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Important Commercial News – February 2015

1 CalChamber Capitol Report: California, U.S. Set New Export Record

Newly released trade statistics from the U.S. Department of Commerce revealed another record-breaking year in exports for California and the United States.

“With more than 95% of the world’s population living outside the United States, international trade is more important than ever,” explains Susanne Stirling, vice president of international affairs for the California Chamber of Commerce, in the latest CalChamber Capitol Report video. The U.S. Department of Commerce released the International Trade in U.S. Goods and Services Data and the 2014 Trade Statistics through the International Trade Administration’s Trade Stats Express on February 5.

“Exports have played a critical role in America’s economic comeback, and they continued to do so in 2014,” said U.S. Secretary of Commerce Penny Pritzker when the statistics were released.

Secretary Pritzker’s comments echoed those of President Barack Obama in his 2015 State of the Union Address in which he noted that exports are much higher now than ever, and that exports amount to higher wages. U.S. exports in goods reached more than \$1.6 trillion in 2014, a 2.8% increase from the previous year.

The largest export markets for U.S. goods in 2014 were Canada (\$312.1 billion, up 3.5%), Mexico (\$240.3 billion, up 6.3%), China (\$124 billion, up 1.9%) and Japan (\$67 billion, up 2.7%).

Top goods sectors included transportation equipment, computers and electronics, chemicals, and non-electrical machinery. U.S. agricultural exports are also at record level. According to U.S. Department of Agriculture data, in 2014, food and agricultural domestic exports reached \$150.5 billion. The past six years have been the strongest in history for agricultural trade, with U.S. agricultural product domestic exports totaling \$786.9 billion over six years.

U.S. exports in services increased \$22.9 billion to \$710.3 billion. This was due to a rise in travel, higher costs for the use of intellectual property, and an increase in the use of financial services.

California exports in goods reached \$174.1 billion, a 3.6% increase from 2013. Exports from California accounted for 10.7% of total U.S. exports in 2014. California's top export destinations are Mexico, Canada, China, Japan and South Korea. California is one of the top exporting states in the nation of computers, electronic products, and sales of food and kindred products. Computers and electronic products are California's leading export, accounting for 24.5% of all the state's exports.

Leading California Export Markets (in \$ U.S. Millions)

Partner	2011	2012	2013	2014
World Total	159,136	161,880	168,045	174,129
Mexico	25,807	26,370	23,904	25,419
Canada	17,261	17,424	18,887	18,249
China	14,194	13,970	16,298	16,060
Japan	13,096	13,033	12,733	12,263
South Korea	8,425	8,246	8,363	8,580
Hong Kong	7,664	7,826	7,793	8,502
Taiwan	6,245	6,318	7,519	7,467
Germany	5,307	4,979	5,591	5,427
Netherlands	4,417	4,344	4,755	5,370
India	3,793	3,209	5,264	5,276

2 Executive Actions to Promote Rural Exports:

As part of the Obama Administration's long-term, sustained effort to build jobs and economic security in rural America, the White House Rural Council has

hosted a series of workshops across the country to connect rural leaders and businesses with resources to expand exports and to identify barriers to exporting for rural businesses. Based on feedback gained at those workshops, the White House Rural Council has developed a number of new executive actions to further encourage increased goods and services from rural America including:

- A series of reverse trade missions and outreach events for rural businesses to meet foreign buyers, partners, and trade experts and facilitate access to additional foreign markets.
- An effort to double the number of rural businesses attending international trade shows and missions with the help and sponsorship of partners, including the Appalachian Regional Commission and Delta Regional Authority.
- A new National Rural Export Innovation Team to help more rural businesses access export-related assistance, information and events.
- A new partnership with community banks to educate local lenders on the needs of rural exporters and the federal export resources available to them and their customers.
- A new partnership with the United States Postal Service to host “Grow Your Business” Day workshops at 75 U.S. Postal Service locations throughout rural America to provide rural businesses an opportunity to learn about exporting and e-commerce, learn how to file customs forms online, and calculate and plan for export shipping costs.
- An effort to develop better financial indexing and metrics for rural infrastructure projects. This will help underpin additional investments in roads, bridges, inland ports, water supply systems, information technology, and community facilities that are vital to manufacturing and exports.
- A new effort to promote an entrepreneurial ecosystem mentorship program for rural communities.
- Launching an i6 Rural Challenge, which will focus on providing funding to rural communities to build capacity for commercializing technology by collaborating across agencies and providing funding to Challenge winners.

3 Google to mentor startups in India

Google will mentor 100 early-stage startups in India this year through its globally successful mentorship programme called Google Launchpad. The first Launchpad programme was flagged off in Bengaluru on Monday. Google will host four such events in the city this year, the maximum number that it has held so far in a single city anywhere in the world.

Globally, Google Launchpad has mentored over 350 startups in the last two years across Rio, Tel Aviv, Barcelona, Berlin and Paris. It plans to host 60 Launchpad events this year, said Amir Shevat, global startup programme manager.

Launchpad is a five-day intensive mentoring programme for early-stage startups focused on areas including product strategy, user experience & user interface, technology, and go-to-market. The mentors will be available to the startups for another three months for consultation. Google has short listed 20 startups for its first edition, from 1,450 applications it received last year.

"Some 18 out of the 20 selected startups are based out of Bengaluru, and 28% of the applicants were from the city. So we want to focus on Bengaluru, which is clearly emerging as the next Silicon Valley," said Sunil Rao, country head of the startup programme in Google India.

He said through the programme, Google wants to create a high-quality hyper local mentor network that's self-sustaining. "We will do everything except funding," he said. Selected startups also get Google Cloud and Google Analytics credits.

4 US companies pledge to build 20 GW of renewable energy in India

US-based SunEdison and First Solar on Sunday committed to build more than 20,000 megawatts of clean energy capacity in India by 2022, a boost for Prime Minister Narendra Modi's efforts to meet ambitious renewable targets.

The companies announced the plans at the beginning of India's first major renewable energy conference, where Modi's government is trying to drum up support from investors to reach a target of 100,000 megawatts of solar power by 2022, a 33-fold rise from today's level.

SunEdison said it would build 15,200 MW of solar and wind power capacity by 2022, while First Solar made a commitment to develop 5,000 MW of solar by 2019. The commitments follow recent pledges to launch new solar plants by domestic companies Adani Enterprises and Essel Group.

"India has a critical need to add capacity to its grid as it continues to experience strong economic growth and growing demand for energy," said Pashupathy Gopalan, president of SunEdison Asia-Pacific.

Modi has made renewable energy a priority for his nine-month old government, as he looks to capitalise on the falling cost of solar power - expected to reach parity with conventional energy by 2017 - and address India's chronic power shortages. He told an audience at the conference in New Delhi that renewable energy was an "article of faith" for him.

India wants to raise the of its energy mix from renewables to 15 percent in 10 to 12 years from 6 percent now, Power Minister Piyush Goyal told the conference. Analysts have said Modi's targets will be difficult to reach given the poor financial position of electricity distribution companies that would buy solar energy, and the slow pace at which land for plants is made available. Total installed photovoltaic solar capacity globally stood at 135,000 MW at the end of 2013, according to First Solar. India's largest lender, the State Bank of India, said it would bankroll 15,000 MW of solar power by 2020. The SBI did not disclose the size of the financing package but 1,000 MW of solar typically costs about \$1 billion.

5 U.S. Ambassadors to Lead Delegations of Investors to 2015 SelectUSA Investment Summit

U.S. Secretary of Commerce Penny Pritzker today announced that 26 U.S. ambassadors are currently signed up to personally lead delegations of investors to the 2015 SelectUSA Investment Summit, March 23-24, at the Gaylord National Resort and Convention Center, just outside Washington, D.C. The Summit will bring together international investors, domestic economic development organizations (EDOs), local elected officials, and academics to further explore investment opportunities all around the United States.

"The SelectUSA Summit is an important opportunity for us to showcase why the United States is the best place in the world for businesses to invest," said

Secretary Pritzker. “The strong interest we have received from overseas firms is great news, and we look forward to welcoming them. These companies understand the advantages of doing business in America and are ready to make or increase their investments, which will generate economic growth and create jobs in communities across the country.”

To date, more than 2,000 people from 77 countries have registered for the Summit. The inaugural 2013 SelectUSA Investment Summit attracted investors from 60 countries, including three delegations led by ambassadors. In addition to senior administration officials and 64 top public and private sector representatives, President Obama addressed the first summit.

U.S. ambassadors and their teams in embassies and consulates on every continent are recruiting high-potential investors to participate. These investors will have the opportunity to meet U.S. state and local officials, and economic developers at the Summit exhibition and through online matchmaking. Investors can also learn the basics of establishing operations in the United States at the Summit Academy, which will be held the day before the Summit, and hear from business and government leaders on the latest trends and policy issues during the two-day Summit program. “We are thrilled with the caliber of the delegations that have registered, including decision-makers from growing companies and representatives of key business associations,” said Vinai Thummalapally, SelectUSA Executive Director and a former U.S. Ambassador to Belize. “We appreciate the essential role that U.S. ambassadors play in raising awareness of the incredibly diverse opportunities that the United States offers.”

About the SelectUSA Investment Summit: The 2015 Summit will be held on March 23-24, in the Washington area at the Gaylord National Resort and Convention Center. More than 2,500 participants will find the practical tools, information and contacts they need to move investments forward.

About SelectUSA: Housed within the U.S. Department of Commerce, SelectUSA

promotes and facilitates business investment into the United States by coordinating related federal government agencies to serve as a single point of contact for investors. SelectUSA assists U.S. economic development organizations to compete globally for investment by providing information, a platform for international marketing, and high-level advocacy. SelectUSA also helps investors find the information they need to make decisions; connect to the right people at the local level; navigate the federal regulatory system; and find solutions to issues related to the federal government. For more information, visit www.selectusa.gov.

7 Maybe the Obama Admin is right about free trade after all

The chances of the Obama Administration scoring any kind of major policy victory this year took a big hit when it became clear that there would be a bipartisan movement to torpedo his Trans-Pacific Partnership trade agreement if it didn't include protections against currency manipulation.

At first, it looked like the opponents of TPP had the evidence on their side. After all, Americans, and their elected officials, have been focusing on wage stagnation. After all, free trade efforts have not been helped by the fact that the proliferation of free trade agreements has coincided with a decades-long stagnation in wage growth.

Opponents of the Trans-Pacific Partnership are now zeroing in on currency manipulation, arguing for stronger protections to prevent trading partners from artificially driving down the dollar value of their currencies to give their exporters an advantage. In a recent study, economist Robert E. Scott estimated that the U.S. has lost hundreds of thousands of jobs to places like Mexico and South Korea due to a lack of protection against currency manipulation.

A new study shows that most new free trade agreements have actually cut the trade deficit.

Those who argue against free trade agreements often point to the fact that the

nation's flagship deal, the North American Free Trade Agreement, coincided with a huge increase in America's trade deficit with Mexico in particular. Before NAFTA was signed, the U.S. had a slight trade surplus with Mexico and a \$30 billion trade deficit with Canada. At present, the trade deficit with those two nations totals more than \$180 billion.

But in a new report from the centrist think tank Third Way, authors Jim Kessler and Gabe Horwitz argue that while NAFTA may not have "lived up to its promise" of boosting the U.S. economy, trade negotiators have become more adept at including higher labor and environmental standards in the many trade deals that followed NAFTA. The result, according to Kessler and Horwitz, is that the vast majority of trade deals signed into law by Congress in the 21st century have shrunk, rather than increased, the trade deficit and therefore have helped create jobs.

While some 20th Century trade deals didn't always live up to their promise, deals in the 21st Century have generally been negotiated with higher standards making them a better proxy for the likely impact of new deals like the Trans-Pacific Partnership. In this paper, we analyzed all of the U.S. trade agreements that went into effect since the turn of the century—with 17 countries in all since 2000. Because the U.S. has such a consistent and overwhelming trade surplus in services, in this paper we looked only at whether these deals improved the U.S. balance of trade in goods. Our analysis found the following: nearly all recent trade deals have improved our balance of trade in goods, and in the aggregate the gains have been substantial.

They find that trade deals with 13 of 17 countries since the year 2000 have led to a decrease in the trade deficit, and that in the aggregate, "the balance of trade for goods improved after implementation by an average of \$30.2 billion per year in 2014 dollars."

Such evidence could help convince wavering Congressmen to support TPP, a trade agreement that would cover 40% of the global economy and is a pillar in the President's plan to bolster America's influence in Asia. But disagreement

over the effects of trade agreements, with supporters pointing to post-2000 deals and detractors pointing to deals with places like Mexico and Korea—which seem to have been bad deals for U.S. workers—shows the limitations of using economics as a policy guide.

The global economy is a very complex engine and it's difficult to isolate the effects of any policy, even one as big as a free trade agreement. It's quite possible that U.S. companies would be investing more abroad and wages would be stagnant here at home even if the U.S. didn't sign such trade treaties with other countries. Economics is a science that performs natural experiments with no control groups. Hard evidence is tough to come by.

8 Rally on Capitol Hill in Support of Ex-Im Bank

Representing 41 states, more than 650 small businesses, suppliers and local chambers rallied on Capitol Hill to support the reauthorizing of the Export-Import Bank of the United States.

Without congressional action, the ability of the Ex-Im Bank to help finance the export of U.S. goods and services to international markets will expire on June 30, putting thousands of U.S. jobs at risk.

In addition, U.S. companies—small and large—will be at a serious disadvantage in their quest to turn export opportunities into real sales that help maintain and create U.S. jobs and contribute to a stronger national economy. The lack of financing will damage the economic recovery of both California and the nation.

With 80 years of experience, the Ex-Im Bank has supported more than \$567 billion of U.S. exports, primarily to developing markets worldwide. In the 2013 fiscal year, Ex-Im Bank approved more than \$27 billion in total authorizations to support an estimated \$37.4 billion in U.S. export sales and approximately 205,000 American jobs in communities across the country.

Nearly 400 California exporters were supported by the bank in 2013 alone for a total of \$5 billion in sales, according to the Ex-Im Bank. The Ex-Im Bank is a self-sustaining agency that operates at no net cost to the taxpayers. Ex-Im Bank pays for itself by charging fees or interest to its customers for loans, credit insurance and loan guarantees those customers receive.

In the past fiscal year, the Ex-Im Bank has generated more than \$1 billion in excess revenue for U.S. taxpayers. Since 1990, the bank has refunded \$7 billion to the U.S. Treasury above all costs and loss reserves.

Failure to reauthorize the Ex-Im Bank would amount to unilateral disarmament in the face of other nations' aggressive trade finance programs, putting at risk billions of dollars in U.S. exports and more than 150,000 U.S. jobs at 3,000 companies that depend on the bank to compete in global markets.

Trade delegation;

A Trade delegation from Washington State, Dept. of Commerce visited India to look for possible investors in State of Washington. They had number of meetings in Delhi and Mumbai. They want State Bank of India to open a branch in Washington State.

No commerce related delegates visited the jurisdiction of this Consulate from India.

Trade Enquiries

The following individuals / organizations contacted this Post for various trade related enquiries. All of them were appropriately replied.

- a Ayya AADB Exports, TamilNadu: Basmati and non-basmati rice
- b Millinor Traders, Tamil Nadu: Tamrind and vegetables
- c Mr. Medak Doug, Washington State: Garden Suppliers
- d Mr. Rajesh, India: Water Jugs and Kitchen ware
- e Agilam Marketing, Madurai: Papads / Appalam
- f Adani Wilmar Ltd, Gurgaon: Rice

- g Imperio International, Gujrat: Mosiac Tiles, Ceramic Tiles
- h Rehmat Handicrafts, India: Handicrafts
- I Sree Maruthi Exports, India: Betel nuts
- J Snow Falcon International, Coimbatore: Spices, Rice, Food Grains,
Pulses

Visas issued

During the month of February this Post issued **3581** Tourists **3581** and Business visas.

Purshottam Bhatnagar
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