

July 2018

Chairman's Pen



The trajectory of US-India relationship is steadily progressing towards greater strategic convergence underwritten by shared values, economic and security interests. The multi-dimensional, symbiotic relationship has found bipartisan acceptance among the leadership in both nations. The increasing closeness is reliant on factors bilateral, internal and external. For instance, trade and defence partnership between the two countries has 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 quarter of the current fiscal April-June 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-June 2018-19 recorded at US\$ 21.4 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 of US – Russia summit attempt. The current edition presents a brief insight on the total trade pattern of the engineering sector in North America during the first quarter 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

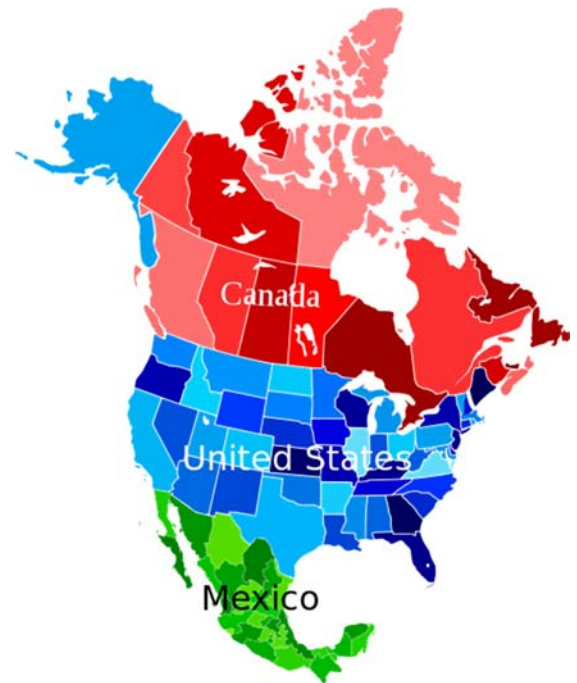
Population: 579 million (2016)

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.



India wishful about the US-Russia Summit

India is cautiously wishful about the Trump-Putin summit in Helsinki scheduled on July 16 which could lead to a thaw in US-Russia ties, enabling New Delhi to further its strategic partnership with both Moscow and Washington.

While the summit is unlikely to dilute CAATSA (Countering America's Adversaries Through Sanctions Act) and introduce new ones, there are hopes of a deal or understanding between the two sides to improve relations. While India and Russia expanded their hydrocarbon and nuclear energy partnership since 2014, sanctions on Russia enabled China to enhance its economic portfolio with Moscow, impacting strategic balance in the Eurasian region.

Meanwhile, international sanctity of CAATSA that is looming large over India's proposed purchase of S-400 missile systems from Russia has been marked by scepticism in certain quarters. This is one of the key irritants in Indo-US ties.

A reduction in tension between US and Russia will benefit India that has wide-ranging ties with both powers and is weathering a storm in the current geopolitical environment, people familiar with the issue said. The US continues to be a partner for India in the Indo-Pacific to ensure stability in the region. While India will continue to fulfil its commitments vis-à-vis Russia, a positive trajectory in the US-Russia partnership may act as a deterrent in further enhancement in Sino-Russian ties.

India's latest trend in engineering exports to North America

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

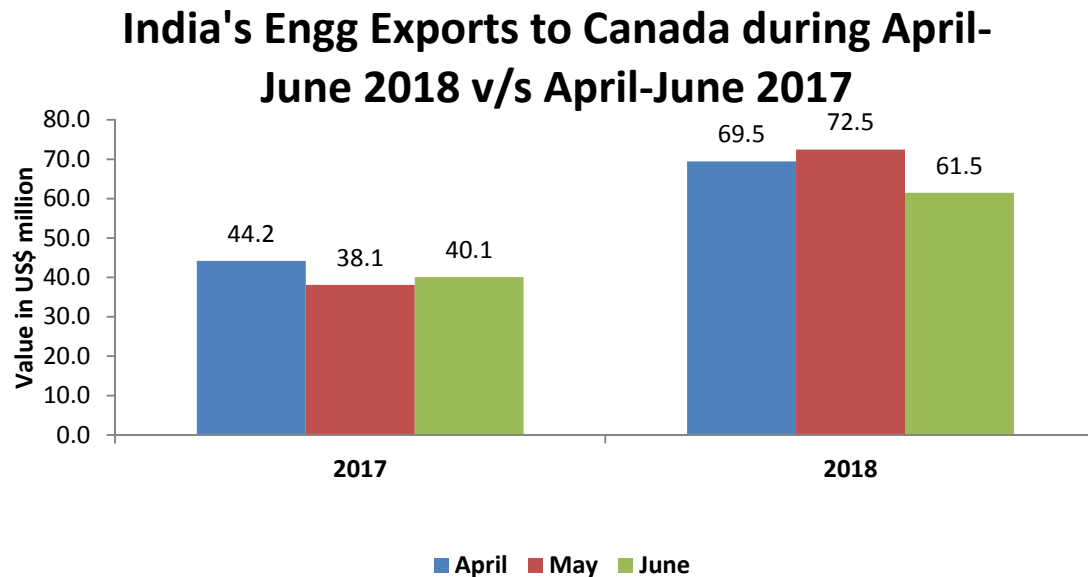
Table2: Engineering Exports to North America

Value in USD million

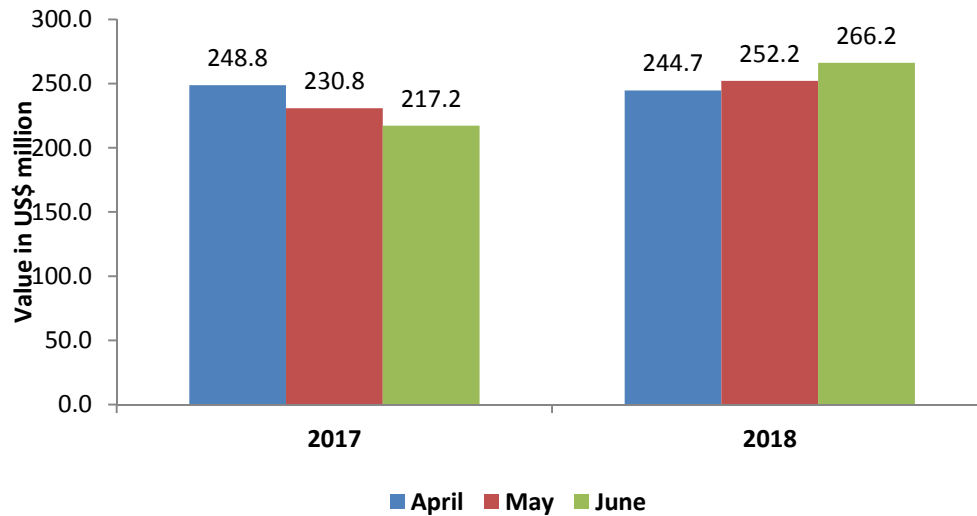
North America	April-June 2017 (USD million)	April-June 2018 (USD million)	Growth (%)
USA	2306.2	2776.1	20.4%
Mexico	696.9	763.1	9.5%
Canada	122.4	203.4	66.2%
Total	3125.4	3742.7	19.7%

Source: DGC&S

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



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



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

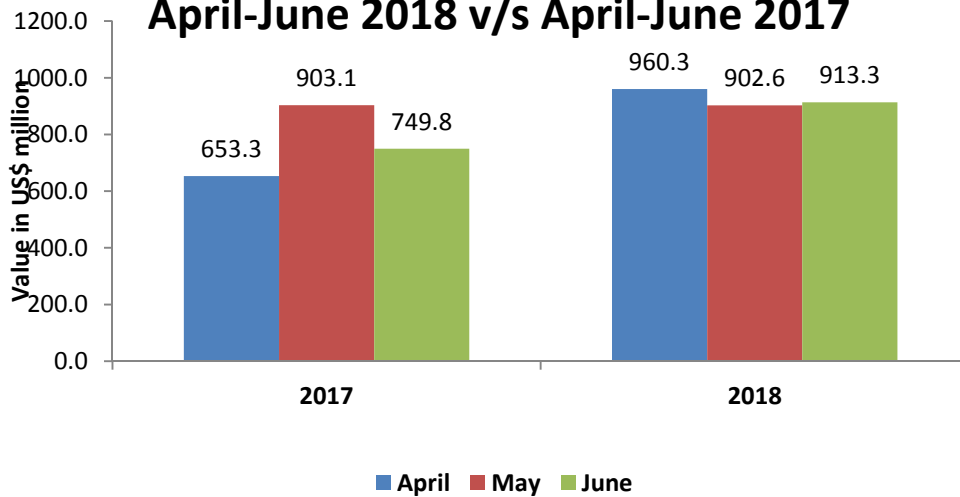


Table 3: Top 15 engineering panels exported to North America in April-June 2018 vis-à-vis April-June 2017

US\$ Million

DGCI&S Engineering Panels	April-June 2017 (USD million)	April-June 2018 (USD million)	Growth (%)
Motor Vehicle/cars	458.1	713.6	56%
Products of Iron and Steel	434.5	460.1	6%
Electric Machinery and Equipment	261.9	450.9	72%
Auto Components/Parts	300.8	362.0	20%
Aluminium and products	165.2	327.9	98%

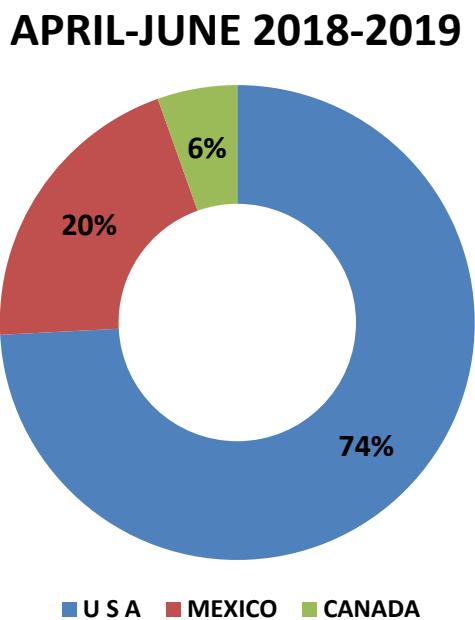
DGCI&S Engineering Panels	April-June 2017 (USD million)	April-June 2018 (USD million)	Growth (%)
Other Industrial Machinery	184.3	261.6	42%
Other Miscellaneous Items	164.8	188.5	14%
Aircraft and Spacecraft	146.7	147.2	0%
IC Engines and Parts	150.1	132.1	-12%
Iron and Steel	166.0	128.1	-23%
Machinery for ATMs	84.2	108.7	29%
Medical and Scientific Instruments	61.7	70.6	14%
Pumps of all types	57.9	62.2	7%
Other Construction Machinery	27.3	55.6	104%
Copper and products	39.9	40.0	0%

Source: DGCI&S

After EU, Indian engineering exports to North America ranked 2nd during June 2018 of the current fiscal 2018-19. USA remained at the top for Indian engineering exports with imports of over US\$ 913.3 million. The main engineering products exported to the country include Electrical machinery and Equipment, Products of Iron and Steel, Auto Components/Parts, Aluminium and products, Motor Vehicles/Cars, Other Industrial Machinery, Miscellaneous products, etc during June 2018.

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

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



Source: DGCI&S

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

1. USA

Indian engineering exports to USA, continues to be the highest during June 2018. At present, it accounts for over 74.2% of India's total engineering export to North America (and 13.6% of India's global engineering exports).

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

2. Mexico

Mexico once again ranked as the 4th largest export destination for engineering products during April-June 2018, quite similar to the trend maintained in the last fiscal of 2017-18. At present, it accounts 20.4% of India's total engineering export to North America (and 3.7 per cent of India's global engineering exports) during April-June 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 5.4% of India's total engineering exports to North America (and 1% of India's global engineering exports) during April-June 2018.

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

News in Focus

❖ India cautious on China move to reduce import tariffs on goods

In a move that could finally check India's widening trade deficit with China, the Chinese Ambassador to India Luo Zhaohui has said that Beijing will reduce or cancel tariffs on imports of 8,549 types of goods from India, South Korea, Bangladesh, Laos and Sri Lanka.

New Delhi, however, is not celebrating yet with Commerce Ministry officials saying that they would prefer to first look at the official communication when it comes and examine the fine-print to see if regulatory restrictions have also been relaxed.

"The goods (on which tariff will be reduced or cancelled) include chemicals, agricultural & medical products, soyabean, clothing, steel and aluminium products," Zhaohui tweeted on Wednesday.

The Chinese Ambassador added that this was good news as it will help reduce trade imbalance (with China's trade partners).

India's trade deficit with China widened to a whopping \$62.8 billion in 2017-18 from \$51 billion a year before. This accounted for more than a third of India's total trade deficit.

With the Trump administration in the US turning aggressive towards many of its trade partners, especially China, Beijing has been making additional efforts to improve its relationship with India. Chinese Trade Minister Zhong Shan visited India in March, after a long gap, and agreed to take concrete steps to address the growing trade imbalance by giving more market access to Indian goods.

Beijing has already agreed to import certain quantities of raw sugar from India and also announced reduction of import tariffs on soyabean to zero per cent from 3 per cent.

"We are aware of China's State Council's recent announcement of certain concessions to imports from India, South Korea, Bangladesh, Laos and Sri Lanka, but we do not know if it would apply to 8,549 products. We have to wait for the official notification," the official said. New Delhi is also keen that Beijing focuses on removing regulatory and administrative hurdles in addition to cutting down tariffs. "India has not been able to export a number of farm products including buffalo meat and soybean to China because of sanitary & phytosanitary restrictions. In pharmaceuticals and IT, too, Indian companies have not been able to access the vast Chinese market due to administrative issues," the official said.

Source: <https://www.thehindubusinessline.com/economy/india-cautious-on-china-move-to-reduce-import-tariffs-on-goods/article24272994.ece>

❖ **US slaps steel and aluminum tariffs on the EU**

United States plans to impose tariffs on steel and aluminium from the European Union, with an announcement expected as early as Thursday (May 31). Meanwhile, the EU is poised to retaliate.

Trade officials from Washington and Brussels had continued discussions to find a solution, such as import quotas, that would convince Trump to extend the exemption for the European Union (EU) from the 25 per cent tariff on steel and 10 per cent on aluminium.

But The Wall Street Journal cited people familiar with the matter saying a last minute deal appeared unlikely, and the tariff announcement could come as early as Thursday. Trump imposed the tariffs in March to address global oversupply of the metals, but though it was largely aimed at China it hit US allies as well.

Washington exempted Canada and Mexico from the tariffs while negotiations continue to revamp the North American Free Trade Agreement, and South Korea agreed to quotas instead of tariffs.

Meanwhile EU is bracing for a trade offensive from Trump. At meetings in Paris this week, EU leaders are staging a last-ditch attempt to convince US Commerce Secretary Wilbur Ross for extended relief from the duties.

Fears of a global trade war are mounting as the Trump administration also considers tariffs on US auto imports and duties on \$50 billion in Chinese imports. The International Monetary Fund has warned that a wave of protectionist forces are the biggest risk to the global economic outlook. EU Trade Commissioner Cecilia Malmstrom indicated this week that the 28-member bloc will come up short in its bid for a permanent and unconditional waiver from the duties. German Economy Minister Peter Altmaier, after meeting Ross on Wednesday, said he expects the talks will go right up until the June 1 deadline.

“Let’s see what happens,” Altmaier told reporters on the sidelines of an Organisation for Economic Cooperation and Development conference in Paris. “The European Union is strong enough that we can wait for any kind of decision and respond appropriately.” For the EU, that means lodging a complaint with the World Trade Organisation and imposing retaliatory tariffs on 2.8 billion euros (\$3.3 billion) of American imports as soon as June 20

Source: http://epaper.business-standard.com/bsepaper/api_openpdf.php?url=cGRmLzlwMTgvMDYvMDEvMjAxODA2MDFixzAwNDEwMS5wZGY=

❖ **EU slaps tariffs on US products after US decision to levy taxes on European steel, aluminium exports**

The European Union slapped revenge tariffs on iconic US products including bourbon, jeans and motorcycles recently in its opening salvo in a trade war with President Donald Trump.

The tariffs, according to the EU's official journal, will further fuel jitters on world stock markets that are already alarmed by trade tensions between the United States and China.

Customs agents across the Europe's colossal market of 500 million people will now impose the duty, hiking prices on US-made products in supermarkets and across factory floors. Brussels imposed the raft of duties on US products worth €2.8 billion (\$3.3 billion) in a tit-for-tat response to Trump's decision to slap stiff tariffs on European steel and aluminium exports. EU Trade Commissioner Cecilia Malmstrom said this week that the 28-nation bloc was "left with no other choice" but to impose tariffs of its own after the "unilateral and unjustified decision of the US."

Together with US tariffs against Mexico and Canada, the trade battles have raised the spectre of a global trade war, spooking financial markets that fear major consequences to the global economy. "We have a trade war — and it's an escalating trade war," SEB chief economist Robert Bergqvist told *AFP* in an interview.

Brussels first drew up the list in March when Trump initially floated the 25 percent tariffs on steel imports and 10 percent on aluminium, which also target Canada, Mexico and other close allies. The list does not specifically name brands but European Commission chief Jean-Claude Juncker spelled out in March that the bloc would target "Harley-Davidson, bourbon and Levi's jeans". Cranberries, cranberry juice, orange juice, sweetcorn and peanut butter are among the other food products targeted. The list also hits clothing along with bed linen and men's leather footwear, eye make-up and lipsticks, plus a host of steel products.

Source: <https://www.firstpost.com/world/eu-slaps-tariffs-on-us-products-after-donald-trumps-decision-to-levy-taxes-on-european-steel-aluminium-exports-4568751.html>

❖ **Prabhu to sort out ‘misgivings’ in India-US trade relations**

Adopting a cautious tone on trade ties with the US, Commerce Minister, Suresh Prabhu, said when he meets the US Trade Representative, Robert Lighthizer, he will try to sort out any “misgivings” that might have crept into India’s relationship with the Donald Trump regime.

Prabhu, who will be in Washington next week, reiterated that the US is an important trading partner for India and the bilateral relationship will have to be seen in the context of the overall position the Trump regime has taken with other trade partners such as the EU, Canada, Mexico, Japan and South Korea.

“We are going to explain to the US our concerns. We are certainly not going to ignore it because of some issues we may have,” Prabhu told media persons.

While the US remains India's largest export market with out-bound shipments growing 13 per cent to \$47.88 billion last fiscal, Washington has needled India on a number of trade issues since US President Donald Trump came to power last year.

It imposed additional import duties on steel and aluminium from India, delayed extension of the generalised system of preferences offering duty-free/low duty market access to many Indian products and initiated a number of disputes with the country, including the latest one targeting export sops. On whether India would agree to the US demand of reducing import duties on Harley Davidson bikes to nil, as demanded by Trump, Prabhu said: "Every country has the right to ask for concessions in the area where they think they have an advantage. We too do it for sectors like gems and jewellery. We will give an appropriate response when required."

RCEP talks

On the proposed Regional Comprehensive Economic Partnership (RCEP), Prabhu said India is holding separate talks with the members with which it does not have free trade pact, including China, Australia and New Zealand. The Minister added that a good deal in services should be integral to the RCEP agreement and India had given this message to all partners.

Source: <https://www.thehindubusinessline.com/news/world/prabhu-to-sort-out-misgivings-in-india-us-trade-relations/article24116579.ece>

Factsheets on Antidumping Duty and Countervailing Duty Investigations of Imports

- ❖ 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/department-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://atxmnn.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/

Tender information in North America

Table 8: Tender related information

Title	Deadline	Country	Link
Underbridge Inspection Truck (ubit)	3 rd August 2018	United States	http://www.tendersinfo.com/details/435968622?desc=Underbridge-Inspection-Truck-(ubit)
Steering Gear	20 th July 2018	United States	http://www.tendersinfo.com/details/435968572?desc=Steering-Gear
New One-ton Extended Cab Truck With Dump Body - 94-f-3-18/19	1 st August 2018	United States	http://www.tendersinfo.com/details/435965956?desc=New-One-ton-Extended-Cab-Truck-With-Dump-Body--94-f-3-18/19
Towing Services For County Owned Vehicles & Equipment	9 th August 2018	United States	http://www.tendersinfo.com/details/435965949?desc=Ifb-#18-571,-Towing-Services-For-County-Owned-Vehicles--Equipment
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

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