

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



T S Bhasin

Peru imports a vast array of engineering products from the world. Peru is rapidly emerging as one of the more important trade partners for India in the Latin America region. Trade between the two countries is growing impressively and recorded a growth of 35% in 2012 and it was valued at USD1.1 billion. In the next two years ending 2014, trade increased by about 25% to reach over USD1.3 billion. India's export of engineering products to Peru in 2014 was USD381.4 million, accounting for a share of nearly 2% of total import of engineering products by Peru valued at USD 19431.92 million. There was, however, a decline in overall engineering

imports in 2015 -- total engineering import declined to US\$18641.56 million, out of which US\$415.97million worth of imports are sourced from India, constituting 2.23% in Peru's global import of engineering goods. On the other hand, India exported a meager 0.6% of its engineering exports to Peru in 2015. So far, the Indian export basket of engineering goods to Peru have been dominated by automotives and components, electrical machinery and equipment, products of iron and steel and machineries of various kinds.

To improve our engineering exports to Peru, EEPC India is organizing its flagship engineering exhibition INDEE to the Lima, capital of Peru from 24 to 26 November, 2016. I hope that our members would enthusiastically participate in the exhibition and would benefit from it.

LA Territorial Committee Chairman's Note



Pankaj Chadha

In this edition of the 'Newsletter on Latin America', we have discussed about Peru as a lucrative market for Indian engineering exports. The newsletter also gives an insight on the top engineering product panels that is imported by LAC and compiles tender information and key news items on LAC.

We really need to expand the trade dimension with Peru in order to strengthen our global trade position in Latin American region.

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

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

India Engineering Exhibition- Peru (INDEE Peru)

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 recent global economic events, India and the countries of Latin America and the Caribbean must rethink strategic alliances both globally and regionally. In this respect, 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, add greater value and apply new knowledge to exports, thus helping to create more stable conditions for growth. This can be achieved through interaction between business communities of Latin America and India.

EEPC India in its initiatives to strengthen engineering exports of India takes its flagship exhibition – INDEE to Lima, Peru for the second time in a span of just one year. The combination of economic modernization, natural resource abundance and continued improvements in economic governance and political stability that have been taking place, are helping Peru to emerge as one of the most stable economies in Latin America. Peru's currency, the 'Nuevo Sol' (Sol), has been the least volatile of all Latin American currencies in the past few years and was the least impacted by the downturn of the U.S. dollar. Peru is one of the most favorable tariff regime among the leading economies of Latin America. For engineering products, the import duty (MFN) ranges from 6 to 11% with a standard deviation of only 1.44, indicating great uniformity across the tariff heads. In the case of Brazil, for example, the tariff range for engineering imports is 2 to 35% with standard deviation of 4.94. The two countries – India and Peru – are considering signing a Free Trade Agreement, and a joint study group has already been set up by the Ministry of Commerce & Industry, Government of India. The final outcome is expected shortly. The FTA, once signed, will provide a big boost to India's trade with Peru.

Peru imports a vast number of engineering products. Its total engineering import stands at US\$ 18.6 billion in 2015, out of which US\$ 0.5 billion worth of imports are sourced from India, which is just 2.71% of Peru's global imports of engineering goods. On the other hand, India exported only 0.6% of its engineering exports to Peru in 2015. So far, the Indian export basket of engineering goods to Peru have been dominated by automobiles and components, articles of iron and steel, aluminium and copper articles, electrical machinery and equipment, tools and implements and machinery of various kinds. Mining is vital to Peru's development and is a significant contributor to its GDP and reducing poverty. This sector contributed in decline of poverty from around 42 per cent to around 24 per cent over the last decade.

India's Bilateral Trade (In Million USD)

Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's Export to Peru	564.29	637.93	620.55	819.86	703.18

India's Import from Peru	548.27	561.32	524.20	590.40	820.22
Total Trade with Peru	1,112.56	1,199.25	1,144.75	1,410.25	1,523.40

Source: Ministry of Commerce, GOI

Peru is a global leader in the mining industry; it's one of the world's largest producers of base and precious metals. Currently, it is the third largest producer of copper and zinc in the world. Peru is also a major producer of gold, silver, among other minerals. The success of Peru's mining sector stems from an abundance of rich natural resources. It has a steadily growing economy, which is largely driven by mineral production. The high rates of production have attracted a large amount of inbound investment into Peru's mining sector. New mines and expansion projects are expected to more than double its copper production. Much of the country is however yet to be subjected to vast exploration, leaving an immense potential for future development.

Foreign investment law guarantees the security of foreign and domestic investments. Peru is consistently undertaking measures to improve its business climate to attract more investment. Within Latin America, Peru has, perhaps, the greatest untapped potential for new discoveries and production. Peru's clear and simple mining law and excellent geological potential has helped the country to attract one of the largest budgets for minerals explorations and development in the world. It is believed that Peru has the capacity to double or triple current level of output, especially in base metals with continuing exploration.

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. The total products in MERCOSUR offer list is 452 out of which 127 products are from engineering sector. This accounts for 28.2% of the offer list. This indicates the significance of engineering products in the export of India.

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 May 2016 (USD Million)	MERCOSUR	India's Export in August 2016 (USD Million)
BRAZIL	42.74	BRAZIL	42.74
PERU	34.34	ARGENTINA	13.50
CHILE	30.07	URUGUAY	8.24
COLOMBIA	26.08	PARAGUAY	4.02
ARGENTINA	13.50	VENEZUELA	2.51
Total	146.73	Total	71.01

Export of engineering products from India to MERCOSUR has shown a decrease in August, 2016 at 71.01 million USD as compared to 81.36 million USD in July, 2016 which is 1.46 % of the total engineering export of India to the world in August 2016, whereas India's export to Latin America and Caribbean is valued at 146.73 million USD, constituting 4.7% of its total export to world. Latin America's top 5 countries contribute to 64.05% of India's total engineering export to the region while MERCOSUR constitutes of 30.4% 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 10 panels of Engineering Goods Exported to LAC & MERCOSUR by India

Top panels export to LAC	Value in August 2015 (USD Million)	Value in August 2016 (USD Million)	Top panels export to MERCOSUR	Value in August 2015 (USD Million)	Value in August 2016 (USD Million)
Motor Vehicle/cars	48.52	83.36	Auto Components/Part	16.36	12.38
Two and Three Wheelers	44.91	27.70	Industrial Machinery	5.52	7.77
Auto Components/Part	22.35	21.03	Iron and Steel	12.74	7.65
Iron and Steel	26.95	19.26	Motor Vehicle/cars	6.81	7.42
Industrial Machinery	9.30	14.74	Electric Machinery a	3.80	6.80
Electric Machinery	11.17	11.33	Medical and Scientific instruments	3.21	4.47
Aluminum and products	12.75	10.01	IC Engines and Parts	3.37	3.49
Products of Iron	20.45	7.23	Products of Iron	5.61	3.36
Medical and Scientific	5.93	6.68	Two and Three Wheeler	5.83	2.74
Motor Vehicle/cars	48.52	83.36	Aluminum and products	2.91	2.21

The table above comprises of the top 10 exported engineering products to MERCOSUR and LAC. Comparative analysis of month by month data of subsequent years (2015 and 2016 for the month of August) reflects that the overall Indian exports have decreased 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>

INDEE, Peru– Information Guide

PARTICIPATION DETAILS

ONE SIDE OPEN BUILT UP BOOTH: RS. 11,000/- PER SQ. MTRS.(MINIMUM 9 SQM)

(10% extra for two sides open booth (subject to availability)

Due to limited availability of corner booths, allocation will be done on first-come-first served basis subject to receiving full payment.

THE PARTICIPATION CHARGES WILL INCLUDE THE FOLLOWING:

4 nights of hotel stay for one person per exhibiting company (to be allotted on first come-first served basis);

Daily transfer from hotel to exhibition venue and back;

and Group transfer from international airport to the hotel.

Find specific information in the following links:-

<http://www.eepcindia.org/event/Indee-Peru-2016-E160603103006/>

News in Focus

Mexico is Now India's Best Customer in Latin America but Trade With Region Has Dipped

Although the region is in the midst of a recession, Latin Americans are keen to boost trade ties with India as part of a strategy to reduce over-dependence on China. For the first time ever, Mexico has overtaken Brazil as the top destination of India's exports to Latin America. Exports to Mexico were \$2.865 bn in 2015-16, while exports to Brazil were \$2.65 bn. This is not surprising, given the economic recession and political turmoil in Brazil, the largest market in Latin America. India's exports to Brazil have fallen by 55.5% from \$5.96 billion in 2014-15. On the other hand, Mexico, the second-largest economy in the region has been growing and India's exports to that country have also been steadily increasing. Mexico is the leading destination of India's car exports in the world. Mexico's share was \$1.03 bn out of the total Indian exports of \$5.6 bn. What is even more interesting is that vehicle exports to Mexico have shown an impressive 31% growth from 2014-15.

Link:<http://thewire.in/43577/mexico-overtakes-brazil-as-largest-destination-of-indian-exports-in-latin-america/>

Argentina's economy-It's cold outside

The most populous parts of Argentina are stifling in summer and bone-chilling in winter. The Kirchner family, which ruled for a dozen years until 2015, kept the cost of comfort low. An earlier government had fixed the price of electricity and natural gas in 2002 to help the economy out of a slump; the Kirchners barely raised it. As a result, Argentines pay a fraction of what their neighbors do for energy

Link:<http://www.economist.com/news/americas/21704824-battle-over-utility-bills-mauricio-macris-first-big-crisis-its-cold-outside?zid=305&ah=417bd5664dc76da5d98af4f7a640fd8a>

Upcoming Events in LAC

Date of the event	Name of the event	Location	Link
09.11 - 12.11.2016	AUTOMECHANIKA ARGENTINA South America's International Automotive Trade Fair from Design to Maintenance and Recycling	Buenos Aires	http://www.eventseye.com/fairs/f-automechanika-argentina-4154-1.html
04.10 - 06.10.2016	TRANSPQUIP LATIN AMERICA International Exhibition & Conference for Equipment and services for Roads, Rails, Stations, Ports, Waterways and Airports	Sao Paulo	http://www.eventseye.com/fairs/f-transpoquip-latin-america-11214-1.html
24.11-26.11.2016	Peru INDEE Engineering exhibition	Lima	http://www.eepcindia.org/event/Indee-Peru-2016-E160603103006/

Tender Information in LAC

Prior information Notices

TI ref No.	Title	Link
35666937	Several Acquisitions Hydraulic Materials For Hot Water System (copper Tube And Other), Brazil	http://www.tendersinfo.com/details/35666937
35666959	Sets Acquisition Motor Pumps For Use In The Eea In São José Dos Campos., Brazil	http://www.tendersinfo.com/details/35666959
35666961	Pipe Acquisition In Pvc Defofo, Diameter 400 Mm, Application In Crude Water Mains, Connecting Pit P1, The Chapadinha Of Reservation Center, Itapetininga Municipality Of Business Unit High Paranapanema Ra, Brazil	http://www.tendersinfo.com/details/35666961

For more contract notices, Please follow the link:

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

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Contact: Palak Singh

Email: psingh@eepcindia.net

Phone no: 011-2331 4171