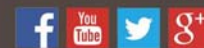


Territorial NEWSLETTER Latin America

EETCINDIA
ENGINEERING THE FUTURE

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June 2017

Chairman's Pen



Colombia's consistently sound economic policies and aggressive promotion of free trade agreements in recent years have bolstered its ability to face external shocks. Real GDP has grown more than 4% per year for the past three years, continuing almost a decade of strong economic performance. In the recent years, India has become one of the largest destinations for Colombia's exports. For India, Colombia is among the top 10 trading partners of India in Latin America. India-Colombia business organizations have been interacting on regular basis and a number of business delegations from India have over the last few years visited Colombia.

Recently, commerce secretary led a delegation to Colombia for JETCO meetings.

India's trade with Colombia has not performed well in the recent years, particularly after 2013-14. India's total trade with Colombia which was \$ 5,978.13 million in 2013-14 declined in 2014-15 to US\$ 3,240.08 million and further to \$1,695.89 million in 2015-16. India's import from Colombia has significantly decreased from US\$ 4,970.62 million in 2013-14 to US\$ 807.79 million in 2015-16. India's exports to Colombia in 2015-16 were US\$ 888.10 million, a significant decline compared to 2014-15 valued at \$1,105.15. Going by the milestones achieved and the potential, one can say that huge potential for further expansion exists.

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



India is exploring opportunities to strengthen the economic relations with Latin America. The performance of engineering exports from India to LAC and MERCOSUR regions is mixed for the month of May 2017. In the top five importing countries of Indian engineering products, three countries each in LAC and Mersocur recorded positive growth. In case of top 15 engineering panels, it is observed that nine and eleven panels in MERCOSUR and LAC registered positive growth.

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.

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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

Box 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 Colombia relations: time to take a plunge!



India-Latin America Economic Outlook

India as an emerging economy reflects growing contribution to the world economy and stronger linkages between emerging and developing economies through increased South-South trade and investment and cooperation. India

continues to deepen its trade and investment relations with the Latin American and Caribbean region in search of a more coordinated, institutionalized approach among countries. India and Latin America and the Caribbean need to reposition themselves in the world economy and to address the growing relevance of South-South linkages (in areas such as trade, foreign direct investment and finance) by enhancing cooperation in innovation and human capital in order to diversify trade, and thus helping to create more stable conditions for growth.

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. Latin American and Caribbean nations are undergoing rapid and fundamental change on many fronts.

The major exports from India goes to Central America (58.36%) followed by South America (27.56%) and Caribbean Region (8.64%). India's trade with LAC has grown exponentially this century, from less than US\$ 2 billion in 2000-01 to approximately \$25 billion in 2015-16. India imported almost \$17.69 billion and exported around \$7.5 billion worth in 2015-16. Most of our imports consist of crude oil, minerals and edible oils.

Table 1: Bilateral trade between India & Latin America region (* all values in USD million)

Year	2011-12	2012-13	2013-14	2014-15	2015-16
EXPORT	12,276.75	13,517.94	10,791.54	11,528.41	7,530.80
%Growth	31.66	10.11	-20.17	6.83	-34.68
IMPORT	16,141.02	27,497.09	28,128.07	26,951.76	17,691.79
%Growth	23.76	70.36	2.29	-4.18	-34.36
TOTAL TRADE	28417.77	41015.03	38919.61	38480.17	25222.59

Bilateral trade and investment: India & Colombia

Colombia's consistently sound economic policies and aggressive promotion of free trade agreements in recent years have bolstered its ability to face external shocks. Real GDP has grown more than 4% per year for the past three years, continuing almost a decade of strong economic performance. All three major ratings agencies have upgraded Colombia's government debt to investment grade. Nevertheless, Colombia depends heavily on energy and mining exports, making it vulnerable to a drop in commodity prices. Colombia is the world's fourth largest coal exporter and Latin America's fourth largest oil producer. Economic development is stymied by inadequate infrastructure and an uncertain security situation.

In the recent years, India has become one of the bigger destinations for Colombia's exports. Similarly, Indian exports have also increased. India-Colombia business organizations have been interacting on regular basis and a number of business delegations mainly from India from export promotions councils have taken place over the last few years. Colombia is among the top 10 trading partners of India in Latin America. India and Colombia have friendly and cordial bilateral relations. Both countries have considerable coincidence of views on global issues and have closely collaborated in various multilateral fora. There have been several collaborations in sectors like information technology, urban development, defense, health etc and the Commercial and Economic relations have

burgeoned in the recent years. There are a number of sectors where both countries can significantly contribute in mutual growth and increase bilateral trade like automobiles and auto components, motorcycles, machinery and mechanical appliances, medical instruments, iron, copper and miscellaneous manufactured articles. Still, overall trade, particularly in engineering sector remains much lower to the potential. Energy requirements particularly can be a major area for research and development as 65% of electricity is generated through hydroelectric plants in Colombia and India is in the need of increasing power generation from renewable sources.

India and Colombia can partner to overcome 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.

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

India's total trade with Colombia which was about US \$ 946.95 million in 2009 has reached US \$ 4036.33 million. The bilateral trade showed a significant decrease from US\$ 3.24 billion in 2014-15 to US\$ 1.69 billion in 2015-16. India's import from Colombia has significantly decreased from US\$ 2.13 billion in 2014-15 to US\$ 0.81 billion in 2015-16. India's exports to Colombia in 2015-16 were US\$ 0.89 billion. There still remains a huge potential for further expansion of our exports.

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.	437.96	372.92	-14.85
2	76	Aluminium And Articles Thereof.	62.73	29.88	-52.36
3	72	Iron And Steel	52.88	25.93	-50.96
4	84	Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof.	27.38	25.18	-8.03
5	85	Electrical Machinery And Equipment And Parts Thereof; Sound Recorders And Reproducers, Television Image And Sound Recorders And Reproducers, And Parts.	26.38	20.2	-23.43

6	73	Articles Of Iron Or Steel	21.25	11.1	-47.78
7	90	Optical, Photographic Cinematographic Measuring, Checking Precision, Medical Or Surgical Inst. And Apparatus Parts And Accessories Thereof;	6.5	6.5	-0.05
8	74	Copper And Articles Thereof.	29.65	5.03	-83.05
9	82	Tools Implements, Cutlery, Spoons And Forks, Of Base Metal; Parts Thereof Of Base Metal.	6.01	4.71	-21.7
10	94	Furniture; Bedding, Mattresses, Mattress Supports, Cushions And Similar Stuffed Furnishing; Lamps And Lighting Fittings Not Elsewhere Specified Or Inc	1.27	0.79	-37.58

Source: DGCI&S, Kolkata

Challenges

There are certain unique challenges when you are doing business in Colombia-

- **Difficult geography and poor transport infrastructure**

One big constraint on growth is poor infrastructure, but the Government announced USD 100bn for investment in infrastructure over eight years (2014-2022) and the construction of the Fourth Generation of Road Concessions of Colombia which would cost about USD 22 bn. The Government has stressed that the future of Colombia in hydrocarbons is in exploration and exploitation offshore. The Government has issued policies to open possibilities to exploit the energy resources of the maritime areas of the Caribbean and stimulate this activity.

- **Non-Tariff Barriers**

Although the implementation of the Unified Portal for Foreign Trade (VUCE) has significantly streamlined the paperwork process for imports and exports, Colombia's bureaucracy still constitutes a barrier to trade for both local and foreign companies. Pilferage in customs warehouses and robberies of trucks persists, but cases have decreased dramatically. Colombian customs can detain shipments indefinitely because of improper tariff schedule classification, incorrect address, or typing errors. When mistakes are made by the exporter or importer, the goods may be refused entry into Colombia and be returned at considerable expense to the exporter or importer. Colombian customs statutes provide for significant fines and penalties for light infringement of procedures and errors in freight forwarding documents by customs agencies.

- **Intellectual Property**

Patent processes in Colombia can be long and a backlog of applications exists. Application for patents of overseas inventions must be made within one year of filing the first foreign application. Patents are granted for twenty years from the date of filing the application. Regarding the filing requirements, the Colombian Patent Office requires the filing of a simple copy of the POA too.

Compulsory licences may be granted if, after three years, the patent has not been worked, the working has been suspended for more than one year, national market demands have not been met, or if the patentee has not granted licences under reasonable conditions. The responsibility for notifications of working within three years is the responsibility of the patentee.

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 \$25.22 billion 2015-16; 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

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

Export of engineering products from India to MERCOSUR has realized a growth from US\$90.77 million in April 2017 to US\$108.44 million in May 2017; likewise India's export to Latin America and Caribbean have also increased significantly from US\$229.96 million in April 2017 to US\$253.03 million in May 2017.

In May 2017, engineering exports to both MERCOSUR and LAC regions increased compared to May 2016. Three out of top five importing countries in both MERCOSUR and LAC registered increase in engineering imports from India.

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

Country (MERCOSUR)	May 2016 (USD Million)	May 2017 (USD Million)	Growth %
BRAZIL	57.31	73.13	27.60

ARGENTINA	13.06	27.44	110.16
PARAGUAY	4.57	4.83	5.76
URUGUAY	8.68	2.47	-71.51
VENEZUELA	2.27	0.56	-75.22
Country (LAC)	May, 2016 (USD Million)	May, 2017 (USD Million)	Growth %
BRAZIL	57.31	73.13	27.60
COLOMBIA	33.86	34.62	2.24
ARGENTINA	13.06	27.44	110.16
PERU	29.53	24.95	-15.49
CHILE	23.09	19.53	-15.44

Source: DGCI&S

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

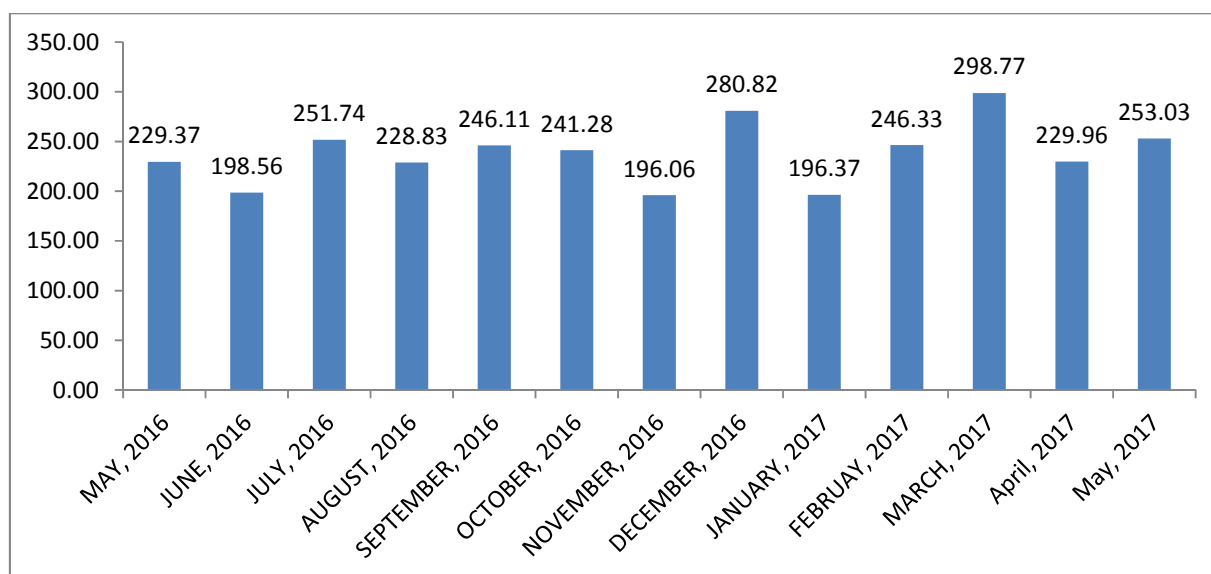


Table 5: Top 20 panels of Engineering Goods Exported to LAC & MERCOSUR by India

Top panels export to LAC	Value in May 2016 (USD Million)	Value in May 2017 (USD Million)	Top panels export to MERCOSUR	Value in May 2016 (USD Million)	Value in May 2017 (USD Million)
Motor Vehicle/cars	64.25	56.68	Auto Components/Part	11.80	19.73
Two and Three Wheelers	30.95	35.44	Aluminium and products	2.68	12.73

Iron and Steel	15.69	30.60	Electric Machinery	8.40	11.12
Auto Components/Part	19.24	29.67	Iron and Steel	5.23	10.86
Aluminium and products	12.42	21.26	Industrial Machinery	7.93	8.56
Electric Machinery	14.16	14.56	IC Engines and Parts	20.54	7.81
Industrial Machinery	13.04	13.83	Two and Three Wheelers	4.82	7.48
Products of Iron	12.03	12.88	Products of Iron	3.84	7.15
IC Engines and Parts	22.73	9.60	Motor Vehicle/cars	6.87	6.91
Medical and Scientific instruments	5.08	6.35	Medical and Scientific instruments	2.86	3.23
Other Misc. Items	1.73	3.97	Other Misc. Items	0.90	3.06
Machinery for ATMs	3.20	3.16	Machinery for ATMs	2.23	1.60
Hand Tools Cutting	2.34	3.01	Hand Tools Cutting	1.27	1.28
Other Construction Machinery	1.92	2.87	Pumps of all types	1.48	1.24
Nuclear Reactors	1.86	2.29	Air condition and Refrigeration	0.87	1.19
Pumps of all types	1.70	1.48	Other Construction Machinery	0.78	1.08
Air condition and Refrigeration	1.60	1.40	Nuclear Reactors	0.30	0.99
Other Non Ferrous Metals	0.56	1.00	Other Non Ferrous Metals	0.39	0.88
Bicycle & Parts	0.64	0.71	Copper and products	0.35	0.35
Copper and products	1.31	0.58	Electrodes Accumulators	0.26	0.24

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 May) reflects that the overall Indian exports have increased for both LAC and MERCOSUR region. More bilateral trade agreements with the Latin American countries could further strengthen India's competitiveness in the region.

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

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>

Challenges faced while exporting to Latin America

1. Costa Rica has issued a TBT Notification No G/TBT/N/CRI/166 on hydraulic cement

The Ministry of Economy, Industry and Trade, MEIC has issued this notification concerning technical specifications for building products and hydraulic cements. The purpose of this technical regulation is to establish the parameters and technical characteristics that must be met by hydraulic cements for use in the national territory; Whether produced locally or imported. It also proposed to establish the classification of these cements by types and the labelling requirements that must contain the bulk and packed cements.

2. Chile has issued a TBT Notification No G/TBT/N/CHL/225/Add.1 on electric dishwashers

The final protocol establishes the energy efficiency certification procedure for household electric dishwashers with a cold and/or hot water supply, in accordance with reference standard IEC 60436:2012 04. As per the final rule, prior import, company must have respective “certificate of approval” and corresponding “energy efficiency label”. As on date, only one certification body CVC Test lab of China is certified by the Chilean authorities as a accredited certification agency.

Upcoming Events in LAC

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Date of the event	Name of the event	Location	Link
25.07 - 28.07 2017	FIIEE - MINAS GERAIS International Trade Show of Electrics & Electronics Industry	São Paulo	http://www.eventseye.com/fairs/f-fiiee-minas-gerais-5819-1.html
18.07 - 20.07 2017	MEC SHOW Metalmecanic, Energy and Automation Fair	Serra, Espírito Santo	http://www.eventseye.com/fairs/f-mec-show-21178-1.html
25.07 - 28.07 2017	FIEE International Fair of Electrical Industry, Energy and Automation	São Paulo	http://www.eventseye.com/fairs/f-fiee-24637-1.html

Tender Information in LAC

Prior information Notices

TI ref No.	Title	Link
40577174	Provision Of Road Engineering, Chile	http://www.tendersinfo.com/details/40577174
40584183	Construction Of Pavement Petreo Type (stone) - Pjc -ad Referendum - Multi-year, Paraguay	http://www.tendersinfo.com/details/40584183
40584209	Acquisition Of Agricultural Implements, Paraguay	http://www.tendersinfo.com/details/40584209

For more contract notices, Please follow the link:

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

EEPC India Latin America Territorial Newsletter

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