

# Territorial NEWSLETTER Europe

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



**Ravi Sehgal**

As per the reports by the International Monetary Fund, economies in central, eastern, and south-eastern Europe are in such positions to overtake Germany and France in terms of rate of growth and employment. 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 State Visit of our Hon'ble President to Cyprus, Bulgaria, Czech Republic and Hon'ble Vice President to Serbia, Malta and Romania in the month of September are few of the efforts done by the Indian Government which will reap the fruit in near future. The visits were fruitful and various joint cooperation agreements were signed in respective priority areas ranging from Innovation and research to defense and renewable energy. The initial efforts will result in increased FDI inflows and provide various avenues for Indian exporters in untapped 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 August 2018 has sustained the positive trend, all the top five countries – Germany, UK, Italy, Belgium and France – recorded positive growth in August 2018 in imports of engineering products from India when compared with August 2017. With regard to export, in the top 20 panels, it is observed that 15 panels recorded positive growth during April, 2018- August, 2018 period compared to 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:** 512.60 million (est. 2018)

**GDP:** USD 17.282 trillion (2017)

**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 Indian President to Cyprus, Bulgaria and Czech Republic (September 02-09, 2018)

Hon'ble President of India, Shri Ram Nath Kovind, visited Cyprus, Bulgaria and Czech Republic from September 2-9, 2018. He was accompanied by Shri Parshottam Rupala, Minister of State for Agriculture & Farmers Welfare and Ministry of Panchayati Raj, two Members of Parliament and other senior government officials.

On the first leg of his three-nation tour, he visited Cyprus from 2-4 September, 2018 at the invitation of the President of Cyprus, His Excellency Mr. Nicos Anastasiades. India has substantial economic ties with Cyprus. India-Cyprus special friendship is deeply rooted in shared historical experiences and both have supported each other in progress and prosperity of their peoples. Hon'ble Presidents held detailed discussions and reviewed ongoing bilateral and multi-lateral engagements and also exchanged views on economic cooperation. India being one of the fastest growing major economy in the world and Cyprus's niche expertise in financial services and investment banking, both sides welcomed the signing of the MOU between Financial Intelligence Unit, India and Unit for Combating Money Laundering of Cyprus. This agreement would further strengthen the institutional framework to facilitate investment cross-flows. Enhancing business collaboration in the fields of IT and IT enabled services, tourism, shipping and renewable energy was also discussed. Both sides further appreciated and welcomed the signing of MOU on Cooperation in the areas of Environment between the Ministry of Environment, Forest and Climate Change of India and the Ministry of Agriculture, Rural Development and Environment of Cyprus as a timely step towards joint collaboration to promote sustainable development and help tackle Climate Change.

Bulgaria visit was undertaken from 4-6 September, 2018 at the invitation of the President of Bulgaria, His Excellency Mr. Rumen Radev. India and Bulgaria have close historical and cultural ties dating back to 8th century A.D. In modern times, the popularity of Yoga, Ayurveda and Indian films in Bulgaria have strengthened our bonds. India-Bulgaria annual trade stands at USD 315 million and a number of Indian companies are present in Bulgaria and vice-versa.

During the visit, Hon'ble President addressed the business representatives of India and Bulgaria at a Business Forum and delivered a lecture at the Sofia University.

In the course of the bilateral talks, the two leaders acknowledged the relations of traditional friendship, fruitful cooperation and reaffirmed the mutual desire to further strengthen political, economic, commercial, science & technology, educational and cultural cooperation between the two countries. President Radev expressed readiness to work together with President Kovind for building comprehensive Bulgarian-Indian partnership in the light of India's emergence as a global power and within the framework of the EU-India strategic partnership.

<b>List of MoUs/Documents signed during the visit of Hon'ble President to Bulgaria</b>	
<b>1</b>	A Programme of Cooperation between India and Bulgaria in the field of Science & Technology for the period 2018-2021;
<b>2</b>	Memorandum of Understanding between India and Bulgaria on Cooperation in Tourism;
<b>3</b>	Memorandum of Understanding between Indian Council for Cultural Relations (ICCR) and Sofia University on establishment of ICCR Chair for Hindi Language
<b>4</b>	Memorandum of Understanding between Invest India and Invest Bulgaria
<b>5</b>	MOU on Cooperation between the Global Centre for Nuclear Energy (GCNEP) of India and the Institute for Nuclear Research and Nuclear Energy of the Bulgarian Academy of Sciences

The Presidents noted the growth in bilateral trade could be enhanced by tapping the potential areas such as ICT, electronics/software, light engineering products, auto components, pharmaceuticals, textiles, agro-products, food processing, tourism, hospitality and creative industries. They encouraged SMEs and mid-cap companies to play a dominant role and underlined the importance of regular and sustained economic cooperation dialogue through the India-Bulgaria Joint Commission for Economic, Scientific and Technical Cooperation.

Hon'ble Indian President visited Czech Republic from 6-9 September, 2018 at the invitation of the President of the Czech Republic, His Excellency Mr. Milos Zeman. India has substantial economic linkages with the Czech Republic with annual trade of over USD 1 billion and investment of around 60 Czech companies in India is testimony of the vibrant economic ties. Substantial investment has been announced by a Czech major in automotive sector in 'Make in India'. The Leaders expressed their commitment to strengthening the Economic Partnership between India and the EU and noted the efforts to timely re-launching negotiations for a mutually beneficial India- EU Broad Based Trade and Investment Agreement (BTIA).

The Presidents reaffirmed their commitment to enhancing awareness of existing opportunities offered by the two countries' markets and facilitating business-to-business contacts including through business missions, participation at trade fairs and exhibitions, information sharing and training. The Leaders agreed that the upcoming 11th session of the Czech Republic-India Joint Commission on Economic Cooperation will provide an important opportunity to develop new ideas of how to move bilateral economic relations forward. Acknowledging a high level of competence of the two countries in research and innovation, the two Presidents welcomed the signing of the Work Plan for Support of Czech-Indian Projects for the Years 2019-2022 between the Ministry of Education, Youth and Sports of the Czech Republic and Department of Science and Technology, Ministry of Science and Technology of the Republic of India. They also welcomed the signing of the Memorandum of Understanding on Scientific and Technological Cooperation between the Academy of Sciences of the Czech Republic and the Council of Scientific and Industrial Research of the Republic of India.

## Trade Trend Analysis in Europe

On the basis of the export data of August 2018, the top 5 European nations which had the highest demand for Indian engineering products are- Germany, UK, Italy, Belgium 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 August , 2017	Exports in August, 2018	Growth (%)	Exports in April,2017 - August,2017	Exports in April,2018 - August,2018	Growth (%)
<b>GERMANY</b>	261.77	312.68	19.45	1158.82	1396.75	20.53
<b>U K</b>	215.69	279.78	29.72	1107.15	1229.60	11.06
<b>ITALY</b>	195.65	219.10	11.99	1012.41	968.33	-4.35
<b>BELGIUM</b>	99.68	167.32	67.85	519.41	781.52	50.46
<b>FRANCE</b>	89.93	133.00	47.89	581.48	595.17	2.36

Source: DGCI&S

As demonstrated by the table above, in all the five countries, exports of engineering products from India realized positive growth. Belgium and France recording the highest growth in August 2018 among these, around 68% and 48% respectively in comparison to August, 2017.

The cumulative growth figures show positive trend for all the countries except Italy from period, April-August 2018 against the same period last year. Belgium showed the highest growth of more than 50 % followed by Germany at approx. 21%.

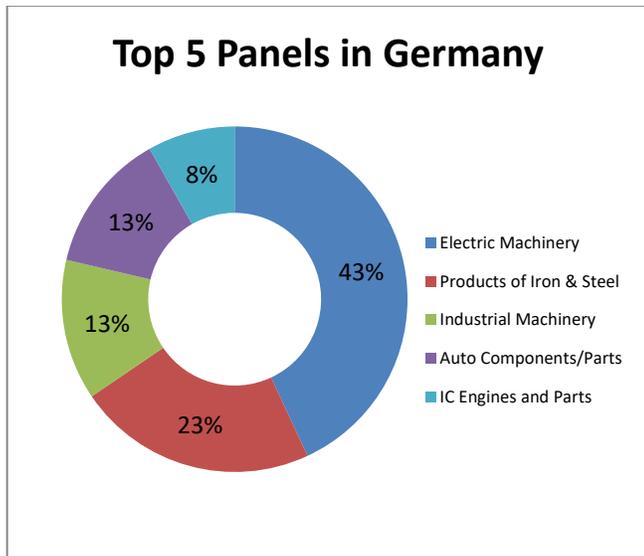
### **Panel wise trend in Top 5 Engineering Export Destinations for India in Europe**

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 August 2018, we observe that Products of Iron& Steel, Auto Components/Parts, Iron and Steel, Motor Vehicle/cars, and Aluminium and products are the most traded panels across these countries.

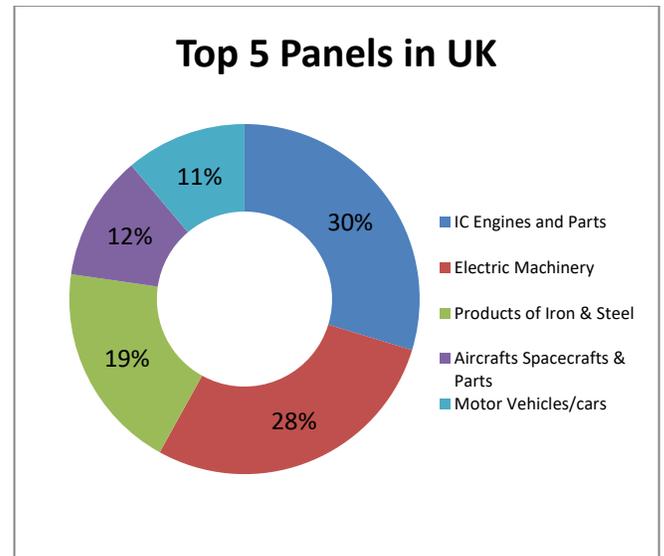
Share of top 5 panels exported in the major destinations are depicted below in Figure 1.

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

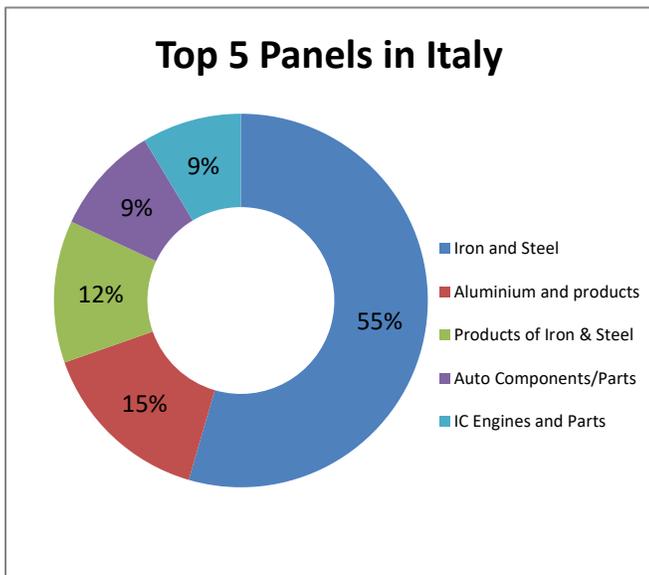
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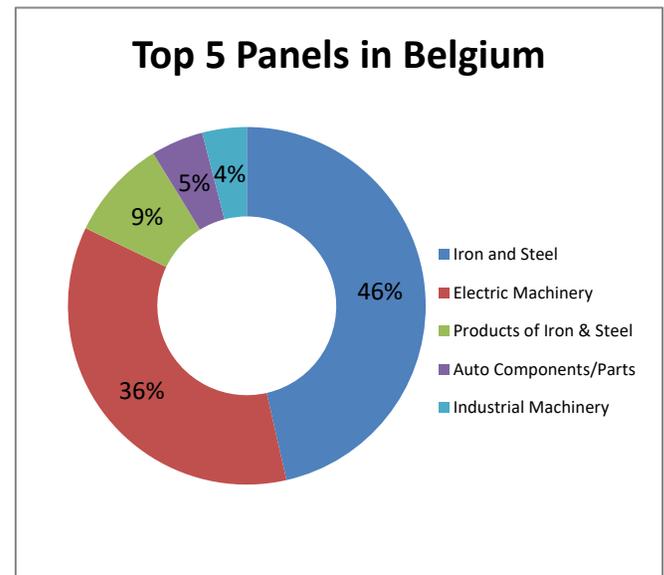
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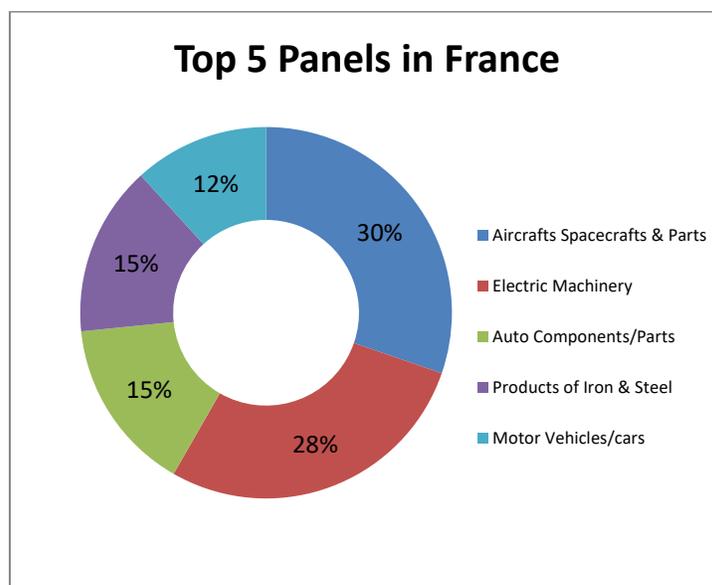
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(d)



(e)



Source: DGCI&amp;S

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

During August, 2018 Iron and Steel was the most important items of export from India to Europe in value terms and recorded a growth of 15.43% compared to its corresponding period last year. It is followed by Electrical Machinery, Products of Iron & Steel, Auto Components/Part and IC Engines and Parts with respective growth rate of 66%, 24%, 23% and 36% compared to August, 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 August, 2017	Exports in August, 2018	Growth (%)	Exports in April,2017 - August,2017	Exports in April,2018 - August,2018	Growth (%)
Iron and Steel	242.88	280.35	15.43	1225.72	1087.16	-11.30
Electrical Machinery	153.59	255.07	66.07	695.30	1138.82	63.79
Products of Iron & Steel	148.49	184.32	24.12	672.72	779.44	15.86
Auto Components/Parts	90.73	111.56	22.96	400.86	490.04	22.25
IC Engines and Parts	73.33	99.70	35.96	380.77	332.36	-12.71
Aluminium and products	43.31	94.93	119.21	264.31	496.62	87.89
Industrial Machinery	61.28	90.62	47.90	311.24	420.36	35.06
Aircrafts Spacecrafts & Parts	63.02	60.10	-4.63	317.62	339.74	6.96
Motor Vehicle/cars	81.15	58.10	-28.40	630.13	286.18	-54.58
Medical and Scientific instruments	42.14	40.00	-5.06	208.37	207.49	-0.42
Machinery for ATMs	24.32	34.27	40.93	112.29	141.56	26.07
Hand Tools Cutting	19.31	23.31	20.74	95.99	106.37	10.81
Construction Machinery	15.95	23.03	44.46	70.51	114.73	62.71
Pumps of all types	18.42	22.78	23.64	87.00	98.77	13.54

<b>Air condition and Refrigerators &amp; Parts</b>	15.05	21.14	40.44	62.05	115.82	86.66
<b>Non Ferrous Metals</b>	15.30	17.88	16.84	73.90	83.07	12.41
<b>Machine Tools</b>	11.50	16.79	46.06	59.32	71.53	20.60
<b>Copper and products</b>	9.74	11.96	22.84	45.52	55.58	22.09
<b>Bicycle &amp; Parts</b>	8.22	11.11	35.09	36.32	53.13	46.27
<b>Cranes Lifts &amp; Winces</b>	3.99	6.65	66.39	29.43	28.07	-4.60

Source: DGCIS&S

During April, 2018- August, 2018 out of top 20 panels, 15 have recorded positive growth with Air condition and Refrigerators & Parts showing the maximum growth of 87% whereas Motor Vehicle/cars descending the most by -55%. Whereas in data for August, 2018, 17 out of top 20 panels recorded positive growth with Aluminium and products exhibiting growth over 119% followed by Cranes Lifts & Winces and Electrical Machinery at 66.39% and 66.07% respectively. Motor Vehicles/ Cars recorded the maximum and considerable decline of -28.40%.

## News in Focus

### EU-India "fully committed" to move forward on free trade pact: Official

The European Union and India are "fully committed" to moving forward on the proposed free trade agreement and discussions are on between the two sides on the much-delayed pact, according to an EU official.

*Read Full story:*

[//economictimes.indiatimes.com/articleshow/65919850.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/65919850.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### Germany on track for solid growth as business morale holds steady

Business morale held steady in Germany in September, propped up by consumer spending and construction, a survey showed, to leave the country on track for further growth even if a uncertain global economic outlook worsens.

*Read Full story:*

<https://www.reuters.com/article/us-germany-economy-ifo/germany-on-track-for-solid-growth-as-business-morale-holds-steady-idUSKCN1M40TT>

### Germany's Merkel warns against tougher EU CO2 limits on cars, vans

German Chancellor Angela Merkel said on Tuesday that European carmakers could be made uncompetitive if EU targets for reducing carbon dioxide emissions from cars and vans were set at more than 30 percent by 2030.

*Read Full story:* <https://www.reuters.com/article/us-eu-auto-emissions-merkel/germanys-merkel-warns-against-tougher-eu-co2-limits-on-cars-vans-idUSKCN1M51NW>

## German institutes warn of recession if trade conflict escalates

Any escalation of trade friction involving the United States could cause a major recession in Germany and Europe, Germany's leading economic institutes said. The institutes also said U.S. President Donald Trump's threat to impose tariffs on car imports from the European Union would cost jobs and harm productivity and prosperity in Germany.

Read Full story: <https://www.reuters.com/article/us-germany-economy-institutes/german-institutes-warn-of-recession-if-trade-conflict-escalates-idUSKCN1M61SK>

## 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/592 TBT notification issued by EU on heavy-duty vehicles](#)

Commission Regulation 2017/2400 of 12 December 2017 on the determination of CO2 emissions and fuel consumption of heavy-duty vehicles introduces a common method and a simulation tool to objectively compare the performance of heavy-duty vehicles.

### EEPC India Europe Territorial Newsletter

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