

Territorial NEWSLETTER Latin America

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Colombia and India have collaborated successfully in a number of sectors of economy & commerce like information technology, urban development, defense, health etc. Out of these sectors, Information Technology has progressed quite well. The commercial and economic relations have burgeoned in the recent years. Last two years witnessed the export and import baskets getting more varied. Indian imports include Mineral fuel, minerals oils, Natural or Cultivated Pearls, Wood and Steel articles of wood and Cocoa. Exports from India mainly include Motorcycles in CKD form, Vehicles other than railways, Cotton yarn and woven fabrics of cotton, Organic chemicals and Iron & Steels. In the recent past, there has been a fall in the Colombian imports from India.

To improve our engineering exports to Colombia, we need to focus upon automotive industry as a major segment, primarily auto components and maintenance industry. Colombian market is one of the largest consumers of Indian two wheelers but the only issue is on the service and maintenance industry. Our members can look into this as an area of interest for exploring opportunities underlying the Colombian market.

I hope that this newsletter will be insightful for our readers and they would 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 Colombia as a major market for Indian automotive 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 dimension with Colombia in order to strengthen our global trade position in Latin American region.

The subsequent issues will keep you updated on India's trade and business 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

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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- Colombia-A new destination for exploring

India and Colombia have friendly and cordial bilateral relations. Both countries have considerable coincidence of views on global issues and have closely collaborated in various multilateral fora. In a recent interaction with the Embassy of Colombia, EEPC Policy Team tried to identify factors which hinder achievement of trade potential between the two countries. This is despite the fact that there have been several collaborations in sectors like information technology, urban development, defense, health etc and the Commercial and Economic relations have burgeoned in the recent years. Diversification of trade basket over the last two years has not helped either. Presently, Indian imports include mineral fuel, minerals oils, natural or cultivated pearls, wood and steel, articles of wood and Cocoa. Indian exports include motorcycles in CKD form, vehicles other than railways, cotton yarn and woven fabrics of cotton, organic chemicals and iron & steels. There has been a fall in the Colombian imports to India owing to the fall of oil exports.

Box 1:Colombia's Macro-economic Snapshot	
General Information	
Capital	Bogota
Currency	Colombian pesos (COP)
Language	Spanish (official)
Macro-economic Information	
GDP	\$665 billion (2015 est.)
Exchange Rate	Colombian pesos (COP) per US dollar -2,721.9 (2015 est.)
Trade Related Information	
Exports	\$48.52 billion (2015 est.)
Exports - commodities	petroleum, coal, emeralds, coffee, nickel, cut flowers, bananas, apparel
Exports - partners	US 26.3%, China 10.5%, Panama 6.6%, Spain 5.8%, India 5.1% (2014)
Imports	\$56.05 billion (2015 est.)
Imports - commodities	industrial equipment, transportation equipment, consumer goods, chemicals, paper products, fuels, electricity
Imports - partners	US 28.5%, China 18.4%, Mexico 8.2% (2014)

Source: CIA Factbook

Bilateral Trade trend between India & Colombia

If we see the DGCIS data, the trade between India and Colombia has shown an impressive growth during 2010-11 to 2013-13. There is, however, marked decline in bilateral trade in the following year (2014-15). This is primarily because of drastic fall in imports from Colombia. In contrast, India's exports over the five year period (2010-11 to 2014-15) shows a positive growth.

Table 1: Bilateral Trade Trends of India-Colombia (in USD Million)					
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
EXPORT	561.31	892.42	912.12	1,007.51	1,105.15
%Growth		58.99	2.21	10.46	9.69
IMPORT	856.31	559.83	2,352.79	4,970.62	2,134.94
%Growth		-34.62	320.27	111.26	-57.05
TOTAL TRADE	1,417.62	1,452.25	3,264.91	5,978.13	3,240.08
%Growth		2.44	124.82	83.1	-45.8
TRADE BALANCE	-295	332.59	-1440.67	-3963.11	-1029.79
Source: DGCIS					

There are 128 engineering products at 4-digit DGCI&S level which are being exported to Colombia in a considerable amount valued above 0.1 million USD and most of them have experienced a positive growth over past few years. Major export items include automobiles and auto components, motorcycles, machinery and mechanical appliances, medical instruments, iron, copper and miscellaneous manufactured articles.

The top 10 exporters to Colombia include China, USA, Mexico, Germany, France, Japan, Brazil, Korea, Colombia and Italy. India is the 11th largest exporter to Colombia. India's share is meager in import basket of Colombia.

Trade and Investment in Colombia by Indian Companies

65% of electricity is generated through hydroelectric plants in Colombia, this can be a major area for research and development for Indian companies working in renewable energy sector. Colombia aids the joint ventures and collaborations for foreign companies, also one can have 100% ownership. Colombia has a large pool of skilled workforce.

Box 2: India- Colombia Trade and Investment Relations
<ul style="list-style-type: none"> • IT (TCS, Tech Mahindra etc) • Pharmaceuticals (IPCA, CIPLA, AurbindoPharma, Dr. Reddy's) • Agro-Chemicals (United Phosphorus, Shraddha Chemicals) • Automobiles and tractors (TVS, Bajaj, Hero, Sonalika and Mahindra) • Mining (Renuka energy) • In oil exploration, ONGC Videsh has on-going exploration and production operations in Colombia. It's joint venture with Chinese company SINOPEC called Mansarovar Energy owns a producing asset which produces around 40000 barrels per day. • Praj industries have constructed 6 ethanol plants in Colombia with capacity of 1.05 million liters per day. It is constructing now it's 7th plant. • Hero Moto Corp. has laid the foundation stone for the plant to manufacture motorcycles in Cali on 06 July,2014. The plant which will have investment of US\$ 70 million will be producing 78,000 motorcycles initially and will lead to direct & indirect

employment of 2500 persons.

Source: <http://www.mea.gov.in/Portal/ForeignRelation/>

Major Challenges posing restrictions on trade with Colombia are-

The major issues faced by Indian exporters while trading with Colombia can be summed up as follows:

- **Tariff rate**

Colombia's numerous economic integration agreements have fostered overlapping tariff application. For example, a product may be subject to more than ten different duties depending on whether it comes from a member of the Andean Community, the Latin American Integration Agreement, or the Caribbean Community. Approximately 97 percent of the Colombian Harmonized Tariff Schedule (CHTS) products can be imported without an import license, but import tariffs and VAT still apply.

- **Non-tariff barriers**

Although the implementation of the Unified Portal for Foreign Trade (VUCE) has significantly streamlined the paperwork process for imports and exports, Colombia's bureaucracy still constitutes a barrier to trade for both local and foreign companies. When mistakes are made by the exporter or importer, the goods may be refused entry into Colombia and be returned at considerable expense to the exporter or importer. Colombian customs statutes provide for significant fines and penalties for light infringement of procedures and errors in freight forwarding documents by customs agencies.

- **Lack of maintenance facilities for two wheelers segment**

Colombia is one of the largest import partner of Indian two wheelers but the lack of maintenance facilities and auto part availability is discouraging the exports. Local manufacturing plants for auto components can be very useful and also automobile service industry can penetrate to explore opportunities.

- **Product certificate**

Manufacturers and importers of products regulated by official mandatory technical standards or technical regulations need to register themselves in SIC's Mandatory Registry prior to selling products in Colombia. Products can be tested in accredited laboratories to obtain the certificate of conformity and SIC accepts certificates issued by accredited certification entities, such as members of the International Accreditation Forum (IAF) multilateral agreement.

- **Language problem**

Spanish is the most spoken language. Though they speak English they don't use them often.

- **Lack of awareness leading to lack of opportunities**

Colombia's buyers do not have adequate knowledge and information about Indian manufacturers due to which the trade remains nascent. More exhibitions should be organized to create awareness about Indian manufacturers.

Way Forward

Colombian market is an important trade destination for Indian engineering and manufacturing sector due to its strategic location. There lies immense potential in infrastructure development in Colombia. India can partner with Colombia and garner the benefits by enhancing the trades and also exploring new opportunities.

India can strengthen its position in the whole Latin America and gain access to TPP member countries as well. However, at present the mutual trade between the two countries is still at a nascent stage and would require more time to mature.

Considering all the untapped potential, the governments of both countries must work to increase the momentum in this nascent bilateral relationship. If both position themselves as the gateway to their respective regions—India for South Asia and Colombia for South America—they can bridge the distance and deepen the bilateral trade relations.

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

LAC	India's Export in February 2016 (USD Million)	MERCOSUR	India's Export in February 2016 (USD Million)
Brazil	32.74	Brazil	32.74
Colombia	30.26	Argentina	16.02
Chile	29.26	Paraguay	3.86
Peru	18.67	Venezuela	1.37
Argentina	16.02	Uruguay	1.15
Total	126.95	Total	55.14

Export of engineering products from India to MERCOSUR in February, 2016 is valued at 55.14 million USD which is 1.25% of the total engineering export of India to the world in February 2016, whereas India's export to Latin America and Caribbean is valued at 126.95 million USD, constituting 2.89% of its total export to world. MERCOSUR's PTA with India has boosted trade. To further consolidate its position, India should enter into preferential trade agreements with other countries like Peru, Argentina, Ecuador, in the region.

Table 3: Top 10 panels of Engineering Goods Exported to MERCOSUR & LAC by India

Top panels export to MERCOSUR	Value in January 2015 (USD Million)	Value in January 2016 (USD Million)	Value in February 2015 (USD Million)	Value in February 2016 (USD Million)	Top panels export to LAC	Value in January 2015 (USD Million)	Value in January 2016 (USD Million)	Value in February 2015 (USD Million)	Value in February 2016 (USD Million)
Auto Components/Part	18.31	13.20	20.21	12.17	Motor Vehicle/cars	18.40	44.22	54.24	43.10
Industrial Machinery	10.24	6.37	11.05	5.90	Two and Three Wheelers	39.35	34.34	41.90	27.64
Iron and Steel	13.51	4.36	12.17	4.88	Auto Components/Part	25.01	20.13	27.37	19.26
Two and Three Wheelers	2.03	2.68	1.27	4.64	Products of Iron	14.42	20.80	21.51	15.86
Products of Iron	7.66	5.68	6.53	4.38	Iron & Steel	41.75	12.94	30.87	14.30
Electric Machinery	13.63	3.22	4.05	3.56	Aluminum & products	17.82	12.88	15.68	14.07
Motor Vehicle/car	0.82	7.69	5.12	3.27	Industrial Machinery	14.22	10.25	15.58	9.88
Aluminum and products	3.34	6.04	2.86	3.19	Electric Machinery	21.00	8.81	8.55	9.44
IC Engines and Parts	3.81	9.21	4.24	2.76	Medical & Scientific instrument	4.72	5.10	5.78	4.63
Medical & Scientific instrument	3.02	2.80	3.48	2.09	IC Engines and Parts	5.13	11.14	5.27	4.53

The table above comprises of the top 10 exported engineering products to MERCOSUR and LAC. Comparative analysis of month by month data of subsequent years (2015 and 2016 for the month of January and February) reflects that the overall Indian exports have declined for both LAC and MERCOSUR region. For MERCOSUR it has gone down from 69.49 million USD to 55.14 million USD whereas for 29 countries of LAC, it has declined from 248.13 million USD to 161.33 million USD from February 2015 to February 2016. 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 could probably 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>

Colombia– 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

Trade:

<http://www.colombiatrader.com.co/>

Export Catalog:

<http://catalogo.procolombia.co/en/?q=en/>

Investment:

<http://www.investincolombia.com.co/>

Tourism:

<http://www.colombia.travel/>

General information related to fairs and expos:

<http://www.procolombia.co/en>

News in Focus

An Augean stable- The government is rebuilding its discredited statistics institute

The government plans to submit to economic monitoring by the IMF; that is normal for members of the fund, but Argentina has refused it since 2006. Mr Todesca hopes the IMF will soon lift its statistical censure.

Link:<http://www.economist.com/news/americas/21692915-government-rebuilding-its-discredited-statistics-institute-augean-stable?zid=305&ah=417bd5664dc76da5d98af4f7a640fd8a>

Presentation of the Latin American Economic Outlook 2016: Towards a new partnership with China at the Wilson Center in Washington DC

The 2016 edition of the Latin American Economic Outlook explores how the region could deepen and improve its partnership with China as part of its development agenda. Despite the end of the “Golden Decade” of the commodities boom, China will continue to be a game changer for the region. The report contends that the world’s economic center of gravity is moving away from OECD countries towards emerging economies, a phenomenon

called “shifting wealth.” Ties between Latin America and China are evolving well beyond trade and challenge the region to adopt modern reforms and policies to build a mutually beneficial partnership with China.

Link: <http://www.latameconomy.org/en/news/article/presentation-of-the-latin-american-economic-outlook-2016-in-washington-dc-148/>

Japanese business people seek opportunities in Chile

As part of its international activities, Chile’s Mining Ministry held its First Public-Private Meeting with Japan’s Ministry of Economy, Trade and Industry (METI) and the Japan Oil, Gas and Metals National Corporation (JOGMEC). The meeting, which took place in the framework of the Memorandum of Understanding on mining signed by the two countries in 2014, was also attended by a delegation of Japanese companies and was led by Chile’s Undersecretary for Mining, Ignacio Moreno, and METI’s Vice-Minister for International Affairs, Takayuki Ueda.

Link: <http://www.ciechile.gob.cl/en/espanol-empresarios-japoneses-buscan-opportunidades-de-negocio-en-chile/>

Foreign Investment Promotion Agency, CORFO and Chile Image Foundation sign agreement to promote investment in regions

The aim of this plan is to strengthen the competitiveness of strategic sectors of the national economy and different geographical areas, contribute to the sophistication and diversification of the country’s production matrix and generate positive externalities in the regions or geographical areas in which these investment projects are implemented.

It is important to note that these joint efforts seek to contribute to the materialization of technological and/or strategic investments or that help to narrow the competitiveness gaps of different regions and sectors that are important for the economic and social development of these geographical areas.

Link: [http://www.ciechile.gob.cl/en/espanol-firman-acuerdo-para-promover-la-inversion-en-el-](http://www.ciechile.gob.cl/en/espanol-firman-acuerdo-para-promover-la-inversion-en-el-pais/)

[pais/](#) Upcoming Events in LAC

Date of the event	Name of the event	Location	Link
8–11 May 2016	International Symposium on Asynchronous Circuits and Systems (<i>ASYNC</i>)	Brazil	http://www.globaleventslist.elsevier.com/events/2016/05/ieee-international-symposium-on-asynchronous-circuits-and-systems-async/
9–13 May 2016	Photodynamics conference	Mendoza, Argentina	http://www.globaleventslist.elsevier.com/events/2016/05/international-meeting-on-photodynamics-and-related-aspects/
26–30 June 2016	International Conference on Bridge Maintenance, Safety and Management (IABMAS)	Foz do Iguaçu, Brazil	http://www.globaleventslist.elsevier.com/events/2016/06/international-conference-on-bridge-maintenance-safety-and-management-iabmas/

4-7 Sept, 2016	Bolivarian Symposium of Petroleum Exploration in the Subandean Basins	Cartagena, Colombia	http://www.globaleventslist.elsevier.com/events/2016/09/bolivarian-symposium-of-petroleum-exploration-in-the-subandean-basins/
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Tender Information in LAC

Prior information Notices

TI ref No.	Title	Link
33284358	Provision of wheels, Chile	http://www.tendersinfo.com/details/33284358
33284396	Catheters or interventional vascular or diagnostic sets, Chile	http://www.tendersinfo.com/details/33284396
33291963	Draft call for the acquisition of construction material, Mexico	http://www.tendersinfo.com/details/33291963
33284078	Construction of civil works, Chile	http://www.tendersinfo.com/details/33284078
33292012	Obtaining safety equipment for atm, Mexico	http://www.tendersinfo.com/details/33292012
33284491	Tyres for trucks or cars, Chile	http://www.tendersinfo.com/details/33284491
33284572	Acquisition of building materials for repair, Ecuador	http://www.tendersinfo.com/details/33284572
33284573	Acquisition of building materials, electrical, plumbing and woodwork for gpg, Ecuador	http://www.tendersinfo.com/details/33284573
33284580	Motorcycle parts acquisition kawasaki klr 650, Ecuador	http://www.tendersinfo.com/details/33284580

For more contract notices, Please follow the link:

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

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