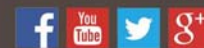


Territorial NEWSLETTER Latin America

EEPCINDIA
ENGINEERING THE FUTURE

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



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Chairman's Pen



India's exports to Latin America are growing at a robust rate. Indian automobiles, textiles, chemicals, machinery and other value added products have found dedicated customers all over the region. Aside from the economic rationale, it is also in India's strategic interest to reduce its dependency on West Asia for its energy security, and increasingly look to other sources for its needs, including Latin America. At a time when the US is cutting down on its imports to boost domestic production of natural gas with the advent of the shale revolution, Latin America is also in dire need of countries willing to import its oil. Moreover, the Latin bloc has discovered many more domestic reserves of oil over the past few years, which suggests that Latin America has great potential to be a reliable long-term partner to India. With India showing keen interest in procuring energy from both North America and Latin America, both sides are set to benefit from the current state of the market.

Efforts have been taken to strengthen ties in trade and commerce between the two regions. In May 2017, Ecuador expressed its interest in signing a preferential trade agreement (PTA) with India to enhance trade linkages. Colombia has also shown interest towards collaborating in industries like food processing and agriculture. Negotiations over a PTA have started between India and Peru. In 2016, the PTA between India and Chile was broadened, with Chile offering concessions on some 1,798 tariff lines with a Margin of Preference (MoP) ranging between 30 percent to 100 percent and India offering concessions on 1,031 tariff lines with a MoP ranging between 10 percent and 100 percent. India's inroads have been significant to the extent that in 2016, its exports of pharmaceuticals to Latin America beat China's volumes.

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

Ravi Sehgal

LA Territorial Committee Chairman's Note



Brazil maintains its position as the leading trade partner of India with US\$86.68 million. This newsletter provides an insight on the top engineering product panels that is imported by Latin American countries. The subsequent issues will keep you updated on India's trade and business dynamics with the countries in Latin America and Caribbean region.

Export of engineering products from India to MERCOSUR has realized a growth from US\$100.17 million in March 2017 to US\$139.12 million in March 2018; likewise India's export to top 5 Latin America and Caribbean countries have shown a positive trend from US\$ 209.84 million in March 2017 to US\$ 228.38 million in March 2018.

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

Aman 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

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- 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 \$29.30 billion 2017-18; 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 5: India's Major 5 Export Destinations in MERCOSUR & LAC Regions for Engineering Products

Country (MERCOSUR)	March 2017 (USD Million)	March 2018 (USD Million)	Growth %
BRAZIL	69.83	86.68	24.12
ARGENTINA	18.17	33.15	82.48
PARAGUAY	4.82	12.56	160.45
URUGUAY	6.87	6.54	-4.79
VENEZUELA	0.48	0.19	-59.28

Country (LAC)	March 2017 (USD Million)	March 2018 (USD Million)	Growth %
BRAZIL	69.83	86.68	24.12
CHILE	40.87	39.65	-2.96
COLOMBIA	43.85	39.19	-10.63
ARGENTINA	18.17	33.15	82.48
PERU	37.12	29.71	-19.97

Source: DGCI&S

Export of engineering products from India to MERCOSUR has realized a growth from US\$100.17 million in March 2017 to US\$139.12 million in March 2018; likewise India's export to top 5 Latin America and Caribbean countries have shown a positive trend from US\$ 209.84 million in March 2017 to US\$ 228.38 million in March 2018.

Table 6: Top 20 panels of Engineering Goods Exported to LAC & MERCOSUR by India

Top panels export to LAC	Value in March 2017 (USD Million)	Value in March 2018 (USD Million)	Top panels export to MERCOSUR	Value in March 2017 (USD Million)	Value in March 2018 (USD Million)
Motor Vehicle/cars	84.86	91.56	Iron and Steel	8.39	27.88
Iron and Steel	31.21	41.00	Auto Components/Part	17.24	25.56
Auto Components/Part	26.44	40.40	Industrial Machinery	11.83	13.72
Two and Three Wheelers	34.97	38.75	Medical and Scientific instruments	3.76	10.31
Industrial Machinery	20.08	21.80	Products of Iron	6.94	10.30
Products of Iron	17.04	16.76	Two and Three Wheelers	5.01	8.60
Medical and Scientific instruments	8.59	15.02	Motor Vehicle/cars	10.14	6.71
Aluminium and products	22.82	14.47	Aluminium and products	10.80	6.56
Electric Machinery	14.92	11.50	IC Engines and Parts	11.13	6.48
IC Engines and Parts	13.64	9.56	Electric Machinery	4.49	4.79
Other Misc. Items	4.99	6.79	Other Misc. Items	2.86	4.26
Other Construction Machinery	2.89	5.07	Other Construction M	0.76	2.90
Hand Tools Cutting	3.47	3.10	Air condition and Refrigeration	0.41	2.56
Nuclear Reactors	3.83	2.84	Hand Tools Cutting	1.44	1.69
Air condition and Refrigeration	0.87	2.80	Pumps of all types	1.22	1.31
Machinery for ATMs	2.81	2.39	Other Non Ferrous Metals	0.93	1.12
Copper and products	0.65	2.18	Machinery for ATMs	0.84	1.02
Pumps of all types	1.53	1.71	Copper and products	0.37	0.90
Other Non Ferrous Metals	1.11	1.34	Nuclear Reactors	0.45	0.73
Bicycle & Parts	0.86	1.04	Bicycle & Parts	0.31	0.43

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 (2017 and 2018 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.

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>

For all investment and business set up information:

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

Economic & Commercial Report for April 2018

1. Analysis of Trade Data (Peru)

Non-traditional exports maintain a good performance

In the January-February period of 2018, Peruvian exports reached a level of US \$ 7,467 million, which represented an increase of 10.3% over the same period of 2017. Among them, traditional exports amounted to US \$ 5,345 million (+ 7.4%) and non-traditional, to US \$ 2,122 million (+ 18.3%). The good performance of Peru's exports during the first two months of this year continues with the upward trend evidenced in 2017, year in which traditional shipments grew by 27.5% and non-traditional shipments by 8.2%.

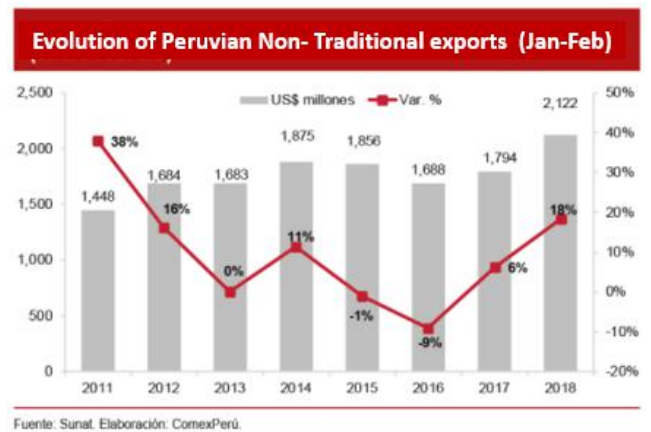
It is interesting to analyze the performance of non-traditional exports accumulated between January and February of 2018, since they showed the highest growth in that period. Non-traditional shipments in these months had a 46.5% growth between 2011 and 2018, which is equivalent to an average annual growth of 5.6%. Thus, as shown in the following graph, in 2018, these continued with the recovery initiated in 2017, after two years of successive falls.

Of the total non-traditional exports, US \$ 991 million (47%) corresponded to agricultural shipments, which increased by 27% over the same period of 2017. Not only that, it should also be considered that the agricultural sector had an important participation in the total Peruvian exports, representing 13% of the exports. In the ranking of non-traditional shipments, agricultural sector was followed by the chemical sector, with a value of US \$ 245 million and a growth of 24%; iron and steel (US \$ 215 million; + 16%) and textiles (US \$ 204 million, + 12%).

Due to the significant growth of Peru's agricultural exports in the mentioned period, it is pertinent to analyze what products allowed this performance. The ranking of agricultural products for export in the first two months of 2018 is led by fresh grapes, whose shipments reached a value of US \$ 298 million and an increase of 43%. They were followed by mangoes (US \$ 134 million; + 28%), fresh asparagus (US \$ 48 million; -11%) and blueberries (US \$ 42 million; + 212%). This sector has been growing steadily since 2013 and is expected to continue to do so, thanks to the growing international demand for Peruvian food products. On the other hand, the main destinations of non-traditional exports in the period analyzed were the USA, a country to which a total of US \$ 680 million (32%) was destined; The Netherlands (US \$ 183 million, 8.6%); Ecuador (US \$ 117 million; 5.5%) and Colombia (US \$ 101 million; 4.8%). In terms of agricultural shipments, the main buyers were the US, with US \$ 369 million and a 37.2% share; The Netherlands (US \$ 165 million, 16.6%), Spain (US \$ 56 million, 5.6%) and Ecuador (US \$ 46 million, 4.7%). Source: COMEXPERU

News analysis related to Trade

Peru:



i. Peru to attract US\$8 billion in FDI this year (*Gestion: 18/04/2018*) - Foreign direct investment (FDI) flows to Peru will increase from US\$6.8 billion in 2017 to US\$8 billion this year, Citibank Chief Economist for the North Andean Region Munir Jalil projected on 18th April. He said that regardless of the threat of trade war between the United States and China, money flows continued to enter the Latin American region—including Peru—and to position themselves. "For this year, we expect foreign direct investment (FDI)—mainly that associated with mining projects— will increase due to a positive outlook for (metal) prices. In the first instance, we expect US\$8 billion for 2018, which would be close to the level recorded in 2015," he pointed out.

ii. IMF: Peru economy to grow 3.7% in 2018 (*Andina: 17/04/2018*) Peruvian economy will expand 3.7% this year and is expected to increase by 4% in 2019, according to the April 2018 World Economic Outlook released by the International Monetary Fund (IMF) on 17th April. In this sense, the multilateral organization revised downwards its 2018 growth forecast for the Inca country from 4% (January) to 3.7% (April). The IMF also projected the world's economy will rise 3.9% in 2018 and 2019, higher than last year's global growth (3.8%). "The global economic upswing that began around mid-2016 has become broader and stronger," the report mentioned.

iii. Andean Community: exports rose 19% more than in 2016 (*Peru 21: 17/04/2018*) - At the end of last year, exports from Bolivia, Colombia, Ecuador and Peru, countries comprised in the Andean Community (CAN), amounted \$107,142 million, 19.1% more than in 2016. Among the four countries, Peru stood out for having the highest growth in terms of shipments, with an increase of 23.3%. Peru was followed by Colombia (19.1%), Ecuador (13.9%) and Bolivia (11.1%). In addition to this, shipments within the block totaled US \$ 7,572 million, 6.2% more than the previous year. The most commercialized products were crude petroleum oils and soybean solid waste.

iv. Peru and Bolivia will build Bioceanic Railway Corridor (*Gestion: 13/04/2018*) - Presidents of Peru and Bolivia agreed to work in coordination to make possible the border integration of these countries through the construction of the Central Bioceanic Railway Corridor Peru - Bolivia. The agreement was taken during the bilateral meeting held by both heads of state, in the sidelines of the VIII Summit of the Americas held in Lima from April 13-14, 2018. Both leaders expressed their intention that the pre-investment works will be completed by the end of this year, and that the investment will begin in 2019. They indicated that it is necessary to implement transportation routes that achieve interconnection between both countries.

Bolivia:

v. Poverty drops to the historical level of 36.4% in Bolivia (*Cambio: 19/04/2018*) - Poverty in Bolivia reached its lowest historical level in 2017, closing at 36.4%, compared to 59.9% in 2006, according to the Household Survey published by the National Institute of Statistics (INE). According to the INE, between 2016 and 2017, poverty in the rural area registered a decrease of 1.8 percentage points, while in the urban area it decreased by 3.4 percentage points. Extreme poverty at the national level showed a drop of 1.2 percentage points, reaching 17.1% for 2017.

vi. Morales emerges plans to export gas to other continents (*La Razon: 19/04/2018*) - President Evo Morales inspected Los Monos gas field, which it is expected to produce around 20 million cubic feet of gas per day and will contribute with 0.5 trillion cubic feet (TCF) to the Bolivian reserves. The State Policy is to first guarantee gas for domestic consumption and then for export to strategic partners. Now Morales also proposes to think about markets in other continents, for which he asked experts to contribute not only in the design of proposals but in future plans.

EEPC India Latin America Territorial Newsletter

Contact: Palak Singh

Email: psingh@eepcindia.net

Phone no: 011-2331 4171