

Territorial NEWSLETTER Europe

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Ravi Sehgal

Traditionally, India's foreign policies were focused on the European powers like United Kingdom, Germany and France. But now India has started reaching out to the Nordic or the Scandinavian states as well who were supporters of India's "Make in India" campaign. Nordic regions in Europe namely, Denmark, Finland, Iceland, Norway, and Sweden are the countries which rank highest in the human development indices and rank among the most business friendly nations in ease of doing business across the globe. The Prime Minister's recent visit to Sweden resulted in the signing of Joint Innovation Partnership pact and adoption of the Joint Action Plan. The Swedish government will also be helping India in the field of smart cities for innovation cooperation and sustainability. Thus, India's relation with European countries is expected to be fruitful.

I hope that our readers will enjoy reading this newsletter.

Territorial Chairman's Message



R P Jhalani

In this edition of the 'Newsletter on Europe', we analyze India's engineering export trend with the Europe. It is noteworthy that March 2018 has sustained the positive trend, three out of the top five countries – Germany, UK, Turkey, Italy, and Belgium – recorded positive growth in March 2018 in imports of engineering products from India except UK and Italy. With regard to export, in the top 20 panels, it is observed that 16 panels recorded positive growth during April, 2017- March, 2018 period. Overall trend seems to be quite positive for India.

I am hopeful that the Newsletter will give fruitful information to our readers and help them in taking informed business decisions.

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Basic Facts: EU

Area: 4, 324, 782 Sq. km

Population: 511.50 million (2016)

GDP: USD 18.31 trillion (2016)

Currency: Euro

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

Poland: Surfacing as a New Automotive Hub in Europe

New automotive electronic hub, Poland is in making. Poland is increasingly emerging as an automotive and electronic hub. It is quite possible that it becomes the second largest automotive hub in Europe after Germany. This is apparent from the fact that out of 40 car and engine plants in Central Eastern Europe, 16 are based in Poland, according to the Polish Investment and Trade Agency. Exports of Poland have increased annually at the rate of 1.21% from 2011 to 2016. The most recent exports are led by Vehicle Parts which represent 6.74% of the total exports of Poland, followed by Cars, which account for 4.15%. About 90% of the vehicle parts from Poland are exported to European Markets.

The evidence of Poland emerging as an automotive hub is visible through the bulk announcements related to the sector made during the course of a year like Toyota planned to invest \$113 million in a hybrid car factory in Poland, and LG Chem's also intended to open Europe's largest car battery factory in Poland this year and even ZF Global Electronics announced that it would expand its engineering and manufacturing capacity for advanced safety electronics in Poland.

Not just this, with large number of players an entire ecosystem evolves from design through to manufacture around the whole value chain. In Poland even the electronics sector is quite prominent with companies like LG Display, Jabil, Sharp, Funai, LG Electronics, Alcatel-Lucent, Kimball Electronics and Flextronics being present there. Automotive components supplier, ZF already has an electronics engineering center in Czestochowa, Poland from over a decade and has also opened a new design center in Lodz, Poland. It has gained a name as a regional production hub for both automotive parts and accessories including the investments made from GM/Opel, Volvo, Fiat, and Volkswagen and others. Moreover, large pool of skilled electronic engineer acts as a positive point for Poland to gain name in automotive sector.

Trade Trend Analysis in Europe

On the basis of the export data of March 2018, the top 5 European nations which had the highest demand for Indian engineering products are- Germany, UK, Italy, Turkey and Spain with their respective trade values are shown in Table 1.

Table 1: Top 5 Engineering Export Destinations from India to Europe (Values in USD Million)

Country	Exports in March , 2017	Exports in March, 2018	Growth (in %)	Exports in April,2016 - March,2017	Exports in April,2017 - March,2018	Growth (in %)
Germany	229.12	325.79	42.19	2215.48	3211.70	44.97
U K	288.37	276.20	-4.22	2529.06	2854.21	12.86
Italy	310.56	233.95	-24.67	2086.28	2460.16	17.92
Turkey	116.77	195.77	67.65	1550.61	1761.26	13.59
Spain	105.76	149.71	41.55	963.04	1196.76	24.27

Source: DGCI&S

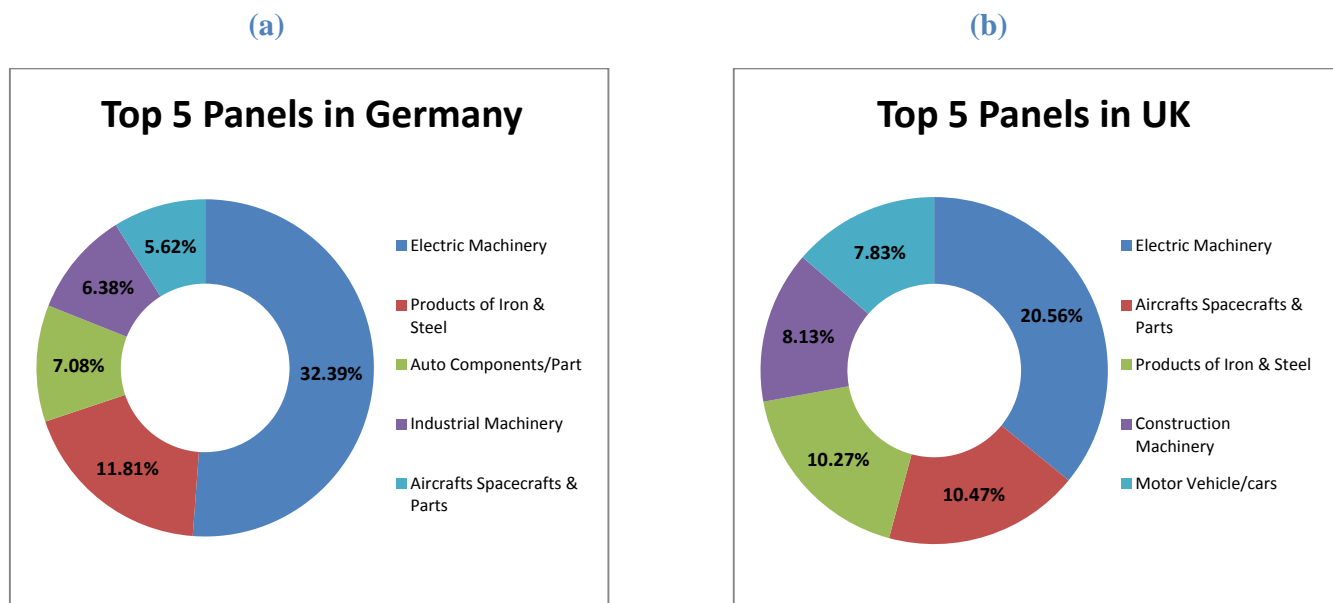
As demonstrated by the table above, in all the five countries, exports of engineering products from India realized positive growth with Turkey and Germany recording highest growth among these, around 67% and over 42% respectively whereas UK and Italy faced a negative growth rate of 4.22% and 24.67% in comparison to March, 2017; whereas all the 5 countries show positive growth over April, 2017 to March, 2018 in comparison to the same period last year.

Panel wise trend in Top 5 Engineering Export Destinations for India in Europe

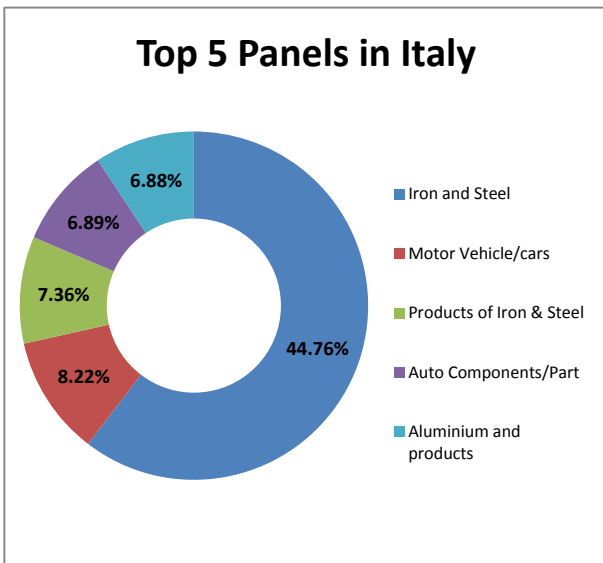
Considering the top 5 export destinations of India in Europe namely Germany, UK, Italy, Turkey and Spain, and then analyzing the top panels exported from India to these destinations for March 2018, we observe that Products of Iron& Steel, Auto Components/Parts, Iron and Steel, Motor Vehicle/cars, and Aluminium and products are the most traded panels across these countries.

Share of top 5 panels exported in the major destinations are depicted below in Figure 1.

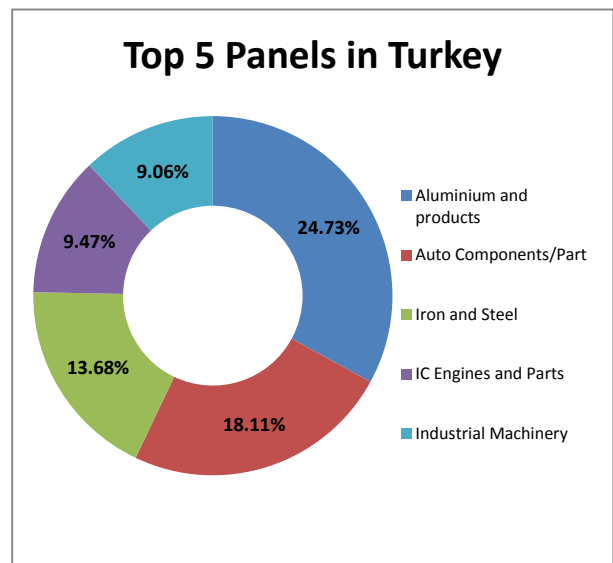
Figure 1: Top 5 Panels in major export destinations of India in Europe in March, 2018



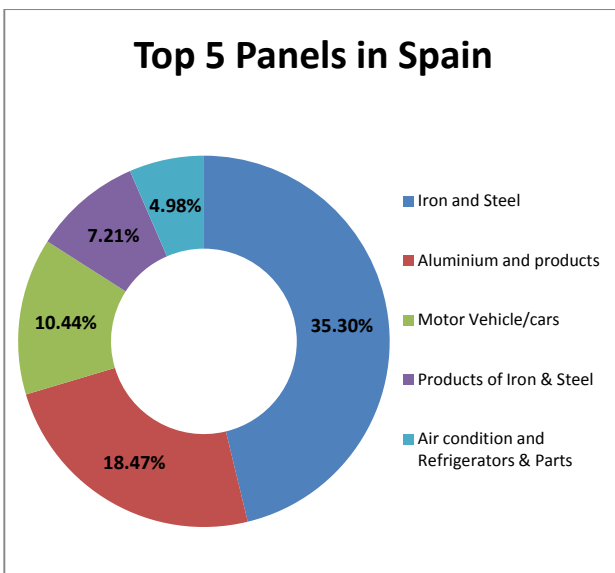
(c)



(d)



(e)



Source: DGCIS&S

Panel wise cumulative trend in engineering exports to Europe during March, 2018

During March, 2018 Iron and Steel was the most important items of export from India to Europe in value terms though it recorded a negative growth rate of 21.86% compared to its corresponding period last year. It is followed by Electric Machinery, Products of Iron & Steel, Auto Components/Part and Aluminium and products with respective growth rate of 50.59%, 21.42%, 27.41% and 47.40% compared to March, 2017 (see Table 2 below).

Table 2: Top 20 Engineering Panels exported from India to Europe (Values in USD Million)

Name of the Panel	Exports in March , 2017	Exports in March, 2018	Growth (in %)	Exports in April,2016 - March,2017	Exports in April,2017 - March,2018	Growth (in %)
Iron and Steel	443.17	346.30	-21.86	2662.08	3382.17	27.05
Electric Machinery	172.36	259.56	50.59	1526.70	2496.11	63.50
Products of Iron & Steel	144.50	175.44	21.42	1579.47	1775.87	12.43
Auto Components/Part	116.75	148.76	27.41	1221.26	1496.95	22.57
Aluminium and products	84.54	124.62	47.40	607.28	939.95	54.78
Industrial Machinery	85.24	111.17	30.42	892.06	1059.66	18.79
Motor Vehicle/cars	142.01	99.11	-30.21	1802.28	1197.58	-33.55
Aircrafts Spacecrafts & Parts	439.41	80.69	-81.64	1794.83	907.26	-49.45
IC Engines and Parts	100.04	76.97	-23.06	822.58	1049.53	27.59
Medical and Scientific instruments	49.23	50.40	2.38	443.79	611.30	37.75
Air condition and Refrigerators & Parts	13.95	40.86	192.77	163.65	294.95	80.23
Construction Machinery	18.34	33.62	83.32	172.86	239.29	38.43
Machinery for ATMs	28.25	32.22	14.07	262.43	325.50	24.03
Pumps of all types	20.29	23.48	15.73	183.23	239.63	30.78
Hand Tools Cutting	21.14	23.20	9.73	221.24	244.47	10.50
Non Ferrous Metals	16.17	19.08	17.96	175.34	194.31	10.82
Machine Tools	13.74	17.49	27.32	131.47	161.63	22.94
Two and Three Wheelers	10.11	13.10	29.58	72.79	118.59	62.92
Bicycle & Parts	6.67	12.90	93.46	69.23	110.80	60.05
Copper and products	11.48	12.64	10.09	117.91	129.33	9.68

Source: DGCI&S

During April, 2017- March, 2018 out of top 20 panels, 18 have recorded positive growth except for Aircrafts Spacecrafts & Parts and Motor Vehicle/cars which recorded a negative growth rate of nearly 49% and 33% respectively. Whereas in data for March, 2018 for top panels shows that apart from the former mentioned two panels, Iron and Steel along with IC Engines and Parts also show negative growth rate of around 21% and 23%. So, according to data in March, 2018 when compared to corresponding period last year, there are 16 panels in which growth was positive.

EU-India – Information Guide

India enjoys trade preferences with EU under generalized scheme of preference.

EU has a website – EU Trade helpdesk which provide crucial information on export opportunities provided to the exporters. The website has detailed information on definite product codes which include:

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- ❖ Specific requirements for exporting to EU including public health, labeling, etc.
- ❖ Internal taxes (VAT and Excise duties) applicable in the EU countries
- ❖ Relevant laws, national authorities and border inspection posts

The link for the website is given below:

<http://trade.ec.europa.eu/tradehelp/>

Some ongoing trade related investigations by EU against India

Table 3: Ongoing EU's Investigations against India

1. Stainless steel wires (SSW)	India	Anti-dumping	Measures in force	Investigation ongoing
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Source:

http://trade.ec.europa.eu/tdi/completed.cfm?number=&prod=steel&code=&country=all&proceed=all&status=all&measures=all&measure_type=all&search=ok&c_order=cstat&c_order_dir=Up

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