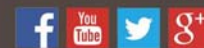


Territorial NEWSLETTER Latin America

EEPCINDIA
ENGINEERING THE FUTURE

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



April 2017

Chairman's Pen



India and Latin America are trying to explore new bilateral opportunities through entering into new economic collaboration. For India, Ecuador & Colombia are significantly important as reflected by India signing protocol on economic and trade with both of them. However, merchandise trade with these countries has kept on fluctuating over the last few years. India's trade with Ecuador crossed USD 1 billion in 2014-15, primarily buoyed by surge in imports from Ecuador. However, in the following year 2015-16, there was a significant decline in total trade to USD 717 million. With Colombia, India's total trade, after reaching a peak of nearly US\$6 billion, declined to US\$ 3.2 and US\$1.6 billion in 2014-15 and 2015-16 respectively.

Ecuador and Colombia are striving to unshackle their economies from restrictive trade practices. This is reflected by their drive to reduce trade barriers, and ensuring their participation in numerous international trade forums. A firm commitment towards diversification of their economies and reform of financial institutions are also visible. Such initiatives are, in fact, helping them to restore a favorable balance of trade and better their economies. We do hope that their collaboration with India will also aid in improving trade with other Asian countries.

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



EEPC India always tries to serve its members in a better way and thus, we keep on changing and upgrading our publications. We constantly contemplate on how this publication can be more useful for our members and in our endeavors to serve you better, we are launching this newsletter in a new version with the belief that you will like it. We would like to hear your views and suggestion for further improvements. This newsletter provides an insight on the top engineering product panels that is imported by Latin American countries. Key news and the tender information are also provided in the Newsletter.

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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NEWSLETTER – Latin America

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Basic Facts: Latin America & Caribbean

The Latin American and Caribbean region is a large market of 41 countries, with a population of 642 million people, regional GDP of US\$ 5.15 trillion (at current prices), per capita GDP over five times higher than that of India, and US\$ 1.93 trillion in merchandise trade, accounting for 6% of the world total.

Area: 19,197,000 Sq. km

Population: 642 million

GDP: USD 5.15 trillion

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

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

Table 1: Region wise classification of LAC region

Caribbean	Aruba, Anguilla, Cayman Islands, British Virgin Islands, Cuba, Saint Lucia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Montserrat,
Central America	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela
Others	Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, , St. Kitts & Nevis, St. Vincent & Grenadines, Suriname, Trinidad & Tobago, Falkland Islands, Turks and Caicos

Source: CIA factbook

India and Latin America's Next Big thing!

India-Ecuador signed a protocol on Joint Economic & Trade Committee (JETCO) on 9th October, 2015 in New Delhi. The objective of signing the JETCO is to promote trade & investment cooperation and also to take up bilateral issues between India & Ecuador.

India and Colombia signed an MOU on 30th April 2010 which constituted the Joint Committee of Business Development (JCBD) to be led by the Commerce Secretary on the Indian side and the Vice Minister for Entrepreneurial Development on the Colombian side. Two meetings of JCBD have so far taken place.

A delegation led by Ms. Rita Teatota, Commerce Secretary is scheduled to visit Colombia and Ecuador for holding the 1st meeting of Joint Economic & Trade Committee (JETCO) in Quito, Ecuador and 3rd Meeting of India – Colombia Joint Committee on Business Development Cooperation in Bogota, Colombia during 16-19th May, 2017. Both the meetings will be co-chaired by Commerce Secretary from Indian side.

Merchandise trade between India and Ecuador crossed USD 1 billion in 2014-15 but then dipped to USD 717 million in the following year 2015-16. Imports surged to US\$872 million in 2012-13 and crossed USD 1 billion in 2014-15. India's import from Ecuador mainly consist of crude oil (Mineral Fuels, Mineral Oils and Products of Their Distillation; Bituminous Substances; Mineral Waxes - Chapter 27) that contributed 77.6% of total exports to India in the last fiscal and 90.3% in the previous one. India's major export items to Ecuador are mineral oils, iron and steel, vehicles, machinery and equipment, motorcycles, pharmaceuticals products. Export Promotion Councils have shown considerable interest in Ecuador market in the last few years.

Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's Export to Ecuador	231.55	263.55	290.40	225.04	153.20
India's Import from Ecuador	44.27	872.54	255.43	1,065.74	563.77
Total Trade with Ecuador	275.82	1,136.10	545.83	1,290.77	716.97

Source: Ministry of Commerce, GOI

India's bilateral trade with Colombia had peaked in 2013-14 as it crossed US\$5 billion mark. However, in the following two years, a significant decline is observed. A major reason for this is decline in import from Colombia from US\$4.9 billion in 2013-14 to US\$2.1 billion and US\$808 million in 2014-15 and 2015-16 respectively. During this period, India's exports to Colombia realized consistent improvements, except in 2015-16.

Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's Export to Colombia	892.42	912.12	1,007.51	1,105.15	888.10
India's Import from Colombia	559.83	2,352.79	4,970.62	2,134.94	807.79
Total Trade with Colombia	1,452.25	3,264.91	5,978.13	3,240.08	1,695.89

Source: Ministry of Commerce, GOI

Such fluctuations in bilateral trade is despite the fact that both India and Colombia share significant complementarity in their trade baskets. Both the countries have huge scope for cooperation and collaboration. To improve bilateral trade both the countries need to work on overcoming various hindrances like lack of maintenance facility for automobile sector, product certification, tariff barriers, etc to mutually reap the benefits of increased business. If both the countries 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.

Why should we have a trade agreement with Ecuador and Colombia?

Our trade data analysis shows that, there are several products on Ecuador and Colombia's import basket where India can contribute significantly. However, India's share has remained low despite having capacity to contribute in many more products through trade and investment. It is interesting to mention here that both Ecuador and Colombia have signed trade agreements with China, due to which China is among the major trade partners of both the countries. China, The United States, European Union countries, Colombia, Mexico, and Japan are Ecuador's primary trading partners. Colombia, Japan, Mexico, Venezuela, Spain, Germany, Brazil, and Chile together supplied approximately a 40% share of the Ecuadorian import market.

Colombia has signed or is negotiating FTAs with a number of other countries, including Canada, Chile, Mexico, Switzerland, the EU, Venezuela, South Korea, Turkey, Japan, China, Costa Rica, Panama, and Israel. Colombia is also a founding member of the Pacific Alliance—a group formed in 2012 among Chile, Colombia, Mexico, and Peru to promote regional trade and integration.

Ecuador's active membership in global trade organizations and its participation in a number of regional free trade zones confirm the nation's trend toward liberalization and its commitment to open trade. Ecuador has concluded bilateral free trade agreements with Bolivia, Chile, Colombia, and Venezuela, is negotiating a trade agreement with Mexico, is engaged in trade talks with the MERCOSUR nations of Brazil, Argentina, Paraguay, and Uruguay, and fully supports the establishment of a free trade area for the Americas. Colombia strategic location sharing borders with Panama, Brazil, Ecuador, Peru and Venezuela by land and Costa Rica, the Cayman Islands, the Dominican Republic, Honduras, Haiti, Jamaica and Nicaragua by sea makes it suitable for spreading Indian trade horizons in the region.

Ecuador and Colombia are striving to achieve free market status, through lowering of trade barriers, their participation in numerous international trade organizations, and a firm commitment to diversification of economy and reform of financial institutions, are helping to restore a favorable balance of trade and generally better the nation's economy.

Therefore a trade agreement between these countries can pave the way for increasing the presence of Indian engineering products in Latin American market.

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. Engineering products play an important role in shaping India-MERCOSUR trade and economic relations. Its importance is reflected by the fact that out of 452 products in MERCOSUR offer list, 127 are from engineering sector. This accounts for 28.2% of the offer list.

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 4: India's Major 5 Export Destinations in MERCOSUR & LAC Regions for Engineering Products

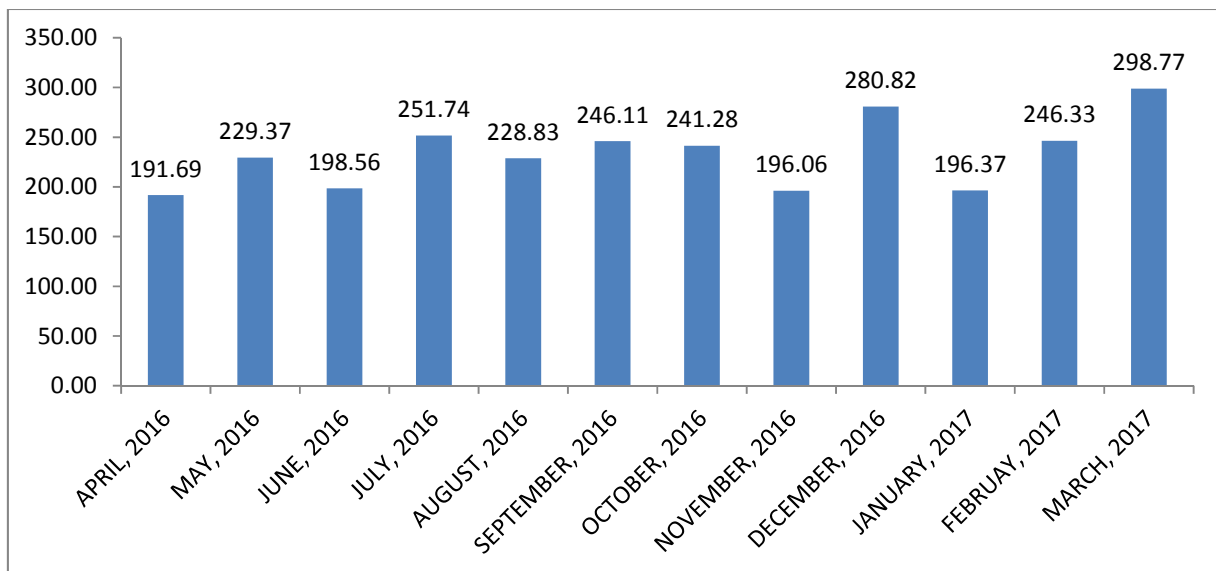
Country (MERCOSUR)	APRIL-MARCH 2015-16 (USD Million)	APRIL-MARCH 2016-17 (USD Million)	Growth %
BRAZIL	605.60	628.14	4.5
ARGENTINA	206.60	179.51	-13.3
URUGUAY	50.07	54.08	8.0
PARAGUAY	47.07	60.02	27.4
VENEZUELA	23.56	17.79	23.7

Source: DGCI&S

Country (LAC)	APRIL-MARCH 2015-16 (USD Million)	APRIL-MARCH 2016-17 (USD Million)	Growth %
BRAZIL	605.60	628.14	3.6
COLOMBIA	494.02	387.13	-21.64
PERU	354.79	356.46	0.47
CHILE	345.00	333.68	-3.28
ARGENTINA	206.60	179.51	-13.11

Source: DGCI&S

Fig 1: Trend in Total Engineering Export in North America during 2016-17 (*in USD Million)



Export of engineering products from India to MERCOSUR has realized a growth from April-March 2015-16 at US\$932.9 million to US\$939.5 million in April-March 2016-17; whereas India's export to Latin America and Caribbean show a decline in 2016-17 valued at US\$2805.9 million compared to export of US\$2835.07 million in

April-March 2015-16. MERCOSUR's PTA with India has though boosted trade, but bilateral trade and investment opportunities are yet to be optimally exploited.

Table 5: Top 20 panels of Engineering Goods Exported to LAC & MERCOSUR by India

Top panels export to LAC	Value in March 2016 (USD Million)	Value in March 2017 (USD Million)	Top panels export to MERCOSUR	Value in March 2016 (USD Million)	Value in March 2017 (USD Million)
Motor Vehicle/cars	83.84	65.36	Auto Components/Part	13.97	17.24
Two and Three Wheelers	34.97	30.54	Industrial Machinery	10.92	11.83
Auto Components/Part	26.45	23.11	IC Engines and Parts	3.36	11.13
Iron and Steel	31.21	22.88	Aluminum and products	1.79	10.80
Products of Iron	16.75	22.61	Motor Vehicle/cars	5.35	10.14
Industrial Machinery	20.17	16.73	Iron and Steel	13.23	8.39
Aluminum and products	22.82	13.43	Products of Iron	5.54	6.91
Electric Machinery	14.90	10.35	Two and Three Wheelers	3.66	5.01
Medical and Scientific instruments	8.82	8.32	Electric Machinery	3.51	4.49
IC Engines and Parts	13.63	5.51	Medical and Scientific instruments	3.93	3.89
Nuclear Reactors	3.81	4.63	Other Misc. Items	2.02	2.85
Other Misc. Items	4.99	2.90	Hand Tools Cutting	0.76	1.44
Machinery for ATMs	2.79	2.57	Pumps of all types	1.87	1.22
Pumps of all types	1.53	2.53	Other Non Ferrous Metals	0.26	0.93
Cranes Lifts	0.55	2.41	Machinery for ATMs	0.81	0.84
Hand Tools Cutting	3.45	2.18	Other Construction Machinery	0.92	0.76
Copper and products	0.65	2.13	Nuclear Reactors	0.68	0.45
Other Construction Machinery	2.89	1.80	Air condition and Refrigeration	0.55	0.41
Air condition and Refrigeration	0.80	1.45	Copper and products	0.58	0.37
Bicycle & Parts	0.86	0.73	Bicycle & Parts	0.40	0.31

The table above comprises of the top 20 exported engineering products to MERCOSUR and LAC. Comparative analysis of month by month data of subsequent years (2016 and 2017 for the month of March) reflects that the overall Indian exports have increased for both LAC and MERCOSUR region. More bilateral trade agreements with the Latin American countries could probably strengthen India's competitiveness in the region.

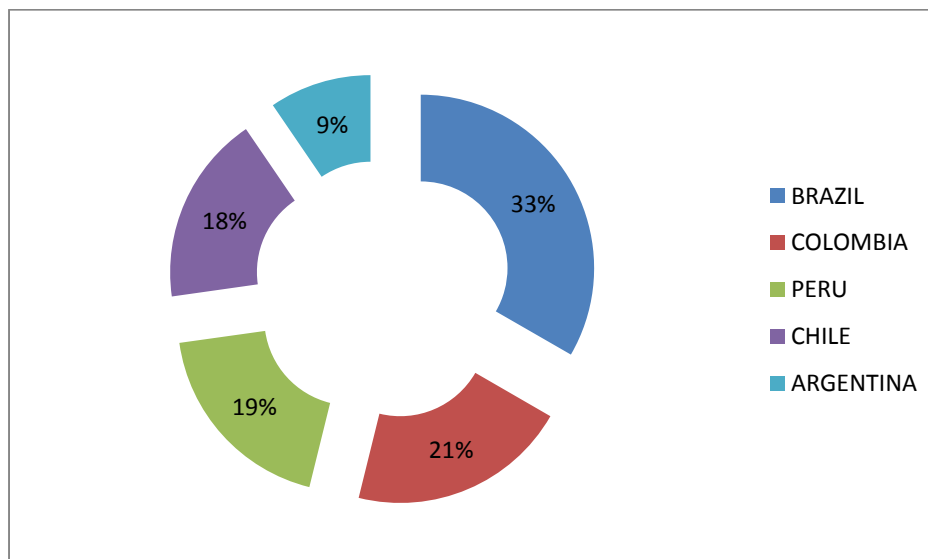


Fig 2: India's engineering export share to top 5 Latin American Countries (%) in April-March, 2016-17

Table 6: Top 20 Exporting Countries to Latin America Market (*all values in USD million)

Exporting Country	Imported value in 2014	Imported value in 2015	Imported value in 2016
China	77635.73	72233.83	59192.81
United States of America	55679.00	49397.05	42671.47
Brazil	17654.72	16378.87	17108.25
Japan	14400.91	12497.56	16519.90
Germany	18206.57	14597.46	13208.39
Korea, Republic of	15955.84	12582.63	12511.52
Mexico	16491.11	14164.22	12461.86
Italy	10528.41	8341.68	7155.92
France	7457.04	6848.64	5790.40
Argentina	10314.94	6901.74	5504.45
Spain	6280.11	6087.48	5030.20
Thailand	4933.55	4456.31	4274.38
India	3404.41	3565.19	2858.64
Taipei, Chinese	4045.31	3407.29	2762.83
United Kingdom	3952.28	3450.33	2735.77
Viet Nam	1548.27	2433.14	2407.83
Netherlands	1947.41	1928.90	2347.96
Chile	2683.52	2360.32	2080.78
Colombia	2893.80	2396.79	2000.87
Canada	3090.79	2532.82	1757.41

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>

For all investment and business set up information:

Source: <https://www.eepcindia.org/publications-eepec-india.aspx?ms=73&page=Publications-of-EEPC-India>

Challenges faced while exporting to Latin America

1. Chile has issued a TBT Notification No G/TBT/N/CHL/306/Add.1 on dishwashers

The technical specifications set the energy efficiency label for a Dishwasher for household use, with cold and / or hot water. The tests required to determine the variables that go in the efficiency label, are based on PE Protocol No. 1/04/2 of the Superintendency of Electricity and Fuels.

2. Chile has issued a TBT Notification No G/TBT/N/CHL/305/Add.1 on cloth dryers

These technical specifications set the Energy efficiency label for a tumble dryer type drum for use domestic appliance, with or without cold water supply and the incorporation of a heating.

3. Argentina has issued a TBT Notification No G/TBT/N/ARG/319 on machines used for manufacturing medicines

The focus of this notification is to control of transactions involving authorized chemical substances and products (chemical precursors) which, because of their properties or ingredients, could serve as a basis for or be used to manufacture narcotics, including procedures and other methods used to this end.

News in Focus

India-Peru FTA negotiations to start in July in Lima

It has been agreed that the first round of negotiations would be held in Lima in July. Indian companies can give their inputs for promotion or protection of their interests can submit them to the Commerce Ministry.

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

Latin American GDP to grow by 1.1% in 2017

Latin America is projected to have a GDP growth of 1.1% in 2017, according to the 24 April report of the UN Economic Commission for Latin America and Caribbean (ECLAC). This latest growth estimate is less than the prediction of 1.3% in ECLAC's December 2016 report.

South America is expected to have a low growth of 0.6% while Central America will have a higher rate of 3.6%. Dominican Republic will be the region's growth champion in 2017 with 5.3%, followed by Panama at 5.2%,

Nicaragua at 4.6% and Bolivia-4%. Venezuela is likely to suffer yet another economic contraction at 7.2% in 2017. Brazil, the biggest economy faces internal problems while Mexico, the second biggest faces external challenges.

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

Peru allows visa-free entry for Indian business visitors

The government of Peru announced in March 2017 that Indian business visitors holding US visas or a permanent resident status in the United States, Canada, the United Kingdom, Australia or any Schengen Statecan, can enter Peru and stay for 180 days during each visit. Mexico and some Central American countries have a similar policy.

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

Upcoming Events in LAC

Date of the event	Name of the event	Location	Link
26.05 - 28.05 2017	EXPOMECHANICA & AUTOPARTES International Fair of Auto parts, mechanical implements and automotive services	Peru	http://www.expomecanicaperu.com/
15.05 - 19.05 2017	EXPONOR CHILE International Exhibition for Latin America Mining	Antofagasta	http://www.eventseye.com/fairs/f-exponor-chile-8111-1.html
14.06 - 16.06 2017	LATIN AMERICAN & CARIBBEAN TYRE EXPO Latin American & Caribbean Tire and Equipment Manufacturers Expo	Panama City	http://www.eventseye.com/fairs/f-latin-american-caribbean-tyre-expo-16295-1.html
05.06 - 10.06 2017	FEIMAFE International Machine Tools and Integrated Manufacturing Systems Trade Fair	São Paulo	http://www.eventseye.com/fairs/f-feimafe-11933-1.html

Tender Information in LAC

Prior information Notices

TI ref No.	Title	Link
39196163	Urban Development Planning Services, Chile	http://www.tendersinfo.com/details/39196163
39214755	Acquisition Of Washing Machines For Sanitizing Plastic Boxes, Brazil	http://www.tendersinfo.com/details/39214755
39214373	Acquisition Of Toys (tricycles, Balls, Musical Instruments, Seesaw, Amusement Telephone, Trolleys, Dolls And Swing), Games And Furniture / Equipment (mats, Bathtubs Children's Crib Mattress, Coffee Table, Water Filter And Electric Iron) For The Creches Mu, Brazil	http://www.tendersinfo.com/details/39214373
39213702	Provision Of Technical Cooperation With Brazil - 'energy Systems Of The Future',	http://www.tendersinfo.com/details/39213702

Brazil		
39202569	Supply Of Cast Iron Tubes, Brazil	http://www.tendersinfo.com/details/39202569

For more contract notices, Please follow the link:

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

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Contact: Palak Singh

Email: psingh@eepcindia.net

Phone no: 011-2331 4171