



## दि प्लास्टिक्स एक्सपोर्ट प्रमोशन कौन्सिल

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### THE PLASTICS EXPORT PROMOTION COUNCIL

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All Members/All Members of the COA

Dear Sir(s),

### **Sub : Regarding review of India-LAC Trade for the period April-August, 2018**

We are in receipt of communication from Department of Commerce regarding ongoing review of bilateral trade between Indian & LAC countries seeking members inputs. Also please find attached a brief on the review of India-LAC bilateral trade in goods for your reference stating top commodities of trade between India and LAC, top commodities of India's imports from LAC countries, top trading partners in LAC Region during the period Apr- Aug 2018-19 and etc

Concern members having any inputs/suggestions/issues with regard to the LAC region that needs to be taken up with countries of LAC region for resolution may send the same at [bharti@plexconcil.org](mailto:bharti@plexconcil.org) on or before 06.10.2018.

Kindly do the needful.

Best regards,

Sribash Dasmohapatra

Executive Director

## 1 India's Trade with LAC during Apr-Aug 2018-19

India's total trade with Latin America and Caribbean region<sup>1</sup> during April-August 2018-19(P) stood at USD 13,431.50 million, which was 3.79% of India's global trade in the same period. The total trade with LAC increased by 8.16% in Apr-Aug 2018-19(P) as compared to Apr-Aug 2017-18, while the value of Indian exports to LAC increased by 18.43% in Apr-Aug 2018-19(P) as compared to Apr-Aug 2017-18. India's exports to LAC amounted to USD 4,086.87 million, which was 3% of India's global exports during April-August 2018-19(P). Notably, India's exports to LAC grew faster than India's global exports during this period when compared to the previous year.

India's imports from LAC were recorded at USD 9,344.63 million, which was 4.29% of India's global imports in the said period. The value of India's imports from LAC increased by 4.21% during April-August, 2018 when compared to the same period of the previous year. The trade deficit decreased from USD 5,515.84 million in Apr-Aug 2017-18 to USD 5,257.76 million in Apr-Aug 2018-19(P).

Table 1 gives India's trade details with LAC from Apr- Aug 2017-18 to Apr- Aug 2018-19(P).

**Table 1 India's trade with LAC Apr- Aug 2018-19(P)**

(USD million)

Region	Apr- Aug 2017-18			Apr- Aug 2018-19(P)			%Growth	
	Exports	Imports	Total trade	Exports	Imports	Total trade	Exports	Imports
LAC	3,450.85	8,966.69	12,417.54	4,086.87	9,344.63	13,431.50	18.43	4.21
World	1,17,186.4	1,84,454.08	3,01,640.52	1,36,108.79	2,17,641.07	3,53,749.87	16.15	17.99

(SOURCE: DGCIS, KOLKATA)

## 2 Top commodities of trade between India and LAC during Apr-Aug 2018-19 (P)

### 2.1 Top commodities of India's exports to LAC countries in Apr-Aug 2018-19(P)

India's exports to LAC region in Apr-Aug 2018-19(P) consisted of mainly motor vehicles & cars, drug formulations, agro chemicals, manmade fabrics, yarn, fabrics & madeups, auto components, two & three wheelers, residual chemicals, iron and steel, cotton yarn and plastic raw materials. The share of motor vehicles was the highest at 8.81% in India's exports to LAC in this period, with the value of exports recorded at USD 360.09 million. The top 25 commodities of exports to LAC accounted for 82.01% of India's total exports to LAC.

**Table 2 Top 25 Commodities of India's Exports to LAC in Apr-Aug 2018-19(P)**

(USD million)

Rank	Commodity	Apr-Aug 2017-18	Apr-Aug 2018-19(P)	%Growth	%Share
1	Motor Vehicle/Cars	354.4	360.09	1.61	8.81
2	Drug Formulations, Biologicals	294.64	335.37	13.82	8.21
3	Agro Chemicals	193.7	321.57	66.01	7.87
4	Manmade Yarn, Fabrics, Madeups	220.73	260.9	18.2	6.38
5	Auto Components/Parts	158.94	191.54	20.51	4.69
6	Two And Three Wheelers	172.25	191.24	11.03	4.68
7	Residual Chemical And Allied Prod	71.1	188.91	165.69	4.62
8	Iron And Steel	156.25	131.25	-16	3.21
9	Cotton Yarn	111.88	128.34	14.71	3.14

<sup>1</sup> Excluding Mexico.

10	Plastic Raw Materials	73.98	124.26	67.97	3.04
11	Products Of Iron And Steel	87.41	119.26	36.45	2.92
12	Bulk Drugs, Drug Intermediates	100.06	113.87	13.81	2.79
13	Dyes	88.23	100.95	14.41	2.47
14	Organic Chemicals	91.31	97.43	6.71	2.38
15	Cotton Fabrics, Madeups Etc.	65.2	89.35	37.05	2.19
16	Aluminium, Products Of Alumni	88.76	89.08	0.37	2.18
17	Rmg Manmade Fibres	86.79	78.88	-9.11	1.93
18	Incl. Machinery For Dairy Etc	71.61	77.87	8.74	1.91
19	Rmg Cotton Incl Accessories	68.29	74.68	9.35	1.83
20	Auto Tyres And Tubes	58.23	58.64	0.7	1.43
21	Electric Machinery And Equipment	50.79	55.16	8.6	1.35
22	Ic Engines And Parts	72	48.19	-33.07	1.18
23	Petroleum Products	29.17	41.81	43.36	1.02
24	Plastic Sheet, Film, Plates Etc	27	37.16	37.66	0.91
25	Other Rubber Product Except Footwear	24.6	35.63	44.83	0.87
	<b>Sum Of Top 25 Commodities</b>	<b>2817.32</b>	<b>3351.43</b>	<b>18.96</b>	<b>82.01</b>
	<b>India's total exports to LAC</b>	<b>3,450.72</b>	<b>4,086.73</b>	<b>18.43</b>	<b>100.00</b>

(SOURCE: DGCIS, KOLKATA)

The fall in exports of iron & steel to LAC region is mainly because of the reduction in exports to countries like Colombia, Ecuador and Peru. Although, global exports of iron & steel have risen in the period under consideration, the fall in exports of IC engines is because of dip in exports of the commodity to Brazil.

A detailed list of tariff lines at 6-digit that have a huge trade potential for India in LAC region, has been recently (Sep 2018) shared with all the commodity divisions. These tariff lines have been identified based on a desktop analysis. A brief summary of the lists is as follows:

Division	Sectors	Estimated trade potential (in USD billion) approx.	LAC's Global imports in 2017 (in USD billion)	India's current share in LAC's imports from World
EP-CAP	Chemicals, plastic and allied products	67.6 bn	188.7 bn	1.5%
EP-Textiles	Textiles and allied products	76.9 bn	80.9 bn	5%
EP-Agri, Plantation Boards	Agricultural products	35 bn	68.8 bn	0.5%
EP-ESC	Electronics, Telecom & computer software	5.8 bn	62.4 bn	0.3%
EP-Engg	Engineering products & Automobiles	74.9 bn	253 bn	1.2%
EP-Pharma	Pharmaceuticals	17.7 bn	30.6 bn	4%
EP-LSG	Leather & sports goods	5.1 bn	6.9 bn	1.5%
EP-G&J	Gems & jewellery	1.93 bn	1.94 bn	0.75%

(based on Tariff lines where LAC's global imports is more than USD 10 million, Source of Trade data - ITC, Trade map; Trade Potential =  $\min(\text{India's global exports, LAC's global imports}) - \text{LAC's imports from India for the year 2017}$ ; values here are approximations)

## 2.2 Top commodities of India's imports from LAC countries in Apr-Aug 2018-19(P)

In Apr-Aug 2018-19(P), main commodities of India's imports from LAC were petroleum crude, gold, vegetable oils, bulk minerals & ores and sugar. Imports of gold have increased by 48.33% from USD 1,319.03 million in Apr-Aug 2017-18 to USD 1,956.56 million in Apr-Aug 2018-19(P). In addition, India's imports of petroleum crude from LAC have increased substantially by 30.32% in Apr-Aug 2018-19(P) as compared to Apr-Aug 2017-18, which could be partly due to increase in the international price of crude.

Table 3 shows the top ten commodities of India's imports from LAC which accounted for 93% of India's total imports from the region.

**Table 3 Top ten commodities of India's imports from LAC in Apr-Aug 2018-19(P)**

(USD million)

Rank	Commodity	Apr-Aug 2017-18	Apr-Aug 2018-19(P)	%Growth	%Share
1	Petroleum: Crude	3,300.15	4,300.82	30.32	46.02
2	Gold	1,319.03	1,956.56	48.33	20.94
4	Vegetable Oils	1,406.14	1,158.53	-17.61	12.40
3	Bulk Minerals And Ores	996.6	574.94	-42.31	6.15
5	Sugar	400.39	180.36	-54.95	1.93
7	Other Wood And Wood Products	137.53	152.68	11.01	1.63
6	Coal,Coke And Briquettes Etc	82.03	118.29	44.21	1.27
9	Petroleum Products	14.86	104.1	600.7	1.11
8	Fresh Fruits	38.88	84.47	117.28	0.90
10	Iron And Steel	126.43	60.04	-52.51	0.64
	<b>Sum Of Top Ten Commodities</b>	<b>7,822.04</b>	<b>8,690.79</b>	<b>11.11</b>	<b>93.00</b>
	<b>India's total imports from LAC</b>	<b>8,966.66</b>	<b>9,344.60</b>	<b>4.21</b>	<b>100.00</b>

(SOURCE: DGCIS, KOLKATA)

## 3 Top trading partners in LAC Region during Apr- Aug 2018-19(P)

### 3.1 India's top ten trading partners in LAC Region during Apr- Aug 2018-19(P)

In Apr-Aug 2018-19(P), Brazil was India's leading trade partner in the LAC region with total trade recorded at USD 3,494.73 million. India's trade with Brazil made up 26.02% of India's total trade with the LAC region. Between Apr-Aug 2017-18 and Apr-Aug 2018-19(P), trade with Brazil decreased by 5.45%. Other important trade partners in LAC region include – Venezuela (with 24.63% share in India's total trade with LAC), Peru (11.57% of total trade with LAC), Argentina (9.48% of total trade with LAC) and Chile (7.18% of total trade with LAC). Table 4 gives the top ten trading partners of India in LAC region. India's trade with these ten partners accounted for 93.53% of India's total trade with the whole region.

**Table 4 India's total trade with top ten trading partners in LAC–Apr-Aug 2018-19(P)**

(USD million)

Quarter	Apr-Aug			
Country / Year	2017-18	2018-19(P)	%Growth	% Share
Brazil	3,696.28	3,494.73	-5.45	26.02
Venezuela	2,555.53	3,308.81	29.48	24.63
Peru	1,230.29	1,554.04	26.31	11.57
Argentina	1,545.62	1,273.92	-17.58	9.48
Chile	1,038.96	963.98	-7.22	7.18
Colombia	610.83	940.56	53.98	7.00
Bolivia	315.79	321.12	1.69	2.39
Dominic Rep	302.96	278.16	-8.19	2.07
Ecuador	228.65	271.08	18.56	2.02
Trinidad	43.72	155.6	255.90	1.16
<b>Sum of Top Ten Countries</b>	<b>11,568.63</b>	<b>12,562.0</b>	<b>8.59</b>	<b>93.53</b>
<b>India's Total trade with LAC</b>	<b>12,417.54</b>	<b>13,431.50</b>	<b>8.17</b>	<b>100.00</b>

(SOURCE: DGCIS, KOLKATA)

The fall in total trade with major countries like Brazil, Argentina, Chile and Dominican Rep is due to fall in India's imports from these countries during Apr-Aug 2018-19(P) when compared to the same period of the previous year.

### 3.2 India's top ten export destinations in LAC Region during Apr-Aug 2018-19(P)

As regards to India's exports to LAC countries, Brazil, Colombia, Chile, Argentina and Peru are the largest importers of Indian merchandise. India's exports to Brazil increased by 29.01% during Apr-Aug 2018-19(P) as compared to the same period of the previous year. Over the same period, India's exports to Colombia increased by 24.84%, and exports to Chile increased by 43.75%. During Apr-Aug 2018-19(P), India's exports to Brazil was the highest amongst the LAC countries, with the value of exports to Brazil recorded at USD 1,528.31 million and was 37.4% of India's total exports to LAC countries. Table 5 enlists the top ten export destinations of India in LAC region. These ten countries accounted for 87.44% of India's total exports to LAC during Apr-Aug 2018-19(P).

**Table 5 India's top ten export destinations in LAC region– Apr-Aug 2018-19(P)**

(USD million)

Quarter	Apr-Aug			
Country / Year	2017-18	2018-19(P)	%Growth	%Share
<b>Brazil</b>	1,184.66	1,528.31	29.01	37.40
<b>Colombia</b>	378.12	472.03	24.84	11.55
<b>Chile</b>	298.08	428.5	43.75	10.48
<b>Peru</b>	302.06	314.59	4.15	7.70
<b>Argentina</b>	311.29	302.94	-2.68	7.41
<b>Ecuador</b>	117.56	143.16	21.77	3.50
<b>Guatemala</b>	117.4	124.72	6.24	3.05
<b>Dominic Rep</b>	82.02	92.27	12.49	2.26
<b>Panama Republic</b>	107.78	85.95	-20.26	2.10
<b>Uruguay</b>	60.33	81.08	34.39	1.98
<b>Sum of Top Ten Countries</b>	<b>2,959.30</b>	<b>3,573.55</b>	<b>20.76</b>	<b>87.44</b>
<b>India's exports to LAC</b>	<b>3,450.85</b>	<b>4,086.87</b>	<b>18.43</b>	<b>100.00</b>

(SOURCE: DGCIS, KOLKATA)

Amongst these top ten export destinations, only exports to Argentina have decreased in Apr-Aug 2018-19(P) when compared to the same period in previous year. This fall is mainly in account of fall in exports of two and three wheelers and bulk drugs to Argentina.

### 3.3 India's top ten import partners (suppliers) in LAC Region – Apr-Aug 2018-19(P)

India's imports from LAC countries are highly concentrated in the hands of a few economies. India's imports from ten countries – Venezuela, Brazil, Peru, Argentina, Chile, Colombia, Bolivia, Dominic Rep, Ecuador and Trinidad - made up 98.11% of India's total imports from LAC during Apr-Aug 2018-19(P). Venezuela alone contributed 35% of the total imports from LAC into India. Table 6 presents the top ten import partners of India in the LAC region.

**Table 6 India's top ten import partners in LAC region--Apr-Aug 2018-19(P)**

(USD million)

Quarter	Apr-Aug			
Country / Year	2017-18	2018-19(P)	% Growth	% Share
<b>Venezuela</b>	2,521.24	3,270.69	29.73	35.00
<b>Brazil</b>	2,511.62	1,966.42	-21.71	21.04

<b>Peru</b>	928.23	1,239.44	33.53	13.26
<b>Argentina</b>	1,234.34	970.98	-21.34	10.39
<b>Chile</b>	740.87	535.48	-27.72	5.73
<b>Colombia</b>	232.71	468.53	101.34	5.01
<b>Bolivia</b>	274.04	285.99	4.36	3.06
<b>Dominic Rep</b>	220.94	185.89	-15.86	1.99
<b>Ecuador</b>	111.1	127.92	15.14	1.37
<b>Trinidad</b>	1.83	116.47	6,247.91	1.25
<b>Sum of Top Ten Countries</b>	<b>8,776.92</b>	<b>9,167.81</b>	<b>4.45</b>	<b>98.11</b>
<b>India's imports from LAC</b>	<b>8,966.69</b>	<b>9,344.63</b>	<b>4.21</b>	<b>100.00</b>

(SOURCE: DGCIS, KOLKATA)

Imports from Brazil have decreased due to a fall in import values of commodities like sugar, bulk minerals, iron ores, iron & steel etc. On the other hand, imports of vegetable oils from Argentina and copper ores from Chile have been falling considerably in the current year.

#### 4 Major actions taken in Apr-Sept 2018-19

- i. JS(SM) led a delegation to Lima, Peru from 9-12 April, 2018 for holding the 2nd round of India-Peru negotiations on a trade agreement covering goods, services and investment. During the visit to Lima, Peru discussions were held in the following areas under the India Peru Trade Agreement:
  - a) Initial Provisions and General Definitions
  - b) Market Access for Goods (NTMA and Tariffs)
  - c) Trade in Services and Movement of Natural Persons
  - d) Investment
  - e) SPS/TBT
  - f) Dispute Settlement, Trade Remedies and General & Security Exceptions
  - g) Legal and Institutional Provisions
  - h) Cooperation
- ii. India and Ecuador signed the Terms of Reference (ToR) for the Joint Study to explore the possibility of a Trade Agreement between India and Ecuador and the Joint study has commenced.
- iii. During this Quarter, five stakeholders' consultations with the line Ministries, Departments, EPCs, Industry bodies and Associations have been held to seek and discuss their views and comments on Peru's Wish list of 5000 TLs.
- iv. Anti-Dumping/CVD Cases by Brazil - There is an initiation of Anti-Dumping Duty investigation by Brazil on Ball Point Pens falling under HS Code 96081000 and investigation of actionable subsidies in respect of Grinding Media Balls falling under HS Code 73259100. In the case of Grinding Media Balls, India has recently submitted its comments on the Technical Report of Brazil dated 27th July, 2018.
- v. Issue on Walnuts with Chile - The tariff duty on Walnuts (HS.08023100) has been increased from 30% to 100% vide Notification No. 45/2018 dated 23rd May, 2018 of the Ministry of Finance, Department of Revenue. Chile, which has become the second largest exporter of walnuts to India after USA, has been affected by the increase in duty as walnuts do not figure under the expanded India-Chile PTA, which became effective from 16th May, 2017. Hence, no tariff concessions are available to Chile for export of walnuts to India.  
Chilean side has requested for one-time exemption in tariff duties on walnuts for their in-transit shipments. The Chilean side has been informed that the relevant Customs rule requires an importer to pay the Custom duly prevailing on the date of import of the goods (walnut in this case). Hence, no duty concession is available in these cases even if the LC was opened beforehand.
- vi. Initiation of Anti-dumping investigation on Brazil – India initiated an anti-dumping investigation on Brazil concerning imports of High Speed Steel of Non Cobalt Grade from Brazil, China and Germany. The classification at the 8-digit level is majorly under 72281010 and 72281090. However, goods are coming under other heads of 7228 also. The period of investigation for the purpose of present

investigation is from 1st April 2017 to 31st March 2018 (12 months). However, the injury investigation period will cover the data of previous three years, i.e. April 2014 to March-2015, April 2015 to March 2016, April 2016 to March-2017 and POI.

- vii. During the month of September 2018, a detailed list of Commodities at 6-digit has been shared with the commodity divisions of the Department that have a huge trade potential for India in the LAC region. These tariff lines have been identified based on simple desktop analysis.

## **5 Key takeaways**

- i. Both India's global exports (16.15%) and India's exports to LAC (18.43%) have shown upward trend between Apr-Aug 2017-18 and Apr-Aug 2018-19(P).
- ii. Similarly, both India's global imports (17.99%) and India's imports from LAC (4.21%) have shown positive growth between Apr-Aug 2017-18 and Apr-Aug 2018-19(P).
- iii. Major commodities of exports to LAC that have shown noteworthy increase in export values are drug formulations, biologicals; agro chemicals; manmade yarn, fabrics, madeups, two and three wheelers; auto components/parts; cotton yarn; products of iron and steel and plastic raw materials. On other hand, exports of iron & steel have declined.
- iv. From the LAC region, India's imports of crude petroleum, gold, and coal, coke & briquettes have increased substantially while that of sugar, bulk minerals & ores, vegetable oils, iron & steel etc. has declined over this period.
- v. Most of the important commodities that are exported to the LAC region have shown improvement as compared to the previous year during the months of Apr-Aug. The 30.32% increase in import value of petroleum crude from LAC is a reflection of increasing oil prices as the quantity of petroleum crude imported from LAC has actually decreased.