

December 2018

**Chairman's Pen**

India's strategic partnership with the US and its emergence as a leading global power flourished well during 2018 including other high-level gatherings this year, including two meetings of the quadrilateral partners (Australia, India, Japan, and the US) and at the India-Japan-US trilateral meeting at the G-20 summit last month. This has been a landmark year for US-India ties as we build out stronger relationships across the board.

US has maintained its top rank as India's top most export destination for engineering goods in 2017-18 and also continuing its top rank during the first eight months of current fiscal April-November 2018-19. Infact trade has transformed U.S.-India relations. 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-November 2018-19 recorded at US\$ 51.4 billion maintaining a considerable trade surplus. 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 latest update on the current year's strategic relationship between India and US. 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 new 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

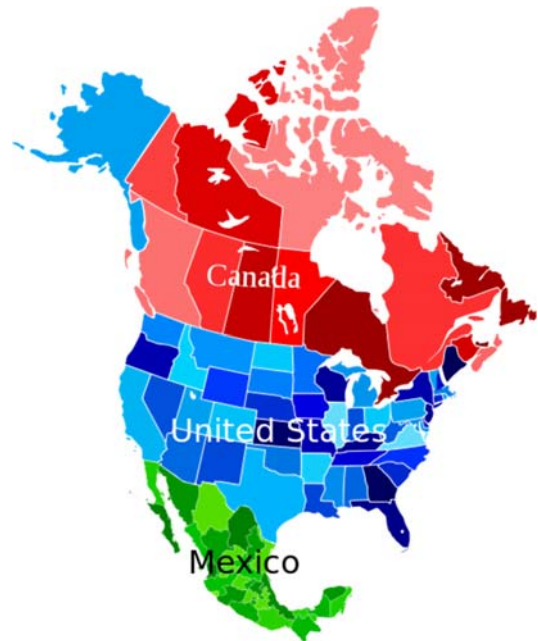
**Population:** 579 million (2016)

**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.



## 2018- A landmark year for India-US strategic relationship

In spite of the ongoing trade issues, India and the United States made "landmark" progress in 2018 to bolster their strategic and defence ties – from holding the maiden trilateral meeting with Japan to the first-ever 2+2 dialogue during which they signed the long-pending COMCASA agreement that would open the way for sales of more sensitive US military equipment to India.

The trade disputes created bumps on the road yet India was among the few countries, which received a waiver on Iran sanctions from the Trump administration. Last month, President Trump met in Buenos Aires with Prime Minister Narendra Modi and Prime Minister Shinzo Abe in the first US-India-Japan – or 'JAI' meeting as Prime Minister Modi called it – between the three leaders, and Vice President (Mike) Pence reviewed the rapid development of the strategic partnership during his meeting with Prime Minister Modi in Singapore.

Secretary of State Mike Pompeo described the first 2+2 Ministerial Dialogue in September as "symbolic" of the increasingly close partnership. The 2+2 focused on operationalising India's status as a Major Defence Partner of the US, cooperation on global challenges, and our shared vision for a free and open Indo-Pacific.

The event more or less culminated with the signing of the Communications Compatibility and Security Agreement (COMCASA), that will facilitate greater interoperability between our forces, enhance information and intelligence sharing, and ensure that India has access to top-tier US military technology. India's strategic partnership with the US and its emergence as a leading global power was on display during other high-level gatherings this year, including two meetings of the quadrilateral partners (Australia, India, Japan, and the US) and at the India-Japan-US trilateral meeting at the G-20 summit last month.

On the economic front, India-US trade relationship continues to grow. Bilateral trade grew from USD 129 billion in 2016 to USD 145 billion in 2017, and, parallel with the launch of the Strategic Energy Partnership, US-sourced oil and liquefied natural gas landed on Indian shores. Even, US companies need better access to India's markets in order for us to realise the full potential of our economic partnership. Despite these trade headwinds, US-India strategic relationship continues to enjoy strong bilateral trade.

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

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

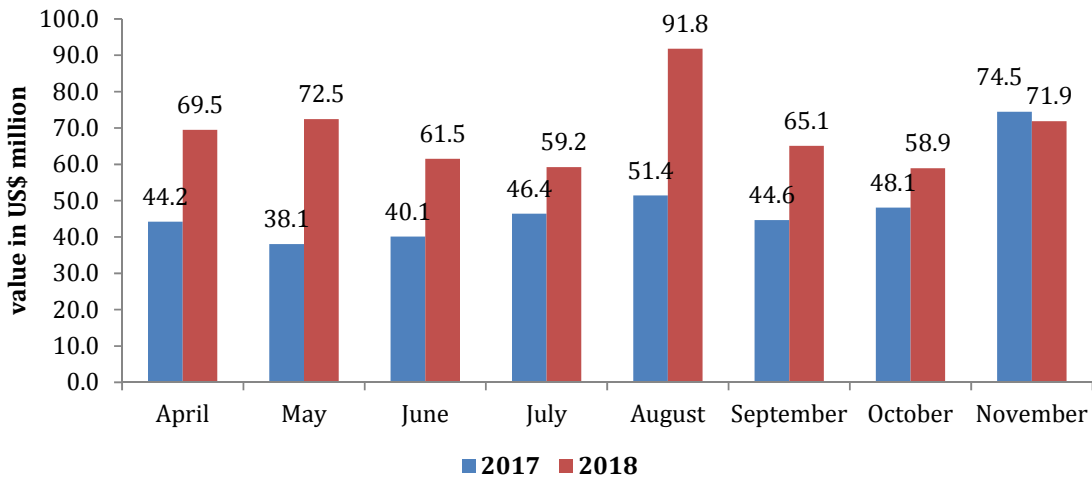
**Table2: Engineering Exports to North America**  
Value in USD million

North America	April-November2017 (USD million)	April-November 2018 (USD million)	Growth (%)
USA	6460.8	7695.5	19.1
Mexico	1805.9	1734.0	-4.0
Canada	387.4	550.3	42.0
<b>Total</b>	<b>8654.1</b>	<b>9979.8</b>	<b>15.3</b>

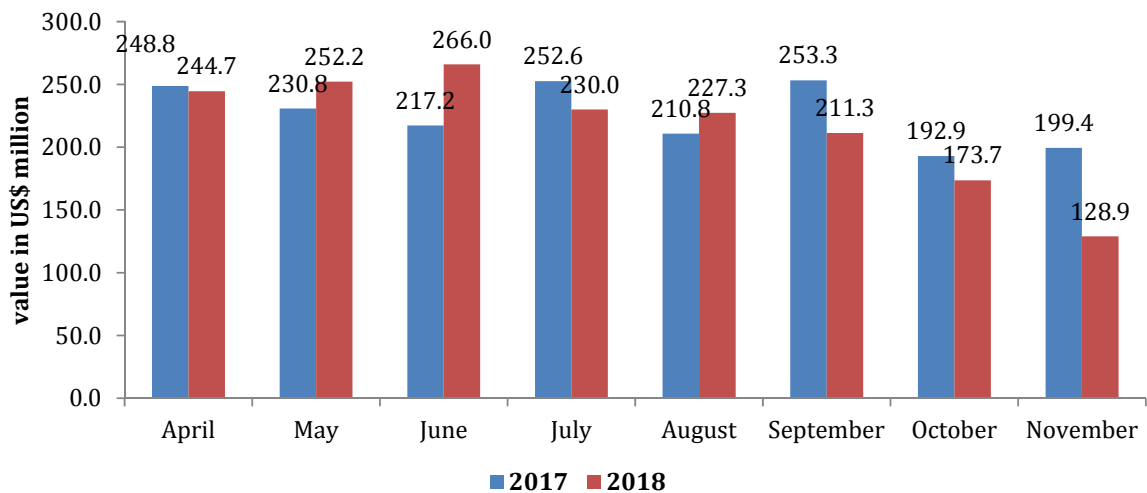
Source: DGCI&S

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

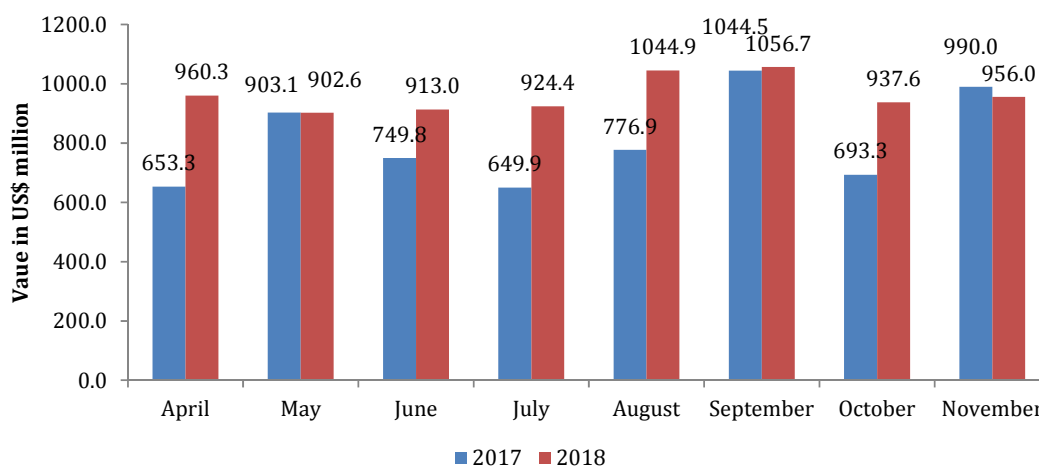
**India's Engg Exports to Canada**



**India's Engg Exports to Mexico**



### India's Engg Exports to USA



**Table 3: Top 15 engineering panels exported to North America in April- November 2018 vis-à-vis April- November 2017**

DGCI&S Engineering Panels	US\$ Million		Growth (%)
	April- November 2017 (USD million)	April- November 2018 (USD million)	
Motor Vehicle/cars	1375.4	1661.4	20.8
Electric Machinery and Equipment	822.4	1423.1	73.0
Products of Iron and Steel	1255.9	1291.2	2.8
Auto Components/Parts	827.4	999.4	20.8
Aluminium and products	513.3	786.7	53.2
Other Industrial Machinery	527.4	661.1	25.3
OTHER MISC. ITEMS	456.3	544.3	19.3
Aircrafts and Spacecrafts	419.5	376.4	-10.3
IC Engines and Parts	325.7	330.7	1.5
Machinery for ATMs	247.7	320.5	29.3
Iron and Steel	355.5	288.6	-18.8
Medical and Scientific Instruments	163.6	193.4	18.2
Pumps of all types	153.9	182.5	18.6
Air condition and Repair machinery	71.5	148.4	107.5
Other Construction Machinery	93.3	144.4	54.7

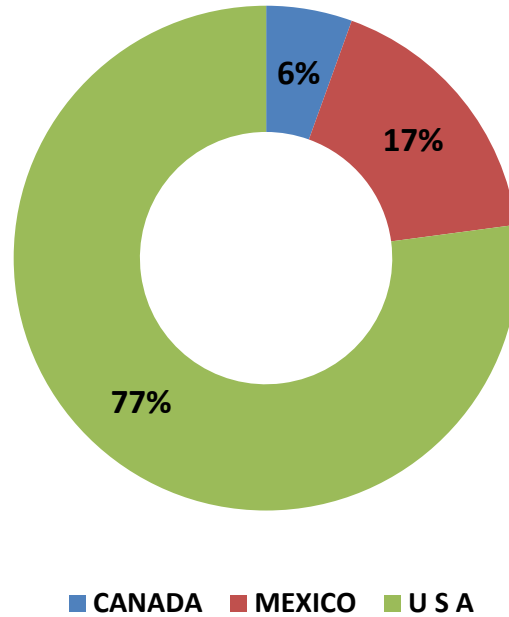
Source: DGCI&S

After EU, Indian engineering exports to North America ranked 2<sup>nd</sup> during April-November 2018 of the current fiscal 2018-19. USA remained at the top for Indian engineering exports with imports of over US\$ 956.01 million in the month of November 2018. 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 April-November 2018.

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

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

**Share % of Engineering exports to North America-April-Nov 2018-19**



Source: DGCI&S

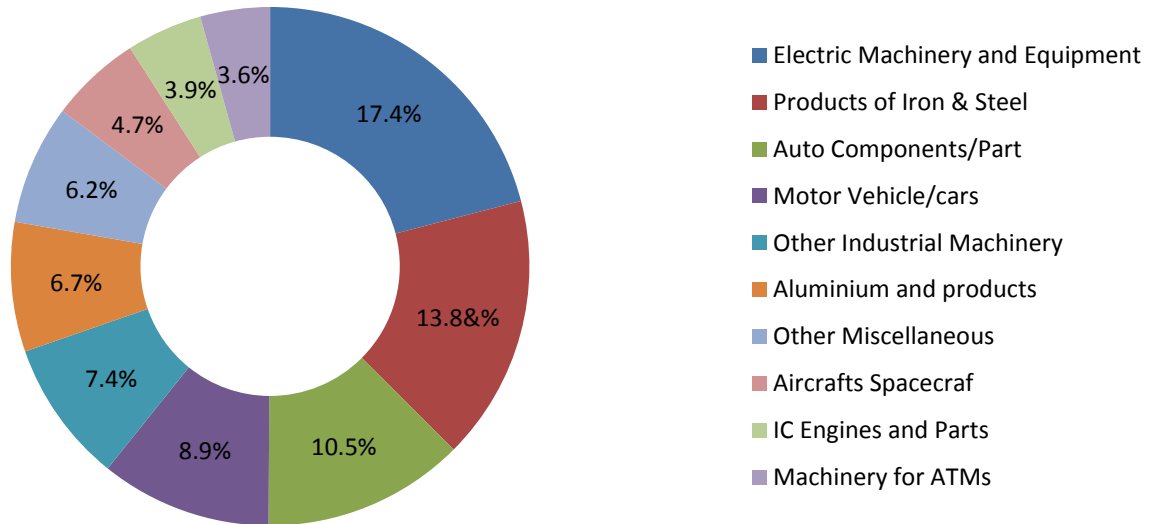
**Country wise India's engineering exports to North America in November 2018**

**1. USA**

Indian engineering exports to USA, continues to be the highest during November 2018. At present, it accounts for over 77% of India's total engineering export to North America (and 14.7% 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, Aluminium and products, Miscellaneous products, etc.

## Top products exported to USA sharing almost over 80% of exports

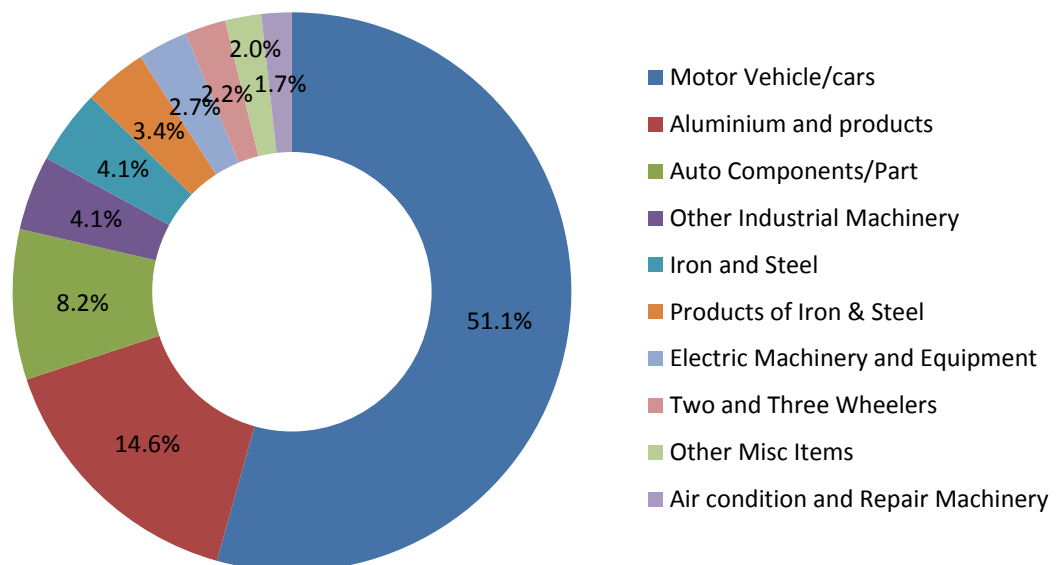


## 2. Mexico

Mexico ranked as the 10th largest export destination for engineering products during April-November 2018, moving few place down in the rank order among India's top export destinations compared to last month. At present, it accounts 17% of India's total engineering export to North America (and 3.3 per cent of India's global engineering exports) during April-November 2018.

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

## Top panels exported to Mexico sharing almost over 90% of exports

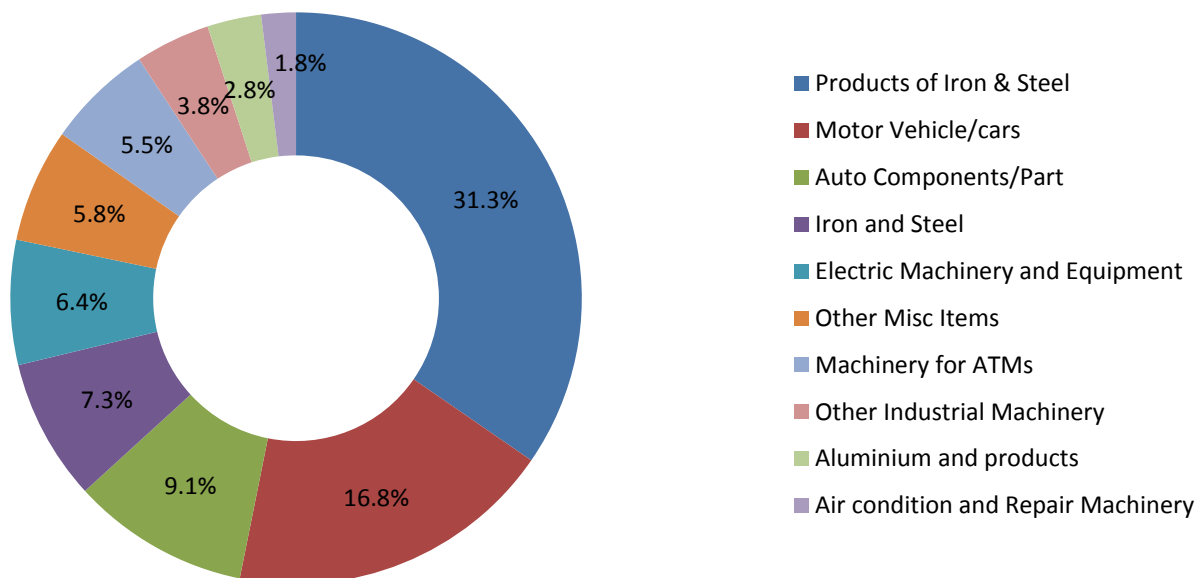


## 3. Canada

Canada accounts for 6% of India's total engineering exports to North America (and 1.1% of India's global engineering exports) during April-November 2018.

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

**Top panels exported to Canada sharing almost over 90% of exports**



## News in Focus

### ❖ US cracks whip, impact small

The US recently revoked duty-free concessions on the import of at least 50 Indian products, mostly from the handloom and agriculture sectors. Experts, however, averred the move would impact exports worth only about \$72.3 million. This is out of a total of 2,000 GSP-enabled products worth about \$5.6 billion shipped to the US annually, according to commerce ministry officials. The GSP programme provides for the duty-free treatment of designated articles when imported from beneficiary developing countries to America. The federal register has issued a notification, listing out 90 products which were so far subject to duty-free provisions under the Generalized System of Preferences (GSP). A review of the products indicates that the move is not country specific, but product specific. Commerce ministry officials said the Washington has “not taken any unilateral action, but through a regular review process”. Of the 90 items revoked by the US, the country would be impacted in about 50 items as India was the largest beneficiary under the GSP. While the US has revoked duty free benefits under the Generalised System of Preferences (GSP) to some Indian products, New Delhi has for the third time deferred the imposition of its retaliatory tariff on 29 American products till December 17. According to trade data, India imported goods and services valued at \$49.4 billion and exported goods worth \$76.7 billion to the US. The US trade deficit with India was \$27.3 billion in 2017.

Source: [https://www.iesshow.in/wp-content/uploads/2018/11/US-cracks-whip-02-11-18\\_0001.pdf](https://www.iesshow.in/wp-content/uploads/2018/11/US-cracks-whip-02-11-18_0001.pdf)



## ❖ **Protectionism in U.S., Europe may hit engineering exports**

Engineering exports may slip by about \$5 billion from the \$90 billion target set for this fiscal due to increased protectionism in the U.S. and Europe, officials at the erstwhile Engineering Export Promotion Council (now EEPC India), the apex body of engineering exporters, said.

“Exports touched an all time high of \$76.2 billion in 2017-18 and in the first seven months, it rose by 11.3 % over a year ago,” Ravi Sehgal, chairman, EEPC India, said.

**U.S. GSP:** “Yes, there are issues and ambiguity on the continuation of U.S. GSP (generalised system of preferences) benefit scheme for India and rise of protectionism in the developed countries .. which are likely to impact overseas shipment from India adversely going forward,” he told *The Hindu*. Tariff war between the U.S. and China and possible phasing out of India’s export promotion schemes were also notable challenges.

Enquiries revealed that with the imposition of additional dumping duty by the U.S. on India, certain categories of engineering goods would face an import tariff of about 30% against an average of 6% earlier. Steel exports, accounting for about 15% of India’s engineering exports, may be affected it was learnt.

The GSP issue helps foundry industries in Mexico, Canada, Vietnam and Cambodia but they lack the capability to match India’s capacity, exporters said.

An EEPC official explained that although India argued its case well in Europe and faced lower ADD (anti-dumping duty) than China, there were efforts to protect domestic industry among European countries too.

Engineering exports account for about 25% of India’s total merchandise exports with the SME sector contributing about 35% of the shipments. The U.S. remained the top destination followed by UAE and the U.K. Capital goods, consumer durables, non-ferrous metals and its products and primary iron and steel, including ferro alloys, comprised the Indian export basket.

However, India’s growing economy and stable government were attracting overseas investments in the engineering sector from countries like Korea and Germany, Mr. Sehgal said.

Source: <https://www.thehindu.com/business/Industry/protectionism-in-us-europe-may-hit-engineering-exports/article25617077.ece>

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

❖ **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/department-commerce-grants-first-product-exclusion-requests-section-232>

- ❖ On August 13, 2018, U.S. Department of Commerce announced the affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of stainless steel flanges from India. The Department of Commerce determined that exporters from India have sold stainless steel flanges in the United States at 19.16 to 145.25 percent less than fair value. Commerce also determined that India is providing countervailable subsidies to its producers of stainless steel flanges at rates ranging from 4.92 to 256.16 percent.

Source: <https://enforcement.trade.gov/download/factsheets/factsheet-india-stainless-steel-flanges-ad-cvd-final-081318.pdf>

- ❖ On August 21, 2018, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the antidumping duty (AD) investigations of imports of large diameter welded pipe from Canada, China, Greece, India, Korea, and Turkey.

Source: <https://enforcement.trade.gov/download/factsheets/factsheet-multiple-large-diameter-welded-pipe-ad-prelim-082118.pdf>

## Upcoming Exhibitions in North America

**Table 7: List of Exhibitions**

Events	Date	Venue	Link
ATX Midwest Automation Technology Expo	31 Oct- 1 <sup>st</sup> Nov 2018	Minneapolis, USA	<a href="http://atxminn.designnews.com/">http://atxminn.designnews.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>
IMTS International Manufacturing Technology Show	10-15 <sup>th</sup> September, 2018	Chicago, USA	<a href="https://www.imts.com/">https://www.imts.com/</a>
Semicon West	10 <sup>th</sup> July-12 <sup>th</sup> July, 2018	San Francisco, USA	<a href="http://www.semiconwest.org/">http://www.semiconwest.org/</a>
ALUMINUM USA	Oct 2019	Nashville, US	<a href="http://www.aluminum-us.com/">http://www.aluminum-us.com/</a>
Canadian international Auto Show	15 - 24 Feb 2019	Toronto, Canada	<a href="https://www.autoshow.ca/">https://www.autoshow.ca/</a>
NACE Automechanika	08 - 10 Aug 2018	USA	<a href="https://events.messefrankfurt.com/archive//fullschedulenace18/4896/10-08-2018/List">https://events.messefrankfurt.com/archive//fullschedulenace18/4896/10-08-2018/List</a>

**Table 8: Tender related information**

Title	Deadline	Country	Link
<a href="#"><u>One (1) New 2018 Or Newer, Trailer Mounted Diesel Driven 6 pump</u></a>	24 <sup>th</sup> Jan 2019	United States	<a href="http://www.tendersinfo.com/details/440960831?desc=One-(1)-New-2018-Or-Newer,-Trailer-Mounted-Diesel-Driven-6-pump">http://www.tendersinfo.com/details/440960831?desc=One-(1)-New-2018-Or-Newer,-Trailer-Mounted-Diesel-Driven-6-pump</a>
<a href="#"><u>Acquisition Of Vehicles</u></a>	28 <sup>th</sup> Jan 2019	United States	<a href="http://www.tendersinfo.com/details/440960059?desc=Acquisition-Of-Vehicles">http://www.tendersinfo.com/details/440960059?desc=Acquisition-Of-Vehicles</a>
<a href="#"><u>Passenger Motor Vehicles</u></a>	22 <sup>nd</sup> Jan 2019	United States	<a href="http://www.tendersinfo.com/details/440958632?desc=Passenger-Motor-Vehicles">http://www.tendersinfo.com/details/440958632?desc=Passenger-Motor-Vehicles</a>
Request For Information - Truck-tractor And Trailers	4 <sup>th</sup> Jan 2019	United States	<a href="http://www.tendersinfo.com/details/440114666?desc=Request-For-Information---Truck-tractor-And-Trailers">http://www.tendersinfo.com/details/440114666?desc=Request-For-Information---Truck-tractor-And-Trailers</a>
Elevator Modernization	10 <sup>th</sup> Jan 2019	United States	<a href="http://www.tendersinfo.com/details/440111697?desc=Elevator-Modernization">http://www.tendersinfo.com/details/440111697?desc=Elevator-Modernization</a>

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