

Territorial NEWSLETTER Latin America

EEPCINDIA
ENGINEERING THE FUTURE

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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 32nd edition of BOGOTA International Trade Show in Bogota, Colombia from 24-28 September 2018. The show is the most important industrial event with over 690 exhibitors and more than 50,000 professional visitors from all over the globe. Colombia is the oldest and the most stable democracy of Latin America. It is a free market economy with major commercial and investment ties to countries around the world. Its economy has grown steadily over the past decade- becoming both a top Latin American centre for business and an increasingly popular tourist destination. EEPC India will be revisiting the event after eight years with a team of close to 100 Indian entrepreneurs under the umbrella of INDEE Colombia. 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\$84.07 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\$110.47 million in July 2017 to US\$112.07 million in July 2018; whereas India's export to top 5 Latin America and Caribbean countries have increased from US\$181.60 million in July 2017 to US\$236.07 million in July 2018.

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

Aman Chadha

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

Country (MERCOSUR)	July 2017 (USD Million)	July 2018 (USD Million)	Growth %
BRAZIL	78.45	84.07	7.17
ARGENTINA	23.14	13.87	-40.07
URUGUAY	4.53	8.46	86.73
PARAGUAY	3.80	5.62	47.82
VENEZUELA	0.55	0.05	-90.51

Country (LAC)	July 2017 (USD Million)	July 2018 (USD Million)	Growth %
BRAZIL	78.45	84.07	7.17
CHILE	21.49	52.11	142.49
COLOMBIA	40.79	51.93	27.30
PERU	25.40	26.53	4.48
ECUADOR	15.48	21.43	38.42

Source: DGCI&S

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Colombia- New destination for Indian Businesses

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With 7 concurrent shows covering varied industries under one umbrella:

- **Expoenergia**- A Specialised show on Electric Accessories, Energy Quality, Protection, Supplies Trading, Alternative Energy (Generation), among others.
- **Expometalica - XIV Mining Fair** will focus on competitiveness of Steel, metalworking, and hardware sectors and traders of domestic or imported goods of this productive chain.
- **Andina Tube & Wire**- The fair is the most direct and effective way for any attendant to find the best and most complete variety of Wires, Cables, Tubes and Valves.
- **Colombiaplast** – Brings together Plastics, Rubber, Petrochemical and Packaging sectors
- **Expocaire 2018**- A comprehensive show on Air Conditioning Systems, Refrigeration and Ventilation
- **Heavy Machinery and Construction**- A showcase consisting of Manufacturers, Importers and Distributors of Heavy and Light Machinery for Construction, Equipment, Supplies and Services
- **Industrial Machinery, Equipment and Tools**- Pumps, Turbines, Machinery, Equipment, Technology, Supplies, Capital and Intermediate Goods, Raw Material, Components and Services

Colombia is a middle power and a regional actor with the fourth-largest economy in Latin America, is a part of the CIVETS group of six leading emerging markets and is a member of the UN, the WTO, the OECD, the OAS, the Pacific Alliance, and other international organizations. Colombia has a diversified economy with macroeconomic stability and favourable growth prospects in the long run.

India has been enjoying an increasing trade surplus with Colombia. The increase in bilateral trade establishes that there is considerable potential for further expansion in the coming years.

For more information about the event, kindly visit our website:

<http://indiaatbogota.com/>

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

Top panels export to LAC	Value in July 2017 (USD Million)	Value in July 2018 (USD Million)	Top panels export to MERCOSUR	Value in July 2017 (USD Million)	Value in July 2018 (USD Million)
Motor Vehicle/cars	71.70	92.93	Auto Components/Part	21.97	25.03
Auto Components/Part	32.94	38.99	Iron and Steel	13.60	16.43
Two and Three Wheelers	34.33	38.62	Products of Iron	5.55	10.74

Iron and Steel	29.44	27.34	Industrial Machinery	9.45	8.43
Products of Iron	21.21	23.69	Aluminium and products	8.20	8.38
Aluminium and products	17.31	18.17	IC Engines and Parts	11.37	5.93
Industrial Machinery	14.88	14.36	Medical and Scientific instruments	4.17	5.52
Medical and Scientific instruments	6.31	9.22	Air condition and Refrigeration	1.09	5.13
IC Engines and Parts	13.77	8.92	Electric Machinery	3.34	4.24
Electric Machinery	8.72	8.24	Motor Vehicle/cars	7.23	4.14
Air condition and Refrigeration	1.34	5.42	Other Misc. Items	2.96	3.95
Other Misc. Items	3.95	5.16	Other Construction Machinery	1.88	3.24
Other Construction Machinery	3.85	5.05	Two and Three Wheelers	9.49	2.91
Hand Tools Cutting	3.33	3.54	Hand Tools Cutting	1.29	2.05
Office Equipments	0.17	2.00	Pumps of all types	1.82	1.80
Pumps of all types	2.01	1.96	Machinery for ATMs	1.12	1.03
Machinery for ATMs	2.10	1.86	Other Non Ferrous Metals	0.91	0.60
Copper and products	1.09	1.73	Electrodes Accumulators	0.41	0.54
Bicycle & Parts	0.84	1.22	Nuclear Reactors	1.32	0.43
Other Non Ferrous Metals	0.97	0.86	Nickel and products	0.01	0.33

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 July) 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-eeep-india.aspx?ms=73&page=Publications-of-EEPC-India>

News analysis related to Trade

AIRPORT SITUATION IN PERU

According to the competitiveness ranking of the World Economic Forum (WEF), in 2017, Peru ranked 86 out of 137 economies in the infrastructure pillar. Particularly, with regard to the quality of infrastructure for air transport, Peru occupy the 85th place. Although in the general infrastructure ranking it improved slightly, going from 88 in 2010 to 86 in 2017, there was a relative decline in the quality of the infrastructure for air transport, after descending from position 78 to position 85, between 2010 and 2017. In addition, compared to its counterparts in the Pacific Alliance, it is lagging behind. Chile is located in position 62 in the quality of airport infrastructure; while Mexico is in 67 and Colombia in 81. On the other hand, according to IATA estimates, although Jorge Chávez has a capacity to serve 15 million passengers annually, in 2017 more than 22 million were mobilized. Given the installed capacity, it would have been impossible to extend itineraries or receive new airlines. However, it would not only be an infrastructure problem, since Peru also holds the least competitive taxes and air rates within the 136 economies studied in the WEF Travel and Tourism Competitiveness Index.

Peru:

Mining shipments up 18% through June (*Peru21: 13/08/2018*) - Mining exports are growing at a good pace. The National Society of Mining, Petroleum and Energy (SNMPE) reported that in the first half of the year the shipments totaled US\$ 14.6 billion, 18.3% more than in the first half of last year. Of the total, US\$ 7.6 billion corresponded to copper shipments, whose main destination was China (61%).

Peru among the six South American countries with the highest export levels (*La Republica 14/08/2018*) - A publication of the World Economic Forum reviews the activity of the exporting countries and places Peru among the six South American economies with the highest export levels. The analysis is given within the framework of what, according to the entity, is a scenario not seen in years. "For the first time in decades, trade barriers seem to be increasing around the world. The Brexit negotiations helped create an environment of uncertainty, while the introduction of US tariffs on steel and aluminum imports, together with the resulting retaliatory measures, have created more tangible barriers to international trade" the Forum said. According to figures from 2017, Peru reaches an export of US\$ 45 billion and ranks fourth over Colombia (US\$ 38 billion) and Venezuela (US\$ 32 billion). This 2018 Peru hopes to reach US\$ 50 billion in exports looking for the growth of its agricultural products, mining, among others.

Private investment cements position as Peru's growth engine (*El Peruano: 16/08/2018*) - Private investment may have grown about 8% in the second quarter of 2018, thus cementing its position as one of Peruvian economy's growth engines, Deputy Economy Minister Hugo Perea affirmed. This forecast coincides with the estimate given by Central Reserve Bank (BCR) a week back. In his speech at Peru CFO Summit, Perea explained private investment is recovering steadily, mainly due to a buoyant investment in mining and hydrocarbons. This rise was explained by higher investments in the expansion of Marcona and Toquepala, preliminary works at Quellaveco, the expansion of Toromocho and Mina Justa, whereas hydrocarbon investments rebounded due to exploration investments.

Bolivia:

BCB: May and June registered favorable commercial balance (*Cambio: 16/08/2018*) - The trade balance of Bolivia between May and June of this year reported a surplus of US\$ 112.8 million, reported by the Central Bank of Bolivia (BCB). According to a statement from the entity, in May, exports reached US\$ 850 million, while imports,

US\$ 758 million, which generated a favorable trade balance of US\$ 93 million. In June, exports reached US\$ 771 million, while imports reached US\$ 751 million, with a balance of US \$ 20 million. This surplus is due to the fact that production and sales in the mining, hydrocarbon and non-traditional products sectors are dynamic and constant, while imports declined.

TBT Notifications

1. Peru is adopting the manual of advertising warnings regulation. TBT notification G/TBT/N/PER/97/Add.1 dated 29th June 2018, issued by the Ministry of Foreign Trade and Tourism.

This regulation concerns manual of advertising warnings on the promotion of healthy eating for children and adolescents. As per this manual, the advertisement warnings must appear in the label of processed food products if it exceeds the established limits of sodium, sugar, saturated fats and trans fat.

The manual contains the content details for processed food products including food and drinks. It also contains details on entry into force. In terms of limits exceeding prescribed levels, the statement should appear: "Avoid excessive consumption, Ministry of Health" for sodium, sugar and saturated fat. "Avoid consumption, Ministry of Health" for trans fat. The Manual also lays out advertisement requirements for audio and visuals accordingly.

2. Argentina has issued notification on "technical quality and safety requirements for aluminum flexible tubes for product packaging certification". This has reference to TBT notification no G/TBT/N/ARG/336 dated 19th July 2018, issued by the Commerce Secretary. The products mentioned in this notification falls under the HS Code 7608.

This regulation establishes the technical quality and safety requirements applicable to aluminum flexible tubes for the packaging of products that are marketed in Argentina. The regulation requires that, the manufacturers and importers must guarantee compliance with the established technical requirements, by means of the certification of said products.

There is no export from India to Argentina on the given products during 2016-2017.

3. Argentina has issued draft regulation on technical quality and safety requirements for solar collectors and compact solar systems certification. This has reference to TBT notification no G/TBT/N/ARG/337 dated 19th July 2018, issued by the Commerce Secretary. The products mentioned in this notification falls under the HS Code 85414011.

The Draft regulation establishes the technical quality and safety requirements applicable to solar collectors and compact solar systems that are commercialized in the country. The regulation requires that, the manufacturers and importers must guarantee compliance with the established technical requirements, by means of the certification of said products according to the procedure established in the this regulation.

There is no export from India to Argentina on the given products during 2016-2017.

4. Brazil is amending the act concerning baby cribs. This has reference to TBT notification no G/TBT/N/BRA/646/Add.2 dated 17th July 2018, issued by the National Institute of Metrology, Standardization and Industrial Quality-INMETRO. The products mentioned in this notification falls under the HS Code 9403.

This addendum concerns the proposed adjustments and clarifications to the Technical Regulation and the Conformity Assessment Requirements that must be met by kids Cribs and cradles. The purpose of this measure is prevention of accidents involving children and babies. It states that, the Technical Regulation and the Conformity Assessment Requirements should be approved by the INMETRO.

It is not applicable to cardboard boxes used for baby.

5. Colombia repeals the previously issued Technical Regulation on corrugated bars for concrete reinforcement in earthquake-resistant buildings, manufactured in, imported into, or marketed in Colombia. The agency informs that this action has been undertaken in order to avoid unnecessary technical barriers to trade and legal uncertainty for producers and importers of corrugated bars.

This has reference to TBT notification no G/TBT/N/COL/162/Add.2 dated 15th June 2018, issued by the (Ministry of Commerce, Industry and Tourism. The products mentioned in this notification falls under the HS Code 6810.

India's export to Colombia on the given products (HS Code 6810) is 0.07M USD during 2016-2017.

6. Brazil has issued regulation on linear or two-dimensional bar code on stent traceability labels for coronary arteries, pharmacological stents for coronary arteries, and implants for hip and knee arthroplasty. This has reference to TBT notification no G/TBT/N/BRA/828 dated 29th June 2018, issued by the Brazilian Health Regulatory Agency (Anvisa). The product mentioned in this notification falls under the HS Code 90219090.

This Regulation establishes the obligation to include a linear or two-dimensional bar code on stent traceability labels for coronary arteries, pharmacological stents for coronary arteries, and implants for hip and knee arthroplasty.

It establishes the mandatory inclusion of linear barcode or two-dimensional, in accordance with IMDRF / UDI document WG / N7 Final: 2013 - UDI Guidance: Unique Device Identification (UDI) of Medical Devices on traceability labels for single identification of stents for coronary arteries, coronary artery stents, and implants for hip and knee arthroplasty, for traceability and control purposes to be performed within the scope of the National Registry of Implants - RNI.

The regulation requires the following:

- The availability of traceability labels containing the bar code on medical device packaging shall be made by the manufacturer or importer.
- The inclusion of the bar code in the labels of traceability will not be considered a change for the purposes of registration, dispensing authorization or notification to ANVISA.
- Traceability labels shall be made available on the packaging of medical devices in a minimum of three (3) copies for attachment in the clinical file, in the document to be delivered to the patient and in the tax documentation that generates the charge.

The agency informs that, this regulation will come into force in two years after the date of publication of this notification.

India's export to Brazil on the given products (HS Code 90219090) is 0.09M USD during 2016-2017.

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