

# 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 Expo Edifica from 2-5 October 2019 in Santiago, Chile. The show is the most important construction industry event with over 900 exhibitors and more than 40,000 professional visitors from all over the globe. 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.

EEPC India is also participating at Ferret Expo in Guatemala & a business delegation is being mobilized for BSM to Honduras from 7-10 November 2019. This is a multiproduct expo & delegation. EEPC India will be representing Indian industry for the 3rd time at the Expo. Latin American market has untapped potential and we look forward to unveiling them.

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\$126.52 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 decline from US\$103.87 million in April 2018 to US\$97.70 million in April 2019; also India's export to top 5 Latin America and Caribbean countries have decreased from US\$171.56 million in April 2018 to US\$162.32 million in April 2019. The beginning of the fiscal year is slightly slow but we believe that with our constant endeavors, these figures will definitely improve.

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

**Aman Chadha**

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## Basic Facts: Latin America & Caribbean

Latin America and the Caribbean has seen remarkable socio-economic progress since the beginning of the century. The macroeconomic situation of individual countries has strengthened, living standards have improved, and poverty and inequality have declined. Yet large structural vulnerabilities remain and new ones have emerged. Many of these are linked to countries' transition to higher income and development levels. The Latin American and Caribbean region is a large market of 41 countries, with a population of 644 million people, regional GDP of US\$ 5.97 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. (2017)

**Area:** 19,197,000 Sq. km

**Population:** 642 million

**GDP:** USD 5.97 trillion

**Climate:** mostly temperate; arid in southeast; sub-Antarctic in southwest

**Natural resources:** precious metals, sugar, rubber, grains, coffee, copper, and oil

<b>Caribbean</b>	Aruba, Anguilla, Cayman Islands, British Virgin Islands, Cuba, Saint Lucia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Montserrat,
<b>Central America</b>	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela
<b>Others</b>	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.

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)	April 2018 (USD Million)	April 2019 (USD Million)	Growth Rate
BRAZIL	73.29	78.02	0.06
ARGENTINA	21.29	11.91	-0.44
URUGUAY	3.71	5.49	0.48
PARAGUAY	4.25	1.77	-0.58
VENEZUELA	1.32	0.51	-0.61

Country (LAC)	April 2018 (USD Million)	April 2019 (USD Million)	Growth Rate
BRAZIL	73.29	78.02	0.06
COLOMBIA	31.33	34.41	0.10
CHILE	28.82	25.20	-0.13
PERU	16.83	12.78	-0.24
ARGENTINA	21.29	11.91	-0.44

Source: DGCI&S

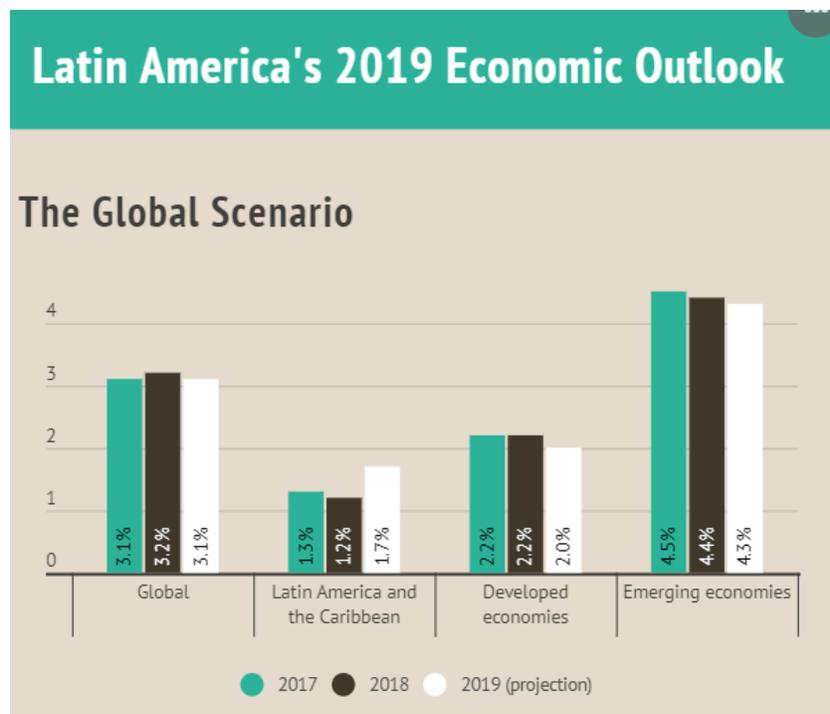
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## Latin America : Hub of New Opportunities

The year 2019 looks to be a period in which global economic uncertainties, far from waning, will intensify and will arise from different fronts. This will have an impact on the growth of the economies of Latin America and the Caribbean, which, on average, are seen expanding 1.7%, according to new projections released today by the Economic Commission for Latin America and the Caribbean (ECLAC).

The countries of Latin America and the Caribbean will confront a complex global economic scenario in the coming years, in which less dynamic growth is expected, both for developed countries as well as emerging economies, along with increased volatility of international financial markets. On top of this, there is a structural weakening of international trade, aggravated by trade tensions between the United States and China. This holds a bright opportunity for Indian business community to increase their presence in Latin American region as it is more receptive .

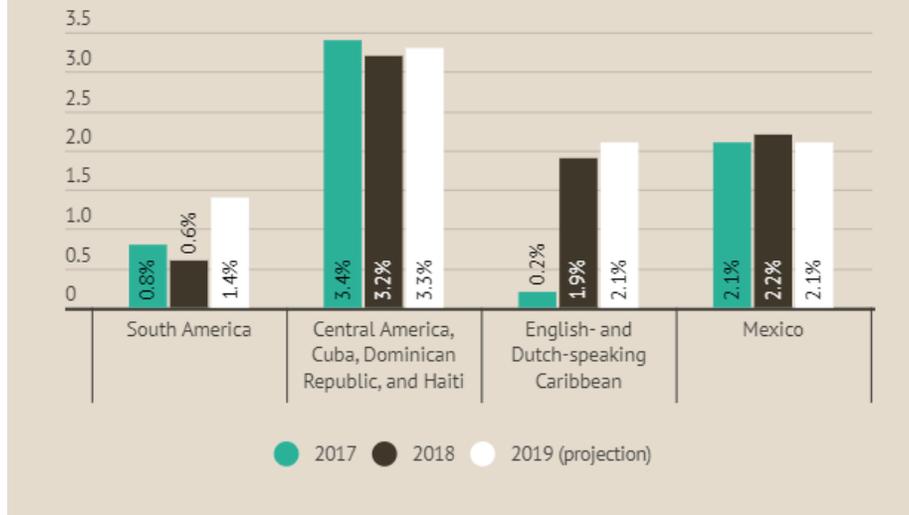
The economic growth projection for Latin America and the Caribbean in 2019 is 1.7%, slightly below what ECLAC released last October (1.8%), while the estimate for the current year (2018) was also trimmed to 1.2% (from the 1.3% forecast in October).



Source: <https://www.as-coa.org/articles/chart-latin-americas-2019-economic-outlook>

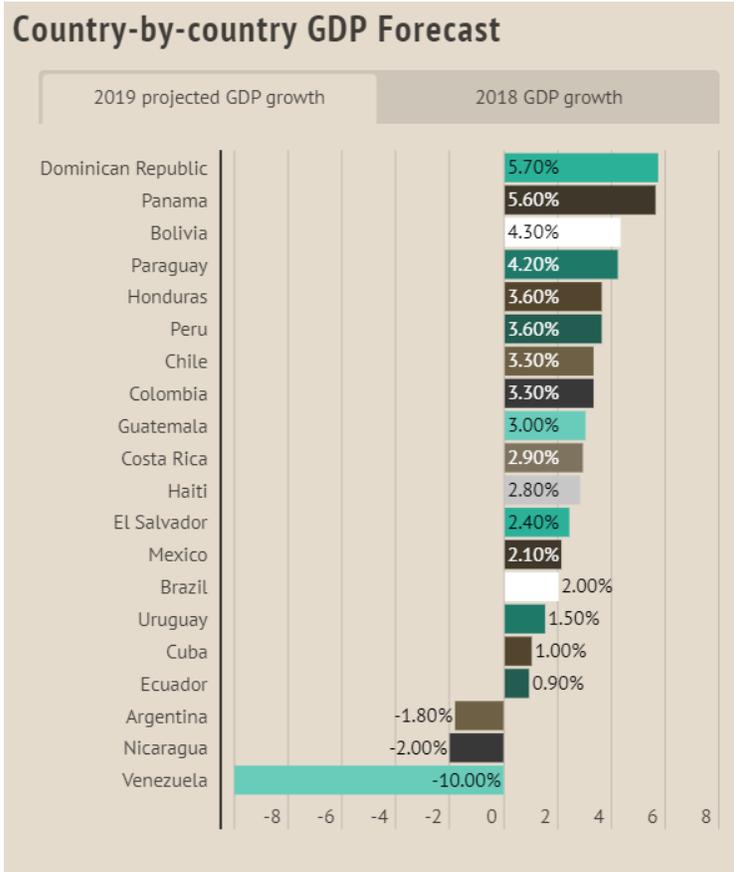
It is also forecasted that Central America (excluding Mexico) will grow 3.3% in 2019, South America 1.4% and the Caribbean 2.1%. On a country level, the Caribbean island of Dominica is seen leading regional growth with a 9.0% expansion, followed by the Dominican Republic (5.7%), Panama (5.6%), Antigua and Barbuda (4.7%) and Guyana (4.6%). At the other extreme, Venezuela will suffer a -10% contraction in its economy, Nicaragua -2.0% and Argentina -1.8%. The region's biggest economies, Brazil and Mexico, are seen growing 2.0% and 2.1%, respectively.

## The Regional Breakdown



Source: <https://www.as-coa.org/articles/chart-latin-americas-2019-economic-outlook>

The economies expected to perform the best this year are the Dominican Republic and Panama, with GDP growth at 5.7 and 5.6 percent, respectively. Venezuela will once again be the region's worst performer, with a 10.0 percent GDP contraction. The other two countries that experienced a recession in 2018, Argentina and Nicaragua, will see drops in their GDP again of 1.8 percent and 2.0 percent, respectively, in 2019.



Source: Economic Commission for Latin America and the Caribbean

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

Top panels export to LAC	Value in April 2018 (USD Million)	Value in April 2019 (USD Million)	Top panels export to MERCOSUR	Value in April 2018 (USD Million)	Value in April 2019 (USD Million)
Motor Vehicle/cars	48.12	38.47	Auto Components/Parts	23.51	23.44
Auto Components/Parts	32.54	36.39	Aluminum and products	7.41	10.34
Two and Three Wheelers	33.52	24.44	Iron and Steel	12.80	8.72
Iron and Steel	20.84	15.25	Industrial Machinery	8.20	7.64
Products of Iron	24.20	15.10	IC Engines and Parts	6.42	7.11
Aluminum and products	12.49	14.10	Electric Machinery	6.66	6.87
Industrial Machinery	12.79	12.75	Medical and Scientific Instruments	4.15	5.82
Electric Machinery	11.77	11.92	Products of Iron	7.54	5.33
IC Engines and Parts	8.79	11.09	Other Misc. Items	3.52	4.42
Medical and Scientific Instruments	7.95	9.57	Other Construction Machinery	2.17	3.84
Other Misc. Items	4.42	6.10	Motor Vehicle/cars	1.47	2.89
Other Construction Machinery	2.76	5.10	Air condition and Refrigeration	1.40	2.02
Hand Tools Cutting	2.56	2.57	Pumps of all types	1.59	1.67
Air condition and Refrigeration	1.56	2.48	Machinery for ATMs	1.19	1.52
Machinery for ATMs	2.68	1.99	Two and Three Wheelers	9.41	1.25
Pumps of all types	4.12	1.92	Other Non Ferrous Metals	0.88	1.23
Aircrafts Spacecraft	0.02	1.53	Hand Tools Cutting	1.17	1.16
Other Non Ferrous Metals	1.06	1.53	Nuclear Reactors In	2.31	0.61
Nuclear Reactors	4.84	1.11	Electrodes Accumulators	0.50	0.58
Copper and products	1.63	1.09	Bicycle & Parts	0.44	0.27

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 (2018 and 2019 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.

### 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 analysis related to Trade

1. **Scotiabank: Peru's copper production to grow almost 3% in 2019 (El Comercio :13/05/2019)** – According to Scotiabank's Department of Economic Studies projection, Copper production in Peru might increase nearly 3% this year, after a slight fall in 2018 (copper output reached 2.44 million tons, which was a down 0.4% from 2017). For 2019, the projection of copper production will see a rise of almost 3%, due to national production will amount to 2.5 million tons in 2019, up 3% compared to 2018.
2. **Peru-China bilateral trade up 14% in 2018 (Andina: 15/05/2019)** – China has become Peru's largest trading partner since 2014. The bilateral trade tripled over the past 10 years, reaching a record high of US\$ 23.268 billion in 2018. Bilateral trade grew 14% due to higher exports (+14%) and imports (+13%), increasing the Peruvian trade balance to \$ 3.173 billion. China is the main destination of Peruvian exports, representing 13.7% of Peruvian shipments abroad in 2018. The export is mainly composed of two products: copper and fishmeal forming 81.7% of the total exports.
3. **Peru sign a trade agreement with the United Kingdom before Brexit. (El Comercio :16/05/2019)** - This FTA ensures the continuity of trade flows, meaning tariff preferences to enter the British market will be maintained once the UK exits the European Union, the Trade Agreement between Peru and the United Kingdom is based on the one signed with the European Union in 2013. Peruvian exports to the United Kingdom amounted over to US\$700 million in 2018, and non-traditional exports record US\$407 million, represented nearly 60% of the total of exports to UK.

### Bolivia:

4. **Commercial deficit reaches 129%; exporters foresee a difficult 2019 (El Deber:13.05.2019)** - According to data from the Bolivian Foreign Trade Institute (IBCE), the trade balance was negative in the first quarter of this year. The trade deficit was 129%. This situation already affects two key sectors, of nontraditional exports, to the exporters of cane and soybean, that suffer a fall in prices on a global scale. This result of the trade balance is based on the fact that in the first quarter of 2019, exports totaled \$ 1.983 billion, this represents a drop of 7% with respect to 2018 (\$ 2.121 billion). In contrast imports, in the same quarter, grew by 4%, compared with the records of last year, from \$ 2.306 billion (2018) to \$ 2.406 billion (2019).
5. **In the first quarter of 2019, 345 manufacturing companies were created (La Razon:17.05.2019)** - According to the report of the Foundation for Business Development (FUNDEMPRESA), the manufacturing industry reached a total of 34 thousand companies nationwide, a figure higher by 1% than that observed in December 2018 and reflecting a growth of 288% in relation to 2005, when there were only 8 thousand business companies. The fact demonstrates the confidence of the private sector in the performance of the Bolivian economy, which since 2006 had a greater boom and continued to invest, as well as generating new sources of employment in the country.

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