

Territorial NEWSLETTER Europe

EEPCINDIA
ENGINEERING THE FUTURE

Vaniya Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eepcindia.org



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Chairman's Pen



Ravi Sehgal

The latest deals among Indian and German businesses suggest ameliorating trade relations between the two nations paving the way forward for increased Indo-EU trade. Over the past few months things were looking particularly gloomy after the US President's announcement that the EU would not be exempt from US tariffs on steel and aluminium. In June, Donald Trump threatened to impose 20 per cent tariffs on cars from the EU in response to the EU's retaliatory tariffs on over \$3 billion worth of US goods. But EU's negotiating skills come to the rescue and as a result US President agreed to refrain from imposing car tariffs while the two sides launch negotiations to cut other trade barriers, abating the threat of a transatlantic trade war. The longstanding EU's trade acumen came into limelight with the announcement that EU will sign biggest trade deal with Japan as US puts up barriers. The "landmark" EU-Japan deal will create a massive economic zone and stands in stark contrast to President Trump's "America First" protectionism and act as a bulwark if the EU-US trade dives. The victor of the deal will be the auto industry as the EU will open its market to Japan's auto industry. With a good presence of Japanese auto companies in India like Toyota, Suzuki, Mitsui etc., the array of developments will result in rising Indian engineering exports to EU in wake of Japanese firms exporting from India to EU.

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 July 2018 has sustained the positive trend, four out of the top five countries – UK, Germany, Italy, France and Belgium – recorded positive growth in July 2018 in imports of engineering products from India except Italy. With regard to export, in the top 20 panels, it is observed that 16 panels recorded positive growth during April, 2018- July, 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

India, Germany sign pacts worth Rs 5,250 crore

To mark 60 years of successful Indo-German development cooperation, India and Germany on 1st August 2018 signed agreements on financial and technical cooperation worth Rs 5,250 crore within the framework of the Indo-German development cooperation.

German Ambassador to India Martin Ney and Finance Ministry Joint Secretary Sameer Kumar Khare signed the agreements marking 60 years of successful Indo-German development cooperation.

“The committed funds serve to continue successful development policy programmes. The focus is on sustainable urban development,” the German Ambassador said addressing the media.

As part of the cooperation, areas such as infrastructure development, urban mobility and climate resilience that go along the Indian government’s ‘smart cities’ initiative are being promoted, Ney said.

Dr. Ney pointed out that last year in Berlin, the two countries had signed agreements for sustainable urban development, sanitation, water and solid waste management, urban mobility, automation of urban transport and Ganga rejuvenation.

At the beginning of December last year, Germany pledged €1,055 million (around Rs 8,500 crore) for development cooperation with India during the Indo-German inter-governmental negotiations in Delhi.

Environmental and resource protection is also one of the funded areas of the cooperation. Vocational training and social protection and the promotion of Indian women entrepreneurs are other areas of focus.

German financing know-how will lead to reductions in CO2 emissions of about 1.3 million tones per annum and contribute to India’s goal of generating upto 100 Gigawatt solar energy by 2020.

Trade Trend Analysis in Europe

On the basis of the export data of July 2018, the top 5 European nations which had the highest demand for Indian engineering products are- UK, Germany, Italy, France and Belgium 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 July, 2017	Exports in July, 2018	Growth (%)	Exports in April - July, 2017	Exports in April - July, 2018	Growth (%)
U K	198.63	245.92	23.81	891.47	950.78	6.65
GERMANY	237.37	242.50	2.16	897.05	1082.01	20.62
ITALY	185.31	150.46	-18.81	816.76	749.11	-8.28
FRANCE	115.48	120.32	4.19	491.55	464.38	-5.53
BELGIUM	104.21	112.43	7.89	419.73	614.20	46.33

Source: DGCI&S

As demonstrated by the table above, four of the five countries, realized positive growth in exports of engineering products from India in July 2018 whereas Italy faced a negative growth rate of -18.81%. UK recorded the highest growth among all, approx. 23.81% in July 2018 when compared to July 2017.

The cumulative growth figures show positive trend for three countries- UK, Germany and Belgium whereas negative trend for Italy and France from period, April- July 2018 against the same period last year. Belgium showed the highest growth of more than 46 % followed by Germany at approx. 20.62%.

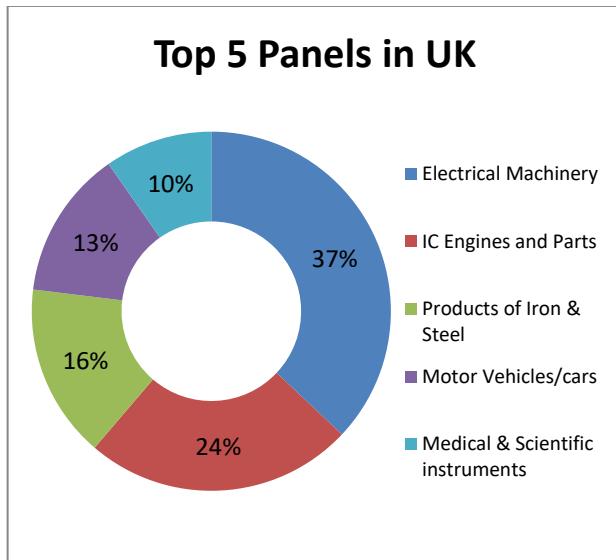
Panel wise trend in Top 5 Engineering Export Destinations for India in Europe

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

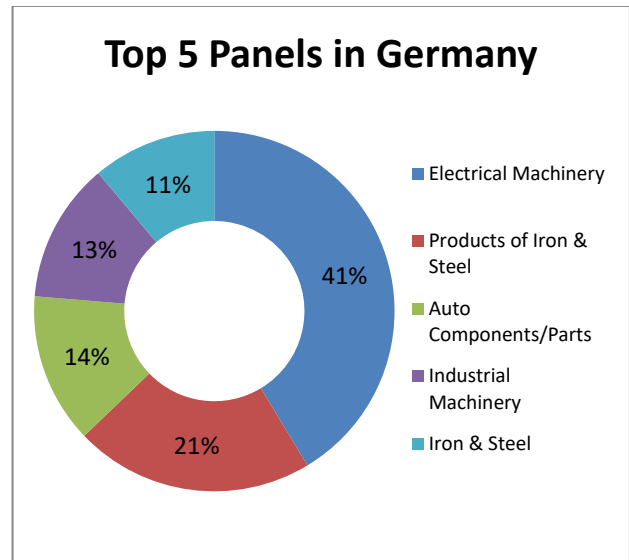
Share of top 5 panels exported in the major destinations are depicted below in Figure 1.

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

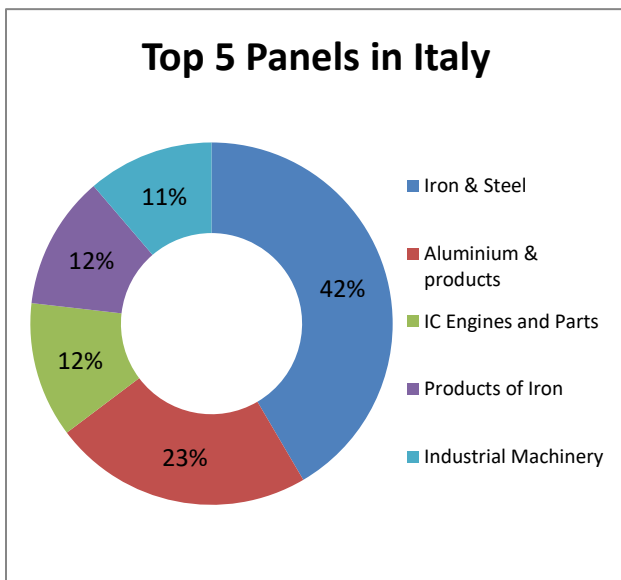
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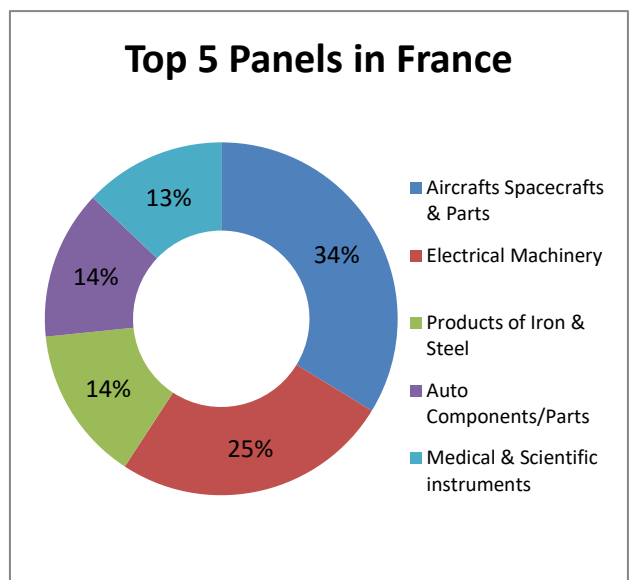
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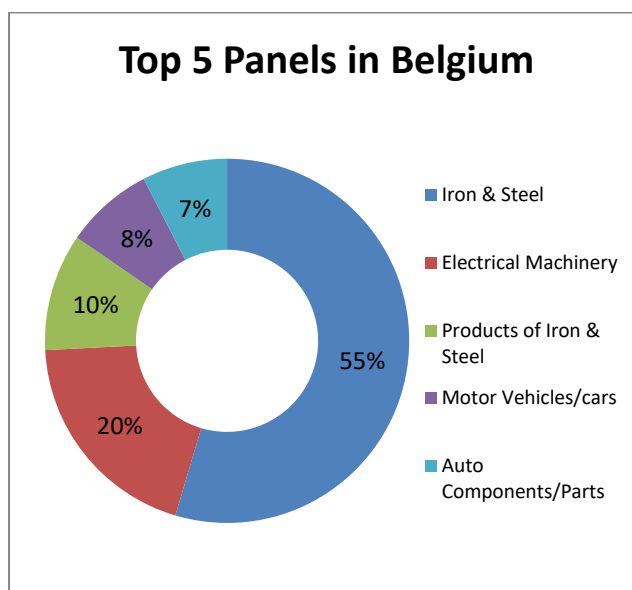
(c)



(d)



(e)



Source: DGCI&S

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

During July 2018, Electrical Machinery was the most important items of export from India to Europe in value terms and recorded a positive growth rate of 59.32% compared to its corresponding period last year. It is followed by Iron & Steel, Products of Iron & Steel, Auto Components/Part and Aluminium and products with positive growth except Iron & Steel with negative growth of -13.69% compared to July 2017 (see Table 2)

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

Name of the Panel	Exports in July, 2017	Exports in July, 2018	Growth (%)	Exports in April - July, 2017	Exports in April - July, 2018	Growth (%)
Electrical Machinery	123.85	197.32	59.32	541.71	884.48	63.28
Iron and Steel	205.29	177.18	-13.69	982.83	806.80	-17.91
Products of Iron & Steel	137.38	142.82	3.96	524.23	595.06	13.51
Auto Components/Parts	83.21	90.36	8.59	310.13	378.46	22.03
Aluminium & products	32.44	77.87	140.03	221.00	403.84	82.73
Industrial Machinery	68.06	77.49	13.86	249.96	329.71	31.90
IC Engines and Parts	51.82	75.91	46.50	307.44	232.77	-24.29
Aircrafts Spacecrafts & Parts	72.28	51.94	-28.14	254.61	276.51	8.60
Motor Vehicles/cars	142.50	51.84	-63.62	548.98	230.21	-58.07
Medical and Scientific instruments	40.14	42.14	4.97	166.23	166.14	-0.06
Machinery for ATMs	21.70	24.64	13.54	87.97	107.19	21.84
Air condition and Refrigerators & Parts	12.71	23.37	83.89	47.00	94.68	101.45
Hand Tools Cutting	19.97	20.27	1.47	76.68	83.07	8.33
Construction Machinery	12.16	19.70	62.08	54.57	91.68	68.02

Pumps of all types	17.81	17.35	-2.53	68.58	76.04	10.89
Non Ferrous Metals	14.23	15.00	5.38	58.59	65.18	11.25
Machine Tools	13.32	12.50	-6.17	47.82	54.76	14.51
Copper and products	9.47	9.40	-0.72	35.78	43.61	21.88
Two and Three Wheelers	13.33	8.64	-35.23	45.50	45.91	0.91
Bicycle & Parts	7.61	8.24	8.29	28.10	42.02	49.55

Source: DGCIS

During April, 2018- July, 2018, 16 out of top 20 panels have recorded positive growth with Air condition and Refrigerators & Parts exhibiting growth over 100% followed by Aluminium & products and Construction Machinery at 82.73% and 68% respectively whereas Motor Vehicle/cars descending the most by -58%. Similarly in data for July, 2018, 13 out of top 20 panels recorded positive growth with Aluminium & products topping the list with an astonishing growth rate of 140% followed by Air condition and Refrigerators & Parts at 84%. Motor Vehicles/cars recorded the maximum decline of -63.62%.

News in Focus

EU to sign biggest trade deal with Japan as US puts up barriers

The European Union's top officials arrive in Japan to sign the single market's biggest trade deal ever and present a united front as Washington upends the international trade order.

Read Full story: <https://www.thehindubusinessline.com/news/world/eu-sign-biggest-trade-deal-with-japan-as-us-puts-up-barriers/article24440437.ece>

Auto components maker, Minda Ind, to acquire German firm

Auto components manufacturer, Minda Industries Ltd (MIL), a flagship company of the Uno Minda Group, on Monday said it is acquiring Germany-based iSYS RTS GmbH, a leading developer of embedded systems and software for global vehicle manufacturers.

Read Full story: <https://www.thehindubusinessline.com/companies/auto-components-maker-minda-ind-to-acquire-german-firm/article24433489.ece>

ThyssenKrupp-Tata JV, a 'perfect answer' to EU's steel issues

ThyssenKrupp and Tata Steel were providing the "perfect" answer to the challenges facing the European steel industry through the creation of a new "steel champion".

Read Full story: <https://www.thehindubusinessline.com/companies/thyssenkrupp-tata-jv-a-perfect-answer-to-eu-steel-issues/article24314224.ece>

EU foreign trade body maps plan to revive FTA talks

Europe's foreign trade association Amfori said that India and the EU should focus on resolving differences over three crucial issues if they want to break the deadlock on the longstalled free trade pact.

Read Full story: <https://economictimes.indiatimes.com/news/economy/foreign-trade/eu-foreign-trade-body-maps-plan-to-revive-fta-talks/articleshow/65346655.cms>

European shares rise as US-EU trade breakthrough spurs carmakers

European stocks jumped in early trading on Thursday following a breakthrough in U.S.-EU trade talks, buoying shares in carmakers as the market digested a flurry of company earnings reports.

Read Full story: <https://economictimes.indiatimes.com/markets/stocks/news/european-shares-rise-as-us-eu-trade-breakthrough-spurs-carmakers/articleshow/65146858.cms>

India concerned over proposed EU steel safeguard duty

India is in talks with the European Union to mitigate the impact of a safeguard duty tariff on steel imports that the EU seeks to impose.

Read Full story: <https://www.thehindubusinessline.com/economy/india-concerned-over-proposed-eu-steel-safeguard-duty/article24471697.ece>

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:

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

Trade Barriers

[G/TBT/N/EU/591 TBT notification issued by EU on New motor vehicles and systems, components and separate technical units intended for such vehicles](#)

The main objective of this draft Commission Regulation is to update the references to UN regulations listed in the respective annexes to the General Safety Regulation (Regulation (EC) No 661/2009) and the Framework Directive (Directive 2007/46/EC) on motor vehicle type-approval in order to ensure that technical progress is not hampered.

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Contact: Tanu Aggarwal

Email: taggarwal@eepcindia.net

Phone no: 011-2331 4171