Territorial NEWSLETTER North America

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Chairman's Pen



The year 2016 starts with the sixth edition of the 'North America Territorial Newsletter'. Here we present you the progress achieved on the ongoing multilateral trade talks with focus on North America region, which I hope will be insightful for our readers.

The economic ties between India and North America have augmented over the years. The region continued to be the second largest destination of India's exports highlighting significance of the region in India's export basket. Exports to the region account for over 15% of our global engineering exports.

Over the last few months, export of engineering goods, which constitutes 22 per cent of the country's total exports and US being its biggest market, is experiencing a downward trend. However, we are hopeful that the global demand will slowly pick up and help in reversing the current trend.

In this sixth edition of the 'Newsletter on North America', we present a brief note on the current trade matters between India and North America, which I hope our readers will enjoy reading it.

Tarvinder Singh Bhasin

Message from Chairman, Committee on Trade with North America



The sixth edition of the 'Territorial Newsletter on North America' Volume VI', fairly welcomes the ongoing trade talks on the mega multilateral agreement -TPP. We also present here a brief insight on the total trade pattern in North America during the first three quarters of 2015-16. We discuss the top engineering product bilaterally traded between the countries of the region.

Further, the newsletter has a compilation of tender related information, upcoming exhibitions, key news items and factsheets of Anti Dumping Duty matters.

We are hopeful that the note will give fruitful information guide to our readers.

Anupam Shah



Basic Facts: North America

Area: 24.71 million Sq. km

Population: 576,163,467 (2015)

GDP: USD 20,834.888 (2014)

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.

Updates on Trans Pacific Partnership

> Obama Renews Call for TPP Ratification in Final State of the Union Speech

US President Barack Obama openly called upon domestic lawmakers to ratify the Trans-Pacific Partnership (TPP) Agreement, referring once more to the need for Washington to play a leading role in setting trade rules in Asia.

Speaking at a joint session of Congress recently for his final State of the Union address, the US president said that the 12-country trade pact would "open markets, and protect workers and the environment, and advance American leadership in Asia."

"With TPP, China does not set the rules in that region, we do. We want to show our strength in this new century." He requested the lawmakers to approve this agreement and give US the tools to enforce it. "It's the right thing to do," Obama said.

The speech otherwise featured little on trade, besides a call upon lawmakers to vote to lift the US embargo on Cuba, building upon last year's restoration of diplomatic relations and steps to increase travel and trade with the island nation.

No mention was made by Obama of either the ongoing negotiations with the EU for a Transatlantic Trade and Investment Partnership (TTIP) agreement, nor of his thoughts for the WTO's future following the Nairobi ministerial conference last month.



Even regarding the TPP, little detail on what the president aims to do – or what he would like to see from Congress during the ratification process – was included in the speech, and no reference was made as to the possible timing of a vote.

Obama did note, however, that the US has "recovered from the worst economic crisis in generations" and raised the issue of how to give people a "fair shot at opportunity and security in this new economy" as one of the questions he says the country must aim to address.

> TPP to be signed in New Zealand in the month of February 2016

The Trans Pacific Partnership (TPP) will be signed in New Zealand next month, according to media reports.

Ministers from the 12 countries that have negotiated the massive and controversial deal and will formally sign the agreement on February 4 in New Zealand, Bloomberg BNA has reported.

Andres Rebolledo, director general of Chile's International Economic Relations Bureau, reportedly confirmed the date in a meeting with the country's National Human Rights Institute.

The signing will be a high-profile celebration, but the deal will still need to be ratified in national parliaments. In the United States, the Obama administration had aimed to have the deal ratified by July.

The signing of the deal kicks off a two-year window for the original signatories to finish their domestic approval, legislative, and ratification processes. Should that timeline be met, the deal would enter into force within 60 days.

Source: https://www.wto.org/english/thewto_e/minist_e/mc10_e/mc10_statements_e.htm

India-North America Information Guide

The bilateral relations between India and North America have developed over the years in a significant way. As regards India's exports, the region has consistently been the second largest destination for Indian goods exporting US\$ 6.9 billion, behind only European Union (EU) during April-December 2015-16. Exports to the region account for nearly 15.2% of our global 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.



Trade Trend Analysis in North America

India share a positive trade balance with North America during April-September of the fiscal of 2015-16. The following table depicts India's Merchandised trade pattern with North America compared to the trade pattern with World.

Table1: India-North America Overall Trade Figures

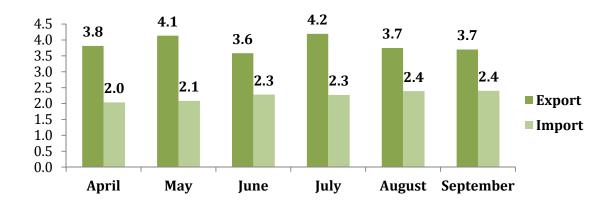
US\$ million

Description	April-September 2015-16
India's Export to North America	23,185.71
India's Total Export to World	132,203.90
India's export share to North America w.r.t. World	17.54 %
India's Import from North America	13,419.54
India's Total Import from World	199,311.22
India's Import Share from North America w.r.t World	6.73%
Total Trade with North America	36,605.25

Source: DGCI&S

Chart 1: Trend in Total Trade in North America during 2015-16(month wise)

Month Wise Export and Import Pattern in North America during 2015-16



Source: DGCI&S

The top nations which had the highest demand for Indian engineering products during December 2015 in absolute values include:

Table 2: Engineering Exports to North America (country wise)



North America	December 2014	December	Growth	April -	April-	Growth
	(USD million)	2015	(%)	December	December	%
		(USD million)		2014-2015	2015 -2016	
USA	725.62	583.39	-19.60	5768.65	5228.06	-9.37
Mexico	215.80	205.28	-4.88	1437.09	1314.95	-8.50
Canada	40.44	47.33	17.03	425.97	354.25	-16.84
Total	981.86	836	-14.9	7631.7	6897.26	-9.6

Source: DGCI&S

Table 3: Top 15 engineering panels exported to North America in December 2015 include:

DGCI&S Engineering Panels	India's export in December 2014(USD million)	India's export in December 2015 (USD million)	Growth (%)
Products of Iron and Steel	194.8	122.7	-37.0
Motor Vehicle/cars	62.9	121.9	93.8
Auto Components/Part	96.1	93.4	-2.9
Industrial Machinery	80.7	76.5	-5.2
OTHER MISC. ITEMS	44.2	62.3	40.7
Aircrafts Spacecrafts	42.3	49.5	16.9
Aluminium and products	97.4	48.5	-50.2
Electric Machinery and			
equipments	47.9	45.7	-4.5
IC Engines and Parts	50.9	29.5	-42.1
Iron and Steel	79.2	24.3	-69.4
Machinery for ATMs	41.9	24.0	-42.6
Medical and Scientific			
Instruments	19.2	18.3	-4.8
Nuclear Reactors	3.2	17.7	448.8
Two and Three Wheelers	5.5	17.0	209.7
Pumps of all types	17.9	16.9	-5.2

Source: DGCI&S

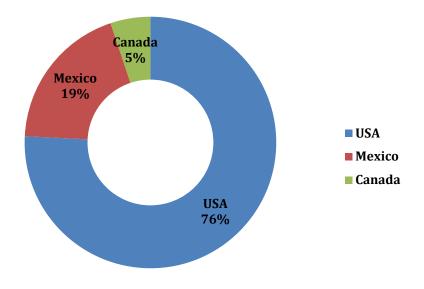
Engineering exports to North America, ranks second among the region wise top engineering exports from India during April-December 2015-16.

Countries like USA maintained its top rank for Indian engineering exports though it registered a dip in exports both monthly and cumulatively by 20 % in December 2015 and 9.4% during April-December 2015-16 respectively. The main engineering products exported to the country include Products of Iron and Steel, Motor Vehicles/Cars, Auto Components/Parts, Industrial Machinery, etc during April-December 2015-16.

The following pie chart demonstrates highest engineering export share to USA followed by Mexico and Canada during April-December 2015-16.

Fig1: India's engineering export share to North American Countries (%) in April-December 2015-16





Source: DGCI&S

- Trade with USA: Indian engineering exports to USA, continues to be the highest during the month of December. At present, it accounts for 12.2 per cent of India's eng exports.
 Top products traded in USA: Top traded products to USA during April-December 2015-16 include Products of Iron and Steel, Auto and Auto parts, Industrial Machinery, Other Misc Items, Aircrafts and Spacecrafts, Electrical Machinery and Equipment, etc.
- **Trade with Mexico:** Mexico is India's 8th exporting destination for engineering products. At present, it accounts for 2.9 per cent of India's eng exports during April-December 2015-16.
- ➤ <u>Top products traded in Mexico:</u> Top traded products to Mexico during April-December 2015-16 include Motor Vehicles/cars, Aluminium products, Auto Components and Parts, Two and Three Wheelers, Industrial Machinery, , etc.
- Trade with Canada: India's engineering trade with Canada is also mention worthy. It maintains a similar economy like India and is often called as India-like country. At present, it accounts for 0.8 per cent of India's eng exports during April-November 2015-16.
 - <u>Top products traded in Canada:</u> Major exported products to Canada during April-December 2015-16 include Products of Iron and Steel, Nuclear Reactors, Industrial Machinery, Auto Components/Parts, Other Miscellaneous items, etc.

News in Focus

> India plans own FTA template to counter zero tariff formula



To counter the zero tariff formula championed by the US-led Trans-Pacific Partnership (TPP) agreement, India plans to advocate its own template for future free trade agreements (FTAs) wherein trade partners have to lower tariffs to 5%.

India's proposal is born out of concerns that the zero tariff formula may become the benchmark for all future trade talks.

India's model is based on the South Asian Free Trade Area (SAFTA) agreement signed by the eight South Asian nations—Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Sri Lanka and Pakistan—in 2006.

The SAFTA agreement provides for a phased tariff liberalization programme which mandated least developed countries and non-least developed countries such as India, Sri Lanka and Pakistan to cut tariffs in a phased manner to a peak tariff level of 5%, with a separate list of items, called the negative list, on which tariffs will not be revised.

"TPP says 100% of the products should have zero duty. We are saying high tariffs are bad, but zero tariff is a terrible idea. We are letting loose the idea that the SAFTA model of 5% peak tariff could be an ideal way out," a commerce ministry official said on condition of anonymity.

The official said anybody who enters into a 5% peak tariff trade agreement with India will signal that if other SAFTA partners are amenable, it can enter into a similar pact with SAFTA quickly.

Adopting such a formula would signal that India is walking the TPP path, said Biswajit Dhar, a professor of economics at the Jawaharlal Nehru University. "We can't tinker with the TPP formula. It's too dangerous. We don't have the capacity to do that. How would you handle issues like standards and state-owned enterprises? The implications have to be studied carefully," he said.

TPP is a trade pact among 12 nations—Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam—which account for 40% of the world's gross domestic product (GDP).

Besides greater market access for goods and services, areas covered by TPP include intellectual property rights, foreign investment, competition policy, environment, labour, state-owned enterprises, e-commerce, competitiveness and supply chains, government procurement, technical barriers to trade, transparency in healthcare technology and pharmaceuticals, and regulatory coherence.



Having learnt from its past FTAs, India has decided to move cautiously in future trade deals by focusing more on emerging market economies rather than developed countries.

Industry groups have often argued that India has given away too much market access in FTAs, which has led to a significant jump in imports without a proportionate rise in exports to trade partners. Indian commerce ministry officials have also accepted publicly that going for a trade agreement with Asean that covers only goods was a mistake.

Source: http://www.livemint.com/Politics/G1oQNwV7RaMtFvkPcOTJVK/India-plans-own-FTA-template-to-counter-zero-tariff-formula.html

Premier Kathleen Wynne heads to India to meet Prime Minister Narendra Modi and boost trade



TORONTO STAR FILE PHOTO

Ontario Premier Kathleen Wynne leaves for a 10-day trade mission to India during 25th Jan, 2016, saying now is the time for Canada to foster more relationships with the burgeoning country.

The Premier is expected to meet Indian Prime Minister Narendra Modi in New Delhi in a bid to boost trade relations with Ontario.



Modi, a long-time friend of Progressive Conservative Leader Patrick Brown, who met with him in India two weeks ago, has launched the Smart Cities Mission to create dozens of new planned satellite cities around major urban centres and rejuvenate larger towns.

The Indian prime minister hopes these "smart cities" will deliver modern waterworks, sanitation, electricity, health and education, public transit, internet connectivity, and good local governance in safe, secure and sustainable communities.

The premier leaves for India on Wednesday, leading a delegation that hopes to build mutually beneficial bridges between a province of 13,000,000 and a nation of almost 1.3 billion.

"I really believe that 2016 can be a huge year for Ontario and India," Wynne said recently.

"(That's) because of what is going on in India and the plan that Prime Minister Modi has put in place, the smart cities, the clean tech that is going be needed, the smart technology that's going to be needed for his initiatives, and because of our potential here to provide capacity in all of those areas," she said.

"We have worked for decades in Ontario to establish partnerships between India and Ontario, and our economies are arguably more aligned than ever right now."

Joining Wynne's Team Ontario mission will be officials from the University of Toronto, Ryerson University, Western University, the University of Waterloo, Seneca College, Sheridan College, and other higher learning institutions.

"India's focus on infrastructure development and clean-tech are areas where Ontario has a lot to offer," said the premier, who will also travel to Mumbai, Hyderabad, Chandigarh, Amritsar, and Agra.

"We're Canada's clean-tech leaders and we're making the biggest infrastructure investment in our province in our history," she said.

"Our top priority as a government is jobs and growth, so now is absolutely the right time for us to double down on our global trade strategy and that's what this mission is about."

India is a natural partner for Ontario, noted Mississauga Mayor Bonnie Crombie, who will be on the trip along with other municipal officials.

"Mississauga is home to a significant Indian diaspora and we have the potential to open our city to a great deal of Indian investment," Crombie said in a statement, noting almost 15 per cent of her city's newest residents were born in India and many Indian-based companies now have offices there.

Indeed, some 700,000 Ontarians are of Indian descent so the ties between the province and India are already strong.

But two-way trade between the jurisdictions has much room for improvement. In 2014, the most recent year for which figures are available, Ontario exported only \$307 million in goods to India and imported \$1.62 billion from there.



"By growing our presence in India, which is the world's second-biggest country and one of the fastest growing economies on the planet, we're diversifying our trade and investment partners and we're building a more resilient Ontario economy," insisted Wynne.

R.K. Perindia, India's acting consul general in Toronto, said his country's economy should grow by a blistering 7.5 per cent this year and is eager for "foreign investment in India and foreign partnerships."

"We feel that the time is right for Canadian businesses to look at India. This is the best moment, we feel," said Perindia, emphasizing "India wants to enhance its trade relations with Ontario" — especially in areas of urban planning, higher education, green energy, health care, and transit.

"There are many more sectors where Canada can help India."

Source: http://www.thestar.com/news/queenspark/2016/01/25/kathleen-wynne-heads-to-india-to-boost-trade.html

> Canada-India free trade agreement talks delayed

The negotiations on the Canada-India free trade agreement (FTA), which began in in November 2010, have been put on the back burner due to several sticking points, official sources privy to the development told *The Hindu*.

Canada, the sources said, had pulled back its team that was negotiating India on the FTA — officially called the Comprehensive Economic Partnership Agreement — and asked them instead to focus on completing the ratification process of the Trans-Pacific Partnership (the U.S.-led mega regional FTA between 12 Pacific rim nations, including Canada). India is not a part of the TPP.

Simultaneously, Canada — citing demands from investors, especially from the financial services sector, for protection of their rights — wanted India to first ensure that the bilateral Foreign Investment Promotion and Protection Agreement (FIPA) is signed and brought into force, before proceeding with the FTA talks. The FTA includes chapters on opening up merchandise goods and services trade between both the countries. The investment aspects are covered separately by the FIPA. The sources also said there are major differences between both the sides regarding the FTA though nine rounds of negotiations have been held including the last one in March 2015. The FTA is meant to help Canadian companies get greater access to India's huge market comprising over 1.25 billion people and Indian firms obtain more access to the lucrative North American market by using Canada as a hub.

The High Commission of Canada did not respond to specific questions from *The Hindu* on the reasons for the delay in signing the FIPA and in concluding the FTA talks but only said: "Canada's new government is focusing on expanding trade with large fast-growing markets, including India... Canada's new government looks forward to engaging India on key economic and other issues that will enhance our mutual prosperity."

Differences on FIPA

In June 2007, India and Canada had said they concluded the FIPA talks. However, the FIPA is yet to be ratified and made operational, the sources said. Later, India had decided against signing new Bilateral Investment Treaties (BIT) till a model BIT text was in place. Though India had recently brought out a model BIT text, the matter is yet to be taken forward with Canada. However, the sources said since the Indian government had decided to accord sanctity



to all the BIT negotiations that went on till the freeze on signing new BITs, such a window could help in expediting the signing of the Canada-India FIPA.

It is learnt that Canada has differences with India regarding clauses in the proposed FIPA including on the Investor-State Dispute Settlement (ISDS) mechanism.

In case of any dispute, India wants investors to exhaust the domestic remedies before approaching international tribunals. But Canada is worried about judicial delays in India and wants flexibility to help investors approach international tribunals at the earliest. Also, Canada wants India to ensure protection of investment commitments made based on existing policies in case any roll-back / changes in those policies later hurt those investment plans.

India has not agreed to Canada's demands on these issues fearing that they will lead to the government losing policy space.

The unresolved issues in the FTA include clauses proposed by Canada namely "MFN-forward" and "ratchet". 'MFN-forward' is to ensure that future concessions — accorded by India to any other trading partner country under a bilateral pact — are extended automatically to Canada as well and vice-versa. India has opposed "MFN-forward" saying each FTA is inked on the basis of a unique relationship with the partner country and automatically extending all such benefits to Canada will lead to imbalances and conflicts.

'Ratchet' is to make sure that the benefits arising from future liberalisation of India's domestic policies are automatically extended to Canada, and vice-versa. India is against 'ratchet' as "it will result in a loss of policy space for the government." India has also opposed Canada's attempts to include labour and environment standards as well as competition and government procurement in the FTA.

India-Canada trade in 2014-15 was just \$6 billion (with India's exports at \$2.2 billion and imports from Canada worth \$3.8 billion), much below potential.

FDI inflows from Canada to India during April 2000-September 2015 were only \$586 million (or 0.22 per cent of the \$265 billion in total FDI India received in those 15 years).

Source: http://www.thehindu.com/business/canadaindia-free-trade-agreement-talks-delayed/article8102980.ece

CVD/AD matters: Recent petitions filed with USITC

Table 4: CVD/AD Petitions

Docket No.	Received	Туре	Commodity
3101	11/24/15	Other	Modifications in Rules of Origin
3100	11/12/15	337 Complaint	Computer Cables, Chargers, Adapters, Peripheral Devices and Packaging
3097	11/6/15	Other	Trans-Pacific Partnership Agreement
3094	10/28/15	701 & 731 Petition	Circular Welded Carbon-Quality Steel Pipe
3087	9/30/15	701 & 731 Petition	Welded Stainless Pressure Pipe from India



3082 8/11/15 701 & 731 Petition Hot-Rolled Steel Flat Products

Source: http://www.usitc.gov/petitions and complaints

Country wise Anti Dumping matters since last five years (2010-2015) against India:

Table 5: Country wise Anti Dumping (AD) Cases against India

Country initiating AD investigation	Case ID	Case_Code	Product	Initiating Date	Dumping Date	Injury decision date
Canada	CAN-AD- 373	CAN-AD- 372	Certain Carbon Steel Welded Pipe	05/14/20 12	08/13/2 012	07/13/2012
Canada	CAN-AD- 401	CAN-AD- 400	Certain Oil Country Tubular Goods	07/21/20 14	12/03/2 014	09/19/2014
Mexico	MEX- AD-305	MEX-AD- 305	Carbon Steel Tubing with Longitudinal Seams	12/24/20 14	MI	MI
USA	USA-AD- 1191	USA-AD- 1191	Circular Welded Carbon- Quality Steel Pipe	11/03/20 11	06/01/2 012	12/16/2011
USA	USA-AD- 1213	USA-AD- 1213	Certain Steel Threaded Rod	07/03/20 13	02/18/2 014	11/05/2013
USA	USA-AD- 1215	USA-AD- 1215	Certain Oil Country Tubular Goods	07/10/20 13	02/25/2 014	08/22/2013
USA	USA-AD- 1251	USA-AD- 1251	Certain Steel Nails	06/04/20 14		07/18/2014

Source: http://econ.worldbank.org/

Factsheets on Antidumping Duty and Countervailing Duty Investigations of Imports

✓ On December 22, 2015, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the antidumping duty (AD) investigations of imports of corrosion resistant steel products from China, India, Italy, and Korea, and its negative preliminary determination in the AD investigation of imports of corrosion-resistant steel products from Taiwan.

Source: http://enforcement.trade.gov/download/factsheets/factsheet-multiple-corrosion-resistant-steel-products-122215.pdf

✓ On December 16, 2015, the Department of Commerce (Commerce) announced its affirmative preliminary determinations in the countervailing duty (CVD) investigations of imports of certain cold-rolled steel flat products from Brazil, China, India, and Russia and its negative preliminary determination in the CVD investigation of imports of certain cold-rolled steel flat products from Korea.



Source: http://enforcement.trade.gov/download/factsheets/factsheet-multiple-cold-rolled-steel-flat-products-cvd-prelim-121615.pdf

✓ On November 18, 2015, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of certain iron mechanical transfer drive components from China and an AD investigation of imports of certain iron mechanical transfer drive components from Canada

Source: http://enforcement.trade.gov/download/factsheets/factsheet-multiple-iron-mechanical-transfer-drive-components-ad-cvd-initiation-111815.pdf

Upcoming Exhibitions in North America

Table 6: List of Exhibitions

Events	Date	Venue	Link
Engine Expo North America 2016	25-27 th October 2016	Michigan	http://www.engine- expo.com/usa/
Mechanical and Aerospace Engineering International	03-04th October 2016 12-17 th	Orlando, USA Chicago, IL	http://mechanical- aerospace.conferenceseries.co m/ http://www.imts.com/
Manufacturing Technology Show	September 2016	Gineago, 12	ncep.//www.intes.com/
Supply Chain and Transportation, USA	04-07 th April, 2016	Atlanta, GA, United States	http://www.reedexpo.com/e n/Events/4091/Supply- Chain-and-Transportation- USA

Tender information in North America

Table 7: Tender related information

Title	Deadline	Country	Link
Two (2) prisoner transport	23- Feb 2016	USA	http://www.tendersinfo.co
vehicles, required by the county			m/details/31701930
sheriff~s department.			



Purchase of two passenger tram trailers	12- Feb 2016	USA	http://www.tendersinfo.co m/details/31701919
Hot dp galvanizing of structural steel members, assemblies, and metal fabrications	25-Feb-2016	USA	http://www.tendersinfo.co m/details/31701692
Aluminium sign blanks	27-Jan-2016	USA	http://www.tendersinfo.co m/details/31684035
Provide milling machines.	01-Feb-2016	USA	http://www.tendersinfo.co m/details/31684261
Provide boiler replacement.	05-Feb-2016	USA	http://www.tendersinfo.co m/details/31684264
Provision of Coupling half,quick	08-Feb-2016	USA	http://www.tendersinfo.com/details/31685140
Provision of Filter element, fluid	26-Feb-2016	USA	http://www.tendersinfo.co m/details/31685148
Provision of Gear,spur	08-Feb-2016	USA	http://www.tendersinfo.co m/details/31685160
Provision of Shaft,straight	08-Feb-2016	USA	http://www.tendersinfo.co m/details/31685410

For more contract notices, Please register with Tender info and follow the link: http://www.tendersinfo.com/searchresult#

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