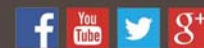


Territorial NEWSLETTER Latin America

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



T S Bhasin

India and LAC had for long divergent foreign policy perceptions and inward looking development strategies. But now efforts are being made by the Indian Government to harmonize the trade relations with the LAC region through aggressive outreach strategies. This approach has brought the two regions closer than ever before in terms of trade and investments. The past decade witnessed sizeable growth in trade and investment, preferential trading arrangements (PTAs). Trade negotiations are on the anvil by several LAC economies to

promote trade with major economies and emerging markets of the world including India. These countries are also trying to reduce trade barriers and attract investment. Given the integration within the region, such efforts will link LAC with global supply chain, intellectual property and other regulatory regimes that may support international trade. This is an appropriate time when Indian MSMEs can rise up and significantly contribute towards enhancing bilateral trade with LAC.

Uruguay's strategic location and its proximity to Brazil and Argentina make it very important for Indian industries, for expanding their trade with LAC. Our members can look into this as an area of interest for exploring opportunities underlying the Uruguayan market.

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

LA Territorial Committee Chairman's Note



Pankaj Chadha

In this edition of the 'Newsletter on Latin America', we have discussed about Uruguay as a major connecting port for Indian exporters. The newsletter also gives an insight on the top engineering product panels that is imported by LAC.

We really need to expand the trade dimension with Uruguay in order to strengthen our global trade position in Latin American region.

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.

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NEWSLETTER – Latin America

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Basic Facts: Latin America & Caribbean

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

Country Focus- Uruguay - Overcoming barriers

Uruguay has a free market economy characterized by an export-oriented agricultural sector, a well-educated workforce, and high levels of social spending. Uruguay has sought to expand trade within the Common Market of the South (MERCOSUR) and with non-MERCOSUR members. The 2008-09 global financial crises put a brake on Uruguay's vigorous growth, which decelerated to 2.6% in 2009. Nevertheless, the country managed to avoid a recession and maintain positive growth rates, mainly through higher public expenditure and investment. GDP growth reached 8.9% in 2010 but slowed in 2012-13 as a result of a renewed slowdown in the global economy and in Uruguay's main trade partners and MERCOSUR counterparts, Argentina and Brazil. Uruguay has a developed road system, well maintained, whose centers begin in the Capital City and the Port of Montevideo.

There are three international bridges across the River Uruguay uniting Argentina and Uruguay. The Free Trade Zone law allows storage and warehousing, manufacturing, and financial, data processing or other related activity to take place within free trade zones. State-owned and operated, state-owned but privately operated, and private sector-owned free trade zones are located throughout the country. Free zone locations include Colonia, Nueva Palmira, Montevideo, Fray Bentos, Florida, Rivera, Nueva Helvecia, San Jose and Libertad.

Key Economic Indicators (2015)	
Inflation Rate	8.7%
GDP Official Exchange Rate	US\$53.79 billion
GDP per capita (PPP)	US\$21,500
Export	US\$7.672 billion
Import	US\$9.134 billion
Export commodities	beef, soybeans, cellulose, rice, wheat, wood, dairy products; wool
Import Commodities	refined oil, crude oil, passenger and other transportation vehicles, vehicle parts, cellular phones
Natural Resources	arable land, hydropower, minor minerals, fish
Exchange Rates	Uruguayan pesos (UYU) per US dollar -29.89 (as on 1-Aug-16)
Ports & Terminals	Montevideo

Source: CIA Factbook

India-Uruguay Relations

India and Uruguay have always supported each other on major international issues as well as India's candidature to various UN and multilateral bodies. Uruguay recently supported India's candidature for elections to the UN Human Rights Council for the 2015-17 terms. India's major exports to Uruguay include Chemicals, garments, vehicles, sound and image devices, pharmaceuticals, iron and steel, synthetic yarn, equipments and machinery. India's imports from are Uruguay Wool, Leather and Timber.

Important Bilateral Treaties and Agreements between India and Uruguay are:

- 2011: Agreement for the Avoidance of Double Taxation
- 2011: Agreement for cooperation in renewable energy
- 2008: BIPPA
- 2007: MOU establishing Joint Commission

Bilateral Trade between India and Uruguay

Uruguay is one of the more stable and transparent markets in Latin America with investor friendly policy environment. Bilateral trade between India and Uruguay is at USD 0.17 billion in 2015-16. India's exports to Uruguay is USD 0.15 billion in 2015-16 and import from Uruguay is valued at USD 0.02 billion.

India's Bilateral Trade (In Million USD)					
Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's Export to Uruguay	140.68	143.19	160.98	208.32	152.81
India's Import from Uruguay	31.43	24.41	20.42	20.35	17.71
Total Trade with Uruguay	172.11	167.60	181.40	228.68	170.52

Source: Ministry of Commerce, GOI

Top Ten Engineering Products of India's Export to Uruguay (In Million USD)					
S. No.	HS Code	Commodity	Value of Exports (2014-2015)	Value of Exports (2015-2016)	Growth (%)
1	87	Vehicles Other Than Railway Or Tramway Rolling Stock, And Parts And Accessories Thereof.	48.53	36.54	-24.71
2	72	Iron And Steel	3.21	4.25	32.35
3	85	Electrical Machinery And Equipment And Parts Thereof; Sound Recorders And Reproducers, Television Image And Sound Recorders And	46.3	4.01	-91.34

		Reproducers,And Parts.			
4	84	Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof.	4.67	3.96	-15.33
5	94	Furniture; Bedding, Mattresses, Mattress Supports, Cushions And Similar Stuffed Furnishing; Lamps And Lighting Fittings Not Elsewhere Specified Or Inc	0.58	0.73	26.16
6	90	Optical, Photographic Cinematographic Measuring, Checking Precision, Medical Or Surgical Inst. And Apparatus Parts And Accessories Thereof;	0.85	0.66	-23.07
7	73	Articles Of Iron Or Steel	1.74	0.39	-77.61
8	76	Aluminium And Articles Thereof.	0.67	0.21	-68.92
9	74	Copper And Articles Thereof.	0.57	0.18	-67.56
10	82	Tools Implements, Cutlery, Spoons And Forks, Of Base Metal; Parts Thereof Of Base Metal.	0.42	0.17	-58.98

Source: DGCI&S, Kolkata

Top Engineering Products of India's Import from Uruguay (In Million USD)					
S. No.	HS Code	Commodity	Value of Imports (2014-2015)	Value of Imports (2015-2016)	Growth (%)
1	72	Iron And Steel	0.76	1.64	116.03
2	73	Articles Of Iron Or Steel	0.04	1.18	2,782.35
3	83	Miscellaneous Articles Of Base Metal.	0	0.01	633.33
4	76	Aluminium And Articles Thereof.	0.21	0.25	16.9
5	78	Lead And Articles Thereof.	0.11	0.12	16.71

Source: DGCI&S, Kolkata

Indian companies in Uruguay

These include TCS, Geodesic Ltd, Zamin Resources, Arcelor Mittal, Olam, Reliance and Sakti Pumps.

Uruguayan Companies in India

Presence of Uruguay companies in India is limited to Carlos Ott.

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. The total products in MERCOSUR offer list is 452 out of which 127 products are from engineering sector. This accounts for 28.2% of the offer list. This indicates the significance of engineering products in the export of India.

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 Export Destinations in LAC & MERCOSUR Regions for Engineering Products

LAC	India's Export in July 2016 (USD Million)	MERCOSUR	India's Export in July 2016 (USD Million)
BRAZIL	55.21	BRAZIL	55.21
PERU	32.42	ARGENTINA	14.78
COLOMBIA	29.87	URUGUAY	4.92
CHILE	28.32	PARAGUAY	3.96
DOMINIC REP	15.64	VENEZUELA	2.50
Total	161.46	Total	81.37

Export of engineering products from India to MERCOSUR in July, 2016 is valued at 81.37 million USD which is 1.67% of the total engineering export of India to the world in July 2016, whereas India's export to top 5 Latin America and Caribbean countries is valued at 161.46 million USD, constituting 3.32 % of its total export to world. MERCOSUR's PTA with India has boosted trade. To further consolidate its position, India should enter into preferential trade agreements with other countries like Peru, Argentina, Ecuador, and Uruguay in the region.

Table 3: Top 10 panels of Engineering Goods Exported to MERCOSUR & LAC by India

Top panels export to MERCOSUR	Value in July 2015 (USD Million)	Value in July 2016 (USD Million)	Top panels export to LAC	Value in July 2015 (USD Million)	Value in July 2016 (USD Million)
Auto Components/Part	20.61	14.80	Motor Vehicle/cars	46.95	82.49
Industrial Machinery	6.92	12.26	Two and Three Wheelers	42.73	31.63
Iron and Steel	7.13	8.73	Iron and Steel	21.25	25.78
Motor Vehicle/cars	4.09	7.83	Auto Components/Part	27.02	23.28
Products of Iron	5.85	6.38	Industrial Machinery	15.56	17.23
IC Engines and Parts	3.73	4.69	Products of Iron	40.74	12.99
Two and Three Wheelers	7.78	3.51	Nuclear Reactors	2.70	9.63
Electric Machinery	3.46	3.37	Electric Machinery	7.13	8.92
Medical and Scientific instruments	3.54	3.35	Medical and Scientific instruments	5.98	6.62
Other miscellaneous items	2.91	2.67	IC Engines and Parts	4.59	6.57

The table above comprises of the top 10 exported engineering products to MERCOSUR and LAC. Comparative analysis of month by month data of subsequent years (2015 and 2016 for the month of July) reflects that the overall Indian exports have increased for both LAC and MERCOSUR region. This increase in export of engineering products from India to MERCOSUR and LAC region shows a positive impact on India's global trade which should be promoted for enhancing the exports to LAC and MERCOSUR region. More trade agreements with the Latin American region 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>

Uruguay– Information Guide

Related to the information you can find attached brochure of Investment and also you can find some specific information in the following links

http://www.bcu.gub.uy/	Central Bank of Uruguay
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EEPC India Latin America Territorial Newsletter

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