

March 2019

### Chairman's Pen



North America has been consistently one of the largest destinations for Indian engineering goods with India exporting US\$ 13.85 billion to North America during April-February 2018-19. Exports to the region account for nearly 19.3% of our global engineering exports. Exports to North America represent a diversified phenomenon as it includes different trade patterns with the three countries (USA, Mexico and Canada) of the region. 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 eleven months of current fiscal April-February 2018-19. Emphasising on the five year trend analysis, we can see engineering exports to North America moved up from US\$ 7.9 billion in 2013-14 to US\$ 13.7 billion in 2017-18 at a CAGR of 14.31% from 2013-14 to 2017-18, almost more than double than that of India's global engineering export growth of 5.45% during the same period. It is pertinent to mention that the share of engineering exports to North America in India's total engineering exports moved up from 13% in 2013-14 to 17.9% in 2017-18 and to 19.3% in April-Feb 2018-19. USA, the top most engineering export destination from India recorded a CAGR growth of 14% while Mexico grew at a CAGR of 18.2% and Canada grew at 12% respectively from 2013-14 to 2017-18.

Briefly, it is pertinent to mention that India and the US' total bilateral trade in goods and service has increased from a mere USD 20 billion in the year 2000 to billion in the year 2000 to over USD 126.1 billion in the year 2017. The two countries have set a target of taking the total bilateral trade to USD 500 billion. While the ongoing trade war between the US and China, the world's biggest economies, has sent alarm bells ringing where global growth is concerned, Indian businesses can end up as a beneficiary if they can explore the US markets strategically. After introduction of additional tariff of 25% on Chinese products, Indian products are expected to become competitive in the US market. On behalf of EEPC India we have already started sensitizing our members about these opportunities. More support is required from the Government for organizing awareness programmes in order to boost exports. In order to engage more with the US, more and more promotional activities are needed to be carried out in US. Support from the Government is needed in this regard too.

### Ravi Sehgal

#### Message from Chairman, Committee on Trade with North America



This edition of Territorial Newsletter for North America emphasised on the brief inputs of the 1<sup>st</sup> meeting on Territorial Committee on Trade with North America held in the month of February 2019. The current edition also presents a brief insight on the total trade pattern of the engineering sector in North America during April-February of 2018-19. Further, it also 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

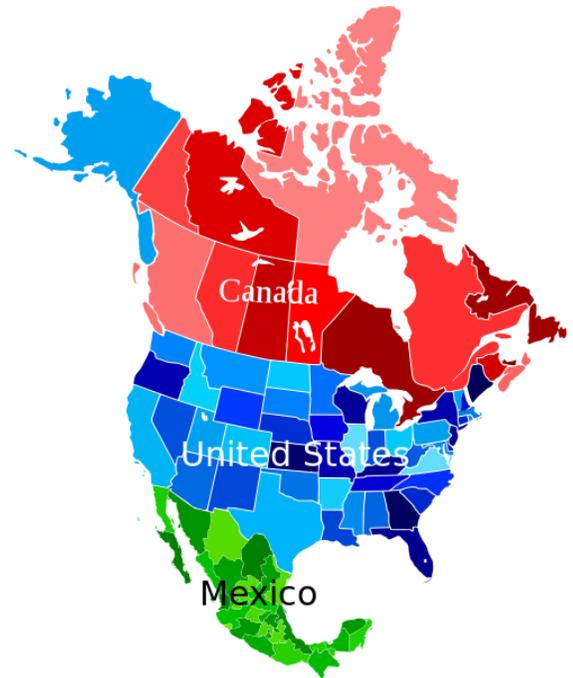
**Population:** 579 million (2016)

**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.



### Brief Inputs on North America Territorial Committee Meeting held on 26<sup>th</sup> February, 2019 at EEPC HO. Kolkata

EEPC India organized the 1st meeting of the new Territorial Committee on Trade with North America, held on 26th February, 2019 at Kolkata. The meeting was chaired by Shri Anupam Shah, Chairman of the Committee. The meeting connected all the other regions of EEPC India offices through video conferencing, including New Delhi, Mumbai, Chennai and Hyderabad.

Shri Anupam Shah, Chairman-Committee on Trade with North America welcomed the members to the 1st meeting of the new Territorial Committee on Trade with North America. He took up the agenda for discussion and mentioned that the Committee has met to discuss ways and means for furthering engineering exports to North American countries. He introduced the members present in the meeting. He emphasised on engineering export trade pattern to North America vis-à-vis India's global exports, impact of Steel prices after the imposition of US section 232 trade act, need for US GSP expansion, recent updates on interest equalization scheme and MEIS benefit.

Thereafter, Shri Ravi Sehgal, Chairman, EEPC India added some more points for discussion in the agenda. He emphasised on the need for raising the MSME funding limit, setting up technologically advanced plant and machinery, incorporating the need for artificial intelligence as a part of technological development.

Shri Mahesh Desai, Sr. Vice Chairman also attended the meeting from Hyderabad He informed the members to visit the region for scouting business and thereby take advantage of the opportunities. He even pointed out some issues which the domestic industries are facing and for that he suggested that firstly we need to categorise MSME industries in details. He proposed the need increasing the MSME investment limit to Rs 50 crore and even hindered on the need for enhancing technology and setting up of plant and machinery, etc.

Shri Arun Kr Garodia, Vice Chairman, EEPC India, Kolkata addressed the members that there has been atleast 20%-25% price gap in steel raw materials between China and India, and we get beaten by the price, while exporting to countries like USA. He also suggested the need to get 5% interest subsidy rather than 3% subsidy.

Some member exporters also raised their queries during the meeting on points regarding UL certification while exports to USA, problem of high raw material cost especially on steel making the exporters uncompetitive with Chinese goods even after the Tariff situation between USA and China. Members embarked on the point of focusing on Advance Licensing in order to protect the MMSME sector. Even there is need to focus on technology upgradation also. Some members requested the Chairman to provide some support with Product Liability Insurance in USA. Mr. Krishanlal Dhingra, Regional Chairman, (WR), EEPC India assured EEPC India will help them to connect with this.

EEPC India also organized an interactive session with ECGC Ltd soon after the committee meeting at the same venue. Mr. Subir Das, DGM & Regional Manager, ER, ECGC Ltd was our Guest Speaker for the session. Shri Anupam Shah, Chairman, North America Territorial Committee welcomed him for this interactive session and requested him to brief out the functions of ECGC to all our members. Mr. Subir Das, stated that firstly ECGC provides a range of credit risk insurance covers to exporters against loss in export of goods and services as well. Secondly, ECGC offers guarantees to banks and financial institutions (on pre and post shipment level) to enable exporters to obtain better facilities from them. Thirdly, ECGC provides Overseas Investment Insurance to Indian companies investing in joint ventures abroad in the form of equity or loan and advances.

Shri Anupam Shah also requested our Guest Speaker to give details on the factoring services provided by ECGC. On reply, Mr. Subir Das stated that ECGC is now offering “Export Factoring Facility” for Micro Small & Medium Enterprises (as defined in MSME Act-2006). This facility has been launched for the past one and a half years. The Export factoring is a package of financial products consisting of working capital financing, credit risk protection, maintenance of sales ledger and collection of export receivables from the buyer located in overseas country. The eligibility for ECGC’s Export factoring facility for MSME whose turnover upto INR 250 crores and their exports are acceptable from A1 (least risk) and A2 countries whereas B1 or D are listed as risky and most risky countries respectively. It takes into account of bill purchase, risk management, ledger maintenance and financing – all in a cost effective manner

Some more issues discussed with our members during the meeting affecting exports to North America are mentioned below:

- a) ***Members were of the opinion that, it is very much visible that India’s most powerful driver of economic growth-the MSMEs sector will get affected due the probable termination of GSP scheme. The termination would undoubtedly affect the exporters of the engineering industry and affect the quantum of exports into the US markets.***
- b) ***Members also emphasized on the need to include more engineering tariff lines under this interest equalisation scheme.***
- c) ***Members stated that in order to counter this Chinese strategy, the MEIS rates on all engineering products should be raised by another 3%. We need to do this quickly so that it is possible to reverse the declining trend in engineering exports in recent months.***

Shri Anupam Shah ended the session by saying that North America will remain our biggest market. He added that we should organize at least two promotional activities in USA every year. Some of the members also

wanted to participate in promotional Events like Fabtech USA & National Farm Machinery show in the upcoming year. So he suggested that more support is required from the Government for organizing awareness programmes in order to boost exports.

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

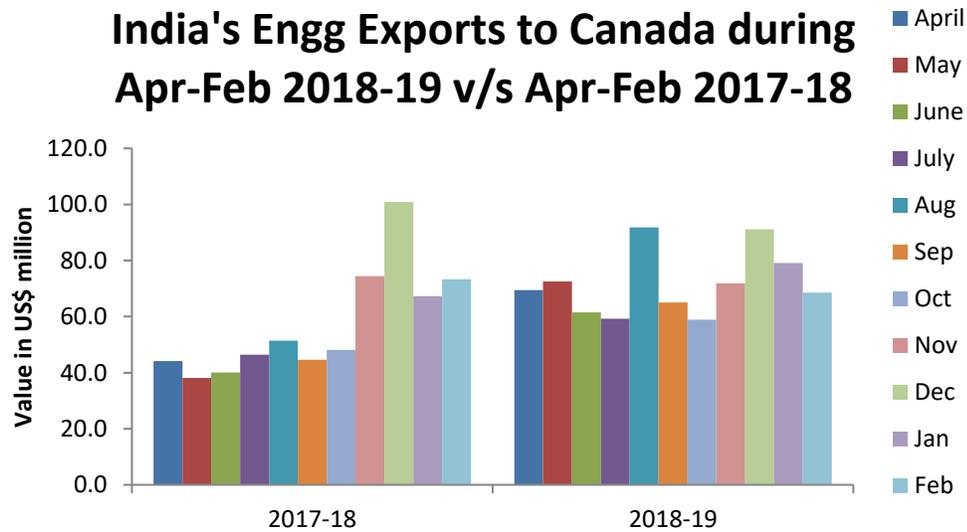
India engineering export with North America – country wise for the fiscal year April-Feb 2018-19 is depicted in the table below. Nations which had the highest demand for Indian engineering products during April-Feb 2018-19 compared to April- Feb 2017-18 in absolute values include:

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

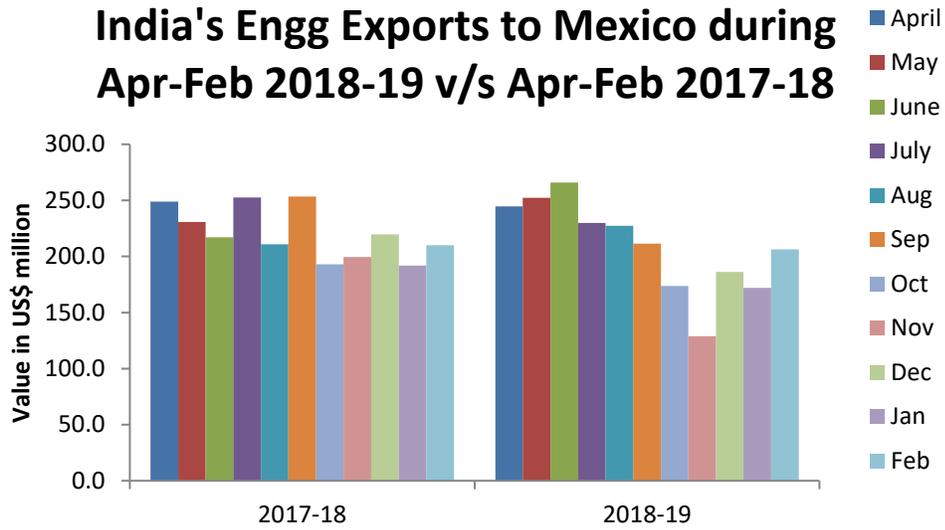
North America	April-Feb 2017-18 (USD million)	April-Feb 2018-19 (USD million)	Growth (%)
USA	9211.6	10767.0	16.9%
Mexico	2427.5	2298.3	-5.3%
Canada	628.9	789.2	25.5%
<b>Total</b>	<b>12268.1</b>	<b>13854.5</b>	<b>12.9%</b>

Source: DGC&S

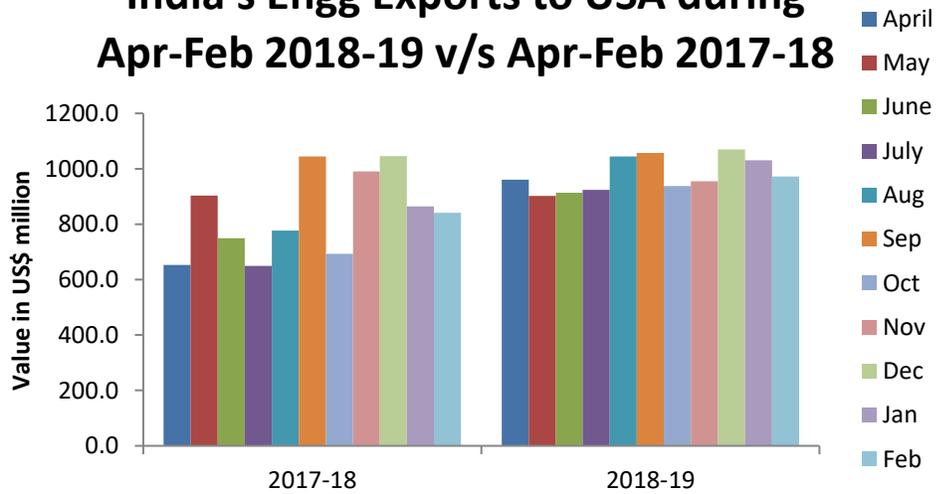
**Fig 2: Trend in Total Engineering Export in North America- Country wise during April-Feb 2018-19 v/s April- Feb 2017-18**  
Month wise



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



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



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

US\$ Million

DGCI&S Engineering Panels	April- February 2017-18 (USD million)	April- February 2018-19 (USD million)	Growth (%)
Motor Vehicle/cars	2124.6	2330.2	10%
Electric Machinery and Equipment	1141.8	1946.2	70%
Products of Iron and Steel	1749.5	1870.3	7%
Auto Components/Part	1198.5	1416.5	18%
Aluminum and products	765.9	1035.7	35%
Industrial Machinery and parts	755.6	919.5	22%
OTHER MISC. ITEMS	654.1	755.8	16%
Aircrafts & Spacecraft	602.3	499.4	-17%
IC Engines and Parts	423.7	457.3	8%
Machinery for ATMs	354.0	448.0	27%
Iron and Steel	493.7	380.0	-23%
Medical and Scientific Instruments	227.1	270.1	19%
Pumps of all types	214.2	266.8	25%
Other Construction Machinery	142.4	198.0	39%
Air condition and Repair Machinery	125.7	196.3	56%

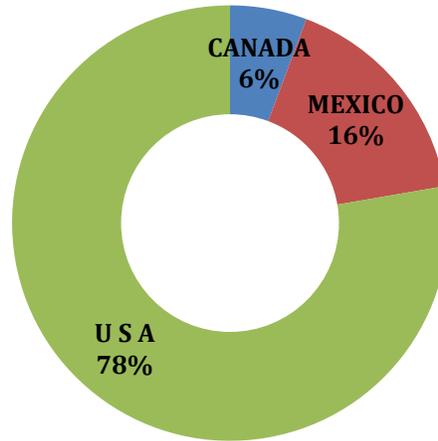
Source: DGCI&S

After EU, Indian engineering exports to North America ranked 2<sup>nd</sup> during April-Feb 2018-19. USA is the top most export destination for Indian engineering goods with imports of over US\$ 10767 million for the fiscal April-Feb 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-February 2018-19.

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

**Fig3: India's engineering export share to North American Countries (%) during April- February 2018-19 vis-à-vis April- February 2017-18**

## Share % of Engineering exports to North America-April-February 2018-19



Source: DGCI&S

### Country wise India's engineering exports to North America for the year April-February 2018-19

#### 1. USA

Indian engineering exports to USA, continues to be the highest during April-February 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 ranked as the 7th largest export destination for engineering products during April-February 2018-19, moving few place down in the rank order among India's top export destinations compared to that of same period last fiscal. 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-February 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-February 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.

### ❖ **India-US commercial dialogue, CEO Forum to be held on Feb 14**

US Secretary of Commerce Wilbur Ross and Commerce and Industry Minister Suresh Prabhu will discuss key issues such as India's FDI rules for e-commerce and import duties on IT and electronics and the US penal duties on steel and aluminium at the US-India Commercial Dialogue next week, a government official said.

Top CEOs from both countries led by ATC's James Taiclet and Tata Son's N Chandrasekaran will also brainstorm on areas of bilateral cooperation and point out problems at the India-US CEO Forum to be held simultaneously on February 14.

"The two sides have agreed to hold both the commercial dialogue and the CEO Forum on February 14 in New Delhi. We expect a lot of action as there are a number of unresolved issues from the both sides that would be taken up and the areas of future cooperation, too, would be spelt out," the official said.

While there have been a lot of niggling trade issues between India and the US over the past year, diplomatic relations between the two countries remained strong. "We are hopeful that the Commercial Dialogue will address many issues that have caused bitterness recently," the official said.

Washington is peeved with New Delhi for tightening FDI rules on e-commerce that would force US majors such as Amazon and Walmart to change their model of operation in the online space in India and could cause revenue loss.

The US is also unhappy with India imposing import duties on smart phones and some other electronic and telecom equipments which the country claims is in violation of the World Trade Organization's (WTO) IT Agreement.

India, on the other hand, is upset with America's refusal to remove penal duties on its steel and aluminium and also wants waiver from sanctions on oil purchase from Iran, given by the US, to continue beyond April 2019. The Commercial Dialogue will also focus on issues including standards, business climate and investment and travel and tourism, the official added.

The areas that the India-US CEO Forum will look at include MSME, ICT, infrastructure and logistics, energy and environment, finance, healthcare and pharmaceuticals, defence and aerospace and media and entertainment. The CEO Forum will present a report on the progress made in the key areas since the last meeting and also lay down goals for the future. The CEOs will bring out a list of potential areas of cooperation between the US and Indian governments.

The US trade deficit with India bridged by almost six per cent in 2017 to \$22.9 billion, according to the 'Trade Estimate 2018' released by the USTR earlier this year. India believes that with purchase of oil and gas from the US for the first time in 2018 worth about \$3 billion, the deficit would go down further.

Washington, however, wants India to give greater market access to its industry so that the deficit could be bridged further, but New Delhi says that there is not much it can do as it has not imposed any country-specific barriers against American goods.

Source: <https://www.thehindubusinessline.com/economy/us-india-trade-ties-india-us-commercial-dialogue-ceo-forum-to-be-held-on-feb-14/article26186849.ece>

### ❖ **US trade threat looms over India**

Amid growing trade tension between India and the US, there is a worry lurking that Washington may withdraw the facility of Generalised System of Preferences (GSP) on more items.

Under the GSP, India enjoys zero tariffs on \$5.6 billion of exports to the US. In November last year, the Trump administration had partially withdrawn the GSP on 50 items worth \$70 million.

Indian has been pressing for the reinstatement of the GSP. If Washington goes ahead and withdraws the GSP on more items it would be the strongest punitive action since President Donald Trump took office in 2017 and vowed to reduce the US deficit with large economies.

The threat comes at a time the commerce ministers of India and the US are scheduled to meet next week to discuss issues such as steel duties by Washington, e-commerce rule changes by the Modi government and the opening up of the Indian market to American goods and the reduction of trade deficit.

According to senior commerce ministry officials, US Secretary of Commerce Wilbur Ross and commerce and industry minister Suresh Prabhu will meet on February 14 to discuss these issues threadbare. The meeting will be held under the aegis of the US-India Commercial Dialogue.

They also indicated India would press for the extension of the waiver on the import of Iranian crude that is slated to end in March. The extension of the waiver by the US would enable India to secure cheap crude from Tehran. In November, the US had allowed eight countries to buy oil from Iran for a period of 180-days, while imposing economic sanctions against the Islamic nation.

Top CEOs from both the countries, led by ATC's James Taiclet and Tata Son's N. Chandrasekaran, will also brainstorm on areas of bilateral co-operation at the India-US CEO Forum to be held simultaneously on February 14. The trigger for the latest downturn in trade ties is India's new rules on e-commerce that restrict the way Amazon and Walmart-backed Flipkart do business and the steps to force global card payments companies such as Mastercard and Visa to move their database to India.

The US has been pushing India to open up more areas where it can export or to reduce tariff on products such as high-end motorbikes.

Washington is upset with New Delhi for tightening the FDI rules on e-commerce that would force US majors such as Amazon and Walmart to change their model of operation in the online space in India and could cause revenue loss. The US is also unhappy with India imposing import duties on smartphones and some other electronic and telecom equipment.

India, on the other hand, is aggrieved by America's refusal to remove penal duties on its steel and aluminium. Next week's meeting assumes importance in the wake of the US concern about its trade deficit with India. India's trade surplus with the US was \$21.27 billion in 2017-18. In the April-November period of the current fiscal, this gap was \$10.5 billion in India's favour.

Source: <https://www.telegraphindia.com/business/us-trade-threat-looms-over-india/cid/1684055>

### ❖ U.S. may end zero-tariffs for India

The latest downturn in trade ties was India's new rule on FDI in e-commerce. India could lose a vital U.S. trade concession, under which it enjoys zero tariffs on \$5.6 billion of exports to the United States, amid a widening dispute over its trade and investment policies, people with close knowledge of the matter said.

A move to withdraw the Generalised System of Preferences (GSP) from India, the world's largest beneficiary of a scheme that has been in force since the 1970s, would be the strongest punitive action against India since President Donald Trump took office in 2017, vowing to reduce the U.S. deficit with large economies. Mr. Trump has repeatedly called out India for its high tariffs. Indian Prime Minister Narendra Modi has courted foreign investment as part of his Make-in-India campaign to turn India into a manufacturing hub and deliver jobs to the millions of youth. Mr. Trump, for his part, has pushed for U.S. manufacturing to return home as part of his Make America Great Again campaign. The trigger for the latest downturn in trade ties was India's new rules on e-commerce that restrict the way

Amazon.com Inc. and Walmart-backed Flipkart do business in a rapidly growing online market set to touch \$200 billion by 2027.

That, coming on top of a drive to force global card payments companies such as Mastercard and Visa to move their data to India and the imposition of higher tariffs on electronic products and smartphones, left a broader trade package the two sides were working on through last year in tatters.

The GSP was tied to the trade package and since that deal had slipped further away, the U.S. was considering withdrawing or scaling back the preferential arrangement, people familiar with the matter said.

Source: <https://www.thehindu.com/business/Economy/us-may-end-zero-tariffs-for-india/article26218608.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
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>
<a href="#">Blasting Grit</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="#">Selector Assembly M</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="#">Brake Shoe</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="#">Chain Assembly Tire</a>	24 <sup>th</sup> May 2019	United States	<a href="http://www.tendersinfo.com/details/444140416">http://www.tendersinfo.com/details/444140416</a>

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**Territorial  
NEWSLETTER**

### EEPC India North America Territorial Newsletter

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