

Chairman's Pen



Global trade of late has started witnessing a new era where instead of becoming liberal, the developed world has been turning conservative gradually with a view to save their domestic industries from cheaper and surplus imports. After the recent US decision to impose high tariffs on imports of Indian Steel and Aluminium which is under further prosecution, US also dragged India to the WTO's dispute settlement mechanism over export subsidies, saying that these incentives were harming the American companies.

In spite of the protectionist beggar-thy-neighbour policy adopted by US, it remained the top most export destination for engineering goods in 2017-18 as well as for the month of April in the current fiscal 2018-19. Infact trade has transformed U.S.-India relations. Total trade has increased from US\$ 61.4 billion in 2012-13 to US\$ 64.52 billion in 2016-17 and to US\$ 74.49 billion in 2017-18. 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.

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 WTO dispute panel that has been set up to examine US allegations against certain export subsidy measures in India.

The current edition presents a brief insight on the total trade pattern of the engineering sector in North America during the first month 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

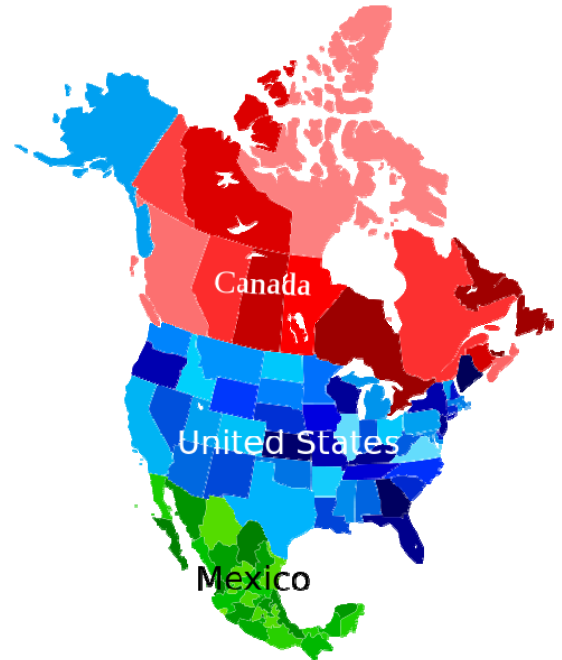
Population: 579 million (2016)

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.



Dispute Settlement Body set up at WTO on India-US case on export subsidies

The Dispute Settlement Body (DSB) of the World Trade Organisation (WTO) has decided to set up a panel to look into a complaint filed by the US alleging that certain export promotion programmes of the Government of India which Washington claims are prohibited export subsidies.

The US Trade Representative (USTR) earlier alleged that Indian export promotion schemes like Merchandise Exports from India Scheme (MEIS), Service Export from India scheme (SEIS), Export-oriented Units Scheme, Sector specific schemes including Export Promotion Capital Goods Scheme, SEZ Scheme and Duty Drawback Scheme among others along with pre-shipment and post-shipment financing to exporters are actually export subsidy schemes to allow exporters to sell their goods more cheaply in the overseas markets.

The US argued that as India's Per Capital Gross National Product exceeded US\$ 1000 (threshold limit to enjoy these export subsidies), India was not entitled to continue any export subsidy scheme, but the country was yet to withdraw the same.

A note from WTO mentioned that the said panel was established under the special provision of WTO's Agreement on Subsidies and Countervailing Measures (SCM) that allowed establishment of panels on first request for disputes on alleged prohibitive export subsidies. India was not given an opportunity to object to the first request as the usual practice did not allow a country to have this facility.

Indian government however did not think in line of the USTR that the stipulated time to withdraw these schemes already expired and it wanted more discussion on this issue.

India's latest trend in engineering exports to North America

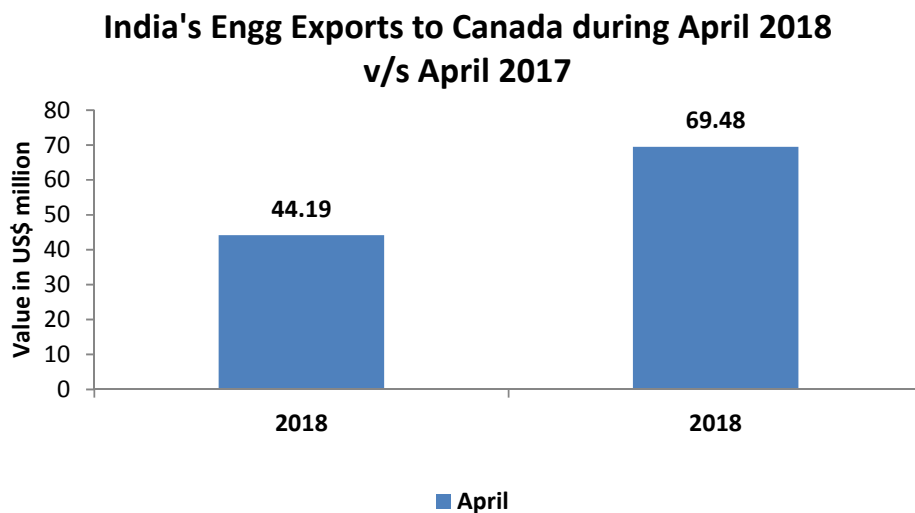
India engineering export with North America – country wise during the month of April for the new fiscal of 2018 is depicted in the table below. Nations which had the highest demand for Indian engineering products in the month of April for the current fiscal 2018-19 in absolute values include:

Table2: Engineering Exports to North America
Value in USD million

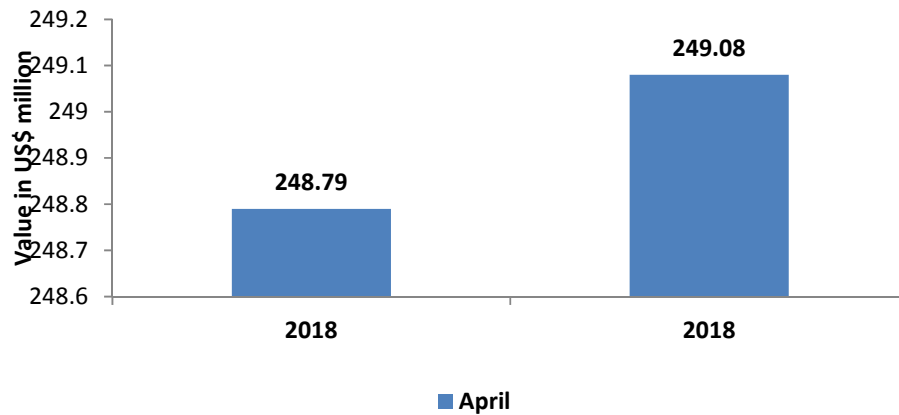
North America	April 2017 (USD million)	April 2018 (USD million)	Growth (%)
USA	653.3	960.73	47.1
Mexico	248.79	249.08	0.1
Canada	44.19	69.48	57.2
Total	946.28	1279.29	35.2

Source: DGCI&S

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



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



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

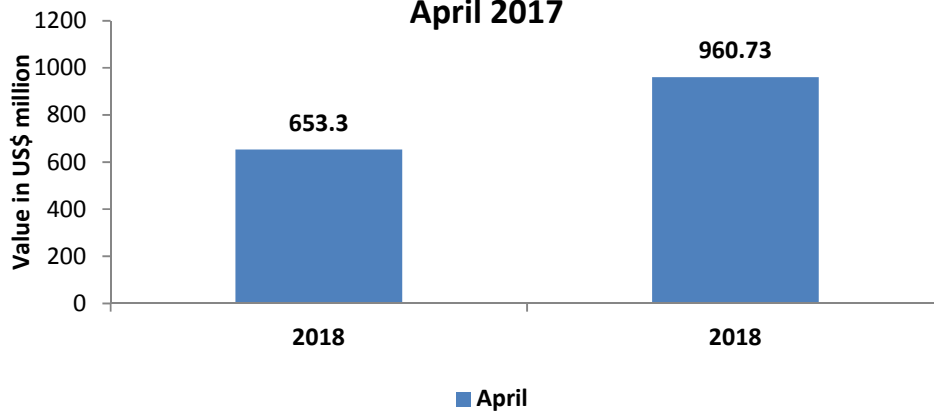


Table 3: Top 15 engineering panels exported to North America in April 2018 vis-à-vis April 2017

US\$ Million

DGCI&S Engineering Panels	April 2017 (USD million)	April 2018 (USD million)	Growth (%)
Motor Vehicle/cars	165.79	263.8	59.1
Electric Machinery and Equipment	76.83	189.73	146.9
Products of Iron and Steel	136.67	151.97	11.2
Auto Components/Parts	101.16	123.4	22.0
Industrial Machinery and parts	56.99	93.84	64.7
Aluminium and products	44.35	79.12	78.4
Other Miscellaneous Items	51.02	62.02	21.6
Aircrafts and Spacecrafts	45.43	53.5	17.8
Iron and Steel	63.93	39.46	-38.3
Machinery for ATMs	30.43	36.03	18.4
IC Engines and Parts	39.57	35.2	-11.0
Medical and Scientific Instruments	19.65	23.29	18.5

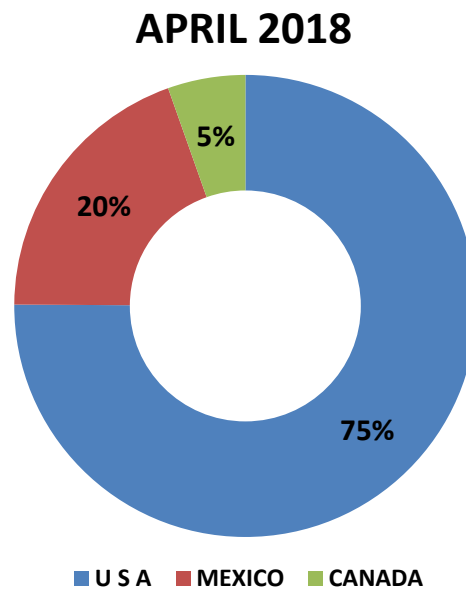
DGCI&S Engineering Panels	April 2017 (USD million)	April 2018 (USD million)	Growth (%)
Other Construction Machinery	9.68	17.82	84.1
Pumps of all types	16.99	17.39	2.4
Copper and products	12.44	13.13	5.5

Source: DGCI&S

After EU, Indian engineering exports to North America ranked 2nd during April 2018 of the current fiscal 2018-19. USA remained at the top for Indian engineering exports with imports of over US\$ 960 million. 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, etc during April 2018.

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

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



Source: DGCI&S

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

1. USA

Indian engineering exports to USA, continues to be the highest during April 2018. At present, it accounts for over 75% of India's total engineering export to North America (and 13.8% 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, etc.

2. Mexico

Mexico once again ranked as the 6th largest export destination for engineering products during April 2018, quite similar to the trend maintained in the last fiscal of 2017-18. At present, it accounts 19.5% of India's total engineering export to North America (and 3.6 per cent of India's global engineering exports) during April 2018.

Top products traded in Mexico: Motor vehicles/cars, Aluminium and products, Auto components and parts, Electrical machinery and Equipment, Other industrial machinery, Iron and Steel, 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 2018.

Top products traded in Canada: Products of Iron and steel, Motor Vehicles and cars, Auto components/parts, Other Industrial machinery, Machinery for ATMs, Electrical machinery and Equipment, etc.

News in Focus

❖ Indo-US export talks on April 11

In the first visit of a senior US trade official to this country since the Trump administration slapped curbs on steel and aluminium supplies from India and some others, assistant US trade representative Mark Linscott landed in New Delhi to huddle with senior commerce ministry officials on April 9, as per news reports. Separately, both the countries will hold the first formal consultation meeting at the World Trade Organisation (WTO) on April 11 over the US complaint to the multilateral body last month that New Delhi had been offering illegal export subsidies, said the sources. The US claimed that India's export subsidies, worth around \$7 billion a year, "harm American workers by creating an uneven playing field on which they must compete". The meeting with Linscott on April 11, has been aimed at setting the stage for the crucial trade policy forum (TPF) meeting to be held later this year, comes at a time when a trade war involving the top two economies, the US and China, threatens to spiral out of control, with the US seeking to step up the offensive against countries with which it runs a trade deficit.

While China alone accounted for a massive \$375 billion, or 46%, of the US goods trade deficit of \$810 billion in 2017, India made up for just 2.8% and occupied the ninth spot in the list of nations with which the Trump administration seeks to pursue a trade balance agenda. The sources said the US could use a special tariff regime it offers to many poor and developing countries, including India, for supplies of certain products duty free under the generalised system of preference (GSP) as a bargaining tool to ask India to restore trade balance. They said Washington could also push for higher supplies of US farm products and a more stringent intellectual property regime in India that would suit the American interest. It could also impress upon India to refrain from price control measures on medical equipment like bioresorbable stents that, it says, is hurting US companies. Under the GSP programme, select developing countries are allowed to export specified products duty-free to the US. Trade sources said India was its top beneficiary in 2016, as it shipped out goods worth \$4.7 billion to the US under GSP, which were equal to over 11% of its exports to the world's largest economy.

Exports of select items in the textiles, engineering, gems and jewellery, and chemical sectors are allowed duty-free access to the US. For its part, the Indian side will seek a greater market access in agriculture and impressed upon the US not to link benefits under the GSP with trade balance, as these are two separate issues and countries with much higher per capita income than India's are also gaining from the GSP. The US has already announced plans to impose tariff on goods supplies worth \$50 billion from China, invoking almost identical retaliatory measures from the second-largest economy. As for the dispute over export subsidies, India is seeking a reasonable time frame of eight years from the WTO to phase out its export subsidies, as the country has breached an income threshold stipulated by the multilateral body to end such sops. However, under a more immediate threat of being deprived of the subsidies is India's labour-intensive textile and clothing industry, as it crossed the sector-wise threshold (3.25% of global trade) as early as 2010. An eight-year window to end the subsidies (linked to export obligation) in the sector will

expire in December 2018. Some of the important export promotion schemes that could be challenged by the US include MEIS and EPCG.

Source: <https://www.financialexpress.com/economy/asst-ustr-visit-indo-us-export-talks-on-april-11/1123237/>

❖ **Cold-Drawn Mechanical Tubing From China, Germany, India, Italy, Korea And Switzerland Injures U.S. Industry, Says Usitc**

The United States International Trade Commission (USITC) today determined that a U.S. industry is materially injured by reason of imports of cold-drawn mechanical tubing from China, Germany, India, Italy, Korea, and Switzerland that the U.S. Department of Commerce (Commerce) has determined are sold in the United States at less than fair value.

Vice Chairman David S. Johanson, and Commissioners Irving A. Williamson and Meredith M. Broadbent voted in the affirmative. Chairman Rhonda K. Schmittlein and Commissioner Jason E. Kearns did not participate in the votes.

As a result of the USITC's affirmative determinations, Commerce will issue antidumping duty orders on imports of this product from China, Germany, India, Italy, Korea, and Switzerland.

The Commission also made negative findings concerning critical circumstances with regard to imports of this product from China, Italy, and Korea. As a result, imports of cold-drawn mechanical tubing from China, Italy, and Korea will not be subject to retroactive antidumping duties.

The Commission's public report *Cold-Drawn Mechanical Tubing from China, Germany, India, Italy, Korea, and Switzerland* (Inv. Nos. 731-TA-1362-1367 (Final), USITC Publication 4790, May 2018) will contain the views of the Commission and information developed during the investigations.

Source:

https://economictimes.indiatimes.com/news/economy/foreign-trade/india-should-engage-with-key-trading-partners-if-global-trade-war-escalates-assochem/articleshow/63352681.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Factsheets on Antidumping Duty and Countervailing Duty Investigations of Imports

- ❖ 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 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
HANNOVER MESSE USA	September 2018	Chicago, USA	https://hannovermesseusa.com/
ATX Midwest Automation Technology Expo	31 Oct- 1 st Nov 2018	Minneapolis, USA	http://atxminn.designnews.com/
Aircraft Interiors Expo Americas	25 th -27 th 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
Provision Of Hvac Replacement, United states	28 th June 2018	United States	http://www.tendersinfo.com/details/435018422?desc=Provision-Of-Hvac-Replacement
Replace Ac Compressor At Theodore Roosevelt Nation	7 th June 2018	United States	http://www.tendersinfo.com/details/435018382?desc=Replace-Ac-Compressor-At-Theodore-Roosevelt-Nation
Air Condenser & Air Handler-supply & Install	12 th June 2018	United States	http://www.tendersinfo.com/details/435018367?desc=Air-Condenser--Air-Handler-supply--Install
Valve Assembly, Mani	11 th June 2018	United States	http://www.tendersinfo.com/details/435018361?desc=Valve-Assembly.-Mani

Title	Deadline	Country	Link
Provision Of Speedometer	11 th June 2018	United States	http://www.tendersinfo.com/details/435015448
Cooler, Fluid, Indust,	14 June 2018	United States	http://www.tendersinfo.com/details/435015465
Cooler Unit Air	14 June 2018	United States	http://www.tendersinfo.com/details/435014199

For more information, please subscribe to EEPC India's services on International/Global Tender Notifications, upcoming projects and many more. The service keeps you abreast with latest information on tender notices, pre-qualifications, regular corrigendum and procurement notices from government and private organizations all over the world. Through this service, EEPC INDIA provides you numerous business opportunities at very competitive charges.

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<p>EEPC India North America Territorial Newsletter Contact: Shrilata Ghosh Email: sghosh@eepcindia.net Phone no: 033-40120360</p>
