

May 2019

Chairman's Pen



India was the largest beneficiary of the US GSP programme in 2017 with \$5.6 billion worth of exports to the US, according to a Congressional Research Service report. Furthermore according to The Washington Post, while the US remains India's top export partner, receiving more than \$48 billion in goods from the country in 2017, just over 10% of imports from India benefit from the programme. Therefore the removal of GSP duty concessions would make the majority of Indian products relatively uncompetitive in terms of prices in the US market compared to exports from other developing countries. The impact of protectionist measures imposed on Indian exports to US is evident from the loss incurred by the Indian steel and aluminium exporters upon the imposition of 25% import duties by US (under Section 232 of the US Trade Expansion Act) on 120 steel tariff lines (Chapter 72 and 73) and 10% duty on 31 Aluminium tariff lines at 8 digits. In this situation the government may take steps such that the increase in the cost of exporting the product to the US market due to the removal of GSP may be offset.

Till now, US has maintained its top rank as India's top most export destination for engineering goods in 2018-19 as well as in the first month of the current fiscal April 2019-20. Infact trade has transformed U.S.-India relations. India's total trade with US increased from US\$ 64.26 billion in 2014-15 to US\$ 87.96 in 2018-19 at a CAGR of 8.2% after a deteriorating trend observed in 2015-16. Currently India's total engineering trade with US for 2018-19 recorded over US\$ 20.33 billion compared to US\$ 19.4 billion in 2017-18. 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 the global steel demand and its growth trajectory for the new fiscal. 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 April 2019. 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

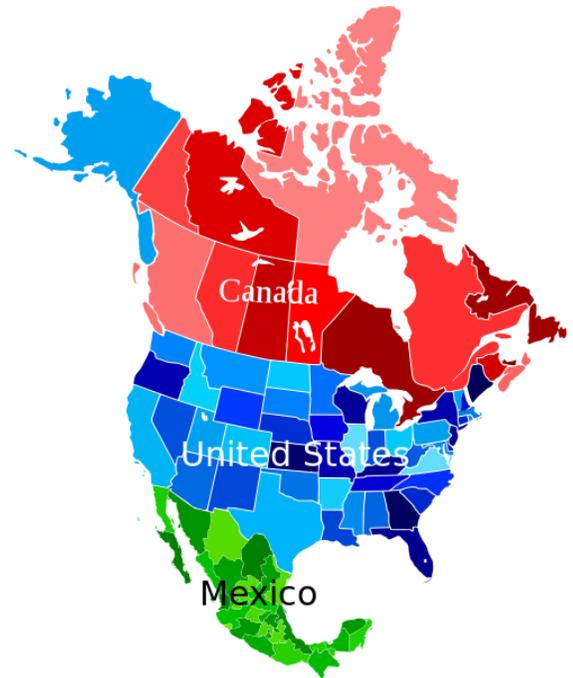
Population: 579 million (2016)

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.



Demand in Asian region driving steel growth globally

Recently, the World Steel Association (WSA) has revised the October 2018 forecasts of country-wise steel consumption and these figures are being formally announced in April 2019 meeting. The global demand for finished steel at 1,711.6 MT in 2018 is slated to reach 1,734 MT (+1.3%) and 1,750 MT in 2020.

The volume growth in steel consumption during 2018 was 54 MT and the anticipated growth in consumption for the current year is around 53 MT. This growth in global demand would originate largely from the Asian region in such a manner that the demand in Asia forms 69% of the total global steel consumption in 2019.

In Asia, the revision in China's demand growth has made all the difference. It is felt that falling GDP growth in China, resulting from consumption-led growth as opposed to the investment-led one, would not decrease steel consumption. Thus, it has been estimated that Chinese demand for steel in 2018 has increased by 54 MT from the substantial investment in real estate that has boosted steel demand.

India has been projected to consume 96 MT of steel in 2018 which would rise up to 102.8 MT in the current year and would grow up to 110.2 MT in 2020.

The latest steel demand estimates for India are not much of a revision of the earlier ones made in October 2018. Infrastructure growth would continue to remain India's primary driver of demand for the commodity in the next few years. Slowdown in the pace of construction in roads, rail and Metro rail connectivity, dedicated freight corridors,

industrial corridors, upgradation of existing major airports and the construction of minor ones, ports upgradation and mechanisation, shipbuilding, rural and urban infrastructure, real estate, etc, in the next few months would imply a hindrance to the projected demand volume of steel for a short period and then picking up the pace again.

This feature has been a regular phenomenon in the economic growth of many countries. This only implies that the incremental consumption growth of 14MT of finished steel in the next two years may not follow a uniform pattern of growth. This may overshoot if the pace of construction is speeded up after the election process completes.

WSA report summarises a country-wise assessment of steel intensity of GDP arrived at by dividing the apparent steel usage volume by millions of real GDP in US dollar. According to this, at an average 59.6, China continues to have the highest steel intensity in GDP (other than Vietnam, a country with poor GDP level) and is much above the global average of 20.7; South Korea has 34.9, Turkey has 31.2 and Russia has 29.0. India, with average 36.5 steel intensity, has to enhance consumption to reap the benefits of higher GDP growth in the coming years. Based on the estimated demand figures for 2019 and 2020, it has been estimated that per capita steel consumption in India is likely to exceed 75 kg by 2019. This is against the global average of 225 kg and Chinese figure of 594 kg.

The current steel-making capacity in the world has been assessed by the Organization for Economic Cooperation and Development (OECD) at 2.234 billion tonnes by December 2018, a marginal reduction from the previous year. With global crude steel production at 1,818 tonne in 2018, the current capacity utilisation stands at 81.4%, which is quite respectable and minimises the adverse implications of excess capacity.

The OECD estimates also indicate about 88 MT of fresh capacities, involving 107 proposals, are planned to be activated. Asian region holds the maximum (61% of the total) of these, followed by West Asia – a region in the midst of geo-political uncertainty.

The global steel market is seized with trade uncertainty fuelled by the US-China conflict. Europe is not immune to steel imports diverted from the US market with internal demand showing little signs of upward movement. While India needs to enhance its steel exports, meeting the domestic demand should be the basic determinant of capacity augmentation efforts.

India’s latest trend in engineering exports to North America

India engineering export with North America – country wise for the month of April in the current fiscal 2019-20 is depicted in the table below. Nations which had the highest demand for Indian engineering products during April 2019 compared to April 2018 in absolute values include:

Table2: Engineering Exports to North America

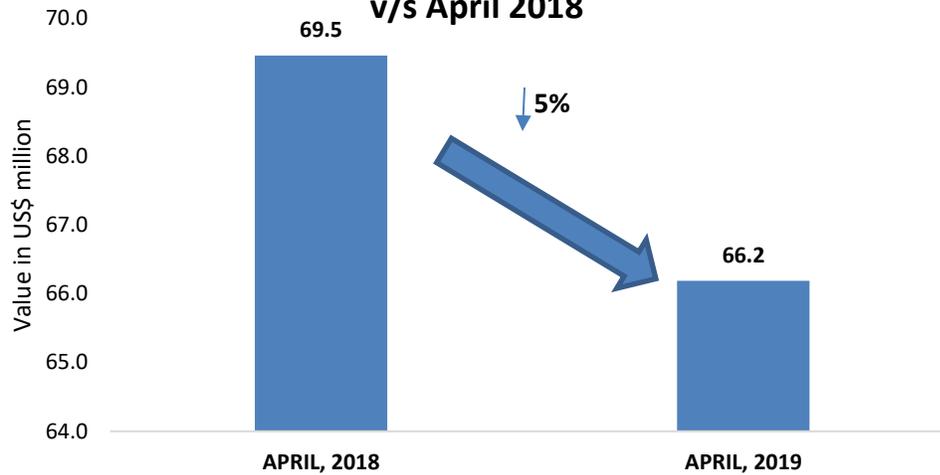
Value in USD million

North America	April 2018 (USD million)	April 2019 (USD million)	Growth (%)
USA	960.2	896.6	-7%
Mexico	244.7	192.7	-21%
Canada	69.5	66.2	-5%
Total	1274.3	1155.6	-9%

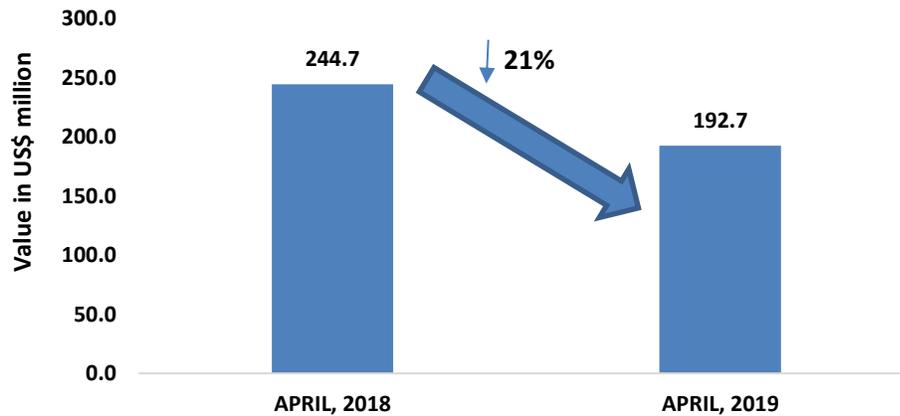
Source: DGCI&S

Fig 2: Trend in Total Engineering Export in North America- Country wise during April 2019 v/s April18 Month wise

India's Engg Exports to Canada during April 2019 v/s April 2018



India's Engg Exports to Mexico during April 2019 v/s April 2018



India's Engg Exports to USA during April 2019 v/s April 2018

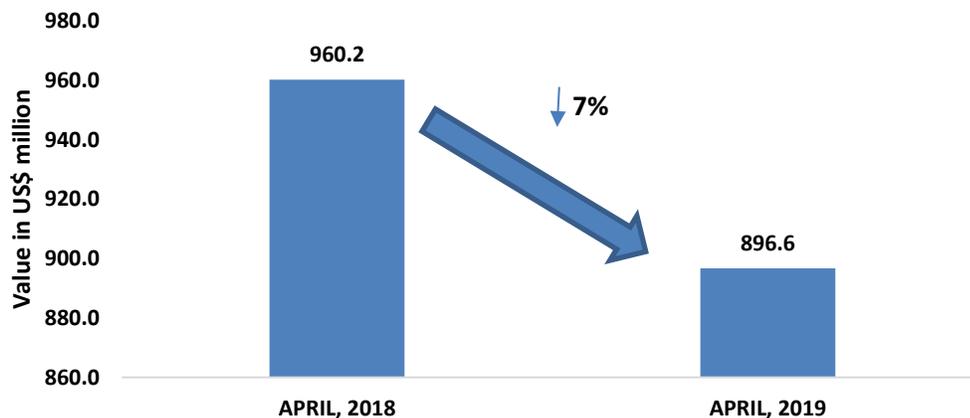


Table 3: Top 15 engineering panels exported to North America in April 2019 vis-à-vis April 2018

US\$ Million

DGCI&S Engineering Panels	April 2018 (USD million)	April 2019 (USD million)	Growth (%)
Motor Vehicle/cars	263.8	197.46	-25%
Electric Machinery and Equipment	185.3	176.42	-5%
Products of Iron and Steel	151.9	170.16	12%
Auto Components/Part	123.4	117.06	-5%
Industrial Machinery and parts	93.8	79.75	-15%
Aluminum and products	77.4	65.44	-15%
OTHER MISC. ITEMS	62.1	61.52	-1%
Aircrafts & Spacecraft	54.6	40.72	-25%
Machinery for ATMs	36.1	34.39	-5%
IC Engines and Parts	35.0	33.19	-5%
Iron and Steel	39.5	25.98	-34%
Medical and Scientific Instruments	24.5	24.36	0%
Other Construction Machinery	17.8	19.95	12%
Pumps of all types	17.4	18.50	7%
Hand Tools and Cutting Tools	12.1	13.71	14%

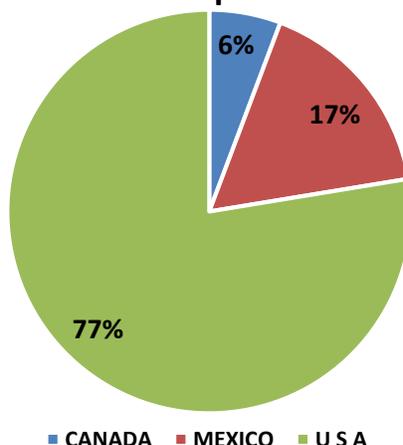
Source: DGCI&S

After EU, Indian engineering exports to North America ranked 2nd during the first month of the new fiscal 2019-20. USA is the top most export destination for Indian engineering goods with imports of over US\$ 896.6 million for the fiscal April 2019. 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, Miscellaneous products, Aluminium and products, Miscellaneous products, etc during April 2019.

The following pie chart demonstrates share of different North American countries in India's total export during April 2019

Fig3: India's engineering export share to North American Countries (%) during April 2019

Share % of Engineering exports to North America-April 2019



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

1. USA

Indian engineering exports to USA, continues to be the highest during April 2019. At present, it accounts for over 77.6% 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, Miscellaneous products, Aluminium and products, Miscellaneous products, etc.

2. Mexico

During the first month of the current fiscal 2019-20, Mexico moved one spot lower to 9th rank in India's global export of engineering products, compared to the last fiscal 2018-19. At present, it accounts 16.7% of India's total engineering export to North America (and 3 per cent of India's global engineering exports) during April 2019.

Top products traded in Mexico: Motor vehicles/cars, Auto components and parts, Aluminium and products, Electric Machinery and Equipment, Industrial machinery and parts, Products of Iron and Steel, Iron and Steel, etc.

3. Canada

Canada accounts for 5.7% of India's total engineering exports to North America (and 1 % of India's global engineering exports) during April 2019.

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

News in Focus

❖ India extends deadline to impose high import duties on 29 US products till May 2

The government has again extended its deadline to impose retaliatory customs duties on 29 US products, including almond, walnut and pulses, till May 2.

A notification of the finance ministry said that implementation of increased customs duty on specified imports originating in the US has been postponed from April 1, 2019 to May 2, this year.

The government has extended this deadline over half a dozen times since June 2018, when it decided to impose these duties in retaliation to a move by the US to impose high customs duties on certain steel and aluminium products. India is pushing the dates as both sides are negotiating a trade package to boost bilateral commerce. But earlier this month, the US decided to withdraw export incentives being provided by them to Indian exporters for certain goods under Generalised System of Preferences (GSP) programme.

Extension of these benefits were part of the negotiations between India and the US among other issues. These incentives are expected to be withdrawn from May 2. Domestic exporters are jittery over US' decision to withdraw these incentives as they export goods worth \$5.6 billion under GSP programme. About 1,900 items including from chemicals and engineering sectors avail these sops.

Source: <https://www.livemint.com/news/india/india-extends-deadline-to-impose-high-import-duties-on-29-us-products-till-may-2-1553928475581.html>

❖ **China will continue to suspend extra tariffs on U.S. vehicles, auto parts**

China's State Council said on Sunday that the country would continue to suspend additional tariffs on U.S. vehicles and auto parts after April 1, in a goodwill gesture following a U.S. decision to delay tariff hikes on Chinese imports.

In December, China said it would suspend additional 25 percent tariffs on U.S.-made vehicles and auto parts for three months, following a truce in a trade war between the world's two largest economies.

The State Council, or cabinet, said Sunday's move was aimed at "continuing to create a good atmosphere for the ongoing trade negotiations between both sides".

"It is a positive reaction to the U.S. decision to delay tariff hikes and a concrete action adopted (by the Chinese side) to promote bilateral trade negotiations," the State Council said.

"We hope the U.S. can work together with China, accelerate negotiations and make concrete efforts towards the goal of terminating trade tensions."

The government also said it would announce separately when the suspension would end.

U.S. President Donald Trump said on Friday that trade talks with China were going very well, but cautioned that he would not accept anything less than a "great deal" after top U.S. and Chinese trade officials wrapped up two days of negotiations in Beijing.

Source: <https://www.reuters.com/article/us-usa-trade-china-tariffs/china-says-it-will-continue-to-suspend-additional-tariffs-on-u-s-vehicles-auto-parts-idUSKCN1RC0GP>

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	http://www.aluminum-us.com/
AUTOMOTIVE AFTERMARKET PRODUCT EXPO (AAPEX)	5 th -7 th Nov 2019	Expo & Convention Center, Las Vegas, USA	https://www.aapexshow.com/
WORLD OF CONCRETE	03 - 07 Feb 2020	Las Vegas , USA	https://www.worldofconcrete.com/en/attendee.html
FABTECH 2019	11 th -14 th Nov, 2019	Chicago, USA	https://www.fabtechexpo.com/
International Manufacturing Technology Show	14 th -19 th Sep, 2020	Chicago, USA	https://www.imts.com/

Tender information in North America

Table 8: Tender related information

Title	Deadline	Country	Link
Carefusion Pump Module	31 st May 2019	United States	http://www.tendersinfo.com/details/444140472?desc=Carefusion-Pump-Module
Blasting Grit	28 th May 2019	United States	http://www.tendersinfo.com/details/444140462?desc=Blasting-Grit
Acquisition Of A Vehicle	10 th July 2019	Mexico	https://www.tendersinfo.com/details/445148369?desc=Acquisition-Of-A-Vehicle

Title	Deadline	Country	Link
<u>Supply of Axle Trucks</u>	30 th July 2019	Canada	https://www.tendersinfo.com/details/445137263?desc=Supply-Of-Axle-Trucks
<u>Supply Of Side By Side Utility Vehicles</u>	16 th July 2019	Canada	https://www.tendersinfo.com/details/445135392
<u>Bolt, Nut, Screw, Rivet, And Washer</u>	1st July 2019	United States	https://www.tendersinfo.com/details/445141400?desc=Bolt,-Nut,-Screw,-Rivet,-And-Washer

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.

For any queries about this service, please feel free to contact us at eepcho@eepcindia.net, srajagopalan@eepcindia.net, ddas@eepcindia.net.

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