

Territorial NEWSLETTER Europe

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Ravi Sehgal

India joins the list of shareholders of the European Bank for Reconstruction and Development (EBRD), paving the way for more joint investment across the bank's regions of operation. It has been a welcome pronouncement in the wake of other ongoing developments in the blossoming India EU bilateral relations. The accommodative macroeconomic policies and improving financial intermediation being the driving force behind the region's rebound providing promising opportunities for exports. India had started to strive for the opportunity already and setting the stage since beginning. The Visit of our Hon'ble External Affairs Minister to Italy, France, Luxembourg & Belgium in the month of June is one of the prominent efforts done by the Indian Government which will reap the fruit in near future. Seen from the past trends, Italy, France and Belgium are consistently among the top 5 European nations which had the highest demand for Indian engineering products. In view of the fact, the visit to the above nations augurs well for the India EU trade.

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 June 2018 has sustained the positive trend, for all the top five countries – UK, Germany, Italy, France and Belgium in imports of engineering products from India compared to June 2017. With regard to exports, in the top 20 panels, it is observed that 16 panels recorded positive growth during April, 2018- June, 2018 period. Whereas 16 panels out of top 20 panels recorded positive growth for June, 2018, 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 Ext. Affairs Minister to Italy, France, Luxembourg & Belgium (June 17-23, 2018)

The Hon'ble Minister of External Affairs, Smt. Sushma Swaraj, visited to Italy, France, Luxembourg and Brussels from 17-23 June 2018.

Italy

The visit to Italy from 17-18 June 2018 was the first major political exchange between India and Italy following the swearing in of H.E. Mr. Giuseppe Conte as Italy's new Prime Minister. Minister Swaraj also conveyed the need for India and Italy to continue to work together and coordinate positions in multilateral forums. Both sides agreed to mutually identify new areas of cooperation to boost trade and investment linkages.

The Ministers emphasized the importance of promoting regular high level contacts and bilateral dialogue mechanisms and agreed to work together to build a robust and wide-ranging partnership covering political consultations, trade and commerce, science & technology, culture and people to people ties.

Outlining the reforms undertaken by India to promote ease of doing business and liberalize FDI, Minister Swaraj highlighted the tremendous scope for enhancing bilateral trade and investment in sectors like infrastructure, food processing and renewable energy.

To augment collaboration in areas of mutual benefit, the Ministers agreed to hold the next meeting of the Joint Commission for Economic Cooperation (JCEC) in India later this year. They also welcomed Italy's participation as a partner country at the Tech Summit in India in November 2018 which would boost cooperation in technology & innovation.

In her meeting with her Italian counterpart, H.E. Enzo MoaveroMilanesi, Minister of Foreign Affairs & International Cooperation, the two sides reviewed various aspects of the bilateral relationship and exchanged views on international and regional issues of common interest.

France

Smt. Sushma Swaraj, visited Paris from 18-19 June 2018, the first major visit from India to France since the visit of the French President H.E. Emmanuel Macron to India in March 2018. During her visit, she met her counterpart, H.E. Mr. Jean-Yves Le Drian, Minister for Europe & Foreign Affairs of France where they reviewed the wide gamut of bilateral relations as well as exchanged views on contemporary matters of regional/international interest. The two Ministers reaffirmed the strong mutual ties and the expanding convergences which underpin the bilateral Strategic Partnership, now in its 20th year.

EAM visited the India House, Maison de l'Inde which is a hostel for Indian students in the University City of Paris. The India House is celebrating its 50th anniversary year in 2018. EAM addressed the residents of the India House. An Indian community reception was held in honour of EAM at the Embassy of India where EAM addressed the members of community and emphasized on the importance attached by India on the links with the Indian diaspora.

EAM released a publication 'States of India' prepared by Embassy of India which is meant for increasing awareness of the business climate and invest potential of various states of India and would prove to be a handy guide for French investors, chamber of commerce and others.

Luxembourg

Smt. Swaraj visited Luxembourg on 19-20 June 2018. EAM's visit, which took place when the two countries are celebrating 70 years of diplomatic relations, is also the first ever visit to Luxembourg by an External Affairs Minister from India. Trade and investment are the bedrocks of India-Luxembourg ties. The Luxembourg headquartered European Investment Bank recently opened its South Asia Regional Office in New Delhi. A number of Indian companies are also listed on the Luxembourg Stock Exchange.

Hon'ble External Affairs Minister called on H.E. Mr. Xavier Bettel, the Prime Minister of Luxembourg. During the call on, the leaders discussed a wide range of issues including enhancing bilateral and India-EU trade and investment ties, digital and space cooperation, fintech and diaspora contribution. EAM also had a meeting with her counterpart, Mr Jean Asselborn, Minister of Foreign and European Affairs. During the meeting, both sides undertook a complete review of India-Luxembourg political bilateral relations. They also had extensive discussions on regional and multilateral issues. In Luxembourg, EAM also had an opportunity to interact with the Indian community at an Embassy organised reception.

Belgium

Smt. Sushma Swaraj visited Belgium from 20 – 22 June 2018. This is the first high-level visit to Belgium since the visit of Hon'ble Prime Minister in March 2016 for the India-EU Summit. EAM also called on H. E. Mr. Jean Claude Juncker, President of the European Commission. During the meeting the leaders discussed India-EU bilateral relations, and the progress made since the 14th India-EU Summit of October 2017. EAM conveyed the high importance India attaches to her cordial friendship and strategic partnership with the European Union based on shared principles and values of democracy, freedom, rule of law and respect for human rights and territorial integrity of States.

Hon'ble EAM also called on H. E. Mr. Antonio Tajani, President of the EU Parliament. They discussed the

active and vibrant parliamentary interaction between both the countries and conveyed that India is looking forward to the visit of President Tajani. EAM also conveyed her appreciation of the positive report on India-EU relations adopted by the European Parliament.

H.E. Mr. Pavel Telička, Vice President of the European Union Parliament hosted an interaction for Hon'ble EAM with select Members of the European Parliament. During the interaction EAM called for greater Parliamentary exchanges. In the evening, EAM attended an event hosted by Ambassador of India, Smt Gaitri Kumar in the prestigious BOZAR - Centre of Fine Arts where she interacted with the members of the Indian community and dignitaries representing a cross-section of the leading professionals and officials of the European Union and Belgium. In her address, EAM spoke about India-Belgium relations, India-EU relations, importance of international day of yoga. She also praised the diaspora for their achievements and in equal measure expressed her appreciation of the host country for embracing the diversity brought by the Indian diaspora.

EAM had a bilateral meeting with H. E. Ms. Federica Mogherini, the High Representative of the European Union for Foreign Affairs and Security Policy / Vice President of the European Commission to review the entire gamut of India-EU relations. They took stock of the on-going cooperation in counter terrorism, cyber security, and non-proliferation. The leaders also discussed the geo-political situation in the Middle East, Indian Ocean region, reviewed the ongoing progress on BTIA, and the follow up on the conclusions of the 14th India-EU Summit. The visit of EAM to Brussels at the bilateral level with Belgium and with the European Union was highly productive. The visit continues the momentum of high-level exchanges.

The visit to the four European nations will provide an opportunity to hold in-depth discussions with the political leadership on a wide range of global, regional and bilateral issues and advance our growing strategic engagement with the European Union.

Trade Trend Analysis in Europe

On the basis of the export data of June 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 June , 2017	Exports in June, 2018	Growth (%)	Exports in April,2017 - June,2017	Exports in April,2018 - June,2018	Growth (%)
U K	242.18	283.83	17.20	692.84	705.60	1.84
GERMANY	209.52	281.79	34.49	659.68	839.23	27.22
ITALY	167.83	194.67	15.99	631.45	598.89	-5.16
FRANCE	118.39	122.02	3.07	376.06	344.49	-8.40
BELGIUM	101.97	115.54	13.30	315.52	501.85	59.05

Source: DGCI&S

As demonstrated by the table above, all the five countries, exports of engineering products from India realized positive growth in June 2018. Germany recorded the highest growth among all, approx. 34.5% followed by UK and Italy at 17.20% and 16% respectively in June 2018 when compared to June 2017.

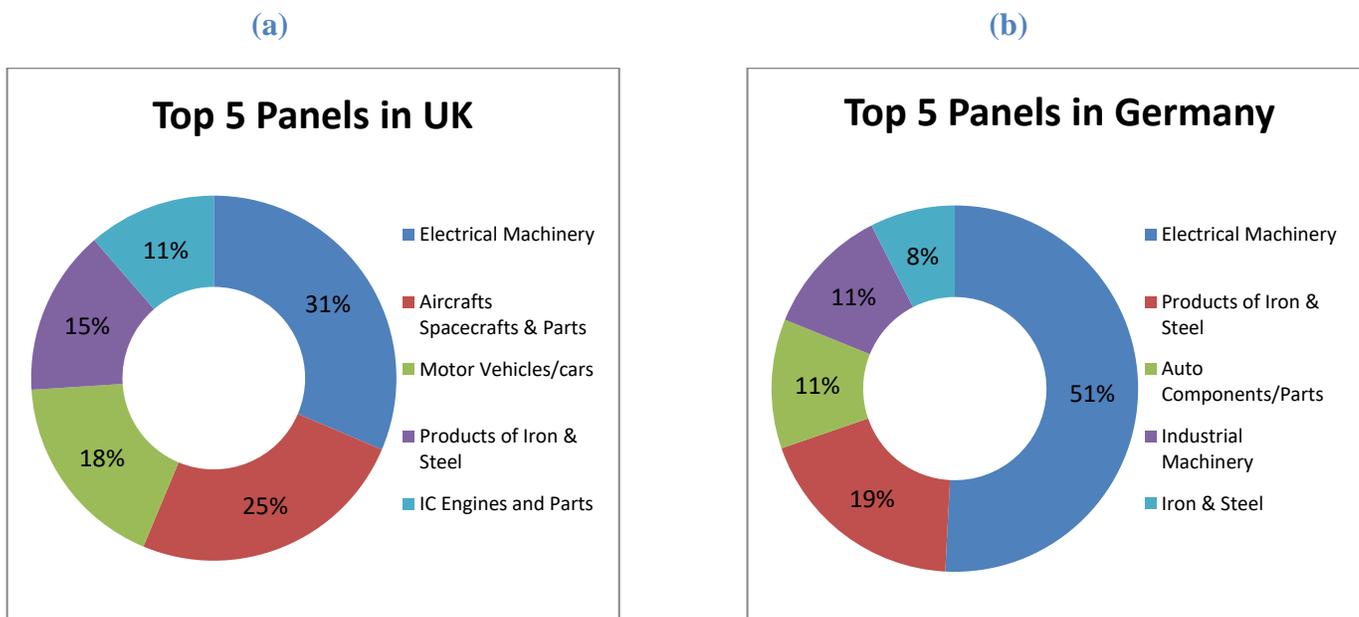
The cumulative growth figures show positive trend for three countries- Belgium, Germany and UK in order of their respective growth rates from period, April- June 2018 against the same period last year. Belgium showed the highest growth of more than 59 % followed by Germany at approx. 27%.

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

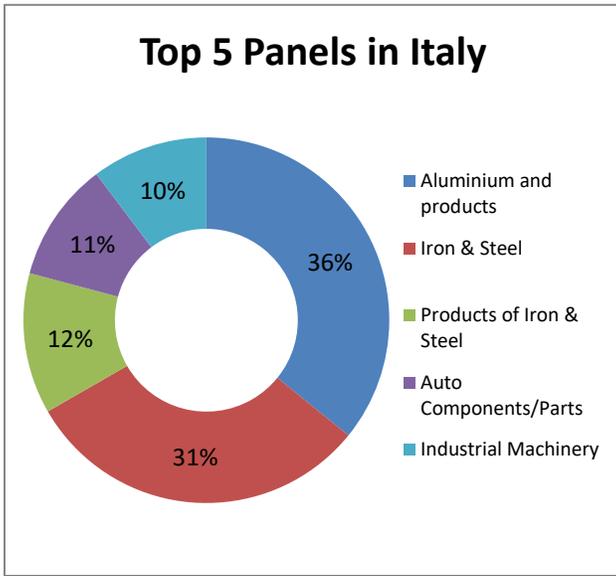
Considering the top 5 export destinations of India in Europe namely UK, Germany, Italy, France and Belgium, and then analyzing the top panels exported from India to these destinations for June 2018, we observe that Products of Iron& Steel, Auto Components/Parts, Iron and Steel, Motor Vehicle/cars, and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

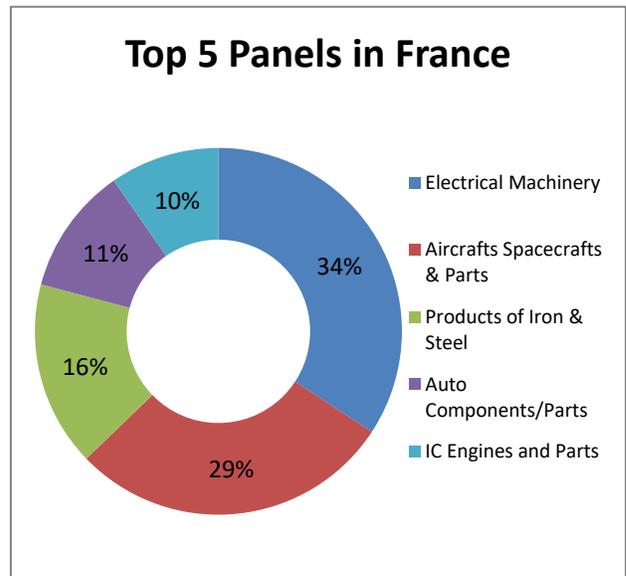
Figure 1: Top 5 Panels in major export destinations of India in Europe in June, 2018



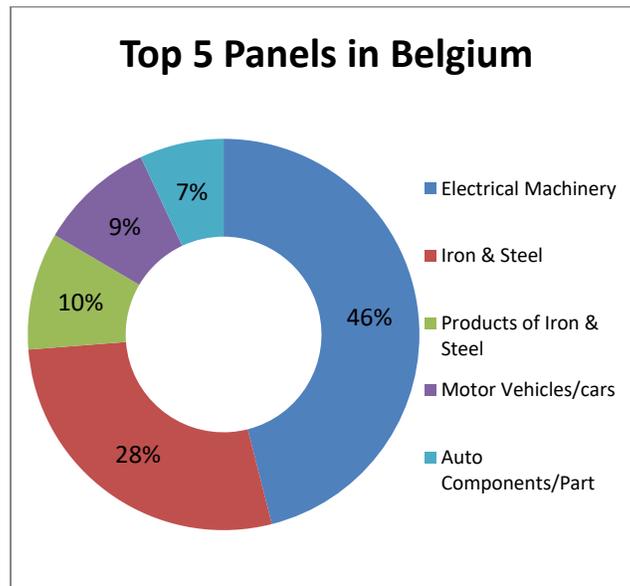
(c)



(d)



(e)



Source: DGCI&S

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

During June 2018, Electric Machinery was the most important items of export from India to Europe in value terms and recorded a positive growth rate of 119.71% compared to its corresponding period last year. It is followed by Products of Iron & Steel, Iron & Steel, Aluminium and products and Auto Components/Parts with positive growth except Iron & Steel with negative growth of 28.71% compared to June 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 June, 2017	Exports in June, 2018	Growth (%)	Exports in April,2017 - June,2017	Exports in April,2018 - June,2018	Growth (%)
Electrical Machinery	118.72	260.83	119.71	417.85	687.40	64.51
Products of Iron & Steel	137.06	156.49	14.17	386.85	452.41	16.95
Iron & Steel	218.54	155.79	-28.71	777.55	629.63	-19.02
Aluminium & products	53.37	120.97	126.65	188.56	328.27	74.09
Auto Components/Parts	75.65	90.71	19.91	226.92	288.10	26.96
Industrial Machinery	65.37	88.04	34.67	181.91	252.65	38.89
Aircrafts Spacecrafts & Parts	53.04	77.27	45.69	182.33	224.48	23.12
Motor Vehicles/cars	107.12	72.09	-32.70	406.48	178.36	-56.12
IC Engines and Parts	103.23	57.26	-44.54	255.62	156.83	-38.65
Medical and Scientific instruments	49.76	42.67	-14.26	126.09	122.53	-2.82
Machinery for ATMs	23.13	29.31	26.74	66.28	82.47	24.44
Air condition and Refrigerators & Parts	12.12	21.80	79.88	34.29	71.28	107.86
Hand Tools Cutting	17.96	21.76	21.13	56.71	62.81	10.75
Construction Machinery	21.56	20.76	-3.71	42.41	71.99	69.74
Pumps of all types	17.06	20.70	21.32	50.77	58.69	15.60
Non Ferrous Metals	15.21	16.69	9.68	44.36	50.14	13.03
Machine Tools	11.11	14.71	32.38	34.50	42.28	22.57
Copper and products	8.35	12.17	45.68	26.31	34.21	30.01
Two & Three Wheelers	9.28	12.01	29.45	32.16	37.28	15.90
Bicycle & Parts	7.31	9.29	27.01	20.49	33.78	64.88

Source: DGCIS&S

During April, 2018- June, 2018, 16 out of top 20 panels have recorded positive growth with Air condition and Refrigerators & Parts showing the maximum growth of 107.86% whereas Motor Vehicle/cars descending the most by -56.12%. Whereas in data for June, 2018, 15 out of top 20 panels recorded positive growth with Aluminium & products exhibiting growth over 126% followed by Electric Machinery and Air condition and Refrigerators & Parts at 119.71% and 79.88% respectively. IC Engines and Parts recorded the maximum decline of -44.54%.

News in Focus

UK's Brexit strategy may hit plans for free trade pact with India

The UK government's latest blueprint for Brexit released today threatens to derail plans for closer trade ties with India.

Read Full story: <https://www.thehindubusinessline.com/news/uks-brexit-strategy-may-hit-plans-for-free-trade-pact-with-india/article24401099.ece>

‘For India, Netherlands can be the gateway to Europe’

With the UK set to exit the European Union, the Netherlands is keen to intensify its business ties with India to emerge as the country’s hub for doing business with the rest of Europe.

Read Full story: <https://www.thehindubusinessline.com/todays-paper/tp-others/tp-states/article24316969.ece>

External Affairs Min. Sushma Swaraj calls on Luxembourg PM; discusses ways to bolster bilateral ties

External Affairs Minister Sushma Swaraj today called on Prime Minister of Luxembourg Xavier Bettel and discussed ways to expand bilateral cooperation in trade and investment, space and people-to-people relationship.

Read Full story: <https://www.indiatoday.in/pti-feed/story/swaraj-calls-on-luxembourg-pm-discusses-ways-to-bolster-bilateral-ties-1265326-2018-06-20>

EU joins global battle against Trump tariff onslaught

India is now the 69th shareholder of the European Bank for Reconstruction and Development (EBRD), paving the way for more joint investment with Indian companies across the bank's regions of operation.

Read Full story: <https://www.indiatoday.in/pti-feed/story/eu-joins-global-battle-against-trump-tariff-onslaught-1248506-2018-06-02>

India becomes newest shareholder of European Bank for Reconstruction and Development

German inflation accelerated to the fastest pace since February 2012, even after economic growth probably ground to a temporary halt, presenting mixed signals for the European Central Bank as it prepares to rein in euro-zone stimulus.

Read Full story: <https://www.indiatoday.in/pti-feed/story/india-becomes-newest-shareholder-of-european-bank-for-reconstruction-and-development-1283820-2018-07-12>

EU countries set for vote on steel import curbs on Thursday

European Union countries will discuss and likely vote on Thursday on measures proposed by the European Commission to curb steel imports into the bloc, EU sources said.

Read Full story: <https://in.reuters.com/article/us-eu-trade-steel/eu-countries-set-for-vote-on-steel-import-curbs-on-thursday-idINKBN1JU2CE>

Big emerging economies hurt most if trade tariffs rise - OECD

Big emerging economies like China and India will suffer more than developed countries if trade tariffs return to 1990 levels, the OECD said in an update of its long-term economic projections.

Read Full story: <https://in.reuters.com/article/oecd-economy/big-emerging-economies-hurt-most-if-trade-tariffs-rise-oecd-idINKBN1K21HP>

EU slaps tariffs on US as trade war erupts

The European Union slapped revenge tariffs on iconic US products including bourbon, jeans and motorcycles today in its opening salvo in a trade war with President Donald Trump.

Read Full story: <https://www.thehindubusinessline.com/news/world/eu-slaps-tariffs-on-us-as-trade-war-erupts/article24227512.ece>

Thyssenkrupp seals landmark deal with Tata Steel

The long-awaited merger of Tata Steel and ThyssenKrupp is set to go ahead, as the two firms signed a definitive agreement for a 50-50 joint venture, creating Europe's second largest steel company after ArcelorMittal.

Read Full story: <https://www.thehindubusinessline.com/companies/thyssenkrupp-seals-landmark-deal-with-tata-steel/article24297868.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 given below:

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

Trade Barriers

[G/TBT/N/EU/579 TBT notification issued by EU on Electrical and electronic equipment](#)

Draft Commission Delegated Directive amending, for the purposes of adapting to scientific and technical progress, Annex III to Directive 2011/65/EU of the European Parliament and of the Council as regards an exemption for lead in bearings and bushes applied in certain non-road professional use equipment.

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