

Territorial NEWSLETTER Latin America

EEPCINDIA
ENGINEERING THE FUTURE

Vanijya Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eepcindia.org



Volume III: November 2015

Chairman's Pen



The recent trade trend between India and LAC has shown a positive growth as compared with last month. The year is coming to an end and we are looking forward to what new opportunities open in next year. The recent reports have indicated major developments in the infrastructure segment leading to increased demands in concurrent sectors. Brazil has set a budget of US\$77.7bn for housing, urban infrastructure and waterworks. Whereas Brazilian crude steel production from January to October slipped 1.3% year-on-year to 28.2Mt, according to data from local steel industry association, which is indicative of the increased demand in Latin American region. Recently, Latin America's steel imports from China increased 5% year-on-year to 642,000t in September, according to regional steel association. This lays a great opportunity for Indian steel manufacturing industries to gain momentum and increase the exports to Latin America region.

In engineering sector, the bilateral trade is improving and Indian industries should keep up the positive trend. Exploring more bilateral agreements with LAC region can probably uplift India's trade with the region as a whole.

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 explored the upcoming opportunities for Indian Steel 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.

This is an apt moment to explore the opportunities in Latin American region and strengthen the bilateral relations.

The subsequent issues will keep you updated on India's relation 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

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 PTA which came into effect on 1st June, 2009. The aim of this Preferential Trade 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.

The total products in MERCOSUR offer list is 452 out of which 127 products are from engineering sector comprising of 28.17% of the total share. This indicates the significance of engineering products in the export of India.

Table 1: Major Export destinations in LAC & MERCOSUR for India in September 2015

LAC	India's Export in September 2015 (USD Million)	MERCOSUR	India's Export in September 2015 (USD Million)
Mexico	148.16	Brazil	60.90
Brazil	60.90	Argentina	16.71
Chile	39.87	Uruguay	6.34
Colombia	39.02	Venezuela	4.89
Peru	29.01	Paraguay	4.45
Total	316.96	Total	93.29

The total export of India to MERCOSUR in September, 2015 is valued at 93.29 million USD which is 1.97% of the ¹total engineering export of India to the world, whereas India's export to Latin America and Caribbean is valued at 316.96 million USD, constituting 6.71% of its total export to world. For the full year 2014, the total export of India to LAC countries which are part of MERCOSUR was valued at 1297.73 representing 31% of the total export of India

¹ *MERCOSUR here comprises of the member states only i.e. Brazil, Argentina, Uruguay, Paraguay and Venezuela. The associate and observer states are included in LAC region.

to the region. This indicates that India's trade with MERCOSUR member countries has improved after signing of the India MERCOSUR PTA.

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

Top panels export to MERCOSUR	Value in September 2014 (USD million)	Value in September 2015 (USD million)	Top panels exported to LAC	Value in September 2014 (USD million)	Value in September 2015 (USD million)
Auto Components/Parts	20.53	13.77	Motor Vehicle/cars	57.42	68.63
Aluminum and products	1.80	11.17	Two and Three Wheeler	31.73	39.73
Industrial Machinery	5.39	8.54	Aluminum and products	17.70	24.00
Motor Vehicle/cars	3.15	7.19	Products of Iron	14.37	22.34
Two and Three Wheelers	2.86	6.92	Auto Components/Parts	27.50	20.41
Aircrafts Spacecraft	0.00	6.33	Iron and Steel	36.74	16.84
Electric Machinery	10.63	5.54	Industrial Machinery	11.67	15.26
Products of Iron	8.25	5.33	Electric Machinery	20.11	14.59
Iron and Steel	12.07	5.07	Aircrafts Spacecraft	0.00	8.14
Lead and products	0.00	3.62	Medical and Scientific instruments	9.08	5.69
Total	64.69	73.47	Total	226.33	235.61

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 September) reflects that the overall Indian exports have improved for both LAC & MERCOSUR region. For MERCOSUR it has gone up from 73.47 million USD to 64.69 million USD whereas for LAC it has increased from 226.33 million USD to 235.61 million USD from September 2014 to September 2015. This increase in export of engineering products from India to MERCOSUR and LAC region shows a positive growth which is very important and should be followed.

Infrastructure Development in Latin America- Hub of Opportunities for Steel Industry

Infrastructure development is the key focus area in major Latin American countries. Infrastructure spending has increased in recent years in countries that have established mechanisms to attract resources and the expertise of the private sector such as Brazil, Mexico, Colombia, Peru and Chile . Public investment is fundamental, but perfect

public-private partnership (PPP) models are being emphasized by the government through institutional reforms. In Latin America, projects increasingly depend on private investment and operations.

The government needs to implement countercyclical strategies and to reduce the shortfall in transport infrastructure, in 2016 and the following years multiple developments in the industry are forecasted. The plans involve major highway, airport and port projects. Investments in 2016 and beyond will especially target freight and passenger railroads, regional integration projects and innovative urban transport systems such as light rail, cable cars, monorails and the latest generation of trams.

The South American giants intend to invest some US\$64 billion in the construction and development of transport infrastructure and urban mobility by 2018. This 'roadmap' includes a total of 223 transport infrastructure projects valued at almost US\$100 billion.

The Colombian economy has performed excellently during the past decade, but to sustain the future growth of the country completing the so-called fourth generation of road concessions (better known as 4G) is considered key. This program includes investments of about US\$17 billion over the next six years.

Peru's economy should return to previous growth rates following 2014's modest expansion. At present, the country has a portfolio of projects to be awarded in 2016 valued at US\$19.3 billion.

Chile plans US\$28 billion in infrastructure spending by 2020 to give momentum to the economy. The goal is to increase spending on public infrastructure, which is currently estimated at 2.5% of GDP, to around 3.5%. Such developments will lead to increased demand for steel imports and other major components.

The table below contains the top exporters of Steel industry top LAC region, where U.S.A tops the chart with 13243.85 USD million, China secures second position with 10342.20 USD million and India is on 14th position with 974.57 USD million.

Table3: Major exporters of Steel to Latin America & Caribbean (Values in USD million)

Country Name	Exported Value in 2012	Exported Value in 2013	Exported Value in 2014
USA	13273.91	13030.81	13243.85
China	8397.55	9452.86	10342.20
Japan	2842.00	2841.78	2979.64
Brazil	3329.26	2675.63	2228.65
Korea, Republic	2341.60	1922.81	2156.94
Germany	1852.01	1878.90	1567.16
Mexico	1744.38	1980.57	1562.67
Spain	1503.32	1357.56	1334.91
Italy	1394.67	1331.40	1314.02
Russian Federation	725.23	457.76	1164.44
Taipei, Chinese	1125.44	977.32	998.36
Canada	1106.66	944.05	995.81
Turkey	990.26	1045.59	983.76
India	785.48	699.17	974.57
Argentina	992.42	770.68	691.06

Now if we analyze the prevailing trade trend in steel industry of LAC, we find that India holds a meager share of 1.98% which is valued at 974.97 USD million whereas India's export to World is 16599.32 USD million with a percentage share of 5.87%.

Table: 4 Latin America's Steel Industry Analysis 2014 (values in USD Million)

Latin America import from World 2014	49340.92
Latin America import from India 2014	974.97
India's export to World 2014	16599.32
India's % share in LAC's Import Basket for steel	1.98
LAC's % share in India's Export Basket for steel	5.87

These figures conclude that India has a higher indicative potential for steel and steel products export and Latin America region can be its new destination to look forward.

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>

Southern Power Electronics Conference (SPEC) 29 November – 2 December 2015, Fortaleza, Brazil

Southern Power Electronics Conference – SPEC is a discussion forum with the participation of Brazilian and international experts from industry, business and academic sectors and research laboratories in order to discuss the advances and trends of power electronics, its applications and impacts in the industry, in the economy and in the human life, and sustainability. One of the goals of the conference is to establish a forum for Countries of the Southern Hemisphere of the Earth.

Source: <http://www.globaleventslist.elsevier.com/events/2015/11/southern-power-electronics-conference-spec/>

News in Focus

Argentina and China sign US\$6bn nuclear deal

Argentina and China signed contracts for the financing and construction of the South American country's fourth nuclear power plant. The 750MW Atucha III power station will require investment of US\$5.994bn, Argentina's

planning ministry (Minplan) said in a statement. China will finance 85% of the amount. Over the next 10 years, nuclear energy's contribution to the national electric power mix will surpass 15%, planning minister Julio De Vido told reporters at the G20 Summit in Antalya, Turkey, where the contracts were signed.

Link: http://subscriber.bnamericas.com/Subscriber/news/electricpower/argentina-china-sign-us6bn-nucleardeal?idEmail=496430905&lang=en&utm_source=Trials&utm_medium=newsletter&utm_campaign=ElectricPower&idioma=en

Hero Motors inaugurates its manufacturing unit in Colombia on 8 September

The Hero Motor's unit, inaugurated by the Colombian President is located in the Parc Sur free zone of Villa Rica in the state of Cauca, 500 km south west of Bogota. Hero has invested 70 million dollars. Annual production capacity 80,000 motorcycles and scooters and can be expanded to 150,000 units in the next phase. production from this plant will also be used for exports to other Latin American countries and US. Hero motorcycles are sold in Colombia through 160 outlets in 133 towns and cities.

Link: <http://www.businesswithlatinamerica.com/>

Latin America is getting closer to India in trade

Mention Latin America, many Indian businessmen dismiss it as distant and marginal for India's trade. Here is an eye opener for this old mindset. In 2014-15, India's trade with Venezuela and Brazil were more than its trade with France. India's exports to Brazil were more than the exports to France, Japan, Malaysia, South Africa, Indonesia, and Republic of Korea which are considered as close trading partners of India. Brazil has emerged as the ninth largest global destination of India's exports. Venezuela supplies more crude oil to India than United Arab Emirates and Kuwait.

Link: <http://businesswithlatinamerica.blogspot.in>

India's vehicle exports to Latin America were an impressive 1.82 billion dollars in 2014-15.

Cars accounted for 1.29 billion dollars, motorcycles- 460 million dollars and three wheelers- 63 million dollars. Mexico is the leading destination for exports of cars, Colombia the top market for two wheelers and Peru the main destination for three wheeler exports. There is scope for India to increase the vehicle exports to 4 billion dollars by 2020 if the exporters keep up their marketing campaign.

Link: <http://businesswithlatinamerica.blogspot.in/>

India's trade with Brazil increased by 20% in 2014 despite Brazilian economic stagnation

India's trade with Brazil reached a record 11.42 billion dollars in 2014 increasing by 20% from 9.49 bn in 2013. This is impressive considering the fact that Brazilian economy had slowed down in 2014 to a meager 0.2% growth and the country's imports had declined by 4.46%. The average annual growth since 2010 has been 20%. India has become the 8th largest trade partner of Brazil in 2014 climbing from 12th position in 2013.

Link: <http://www.businesswithlatinamerica.com/>

Tender Information in LAC

Prior information Notices

TI ref No.	Title	Link
30303434	New Rail Line from Lucas do Rio Verde to Miritituba, Brazil	http://www.tendersinfo.com/details/30303434
30505564	Provision of air conditioners., Argentina	http://www.tendersinfo.com/details/30505564
30505633	Supply and installation of pump and plumbing materials for pool santiago de veraguas., Panama	http://www.tendersinfo.com/details/30505633
30505913	Acquisition of washers and dryers for use of the national border service., Panama	http://www.tendersinfo.com/details/30505913
30509959	Acquisition of electrical components and tools, Uruguay	http://www.tendersinfo.com/details/30509959
30506195	Procurement for surgery (scissors, electrode clamps), as requisición b358., Ecuador	http://www.tendersinfo.com/details/30506195
30507538	Works installation of lighting and refurbishment of the electrical installation in the premises of the department of infrastructure sector situated in the street bartolome mitre 1441 3rd floor corner , Uruguay	http://www.tendersinfo.com/details/30507538
30507188	Acquisition of a tire valve at25226, a ring of rim t27183, t27184 a tire rim, a ring torico t59932 at43231 wheel and required for jhon deere 870g grader property of gadmcg, Ecuador	http://www.tendersinfo.com/details/30507188

For more contract notices, Please follow the link:

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

EEPC India Latin America Territorial Newsletter
 Contact: Palak Singh
 Email: psingh@eepcindia.net
 Phone no: 011-2331 4171