

Territorial NEWSLETTER Latin America

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



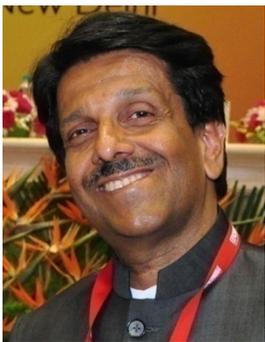
In the last 10 years, Chile has emerged as one of the leading market for engineering products in the Latin America region. India-Chile FTA was signed long back but now it needs revision with including a large product array. In some sectors like mining, infrastructure development, farm mechanization, etc, India can garner better penetration and wide acceptance in Chilean market. In the wake of TPP, the proposed upgradation of India-Chile FTA could be very useful to boost India's exports in Latin America region. Chile is a potential market for export of Indian engineering products.

Engineering services and products have a very high demand in Chile as its growing progressively. Ship building and development of coastline is an important sector where India can collaborate with Chile for capacity building and technology transfer. Many such important sectors for collaboration between India and Chile have been highlighted in this edition.

I hope that this newsletter will be insightful for our readers and I hope they enjoy reading it.

Tarvinder Singh Bhasin

LA Territorial Committee Chairman's Note



In this edition of the 'Newsletter on Latin America', we have discussed about Chile as a major market for Indian industries. The newsletter also gives an insight on the top engineering product panels that is imported by LAC and compiles tender information and key news items on LAC.

We really need to expand the trade agreement with Chile in order to strengthen our global trade position in Latin American region.

The subsequent issues will keep you updated on India's relation dynamics with the countries in Latin America and Caribbean region.

We are hopeful that the newsletter will give fruitful information to our readers.

Pankaj Chadha

Basic Facts: Latin America & Caribbean

Area: 19,197,000 Sq. km

Population: 589 million

GDP: USD 5.650 trillion

Climate: mostly temperate; arid in southeast; sub-Antarctic in southwest

Natural resources: precious metals, sugar, rubber, grains, coffee, copper, and oil

Country Focus- Chile



EEPC India has always strived for strengthening India's collaborations at the Global front. Recently, EEPC India team met Ms. Carolina Vasquez M, Trade Commissioner, ProChile Commercial office-Embassy of Chile. Ms Carolina Spoke at length about the various opportunities that exists in Chile for Indian business community. She stressed that for India Chile has a strategic advantage due to its membership in the Trans Pacific Partnership and also its proximity with the important Latin American countries. Chile offers attractive investment openings in sectors that include mining, services, the food industry, infrastructure, tourism and energy. She stressed on various prospects of bilateral collaboration between India & Chile. Chile has consolidated its position as Latin America's most competitive economy. This is mainly due to its sustained economic growth and openness to trade. This has put Chile as one of the most free and dynamic market. Its performance is reflected in the rankings of institutions that annually measure competitiveness around the world. The major highlights are summed up below-

Box 1: Chile's Macro-economic Snapshot

General Information	
Capital	Santiago
Currency	Chilean pesos (CLP)
Language	Spanish
Macro-economic Information	
GDP	\$258 billion (2014 est.)
Exchange Rate	Chilean pesos (CLP) per US dollar -568
Trade Related Information	
Exports	\$76.98 billion (2014 est.)
Exports - commodities	Copper, fruit, fish products, paper and pulp, chemicals, wine
Exports - partners	China 24.9%, US 12.8%, Japan 9.9%, Brazil 5.8%, South Korea 5.5% (2013)
Imports	\$70.67 billion (2014 est.)
Imports - commodities	Petroleum and petroleum products, chemicals, electrical and telecommunications equipment, industrial machinery, vehicles, natural gas

Imports – partners	US 20.3%, China 19.7%, Brazil 6.5%, Argentina 5%, Germany 4% (2013)
Source: CIA Factbook	

India-Chile PTA

Ms. Carolina said that the preferential trade agreement signed between India & Chile has proved to be very successful but it covers a very small array of products, now is the time to expand this agreement and include many other opportunities for the industries of both the countries. The Government of both the countries should focus on the expansion of India-Chile PTA. Indian market is very important for Chile, she said.

Focus Sectors

Ms. Carolina mentioned about various sectors where Indian SME's can explore opportunities. Chile is basically involved in mining, infrastructure development, energy and agriculture. Indian companies can enhance exports in these sectors and also technological collaboration is another important aspect which can be materialized. The demand for agricultural mechanization is very high in Chile and India has distinct advantage in this sector. Engineering services and products have a very high demand in Chile as its growing progressively. Ship building and development of coastline is an important sector where India can collaborate with Chile for capacity building and technology transfer.

Keeping in view the Smart City concept, India can collaborate for the anti-seismic designs which are used in Chilean buildings to ensure safety from recurring earthquakes. Right now it is a bit difficult because of some barriers faced by Chilean companies, but if it is facilitated then Chilean companies are keen to venture.

During the interview, Ms. Carolina discussed EXPOMIN 2016 with the EEPC team. The event is about to be held during 25-29 April 2016, in Santiago, Chile. EXPOMIN has become a benchmark event for the Latin American mining industry, as the event focuses on the widest range of technological innovation and brings together the mining sector's key players. She also invited EEPC India to participate in 2017 edition of EXPONOR. Once EXPOMIN 2016 is over, the embassy will share details for next year's events. Further, she suggested that if member of EEPC India is interested to participate in EXPOMIN 2016, they can refer to the link - <http://www.ciechile.gob.cl/en/>

Impact of Trans Pacific Partnership

According to Ms. Carolina, TPP is a framework to enhance transparency and look into the welfare of member states. TPP's impact on Indian exports is not very clear but it is envisaged that it won't impact trade adversely as India will remain an important market destination. Also she has mentioned that Indian companies are already following the global standards in engineering export sector.

Barriers

Ms. Carolina also gave EEPC team insight into the common barriers faced by the exporters of India & Chile. The cultural barriers have a very strong impact. Chile is surrounded by major countries like Argentina, Brazil, Peru, and doing business with these countries is much convenient and economic. Due to the existing comfort zone, it becomes difficult for Indian SME's to penetrate in Chilean market. Also lack of awareness about the existing trade opportunities in Chile is also a major setback to bilateral trade between India & Chile. Ms. Carolina suggested that events like INDEE, IEES etc are good platforms for increasing awareness regarding business opportunities.

Way forward

The way forward to overcome all the trade barriers between India & Chile will be better Logistics. Ms. Carolina indicated that Chile is working upon the infrastructure developments like renewal of ports and increasing the coastline and highways. A deep understanding of rules and regulations for setting up any business in both the countries should be made easily available and accessible.

Participation in various engineering events in India and Chile will also aid in exploring new opportunities between both the countries. Also organizing events in Chile for increasing awareness and aiding industries to explore opportunities could be helpful.

For more information one can contact-

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India- MERCOSUR section

MERCOSUR is a trading bloc in Latin America comprising Brazil, Argentina, Uruguay, Venezuela and Paraguay. MERCOSUR was formed in 1991 with the objective of facilitating the free movement of goods, services, capital and people among the four member countries. It is the third largest integrated market after the European Union (EU), North American Free Trade Agreement (NAFTA). India and MERCOSUR have signed a Preferential Trade Agreement (PTA) which came into effect on 1st June, 2009. The aim of this Agreement is to expand and strengthen the existing relations between MERCOSUR and India and promote the expansion of trade by granting reciprocal fixed tariff preferences.

India's bilateral trade with the LAC region has increased significantly from \$3.7 billion a decade ago to \$45 billion 2014-15; still it appears to be a small fraction of the potential. The total products in MERCOSUR offer list is 452 out of which 127 products are from engineering sector. This accounts for 28.2% of the offer list. This indicates the significance of engineering products in the export of India.

The major product segment in the offer list include-

- Non-ferrous metals and products
- Nickel & products
- Aluminum and products
- Hand tools & Cutting tools
- Other non-ferrous metals & products
- IC engines and parts
- Pumps of all types
- Industrial machinery for dairy, agriculture, textile, paper, chemicals, etc.
- Electric machinery & equipments
- Medical & Scientific instrument

Table 1: India's Major Export Destinations in LAC & MERCOSUR Regions for Engineering Products

LAC	India's Export in December 2015 (USD Million)	MERCOSUR	India's Export in December 2015 (USD Million)
COLOMBIA	69.82	BRAZIL	43.34
BRAZIL	43.34	ARGENTINA	15.41
PERU	37.53	PARAGUAY	5.44
CHILE	35.40	URUGUAY	3.36
ARGENTINA	15.41	VENEZUELA	1.94
Total	151.55	Total	69.49

Export of engineering products from India to MERCOSUR in December, 2015 is valued at 69.49 million USD which is 0.73% of the total engineering export of India to the world, whereas India's export to Latin America and Caribbean is valued at 151.55 million USD, constituting 1.59% of its total export to world. For the full year 2015, the total export of India to LAC countries which are part of MERCOSUR was valued at 69.49 million USD representing 0.73% of the total export of India to the region. MERCOSUR-India PTA has boosted trade. India should enter into preferential trade agreements with other countries like Peru, Argentina, Ecuador, etc.

Table 2: Top 10 panels of Engineering Goods Exported to MERCOSUR & LAC by India

Top panels export to MERCOSUR	Value in December 2014 (USD million)	Value in December 2015 (USD million)	Top panels export to LAC	Value in December 2014 (USD million)	Value in December 2015 (USD million)
Auto Components/Parts	20.72	14.10	Motor Vehicle & cars	86.64	85.51
Industrial Machinery	8.42	7.06	Two and Three Wheelers	33.87	39.59
Iron and Steel	16.69	5.79	Auto Components/Parts	27.04	31.73
Products of Iron	8.41	4.94	Products of Iron	25.02	27.61
Motor Vehicle/cars	7.60	4.88	Iron and Steel	46.20	18.96
Aluminum and products	3.37	4.85	Aluminum and products	34.43	16.27
Electric Machinery	5.38	4.73	Industrial Machinery	14.10	14.15
Two and Three Wheelers	1.83	4.51	Electric Machinery	9.74	10.87
IC Engines and Parts	3.57	2.85	IC Engines and Parts	4.55	4.83
Medical and Scientific instruments	3.87	2.38	Medical and Scientific instruments	5.93	4.58
Total	79.86	56.07	Total	287.52	254.11

The table above comprises of the top 10 exported engineering products to MERCOSUR & LAC. Comparative analysis of month by month data of subsequent years (2014 and 2015 for the month of December) reflects that the overall Indian exports have declined for both LAC and MERCOSUR region. For MERCOSUR it has gone down from 79.86 million USD to 56.07 million USD whereas for LAC it has declined from 287.52 million USD to 254.11 million USD from December 2014 to December 2015. This decrease in export of engineering products from India to MERCOSUR and LAC region shows a negative impact on India's global trade which should be probed and improvement is needed for enhancing the exports to LAC and MERCOSUR region. More trade agreements with the Latin American region countries will strengthen India's competitiveness in the region.

LAC-India – Information Guide

LA has a website –LA helpdesk which provide crucial information regarding any trade related query.

The link for the website is:

Source: <http://lanic.utexas.edu/la/region/business/index.html>

For all the business travel related information regarding Latin America can be found at the link below.

Source: <http://www.businesswithlatinamerica.com/travel.html>

Chile – Information Guide

Related to the information you can find attached brochure of Investment and also you can find some specific information in the following links

Mining Suppliers:

http://www.ciechile.gob.cl/wpcontent/uploads/2015/08/BROCHURE_MINER%C3%8DA_WEB.pdf

Biotechnology:

http://www.ciechile.gob.cl/wp-content/uploads/2015/08/BROCHURE_BIOTECNOLOGIA_WEB.pdf

Energy:

http://www.ciechile.gob.cl/wp-content/uploads/2015/08/BROCHURE_Energ%C3%ADa_web.pdf

Tourism:

http://www.ciechile.gob.cl/wp-content/uploads/2015/08/BROCHURE_TURISMO_WEB.pdf

Food Industry:

http://www.ciechile.gob.cl/wp-content/uploads/2015/08/BROCHURE_AGROINDUSTRIA_WEB.pdf

Find information related to mining fair and Air & Space fair in the following links

http://www.expomin.cl/index_ing.php

<http://www.exponor.cl/>

<http://www.fidae.cl/en/web/exhibicioncomercial>

News in Focus

Brazil's economy shrinks to 25-year low

Brazil's GDP contracted 3.8% last year, its biggest annual contraction since 1990. The poor performance was capped by a 5.9% year-on-year GDP contraction in the fourth quarter.

Link: <http://www.bnamericas.com/en/news/banking/brazils-2015-gdp-drop-worst-in-almost-20-years/>

Copper in Latin America

The extent of the decline in the copper price took many by surprise in 2015 as the metal fell 25% to average US\$2.49/lb over the 12 months on the London Metal Exchange. The downturn can be partly attributed to a market surplus as new supply came on line, coupled with slower than expected demand growth in China.

Link: <http://www.bnamericas.com/en/intelligence-series/mining/copper-in-latin-america/>

In Volatile Year, Smaller Markets Stand Tall, ETFs that focus on Argentina, Kuwait and other overseas markets have held up well

There are some overseas markets that have avoided the market mayhem—among them, Argentina, Colombia and Morocco. While such frontier markets aren't for everyone, "Argentina has been one of the few markets that have rallied this year," says Mark Preskett, senior investment consultant and portfolio manager for fund-tracker Morningstar Inc. Argentina is included in the MSCI Frontier Markets Index. Mr. Preskett says investors need to be aware that frontier markets are a much smaller universe, which can affect liquidity when it comes to trading shares. "The MSCI frontier-market index has a market cap of \$81 billion, compared with the emerging-market MSCI index, which is \$3.2 trillion," says Mr. Preskett.

Link: <http://www.wsj.com/articles/in-volatile-year-smaller-markets-stand-tall-1457321031>

Argentina Debt Deal Poised to Deliver Big Payday to Holdouts

Argentina has reached a preliminary agreement to end one of the longest and most contentious battles over government debt in history, potentially handing a big payday to hedge funds that held out for a decade and a half. The government agreed in principle on Sunday to pay \$4.65 billion to Paul Singer's Elliott Management Corp. and three other hedge funds to settle their claims on the country's defaulted sovereign bonds.

Link: <http://www.wsj.com/articles/argentina-holdout-creditors-agree-to-4-65-billion-settlement-1456760652>

Upcoming Events in LAC

Date of the event	Name of the event	Location	Link
06 Apr 2016 - 08 Apr 2016	LATS — 2016 17th Latin American Test Symposium	Foz do Iguaçu, Brazil	http://www.lats.tttc-events.org
21 Sep 2016 - 23 Sep 2016	PES T&D-LA — 2016 IEEE PES Transmission & Distribution Conference and Exposition - Latin America	Morelia, Mexico	http://www.ieee-tsla16.org
04 Oct 2016- 06 Oct 2016	TRANSPQUIP LATIN AMERICA 2016	Sao Paulo, Brazil	http://www.eventseye.com/fairs/f-transpoquip-latin-america-11214-

			1.html
25 Apr 2016-29 Apr 2016	Expomin 2016	Santiago	http://www.expomin.cl/index_ing.php
15May2017-19 May 2017	Exponor 2017	Chile	http://www.exponor.cl/

Tender Information in LAC

Prior information Notices

TI ref No.	Title	Link
32367474	Acquisition of head compressor. mspas no. 2016-roo-cd-0553, Guatemala	http://www.tendersinfo.com/details/32367474
32382832	Acquisition of Computer Equipment, Licenses, Furniture and Related Services, Honduras	http://www.tendersinfo.com/details/32382832
32380326	Acquisition of two (2) electronic signs organizers shifts and twelve (12) remote controls, Argentina	http://www.tendersinfo.com/details/32380326
32380287	Bidding electronic battery materials acquisition, candle set, clutch kit and others, Brazil	http://www.tendersinfo.com/details/32380287
32379371	Supply of materials supplies and construction equipment and / or boats repair, Brazil	http://www.tendersinfo.com/details/32379371
32369060	Material acquisition of electricity, Guatemala	http://www.tendersinfo.com/details/32369060
32376899	Acquisition of building materials esc. g-289, Chile	http://www.tendersinfo.com/details/32376899
32376457	Maintenance and repair of vehicles, Chile	http://www.tendersinfo.com/details/32376457
32376353	Computer equipment acquisition (high performance workstation), Brazil	http://www.tendersinfo.com/details/32376353

For more contract notices, Please follow the link:

<http://www.tendersinfo.com/global-latin-america-tenders.php>

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