

Territorial NEWSLETTER Europe

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Ravi Sehgal

Germany's apt Technical knowledge and sharp engineering acumen is being globally applauded since decades. Germany's technical brilliance has always been welcomed by India whether in form of products, engineering services or collaborations such as JVs in manufacturing sector. The bilateral flow of knowledge and innovation between India and Germany leaped forward with German Automaker Volkswagen opening up a new R&D facility in Pune and India's largest two-wheeler maker Hero MotoCorp setting a R&D center in Stephanskirchen near Munich. These initiatives by the automakers will enhance the trade in high technology embodied Auto components among the two nations. The Visit of Prime Minister of Czech Republic, Denmark and Malta to India to attend Vibrant Gujarat Summit 2019 in the month of January 2019 exudes the keenness of the three nations to bolster trade ties with India. Thus, majority of industrialized nations in EU foresee India as an ally and wants to augment the ties in the areas ranging from trade to climate change and peace. The resonance of India - EU camaraderie is being truly reflected by the current piece of news where Europe's largest asset manager favours India, Russia and Chile among emerging markets, arguing they fare better against those with weaker fundamentals and political risks amid an expected global slowdown. These developments will be an enabler for an increasing bilateral trade between India and EU in short to medium term. 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 2019 has sustained the positive trend, three out of the top five countries – Germany, UK, Italy, Belgium and France – recorded positive growth in January 2019 in imports of engineering products from India. With regard to export, in the top 20 panels, it is observed that 15 panels recorded positive growth during April, 2018- January, 2019 period compared to the same period last fiscal. 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.

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

Visit of Prime Minister of Czech Republic, Denmark and Malta to India to attend Vibrant Gujarat Summit 2019 (January 17-19, 2019)

Czech Republic

Prime Minister of the Czech Republic H.E. Mr. Andrej Babis visited India from 17-19 January, 2019. He was accompanied by the Minister of Trade and Industry Ms. Marta Novakova and a large business delegation. PM Babis lead the Czech delegation at the Vibrant Gujarat Global Summit 2019, with Czech Republic as a partner country.

PM Modi and PM Babis held a bilateral meeting on 18 January on the sidelines of the Summit. The entire gamut of bilateral relations including important global and regional issues of mutual interest was discussed during the talks.

Hailing the visionary leadership of PM Modi, the Czech PM appreciated the rapid growth of Indian economy and huge opportunities for enhancing bilateral trade & investment relations. PM Babis recalled visit of the President of India to Czech Republic in September last year when several MoUs for bilateral cooperation were signed. Czech Republic has cutting edge manufacturing technologies in heavy machinery and precision engineering. PM Modi invited Czech companies to take advantage of huge opportunities that the Indian market offered for manufacturing in India especially in defense, automotive and railway sectors.

Czech PM invited nomination of an Indian scientist for its prestigious Research & Development Council which hosts several international researchers of high repute and is headed by the Prime Minister himself. The two Prime Ministers appreciated traditionally warm bilateral relationship and decided to take required steps to take our ties to a higher level. During the visit, PM Babis also scheduled to visit Pune for visiting some Czech companies and inaugurating a Center for European Studies at Symbiosis University in Pune.

Malta

Prime Minister of Malta, H.E. Dr. Joseph Muscat visited India from 17-19 January 2019 to attend the Vibrant Gujarat Summit 2019. He was accompanied by Dr. Christian Cardona, Minister of Economy, Investment and Small Businesses, senior officials of his Ministry and a large business delegation.

PM Muscat had a bilateral meeting with PM Modi on the sidelines of the Summit. He fondly recalled the visit of Vice President of India to Malta in September last year and appreciated growing exchanges of visits and strengthening of bilateral relationship. The two Prime Ministers discussed the possibilities of enhancing trade and commercial ties.

PM Muscat welcomed Indian Pharma and IT industry to make Malta a potential hub for African and European markets. He invited India to cooperate with Malta on advanced technologies such as Artificial Intelligence, Block-chain and financial technologies. Malta has brought in a formal legislation on Block-chain technology and sees role of Indian IT companies as system monitors.

Realising the importance of renewable energy for sustainable and low carbon-imprint growth, the two leaders hailed the initiative of International Solar Alliance and committed full cooperation to upscale solar technologies and harness the full potential of solar energy.

Denmark

The Prime Minister of Denmark, H.E. Mr Lars Løkke Rasmussen, visited India on 18-19 January, 2019 for "Vibrant Gujarat Global Summit-2019" where Denmark was a Partner Country. Prime Minister Rasmussen was accompanied by a business delegation including CEOs of major Danish companies.

Prime Minister Modi and Prime Minister Rasmussen held bilateral meeting on the sidelines of the Vibrant Gujarat Summit in Gandhinagar on 18 January 2019. The two Prime Ministers had earlier met during the first India-Nordic summit in Stockholm in April 2018. In the meeting, the two leaders deliberated upon various areas of bilateral cooperation and also exchanged views on multilateral issues of mutual interest. They underscored the huge potential for expanding bilateral trade and investments between the two countries.

Denmark is a global leader in several niche technologies which are of relevance to India. Mentioning that Denmark has skills, India has scale and world has the need for new technologies, PM Modi encouraged India and Denmark to establish a research platform where solutions could be found to global issues of concern such as food security, water management, climate change and sustainable development.

During the meeting, two MOUs were exchanged- MoU on Maritime Issues between the Ministry of Shipping of India and the Ministry of Industry, Business and Financial Affairs of Denmark and MoU between Imagine Panaji Smart City Development Limited and the Danish Embassy in New Delhi to establish an Urban Living Lab in Panaji, Goa.

Around 130 Danish companies have invested in India in areas such as shipping, renewable energy, environment, agriculture and food processing and are keen to expand their engagements in other sectors like smart urban development and waste-to-energy. Several major Danish companies are also present in Gujarat in shipping and renewable energy sectors.

Trade Trend Analysis in Europe

On the basis of the export data of January 2019, the top 5 European nations which had the highest demand for Indian engineering products are- Germany, UK, Italy, Belgium and France 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 January, 2018	Exports in January, 2019	Growth (%)	Exports in April,2017 - January, 2018	Exports in April,2018 - January, 2019	Growth (%)
GERMANY	294.70	227.26	22.88	2593.21	2718.43	-4.83
U K	267.47	225.04	15.86	2369.82	2323.56	1.95
ITALY	175.56	190.06	-8.26	2033.65	1842.01	9.42
BELGIUM	134.64	114.81	14.73	1110.33	1406.49	-26.67
FRANCE	108.74	111.53	-2.57	1167.59	1136.28	2.68

Source: DGC&S

As demonstrated by the table above, exports of engineering products from India realized a positive growth rate for three of the top five countries. Germany's growth was highest among all, approx. 23% followed by UK at 15.86% in January, 2019 when compared to January, 2018.

The cumulative growth figures show positive trend for three of the five countries from period, April 2018- January 2019 against the same period fiscal year. Italy exhibited the highest growth of more than 9 %.

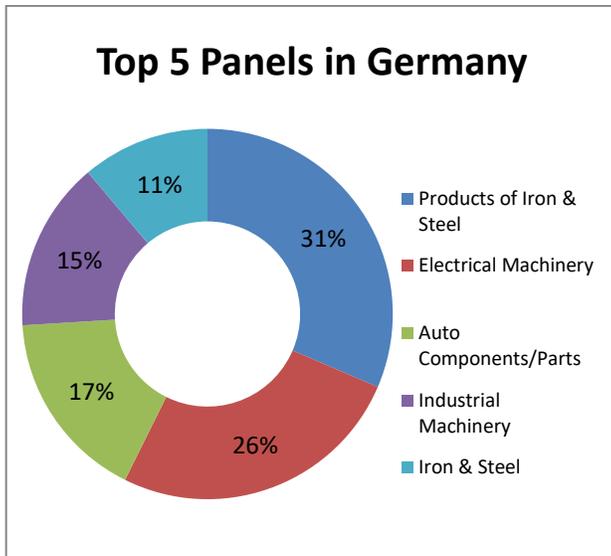
Panel wise trend in Top 5 Engineering Export Destinations for India in Europe

Considering the top 5 export destinations of India in Europe namely Germany, UK, Italy, Belgium and France, and then analyzing the top panels exported from India to these destinations for January 2019, we observe that Products of Iron& Steel, Auto Components/Parts, Iron and Steel, Motor Vehicle/cars, Industrial machinery and Electric machinery are the most traded panels across these countries.

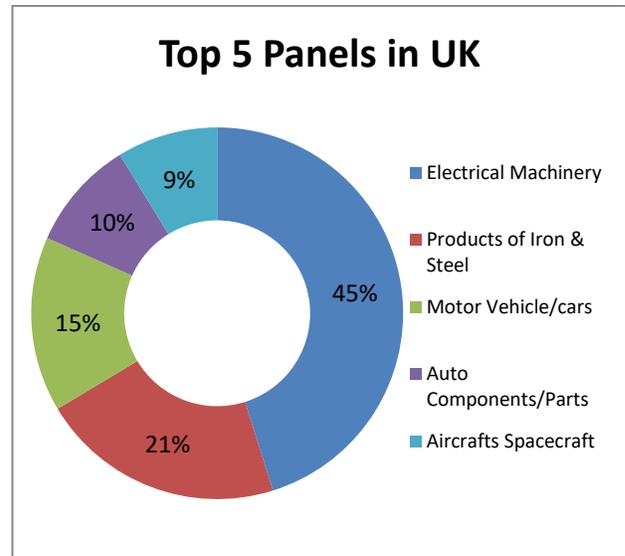
Share of top 5 panels exported in the major destinations are depicted below in Figure 1.

Figure 1: Top 5 Panels in major export destinations of India in Europe in January, 2019

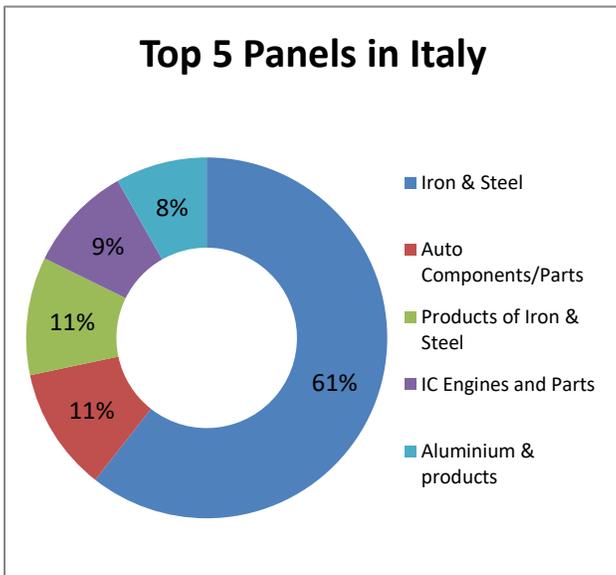
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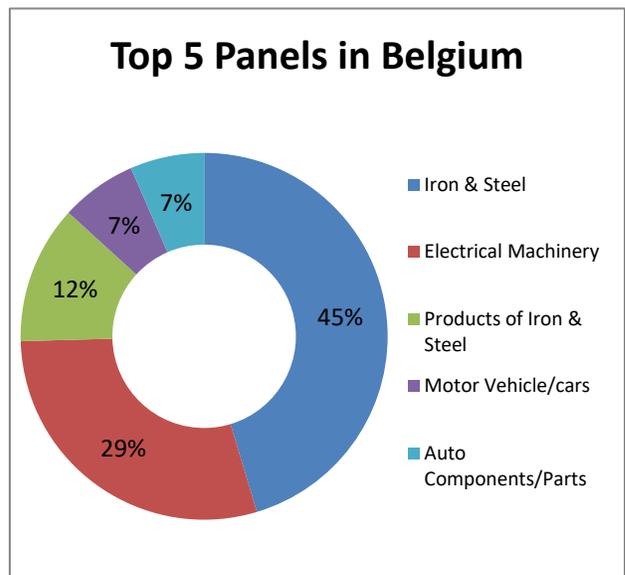
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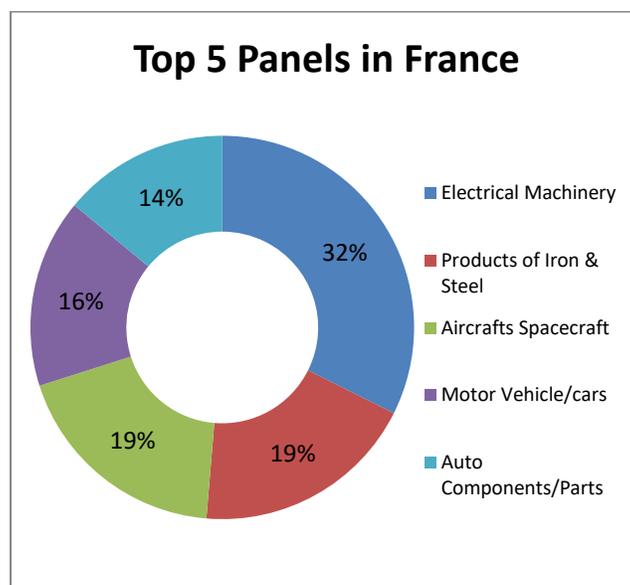
(c)



(d)



(e)



Source: DGCI&S

Panel wise cumulative trend in engineering exports to Europe during January, 2019

During January 2019, Iron and Steel was the most important items of export from India to Europe in value terms but recorded a marginal decline of just -1.33% in January 2019, compared to its corresponding period last year. It is followed by Electrical Machinery, Products of Iron & Steel, Auto Components/Parts and Industrial Machinery with positive growth for the period April, 2018 - January, 2019 compared to April, 2017 - January, 2018 (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, 2018	Exports in January, 2019	Growth (%)	Exports in April, 2017 - January, 2018	Exports in April, 2018 - January, 2019	Growth (%)
Iron and Steel	222.72	219.76	-1.33	2553.98	2074.26	-18.78
Electrical Machinery	286.17	186.56	-34.81	1797.92	2179.04	21.20
Products of Iron & Steel	146.64	165.79	13.06	1395.42	1564.06	12.08
Auto Components/Parts	105.20	97.45	-7.37	904.55	989.59	9.40
Industrial Machinery	72.32	78.67	8.77	690.55	802.16	16.16
Motor Vehicle/cars	68.67	68.07	-0.88	969.68	629.84	-35.05
Aluminium & products	47.22	57.48	21.72	549.47	842.49	53.33
IC Engines and Parts	61.60	53.29	-13.48	733.84	680.41	-7.28
Aircrafts Spacecrafts & Parts	83.96	36.94	-56.01	709.21	571.93	-19.36
Medical and Scientific instruments	40.20	33.01	-17.89	475.76	378.51	-20.44
Machinery for ATMs	25.70	30.94	20.38	246.18	289.11	17.44
Air condition and Refrigerators & Parts	18.18	28.56	57.05	159.05	228.15	43.45

Construction Machinery	16.47	22.56	36.98	153.95	216.28	40.48
Hand Tools Cutting	19.45	20.21	3.89	194.74	225.32	15.70
Pumps of all types	16.15	16.95	4.99	174.83	192.49	10.11
Non Ferrous Metals	16.28	15.78	-3.08	152.44	162.12	6.35
Machine Tools	11.15	14.28	28.07	122.40	139.73	14.16
Two & Three Wheelers	6.33	12.89	103.83	87.61	88.79	1.34
Bicycle & Parts	11.01	12.01	9.00	85.12	107.42	26.20
Copper and products	10.89	11.57	6.25	98.40	110.43	12.23

Source: DGCI&S

During April, 2018- January, 2019, 15 out of top 20 panels have recorded positive growth with Aluminium & products showing the maximum growth of 53.33% whereas Motor Vehicle/cars descending the most by -35%. Whereas in data for January, 2019, 12 out of top 20 panels recorded negative growth with Aircrafts Spacecrafts & Parts declining the most by -56% followed by Electrical Machinery and Medical and Scientific instruments at -34.81% and -17.89% respectively. On the contrary trend, Two & Three Wheelers recorded the remarkable positive growth of 103.83%.

News in Focus

India 2.0 plan: Volkswagen opens new R&D facility in Pune

Volkswagen opened a new research and development facility in Pune as part of the group's 'India 2.0' plan that calls for a Rs 2,000-crore investment into R&D, helping enhance the local content in the cars to be sold in the world's fastest-expanding major economy.

Read Full story: <https://economictimes.indiatimes.com/industry/auto/cars-uvs/india-2-0-plan-volkswagen-opens-new-rd-facility-in-pune/articleshow/67617648.cms>

Europe's biggest fund manager favours India, Chile, avoids Turkey

Europe's largest asset manager favours India, Russia and Chile among emerging markets, arguing they fare better against those with weaker fundamentals and political risks amid an expected global slowdown.

Read Full story: <https://economictimes.indiatimes.com/markets/stocks/news/europes-biggest-fund-manager-favours-india-chile-avoids-turkey/articleshow/67751028.cms>

India likely to surpass UK in the world's largest economy rankings: PwC

India is likely to surpass the United Kingdom in the world's largest economy rankings in 2019, according to a report by global consultancy firm PwC.

Read Full story: <https://economictimes.indiatimes.com/news/economy/indicators/india-likely-to-surpass-uk-in-the-worlds-largest-economy-rankings-pwc/articleshow/67609647.cms>

Trade wars: We're next, European investors fear

While global markets would hail a US-China trade deal, fears are growing that the European Union could be the fall guy in any breakthrough, which would allow Donald Trump to turn his attention to German cars or French luxury wines.

Read Full story: <https://economictimes.indiatimes.com/markets/stocks/news/trade-wars-were-next-european-investors-fear/articleshow/67755017.cms>

Former British PM David Cameron says Brexit opens doors for deeper partnership

India can benefit from Brexit, if it happens, in the form of enhanced trade partnership with Britain, former British Prime Minister David Cameron said here on Wednesday.

Read Full story: <https://www.thehindubusinessline.com/todays-paper/tp-news/article26134782.ece>

With safeguard duties set to kick in, engineering exports to EU may be hit

Engineering goods exports from India to the EU are likely to be impacted in the first two months of the New Year as 90 per cent of the import quota for steel products fixed by the bloc has been exhausted and a safeguard duty of 25 per cent is set to be imposed on imports beyond the quota.

Read Full story: <https://www.thehindubusinessline.com/todays-paper/tp-news/article26009745.ece>

Vibrant Gujarat: Dutch companies to discuss flying cars, smart cities, waste management

Smart city development, waste management, food and agriculture and logistics will be among the key focus areas in the engagements of the ministerial delegation from the Kingdom of the Netherlands, which will be participating in the Vibrant Gujarat Summit.

Read Full story: <https://www.thehindubusinessline.com/news/national/vibrant-gujarat-dutch-companies-to-discuss-flying-cars-smart-cities-waste-management/article25960666.ece>

Hero MotoCorp sets up research and development center in Germany

India's largest two-wheeler maker Hero MotoCorp has set up a research and development (R&D) center in Stephanskirchen near Munich in Germany. The new facility, the Hero Tech Center Germany GmbH, will operate in tandem with the company's global R&D hub located in Jaipur.

Read Full story: <https://www.indiatoday.in/auto/latest-auto-news/story/hero-motocorp-comes-up-with-new-research-and-development-center-in-germany-1443209-2019-01-31>

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/640 TBT notification issued by EU on New motor vehicles and their trailers](#)

The main objective of this draft Commission Regulation is to set out type-approval requirement for devices or equipment that are designed to reduce the aerodynamic drag of heavy duty vehicles or their trailers and may protrude beyond the outermost part of those vehicles (at the front, back and/or laterally). Such devices can improve the aerodynamic performance of vehicles and have the potential to provide important benefits in terms of CO2 emission reduction and fuel savings. The proposal also envisages the possibility for extra weight allowance for motor vehicles powered with alternative fuel (e.g. hydrogen, electricity, etc.).

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