

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 2019

Chairman's Pen



EEPC India has been outstanding in carrying the brand Indian Engineering in the world. It has played an important role in advocating key reforms initiated by the Government in the engineering fraternity.

EEPC India proudly announces the launch of India Pavilion at Expo Edifica from 2-5 October 2019 in Santiago, Chile. The show is the most important construction industry event with over 900 exhibitors and more than 40,000 professional visitors from all over the globe. The Expo is organized by the Chilean Chamber of Construction, and developed at the Espacio Riesco Convention Center. Since 1990, ExpoEdifica has brought together the most important players in the construction industry, consolidating throughout its successive versions as the best meeting point between the demand and supply of the sector and as a unique opportunity to generate strategic alliances and commercial contact networks, offering to the market the main innovations in constructive solutions of Chile and the world. It is an appropriate platform for showcasing machinery, equipments, cutting-edge technology and advances, supplies, construction machinery, and capital and intermediate goods & services to a wide market eager for development and industrial growth.

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\$126.52 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 slight growth from US\$139.12 million in March 2018 to US\$148.36 million in March 2019; whereas India's export to top 5 Latin America and Caribbean countries have increased from US\$228.31 million in March 2018 to US\$318.08 million in March 2019.

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

Aman Chadha

Basic Facts: Latin America & Caribbean

Latin America and the Caribbean has seen remarkable socio-economic progress since the beginning of the century. The macroeconomic situation of individual countries has strengthened, living standards have improved, and poverty and inequality have declined. Yet large structural vulnerabilities remain and new ones have emerged. Many of these are linked to countries' transition to higher income and development levels. The Latin American and Caribbean region is a large market of 41 countries, with a population of 644 million people, regional GDP of US\$ 5.97 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. (2017)

Area: 19,197,000 Sq. km

Population: 642 million

GDP: USD 5.97 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.

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

Country (MERCOSUR)	March 2018 (USD Million)	March 2019 (USD Million)	Growth Rate
BRAZIL	86.68	126.52	0.46
ARGENTINA	33.15	13.09	-0.61
URUGUAY	6.54	4.80	-0.27
PARAGUAY	12.56	3.82	-0.70
VENEZUELA	0.19	0.13	-0.31

Country (LAC)	March 2018 (USD Million)	March 2019 (USD Million)	Growth Rate
BRAZIL	86.68	126.52	-0.46
CHILE	39.66	102.05	-1.57
COLOMBIA	39.08	56.56	-0.45
PERU	29.74	19.86	0.33
ARGENTINA	33.15	13.09	0.61

Source: DGC&S

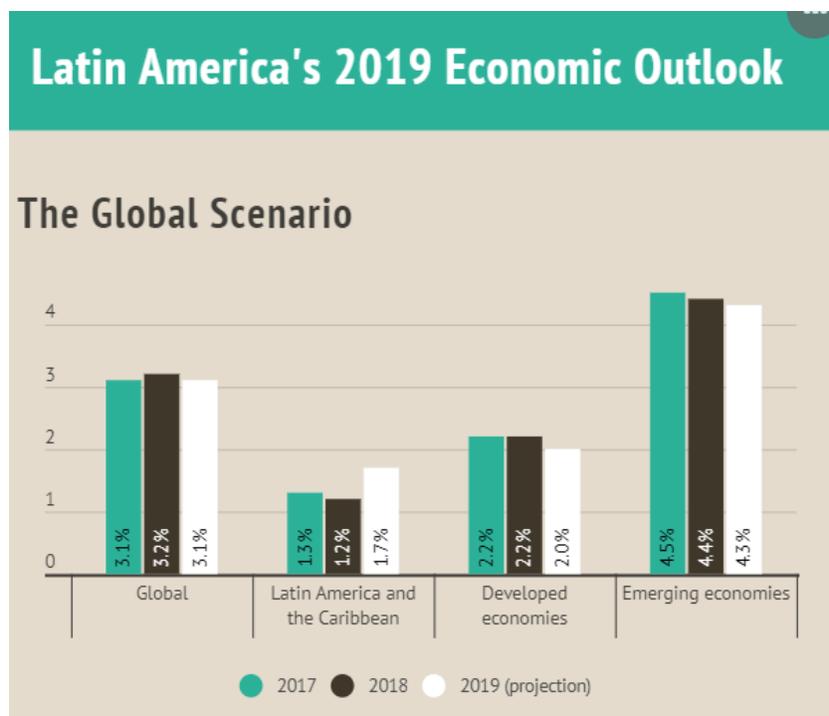
Export of engineering products from India to MERCOSUR has realized a slight growth from US\$139.12 million in March 2018 to US\$148.36 million in March 2019; whereas India's export to top 5 Latin America and Caribbean countries have increased from US\$228.31 million in March 2018 to US\$318.08 million in March 2019.

Latin America : Hub of New Opportunities

The year 2019 looks to be a period in which global economic uncertainties, far from waning, will intensify and will arise from different fronts. This will have an impact on the growth of the economies of Latin America and the Caribbean, which, on average, are seen expanding 1.7%, according to new projections released today by the Economic Commission for Latin America and the Caribbean (ECLAC).

The countries of Latin America and the Caribbean will confront a complex global economic scenario in the coming years, in which less dynamic growth is expected, both for developed countries as well as emerging economies, along with increased volatility of international financial markets. On top of this, there is a structural weakening of international trade, aggravated by trade tensions between the United States and China. This holds a bright opportunity for Indian business community to increase their presence in Latin American region as it is more receptive .

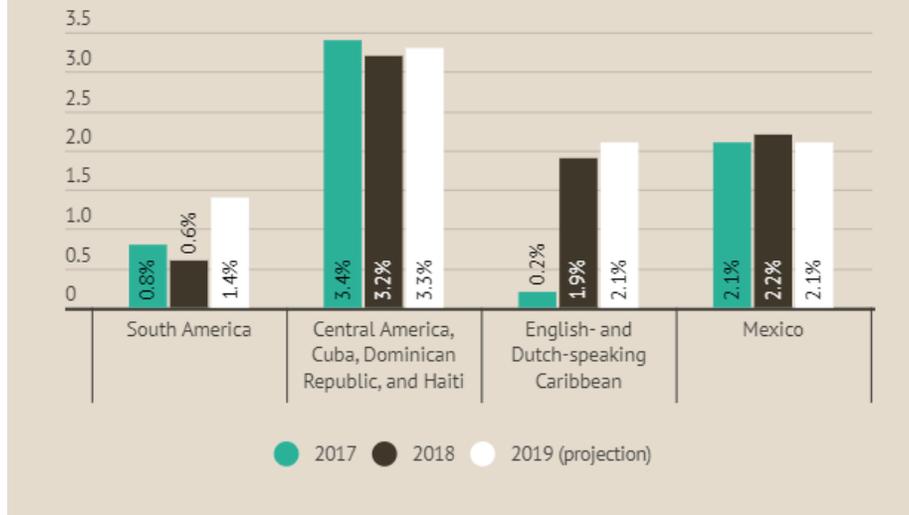
The economic growth projection for Latin America and the Caribbean in 2019 is 1.7%, slightly below what ECLAC released last October (1.8%), while the estimate for the current year (2018) was also trimmed to 1.2% (from the 1.3% forecast in October).



Source: <https://www.as-coa.org/articles/chart-latin-americas-2019-economic-outlook>

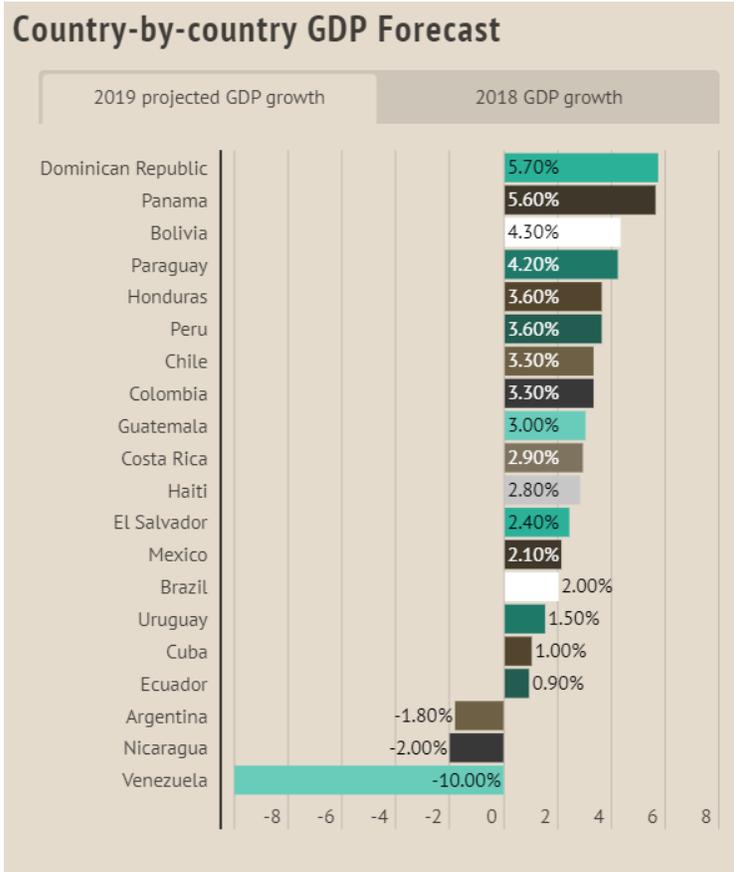
It is also forecasted that Central America (excluding Mexico) will grow 3.3% in 2019, South America 1.4% and the Caribbean 2.1%. On a country level, the Caribbean island of Dominica is seen leading regional growth with a 9.0% expansion, followed by the Dominican Republic (5.7%), Panama (5.6%), Antigua and Barbuda (4.7%) and Guyana (4.6%). At the other extreme, Venezuela will suffer a -10% contraction in its economy, Nicaragua -2.0% and Argentina -1.8%. The region's biggest economies, Brazil and Mexico, are seen growing 2.0% and 2.1%, respectively.

The Regional Breakdown



Source: <https://www.as-coa.org/articles/chart-latin-americas-2019-economic-outlook>

The economies expected to perform the best this year are the Dominican Republic and Panama, with GDP growth at 5.7 and 5.6 percent, respectively. Venezuela will once again be the region's worst performer, with a 10.0 percent GDP contraction. The other two countries that experienced a recession in 2018, Argentina and Nicaragua, will see drops in their GDP again of 1.8 percent and 2.0 percent, respectively, in 2019.



Source: Economic Commission for Latin America and the Caribbean

Table 3: Top 20 panels of Engineering Goods Exported to LAC & MERCOSUR by India

Top panels export to LAC	Value in March 2018 (USD Million)	Value in March 2019 (USD Million)	Top panels export to MERCOSUR	Value in March 2018 (USD Million)	Value in March 2019 (USD Million)
Products of Iron	16.76	92.54	Auto Components/Part	25.56	32.87
Motor Vehicle/cars	91.56	69.77	IC Engines and Parts	6.47	29.47
Auto Components/Part	40.40	49.50	Industrial Machinery	13.73	13.33
Two and Three Wheelers	38.75	37.95	Iron and Steel	27.88	12.64
IC Engines and Parts	9.44	33.94	Products of Iron	10.30	11.63
Industrial Machinery	21.75	22.13	Aluminium and products	6.56	11.37
Aluminium and products	14.47	22.13	Electric Machinery	4.80	5.73
Iron and Steel	41.00	21.64	Other Misc. Items	4.26	5.24
Electric Machinery	11.54	10.09	Medical and Scientific instruments	10.31	4.88
Medical and Scientific instruments	15.03	9.34	Other Construction Machinery	2.90	4.33
Other Misc. Items	6.85	7.44	Two and Three Wheelers	8.60	2.69
Other Construction Machinery	5.07	5.75	Air condition and Refrigeration	2.56	2.33
Hand Tools Cutting	3.10	4.19	Pumps of all types	1.31	2.15
Cranes Lifts	0.46	3.49	Motor Vehicle/cars	6.71	2.10
Machinery for ATMs	2.39	2.96	Machinery for ATMs	1.02	1.75
Air condition and Refrigeration	2.80	2.68	Hand Tools Cutting	1.69	1.65
Copper and products	2.18	2.48	Other Non Ferrous Metals	1.12	0.97
Pumps of all types	1.71	2.47	Copper and products	0.90	0.87
Nuclear Reactors	2.84	1.25	Machine Tools	0.35	0.53
Other Non Ferrous Metals	1.34	1.15	Electrodes Accumulators	0.19	0.52

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 (2018 and 2019 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-eepc-india.aspx?ms=73&page=Publications-of-EEPC-India>

EEPC India Latin America Territorial Newsletter

Contact: Palak Singh

Email: psingh@eepcindia.net

Phone no: 011-2331 4171