

Territorial NEWSLETTER Europe

EETPCINDIA
ENGINEERING THE FUTURE

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Issue - January, 2017

Chairman's Pen



T S Bhasin

Existing trade potential between India and Europe is far from its optimal utilization. Even though both sides are negotiating FTA, its conclusion apparently is not in sight because of diverse issues and challenges faced by negotiators. It is the right time to invite companies and investors from the European Union, let it be at the bilateral level, to explore the investment opportunities in India's manufacturing sector to make in India and cater to global markets. There are numerous areas like infrastructure development, clean and renewable energy, smart cities and many more where European investors will find compelling business opportunities. India is receiving good level of cooperation from various countries in the EU for 'Smart Cities' project of the Government. Such types of collaborations in other important sectors need to be explored.

This edition of Europe newsletter, besides analyzing trend in engineering trade, also includes a section on major trade destinations in Europe for Indian business communities. I hope that our readers will enjoy reading this newsletter.

EU Territorial Committee Chairman's Note



R P Jhalani

In this edition of the 'Newsletter on Europe', we analyze India's engineering export trend with the EU. It is noteworthy that January 2017 has sustained the positive trend, as a number of countries such as Italy, UK, France, Germany, and Belgium, recorded positive growth in January 2017 in imports of engineering products from India.

With regard to export in the top 15 panels, it is observed that 10 panels recorded positive growth during April 2016 to January 2017 period. Overall trend seems to be quite positive for India, though it is difficult to consider it a sign of turnaround.

While the real trend will become visible in the next few months, 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, 434, 812

GDP: USD 18.15 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

India waiting for dates from EU to negotiate FTA: Nirmala Sitharaman

India is waiting for dates from European Union to negotiate the long pending Free Trade Agreement as well as a fresh Bilateral Investment Treaty, Commerce and Industry Minister Nirmala Sitharaman said today. "I am waiting for dates to talk about both (FTA and BIT)," she said at a function here organised by industry body Ficci. The proposed Broadbased Trade and Investment Agreement (BTIA) or FTA has been pending for long.

"We have repeatedly asked for dates for negotiations with the EU... This FTA has gone through several stages," the minister said. She indicated that the delay in resuming talks could be because EU is now looking more at getting the investment treaty "quickly done". The European Commission (EC) had raised concerns over negotiations for a fresh Bilateral Investment Treaty (BIT).

Sitharaman said the government has come out with the revised model text for BIT and all existing investment protection agreements will be null and void from March 31, "so we want countries to do that". Launched in June 2007, BITA negotiations have seen many hurdles with both sides having major differences on crucial issues like intellectual property rights, duty cuts in automobile as well as spirits and a liberal visa regime.

On other FTAs which India is negotiating, Sitharaman sought feedback from industry chambers on those and ways to increase share of India in the global trade to 3.5 per cent by 2020 from about 2 per cent currently. She also expressed concerns about the increasing protectionism in the world. "There is very high degree of protectionism across the globe," she said adding India is opening up but in a calibrated manner.

Talking about quality and standards of products, she said Indian industry needs to increase standards and its compliance to boost its competitiveness in the world market. Sitharaman further said that the Commerce Ministry will soon call the meeting of Board of Trade to discuss issues related to exports.

Exports rose for the third straight month in November, recording a growth of 2.29 per cent, though the trade deficit shot up to about two-year high of USD 13 billion mainly due to increase in gold imports.

(Source: Extract from The Economic Times, Dec 17, 2016)

Trade Trend Analysis in the EU

On the basis of the export data of January 2017, the EU countries which feature in the top 25 export destinations for India include Italy, UK, Germany, France and Czech Belgium. This is a complete change compared to December 2016, when Austria topped the list followed by Belgium and Bulgaria. The top 5 EU nations which had the highest demand for Indian engineering products during January 2017 in absolute value are shown in Table 2.

Country	Export in January 2016 (USD million)	Export in January 2017 (USD million)	Growth (%)
ITALY	115.62	186.53	61.32
U K	166.88	182.81	9.54
GERMANY	215.54	170.39	-20.95
FRANCE	81.07	148.61	83.31
BELGIUM	38.99	109.85	181.72

As demonstrated by the table above, in four out of the top five countries, exports of engineering products from India realized positive growth, with Belgium and France recording growth nearly 182% and over 63% respectively. Though this is certainly a positive sign, but very difficult to consider it as a turnaround. Real trend might be visible in next three month periods.

Panel wise cumulative trend in engineering exports to EU during April 2016 to January 2017

During April 2016 to January 2017 period, iron & steel remained the most important items of export from India to EU in value terms. It recorded growth of 27% compared to its corresponding period April-December 2015. It is followed by motor vehicles/cars, products of iron & steel and electric machinery (see Table 3 below).

Name of the Panel	India's Export in January 2016 (USD million)	India's Export in January 2017 (USD million)	Growth (%) Jan 2017 over Jan 2016	Export in Apr 2015- Jan 2016 (USD million)	Export in Apr 2016- Jan 2017 (USD million)	Growth (%) Apr 2016 to Jan 2017 over Apr 2015 to Jan 2016
Iron and Steel	83.71	279.36	233.72	1086.86	1809.08	66.45
Products of Iron	138.87	120.71	(-)13.08	1340.50	1253.80	-6.47
Aircrafts & Spacecrafts	95.87	118.54	23.65	666.81	956.33	43.42
Motor Vehicle/cars	66.29	88.53	33.55	926.00	1427.47	54.15
Electric Machinery	79.33	86.98	9.64	829.63	996.18	20.07

Auto Components/Part	68.17	68.87	1.02	705.09	697.81	(-)1.04
Industrial Machinery	52.57	55.17	4.95	545.03	553.23	1.5
IC Engines and Parts	54.46	46.08	(-)15.39	649.55	510.34	(-)21.44
Other Misc. Items	37.12	37.77	1.75	433.51	531.33	22.56
Aluminum and products	18.92	36.34	92.07	172.05	361.50	110.11
Medical and Scientific instruments	28.54	34.72	21.65	259.33	323.01	24.55
Machinery for ATMs	23.73	19.36	(-)18.42	212.12	191.11	(-)9.01
Hand Tools Cutting	18.28	16.63	(-)9.03	175.63	176.58	0.54
Other Non Ferrous Metals	16.42	13.82	(-)15.84	147.42	140.22	(-)4.89
Pumps of all types	11.29	13.08	15.85	115.27	126.50	9.74

During April 2016 to January 2017, out of top 15 panels, ten have recorded positive growth, with significant growth achieved by panels such as including iron & steel, aluminium products, motor vehicle/cars, among others.

Similarly, positive sign is also recorded in monthly trade data. Data for January 2017 for top 15 panels shows that there are ten panels, in which growth was positive. And in some cases, such as iron & steel, motor vehicle/cars and Aluminum & products growth was significant (over 20%).

EU-India – Information Guide

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

EU has a website – EU Export 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://www.exporthelp.europa.eu/thdapp/display.htm;jsessionid=2AB732F02EE24ACB09D625E3F11BD3E6?page=au%2fau_AboutUs.html&docType=main&languageId=en

The European Investment Bank also supports a large number of projects in India in assisting the SMEs and Mid-caps in various fields. Till September 2016, the bank has granted a loan to the tune of Euro 1.5 billion. 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>

News in Focus

Momentous talks on Britain's exit from European Union to begin March 29

Britain will begin divorce proceedings from the European Union on March 29, starting the clock on two years of intense political and economic negotiations that will fundamentally change both the nation and its European neighbors.

Britain's ambassador to the EU, Tim Barrow, informed European Council President Donald Tusk of the exact start date Monday morning.

"We are on the threshold of the most important negotiation for this country for a generation," said Brexit Secretary David Davis. "The government is clear in its aims: a deal that works for every nation and region of the U.K. and indeed for all of Europe – a new, positive partnership between the U.K. and our friends and allies in the European Union."

Link: <http://www.pressherald.com/2017/03/20/momentous-talks-on-britains-exit-from-european-union-to-begin-march-29/>

Post-Brexit Britain: Could Singapore be an effective model in the twenty-first century?

Jeremy Corbyn has criticized Theresa May's plans for Brexit, arguing that they will make the UK an offshore "bargain basement" economy. He claimed that the UK could move into a "low-tax, corporate taxation, bargain basement economy on the offshores of Europe". The city state of Singapore is one such model that he's warning about. The city state does not impose import or export tariffs at all - a unilateral free trade approach.

Link: <http://www.telegraph.co.uk/news/2017/01/25/post-brexit-britain-could-singapore-effective-model-twenty-first/>

EU Commission president warns Trump may trigger trade war

European Commission President Jean-Claude Juncker has warned that EU relations with the United States are at historic lows because of the policies of the new president, Donald Trump.

In an interview with *Bild am Sonntag* newspaper, Juncker raised concerns that the Trump administration could impose punitive tariffs on European products, causing the EU to do the same with US products.

"A trade war would neither be in Europe's nor the USA's interests," he told the German publication.

The EU Commission president further criticized Trump for welcoming Brexit and urging other EU members to follow Britain's example in leaving the bloc.

Link: <http://www.presstv.ir/Detail/2017/03/20/515043/Trump-can-trigger-trade-war-with-EU-Juncker>

EU to block any firms involved in Brazil meat scandal

The European Commission is monitoring meat imports from Brazil and any companies found to be involved in a meat scandal there will be denied access to the European Union market, a spokesman said on Monday.

Brazilian police raided global meatpacking companies JBS SA (JBSS3.SA) and BRF SA (BRFS3.SA) as well as dozens of smaller rivals on Friday in a crackdown on alleged payments to health officials to conceal unsanitary conditions.

"The Commission will ensure that any of the establishments implicated in the fraud are suspended from exporting to the EU," a spokesman for the European Commission told a press briefing.

Link: <http://www.reuters.com/article/us-brazil-corruption-food-eu-idUSKBN16R17Y?il=0>

Tender Information in EU

Prior information Notices

Location	Deadline	Summary	Link
Poland	01 Mar 2017	Replacing The Monobloc Wheels And Brake Discs With 4 Wheel Sets With An Internal Combustion Vehicle Traction Sa109	http://www.tendersinfo.com/details/37456137
Latvia	24 Feb 2017	Plavinas Hpp Hydro Units An7 And An8 Restoration Repair	http://www.tendersinfo.com/details/37456004
Latvia	09 Mar 2017	Specialized Building Material Acquisition To Delivery	http://www.tendersinfo.com/details/37456005
Latvia	08 Mar 2017	On The Right Of Storm Water Drainage System And The Equipment Renovation And Maintenance Works In Liepaja	http://www.tendersinfo.com/details/37456496
Latvia	13 Mar 2017	Land Survey Design, Survey And Cadastral Boundary Installation Works Of Properties Associated With The European Standard Gauge Public Railway Infrastructure Line "rail Baltica" Construction	http://www.tendersinfo.com/details/37456497
Estonia	06 Mar 2017	Narva Mnt 25/27/29 Creative House To The Construction Of The Building Engineering Design Elements	http://www.tendersinfo.com/details/37456576

Location	Deadline	Summary	Link
Poland	01 Mar 2017	Provision Of Services For The Repair Of Railway Vehicle Maintenance P5 Em120z 72	http://www.tendersinfo.com/details/37456598
Poland	24 Feb 2017	Repair Of Turbine Generator Set And The Generator Tz- 6 Ec Pruszkow Pruszkow	http://www.tendersinfo.com/details/37456604
France	03 Mar 2017	Maintenance And Servicing Of Lifts, Hoists, Dumbwaiters, Lifts	http://www.tendersinfo.com/details/37462988

For more contract notices, please follow the link: <http://www.tendersinfo.com/searchresult>

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