

March 2018

Chairman's Pen



Trade has transformed U.S.-India relations. Bilateral trade has improved significantly over the past 10 years. It has more than doubled in the last decade from US\$ 45 billion in 2006 to US\$ 115 billion in 2016. In the past years from 2012-2014, U.S. foreign direct investment in India has grown 500 percent. Today the two countries are working to fix bad trade deals and negotiating new ones.

The US administration under President Donald Trump has taken various protectionist measures in an attempt to bring down its trade deficit from around \$800 billion annually. It is holding its trading partners accountable by vigorously enforcing US rights under various trade agreements. But the recent proposal by Trump administration to levy steep tariff on steel imports may hit India's domestic steel market. Recently, US had proposed to impose tariffs of 25% on steel imports and 10% on imported aluminium to protect domestic steel industry from cheap imports. It 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. The need for all developing countries to benefit from special and differential treatment should be emphasised in a balanced way. 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 balanced emphasis on the need for developing countries to get benefits from special and differential treatment. The current edition presents a brief insight on the total trade pattern of the engineering sector in North America during the first eleven 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

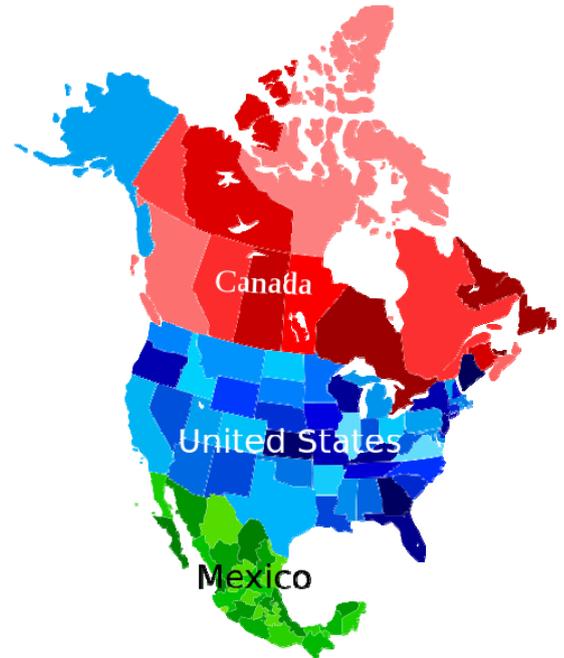
Population: 579 million (2016)

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.



India stresses on need to continue special and differential treatment for developing countries

The threat posed to the World Trade Organisation by the US action of selective imposition of import tariffs on steel and aluminium and ways to deal with it dominated the discussion at the informal Ministerial Meet in New Delhi recently.

India also batted for the need to preserve the mandate of special and differential treatment for developing countries while some members argued that larger countries should opt out.

Addressing a press conference after the meeting, attended by representatives of 51 countries, WTO Director-General Roberto Azevedo said that he had serious concerns about the ramification of the US action on tariffs.

“These measures have serious possibility of escalation. My hope is that the affected countries will talk it out and see how to handle this within WTO framework. That is how we can handle this,” said Azevedo .

The countries affected by the US action include Japan, Korea, India and the EU among others.

Azevedo said that India's move to host the informal meet at the crucial moment when world trade rules were under threat showed the country's commitment towards the multilateral framework.

Members who were represented at the meet included the US, the EU, Brazil, China, Russia and South Africa.

On the issue of special and differential treatment (S&DT) — which basically is an entitlement given to poorer countries to get more concessions from richer members and give fewer concessions in return — there were other members such as the US and the EU, who wanted larger developing countries, such as India, China and Brazil, to opt out. India, however, did not agree.

“S&DT for developing countries is a fundamental part of the WTO mandate. This must be carefully preserved. We do not support arguments which are based on indicators such as aggregate GDP but disregard the millions of people that live in poverty in these countries,” said Minister of State CR Chaudhary at the plenary session of the meeting.

The divergence of opinions was reflected in Commerce and Industry Minister Suresh Prabhu’s concluding remarks.

“The need for all developing countries, including LDCs, to benefit from S&DT in future trade agreements was emphasised in many interventions. While this was contested in some interventions, the need to find a way to address the issue in a balanced way was emphasised by some participants,” said Prabhu.

India’s latest trend in engineering exports to North America

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

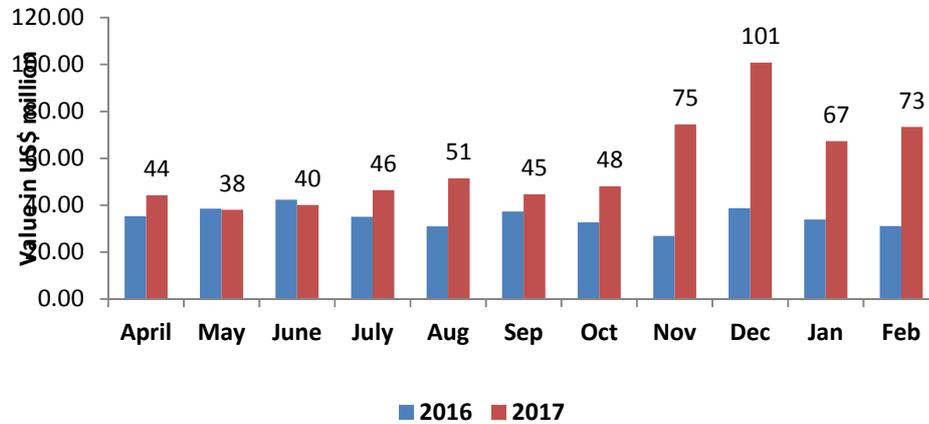
Table2: Engineering Exports to North America
Value in USD million

North America	April-February 2016-17 (USD million)	April-February 2017-18 (USD million)	Growth (%)
USA	6252.06	9211.38	47.3
Mexico	2202.56	2427.73	10.2
Canada	382.67	629.03	64.4
Total	8837.29	12268.14	38.8

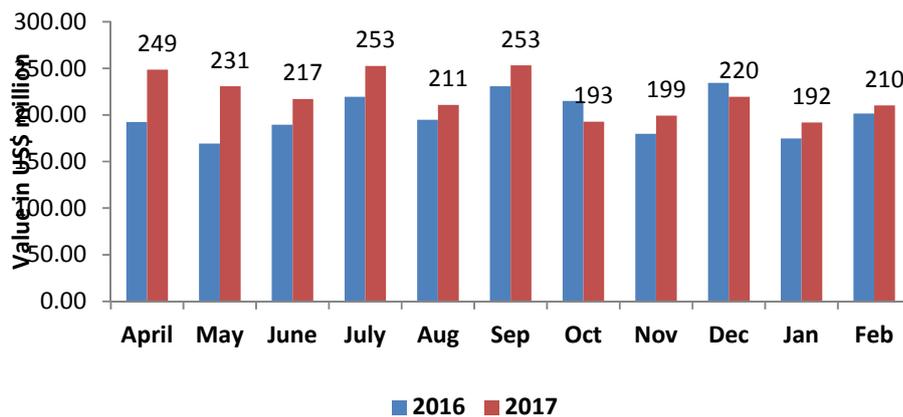
Source: DGCI&S

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

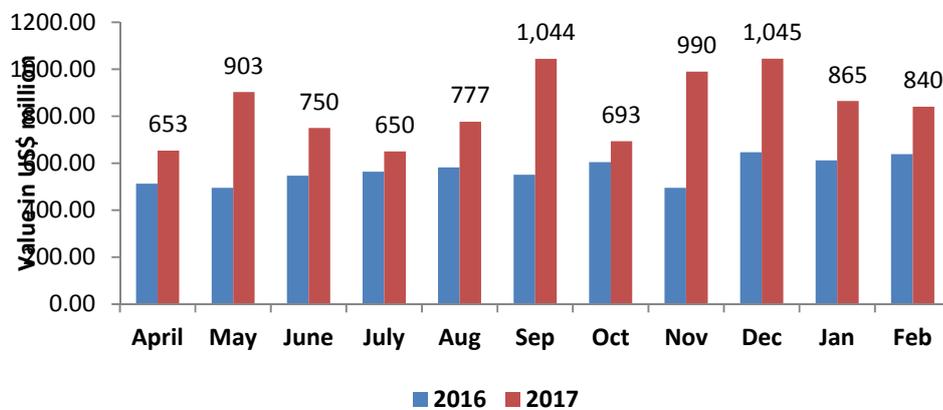


Table 3: Top 15 engineering panels exported to North America in April-February 2017-18

US\$ Million

DGCI&S Engineering Panels	India's export in April-February 2016-17	India's export in April-February 2017-18	Growth (%)
Motor Vehicle/cars	1412.20	2124.60	50.4
Products of Iron and Steel	1284.48	1749.42	36.2
Auto Components/Parts	924.61	1198.61	29.6
Electric Machinery and Equipment	715.25	1141.95	59.7
Aluminium and products	454.12	766.40	68.8
Industrial Machinery and parts	606.84	755.28	24.5
Other Misc Parts	537.95	654.41	21.6
Aircrafts & Spacecrafts	582.53	602.33	3.4
Iron and Steel	424.12	494.47	16.6
Ships, Boats and Floating Bodies	0.31	443.73	142335.7
IC Engines and Parts	370.81	423.94	14.3
Machinery for ATMs	259.85	353.99	36.2
Medical and Scientific Instruments	226.46	225.32	-0.5
Pumps of all types	123.86	214.22	73.0
Copper and products	135.01	149.12	10.5

Source: DGCI&S

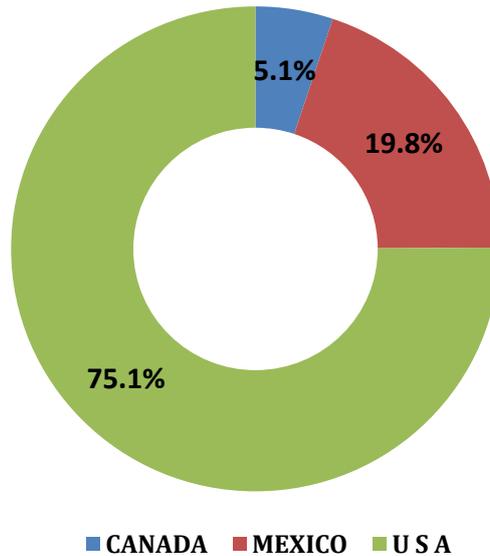
After EU, Indian engineering exports to North America ranked 2nd during April-February of the current fiscal 2017-18.

USA remained at the top for Indian engineering exports with imports of over US\$ 9 billion. The main engineering products exported to the country include Products of Iron and Steel, Electrical Machinery and Equipment, Auto Components/Parts, Other Industrial Machinery, Aircraft and Spacecraft, Other Misc Items, etc during April-February 2017-18.

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

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

APRIL,2017 - FEBRUARY,2017



Source: DGCI&S

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

1. USA

Indian engineering exports to USA, continues to be the highest during April-February 2017-18. At present, it accounts for over 75% of India's total engineering export to North America (and 13.5% of India's global engineering exports).

Top products traded in USA: Products of Iron and Steel, Electrical Machinery and Equipment, Auto Components/Parts, 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-February 2017-18. At present, it accounts 19.8% of India's total engineering export to North America (and 3.6 per cent of India's global engineering exports) during April-February 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 5.1% of India's total engineering exports to North America (and 0.9% of India's global engineering exports) during April-February 2017-18.

Top products traded in Canada: Products of iron and steel, Auto components/parts, Motor Vehicles and cars, Aluminium and products, Other Misc Item, Iron and steel, etc.

News in Focus

❖ India seeks waiver from US steel and aluminium tariffs

India has asked the United States to exempt it from higher tariffs on steel and aluminium, saying Indian exports of the two products did not pose a security threat to America, three government officials said. Last week, US President Donald Trump suspended tariffs for Argentina, Australia, Brazil, South Korea, Canada, Mexico and the European Union, the biggest US trading partner, until May 1, 2018, as discussions continue.

The administration said countries not on the list could discuss with Washington ways to address US national security concerns caused by imports of steel from that country.

India's trade ministry has written to the US government, asking that it also be exempted from the 25 percent levy on steel and 10 percent on aluminium to protect US national security and economic interests, grounds that experts say suggest are primarily aimed against China.

"The tariffs will definitely affect our exports. And clearly, as far as the quantum is concerned and the type of steel is concerned, there is no such thing as a security threat to the US," Steel Minister Chaudhary Birender Singh told Reuters.

The United States accounts for 2 percent of India's steel exports but the move comes at a time when long-festering trade differences between the two countries are already aggravated, triggered by tariffs that India has imposed on dozens of products in recent months as part of steps to boost the domestic industry.

Source: http://economictimes.indiatimes.com/articleshow/63517801.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

❖ Don't equate us with China, India tells US

India has made it clear to the United States that even though it figures in its top 10 list of high trade deficit countries, Washington must stop equating it with China on the basis of a reversing trend this year. The trade deficit between India and the US has reduced by about \$1 billion this year while overall trade has grown by about \$13 billion to a little over \$125 billion for 2017-18. India has told the US that while the numbers may appear insignificant, it's possibly the only country on the list to show a downward trend.

China's trade deficit grew by over \$25 billion to about \$375 billion. This re-crafted Indian position, ET has reliably learnt, was conveyed to US Trade Representative Robert Lighthizer by Foreign Secretary Vijay Gokhale last week right after US lodged a complaint against India at the World Trade Organization, challenging almost all export subsidy programmes.

Lighthizer has the trust of US President Donald Trump as someone who understands his scepticism on free trade. Yet, Washington has so far indicated to keep disputes within the WTO and not let them impact the bilateral ties.

Gokhale is believed to have told Lighthizer that this downward trend will further continue through increased gas imports by India and orders for civilian planes. India's expanding civil aviation sector is estimated to book over 500 aircraft orders to Boeing over next five to 10 years.

India is of the view that the deficit will further reduce by \$2-3 billion over the next year. And while that may be still way off from balancing out the \$29 billion trade deficit, senior government officials told ET that the US must recognise India's efforts that stand out from China which still tops the list with the highest deficit. And by Indian

estimates efforts are only going to increase. The US, for its part, has told India that it needs to rationalise its subsidies and tariff.

Source: <https://economictimes.indiatimes.com/news/economy/foreign-trade/dont-equate-us-with-china-india-tells-us/articleshow/63423141.cms>

❖ **US move may lead to global trade war, says WTO chief Roberto Azevedo**

World Trade Organization (WTO) Director-General Roberto Azevedo has warned of a potential global [trade war](#) as other nations could retaliate against recent decisions by the US to unilaterally raise tariffs and repeatedly target the multilateral rules-based trade regime.

India also secured a promise of further talks on agricultural stockpiling for food security purposes after developed nations, which had been against the idea, reportedly softened their stance.

Addressing reporters on Tuesday after the conclusion of the two-day WTO mini-ministerial called by India, Azevedo pointed out that participating nations had unanimously protested against the actions of the [Donald Trump](#) administration, which raised tariffs on steel and [aluminium imports](#) by up to 25 per cent for select nations, including India and China.

"People say the WTO is the sheriff of international trade. We are not. The WTO does not, as an institution, take a stance. But I am very concerned because of these measures. This has a very real possibility for escalation because of the possibility of responses from other partners with trade restrictive measures," Azevedo said.

Among issues important to India, apart from the decision to continue talks on agriculture-related issues, the meet has not come out with any decisions. "We never expected any outcome, nor were we working for it. The idea was to create a meeting of minds," Commerce and Industry Minister Suresh Prabhu said. Azevedo also hinted that more nations were now interested in talking about issues that were part of the Doha development round of discussions, which included agricultural topics.

Questions over the role of the organisation also multiplied after the US repeatedly said the WTO did not help in the growth of world trade. "They see some conversations in the WTO they want to have, and that they would like to see happening. However, they think the world has changed a lot and the WTO needs to have some kinds of reforms. We do not know, we are beginning to have those kinds of conversations," Azevedo said referring to the US.

However, the recent tussle between member-nations over the dispute settlement system at the multilateral body was also addressed.

The dispute settlement system was compromised after the US blocked the appointment of appellate body members. The lack of judges on the body has become a serious concern, since it is the principal body tasked with arbitration between nations on trade disputes.

However, the recent case lodged by the US against India at the WTO, which could have repercussions for India's export promotion schemes, was not discussed at the meet. Last week, the US challenged India's export promotion schemes at the WTO. India has promised to fight back the charge that it was misusing export subsidies, and was set to reply within 30 days, according to WTO rules.

Source: http://www.business-standard.com/article/current-affairs/us-move-may-lead-to-global-trade-war-says-wto-chief-roberto-azevedo-118032100040_1.html

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	http://www.aluminum-us.com/
Aircraft Interiors Expo Americas	25th-27th Sep 2018	Boston Convention & Exhibition Center, Boston, MA, United States	http://www.aircraftinteriorsexpo-us.com/
INTERPHEX	17th-19th April, 2018	Jacob K. Javits Convention Center, New York, United States	http://www.interphex.com/
PAACE Automechanika Mexico	14th-16th March 2018	Mexico City	https://paace-automechanika-mexico.us
Fabtech Mexico	2nd-4th May 2018	Mexico City	www.fabtechmexico.com

Tender information in North America

Table 8: Tender related information

Title	Deadline	Country	Link
2018 Trailer Mounted Brushing Chipper	9 April 2018	Canada	http://www.tendersinfo.com/details/433414065?desc=2018-Trailer-Mounted-Brushing-Chipper
Acquisition Of Land Vehicles And Equipment	5 April 2018	Mexico	http://www.tendersinfo.com/details/433407711?desc=Acquisition-Of-Land-Vehicles-And-Equipment
Electric Vehicle Passenger Cars	12 April 2018	Canada	http://www.tendersinfo.com/details/433414340?desc=Electric-Vehicle-Passenger-Cars
2018-t-11 Single Axle Dump/plow Truck	17 April 2018	Canada	http://www.tendersinfo.com/details/433414273?desc=2018-t-11-Single-Axle-Dump/plow-Truck
Supply Of Electric Car Chargers	12 April 2018	Canada	http://www.tendersinfo.com/details/433414239?desc=Supply-Of-Electric-Car-Chargers
Boiler Replacement	3 rd April, 2018	United States	http://www.tendersinfo.com/details/433401951
Acquisition Of Vehicles Equipped As Patrol	10 th April, 2018	Mexico	http://www.tendersinfo.com/details/433402228

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