

Territorial NEWSLETTER Europe

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Ravi Sehgal

As per the reports Germany is keen to reinstate the discourse on European Union-India free trade agreement (FTA). Germany has been a fervent apostle for the said pact, since the beginning. The fact exudes the ameliorating trade relations between Indian and Germany paving the way forward for increased Indo-EU trade. Germany's engineering acumen to decipher esoteric technical problems and whittle out the innovative masterpieces will be complemented by Indian low cost production facilities as well as its colossal market to commercialize the innovation. This in turn will impart a bilateral flow of knowledge in technical and commercial areas imparting a competitive advantage to India in the medium to long term accoutering India to catch up with the technically advanced nations. Along with Apart from the developments with Germany, the visit of our Hon'ble Vice President to Belgium to attend 12th Asia-Europe Meeting (ASEM) Summit in the month of October is one of the prominent efforts done by the Indian Government which will reap the fruit in near future. The bi-annual event is considered the highest platform for dialogue and cooperation between Asia and Europe in the areas of trade, investment, security and tourism. It will help increase trade with EU and provide avenues for Indian exporters in European markets.

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 September 2018 has sustained the positive trend, but only two out of the top five countries – Germany and Belgium – recorded positive growth in September 2018 in imports of engineering products from India whereas UK, Italy and France recorded negative growth in single digits. With regard to export, in the top 20 panels, it is observed that 15 panels recorded positive growth during April, 2018- September, 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.

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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

Visit of Prime Minister of Italy to India (October 30, 2018)

Prime Minister of Italy, Prof. Giuseppe Conte, will pay an official visit to India on October 30, 2018 at the invitation of Prime Minister Narendra Modi. Prime Minister Conte will be accompanied by a delegation that will participate in the 24th edition of the DST-CII India-Italy Technology Summit 2018. This will be Prime Minister Conte's first visit to India after taking office in June 2018.

During the visit PM Conte will hold bilateral talks with Prime Minister Narendra Modi on 30 October. The two leaders will then address the valedictory session of the Technology Summit. Italy is the Partner Country in this edition of the Summit. The Technology Summit is organized by the Department of Science & Technology (DST) of the Government of India in partnership with the Confederation of Indian Industry (CII). This edition of the Summit will focus on seven areas viz. Cleantech, Renewable, ICT, Healthcare, Aerospace, Education and Cultural Heritage. The objective of the Summit is to facilitate technology transfers, joint ventures, R&D, and market access between industry and research institutions in India and Italy.

The visit will be part of the ongoing celebrations to commemorate 70th anniversary of establishment of diplomatic relations between India and Italy. Italy is India's 5th largest trading partner in the EU with annual bilateral trade turnover at US\$ 10.4 billion (2017-18). The presence of over 600 Italian companies in India is an important link binding the economies. Indian companies are also investing and acquiring units in Italy.

The DST-CII India-Italy Technology Summit will be attended by representatives of government, industry, academia, research institutes, scientific community and related agencies from India and Italy. Several Italian and Indian experts will be speaking at the Summit on various topics including astrophysics, gravitational waves, mobile network, IOT, e-infrastructure and bio-robotics, among others.

The visit of the Italian Prime Minister will help to underscore these synergies and give an added boost to future collaboration.

Trade Trend Analysis in Europe

On the basis of the export data of September 2018, the top 5 European nations which had the highest demand for Indian engineering products are- Germany, Belgium, UK, Italy and France 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 September , 2017	Exports in September, 2018	Growth (%)	Exports in April,2017 - September,2017	Exports in April,2018 - September,2018	Growth (%)
GERMANY	288.63	314.99	9.13	1447.45	1712.08	18.28
U K	252.59	245.73	-2.71	1359.74	1475.05	8.48
ITALY	209.11	194.68	-6.90	1221.52	1162.80	-4.81
BELGIUM	96.98	170.66	75.98	616.39	952.16	54.47
FRANCE	127.01	119.22	-6.14	708.48	714.28	0.82

Source: DGCI&S

As demonstrated by the table above, three of the five countries, exports of engineering products from India realized positive growth in September 2018 whereas UK and Italy faced a negative growth rate of 2.71 % and 6.90% respectively. Belgium recorded the highest growth among all, approx. 171% in September 2018 when compared to September, 2017.

The cumulative growth figures show positive trend for all the countries except Italy from period, April- September 2018 against the same period last year. Belgium showed the highest growth of more than 54 % followed by Germany at approx. 18%.

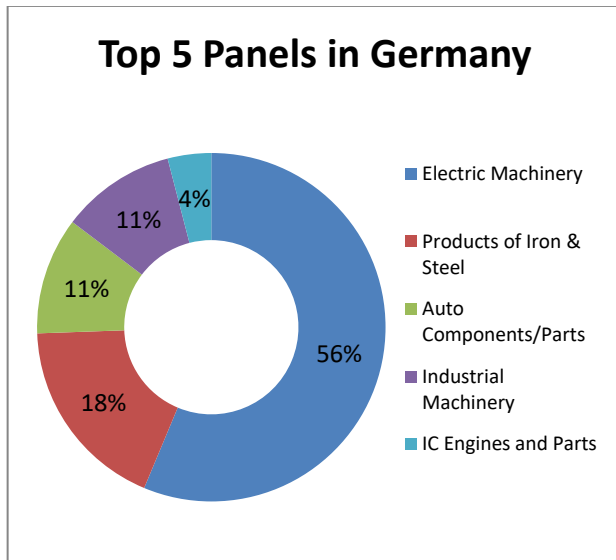
Panel wise trend in Top 5 Engineering Export Destinations for India in Europe

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 September 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.

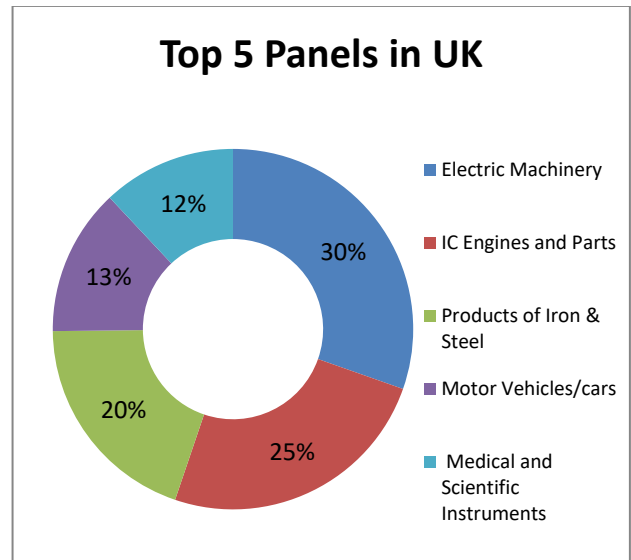
Share of top 5 panels exported in the major destinations are depicted below in Figure 1.

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

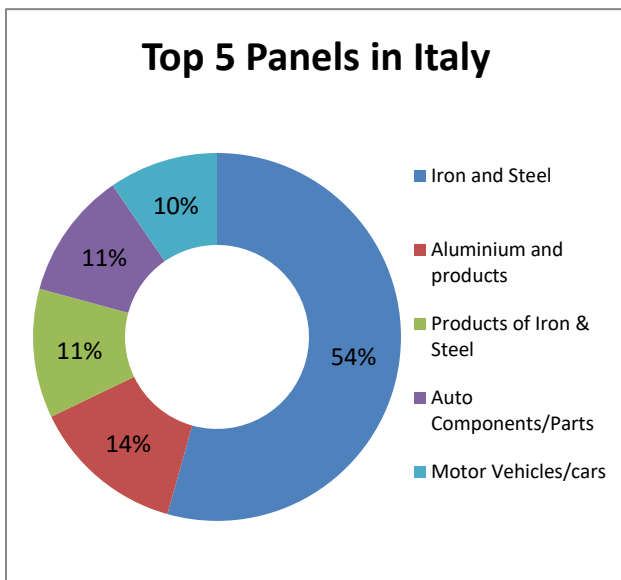
(a)



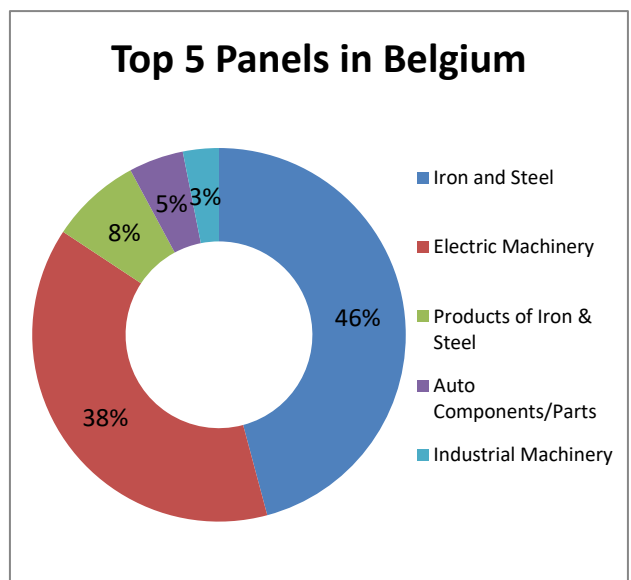
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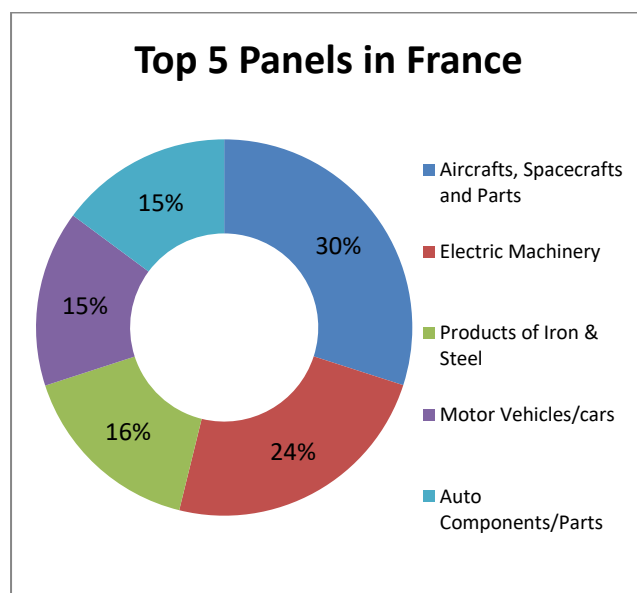
(c)



(d)



(e)



Source: DGCIS

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

During September 2018, Electric Machinery was the most important items of export from India to Europe in value terms and recorded a positive growth rate of 43.86% compared to its corresponding period last year. It is followed by Iron & Steel, Products of Iron & Steel, Auto Components/Part and Aluminium and products with positive growth except Iron & Steel with negative growth of 5.72% compared to Sept.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 September, 2017	Exports in September, 2018	Growth (%)	Exports in April,2017 - September,2017	Exports in April,2018 - September,2018	Growth (%)
Electric Machinery	199.55	287.06	43.86	894.85	1425.84	59.34
Iron and Steel	266.88	251.62	-5.72	1492.60	1338.77	-10.31
Products of Iron & Steel	156.59	159.80	2.05	829.31	939.03	13.23
Auto Components/Parts	100.82	102.81	1.98	501.67	592.83	18.17
Aluminium & products	51.07	83.17	62.84	315.38	577.90	83.24
IC Engines and Parts	83.00	80.99	-2.43	463.77	413.44	-10.85
Industrial Machinery	77.09	74.73	-3.05	388.32	494.95	27.46
Motor Vehicles/cars	46.71	63.44	35.79	676.84	349.58	-48.35
Aircrafts Spacecrafts & Parts	66.12	52.61	-20.43	383.74	392.83	2.37
Medical and Scientific instruments	63.78	40.98	-35.74	272.15	248.40	-8.73
Machinery for ATMs	26.88	29.36	9.26	139.17	170.99	22.86
Hand Tools Cutting	23.04	27.19	17.99	119.03	133.52	12.17
Air condition and Refrigerators & Parts	19.61	21.70	10.64	81.66	137.44	68.30

Pumps of all types	19.78	20.19	2.09	106.77	118.94	11.40
Construction Machinery	20.30	18.82	-7.29	90.81	133.55	47.07
Non Ferrous Metals	17.72	16.07	-9.28	91.61	99.14	8.22
Machine Tools	11.22	13.75	22.63	70.53	85.29	20.92
Copper and products	12.00	11.13	-7.30	57.52	66.70	15.96
Bicycle & Parts	10.04	10.66	6.17	46.36	63.78	37.56
Cranes Lifts & Winces	4.72	5.73	21.55	34.14	33.80	-1.01

Source: DGCIS&S

During April, 2018- September, 2018, 15 out of top 20 panels have recorded positive growth with Aluminium & products showing the maximum growth of 83% whereas Motor Vehicle/cars descending the most by -48%. During September 2018, 12 out of top 20 panels recorded positive growth with Aluminium & products exhibiting growth over 62% followed by Electric Machinery and Motor Vehicles/cars at 43.86% and 35.79% respectively. Medical and Scientific instruments recorded the maximum decline of -35.74%.

News in Focus

Germany pitches for resumption of EU-India free trade agreement talks

Germany pitched for resumption of the European Union-India free trade agreement (FTA) talks, saying both sides should do so for “strategic reasons” and to send out a strong political message.

Read Full story: <https://www.thehindubusinessline.com/news/world/germany-pitches-for-resumption-of-eu-india-free-trade-agreement-talks/article25040035.ece>

Trade Wars May Be About to Hit the Giants of Nordic Industry

Investors in Nordic export giants are wondering whether they’ve grown too reliant on a global economic boom that may be about to end.

Read Full story: <https://www.bloomberg.com/news/articles/2018-10-31/trade-wars-may-be-about-to-hit-the-giants-of-nordic-industry>

Germany seeks to free up trade with India

Unveiling their plans to boost the 'Make in India' programme, the German ambassador to India Martin Ney said that the exports from Germany to India have increased substantially in the past few years.

Read Full story: <https://www.indiatoday.in/mail-today/story/germany-seeks-to-free-up-trade-with-india-1349270-2018-09-26>

BlackRock Sees Record \$23 Billion 2018 Direct Lending in Europe

Private lending by asset managers to European companies will reach a record 20 billion euros (\$23 billion) this year, according to [BlackRock Inc.](#)

Read Full story: <https://www.bloomberg.com/news/articles/2018-10-31/blackrock-sees-record-23-billion-2018-direct-lending-in-europe>

German Inflation Hits Six-Year High Even as Economy Falters

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.bloomberg.com/news/articles/2018-10-30/german-inflation-hits-six-year-high-even-as-economy-falters>

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/614 TBT notification issued by EU on Electric motors and variable speed drives](#)

This draft Commission Regulation sets minimum energy performance for electric motors and variable speed drives, as there exists a cost-effective potential to limit their energy consumption. In accordance with Ecodesign Directive 2009/125/EC, products not meeting these requirements will not be allowed to be placed on the EU market.

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