

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

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Important Commercial News – May 2016

1 U S International Trade

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that the goods and services deficit was \$37.4 billion in April, up \$1.9 billion from \$35.5 billion in March, revised. April exports were \$182.8 billion, \$2.6 billion more than March exports. April imports were \$220.2 billion, \$4.5 billion more than March imports.

The April increase in the goods and services deficit reflected an increase in the goods deficit of \$1.4 billion to \$58.8 billion and a decrease in the services surplus of \$0.5 billion to \$21.4 billion.

Year-to-date, the goods and services deficit decreased \$8.1 billion, or 4.8 percent, from the same period in 2015. Exports decreased \$39.0 billion or 5.1 percent. Imports decreased \$47.1 billion or 5.1 percent.

Goods and Services Three-Month Moving Averages

The average goods and services deficit decreased \$1.6 billion to \$39.0 billion for the three months ending in April.

* Average exports of goods and services increased \$1.0 billion to \$181.7 billion in April.

* Average imports of goods and services decreased \$0.6 billion to \$220.7 billion in April.

Year-over-year, the average goods and services deficit decreased \$2.8 billion from the three months ending in April 2015.

- * Average exports of goods and services decreased \$8.9 billion from April 2015.

- * Average imports of goods and services decreased \$11.7 billion from April 2015.

Exports

Exports of goods increased \$2.9 billion to \$120.1 billion in April.

Exports of goods on a Census basis increased \$2.8 billion.

- * Industrial supplies and materials increased \$1.8 billion.

- o Fuel oil increased \$0.3 billion.

- o Other petroleum products increased \$0.2 billion.

- o Organic chemicals increased \$0.2 billion.

- * Automotive vehicles, parts, and engines increased \$0.8 billion.

- o Other parts and accessories increased \$0.4 billion.

Net balance of payments adjustments decreased \$0.1 billion.

Imports

Imports of goods increased \$4.3 billion to \$178.9 billion in April.

Imports of goods on a Census basis increased \$4.3 billion.

- * Capital goods increased \$2.5 billion.

- o Civilian aircraft increased \$0.8 billion.

- o Computers increased \$0.5 billion.

- o Electric apparatus increased \$0.3 billion.

- * Industrial supplies and materials increased \$1.1 billion.

- o Other petroleum products increased \$0.3 billion.

- o Crude oil increased \$0.2 billion.

Net balance of payments adjustments decreased \$0.1 billion.

2 Hospitality company Airbnb triples growth in India

Airbnb, a community-driven hospitality company, has announced that travel on the platform nearly tripled in India in the last year. "Countries all over the world

continue to embrace home sharing, and we are excited that India is at the forefront of this movement," said Nathan Blecharczyk, Airbnb co-founder and CTO.

"For countless families, home sharing is an economic lifeline. It helps people around the world turn one of their greatest assets into a tool to make ends meet. In a country like India where technology is unlocking new and exciting opportunities, I am thrilled the government is keen to make it easier for locals to be part of the sharing economy."

India is a large and growing travel market that is set to pass the \$40-billion mark by 2020. As increasing numbers of travelers are looking for new ways to experience the world, Airbnb helps give Indian travelers the chance to truly live like a local in unique accommodations in top destinations for India including France, Italy, the UK, United States and Australia.

"Not only does Airbnb connect Indians with unique, local and authentic experiences, it also allows them to be micro-entrepreneurs by serving as hosts and showing the incredible hospitality our country has to offer," said Amanpreet Bajaj, Airbnb's India country manager. "Hosts in India are everyday people, mums and dads, using their hosting income to support their families."

3 Apple chief Tim Cook meets Indian PM Modi

Apple chief executive Tim Cook met with Prime Minister Narendra Modi in New Delhi, launching a new version of the Indian leader's eponymous app on a visit aimed at pushing the technology giant's expansion plans. Cook, shown in a video using the premier's gold-colored iPhone, launched an update to the Narendra Modi Mobile App to include a new volunteering network.

"Thank you @tim_cook! Friends, welcome & happy volunteering. Your views & efforts are always enriching," the prime minister tweeted afterwards.

Apple does not currently have any stores in India, instead selling phones through third-party retailers such as Vodafone and Airtel, but has applied for permission to open shops. Tim Cook used the meeting to raise the possibilities of manufacturing and retailing in India, as well as tapping its great software expertise for app development, the government said.

"Thanks PM @narendramodi for a great meeting. Already looking forward to next visit to India. Best wishes on the app!" Cook tweeted.

The Apple boss has spent several days in the country after jetting in from China, in a visit seen as an extended Asia charm offensive. He has announced investments including an app design centre in the southern technology hub of Bangalore and a mapping development office in Hyderabad.

India is a compelling market for the technology giant, with nearly a billion Indians -- among a population of 1.2 billion -- still not online, especially as sales of the iPhone slow in more saturated markets.

Yet Apple products are too expensive for the vast majority of Indians, with taxes taking the cost of a basic iPhone to almost \$600. In April Apple reported its first drop in global iPhone sales since launching the smart phone in 2007.

During his trip to China, Cook announced Apple had invested \$1 billion in Chinese ride-hailing app Didi Chuxing, rival of US-based Uber.

4 Sun Pharma gets US subpoena over generic drugs pricing

The US department of justice has subpoenaed India's largest drug maker Sun Pharmaceutical Industries Ltd seeking information about the pricing and marketing of the generic drugs it sells in the United States, the company said on Saturday.

The DoJ's antitrust division has also asked Sun Pharma's US unit for documents related to employee and corporate records and communications with competitors.

The subpoena comes amid a wider probe by US regulators into steep increases in the prices of generic medicines in recent years.

The US department of health and human services started an investigation last year into generic drug prices after prodding from US senator Bernie Sanders and Democratic representative Elijah Cummings. They specifically cited doxycycline hyclate 100 milligram, an antibiotic for which the price doubled in the year through June 2014.

The DoJ's antitrust division sent subpoenas last year to two generic drug makers — Endo International Plc and Mylan — seeking information on their doxycycline products. Sun Pharma, the world's fifth-largest maker of generic medicines, is one of several companies selling doxycycline products in the United States. In a statement issued late on Saturday, it did not disclose the products over which the DoJ had sought information.

Other generic drug makers including India's Dr Reddy's Laboratories Ltd and US firm Allergan Plc also received subpoenas from regulators seeking similar information last year, but they did not disclose the names of the products involved.

5 Business leaders call for WTO to address pressing business issues

Business leaders meeting at the WTO headquarters outlined how the organization could address the current needs of the business community. In addition to the current negotiating agenda, they urged the WTO to look at a wide range of issues such as electronic commerce, rules to better facilitate services and investment flows, support for micro, small and medium-sized enterprises, action to provide trade finance, and many others.

The Trade Dialogues event brought together over 60 business leaders to discuss

the challenges and opportunities they face in conducting trade operations and to discuss how the WTO can help in dealing with them. The attendees were from small and large enterprises, from developed and developing countries, and from a variety of sectors. The event was held at the request of the International Chamber of Commerce (ICC) and the B20 group of leading independent business associations from G20 economies, and facilitated by the WTO. The businesses that participated in the event are listed below.

This high-level event for the business community is the first of its kind to be held at the WTO. It is part of a series of 'Trade dialogues' that will provide a range of stakeholders with the possibility to discuss their concerns on trade-related matters.

Participants were welcomed by WTO Director-General Roberto Azevêdo. This opening session was followed by break-out sessions where participants engaged in a focused dialogue in small groups. These sessions were chaired by four 'discussion leaders':

- Sunil Mittal, Founder and Chairman of Bharti enterprises, and First Vice Chairman of the ICC
- Frank Ning, Chairman of Sinochem and Chair of the B20 trade and investment taskforce
- Carole Kariuki, CEO of KEPSA, the Kenya Private Sector Alliance, and
- Kati Suominen, Founder and CEO of TradeUp.

The participants then reconvened and shared their conclusions in a direct exchange with the Director-General and the chairman of the WTO General Council, Ambassador Harald Neple. At a working lunch, the views of other important stakeholders, such as consumers, represented by Consumers International, and labor, represented by the International Trade Union Confederation, were also heard.

At the final session, the discussion leaders and other participants shared the outcome of their deliberations with the WTO membership through a dialogue with ambassadors and permanent representatives.

6 China Wants to Set Prices for the World's Commodities

China has put the world's traditional financial centers on notice that it wants to develop its raw material markets as hubs for setting prices, seeking to marry the country's commercial heft with a much greater say in determining how much commodities cost.

"We're facing a chance of a lifetime to become a global pricing center for commodities," Fang Xinghai, vice chairman of the China Securities Regulatory Commission, said at the Shanghai Futures Exchange's annual conference in the city. "On the way to realize this goal, we'll see very intense competition. We have the advantage of trading size and economic growth, but our legislation is still not sound and we lack enough talent."

China is the world's largest user of metals and energy, but its traders and companies rely on financial centers outside the country -- typically London and New York -- to set benchmark prices for most of the commodities they handle and consume. While raw materials trading in the nation remains largely off-limits to overseas investors -- who also face currency restrictions -- China has long pledged to open up. Fang vowed to press on with that process, while also seeing tough challenges from rival centers as it does so.

"We plan to use crude oil, iron ore and natural rubber futures as the starting point in our efforts to open the domestic market to more foreign investors," Fang told the audience. China shouldn't underestimate "the determination of current pricing centers to maintain their status," he said.

Raw-material futures markets in Asia's top economy became a focal point earlier this year after being engulfed in a speculative frenzy, with a rapid run-up in prices

and unprecedented volumes in March and April. The outburst prompted a crackdown from the CSRC and exchanges, which tightened rules and raised fees. The intervention was successful, and for China to now expand its role as a global center, effective supervision is critical, according to Fang.

“Recently, we experienced huge volatility and trading volumes in some commodity futures,” said Fang. “We supervised the exchanges to take measures, which have seen a notable effect.”

Data from the three biggest commodity exchanges in China show that aggregate volumes are less than half of what they were at the peak of the fever. Still, Chinese speculators will probably continue to seek very short-term commodity exposure thanks to easy credit access and the poor performance of alternative investments, according to Morgan Stanley.

7 G-7 Leaders Vow to Tackle Steel Glut and Industrial Excess

World leaders said they are committed to fixing excess industrial capacity and a global steel glut caused by government subsidies and support, according to a communiqué from the Group of Seven advanced economies meeting in Japan.

Without naming China, the statement amplifies pressure on the world’s top steel supplier, which has been blamed as the prime driver of a flood of cheap metal that has stoked trade tensions across the globe.

“We recognize the negative impact of global excess capacity across industrial sectors, especially steel, on our economies, trade and workers,” according to the G-7’s communiqué. “In particular, we are concerned about subsidies and other support by governments and government-supported institutions that distort the market and contribute to global excess capacity.”

Contending with its slowest growth in decades, China is exporting its surplus of steel at record levels. The European Union, India and the U.S. have all taken steps

to protect their domestic industries against the deluge.

Even as China seeks to pivot from capital-intensive to consumer-led growth, it's in a bind on how to effectively make that transition. "Inefficient mills also employ people and it may be an important industry in rural areas, so it won't be easy for China to stop such mills," said Risaburo Nezu, chairman of the Steel Committee at the Organization for Economic Cooperation and Development.

"It will be a tough decision for China, but unless the country stops facilities at some point, it won't be good for them to keep production while funding subsidies," he said in an interview in Tokyo.

The latest move from the U.S. Department of Commerce was to set possible tariffs on steel imports from China and four other countries, with Chinese producers potentially facing anti-dumping duties of 210 percent, although that level was scaled back from an earlier ruling.

China's commerce ministry called for restraint and prudence in the application of trade protection measures in a statement. Foreign Ministry spokeswoman Hua Chunying responded to European criticisms by noting that only 14 percent of the E.U.'s imported steel comes from China. The solution to "the malaise of the steel industry of Europe or even the world" is to bolster "sustained and steady global economic recovery," she said at a briefing in Beijing.

China is taking steps to reduce its steel capacity, with a government plan to cut between 100 million and 150 million metric tons by 2020 as a fading infrastructure boom leaves it saddled with too many unprofitable plants after decades of rapid growth. Its top steel-making province, which accounts for about a quarter of national output, said it aims to shutter capacity equivalent to about a month of production, according to the official Xinhua news agency.

The G-7 said it intends to utilize venues, such as the OECD, to consult with major steel producing countries to end the glut, according to its statement, which comes six weeks after industrialized nations failed to agree with China on steps to tackle the problem at a meeting in Brussels held by the OECD.

Participants had sought agreement to eliminate state subsidies and share information among nations to be transparent on output cuts, the OECD's Nezu said.

8 Ambassador Froman Announces Revised Fiscal Year 2016 Tariff-Rate Quota Allocations for Raw Cane Sugar

United States Trade Representative Michael Froman announced additional country-specific allocations under the tariff-rate quotas (TRQs) for imported raw cane sugar for Fiscal Year (FY) 2016 (October 1, 2015 through September 30, 2016). TRQs allow countries to export specified quantities of a product to the United States at a relatively low tariff, but subject all imports of the product above a pre-determined threshold to a higher tariff.

On May 18, 2016, the Secretary of Agriculture announced an additional in-quota quantity for the TRQ (tariff rate quotas) for raw cane sugar for the remainder of FY 2016 in the amount of 127,006 **metric tons raw value** (MTRV). This quantity is in addition to the minimum amount to which the United States is committed under the World Trade Organization (WTO) Uruguay Round Agreements.

The Office of the United State Trade Representative (USTR) is allocating this additional quantity of 127,006 MTRV to the following countries in the quantities specified below:

Country	FY 2016 Raw Cane Sugar Increase Metric tons raw value (MTRV)
Argentina	6,159
Australia	11,888
Belize	1,576

Brazil	20,768
Colombia	3,437
Costa Rica	2,148
Dominican Republic	15,000
Ecuador	1,576
El Salvador	3,724
Fiji	1,289
Guatemala	6,875
Guyana	1,719
Honduras	1,432
India	1,146
Jamaica	1,576
Malawi	1,432
Mauritius	1,719
Mozambique	1,862
Nicaragua	3,008
Panama	4,154
Peru	5,872
Philippines	19,336
South Africa	3,294
Swaziland	2,292
Thailand	2,005
Zimbabwe	1,719

These allocations are based on the countries' historical shipments to the United States. The allocations of the raw cane sugar TRQ to countries that are net importers of sugar are conditioned on receipt of the appropriate verifications of origin, and certificates for quota eligibility must accompany imports from any country to which an allocation is provided.

9 Trade Delegations

No trade delegation visited India from the jurisdiction of this Consulate during the month.

Following delegation visited the jurisdiction of this Consulate from India:

6 member Odisha delegation visited San Francisco to take part in annual TiE conference from May 4-7, 2016

10 Trade Inquiries

The following individuals / organizations approached this Consulate for various trade related queries. All of them were suitably responded.

i	Asia Exports	spices, vegetables, dry fruits
ii	Fair Price Exports	Coconut oil
iii	SilverSpear Impex	Fabrics & Garments
iv	Sun Bright Ceramics	Tiles
v	Lemooria Consultants	Rice, cotton, bags, hair, shirts, seeds
vi	Good Luck Exports	Herbs & herbal products
vii	ALS Exports	Leather goods
viii	Nihil Exim	Human hair
ix	Manisha Multitrades	Furniture & Hardware
x	Mr. Jigar Thacker	Sesame seeds
xi	Jabs International	Spices, sesame seeds
xii	Thilagam & co.	Onions
xiii	Neptune Impex	Tiles
xiv	S S Imex	Rice, Spices, onions
xv	Sri Parvathi Exports	Fruits, vegetables, herbal products, spices
xvi	P D Patel Inc	Handicrafts & Gift items
xvii	OAA Enterprises	Spices
xviii	Sai International	Cow Ghee
xix	Mr. Murugarajan A.R.	Cardamom
xx	VSS Exports	Areca plates, jewellery, fruits, vegetables, honey herbs, jute bags, spices, paper products, hair
xxi	Pappi Exports	Jute bags, handicrafts,
xxii	GMSM Exports	Printing Paper A4 size

11 Visas

During the month of May this Consulate issued **841** Business visas and **2880** Tourist visas.

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