

August 2018

Chairman's Pen



India and the United States have had a historic strategic partnership, but in the economic front we have witnessed a major recent uptick but ties have equally been shaped by stark shifts in global power structures and geopolitical circumstances.

US has maintained its top rank as India's top most export destination for engineering goods in 2017-18 as well as for the first four months of the current fiscal April-July 2018-19. India's total trade with US increased from US\$ 61.6 billion in 2013-14 to US\$ 74.49 in 2017-18 at a CAGR of 4.8% after a deteriorating trend observed in 2015-16. Currently India's total trade with US during April-July 2018-19 recorded at US\$ 28.57 billion maintaining a considerable trade surplus to the extent of US\$ 5.5 billion. Today the two countries are working to fix bad trade deals and negotiating new ones. This edition also briefs on the upcoming trade exhibitions in North America. I hope this will be insightful for our readers and they will enjoy reading it.

Ravi Sehgal

Message from Chairman, Committee on Trade with North America



This edition of Territorial Newsletter for North America emphasised on impact felt in the US manufacturing sector and on global trade due to adoption of protectionist policy adopted by the country. The current edition presents a brief insight on the total trade pattern of the engineering sector in North America during the first four months of the current fiscal of 2018-19. Further, it discusses the top engineering product bilaterally traded between the countries of the region.

Upcoming tenders from the region along with key news items and factsheets of Anti-Dumping Duty matters is compiled and presented for the benefit of our members. I am hopeful that the Newsletter will give fruitful information to our readers.

Anupam Shah

North America: Canada, Mexico, and the United States

The North America trade bloc had its genesis in the North American Free Trade Agreement (NAFTA) signed by Canada, Mexico, and the United States. The agreement came into force on January 1, 1994.

Area: 24.71 million Sq. km

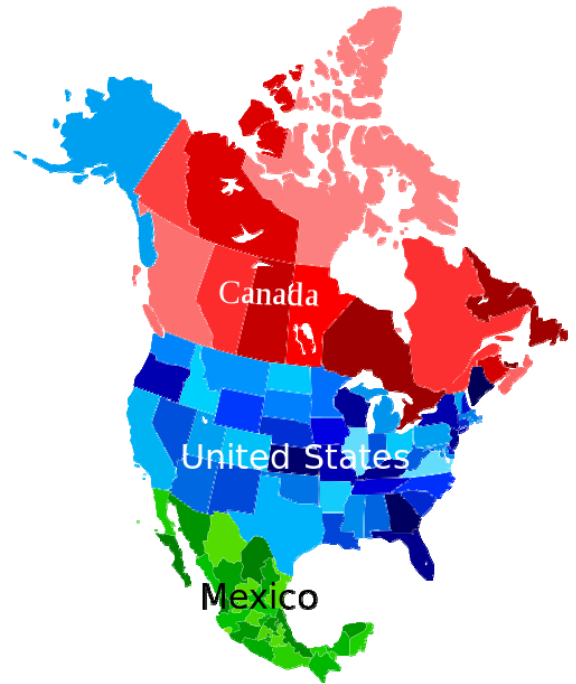
Population: 579 million (2016)

GDP: USD 21,638.602 billion (2016)

Currency: US Dollar (\$) / Canadian Dollar

Climate: North America includes all of the mainland and related offshore islands lying north of the Isthmus of Panama which connects it with South America. It has a variety of climate, from the dry, bitter cold of the Arctic to the steamy heat of the tropics. The North American tundra, the vast treeless plain of the far north, has temperature rises above freezing for only a short period each summer. In the far south there are low-lying areas which are always hot and rainy.

Natural resources: North America produces most of the world's corn, meat, cotton, soybeans, tobacco, and wheat, along with a variety of other food and industrial raw material crops. Mineral resources are also abundant; particularly coal, iron ore, bauxite, copper, natural gas, petroleum, mercury, nickel, potash, and silver.



As imposition of US tariff take hold, more see negative than positive impact for US

As we are aware of the fact, that the US have started undertaking protectionist policy measures safeguarding their domestic industry. Imposition of high tariffs on imports of steel and aluminium from most of the nations including India has created a concern in global trade. From a recent survey of US adults conducted in July 2018, it has been found that nearly half (49%) of U.S. adults say increased tariffs between the U.S. and its trading partners will be bad for the country. A smaller share (40%) say the tariffs will be good for the U.S., while 11% say they don't know how the tariffs will affect the country. The survey, conducted July 11-15 among 1,007 adults, finds that attitudes toward the tariffs are deeply polarized. About seven-in-ten (73%) Republicans and Republican-leaning independents say increased tariffs between the U.S. and its trading partners will be a good thing for the country. Roughly the same share of Democrats and Democratic leaners (77%) say the increased tariffs will be a bad thing for the U.S.

It was also found that the Trump administration's Section 301 tariffs almost exclusively apply to goods American companies import: 52 percent are intermediate inputs and 43 percent are capital equipment. This new analysis supports the idea that raising tariffs on intermediate goods will hurt more manufacturers than it helps because it significantly increases costs of production across the U.S. manufacturing sector. The analysis reveals that U.S.

manufacturing industries *intensively* use intermediate inputs (like those now subject to tariffs) in their manufacturing processes; intermediate inputs account for 64 percent of the total value of production on average. The document also shows how much U.S. manufacturers rely on other parts of the world to source these inputs: 22 percent of total intermediate inputs expenditure is from abroad. *This evidence suggests that raising tariffs on intermediate inputs may have a significant negative impact on U.S. manufacturers. By raising the price of intermediates, the recent tariff hike may force U.S. manufacturers to raise prices, thus hurting consumers and leading to cuts in production. Moreover, some firms might not be able to compete in this alternative environment and might have to shut down. More or less, impact varies across 16 types of manufacturing activity, but all industries within the U.S. manufacturing sector source at least 10 percent of their intermediate inputs internationally. And, at the high end, the motor vehicles, trailers, and semitrailers industry sources about 30 percent of their intermediate goods from abroad.*

Hence, we would like to conclude by saying that these tariffs increase production costs for U.S. manufacturers, placing them at a competitive disadvantage, and will, on net, destroy more output, wages, and employment in the United States than they create.

Source: Organization for Economic Co-operation and Development (<https://taxfoundation.org/new-analysis-shows-input-tariffs-will-impact-u-s-manufacturing-sectors/>)

<https://www.pewresearch.org/fact-tank/2018/07/19/as-new-tariffs-take-hold-more-see-negative-than-positive-impact-for-the-u-s/>

India's latest trend in engineering exports to North America

India engineering export with North America – country wise during the month of July for the new fiscal of 2018 is depicted in the table below. Nations which had the highest demand for Indian engineering products during April-July for the current fiscal 2018-19 in absolute values include:

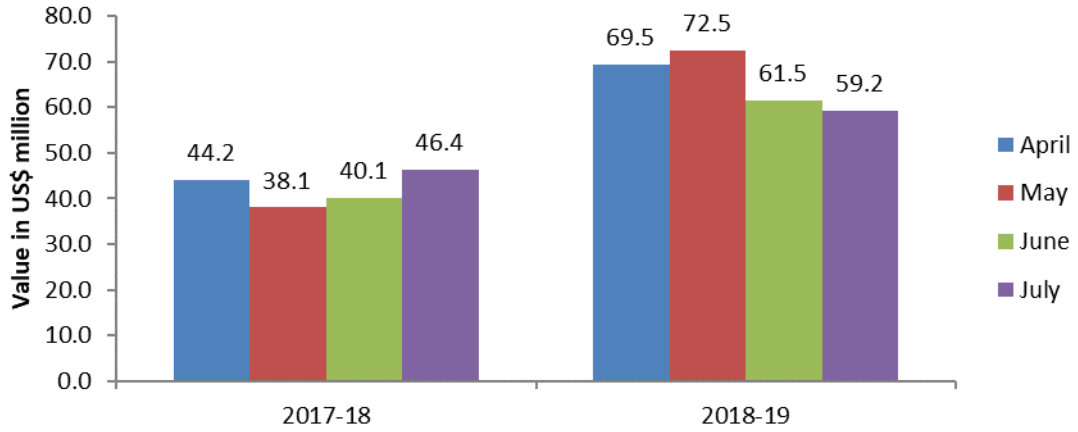
Table2: Engineering Exports to North America
Value in USD million

North America	April-July 2017 (USD million)	April-July 2018 (USD million)	Growth (%)
USA	2956.1	3700.7	25%
Mexico	949.5	994.1	5%
Canada	168.8	262.7	56%
Total	4074.3	4957.5	22%

Source: DGCI&S

Fig 2: Trend in Total Engineering Export in North America- Country wise during April-July 2018 v/s April-July 2017
 Month wise

India's Engg Exports to Canada during April-July 2018 v/s April-July 2017



India's Engg Exports to Mexico during April-July 2018 v/s April-July 2017



India's Engg Exports to USA during April-July 2018 v/s April-July 2017

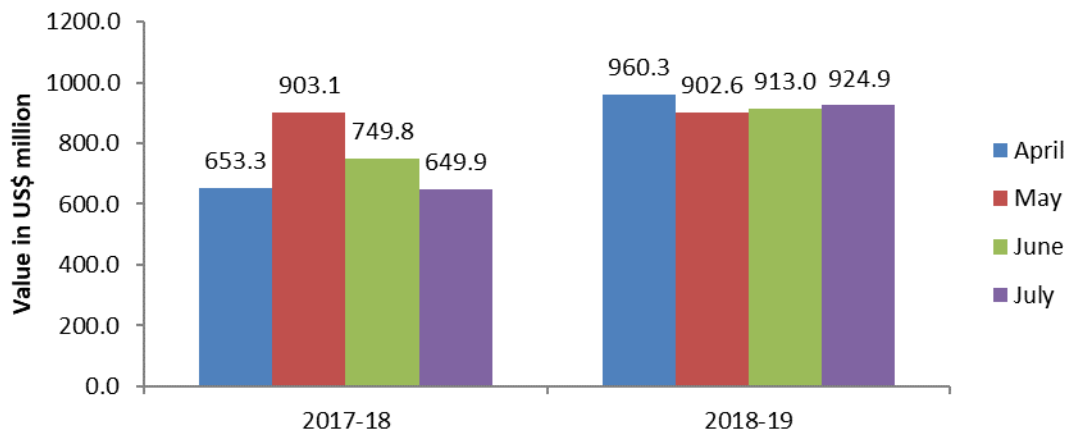


Table 3: Top 15 engineering panels exported to North America in April-July 2018 vis-à-vis April-July 2017
US\$ Million

DGCI&S Engineering Panels	April-July 2017 (USD million)	April-July 2018 (USD million)	Growth (%)
Motor Vehicle/cars	620.6	901.5	45%
Electric Machinery and Equipment	341.3	651.8	91%
Products of Iron and Steel	586.7	617.6	5%
Auto Components/Parts	406.1	477.3	18%
Aluminum and products	215.6	431.4	100%
Other Industrial Machinery	243.2	332.7	37%
Other Miscellaneous Items	221.9	254.5	15%
Aircraft and Spacecraft	196.8	204.1	4%
IC Engines and Parts	179.9	168.6	-6%
Iron and Steel	208.5	156.3	-25%
Machinery for ATMs	115.0	144.0	25%
Medical and Scientific Instruments	80.7	94.9	18%
Pumps of all types	76.1	81.8	8%
Other Construction Machinery	39.8	72.3	82%
Air Condition and Repair Machinery	29.9	58.0	94%

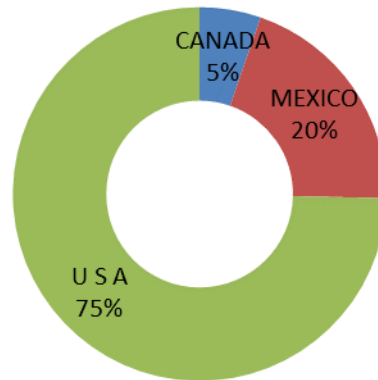
Source: DGCI&S

After EU, Indian engineering exports to North America ranked 2nd during July 2018 of the current fiscal 2018-19. As before USA once again ranked as the numero uno exporting destination for India's engineering products in July 2018. It registered significant positive cumulative growth during April-July 2018 over April-July 2017 of 25.19 percent. The main engineering products exported to the country include Electrical machinery and Equipment, Products of Iron and Steel, Auto Components/Parts, Motor Vehicles/Cars, Other Industrial Machinery, Aluminium and products, Miscellaneous products, etc during July 2018.

The following pie chart demonstrates share of different North American countries in India's total export during July 2018.

Fig3: India's engineering export share to North American Countries (%) during April- July 2018

APRIL-JULY 2018-2019



Source: DGCI&S

Country wise India's engineering exports to North America in July 2018

1. USA

Indian engineering exports to USA, continues to be the highest during July 2018. At present, it accounts for over 74.6% of India's total engineering export to North America (and 13.9% of India's global engineering exports).

Top products traded in USA: Electrical machinery and Equipment, Products of Iron and Steel, Auto Components/Parts, Motor Vehicles/Cars, Other Industrial Machinery, Miscellaneous products, Aluminium and products, etc.

2. Mexico

Mexico moved one spot down from rank 4 to rank 5 as India's largest export destination for engineering products during April-July 2018. At present, it accounts 20.1% of India's total engineering export to North America (and 3.7 per cent of India's global engineering exports) during April-July 2018.

Top products traded in Mexico: Motor vehicles/cars, Aluminium and products, Auto components and parts, Iron and Steel, Industrial machinery and parts, Products of Iron and Steel, etc.

3. Canada

Canada accounts for 5.3% of India's total engineering exports to North America (and 1% of India's global engineering exports) during April-July 2018.

Top products traded in Canada: Products of Iron and steel, Motor Vehicles and cars, Auto Components and Parts, Electrical machinery and Equipment, Iron and Steel, Other Miscellaneous items, Machinery for ATMS, Industrial machinery and parts, etc.

❖ **US Senate passed a bill to strengthen ties with 'Major Defence Partner' India**

The US Senate on June 19, 2018 passed with an overwhelming majority a USD 716 billion defence bill which among other things seeks to strengthen ties with America's Major Defence Partner India. The US recognized India as a "Major Defence Partner" in 2016, a designation that allows India to buy more advanced and sensitive technologies from America at par with that of its closest allies and partners and ensures enduring cooperation into the future.

Source: <https://economictimes.indiatimes.com/news/defence/us-senate-passes-bill-to-strengthen-ties-with-major-defence-partner-india-/articleshow/64645174.cms>

❖ **India investments in US: SKP establishes direct operations in Chicago**

SKP, a global professional organization established direct operations in Chicago on May 8, 2018. SKP is headquartered in Mumbai with offices across India and overseas. The US entity is christened as Gaia Global Services Incorporated. The company is trusted advisor and partner to numerous multinational companies including Fortune 500 companies. A substantial number of its clients are US-headquartered companies. Its direct operations are reflective of a strategic approach to be readily available to clients in the region.

Source: Commercial report, Chicago June 2018

❖ **U.S. economy roars into the fast lane, but some scratches are starting to show**

Surging sales at retailers is merely part of a broader wave in the economy that's likely to swell gross domestic product to around 4% growth in the second quarter that runs from April to June.

Times are good. Unemployment is a measly 4%. Companies are hiring so fast they can't find enough skilled workers. Business investment has strengthened. And a flood of companies are likely to report heady second-quarter profits in the next few weeks.

Americans simply haven't felt this good about the economy in a few decades.

Only a few U.S. tariffs imposed by the Trump White House had taken effect before or during June, mostly on washers and dryers. If those kinds of price spikes spread to hundreds of other products, especially big-ticket items such as cars and trucks, the U.S. economy might blow a gasket or two. "So far, there is little hard evidence that trade uncertainty is causing meaningful drag on the U.S. economy," noted Robert Dye, chief economist at Comerica Bank. It's only a matter of time, though. If the Trump administration proceeds with plans to slap tariffs on hundreds of billions of dollars of Chinese and other foreign goods, the U.S. economy can't help but feel a few big speed bumps — or worse.

Source: <https://www.marketwatch.com/story/us-economy-roars-into-the-fast-lane-but-some-scratches-are-starting-to-show-2018-07-14>

- ❖ On January 17, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determinations of the countervailing duty (CVD) investigations of imports of stainless steel flanges from China and India.
Source: <https://enforcement.trade.gov/download/factsheets/factsheet-multiple-stainless-steel-flanges-cvd-prelim-011718.pdf>

- ❖ On February 12, 2018, the Department of Commerce (Commerce) announced the initiation of AD investigations of imports of large diameter welded pipe from Canada, China, Greece, India, Korea, and Turkey and CVD investigations of imports of large diameter welded pipe from China, India, Korea, and Turkey.
Source: <https://enforcement.trade.gov/download/factsheets/factsheet-multiple-large-diameter-welded-line-pipe-ad-cvd-initiations-021218.pdf>

- ❖ On March 8, 2018, President Trump exercised his authority under Section 232 of the Trade Expansion Act of 1962 to impose a 25 percent tariff on steel imports and a 10 percent tariff on aluminum imports in order to protect national security. The President's Section 232 decisions are the result of investigations led by the Commerce Department, after review and comment by other relevant Federal agencies. Customs and Border Protection began collecting the tariffs on March 23, 2018. This interim final rule is effective March 19, 2018.
Source: https://www.commerce.gov/sites/commerce.gov/files/federal_register_vol_83_no_53_monday_march_19_2018_12106-12112.pdf

- ❖ On April 10, 2018, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) investigations of imports of cold-drawn mechanical tubing from the People's Republic of China (China), Germany, India, Italy, Korea, and Switzerland.
Source: <https://enforcement.trade.gov/download/factsheets/factsheet-multiple-cold-drawn-mechanical-tubing-ad-final-041018.pdf>

- ❖ On June 20, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determinations of the countervailing duty (CVD) investigations of imports of large diameter welded pipe from China, India, Korea, and Turkey.
Source: <https://enforcement.trade.gov/download/factsheets/factsheet-multiple-large-diameter-welded-pipe-cvd-prelim-062018.pdf>

- ❖ On June 20, 2018, U.S. Secretary of Commerce Wilbur Ross announced that the Department's Bureau of Industry and Security (BIS) has begun granting its first product exclusions from the Section 232 tariffs on imports of steel.
Source: <https://www.commerce.gov/news/press-releases/2018/06/departments-commerce-grants-first-product-exclusion-requests-section-232>

Upcoming Exhibitions in North America

Table 7: List of Exhibitions

Events	Date	Venue	Link
HANNOVER MESSE USA	September 2018	Chicago, USA	https://hannovermesseusa.com/
ATX Midwest Automation Technology Expo	31 Oct- 1 st Nov 2018	Minneapolis, USA	http://atxminn.designnews.com/
Aircraft Interiors Expo Americas	25th-27th Sep 2018	Boston Convention & Exhibition Center, Boston, MA, United States	http://www.aircraftinteriorsexpo-us.com/
IMTS International Manufacturing Technology Show	10-15 th September, 2018	Chicago, USA	https://www.imts.com/
Semicon West	10 th July-12 th July, 2018	San Francisco, USA	http://www.semiconwest.org/
ALUMINUM USA	Oct 2019	Nashville, US	http://www.aluminum-us.com/
Fabtech 2019	November 11-14, 2019	Chicago, USA	https://www.fabtechexpo.com/

Tender information in North America

Table 8: Tender related information

Title	Deadline	Country	Link
Shaft Compressor Ro In Repair/modification	23 rd Aug 2018	United States	http://www.tendersinfo.com/details/435966780?desc=Shaft-Compressor-Ro-In-Repair/modification-Of
Manifold Hydraulic	28 th August 2018	United States	http://www.tendersinfo.com/details/435015465

For more information, please subscribe to EEPC India's services on International/Global Tender Notifications, upcoming projects and many more. The service keeps you abreast with latest information on tender notices, pre-qualifications, regular corrigendum and procurement notices from government and private organizations all over the world. Through this service, EEPC INDIA provides you numerous business opportunities at very competitive charges.

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