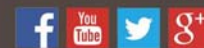


Territorial NEWSLETTER Latin America

EEPCINDIA
ENGINEERING THE FUTURE

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May 2017

Chairman's Pen



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. On the back of evolving new global order marked by an increasing sign of protectionism, especially by the US, India and the countries of Latin America and the Caribbean must rethink relevance of strategic alliances both globally and regionally. In fact, India and Latin America and the Caribbean need to reposition themselves to consolidate and strengthen South-South linkages in areas such as trade, foreign direct investment and finance by enhancing cooperation. Such initiatives can help create more stable conditions for growth.

With Latin America, India has achieved a growth of 20% in the month of April 2017 (exports valued at 234.26 USD Million) as compared to April 2016 (exports valued at 195.13 USD Million) in engineering sector. The trade is gaining momentum as visible from the first quarter of this year. We need to maintain this upward trend by focusing on various segments in which there is scope and potential.

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 recent year 2017-18 has started on a positive note. India's exports of engineering products to countries in the LAC region grew in double digit (by over 20%) in the first month of the new fiscal compared to corresponding month in 2016-17. Four of the top five countries in LAC region registered growth of over 20% in April 2017. Three countries recorded growth of more than 50% during the month, with Uruguay topping the list with a growth of nearly 80%.

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

Basic Facts: Latin America & Caribbean

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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

Table 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 Guatemala- A better way to create opportunities for all!



Guatemala is a country in Central America bordered by Mexico to the north and west, the Pacific Ocean to the southwest, Belize to the northeast, the Caribbean to the east, Honduras to the east and El Salvador to the southeast. It is the most populous state in the Central American region. Guatemala's abundance of biologically significant and unique ecosystems includes a large number of endemic species and contributes to Mesoamerica's designation as a biodiversity hotspot. The country is also known for its rich and distinct culture, which is characterized by a fusion of Spanish and Indigenous influences. Manufacturing, commerce, private services, and agriculture are the biggest estimated economic sectors in Guatemala with their respective contributions of 20%, 18%, 14% and 12% of GDP.

Both India and Guatemala maintain a close and cordial relation since the establishment of diplomatic relation between these two in the late 1970s. An agreement for visa exemption for diplomatic and official passport holders was signed in 2015.

Besides, following the India-SICA Foreign Ministers' meeting that includes Guatemala, India announced enhanced Line of Credit facility to each SICA country from the US \$ 10 million to the US \$ 30 million in 2015 and agreed to share its experience to meet challenges of food security and energy security with SICA member countries. India also offered cooperation and assistance in priority areas such as agriculture, SMEs, pharmaceuticals, tourism, IT-related activities, renewable energy, plantation, disaster management, distant education and supply of satellite imagery for development purposes, etc.

Opportunities between India & Guatemala

In a recent high level interaction between Shri Bhaskar Sarkar, Executive Director, EEPIC India and Shri Sajeew Babu Kurup, Ambassador of India to Guatemala, Honduras & El Salvador, it was highlighted that a field delegation on market study based should be proposed. These countries are small but very significant due to their strategic location. The business delegations can take part in Indian engineering show. A visit to Panama is also proposed for construction of warehouse facility due to the convenient location for traders.

Bilateral Trade between India and Guatemala

Merchandise trade between India and Guatemala observed a steady growth in the last five years barring 2013-14. Total trade increased by 35 percent in the last five fiscals which were purely due to 34 percent rise in exports during that time period. Imports were negligible in comparison to exports. The major item of exports from India to Guatemala includes Articles of Iron & Steel, cotton, Machinery & Mechanical Appliances and Parts thereof, Organic chemicals, Pharmaceutical products, Rubber & articles thereof, Vehicles and its parts & accessories. Electrical Machinery and equipment and parts thereof, miscellaneous edible preparations, while India mainly imports Wood & articles thereof, wood charcoal, Sugar and Sugar confectionery, Coffee, Cardamom and Aluminium & articles thereof from Guatemala.

Table 2: India's Bilateral Trade (In Million USD)					
Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's Export to Guatemala	191.29	224.61	212.36	229.01	255.97
India's Import from Guatemala	6.71	8.31	13.12	17.12	12.52
Total Trade with Guatemala	198.00	232.92	225.48	246.13	268.49

Source: Ministry of Commerce, GOI

Guatemala's industry sectors primarily include food processing, publishing, mining and the manufacture of textiles, clothing, cement, tires, pharmaceuticals and manufacturing industry. Under the aegis of 'Make in India', Guatemala's industries can venture in India aiding in strengthening the mutual economic relations.

Table 3: India's Bilateral Trade with Guatemala for engineering products (In Million USD)			
Year	2014	2015	2016
India's Export to Guatemala	106.28	129.76	114.74
India's Import from Guatemala	1.31	1.46	1.48
Total Trade with Guatemala	107.59	131.21	116.22

Source: Ministry of Commerce, GOI

Below are the major engineering commodities which are exported to Guatemala.

Table 4: Top Engineering Products of India's Export to Guatemala (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.	69.40	86.10	24.07
2	84	Boilers, Machinery And Mechanical Appliances; Parts Thereof.	20.22	30.29	49.79
3	85	Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts.	5.41	9.68	79.00
4	73	Articles of Iron or Steel	5.03	3.07	-39.02
5	90	Optical, Photographic Cinematographic Measuring, Checking Precision, Medical or Surgical Inst. and Apparatus Parts and Accessories thereof;	1.34	2.07	54.46

Source: DGCIS, Kolkata

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

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

Country (MERCOSUR)	APRIL 2016 (USD Million)	APRIL 2017 (USD Million)	Growth %
BRAZIL	40.73	66.66	63.68
ARGENTINA	13.87	16.72	20.59
PARAGUAY	2.80	4.22	50.49
URUGUAY	1.61	2.89	79.95
VENEZUELA	3.30	0.28	-91.45

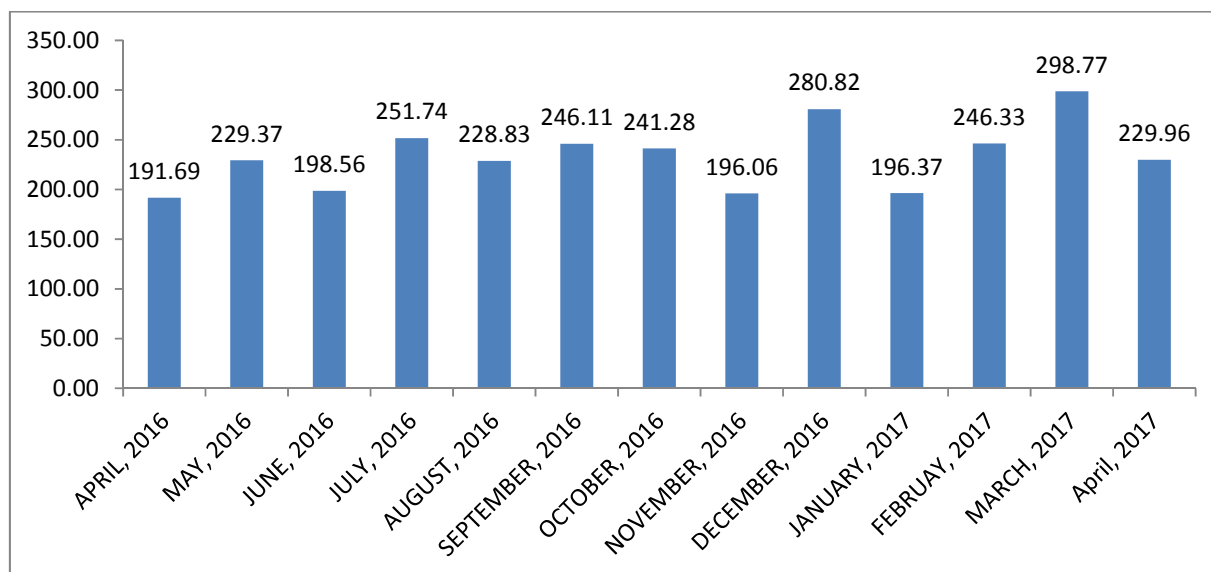
Source: DGCI&S

Country (LAC)	APRIL, 2016 (USD Million)	APRIL, 2017 (USD Million)	Growth %
BRAZIL	40.73	66.66	63.68

COLOMBIA	29.58	33.68	13.87
PERU	23.99	27.13	13.09
CHILE	21.98	21.80	-0.81
ARGENTINA	13.87	16.72	20.59

Source: DGCI&S

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



Export of engineering products from India to MERCOSUR has realized a growth from April 2016 at US\$62.31 million to US\$90.77 million in April 2017; likewise India's export to Latin America and Caribbean have also increased significantly from April 2016 at US\$191.69 million to US\$229.96 million in April 2017.

Table 6: Top 20 panels of Engineering Goods Exported to LAC & MERCOSUR by India

Top panels export to LAC	Value in April 2016 (USD Million)	Value in April 2017 (USD Million)	Top panels export to MERCOSUR	Value in April 2016 (USD Million)	Value in April 2017 (USD Million)
Motor Vehicle/cars	56.43	58.12	Auto Components/Part	10.65	17.68
Iron and Steel	13.98	32.26	Iron and Steel	3.31	14.32
Two and Three Wheelers	24.83	29.41	IC Engines and Parts	3.95	10.44
Auto Components/Part	17.75	26.11	Aluminum and products	5.33	7.14
Aluminum and products	17.63	15.40	Motor Vehicle/cars	4.70	6.23
IC Engines and Parts	5.41	12.20	Industrial Machinery	8.42	6.14
Products of Iron	11.64	11.21	Two and Three Wheelers	2.94	4.97

Industrial Machinery	12.22	9.61	Electric Machinery	3.60	4.56
Electric Machinery	6.59	9.24	Products of Iron	5.31	4.09
Medical and Scientific instruments	5.12	6.92	Medical and Scientific instruments	3.23	3.97
Other Misc. Items	2.53	3.28	Other Misc. Items	1.63	2.31
Hand Tools Cutting	2.21	2.89	Pumps of all types	1.34	1.81
Other Construction Machinery	2.38	2.26	Hand Tools Cutting	1.03	1.58
Pumps of all types	1.90	2.13	Other Construction Machinery	1.35	1.06
Nuclear Reactors	3.46	1.95	Other Non Ferrous Metals	0.24	1.04
Machinery for ATMs	1.58	1.55	Air condition and Refrigeration	0.74	0.90
Other Non Ferrous Metals	0.48	1.22	Machinery for ATMs	1.16	0.73
Air condition and Refrigeration	0.86	1.11	Nuclear Reactors	0.78	0.46
Copper and products	1.39	0.86	Copper and products	0.30	0.35
Bicycle & Parts	0.72	0.65	Bicycle & Parts	0.45	0.21

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 April) 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.

Table 7: 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. Argentina Passed The Public-Private Participation Law (PPP)

The Law set forth the creation of the PPP Unit in order to implement and design the structure of these projects. This unit will assist the entities of the public sector, which can delegate powers to this unit. The Law states that the protection of the environment has to be promoted, and sets forth the prior intervention of the Environmental Ministry in order to approve the contractual documentation. As it is not clarified if the Environmental Ministry intervenes only in those projects that affect the environment, we assume that the prior intervention of this Ministry is necessary for the approval of all the agreements.

Link: info@garciam.com.ar

2. Panama has issued a TBT Notification No G/TBT/N/PAN/92 on refrigerators

The draft states object, scope, reference, classification, specifications, test method, labelling, conformity assessment, surveillance of refrigerators. The technical regulation aims to establish the maximum limits of energy consumption and the requirements that must include the label for information to the public and prevention of practices that may be misleading.

3. Chile has issued a TBT Notification No G/TBT/N/CHL/397 on off-road vehicles.

The draft establishes maximum emission standards for mobile off-road vehicles. The Chile authorities are of the view that, the focus of this notification is environmental protection and health protection.

News in Focus

India and Chile expanded PTA operative from 16 May

Territorial
NEWSLETTER – Latin America

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Under the expanded PTA, signed in September 2016, Chile has offered concessions to India on 1798 tariff lines with Margin of Preference (MoP) ranging from 30%-100% and India has offered concessions to Chile on 1031 tariff lines at 8-digit level with MoP ranging from 10%-100%.

In the original PTA concluded in March 2006, India's offer list to Chile consisted of 178 tariff lines the Margin of Preference (MoP) ranging from 10%-50% at 8-digit level and Chile's offer list to India consisted of 296 tariff lines with MoP ranging from 10% - 100% at 8-digit level.

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

Brazilian steel maker Gerdau selling its India plant - May 2017

According to news reports Gerdau is in advanced negotiations to sell the control or create a joint venture for SJK Steel Plant in India. Gerdau holds 91.3% of the mill, which can produce up to 300,000 tonnes a year. The plant is located in AndhraPradesh

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

India beats China in Pharma exports to Latin America

India exported 651 million dollars of pharmaceutical products to Latin America as against China's 404 million in 2016. India has consistently beaten China in the last five years in pharma exports to Latin America

India's global export of pharmaceuticals are double that of China. In 2016, India's exports were 13 billion dollars, as against Chinese exports of 7 billion. India is the tenth largest pharma exporter in the world while China's rank is 16th. billion dollars while Chinese exports to US were just 1.1 bn in 2016.

India is the fourth largest supplier of pharma to US with 5.1 India leads China in exports to European Union as well. In 2016, India's exports were 1.56 billion dollars as against China's 1.36 billion. Even in Africa, where the Chinese have spoiled the market with massive credit and some non-transparent practices, India's exports to Africa were 2.8 billion dollars as against 618 million of China in 2016.

The success of the pharma exports should be an inspiration for Indian exporters of other manufactured products who complain about and suffer from Chinese competition.

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

Upcoming Events in LAC

Date of the event	Name of the event	Location	Link
28.06 - 01.07 2017	BATIMAT EXPOVIVIENDA the most important event in Argentina for Construction, Building and Housing Industry	Buenos Aires	http://www.eventseye.com/fairs/f-batimat-expovivienda-10432-1.html
07.06 - 09.06 2017	CONSTRUCTION EXPO International Building and Infrastructure Trade Show	São Paulo	http://www.eventseye.com/fairs/f-construction-expo-17290-1.html
18.07 - 20.07 2017	MEC SHOW Metalmecanic, Energy and	Serra, Espírito Santo	http://www.eventseye.com/fairs/f-mec-show-21178-1.html

Automation Fair			
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

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