, Liechtenstein, Norway, Switzerland.

Area: 5, 29, 600 Sq. km

Population: 13, 589, 956

GDP: USD 623.5 billion

Climate: cold temperate; potentially subarctic in the north to temperate; mild wet winters; hot dry summers in the south

Natural resources: Natural gas, petroleum, coal, metals

Trade Trend Analysis- India-EFTA

Country-wise exports of India to the EFTA region are given below. As is evident from the below figure exports to Norway and Liechtenstein experienced a fall.

Country	Export in April 2015 (USD million)	Export in April 2016 (USD million)	Growth (%)
Switzerland	10.02	12.70	26.70
Norway	4.36	3.85	-11.62
Iceland	0.05	0.76	1214.66
Liechtenstein	0.01	0.00	-100

Between April 2015 and April 2016, engineering exports to EFTA experienced an increase of 19.78% from USD 14.46 million to USD 17.32 million.

Top 10 panels exported to EFTA in April 2016 include

Name of the Panel	Export in April 2015 (USD million)	Export in April 2016 (USD million)	Growth (%)
Industrial machinery	3.50	2.53	-27.59
Electrical machinery	1.66	1.50	-9.63
Products of iron and steel	1.40	1.35	-3.37
Iron and steel	0.98	1.18	20.89
Aluminium and its products	0.77	0.36	-52.26
Auto components	0.76	0.48	-36.99
Medical and scientific instrument	0.57	0.69	21.67
Machinery for ATMs	0.37	0.14	-62.23
Hand tools	0.35	0.16	-54.34

News in Focus

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India, EU aim to break Free Trade Agreement impasse

Commerce Minister Nirmala Sitharaman will meet European Union Commissioner for Trade, Cecilia Malmström, on the sidelines of an Organisation for Economic Co-operation and Development's Ministerial Council Meeting in Paris on Thursday to discuss revival of the India-EU Free Trade Agreement negotiation

Link: <http://www.thehindu.com/business/Industry/india-eu-aim-to-break-free-trade-agreement-impasse/article8677993.ece>

Uncertainty for UK trade outside EU, says WTO chief

The UK outside the European Union would face uncertain trade relations, according to the World Trade Organization (WTO).

Link: <http://www.bbc.com/news/business-36470809>

The Unexpected Regulatory Threat to Global Trade

EU has included trade finance instruments in list of bank liabilities that could be at risk if a bank goes under

Link: <http://www.wsj.com/articles/european-bail-in-regulation-threatens-banks-trade-business-1465104604>

Upcoming Events in EEA

Date of the event	Name of the Event	Location	Industry
15-16 June	Match Industry MI16	Pori, Finland	Maritime, offshore, automation and energy technologies, industrial equipments
21-24 June	Automatica	Munich, Germany	Automation, Mechatronics
28-30 June	Additive manufacturing Europe	Amsterdam, Netherland	Additive manufacturing
30 June- 4 July	RoboCup	Leipzig, Germany	Robotics
15-16 June	Match Industry MI16	Pori, Finland	Technology, maritime, offshore, automation and energy

Tender Information in EEA

Contract Notices

TED Reference	Title	Link
196742-2016	Norway-Narvik: Suction-sweeper vehicles	http://ted.europa.eu/udl?uri=TED:NOTICE:196742-2016:TEXT:EN:HTML&src=0
196740-2016	Norway-Stjørdal: Devices and instruments for transfusion and infusion	http://ted.europa.eu/udl?uri=TED:NOTICE:196740-2016:TEXT:EN:HTML&src=0
196739-2016	Norway-Trondheim: Pathology dissection instruments and supplies	http://ted.europa.eu/udl?uri=TED:NOTICE:196739-2016:TEXT:EN:HTML&src=0
96925-2016	Former Yugoslav Republic of Macedonia-Skopje: Switchgear	http://ted.europa.eu/udl?uri=TED:NOTICE:96925-2016:TEXT:EN:HTML&src=0
96919-2016	Former Yugoslav Republic of Macedonia-Kumanovo: Insulated wire and cable	http://ted.europa.eu/udl?uri=TED:NOTICE:96919-2016:TEXT:EN:HTML&src=0
96807-2016	Poland-Bydgoszcz: Parts and accessories for vehicles and their engines	http://ted.europa.eu/udl?uri=TED:NOTICE:96807-2016:TEXT:EN:HTML&src=0
96805-2016	Germany-Wuppertal: Railway equipment	http://ted.europa.eu/udl?uri=TED:NOTICE:96805-2016:TEXT:EN:HTML&src=0
96801-2016	France-Strasbourg: Furnace burners	http://ted.europa.eu/udl?uri=TED:NOTICE:96801-2016:TEXT:EN:HTML&src=0
96800-2016	Germany-Berlin: Parts of pumps, compressors, engines or motors	http://ted.europa.eu/udl?uri=TED:NOTICE:96800-2016:TEXT:EN:HTML&src=0
96797-2016	Italy-Milan: Mechanical spare parts except engines and engine parts	http://ted.europa.eu/udl?uri=TED:NOTICE:96797-2016:TEXT:EN:HTML&src=0
96793-2016	Estonia-Tallinn: Public-service buses	http://ted.europa.eu/udl?uri=TED:NOTICE:96793-2016:TEXT:EN:HTML&src=0
96791-2016	France-Marseille: Engines and engine parts	http://ted.europa.eu/udl?uri=TED:NOTICE:96791-2016:TEXT:EN:HTML&src=0
96788-2016	Spain-Madrid: Brakes and brake parts	http://ted.europa.eu/udl?uri=TED:NOTICE:96788-2016:TEXT:EN:HTML&src=0
96787-2016	Germany-Eisenberg: Low-floor buses	http://ted.europa.eu/udl?uri=TED:NOTICE:96787-2016:TEXT:EN:HTML&src=0
96786-2016	Austria-Bregenz: Medium-voltage cable	http://ted.europa.eu/udl?uri=TED:NOTICE:96786-2016:TEXT:EN:HTML&src=0
96779-2016	Greece-Athens: Crane and dumper trucks	http://ted.europa.eu/udl?uri=TED:NOTICE:96779-2016:TEXT:EN:HTML&src=0

For more contract notices and notice by country, Please register with EU Tenders Electronics Daily and follow the link: <http://ted.europa.eu/TED/browse/browseByBO.do>

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