

December 2017

### Chairman's Pen



Under both Republican and Democratic administrations, U.S.-India relations have improved significantly over the past 10 years. Today the two countries have a \$115 billion two-way trading relationship, growing foreign direct investment, and an increasingly shared vision of the region's strategic outlook that has bolstered bilateral defense interests.

But the recent US decision to impose import tariffs on steel and aluminium which have been necessary to boost the US industry suffering from "unfair" business practices, a move that has sparked fears of a global trade war. The import tariffs are likely to face retaliation from US top trading partners, the European Union and China. US also pledged to impose "reciprocal tax" on countries like China and India if they do not match America's tariff. Brief details have been highlighted in the current edition. 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 highlights "US signing tariff order on steel and aluminium imports.

The current edition presents a brief insight on the total trade pattern of the engineering sector in North America during the first eight months of the current fiscal 2017-18. 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

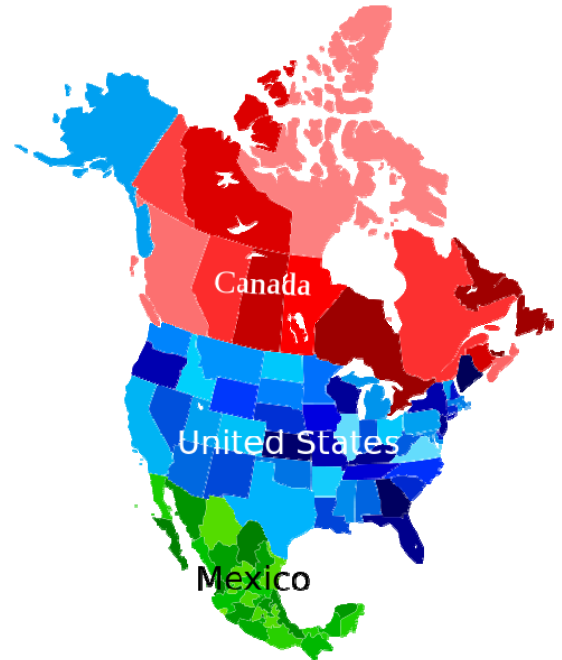
**Population:** 579 million (2016)

**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.



## US imposing tariff on Steel and Aluminium imports distorting local markets

The United States' move to impose tariffs on certain steel and aluminium imports is likely to impact India's shipments of engineering items to America. On March 1, 2018, United States President Donald Trump imposed heavy tariffs on imported steel and aluminium which he said were necessary to boost the US industry suffering from "unfair" business practices, a move that has sparked fears of a global trade war. Trump signed two proclamations that levied a 25 per cent tariff on steel and a 10 per cent tariff on aluminium imported from all countries except Canada and Mexico. The contentious tariffs will go into effect in 15 days. The import tariffs are likely to face retaliation from America's top trading partners, especially the European Union and China.

It was pointed out that the protectionist measures taken by countries like the US would provoke other regions such as Europe and China into taking retaliatory steps, which would further dent exports from India. India's exports of steel items to the US are estimated at about USD 500 million per year. The country's share in prime steel imports in the US is 1.28 per cent, while in aluminium it is 1.12 per cent.

Certainly the move by the US would impact India's engineering exports, maybe not directly but indirectly. The price movement of products would become volatile now. It looks like the world is going back to the era of Cold War, raising trade barriers and protectionist steps.

Major Asian countries reacted sharply to Trump’s decision to impose tariff on steel and aluminium imports signaling of damage to close relations amid industry calls for retaliation.

The Indian Steel Association representing large private and public sector steel players in the country, has said that the US’ decision to impose 25% tariff on steel imports is likely to trigger major shifts in trade flows of steel and steel products globally. Infact, imposition of tariffs in the US will inevitably force major steel producing countries to divert part of their exports to major steel consuming centres like India. This could distort the domestic market considerably by raising the threat of imports.

Despite being the third largest producer of steel globally, accounting for 12% of non -Chinese steel output, India accounts for only about 2.7% of US steel imports. It added India has among the lowest per capita domestic demand at 65 kg for steel and steel products and reserves a majority of its production to meet a growing appetite for steel at home.

Indian steel producers already face 16 trade barriers, which include 10 anti-dumping duties and six countervailing duties in the US, the statement said. This includes corrosion resistant steel, cold rolled flat steel items, certain hot rolled steel products and cut to length carbon steel plates making it nearly impossible to export to the US.

### India’s latest trend in engineering exports to North America

India engineering export with North America – country wise during April-November of the fiscal of 2017-18 is depicted in the table below. Nations which had the highest demand for Indian engineering products during April-November of the current fiscal 2017-18 in absolute values include:

**Table2: Engineering Exports to North America**

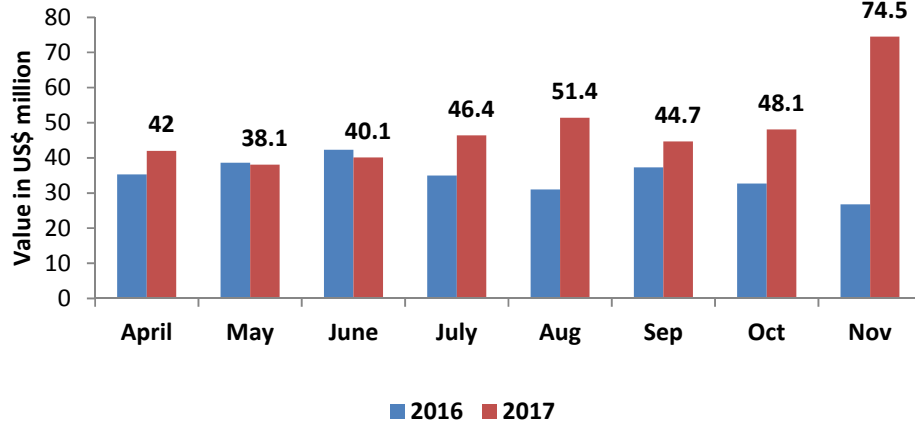
Value in USD million

North America	April-November 2016-17 (USD million)	April-November 2017-18 (USD million)	Growth (%)
USA	4354.0	6490.7	49.1%
Mexico	1591.6	1806.0	13.5%
Canada	278.9	385.2	38.1%
<b>Total</b>	<b>6224.5</b>	<b>8681.9</b>	<b>39.5%</b>

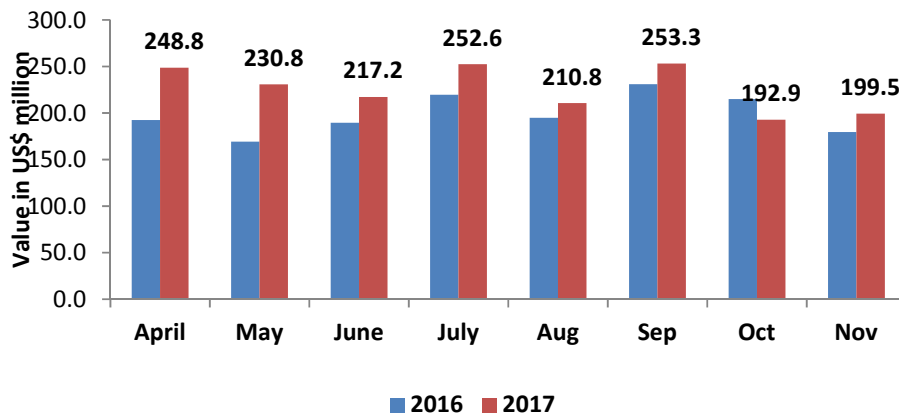
Source: DGCI&S

**Fig 2: Trend in Total Engineering Export in North America- Country wise during 2017 v/s 2016**  
Month wise

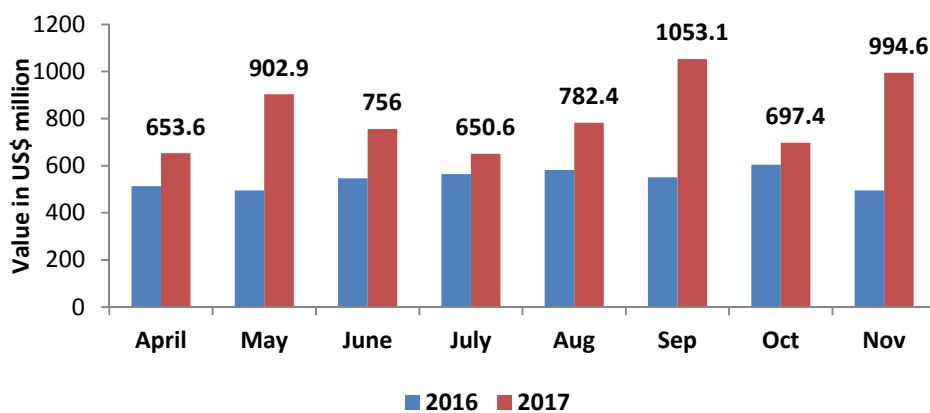
**India's Engg Exports to Canada during 2017 v/s 2016**



**India's Engg Exports to Mexico during 2017 v/s 2016**



**India's Engg Exports to USA during 2017 v/s 2016**



**Table 3: Top 15 engineering panels exported to North America in April-November 2017-18**

US\$ Million

DGCI&S Engineering Panels	India's export in April-November 2016-17	India's export in April-November 2017-18	Growth (%)
Motor Vehicle/cars	984.1	1378.4	40.1
Products of Iron and Steel	852.1	1255.9	47.4
Auto Components/Parts	653.4	827.8	26.7
Electric Machinery and Equipment	512.2	823.9	60.8
Industrial Machinery and parts	426.9	527.3	23.5
Aluminium and products	339.8	514.2	51.3
Other Misc Parts	390.4	458.9	17.6
Ships, Boats and Floating Bodies	0.2	443.7	204138.3
Aircrafts & Spacecrafts	433.8	428.3	-1.3
Iron and Steel	306.8	355.5	15.9
IC Engines and Parts	260.6	334.6	28.4
Machinery for ATMs	185.8	247.6	33.3
Medical and Scientific Instruments	163.7	164.9	0.7
Pumps of all types	75.4	154.0	104.2
Copper and products	99.8	111.7	12.0

Source: DGCI&S

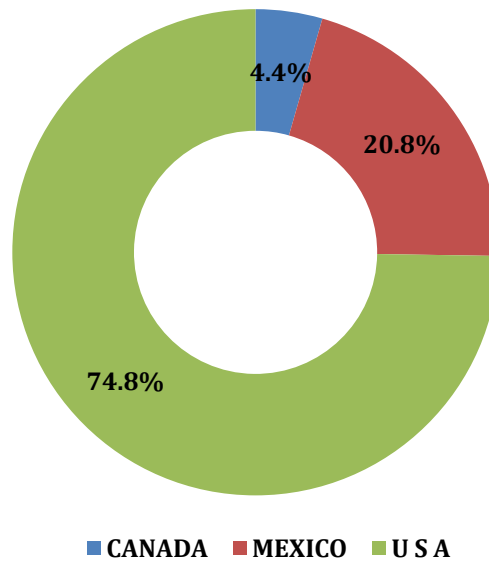
After EU, Indian engineering exports to North America ranked 2<sup>nd</sup> during April-November of the current fiscal 2017-18.

USA remained at the top for Indian engineering exports with imports of over US\$ 6.5 billion. The main engineering products exported to the country include Products of Iron and Steel, Electrical Machinery and Equipment, Auto Components/Parts, Ship and Boats, Other Industrial Machinery, Aircraft and Spacecraft, Other Misc Items, etc during April-November 2017-18.

The following pie chart demonstrates share of different North American countries in India's total export during April-November 2016-17.

**Fig3: India's engineering export share to North American Countries (%) in April-November 2017-18**

## APRIL,2017 - NOVEMBER,2017



Source: DGCI&S

### Country wise India's engineering exports to North America in April-November 2017-18

#### 1. USA

Indian engineering exports to USA, continues to be the highest during April-November 2017-18. At present, it accounts for over 75% of India's total engineering export to North America (and 13.3% of India's global engineering exports).

*Top products traded in USA:* Products of Iron and Steel, Electrical Machinery and Equipment, Auto Components/Parts, Ship and Boats, Other Industrial Machinery, Aircraft and Spacecraft, Other Misc Items, etc.

#### 2. Mexico

Mexico ranked 6th largest export destination for engineering products during the current fiscal April-November 2017-18. At present, it accounts 20.8% of India's total engineering export to North America (and 4 per cent of India's global engineering exports) during April-November 2017-18.

*Top products traded in Mexico:* Motor vehicles/cars, Auto components and parts, Aluminium and products, Iron and Steel, Other industrial machinery, Two and Three wheelers, etc.

#### 3. Canada

Canada accounts for 4.4% of India's total engineering exports to North America (and 0.8% of India's global engineering exports) during April-November 2017-18.

*Top products traded in Canada:* Products of iron and steel, Auto components/parts, Other misc. items, Aluminium and products, Iron and steel, Motor Vehicles and cars, Machinery for ATMs, Electrical machinery and equipment, etc.



## News in Focus

### ❖ India welcomes possible Trump-Kim meet

India on Friday welcomed US President Donald Trump's decision to meet North Korean leader Kim Jong-Un and said it will support all efforts to bring peace and stability in the Korean Peninsula through dialogue and diplomacy.

The White House on Thursday announced that **Trump has agreed to meet with Kim Jong-Un** by May after Kim pledged to refrain from further nuclear tests and move toward denuclearisation. The move has been welcomed by several countries in the region, including China, Japan and Russia.

"We have noted the comments of the senior official of Republic of Korea regarding DPRK's proposal to hold talks with the US and the positive response from the US. We welcome these developments," Ministry of External Affairs' official spokesperson Raveesh Kumar said. "India supports all efforts to bring about peace and stability in the Korean Peninsula through dialogue and diplomacy.

Source: <http://indianexpress.com/article/india/india-welcomes-possible-trump-kim-meet-5092630/>

### ❖ For trade talks with Canada, India offers 'Hybrid' model of positive & negative lists

India is exploring, for the first time, a 'hybrid' model to liberalise its services under a free trade agreement. As part of its trade pact negotiations with Canada, India has offered to give a 'positive' list spelling out the services it can liberalise and has asked Canada to come out with a 'negative' list stating the exceptions to services it wants to open up.

India proposed the model ahead of Canadian Prime Minister Justin Trudeau's visit and is waiting for Ottawa's response. "We have offered them a hybrid model for services negotiations and they are yet to respond to it," an official aware of the development said.

The proposal was made in an informal meeting a few days ago and is based on the China-Australia Free Trade Agreement that uses the two approaches to negotiate a trade pact. "Once they agree, there will be an exchange of requests," the official added.

India and Canada are negotiating a trade agreement, officially called the Comprehensive Economic Partnership Agreement (CEPA).

The 10th round of the India-Canada CEPA talks were held in August 2017. "We are following the GATS approach and the hybrid model is beneficial for us because we have given up a lot of market access in services, especially financial services in others FTAs," said Biswajit Dhar, professor at JNU.

Source: <https://economictimes.indiatimes.com/news/economy/foreign-trade/for-trade-talks-with-canada-india-offers-hybrid-model-of-positive-negative-lists/articleshow/62977922.cms>

### ❖ India companies to invest millions into Canada, creating 5,800 jobs: Justin Trudeau

Canadian companies, meanwhile, plan to invest \$750 million in India.

The news came after Prime Minister Justin Trudeau spent his third morning in India meeting with six of this country's most influential business tycoons, making deals that he says will create more than 5,800 new jobs in Canada.

"This was really a win-win morning, a win-win day for all of us and I'm excited for the opportunities in the Canada-India friendship," Trudeau said during an armchair conversation with Chanda Kochhar, CEO of the Industrial Credit and Investment Corp. of India, in front of 550 Indian business people. Trudeau initially said the entire \$1 billion was money coming into Canada but his officials later corrected that it was a two-way trade number, with one-quarter coming from India into Canada, and the rest going the other way.

More than half the \$750 million Canadian investment in India comes from Toronto's Brookfield Asset Management, which is spending \$480 million to buy a 1.25 million-square foot office complex in Mumbai. Another \$200 million comes from Fairfax India Holdings Corp. of Canada, which acquired a 51 per cent stake in the Catholic Syrian Bank in Kerala, India.

The government of Indian Prime Minister Narendra Modi has made a number of economic reforms in the last few years that have helped open the Indian economy to international investment opportunities. Kochhar said these "huge" structural reforms – including a new goods and services tax to simplify the tax system, a bankruptcy court and more transparency – have had a big impact on making it easier to do business in India.

The investments from India include a new operation in Canada from telecom equipment manufacturer Valiant Communications, a Canadian manufacturing facility to produce natural health products by Clarion Pharmaceutical and an Ontario operation for Vision Controls, which works on automation.

As well, Jubilant Life Sciences will spend \$100 million to expand its existing facility in Kirkland, Que., which manufactures medical devices.

Source: <https://globalnews.ca/news/4035151/india-companies-justin-trudeau-invest-canada/>

## Factsheets on Antidumping Duty and Countervailing Duty Investigations of Imports

- ❖ On February 13, 2018, U.S. Department of Commerce Initiates Antidumping Duty and Countervailing Duty Investigations of Imports of Large Diameter Welded Pipe from Canada, Greece, China, India, Korea, and Turkey

Source: <https://www.commerce.gov/news/press-releases/2018/02/us-department-commerce-initiates-antidumping-duty-and-countervailing>

- ❖ 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 December 5, 2017, the Department of Commerce (Commerce) announced its affirmative final determinations in the countervailing duty (CVD) investigations of imports of cold-drawn mechanical tubing from the People's Republic of China (China) and India.

Source: <https://enforcement.trade.gov/download/factsheets/factsheet-multiple-cold-drawn-mechanical-tubing-cvd-final-120517.pdf>

Source: <https://www.trade.gov/press/press-releases/>



## Upcoming Exhibitions in North America

**Table 7: List of Exhibitions**

Events	Date	Venue	Link
ALUMINUM USA	Oct 2019	Nashville, US	<a href="http://www.aluminum-us.com/">http://www.aluminum-us.com/</a>
Aircraft Interiors Expo Americas	25th-27th Sep 2018	Boston Convention & Exhibition Center, Boston, MA, United States	<a href="http://www.aircraftinteriorsexpo-us.com/">http://www.aircraftinteriorsexpo-us.com/</a>
INTERPHEX	17 <sup>th</sup> -19 <sup>th</sup> April, 2018	Jacob K. Javits Convention Center, New York, United States	<a href="http://www.interphex.com/">http://www.interphex.com/</a>
PAACE Automechanika Mexico	14 <sup>th</sup> -16 <sup>th</sup> March 2018	Mexico City	<a href="https://paace-automechanika-mexico.us">https://paace-automechanika-mexico.us</a>
Fabtech Mexico	2 <sup>nd</sup> -4 <sup>th</sup> May 2018	Mexico City	<a href="http://www.fabtechmexico.com">www.fabtechmexico.com</a>

## Tender information in North America

**Table 8: Tender related information**

Title	Deadline	Country	Link
Provision of Valve Regulating	22 March 2018	United States	<a href="http://www.tendersinfo.com/details/432906850?desc=Provision-Of-Valve-Regulating-Fl">http://www.tendersinfo.com/details/432906850?desc=Provision-Of-Valve-Regulating-Fl</a>
Provision Of Valve Self-sealing	19 March 2018	United States	<a href="http://www.tendersinfo.com/details/432906849?desc=Provision-Of-Valve-Self-sealing">http://www.tendersinfo.com/details/432906849?desc=Provision-Of-Valve-Self-sealing</a>
Provision of Valve Check	19 March 2018	United States	<a href="http://www.tendersinfo.com/details/432906845?desc=Provision-Of-Valve-Check">http://www.tendersinfo.com/details/432906845?desc=Provision-Of-Valve-Check</a>
Provision of Turbine Aircraft Co	<b>25 April 2018</b>	United States	<a href="http://www.tendersinfo.com/details/432906827">http://www.tendersinfo.com/details/432906827</a>
Provision Of Tank Valve Hydraulic	22 March 2018	United States	<a href="http://www.tendersinfo.com/details/432906839">http://www.tendersinfo.com/details/432906839</a>

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