

Territorial NEWSLETTER Europe

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



The series of developments with regards to trade between India and EU have gone on a hiatus after a long time with festive season on the roll EU wide. But still, there has been a silver lining in this insipid period for India to cheer about, the visit of Foreign Minister of Denmark to India for Joint Commission Meeting in the month of December. The meeting had been fruitful for an enhanced bilateral trade specifically in the areas of renewable energy, environment, agriculture and food processing, urban development, science and technology and shipping. With Germany to tighten norms on foreign takeovers and French introduction of tax on large internet, tech firms, EU nations are not keeping any stone unturned to take trade protectionist measures but to sustain their economies rather than placing roadblocks for international trade like US President Trump's America first policy. Trade may take a paradigm shift with small nations in Central and Eastern Europe progressing well in wake of the ameliorating domestic demand as well as economic reforms pushing them forward towards their developed allies in the euro region. Our member exporters shall focus on these nations for new, low hanging opportunities with lesser barriers to trade and not so stringent norms when compared to the top economies in the 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 December 2018 has digressed from the positive trend, all of the top five countries – Germany, UK, Italy, France and Belgium – recorded negative growth in December 2018 in imports of engineering products from India. With regard to export, in the top 20 panels, it is observed that 14 panels recorded positive growth during April, 2018- December, 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.

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 the Foreign Minister of Denmark to India for the 2nd Joint Commission Meeting

The Minister for Foreign Affairs of Denmark, H.E. Mr. Anders Samuelsen, visited India on 17- 18 December 2018 for the 2nd Joint Commission Meeting (JCM) between India and Denmark, established pursuant to the agreement signed on 6 February 2008.

External Affairs Minister Smt. Sushma Swaraj and the Danish Foreign Minister co-chaired the 2nd JCM on 17 December. The delegations included officials from relevant Ministries and Departments keeping in view our multifaceted cooperation.

The Ministers reviewed the current state of bilateral relations and welcomed the progress in sectoral cooperation, through an increased exchange of Ministerial and other high-level visits. The Ministers expressed satisfaction with the enhanced bilateral ties in areas such as renewable energy, environment, agriculture and food processing, urban development, science and technology and shipping. All the sectoral Joint Working Groups that had been set up since the 1st JCM have met during this year. Both sides also agreed to setting up of a JWG on digitization for mutually beneficial cooperation.

List of Documents that were signed during the visit of Minister for Foreign Affairs of Denmark to India

S. No.	Agreements/MoUs	Signed/Exchanged on the Indian side by	Signed/Exchanged on the Danish side by
1	Protocol on Consultations between the Foreign Ministries of India and Denmark	Sushma Swaraj, External Affairs Minister	Anders Samuelsen, Minister of Foreign Affairs
2	MoU between National Institute of Wind Energy of India and Denmark Technical University	Dr. K. Balaraman, Director General of the National Institute of Wind Energy	Eric Laursen, Head of Department for Asia, Oceania and Latin America

The Ministers recognized the scope for expanding trade and investments, facilitation of business-to-business contacts, and intensification of trade promotion and ease-of-doing-business activities. The Ministers discussed

regional and multilateral issues. They agreed on the need for reforming the UN in order to reflect contemporary realities. India and Denmark also look forward to working together for addressing such global issues as climate change and the UN SDGs.

The Ministers agreed on increasing the intensity of our bilateral engagement. Both sides agreed to conduct biennial meetings of the Joint Commission at the level of Foreign Ministers. In the intervening years, India and Denmark will conduct bilateral political consultations at Senior Officials level.

The Danish Foreign Minister also met the Commerce & Industry Minister on 17 December 2018.

Trade Trend Analysis in Europe

On the basis of the export data of December 2018, the top 5 European nations which had the highest demand for Indian engineering products are- Germany, UK, 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 December, 2017	Exports in December, 2018	Growth (%)	Exports in April,2017 - December,2017	Exports in April,2018 - December,2018	Growth (%)
GERMANY	304.84	263.35	-13.61	2298.51	2491.07	8.38
U K	261.67	233.84	-10.64	2102.34	2098.67	-0.17
ITALY	212.22	147.68	-30.41	1858.10	1653.30	-11.02
FRANCE	138.44	117.40	-15.20	1058.85	1024.67	-3.23
BELGIUM	142.06	94.07	-33.78	975.69	1292.26	32.45

Source: DGCI&S

As demonstrated by the table above, all the five countries, exports of engineering products from India realized faced a negative growth rate in December, 2018 when compared to December, 2017. Belgium's decline was highest among all, approx. -33.78% followed by Italy at -30.41%

The cumulative growth figures show positive trend for only two of the five countries – Belgium and Germany from period, April- December 2018 against the same period last year. Belgium showed the highest growth of more than 32.45 % followed by Germany at approx. 8%.

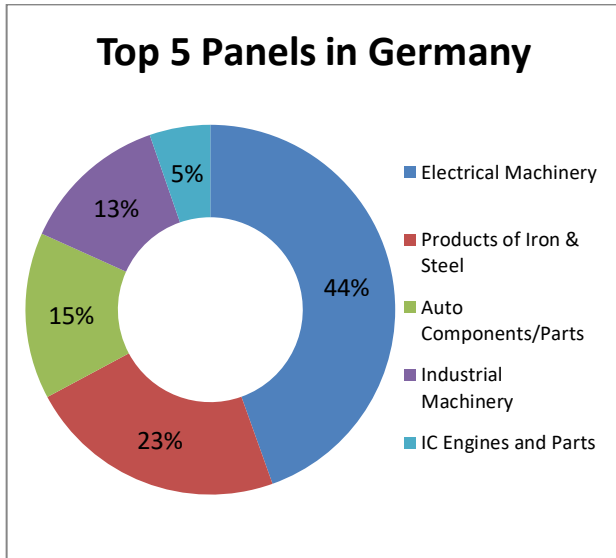
Panel wise trend in Top 5 Engineering Export Destinations for India in Europe

Considering the top 5 export destinations of India in Europe namely Germany, UK, Italy, France and Belgium, and then analyzing the top panels exported from India to these destinations for December 2018, 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.

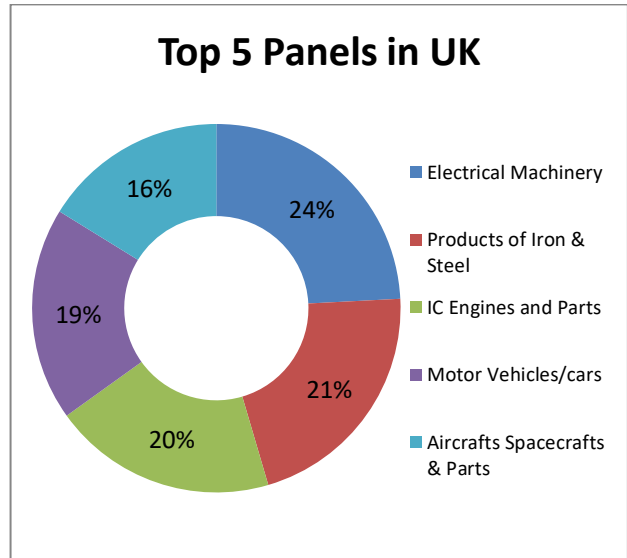
Share of top 5 panels exported in the major destinations are depicted below in Figure 1.

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

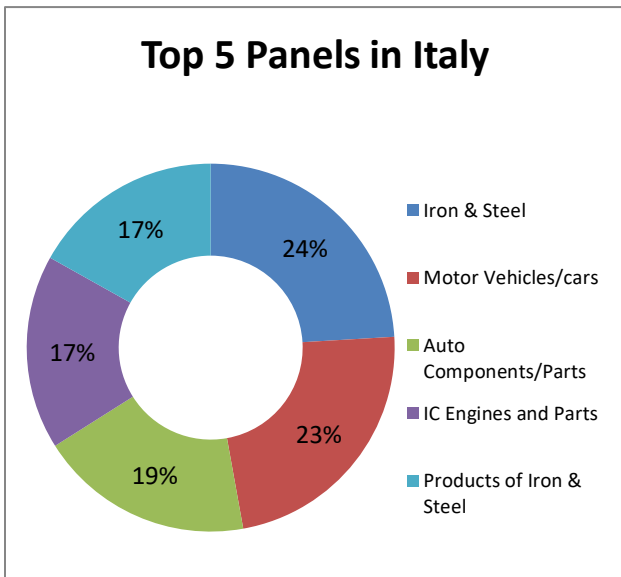
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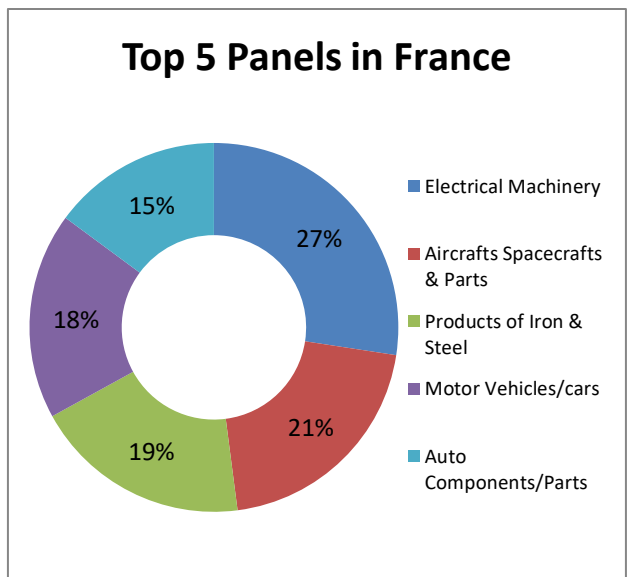
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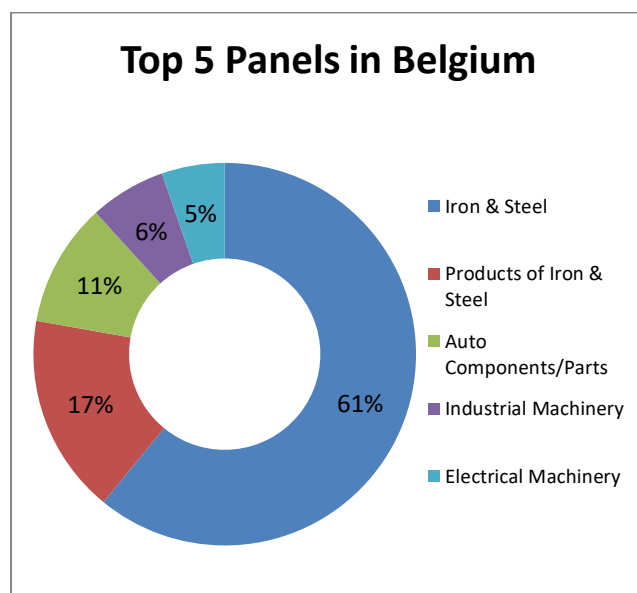
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(e)



Source: DGCI&S

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

During December 2018, Electrical Machinery was the most important items of export from India to Europe in value terms and recorded a positive cumulative growth rate of 31.86% for the period April - December, 2018 as compared to its corresponding period last year. It is followed by Products of Iron & Steel, Iron & Steel, Auto Components/Parts and Industrial Machinery with positive growth for the period April - December, 2018 except Iron & Steel with negative growth of -20.44% compared to April - December, 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 December, 2017	Exports in December, 2018	Growth (%)	Exports in April, 2017 - December, 2017	Exports in April, 2018 - December, 2018	Growth (%)
Electrical Machinery	187.68	179.55	-4.33	1511.75	1993.45	31.86
Products of Iron & Steel	157.41	164.71	4.64	1248.78	1398.25	11.97
Iron & Steel	282.08	131.50	-53.38	2331.26	1854.69	-20.44
Auto Components/Parts	118.13	108.96	-7.76	799.35	891.05	11.47
Industrial Machinery	93.32	87.74	-5.98	618.23	723.71	17.06
Motor Vehicle/cars	116.53	84.82	-27.21	901.02	561.78	-37.65
IC Engines and Parts	79.43	81.70	2.86	672.24	626.30	-6.83
Aluminium & products	79.91	62.36	-21.96	502.25	787.22	56.74
Aircrafts Spacecrafts & Parts	96.92	47.09	-51.41	625.26	533.34	-14.70
Medical and Scientific instruments	62.54	35.48	-43.27	435.56	345.58	-20.66
Machinery for ATMs	27.78	32.34	16.42	220.48	258.12	17.07
Air condition and Refrigerators & Parts	21.91	23.85	8.85	140.87	200.09	42.04

Construction Machinery	16.07	22.79	41.79	137.48	193.72	40.91
Hand Tools Cutting	21.24	21.50	1.23	175.29	205.11	17.01
Pumps of all types	19.83	20.58	3.79	158.68	175.62	10.68
Non Ferrous Metals	16.80	16.72	-0.47	136.16	146.34	7.48
Machine Tools	15.40	14.14	-8.17	111.25	125.45	12.76
Two and Three Wheelers	8.97	11.99	33.72	81.29	75.90	-6.63
Bicycle & Parts	11.04	11.52	4.36	74.11	95.62	29.03
Copper & products	10.31	10.11	-2.01	87.51	98.90	13.01

Source: DGCIS&S

During April, 2018- December, 2018, 14 out of top 20 panels have recorded positive growth with Aluminium & products showing the maximum growth of 56.74% whereas Motor Vehicle/cars descending the most by -37.65%. Whereas in data for December, 2018, more than half, 11 out of top 20 panels recorded negative growth with Iron and Steel declining the most by -53.38% followed by Aircrafts Spacecrafts & Parts and Medical and Scientific instruments at -51.41% and -43.27% respectively.

On the contrary trend, Construction Machinery and Two and Three Wheelers recorded the remarkable positive growth of 41.79% and 33.72% respectively.

News in Focus

Trade deal optimism lifts European shares further as auto, tech rally

European shares rose further on Wednesday with the export-oriented autos and tech sectors leading the way on growing optimism over a possible trade deal between the US and China.

Read Full story: <https://economictimes.indiatimes.com/markets/stocks/news/trade-deal-optimism-lifts-european-shares-further-as-auto-tech-rally/articleshow/67452582.cms>

EU reveals no-deal Brexit contingency plans

The European Commission (EC) on Wednesday published a set of measures that would limit the negative effects on Europe of the UK leaving the EU without an exit deal.

Read Full story: <https://www.indiatoday.in/ians-feed/story/eu-reveals-no-deal-brexit-contingency-plans-1413078-2018-12-19>

Germany to tighten rules on foreign takeovers

Germany plans to toughen rules on non-EU share purchases and acquisitions of its strategic companies, a report said Sunday, amid growing disquiet about takeovers by Chinese firms.

Read Full story: <https://www.indiatoday.in/pti-feed/story/germany-to-tighten-rules-on-foreign-takeovers-report-1410759-2018-12-16>

EU backs modest eurozone reform despite French push

EU leaders will approve a modest list of euro single currency reforms that are a far cry from the vast overhaul to the European project sought by France. The EU's heads of state and government, minus Britain, are working off proposals thrashed out by ministers during marathon talks.

Read Full story: <https://www.indiatoday.in/pti-feed/story/eu-backs-modest-eurozone-reform-despite-french-push-1409301-2018-12-14>

EU to cut new car emissions by 37.5 percent by 2030

The European Union forged ahead Tuesday with plans to slash carbon dioxide emissions from new cars and vans by 2030 despite industry concerns the targets are for now "totally unrealistic."

Read Full story: <https://www.indiatoday.in/pti-feed/story/eu-to-cut-new-car-emissions-by-37-5-percent-by-2030-1412260-2018-12-18>

Industry execs see blockchain becoming disruptive force in auto sector: Study

A majority of global automotive sector executives believe that blockchain technology will become a disruptive force in the industry within the next three years, according to a study by IBM Institute for Business Value in collaboration with Oxford Economics.

Read Full story: <https://www.indiatoday.in/pti-feed/story/industry-exec-s-see-blockchain-becoming-disruptive-force-in-auto-sector-study-1415658-2018-12-23>

France to introduce tax on large internet, tech firms

France will introduce its own tax on large internet and technology companies from January 1, Finance Minister Bruno Le Maire said Monday amid difficulties in finalising a new EU-wide levy.

Read Full story: <https://www.indiatoday.in/pti-feed/story/france-to-introduce-tax-on-large-internet-tech-firms-1411401-2018-12-17>

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/628 TBT notification issued by EU on aircraft](#)

This draft regulation establishes the technical requirements to be complied with by the 4 classes of unmanned aircraft authorized to be operated in the 'open' category (i.e. without prior authorization from the aviation authority). This Regulation lays also down rules for third-country unmanned aircraft systems (UAS) operators, when they conduct a UAS operation falling within the 'open' or 'specific' category, as defined in relevant Regulation within the single European sky airspace.

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