

Territorial NEWSLETTER Latin America

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



India's relations with Latin American and Caribbean (LAC) countries remained cordial but limited even after five decades of independence. The two subcontinents had divergent foreign policy perceptions; and their inward looking development strategies also gave little incentive for any meaningful economic exchanges. This changed in the 1990s. A liberalizing Indian economy initiated the export-promoting "Focus LAC" strategy in 1996. On its part, the LAC region also reached out to India and other dynamic economies of Asia with a view to boost regional economic growth momentum. The interests converged on global trade and political issues too; and political dialogue increased in frequency. The past decade witnessed sizeable growth in trade and investment, preferential trading arrangements (PTAs).

LAC is a significant trading partner for India, with immense potential but underutilized at the same time. The total trade has experienced a growth of 6.83% in the year 2014-15 as compared with 2013-2014.

In engineering sector, the bilateral trade is experiencing a downfall over past few years, it is pivotal to gear up and overcome inhibitions to improve the falling statistics. The benefits of the PTA between MERCOSUR and India remain unutilized.

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

Anupam Shah

LA Territorial Committee Chairman's Note



In this first edition of the 'Newsletter on Latin America', we focus on India and MERCOSUR preferential trade agreement's impact on the trade between India and Latin America & Caribbean region. We have also included a story on India-Peru infrastructural collaboration which I believe our readers will enjoy reading and will be benefitted.

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.

The subsequent issues will have a separate chapter 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

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Basic Facts: Latin America & Caribbean

Area: 19,197,000 Sq. km

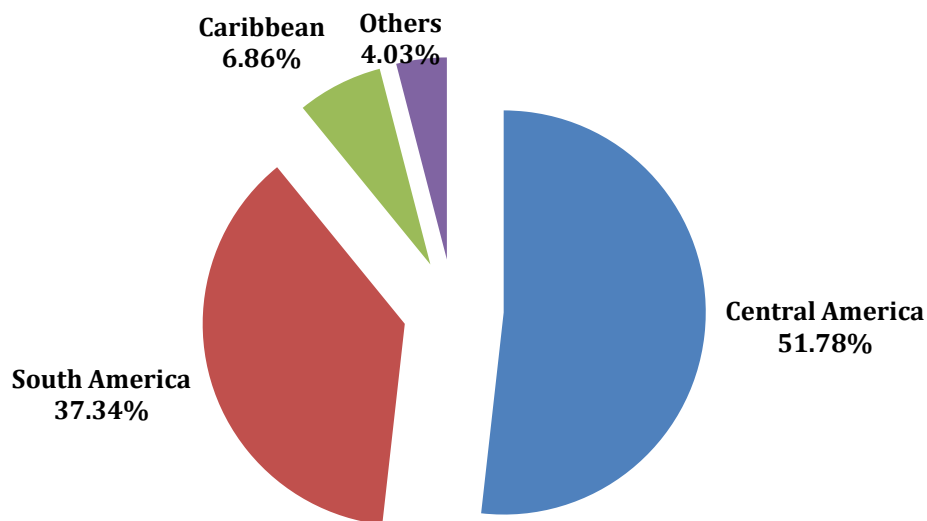
Population: 589 million

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

Fig 1: India's exports of Engineering Goods to LAC-Region wise (2014-2015)



Source: DGCIS

In the above region wise classification, it is shown that Central America is the major trade destination with 51.78% for India during 2014-15. Central America includes Argentina, Brazil, Chile, Peru, Colombia, Ecuador, Paraguay, Uruguay, and Venezuela. India can explore opportunities with other countries of LAC region to increase the trade.

India- MERCOSUR section

MERCOSUR is a trading bloc in Latin America comprising Brazil, Argentina, Uruguay 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.

The major panels 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: Top 5 Export destinations in LAC & MERCOSUR for India in 2014

LAC	India's Export in 2014 (USD Million)	MERCOSUR	India's Export in 2014 (USD Million)
Mexico	2026.32	Brazil	880.35
Brazil	880.35	Argentina	203.13
Colombia	686.98	Uruguay	120.54
Peru	358.24	Paraguay	48.77
Chile	291.96	Venezuela	44.94
Total	4243.84	Total	1297.73

The total export of India to MERCOSUR in 2014 is valued at 1297.73 USD million which is 0.79% of the total import of MERCOSUR whereas India's export to Latin America and Caribbean is valued at 5422.31 USD million which constitute of 0.97% of its total import from world. The total export of India to LAC countries which are part of MERCOSUR is valued at 1297.73 in the year 2014 which is 31% of the total export of India to LAC region, which indicates that trade is more favored after India MERCOSUR PTA was signed as compared to other countries which do not fall under MERCOSUR.

Table 2: Top 10 panels of Engineering Goods Exported to LAC & MERCOSUR by India in 2014

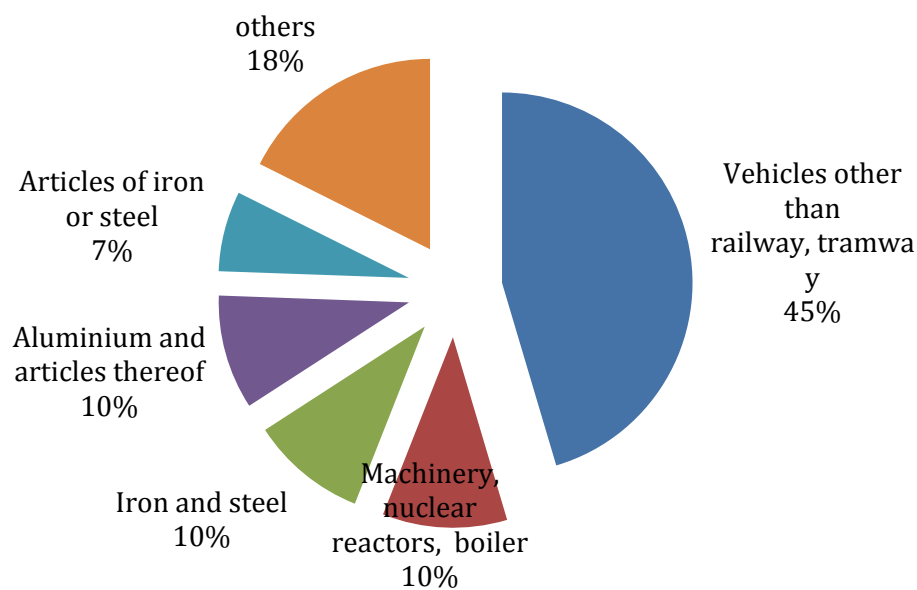
Top panels export to LAC	Value in 2014 (USD million)	Top panels exported to MERCOSUR	Value in 2014 (USD million)
Vehicles other than railway, tramway	2465.37	Vehicles other than railway, tramway	391.70
Machinery, nuclear reactors, boilers, etc	574.61	Machinery, nuclear reactors, boilers, etc	272.17
Iron and steel	536.03	Electrical, electronic equipment	177.88
Aluminium and articles thereof	526.99	Iron and steel	166.94
Articles of iron or steel	370.42	Articles of iron or steel	99.55

Top panels export to LAC	Value in 2014 (USD million)	Top panels exported to MERCOSUR	Value in 2014 (USD million)
Electrical, electronic equipment	335.18	Optical, photo, technical, medical, etc apparatus	70.35
Copper and articles thereof	262.27	Aluminium and articles thereof	39.70
Optical, photo, technical, medical, etc apparatus	123.63	Tools, implements, cutlery, etc of base metal	24.16
Tools, implements, cutlery, etc of base metal	61.25	Furniture, lighting, signs, prefabricated buildings	15.89
Ships, boats and other floating structures	47.39	Miscellaneous manufactured articles	14.05
Total	5303.14	Total	1272.38

The table above comprises of the top 10 exported engineering products to LAC & MERCOSUR. These products comprise of 97.8% of total engineering products exported in LAC region and 98% of the engineering products exported to MERCOSUR in the year 2014. Most of the products are common in both regions. Thus, India can probe deeper to increase trade of other products where it has surplus.

India's total export of engineering goods to world in 2014 is valued at 786073.89 USD million. LAC's total import of engineering goods in 2014 is 558906.69 USD million and MERCOSUR imports 164646.89 USD million of engineering products.

Fig 2: India's Top engineering exports to LAC (2014-15)



Source: DGCI&S

The above chart shows that vehicles other than railways and tramway comprise of 45% of the total goods export to LAC while other goods have marginal share in LAC's import basket. The overall engineering goods imported by LAC are valued at 558906.69 USD million.

India and Peru exploring new vistas for infrastructure development

Peru is one of Latin America's fastest growing economies. Between 2002 and 2013, the average growth rate was 6.1% in a context of low inflation (2.6% on average). A favorable external environment, prudent economic policies and structural reforms in different areas combined to create a scenario of high growth and low inflation. Nevertheless, the country may be entering a challenging period since growth slowed in 2014 as a result of adverse external conditions, a corresponding decline in domestic confidence and fewer investments. However, at 2.4%, the 2014 GDP growth rate remained above the regional average (0.8%) and inflation was only slightly above the target rate for the year (3.2%). Consequently, private investment and exports decreased in real terms only by 1.6% and 0.3%, respectively. Nevertheless, growth in Peru is expected to remain solid over the next few years at more than 4%. Large mining projects are expected to begin in the next two or three years. Additionally, the country will implement a countercyclical fiscal policy to support aggregate demand and the ongoing application of structural reforms will assure the continued confidence of private investors.

Peru is rapidly emerging as one of the most important trade partners for India in the Latin America region. Trade between the two countries is growing impressively and recorded a growth of 35% in 2012 and it was valued at USD1.1 billion. In the next two years ending 2014, trade increased by about 25% to reach over USD1.3 billion. India's export to Peru has exponentially increased over the period of years starting from USD398.85 million in 2010 to USD525.88 million in 2011 to USD754.55 million in 2014.

India ranked 85th out of 148 countries for its infrastructure in the World Economic Forum's most recent Global Competitiveness Report. The private sector invested \$225 billion—or roughly 12 percent of GDP—in India's infrastructure between 2007 and 2012, much of it through PPPs, which have proliferated.

Peru is targeting \$80-billion investment under the public-private partnership (PPP) model to resurrect and upgrade its infrastructure. As a part of the initiative, Indian firms have been invited to join hands with local entities to develop rail, metro, roads, ports, airport, telecommunications and energy projects. The invitation is based on study of PPP initiatives in India. Peru wants experiences and good practices of India be replicated in Peru through partnerships with local companies. There is offer of construction of two metro lines worth \$5-6 billion and a mono rail project in the south of the country to Indian entities. Peru is also keen to partner with India on a project for hydraulic works pertaining to the potable water. The strategic collaboration between Peru and India for infrastructural development will definitely enhance the trade between two nations.

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 given below:

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

Indo-Latin American trade has shot up from a few hundred million dollar trade to \$39 billion in 2014 with a potential to grow manifold in the near future. Energy, food and agricultural products, technology, transport and IT are the potential areas for bilateral and multilateral trade. The European Investment Bank also supports a large number of projects of Indian SME's in Latin America. To have more information, please go to the below link

Source: <http://eib.europa.eu/projects/regions/ala/index.htm>

The largest mining trade fair in Latin America, EXPOSIBRAM 2015 features 15,000 m² of stands, represented by the major mining companies with global operations as well as big suppliers of products and services. Innovations in technology, equipment, software and other products related to the mining industry, and information about investment and management are released and presented at the event. For more information-

Source: <http://www.exposibram.org.br/mensagem/pub/bemvindo.php?tipo=0#>

The 31st International Mining Convention is organized by the Asociación de Ingenieros de Minas, Metalurgistas y Geólogos de México, A.C., and shall take place from October 7 to 10, 2015 at the great conference center Mundo Imperial, located 5 minutes away from the airport of the Beautiful Port of Acapulco, Guerrero.

This Convention has been organized since 1955 and it has become one of the most important meetings in Latin America. In addition to the high-level technical program, the Convention will also include an exhibition of mining machinery, equipment and services, within an area of more than 22 thousand square meters, showcasing the most modern mining technologies.

The convention is attended by 10 thousand people from all sectors, and the most important companies of the Mexican mining industry, as well as by visitors from at least 20 countries. For more information-

Source: <http://www.expominmexico.com.mx/en/>

India Engineering Exhibition, INDEE 2015 in Lima, Peru from 5th-7th Aug, 15

EEPC India, since 1977, has organised 30 INDEEs in 22 countries. Countries where INDEEs have been organised include Australia, Brazil, China, Colombia, Egypt, Ethiopia, Indonesia, Kazakhstan, Kenya, Malaysia, Mexico, Morocco, Myanmar, Nigeria, Russia, Singapore, South Africa, Sri Lanka, Thailand, United Kingdom, Venezuela and Vietnam. INDEE is popular, especially amongst the small and medium exporting enterprises, as an effective and inexpensive platform to promote trade in goods and services in prospective markets.

EEPC India, in association with the Lima Chamber of Commerce (LCC) and Indian Chamber in Peru (INCHAM) organized Indian Engineering Exhibition, **INDEE PERU 2015** in Lima from August 5-7, 2015. This is the first time that such an exhibition with the participation of around 70 Indian companies has been held in Peru. Among the participating companies from India, 25% were SMEs. Many of the participating companies have already ventured in to the Peruvian market. Around 8 companies specializing in turn key projects also showcased their expertise in cement, sugar and oil and gas industries.

The event turned out to be the value for money -- around 2500 persons visited the Fair Grounds. As per preliminary estimates, around 1130 business enquiries were generated and business deals of around USD 4.3 million negotiated. Some of the companies also received firm orders for supplies of various engineering products. There was admiration by the Peruvian business community of the quality of the Indian products on display which ranged from hand tools, bearings, auto components to small and medium types of machines and equipment. There is a growing preference for Indian engineering products, such as electrical equipment, amongst Peruvian companies compared to China. This has primarily emerged from relatively better quality of Indian products.

INDEE in Peru was attended by several important persons, including government officials. Some of them include, Mr. Edgar Vasquez, Vice Minister for Foreign Trade; Mr Jorge von Wedemeyer, President of Lima Chamber of Commerce; Ambassador Javier Paulinich, former Ambassador of Peru to India; and Mr. Jose Betancourt Rivera, Peru's new Ambassador to India among others. Vice Minister Vasquez spoke at the event and said that INDEE has generated considerable interest in the business community in Peru. He said Peru is hopeful that it will become the future hub for India to carrying out business and investments in the region. He added that there is great deal of optimism in Peru in view of the ongoing discussions on a Free Trade Agreement between the two countries.

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>

Mexichem Opens 4th Plant in India- April 2015

Mexichem, a Mexican company, has opened a new manufacturing plant in Hyderabad, which will produce cable ducts and pressure pipes for the water, gas and telecommunications industries. The new plant is Mexichem's fourth plant in India, with two other facilities located in Goa, and another in Rajasthan. Mexichem is a vertically integrated chemical company operating more than 120 plants in over 30 countries and generating annual revenues of \$5 billion.

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

India and Brazil to boost cooperation

India and Brazil have decided to explore ways to boost cooperation in diverse areas of defence, cyber security, trade and commerce. In their talks in Brasilia, the two sides discussed the entire gamut of relations covering bilateral, regional and multilateral issues of mutual interests.

Link: <http://www.ndtv.com/india-news/india-brazil-decide-to-explore-ways-to-boost-cooperation-784614>

Mexico set to become the biggest export market for Indian carmakers this fiscal

Mexico, one of the farthest countries from India, is set to become the biggest export market for Indian carmakers this fiscal, with one-fifth of all cars shipped out of the country expected to land in the Central American country some 12,000 nautical miles away. Car exports to Mexico will increase by more than 50% to 1.32 lakh units in 2015-16, as against 82,000 vehicles for the same period last year.

Link: http://economictimes.indiatimes.com/articleshow/48521482.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Volkswagen ships 100,000 India-made car to Mexico

Volkswagen India announced that its plant in Chakan near Pune has shipped its 100,000 'Made in India' car for the Mexican market. The Pune facility has achieved this milestone in less than two years after starting the export of cars to Mexico. The Pune-built Vento replaced the outgoing Jetta Classico in the Mexican market. A company statement said the 'Made in India' Vento is among the top three most sold cars in Mexico in the first half of 2015.

Link: <http://www.thehindu.com/business/Industry/volkswagen-ships-100000th-indiamade-car-to-mexico/article7562351.ece>

Tender Information in LAC

Prior information Notices

TI ref No.	Title	Link
28953538	Acquisition of materials construction, Chile	http://www.tendersinfo.com/details/28953538
28999864	Provision of Hydraulic equipment, Brazil	http://www.tendersinfo.com/details/28999864
28973602	Procurement of services for fleet management with preventive and corrective maintenance, implementation and operation of computerized and integrated by use of magnetic cards with chip or micro process, Brazil	http://www.tendersinfo.com/details/28973602
28974365	Acquisition of vehicle 4 x 4	http://www.tendersinfo.com/details/28974365
28958507	Purchase parts and accessories, and preventive and corrective maintenance of machinery and vehicles municipal property, Ecuador	http://www.tendersinfo.com/details/28958507
28960350	Acquisition of air guard wire and cable bare aluminum, Venezuela	http://www.tendersinfo.com/details/28960350
28960351	Acquisition of check valves, ball and plug gps management, Venezuela	http://www.tendersinfo.com/details/28960351
28992456	Acquisition Of Building Materials, Panama	http://www.tendersinfo.com/details/28992456
28977665	Purchase of two (02) water tanks, capacity 1500 liters., Brazil	http://www.tendersinfo.com/details/28977665
28955164	Three-phase transformer kva 1500, Ecuador	http://www.tendersinfo.com/details/28955164
28999862	Electrical materials acquisition, Brazil	http://www.tendersinfo.com/details/28999862

For more contract notices, Please follow the link:

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

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