

February 2019

### Chairman's Pen



Till now, US has maintained its top rank as India's top most export destination for engineering goods in 2017-18 and retained its position for the current fiscal of April-January 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 exports to USA registered an increase of 10% from US\$ 39 billion to US\$ 43 billion during April-January 2018-19 compared to same period last fiscal. On the import front, India's total import from USA surged by more than 37% from US\$ 21.69 billion to US\$ 29.65 billion during April-January 2018-19 v/s April-January 2017-18.

From the data, we can perceive that India maintains a positive trade balance, yet the imports from USA are increasing much faster than the overall exports to USA. Infact the trade surplus fell by more than 23% during April-January 2018-19 compared to same period last fiscal. In case of engineering sector, India's exports to USA during April-Jan 2018-19 recorded over US\$ 9.79 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 India's willingness to defer retaliatory tariffs against US rather work on fixing bad trade deals and engage in meaningful negotiations. The current edition presents a brief insight on the total trade pattern of the engineering sector in North America during April-January 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

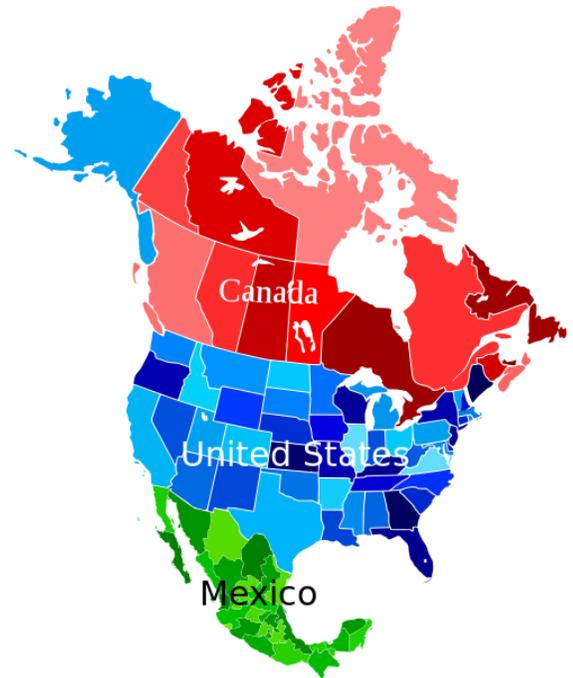
**Population:** 579 million (2016)

**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.



## India may again defer retaliatory tariffs against US

India will likely defer its plan for a fifth time to impose retaliatory tariff worth close to \$235 million on 29 American products, in response to the Trump administration's extra levy on supplies of steel and aluminium. Recent reports suggest that government could postpone the tit-for-tat action by 30-45 days from the revised deadline of January 31.

Last year, the US had slapped an additional 25% duty on steel and 10% on aluminium supplies from countries including India. The Indian government had initially planned to impose the retaliatory tariff from August 4, 2018. The repeated deadline extension suggests that the government is willing to engage USA further for a meaningful outcome to the ongoing negotiations.

India's latest move came at a time when both the countries are engaged in negotiations to firm up a mutually-acceptable trade package. It is expected to keep a tariff war between the two countries from flaring up, at least temporarily. Washington already raised the stake in its trade war against Beijing by announcing extra tariff on around 6,000 Chinese goods worth \$200 billion in December.

The US is also seeking to use the concessional tariff it offers to India and a number of other countries under its so-called generalised system of preference (GSP) to extract greater market access from New Delhi. In November, the US

dropped as many as 50 Indian goods from the list of items, supplies of which were earlier eligible for concessional tariff under GSP.

The two sides didn't hold the annual trade policy forum meeting last year (it's usually convened around October), in a sign that bilateral relations were far from perfect despite improving trade balance in favour of the US, which the Trump administration has been seeking from Indian government.

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

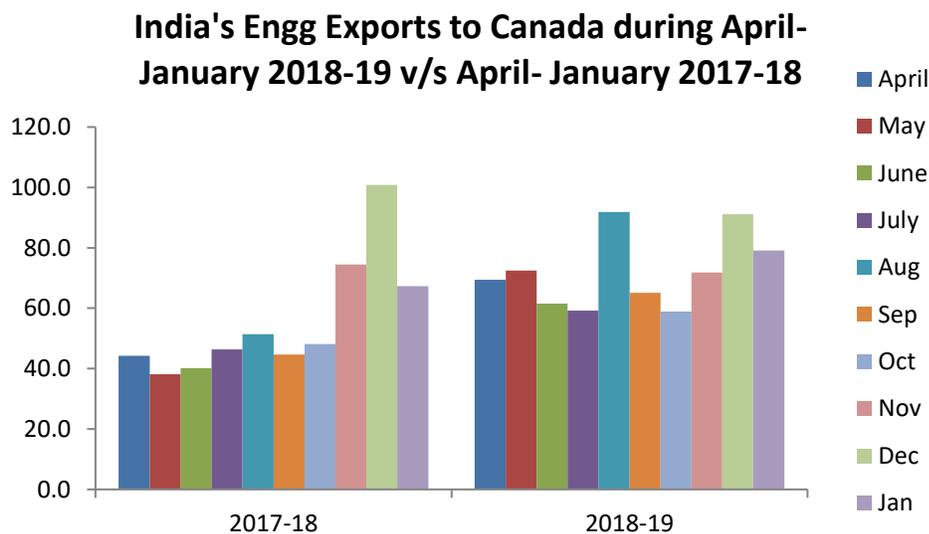
India engineering export with North America – country wise for April-January 2018-19 is depicted in the table below. Nations which had the highest demand for Indian engineering products during April-January 2018-19 compared to April-January 2017-18 in absolute values include:

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

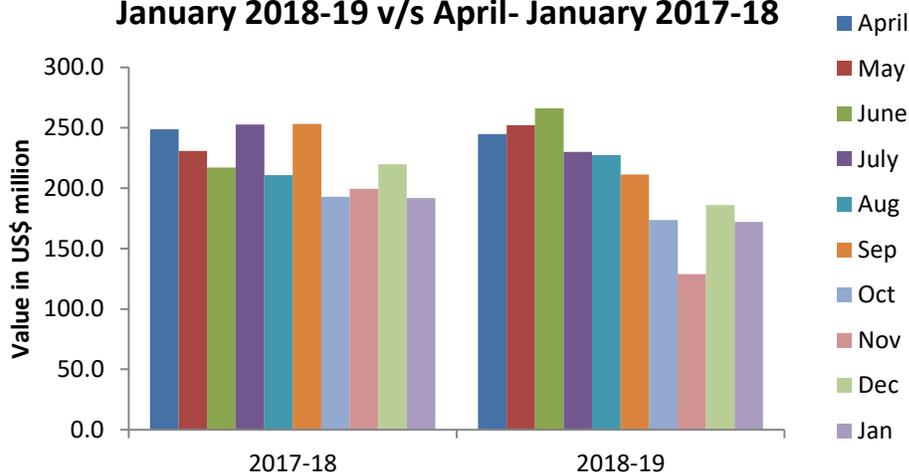
North America	April-January 2017-18 (USD million)	April-January 2018-19 (USD million)	Growth (%)
USA	8370.7	9796.5	17.0%
Mexico	2217.4	2092.3	-5.6%
Canada	555.6	720.7	29.7%
<b>Total</b>	<b>11143.8</b>	<b>12609.5</b>	<b>13.2%</b>

Source: DGCI&S

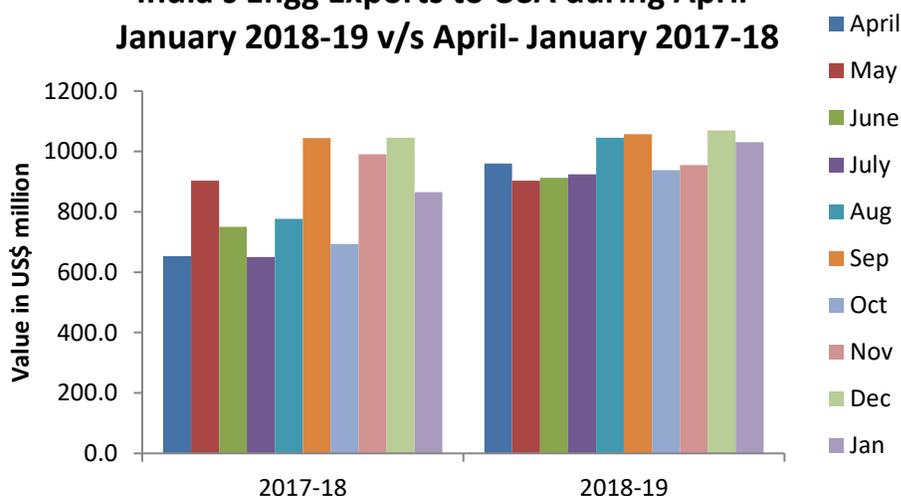
**Fig 2: Trend in Total Engineering Export in North America- Country wise during April-January 2018-19 v/s April- January 2017-18**  
Month wise



### India's Engg Exports to Mexico during April- January 2018-19 v/s April- January 2017-18



### India's Engg Exports to USA during April- January 2018-19 v/s April- January 2017-18



**Table 3: Top 15 engineering panels exported to North America in April- March 2018-19 vis-à-vis April- March 2017-18**

US\$ Million

DGCI&S Engineering Panels	April- January 2017-18 (USD million)	April- January 2018-19 (USD million)	Growth (%)
Motor Vehicle/cars	1902.2	2112.4	11%
Electric Machinery and Equipment	1050.7	1772.9	69%
Products of Iron and Steel	1592.9	1684.4	6%
Auto Components/Part	1073.6	1287.8	20%
Aluminum and products	687.5	957.6	39%
Industrial Machinery and parts	685.1	836.0	22%
OTHER MISC. ITEMS	591.9	692.6	17%
Aircrafts & Spacecraft	549.9	454.8	-17%
IC Engines and Parts	390.3	418.4	7%
Machinery for ATMs	316.4	406.3	28%

DGCI&S Engineering Panels	April- January 2017-18 (USD million)	April- January 2018-19 (USD million)	Growth (%)
Iron and Steel	459.9	350.9	-24%
Medical and Scientific Instruments	204.7	241.4	18%
Pumps of all types	196.2	238.9	22%
Other Construction Machinery	126.5	183.8	45%
Air condition and Repair Machinery	102.6	183.7	79%

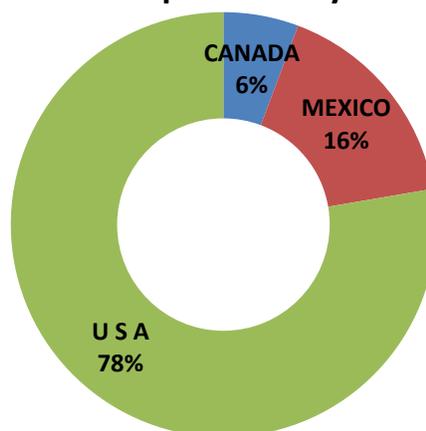
Source: DGCI&S

After EU, Indian engineering exports to North America ranked 2<sup>nd</sup> during April-January 2018-19. USA is the top most export destination for Indian engineering goods with imports of over US\$ 9796.5 million during April-January 2018-19. 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-January 2018-19.

The following pie chart demonstrates share of different North American countries in India's total export during April-January 2018-19.

**Fig3: India's engineering export share to North American Countries (%) during April-January 2018-19 v/s 2017-18**

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



Source: DGCI&S

### Country wise India's engineering exports to North America during April-January 2018-19

#### 1. USA

Indian engineering exports to USA, continues to be the highest during April-January 2018-19. At present, it accounts for over 77.7% of India's total engineering export to North America (and 15% 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.

## 2. Mexico

Mexico moved one step above compared to the previous month ranking one of the 7<sup>th</sup> largest export destination from India in engineering products during April-January 2018-19. At present, it accounts 16.6% of India's total engineering export to North America (and 3.2 per cent of India's global engineering exports) during April-January 2018-19.

*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.

## 3. Canada

Canada accounts for 5.7% of India's total engineering exports to North America (and 1.1% of India's global engineering exports) during April-January 2018-19.

*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.

### News in Focus

#### ❖ **New trade deal keeps NAFTA mostly intact**

The United States-Mexico-Canada Agreement preserves and modernizes much of the North American Free Trade Agreement, according to an analysis from Rice University's Baker Institute for Public Policy. If approved by all three countries, the USMCA will continue to allow North American manufacturers to compete effectively with Europe and Asia, preserving key aspects of an agreement that governs the trade of about \$1.2 trillion of goods and services, wrote David Gantz, the author of the brief and fellow in trade and international economics at the Baker Institute.

The trade pact was signed in November at the G-20 Summit in Buenos Aires. It could go into effect as soon as Jan. 1, 2020, which would bring to an end the "chilling effect" on investment and hiring generated by two years of uncertainty over NAFTA's future, Gantz wrote. The trade dispute settlement mechanism survived, and Mexico's auto industry will probably survive "mostly intact."

NAFTA was 25 years old and badly in need of modernization, according to Gantz's analysis. The USMCA will include new provisions on data, e-commerce, labor and the environment, all of which were lacking in NAFTA, according to Gantz. Many of the USMCA innovations reflect the Trans-Pacific Partnership that was rejected by President Donald Trump in 2018. In a first for a trade agreement, the USMCA incorporates measures to guard against currency manipulation.

Differently from NAFTA, the USMCA has been criticized for its automotive rules of origin and rules about dispute settlement, but Gantz wrote that these are not the only provisions taking a step backward. Among these are Mexico's explicit right to change its hydrocarbon laws at any time, essentially allowing President Andrés Manuel López Obrador to, if he desired, re-establish a national petroleum monopoly; U.S. steel and aluminum tariffs and retaliatory tariffs by Canada and Mexico will stay in effect; and the ability of the U.S. to back out of the agreement with six months of notice if Canada or Mexico negotiated a trade agreement with a nonmarket economy.

"Mexico could benefit from a higher North American content requirement for auto production if some current Chinese production is shifted to Mexico," Gantz wrote. "Still, if the major threat to the U.S. economy in the future is China, a robust North American economy, which will be preserved by the USMCA, becomes critical."

Source: <https://www.chron.com/business/bizfeed/article/USMCA-will-keep-NAFTA-mostly-intact-with-modern-13475123.php>

❖ **Trump's steel, aluminum tariffs contradict new trade agreement and will have to go: Freeland**

Donald Trump's steel and aluminum tariffs contradict a key component of the new North American trade agreement – the pivotal section on autos – which will ultimately lead to their demise, Foreign Affairs Minister Chrystia Freeland says. U.S. businesses are making that argument, and Ms. Freeland said that gives momentum to Canada's continuing efforts to have the levies lifted in 2019.

The minister said Canada's fight to remove the tariffs, imposed by the U.S. President, is being aided by the broader calls from American business to have them lifted before the new continental trade pact is ratified. Their argument centres on the fact that a major section of the new agreement – known as the Canada-United States-Mexico Agreement, or CUSMA – focuses on raising the content requirements of North American-built cars, Ms. Freeland said. The rules on origin for automobiles were a key sticking point throughout the contentious 14-month renegotiation of the North American free-trade agreement.

During the negotiation, Mr. Trump also imposed a 25-per-cent tariff on Canadian and Mexican steel and 10 per cent on aluminum, using a section of U.S. trade law that gives the Oval Office the authority to do so under a national security provision. Ms. Freeland and Prime Minister Justin Trudeau have assailed what are known as the section 232 tariffs as illegal and insulting, given the close military and security relationship between Canada and the United States. Ms. Freeland said that U.S. businesses are having a hard time swallowing the fact that there is a tariff on a key component of autos – steel and aluminum. "There is an internal contradiction in having tariffs on Canadian steel even as there is a built-in requirement for North American steel. So I do feel the Canadian case, which has always been very strong, is only getting stronger," Ms. Freeland said. Canada, the United States and Mexico signed the new agreement on Nov. 30, but it needs to be ratified by each of their legislatures – which could make for a bumpy ride through the U.S. Congress after the Democrats recently won control of the House of Representatives.

Source: <https://www.theglobeandmail.com/business/article-trumps-steel-aluminum-tariffs-contradict-new-trade-agreement-and/>

❖ **Global auto leaders urge Trump administration to end trade turmoil**

Auto executives gathered in Detroit on Monday called on the Trump administration and Congress to resolve trade disputes, and end the government shutdown, saying political uncertainty is costing the industry.

U.S. trade officials are negotiating a new deal with China in hopes of avoiding new tariffs, while a new regional trade agreement with Canada and Mexico still needs congressional approval. Automakers producing vehicles in the United States are contending with U.S. steel and aluminium prices driven higher by Trump administration tariffs.

Fiat Chrysler Automobiles NV Chief Executive Mike Manley told reporters at the Detroit auto show on Monday that U.S. metals tariffs will raise the automaker's 2019 costs by \$300 million (233 million pounds) to \$350 million (272 million pounds), or about \$135 to \$160 a vehicle, based on the automaker's 2018 U.S. sales.

Toyota Motor Corp's executive vice president for North American sales, Bob Carter, said the company has had to raise prices three times because of higher tariff costs - even though 96 percent of steel in Toyota U.S. vehicles is from U.S. steel plants. The tariffs boosted industry vehicles prices by about \$600 on average, he estimated.

General Motors Co and Ford Motor Co are also taking financial hits from the U.S. steel and aluminium tariffs. "Those are headwinds," GM President Mark Reuss told Reuters. "It's our job to run the business to offset those headwinds."

GM Chief Executive Mary Barra last Friday promised investors the company would boost 2019 profit despite tariff-related costs and investments in electric vehicles. She stuck to her plans to target five North American factories for closure and cut nearly 15,000 jobs overall.

About one-quarter of federal government operations have been shut down by a lack of funding since Dec. 22 after President Donald Trump demanded \$5.7 billion this year from Congress for building a security wall on the southwest U.S. border.

Manley said the U.S. government shutdown is holding up certification of one of the company's new heavy duty pickup truck models. Those vehicles are among the company's most profitable products.

"The earlier it can be resolved, clearly the better," he said.

Concern in the auto industry about the uncertainty created by Trump's efforts to revamp trade and environmental policies is weighing more heavily as forecasters call for a slowdown in vehicle demand in the United States and China during 2019.

"There's a lot of balls in the air right now that are unresolved," Ford Executive Chairman Bill Ford Jr. told Reuters on the sidelines of the auto show. "Certainty is something we really desire because of our product lead times. We don't have that right now."

Ford said the automaker feels its opinions are being heard by U.S. Trade Representative Robert Lighthizer, but he has no idea when the various issues will be resolved.

U.S.-China trade tensions have forced Chinese automaker GAC to delay its planned entry to the U.S. market, Wang Qiuqing, head of GAC's research and development centre, told Reuters on Monday. "We have postponed our launch until the first half of 2020," he said, adding that the timing will depend on the outcome of U.S.-China trade negotiations. If the current 25 percent U.S. tariff on Chinese-made vehicles continues, "the impact will be very significant," he said.

GAC has a large display at the Detroit auto show, and is hiring engineers and designers at three U.S. locations, including a new technical office in Detroit expected to employ about 30 people, Wang said.

Auto executives have welcomed the conclusion of a new version of the North American Free Trade Agreement, as the industry seeks certainty for rules that will govern automakers' long-term investment decisions in the region.

In the interest of greater certainty, they would like to see the U.S. Congress decide quickly on the updated agreement's fate.

"We just need it resolved," said Brian Smith, chief operating officer for Hyundai Motor Co in North America, who added that the automaker needs clarity so it can adjust its supply chain as necessary. "It's been going on way too long." U.S. officials are weighing so-called Section 232 national security tariffs on imported vehicles. That tariff would not hit U.S.-made models, but some analysts warn it could trigger a sales slump as prices for European and Asian-made models jump.

Source: <https://finance.yahoo.com/news/ford-wants-u-resolve-various-162127632.html>

## 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
ALUMINUM USA	Oct 2019	Nashville, US	<a href="http://www.aluminum-us.com/">http://www.aluminum-us.com/</a>
AUTOMOTIVE AFTERMARKET PRODUCT EXPO (AAPEX)	5 <sup>th</sup> -7 <sup>th</sup> Nov 2019	Expo & Convention Center, Las Vegas, USA	<a href="https://www.aapexshow.com/">https://www.aapexshow.com/</a>
WORLD OF CONCRETE	03 - 07 Feb 2020	Las Vegas , USA	<a href="https://www.worldofconcrete.com/en/attendee.html">https://www.worldofconcrete.com/en/attendee.html</a>
FABTECH 2019	11 <sup>th</sup> -14 <sup>th</sup> Nov, 2019	Chicago, USA	<a href="https://www.fabtechexpo.com/">https://www.fabtechexpo.com/</a>

## Tender information in North America

**Table 8: Tender related information**

Title	Deadline	Country	Link
<a href="#">Carefusion Pump Module</a>	31 <sup>st</sup> May 2019	United States	<a href="http://www.tendersinfo.com/details/444140472?desc=Carefusion-Pump-Module">http://www.tendersinfo.com/details/444140472?desc=Carefusion-Pump-Module</a>

Title	Deadline	Country	Link
<a href="#"><u>Blasting Grit</u></a>	28 <sup>th</sup> May 2019	United States	<a href="http://www.tendersinfo.com/details/444140462?desc=Blasting-Grit">http://www.tendersinfo.com/details/444140462?desc=Blasting-Grit</a>
<a href="#"><u>Selector Assembly M</u></a>	8 <sup>th</sup> Jan 2019	United States	<a href="http://www.tendersinfo.com/details/444140438?desc=Selector-Assembly-M">http://www.tendersinfo.com/details/444140438?desc=Selector-Assembly-M</a>
<a href="#"><u>Brake Shoe</u></a>	24 <sup>th</sup> May 2019	United States	<a href="http://www.tendersinfo.com/details/444140434?desc=Brake-Shoe">http://www.tendersinfo.com/details/444140434?desc=Brake-Shoe</a>
<a href="#"><u>Chain Assembly Tire</u></a>	24 <sup>th</sup> May 2019	United States	<a href="http://www.tendersinfo.com/details/444140416">http://www.tendersinfo.com/details/444140416</a>
<a href="#"><u>Acquisition Of Chassis</u></a>	30 <sup>th</sup> May, 2019	Mexico	<a href="https://www.tendersinfo.com/details/444333245?desc=Acquisition-Of-Chassis">https://www.tendersinfo.com/details/444333245?desc=Acquisition-Of-Chassis</a>
<a href="#"><u>Supply Of Cargo Van (3391lb Gvw)</u></a>	30 <sup>th</sup> May, 2019	Canada	<a href="https://www.tendersinfo.com/details/444335206?desc=Supply-Of-Cargo-Van-(3391lb-Gvw)">https://www.tendersinfo.com/details/444335206?desc=Supply-Of-Cargo-Van-(3391lb-Gvw)</a>

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