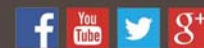


Territorial NEWSLETTER Latin America

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



Latin America, notwithstanding similar political systems, follows a similar approach to address global challenges and cultural affinities. The impact of globalization is felt in both India and Latin America; common grounds are emerging for cooperation between the LAC region on the one hand and India, South Asia's biggest country, on the other. India's trade with the Pacific Alliance, which accounts for 40% of its trade with Latin America, has been growing rapidly and has the potential to reach \$30 billion in the next four years from \$15 billion in 2014. Mexico, Colombia, Peru and Chile are the second, third, fourth and fifth largest destinations of India's exports in Latin America, after Brazil. Mexico and Colombia have become a regular source of crude oil, while Chile and Peru are sources of copper and gold imports for India.

With new transformations in the political environment, the trade policies are bound to change and its impact on bilateral trades is expected to be seen soon. After facing economic downfall in 2016, Latin American economy is expected to resurge. Chinese markets are trying to flood Latin American markets with their goods but India can make its way through better quality offerings.

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



The beginning of the year 2017 has been marked with new trade optimism. Export data give a clear indication of improvement in bilateral trade. Export of engineering products from India have shown an increase in the month of February 2017. 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.

Pankaj Chadha

Territorial
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

China upswings trade in Latin America as the new trade policies surface!

At the core of President-elect Donald Trump's election platform were two promises: to stand up to China, and to bring manufacturing jobs back to the United States. And on the latter policy at least, he seems to be succeeding. Before he has even been sworn in as president, Trump has claimed victory in securing a string of deals that keep or bring manufacturing jobs to the US.

Unfortunately for him, that success will directly undermine the first policy. Not only will Trump not contain China, but he will cede to its primacy in Latin America, a region dominated by the United States ever since the Spanish were turfed out in the 1820s. Trump would not be wrong to blame much of the current situation on his predecessor, Barack Obama. Aside from the legacy-securing opportunities of the "Cuban Thaw" and peace in Colombia, Obama has taken little interest in Latin America, instead preferring to focus on his "pivot to Asia". But in doing so, he has created a vacuum into which China has rushed. *Bilateral trade between China and Latin America grew 2,400 per cent between 2000 and 2013, and Beijing plans greater expansion.*

Chinese investment in and trade with Latin America is not in itself a problem, and to some extent it's inevitable. Much of the economic output of the region is in the form of commodities, and there is no bigger market for that than China. Three-quarters of Latin America's exports to China are made up of iron, soya beans, copper, and oil, and this has funded rapid economic development and poverty reduction. Yet in the last few years, the relationship has started to shift.

China is inserting itself into key infrastructure. In Ecuador, Chinese money, technology, and expertise have built a massive hydroelectric plant that provides 35 percent of the country's energy. The building of two nuclear power plants in Argentina, a 152 mile-long motorway in Colombia, and a container port in northern Brazil, as well as a 23 percent stake in Brazil's third largest energy firm, are other Chinese investments on a list that grew in value by 500 percent from 2000-2010. And some relations are increasingly unhealthy. Ecuador saw 61 percent of its government's borrowing needs to be met by China in 2014, in exchange for 90 percent of its oil production.

More worrying still for the United States, it is finding a market for its defense products, and a home for its military. In 2015 Argentina agreed to buy 20 fighter jets and several naval patrol vessels in a deal worth \$1 billion. Meanwhile, a People's Liberation Army-run satellite tracking center, deep in Argentina's Patagonian wilderness is set to become operational in March of this year.

Donald Trump's policies promise to make the situation much much worse. He's already cost Mexico a \$1.6 billion (£1.3bn) Ford factory. By promising to shred the NAFTA and the Trans-Pacific Partnership (TPP) free-trade deals, antagonizing Mexico, and generally doing everything he can to bolster the image of the hated *yanqui*, Trump leaves little left to do but chauffeur Latin America's presidents to the airport and buy them flights to Beijing.

Within days of Trump's election victory, Chinese President Xi Jinping was on a flight to South America. His trip was part of an ambitious ten-year plan to double bilateral trade and increase investment stock value by 150 per cent. A replacement for TPP that would have China as a member (unlike the original) but not the US is also in the offing, with Australia's trade minister already expressing support.

If that was not warning enough, the President-elect need only look to the Philippines to see flimsy nature of alliances with developing nations. Rodrigo Duterte has instantaneously switched the island nation from a close American ally to a friend of Beijing. The price \$13.5 billion (£11bn) of trade deals.

And it's not as if Trump hasn't been warned. His pick for Secretary of Homeland Security, retired General John Kelly, described growing Chinese, Russian, and Iranian relationships in Latin America to the United States senate as a potentially "existential threat". Earlier this month, Venezuela appointed a new Vice-President with alleged links to Hizbollah.

In a moment of historical symmetry that Trump might call "beautiful, tremendous, so smart", China's newfound dominance in Latin America could be crowned by the eclipsing of the Panama Canal. That great symbol of US imperial power in the western hemisphere is set to be undercut by a Chinese funded and built Nicaragua Grand Canal. Longer and wider than the original, it would be the ultimate proof that, when it comes to trade, China rules the waves.

The US is still capable of exerting huge influence in Latin America. The head of the Nicaraguan canal commission told *The Guardian* last year that: "The only problem we see is what the US says about China coming into a small country in their area of influence ... if they don't want it, it will be difficult."

Yet waving a big economic stick will not keep Latin America cowed. Instead, a friendly and open trade policy is needed that can secure amicable and stable relationships between the United States and the countries of Latin America. Trump's victory comes at a time when the region finally seems to be shaking off populism and protectionism and turning back to free markets. Brazil and Argentina, Latin America's first and third largest economies respectively, are led by new, free-market liberal Presidents. It would be a huge mistake to waste this opportunity.

At the very least, it would be a disaster for the Trump administration if, having seen off the Soviet threat at its worst, the United States were to lose Latin America to Chinese dominance just three decades later.

(Source: Extract from article in <http://www.telegraph.co.uk/news/2017/01/17/donald-trumps-trade-policy-driving-latin-america-chinas-arms/>)

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. 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 3: India's Major Export Destinations in LAC & MERCOSUR Regions for Engineering Products

LAC	India's Export in February 2017 (USD Million)	MERCOSUR	India's Export in February 2017 (USD Million)
BRAZIL	51.55	BRAZIL	51.55
CHILE	31.46	ARGENTINA	20.30
COLOMBIA	28.48	PARAGUAY	3.66
PERU	26.84	URUGUAY	3.16
ARGENTINA	20.30	VENEZUELA	0.40
Total	158.63	Total	79.07

Export of engineering products from India to MERCOSUR has shown a growth in February, 2017 at 79.07 million USD as compared to 68.63 million USD in January, 2017 which is 1.20% of the total engineering export of India to the world in February 2017; whereas India's export to Latin America and Caribbean is valued at 233.77 million USD, constituting 3.6% of its total export to the world. Latin America's top 5 countries contribute to 67.86% of India's total engineering export to the region while MERCOSUR constitutes of 33.82 % of the total export to LAC region. MERCOSUR's PTA with India has boosted trade and the expansion will definitely increase India's share in MERCOSUR's import basket.

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

Top panels export to LAC	Value in February 2016 (USD Million)	Value in February 2017 (USD Million)	Top panels export to MERCOSUR	Value in February 2016 (USD Million)	Value in February 2017 (USD Million)
Motor Vehicle/cars	43.85	68.20	Iron and Steel	4.88	18.72
Iron and Steel	14.30	42.47	Auto Components/Part	12.18	13.95
Two and Three Wheelers	27.64	28.63	Aluminum and products	3.19	7.37
Auto Components/Part	19.32	22.10	Industrial Machinery	5.84	7.22
Industrial Machinery	10.85	13.87	Products of Iron	4.35	5.09
Aluminum and products	14.07	11.19	Medical and Scientific instruments	2.19	4.64
Products of Iron	16.14	9.57	Motor Vehicle/cars	3.27	3.48
Electric Machinery	9.44	7.78	Electric Machinery	3.57	3.14
Medical and Scientific instruments	5.27	6.99	IC Engines and Parts	2.77	3.13

IC Engines and Parts	4.55	4.16	Two and Three Wheelers	4.64	3.06
Other Misc. Items	2.02	2.84	Other Misc. Items	0.92	1.78
Hand Tools Cutting	1.94	2.67	Hand Tools Cutting	0.87	1.34
Machinery for ATMs	1.99	2.46	Machinery for ATMs	1.12	1.16
Other Construction Machinery	1.46	2.28	Pumps of all types	1.78	0.92
Nuclear Reactors	2.82	1.48	Other Construction Machinery	0.70	0.89
Cranes Lifts & Winc	0.76	1.25	Air condition and Refrigeration	0.64	0.71
Pumps of all types	2.03	1.16	Other Non-Ferrous Metals	0.32	0.68
Air condition and Refrigeration	0.84	0.98	Nuclear Reactors	0.28	0.41
Other Non Ferrous Metals	0.51	0.80	Bicycle & Parts	0.16	0.31
Bicycle & Parts	0.62	0.77	Machine Tools	0.06	0.25

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 February) reflects that the overall Indian exports have increased for both 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>

For all investment and business set up information:

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

News in Focus

Trump triggers greater Latin American interest in India

" So far.... from God but so close to Trump", is the cry of the Mexicans these days to their patron saint, Virgin of Guadalupe, affronted by Trump's racist comments and accusation of Mexican immigrants as 'criminals, rapists and drug dealers'. Not since the American annexation of Mexican territories and the US-Mexico war in the 19th century that the Mexicans are so outraged with the Big Brother.

The Latin Americans cannot believe that the US, which preached and forced Latin American governments to open up their markets and liberalize imports in the name of "Washington Consensus", is doing exactly the opposite by resorting to protectionism.

Caught between the bullying Trump, indifferent Europe and the suspect Chinese, the Latin Americans have started looking more seriously at India, attracted by its huge and growing market as well as its vibrant and diverse democracy. This is, therefore, the right time and an unmissable opportunity for India to intensify its win-win economic partnership with Latin America.

Link: <http://www.businesswithlatinamerica.com/what-is-new.html>

India to start negotiations for a Trade Agreement with Peru - January 2017

The cabinet of Indian government has approved the proposal to start negotiations with Peru for a Trade Agreement. This would be useful to increase the trade with Peru, the fifth largest trade partner of India in Latin America. In 2015-16, the trade was 1523 million dollars of which exports were 820 m dollars and imports 703 m.

Link: <http://www.businesswithlatinamerica.com/>

Portal for b2b between Indian and Latin American companies

A young "passionate about Latin America" Indian living in Peru Utsav Sharan has started a portal <http://www.negociomundo.com> to connect Indian and Latin American companies. Companies can make use of this commendable initiative.

Link: <http://www.businesswithlatinamerica.com/>

Upcoming Events in LAC

Date of the event	Name of the event	Location	Link
04.04 - 06.04 2017	SIMATEX International Textile Machinery Show	Buenos Aires	http://www.eventseye.com/fairs/f-simatex-6698-1.html
15.05 - 19.05 2017	EXPONOR CHILE International Exhibition for Latin America Mining	Antofagasta	http://www.eventseye.com/fairs/f-exponor-chile-8111-1.html
14.06 - 16.06 2017	LATIN AMERICAN & CARIBBEAN TYRE EXPO Latin American & Caribbean Tire and Equipment Manufacturers Expo	Panama City	http://www.eventseye.com/fairs/f-latin-american-caribbean-tyre-expo-16295-1.html

Tender Information in LAC

Prior information Notices

TI ref No.	Title	Link
38507625	Purchase Of Pvc Pipes And Accessories For Enlargement, Construction And Maintenance Of Sanitary Sewer Systems, Guatemala	http://www.tendersinfo.com/details/38507625
38513108	Repair And Spare Parts For The Fiscal	http://www.tendersinfo.com/details/38513108

	Vehicle, Chile	
38513127	Repair And Spare Parts For Tax Vehicles, Chile	http://www.tendersinfo.com/details/38513127
38513571	Acquisition Of Racks For Storage System, Argentina	http://www.tendersinfo.com/details/38513571
38513575	Acquisition Of Computer Equipment For The Ministries Of Finance And Finance Of The Nation And The National Institute Of Statistics And Censuses, Argentina	http://www.tendersinfo.com/details/38513575
38505483	Acquisition Of Machinery, Equipment And Miscellaneous Electronic Equipment For The Ministry Of The Republic Of Minas Gerais (prmg) And Their Municipal Units (prms), With Prmg Being The Managing Body., Brazil	http://www.tendersinfo.com/details/38505483
38505477	Acquisition Of Laboratory Equipment, Brazil	http://www.tendersinfo.com/details/38505477

For more contract notices, Please follow the link:

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

EEPC India Latin America Territorial Newsletter

Contact: Palak Singh

Email: psingh@eepcindia.net

Phone no: 011-2331 4171