

# Territorial NEWSLETTER Europe

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



The safeguard investigation decision by the European Commission on certain steel imports would have a significant effect on the Indian steel exports. It is a key move against the US's move to increase the import tariff on steel imports. This is aimed to prevent the Asian exports flooding the European markets due to import tariff imposed on the steel products by US. In this regard, it is expected and hoped that government will address the issue and will take some initiatives so as to exempt India from any such safeguard duty. If otherwise, Indian exports of steel will be largely impacted. It is not just India, but other countries like Korea, Turkey, Argentina and others have also criticized the action.

**Ravi Sehgal**

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. There has been a 2.25% growth for the engineering products in April, 2018 with respect to April, 2017 for the Europe region. It is noteworthy that April 2018 has sustained the positive trend, three out of the top five countries – Germany, Italy, U K, Turkey, and Belgium – recorded positive growth in April 2018 in imports of engineering products from India except UK and Italy in comparison to the same period last year. With regard to the panel-wise export, the highest growth rate was observed for Ships Boats and Floating structures & Parts, Zinc and products for April, 2018 in respect to the same period last year amounting to 800% and 464% respectively. 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.

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## 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

## India-Germany: A perfect fit

Germany is the biggest economic partner of India in Europe and the sixth largest globally with the total trade amounting to USD 18.8 billion in 2016-17. This has decreased over the years from USD 23.5 billion in 2011-12 to USD 18.8 billion in 2016-17. Thus, there is a potential, as the bilateral trade is below the peak it achieved in 2011-12.

Germany is the seventh largest investor in India. Around USD 10.71 billion is invested by nearly 1800 companies from April, 2000 to December, 2017 but it accounts for around 3% of the total FDI received by India indicating the scope of expansion. In contrast, India invested around USD 6 billion in Germany till December, 2016.

Germany is the largest economy in Europe and fourth largest globally. Given the fact that Germany is the third largest exporter in the world, the economic relation between India and Germany must amplify. India always longed for investments from mid-sized German companies that are the backbone of German Engineering sector as through them, we can upgrade our industrial sector with the technology that we attain. High Technology Partnership Group identified specific opportunities between the two countries for high technology collaboration. Some of the identified areas are – skill development in manufacturing, defence manufacturing, machine tools and maritime technology, blue economy and also agreed to enhance the relations between the space agencies of both the countries. Further, scope of cooperation in the field of Industry 4.0, which covers automation and data exchange in manufacturing technologies, is also being explored. Moreover, the Indian railway modernization and expansion plans present considerable prospects for the German rail industry.

## Trade Trend Analysis in Europe

On the basis of the export data of April 2018, the top 5 European nations which had the highest demand for Indian engineering products are- Germany, Italy, UK, Turkey 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 April , 2017	Exports in April, 2018	Growth (in %)
Germany	241.7	294.88	22.00
Italy	216.63	201.94	-6.78
U K	232.01	194.39	-16.21
Turkey	159	181.51	14.16
Belgium	116.62	132.96	14.01

Source: DGCI&S

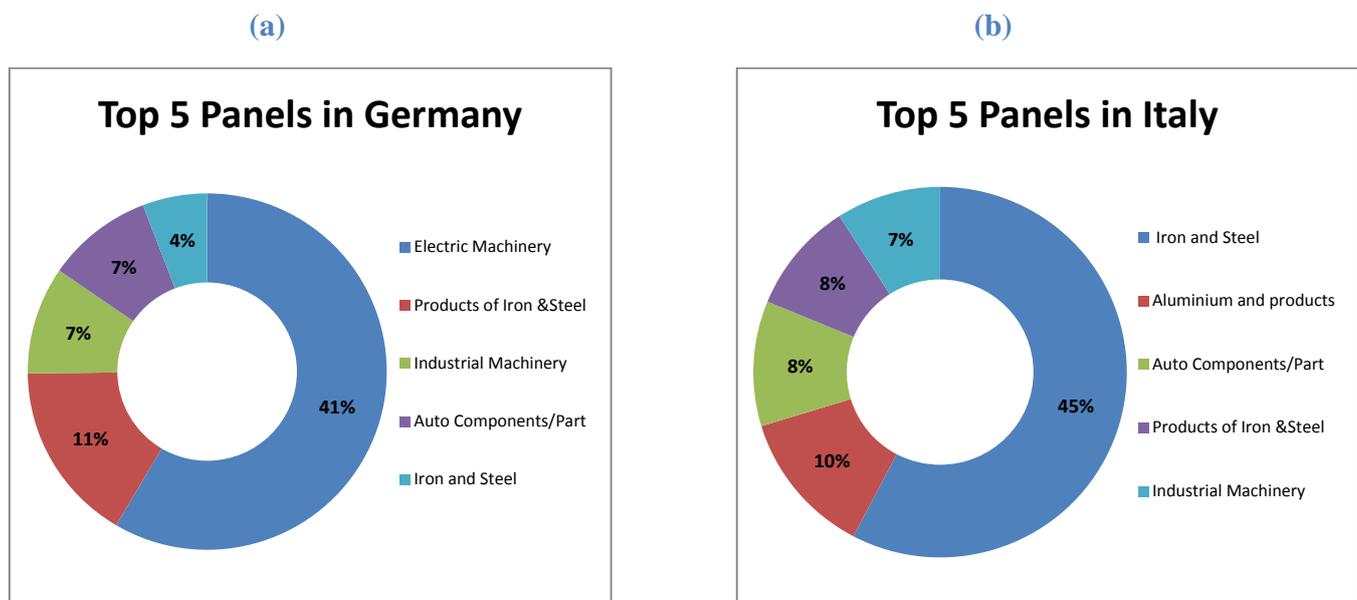
As demonstrated by the table above, out of the top five export destinations for India in Europe, three countries- Germany, Turkey and Belgium, realized a positive growth with Germany recording the highest growth amongst these amounting to 22% and the exports of the remaining two increased by nearly the same growth rate of 14%. Whereas for Italy and UK which witnessed a negative growth of nearly 6% and 16% respectively in April, 2018 in comparison to April, 2017.

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

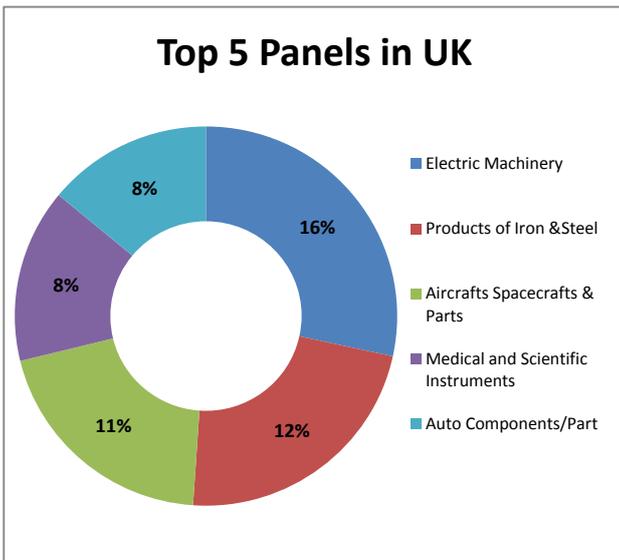
Considering the top 5 export destinations of India in Europe namely Germany, Italy, UK, Turkey and Belgium, and then analyzing the top panels exported from India to these destinations for April 2018, we observe that Auto Components/Part, Products of Iron &Steel, Iron and Steel, Industrial Machinery, Electric Machinery and Aluminium and products are the most traded panels across these countries.

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

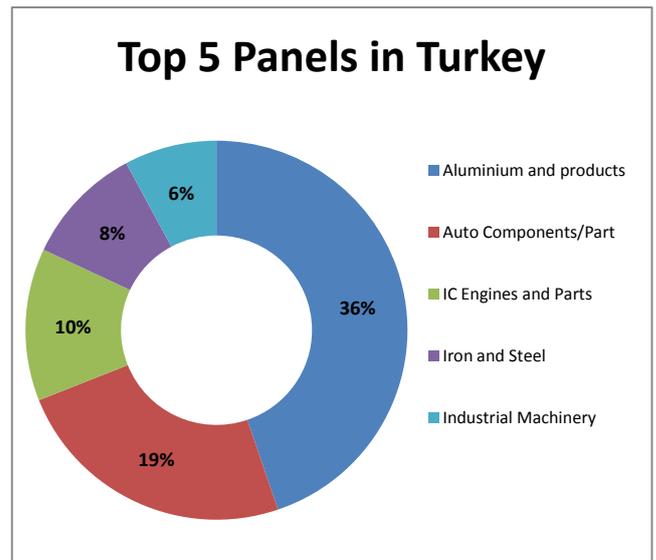
**Figure 1: Top 5 Panels in major export destinations of India in Europe in April, 2018**



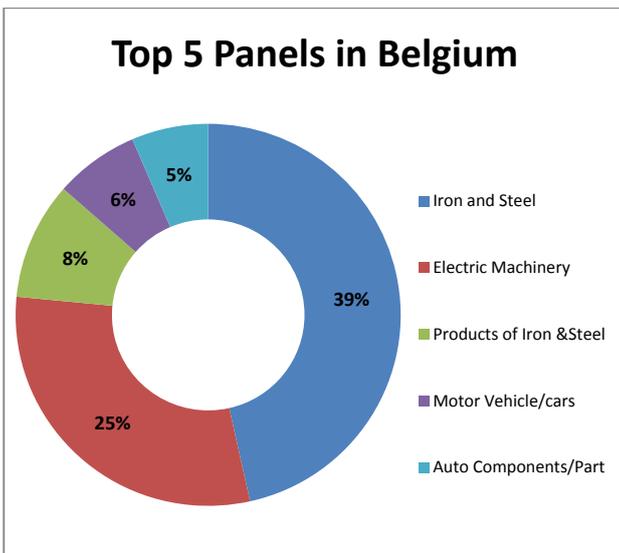
(c)



(d)



(e)



Source: DGCI&S

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

During April, 2018 Iron and Steel was the most important items of export from India to Europe in value terms though it recorded a negative growth rate of 7.67% compared to its corresponding period last year. It is followed by Electric Machinery, Products of Iron & Steel, Aluminium and products and Auto Components/Part with respective growth rate of 23.02%, 22.76%, 30.99% and 28.11% compared to April, 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 April, 2017	Exports in April, 2018	Growth (in %)
Iron and Steel	299.62	276.63	-7.67
Electric Machinery	208.99	257.09	23.02
Products of Iron & Steel	126.2	154.92	22.76
Aluminium and products	114.67	150.21	30.99
Auto Components/Part	104.42	133.77	28.11
Industrial Machinery	72.9	99.17	36.04
IC Engines and Parts	86.14	65.84	-23.57
Aircrafts Spacecrafts & Parts	72.19	63.49	-12.05
Medical and Scientific instruments	38.3	42.56	11.12
Air condition and Refrigerators & Parts	13.73	36.12	163.07
Machinery for ATMs	24.17	28.03	15.97
Motor Vehicle/cars	165.87	24.31	-85.34
Construction Machinery	12.24	22.37	82.76
Pumps of all types	19.52	21.77	11.53
Hand Tools Cutting	22.1	20.7	-6.33
Non Ferrous Metals	15.47	16.41	6.08
Bicycle & Parts	6.89	14.95	116.98
Machine Tools	14.44	14.23	-1.45
Two and Three Wheelers	13.01	12.9	-0.85
Copper and products	9.41	10.71	13.82

Source: DGCI&S

In April, 2018 out of top 20 panels, 13 have recorded positive growth out of which highest growth of around 163% was witnessed for Air condition and Refrigerators& Parts followed by Bicycle & Parts with the growth rate of 116% in comparison to April, 2017. Motor vehicles and cars experienced the highest negative growth rate out of the seven panels with negative growth rate of 85.34%.

## 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/>

## 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
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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](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)

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