

Territorial NEWSLETTER Europe

EETPCINDIA
ENGINEERING THE FUTURE

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



Issue -February, 2018

Chairman's Pen



Ravi Sehgal

There is a huge potential that exists for trade in goods between India and Europe. It is the right time to boost our trade as the European Union has embarked upon the steady, sustainable economic growth path. Their economic growth has reached a level of 2.3% in 2017, highest in the last decade. Moreover, the private consumption is growing which would help our exporters. There is a boost in their manufacturing sector as their consumption is growing. This can benefit India. India is receiving good level of cooperation from European Union for 'Smart Cities' project of the Government. Similarly, EIB signed an agreement with Yes Bank for financing solar and wind energy projects. Such types of collaborations in other important sectors are anticipated. Moreover, the improving steel sector in the Europe can open opportunities for India.

There are clear indications that both EU and India are willing to expedite the ongoing FTA negotiations. Signing of FTA will definitely be fruitful to Indian exporters.

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 January 2018 has sustained the positive trend, four out of the top five countries – Germany, UK, Turkey, Italy, and Belgium – recorded positive growth in January 2018 in imports of engineering products from India except Italy. With regard to export, in the top 20 panels, it is observed that 18 panels recorded positive growth during April, 2017- January, 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.

Territorial
NEWSLETTER – Europe

EETPCINDIA
ENGINEERING THE FUTURE
www.eetpcindia.org



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

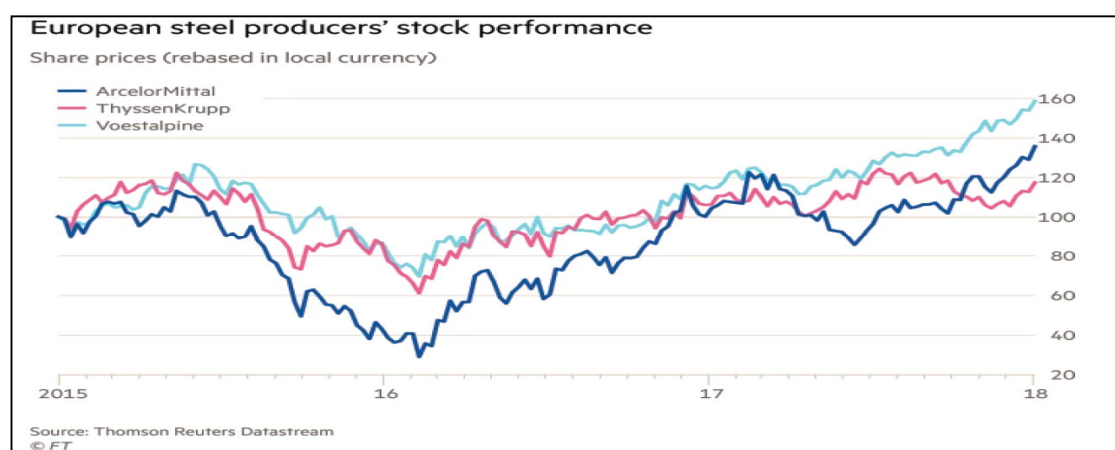
Natural resources: Iron ore, natural gas, petroleum, coal, copper, lead, zinc, bauxite, uranium, potash, salt, hydropower, timber

Europe's Steelmakers at recovery

Europe's Steelmakers have faced deep wounds in their performance since 2008 financial crisis and have struggled for long to come to the path of recovery. The demand for the Europe's Steel collapsed resulting in closures of factories and job losses as major companies like Arcelor Mittal, Tata Steel and Thyssen Krupp decided to cut their expenses during the economic depression that followed the crisis. This situation was aggravated by the construction boom in China (maker of half of the world's steel) which provided for the stream of cheap imports in the international market in 2015 which resulted in lowering the commodity value. Some European companies also felt that they were pushed to further disadvantage of the financial burden imposed by EU environmental policies.

But internal measures and investment by companies for improving the efficiency and higher quality products brightened the prospects for the industry. This was evident as Arcelor Mittal, world's biggest producer by output, had highest third quarter core profit for its European operations since it began reporting them together in 2014. Even Salzgitter, Germany's second largest steelmaker also had the best nine month result since 2008. According to brokerage Jefferies, across the European Steel sector, profitability of earnings before interest, tax, depreciation and amortization per tonne was \$100 in the third quarter which was higher than the post- global crisis average of \$75/tonne. Further, it is believed that the profit margins will expand more in the first half of this year. Even the investors agree due to the performance of the European steel stocks throughout 2017 (Figure 1). The confidence among the steel makers is apparent by the string of investments carried out by them. Moreover, the sector is expected to be stable on the back of expected growing demand from the construction and auto industries. This is also indirectly facilitated by the push in Beijing to close the unneeded factories which is a jargon to the excess capacity that prevailed. All these above mentioned provide marked improvement in the European Steel sector.

Figure 1: European Steel Producer's Stock Performance



For more information:

<https://www.ft.com/content/04026a18-f133-11e7-b220-857e26d1aca4>

Trade Trend Analysis in Europe

On the basis of the export data of January 2018, the top 5 European nations which had the highest demand for Indian engineering products are- Germany, UK, Turkey, Italy and Belgium and 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 January , 2017	Exports in January , 2018	Growth (in %)	Exports in April,2016 - January ,2017	Exports in April,2017 - January ,2018	Growth (in %)
Germany	171.22	294.14	71.79	1783.52	2591.72	45.32
U K	182.97	267.51	46.20	2043.26	2370.17	16.00
Turkey	131.77	196.11	48.83	1321.96	1384.71	4.75
Italy	186.50	175.29	-6.01	1559.92	2033.09	30.33
Belgium	109.92	134.58	22.44	920.49	1110.37	20.63

Source: DGCI&S

As demonstrated by the table above, in all the five countries, exports of engineering products from India realized positive growth with Germany and UK recording growth nearly 71% and over 46% respectively except Italy with a negative growth rate of 6.01%; whereas all the 5 countries show positive growth over April, 2017 to January, 2018.

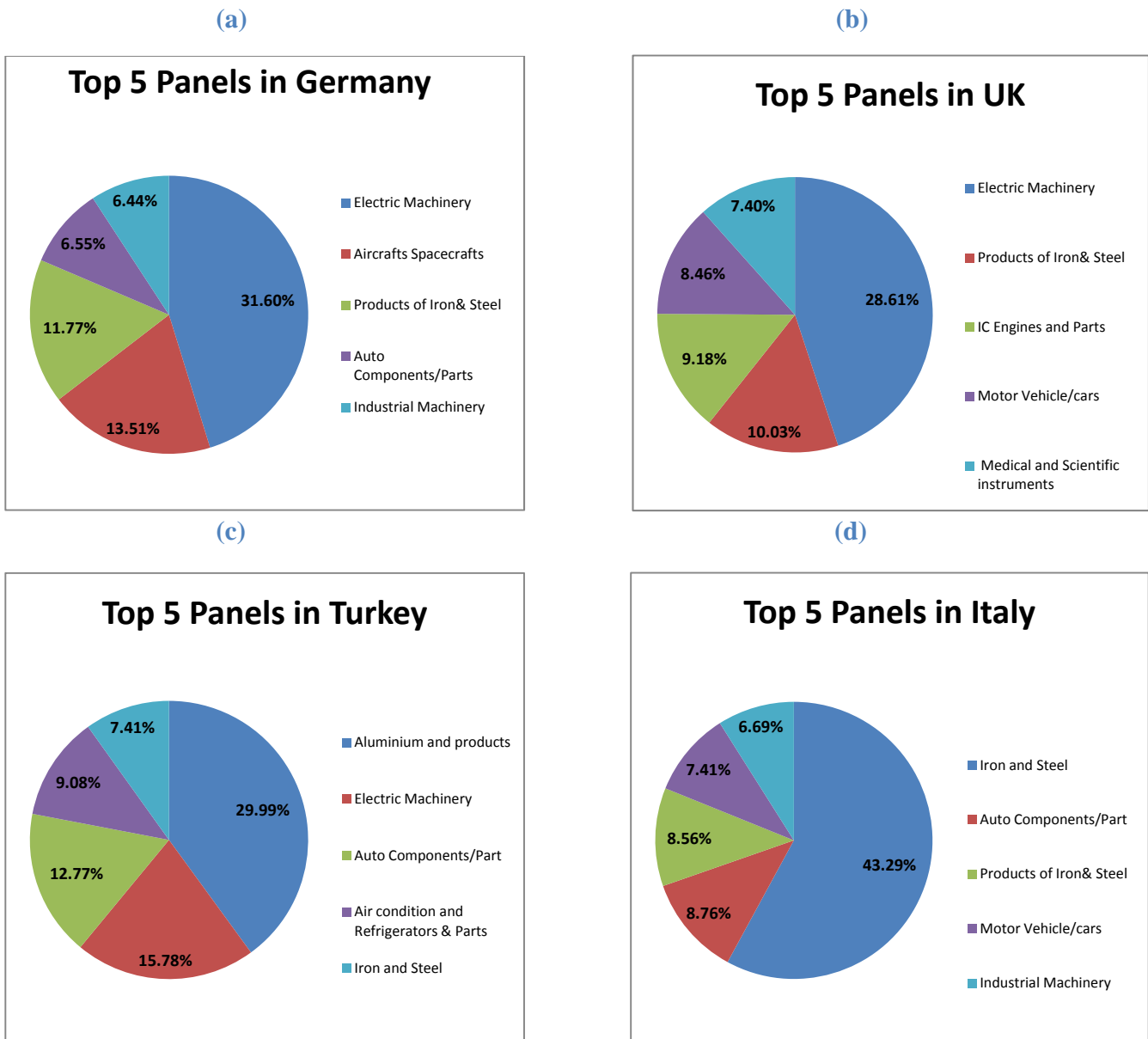
Panel wise trend in Top 5 Engineering Export Destinations for India in Europe

Considering the top 5 export destinations of India in Europe namely Germany, UK, Turkey, Italy and Belgium, and then analyzing the top panels exported from India to these destinations for January 2018, we observe that

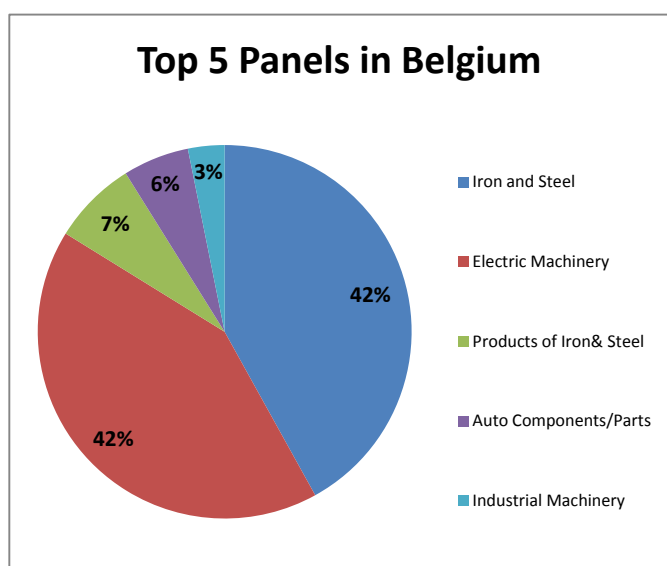
Electric Machinery, Products of Iron& Steel, Iron and Steel, Auto Components/Parts and Industrial Machinery is the most traded panels across these countries.

Share of top 5 panels exported in the major destinations are depicted below in Figure 2.

Figure 2: Top 5 Panels in major export destinations of India in Europe in January, 2018



(e)



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

During January, 2018 Electric machinery was the most important items of export from India to Europe in value terms. It recorded growth of 195% compared to its corresponding period January, 2017. It is followed by Iron & Steel, Products of Iron & Steel, Auto Components/Part and Aluminium and products with respective growth rate of -18.21%, 20.76%, 38.36% and 58.20% compared to January, 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 January , 2017	Exports in January , 2018	Growth (in %)	Exports in April,2016 - January ,2017	Exports in April,2017 - January ,2018	Growth (in %)
Electric Machinery	108.16	319.54	195.43	1210.93	1974.00	63.01
Iron and Steel	291.09	238.09	-18.21	1926.29	2730.36	41.74
Products of Iron and Steel	126.11	152.29	20.76	1305.67	1446.85	10.81
Auto Components/Part	94.73	131.07	38.36	1003.33	1210.95	20.69
Aluminium and products	68.96	109.09	58.20	467.79	738.37	57.84
Aircrafts Spacecrafts & Parts	123.91	86.97	-29.81	1205.72	742.77	-38.40
Industrial Machinery	68.29	85.47	25.16	737.27	841.54	14.14
IC Engines and Parts	58.91	75.91	28.86	659.12	895.79	35.91
Motor Vehicle/cars	89.61	74.15	-17.25	1497.42	1024.09	-31.61
Medical and Scientific instruments	38.41	42.21	9.89	353.94	509.26	43.88
Air condition and Refrigerators & Parts	10.58	36.44	244.31	136.57	219.16	60.48
Machinery for ATMs	20.91	26.63	27.37	209.57	263.79	25.87
Hand Tools Cutting	17.36	20.21	16.44	182.54	200.44	9.80

Construction Machinery	8.77	19.74	125.09	136.44	184.99	35.58
Pumps of all types	14.56	18.38	26.24	148.76	195.04	31.12
Non Ferrous Metals	14.10	16.65	18.07	144.48	157.38	8.93
Machine Tools	9.86	12.33	25.04	107.75	130.49	21.10
Copper and products	8.53	11.72	37.33	97.48	105.02	7.74
Bicycle & Parts	5.59	11.37	103.62	54.96	86.91	58.15
Two and Three Wheelers	4.66	6.36	36.54	49.75	94.83	90.64

Source: DGCI&S

During April, 2017- January, 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 38% and 31% respectively. Whereas in data for January, 2018 for top panels shows that apart from the former mentioned two panels, Iron and Steel also show negative growth rate of around 18%. So, according to data in January, 2018 when compared to corresponding period last year, there are 17 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:

- ❖ 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/>

The European Investment Bank (EIB) has a rapidly growing portfolio with its largest ever loan in India. The €500 million loan for sustainable transport in India will be used to finance the construction of a new line and 96 new trains on the Bangalore Metro. In January 2018, EIB also signed an agreement with the private sector Yes Bank to finance solar and wind energy projects, with the EIB contributing US\$ 200 million. The objective is to support the construction and operation of solar photovoltaic (PV) power plants and wind farms in India. To have more information on the various projects supported by the bank, please go to the below link:

<http://www.eib.org/projects/loans/regions/ala/in.htm>

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
--------------------------------	-------	--------------	-------------------	-----------------------

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

EEPC India Europe Territorial Newsletter

Contact: Monica Sharma

Email: monicasharma@eepcindia.net

Phone no: 011-2331 4171