

Territorial NEWSLETTER Europe

EEPCINDIA
ENGINEERING THE FUTURE

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Issue -November, 2018

Chairman's Pen



Ravi Sehgal

President Trump's America First policy has disconcerted their trade relations with EU compelling the latter to traverse through Asian region and deepening the trade ties with respective countries in variegated sectors. The ongoing series of developments bilaterally between India and various EU nations fused with this EU's ferret around in Asian economies for trade augmentation, augurs well for the trade relations between India and EU. Though, various reports forecast the EU region undergoing economic pressure in coming months but the growth in Eastern EU countries is hauling the EU from the clutches of economic declivity. Economic growth in the European Union's eastern wing exceeded expectations in the third quarter as domestic consumption offsets weaker demand in the region's main export market, the euro area. Despite the grim economic milieu, the results in Romania, Slovakia, Hungary and Poland beat economist forecasts which truly exudes their potential for trade and shall be targeted by the Indian exporters to sustain the growth in the EU. Czech Republic is another country to look out for engineering exports with advanced manufacturing and auto being the key areas on the hit list of the Czech Government. Thus, Indian exporters shall clinch these opportunities available in various EU countries to enhance their 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 October 2018 has sustained the positive trend and all of the top five countries – Germany, UK, Italy, Belgium & France – recorded positive growth in October 2018 in imports of engineering products from India compared to October 2017. With regard to export in the top 20 panels, it is observed that 15 panels recorded positive growth during April, 2018- March, 2018 period and 18 panels recorded positive growth during October 2018. 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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NEWSLETTER – Europe

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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

EU unveils policy paper on boosting ties with India

The European Union Wednesday unveiled a policy document on 21st November 2018, outlining the broad contours of significantly scaling up ties with India in a plethora of areas like trade, investment, infrastructure, defence, security and counter-terrorism, and proposed a military-to-military cooperation in the Indian Ocean.

Releasing the document, the European Union's Ambassador to India Tomasz Kozlowski said it lays the foundation to take the relationship to the next level, besides seeking to work together for a rules-based international order as well as to jointly deal with pressing regional and global challenges. The strategy paper, which replaces a similar document issued in 2004, said the EU has an "interest" in strengthening its political, economic and defence cooperation with India as a strong partnership with New Delhi was key for a balanced EU policy towards Asia. "The strategy illustrates a very important fact that India is on the top of our agenda in the field of external relations. We think that we are ready for a joint leap now," Kozlowski told reporters.

The document identified a range of areas including trade, investment, infrastructure, defence and security, blue economy and environment for scaling up cooperation. On the long-pending India-EU free trade agreement, he said the grouping is committed to negotiate a comprehensive, balanced and economically meaningful agreement on trade and investments, adding both sides are engaged on it. When asked about the contentious issue of data protection, Kozlowski said it is a very sensitive matter for the EU and that three delegations from Europe have apprised the Indian government as well as Indian industries about the EU's new data protection regulation. "We are happy that India is working on its privacy laws. We are impressed by the Supreme Court's ruling recognizing privacy as a fundamental right. India is now working on privacy law. The EU will provide our contribution to public consultation on it," he said. The document said, as a leading world economy and the world's largest democracy, India's endorsement of a high level of data protection would constitute a critical example at a moment where there is an increasing demand for international standards on privacy.

On maritime cooperation with India, he said, "we are proposing to the Indian side to establish military-to military cooperation." "The scope for cooperation, especially in the Indian Ocean, is very large. The EU and

India have cooperated in anti-piracy efforts in the Indian Ocean and the EU would like to see India joining on efforts to escort World Food Programme shipments off the coast of Somalia," the envoy said. He said the EU and India should join forces to promote the UN Convention on the Law of the Sea, as the basis of ocean governance and work more closely in the field of maritime surveillance.

"The EU aims to enhance overall cooperation with Asian partners and with India in particular. To this end, the EU will seek to establish military-to-military contacts with Indian counterparts in order to explore concrete opportunities for cooperation," he said. Kozłowski, however, made it clear that it was not going to be a military alliance. Without mentioning China's military assertiveness in Indo-Pacific region, he said both India and EU were strong promoters of the respect for international law, in particular the UN Convention on the Law of Sea.

Asked about India joining the US, Australia and Japan in forming a quadrilateral coalition for the Indo-Pacific, he said it was New Delhi's decision and that EU's approach to manage international relations is based on multilateralism. On EU's position on grey listing of Pakistan by the Financial Action Task Force (FATF), he did not give a direct reply, but said the EU favours putting certain countries under such restrictions. It said both sides should cooperate to pursue common objectives in international and regional organisations, including at the UN, G20, the FATF and the Global Counter-terrorism Forum, notably on terrorist financing and terrorist designation listing. About regional situation, the document said the stability and security of Asia was increasingly important for European interests.

On connectivity projects, it said the EU and India share the view that their approaches to connectivity should be sustainable, comprehensive and rules based. The document recognised that India has emerged as the fastest-growing large economy and favoured deepening of trade and investment ties between the two sides. In 2017, the EU was India's largest trading partner, while India was the EU's ninth largest trading partner, amounting to a total of Euro 86 billion worth of trade in goods and Euro 29 billion trade in services.

Trade Trend Analysis in Europe

On the basis of the export data of October 2018, the top 5 EU nations which had the highest demand for Indian engineering products are- Germany, UK, Italy, Belgium & France with their 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 October, 2017	Exports in October, 2018	Growth (%)	Exports in April,2017 - October,2017	Exports in April,2018 - October,2018	Growth (%)
GERMANY	267.04	278.25	4.20	1714.49	1990.92	16.12
U K	211.41	221.12	4.59	1571.16	1695.76	7.93
ITALY	145.66	202.44	38.98	1367.18	1365.59	-0.12
BELGIUM	91.63	130.20	42.10	708.01	1082.33	52.87
FRANCE	102.47	103.23	0.74	810.96	818.00	0.87

Source: DGCI&S

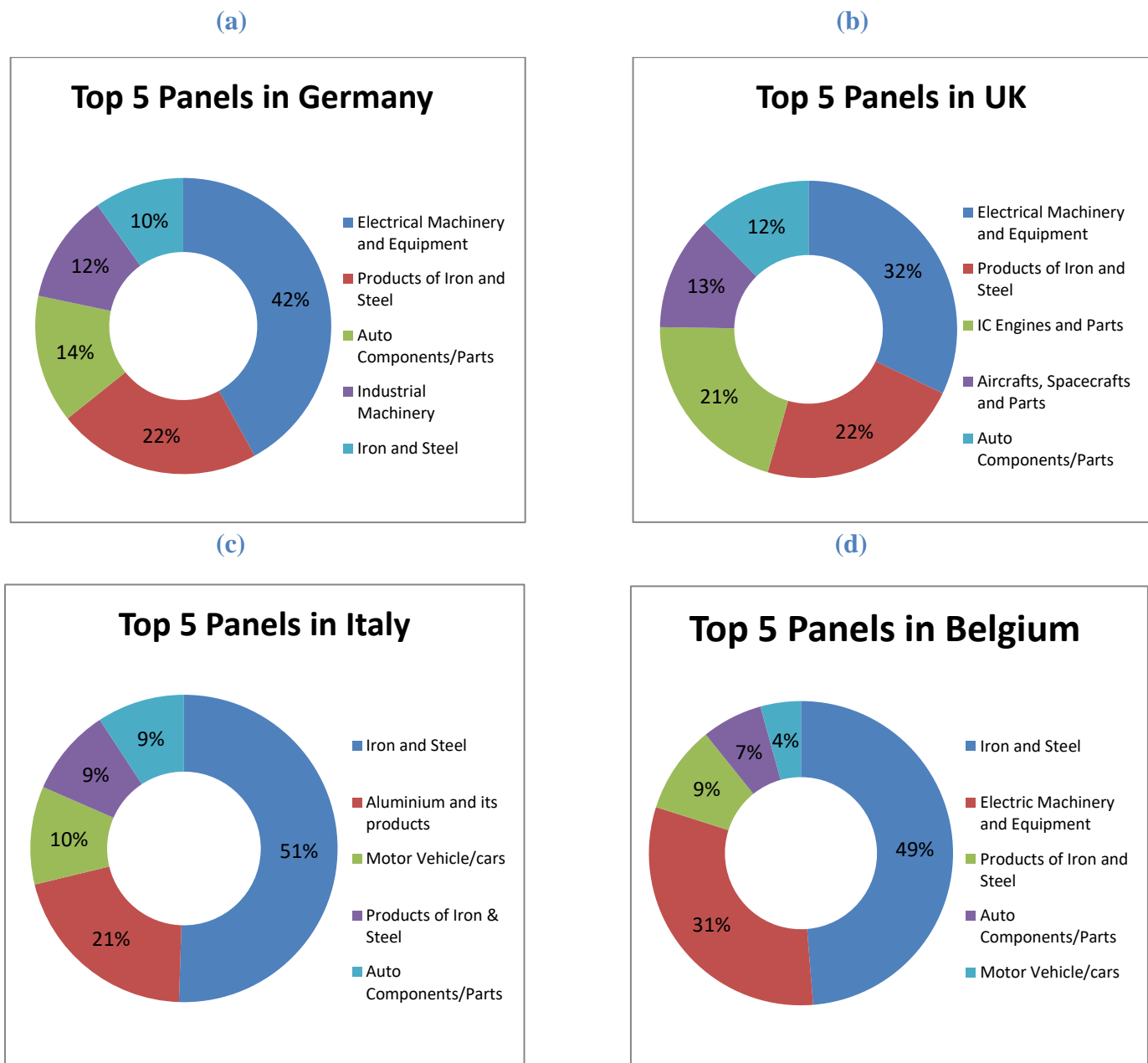
As demonstrated by the table above, all the five countries realized positive growth in October 2018. Belgium recorded the highest growth of 42 % followed by Italy at 39% in October 2018 when compared to Oct. 2017.

The cumulative growth figures show positive trend for all the countries except Italy from period, April- October 2018 against the same period last year which is negligible. Belgium showed the highest growth of 52.87 % followed by Germany at approx. 16%.

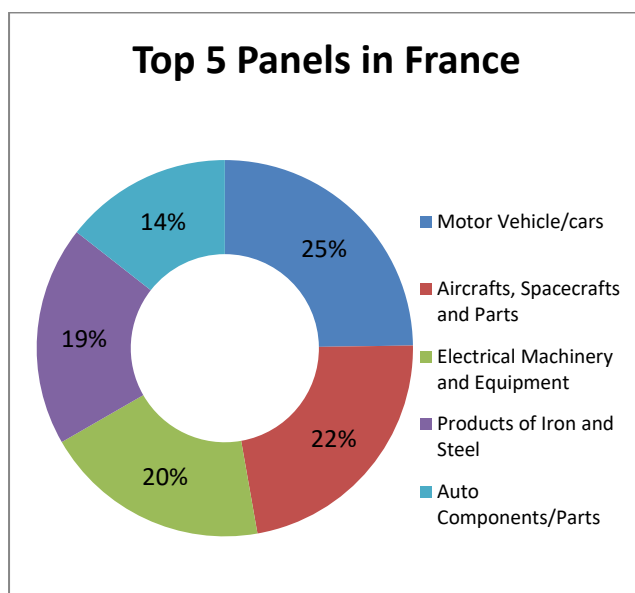
Panel wise trend in Top 5 Engineering Export Destinations for India in Europe

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 October 2018, we observe that Products of Iron& Steel, Auto Components/Parts, Iron and Steel, Motor Vehicle/cars, and Electrical 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 October, 2018



(e)



Source: DGCI&S

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

During October 2018, Iron and Steel was the topmost panel of export from India to Europe in value terms and recorded a positive growth rate of 20.15% compared to its corresponding period last year. It is followed by Electrical machinery, Products of Iron & Steel, Auto Components/Part and Aluminium and products with positive growth compared to October 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 October, 2017	Exports in October, 2018	Growth (%)	Exports in April,2017 - October,2017	Exports in April,2018 - October,2018	Growth (%)
Iron and Steel	197.74	237.59	20.15	1690.34	1576.35	-6.74
Electrical Machinery	206.85	217.44	5.12	1101.69	1642.84	49.12
Products of Iron & Steel	126.97	160.00	26.01	956.28	1098.91	14.92
Auto Components/Parts	81.61	98.72	20.97	583.28	691.54	18.56
Aluminium and products	51.57	94.33	82.89	366.96	670.30	82.67
Motor Vehicle/cars	48.57	78.05	60.72	725.41	427.61	-41.05
Industrial Machinery	61.87	68.37	10.50	450.19	563.42	25.15
IC Engines and Parts	55.71	63.99	14.85	519.48	477.64	-8.06
Aircrafts Spacecrafts & Parts	75.85	53.60	-29.34	459.60	447.37	-2.66
Hand Tools Cutting	16.12	31.72	96.81	135.15	165.24	22.27
Medical and Scientific instruments	44.56	30.91	-30.63	316.71	280.59	-11.40
Machinery for ATMs	24.37	27.56	13.13	163.54	198.62	21.46
Air condition and Refrigerators & Parts	16.65	21.28	27.81	98.31	158.77	61.50

Construction Machinery	14.03	20.04	42.78	104.84	153.58	46.49
Pumps of all types	14.87	18.26	22.81	121.65	137.14	12.74
Non Ferrous Metals	15.06	17.15	13.90	106.67	116.30	9.02
Machine Tools	10.83	14.03	29.56	81.36	99.37	22.14
Copper and products	9.84	11.54	17.23	67.37	78.21	16.10
Bicycle & Parts	8.03	11.02	37.14	54.40	74.80	37.50
Cranes, Lifts & Winces	3.89	5.88	50.96	38.04	39.68	4.31

Source: DGCIS&S

During April, 2018- October, 2018, 15 out of top 20 panels have recorded positive growth with Aluminium & products showing the maximum growth of 82.67% whereas Motor Vehicle/cars descending the most by -41%. For the data of October, 2018, 18 out of top 20 panels recorded positive growth with Hand Tools Cutting exhibiting maximum growth over 96% followed by Aluminium & products and Motor Vehicles/cars pegged at 82.89% & 60.72% respectively. Medical and Scientific instruments recorded the maximum decline of -30.63%.

News in Focus

Europe Is Doing Deals in Asia as Trump's War on Trade Takes a Toll

As President Donald Trump throws global relationships into turmoil in pushing his "America First" agenda, Indonesia has seen an opening to increase its European trade ties.

Read Full story: <https://www.bloomberg.com/news/articles/2018-11-15/europe-doing-deals-in-asia-as-trump-s-war-on-trade-takes-a-toll>

What Slowdown? Eastern EU Growth Defies Euro Zone Weakness

Economic growth in the European Union's eastern wing exceeded expectations in the third quarter as domestic consumption offset weaker demand in the region's main export market, the euro area.

Read Full story: <https://www.bloomberg.com/news/articles/2018-11-13/euro-area-slowdown-seen-taking-toll-on-growth-in-eu-s-east-wing>

EU Sees Risks Mounting in an Economy Already Under Pressure

Global trade tensions, Italy's fiscal battles and U.S. overheating pose risks to the euro-area economy, the European Commission warned as it lowered its forecast for the coming year.

Read Full story: <https://www.bloomberg.com/news/articles/2018-11-08/eu-says-risks-are-mounting-in-an-economy-already-under-pressure>

Brussels Edition: Trade-War Tragedy

Welcome to the Brussels Edition, Bloomberg's daily briefing on what matters most in the heart of the EU

Full story: <https://www.bloomberg.com/news/articles/2018-11-09/brussels-edition-trade-war-tragedy>

Tata Steel to continue talks with EU for Thyssenkrupp JV

Tata Steel Ltd said on Wednesday it will continue its discussions with the European Commission after the body raised concerns over its planned steel joint venture with Thyssenkrupp.

Read Full story: <https://www.thehindubusinessline.com/companies/tata-steel-to-continue-talks-with-eu-for-thyssenkrupp-jv/article25378513.ece>

European nations want fast track system with India to facilitate, promote investments

Taking cues from the success of fast track system being set up by India with the UK and Germany to promote investments, more European countries have shown interest in entering similar arrangements with New Delhi, an official said.

Read Full story: <https://www.thehindubusinessline.com/news/european-nations-want-fast-track-system-with-india-to-facilitate-promote-investments/article25444790.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: <http://trade.ec.europa.eu/tradehelp/>

Trade Barriers

[G/TBT/N/EU/624TBT notification issued by EU on Heavy Duty Vehicles or engines](#)

This draft Regulation deals with elements which have been introduced in the emissions legislation for light-duty vehicles: Auxiliary Emission Strategies (AES), the introduction of cold engine start emissions and particle number measurement to the provisions of heavy-duty vehicle on-road testing by means of portable emission measurement systems (PEMS).

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