

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

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Important Commercial News – March 2015

1 U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced today that the goods and services deficit was **\$35.4 billion** in February, down \$7.2 billion from \$42.7 billion in January, revised. February exports were **\$186.2 billion**, \$3.0 billion less than January exports. February imports were **\$221.7 billion**, \$10.2 billion less than January imports.

The February decrease in the goods and services deficit reflected a decrease in the goods deficit of \$7.4 billion to \$55.2 billion and a decrease in the services surplus of \$0.1 billion to \$19.7 billion.

Year-to-date, the goods and services deficit decreased \$2.6 billion, or 3.2 percent, from the same period in 2014. Exports decreased \$5.3 billion or 1.4 percent. Imports decreased \$7.9 billion or 1.7 percent.

The average goods and services deficit decreased \$1.4 billion to \$41.2 billion for the three months ending in February.

- Average exports of goods and services decreased \$3.5 billion to \$190.2 billion in February.
- Average imports of goods and services decreased \$4.9 billion to \$231.4 billion in February.

Year-over-year, the average goods and services deficit increased \$1.9 billion from the three months ending in February 2014.

- Average exports of goods and services decreased \$1.0 billion from February 2014.
- Average imports of goods and services increased \$0.8 billion from February 2014.

2 Google in talks to buy Indian startup InMobi

Google Inc) is in talks to buy Bangalore-based mobile advertising venture InMobi, a source with direct knowledge of the matter said, which could pave the way for what could be the U.S. company's first deal in India's busy start-up space,

InMobi helps companies target the users of phones and mobile devices in their advertising. It was launched in 2007 and says it has more than 1 billion users across 200 countries. It counts Japan's SoftBank an early backer of China's Alibaba and venture capital firm Sherpalo among investors. The source said the two sides were negotiating over issues that included how many unique users InMobi has, a key to its value.

"They are ironing out issues on what InMobi's parameters are, and whether it matches Google's," the source said, adding that InMobi would likely be valued at around \$1 billion.

Google Capital, the group's investment arm, has set up shop in India's Silicon Valley, but the parent company has yet to invest directly in the country's Internet and e-commerce sector.

"Advertising is a big revenue generator for Google. As people move from browser or desktop searches, mobile advertising is becoming more important," Neil Shah, an analyst at Counterpoint Technology Market Research, said. Google has bought mobile advertising company AdMob for \$750 million, getting a green light in 2010 after months of negotiations with the U.S. Federal Trade Commission.

In February, InMobi said 43 percent of its users were in North America and Western Europe, while the Asia Pacific region made up 38 percent. In India, the vast majority of Indian Internet users access the web through their phones. There were more than 240 million mobile Internet users in India at the end of 2014, according to Shah at Counterpoint Research.

3 Joint Statement from the Inter-Sessional Meeting of the U.S.-Pakistan Trade and Investment Framework Agreement (TIFA) Council

Senior officials from the Governments of the United States of America and the Islamic Republic of Pakistan met on March 12 in Islamabad under the auspices of the United States-Pakistan Trade and Investment Framework Agreement (TIFA). The officials reviewed progress under the bilateral Joint Action Plan, a plan created by President Obama and Prime Minister Sharif in 2013 to boost two-way trade and investment. Specifically, the two parties discussed trade promotion efforts, entrepreneurship, diversification of agriculture, intellectual property rights, initiatives to boost investment, and labor issues.

This was an inter-sessional meeting of the TIFA Council, which reviewed the trade and investment relationship between the United States and Pakistan. The Council serves as a key forum for bilateral trade and investment discussions between the two countries. The TIFA seeks to address impediments to greater trade and investment flows and increase economic linkages between their business communities.

During the session, the two sides discussed the overall trade and investment environment and had focused discussions on a number of areas, including: promoting trade and investment, Pakistan's recent admission as an Observer Nation to the World Trade Organization (WTO) Government Procurement Agreement (GPA), trade facilitation measures being adopted by the Government of Pakistan, formation of the Pakistan United States private sector Joint Business

Forum, and recent developments in the regulatory and enforcement environment in the area of intellectual property protection in Pakistan. Additionally, the two delegations discussed joint collaborations aimed at supporting small and medium enterprises (SME) in Pakistan and improving access to finance.

The Pakistani side expressed appreciation for USAID's recently announced U.S.-Pakistan Partnership for Access to Credit. USAID, in partnership with four Pakistani banks, will make \$60 million in credit available for SMEs in Pakistan. The United States expressed appreciation for the initiatives undertaken by the Pakistani Ministry of Commerce as a follow up on the Memorandum of Understanding (MOU) to promote the economic empowerment of women and women's entrepreneurship, which was signed by Pakistan and the United States during the 7th TIFA Council Meeting in May 2014.

During the meeting, both parties took note of the success of the U.S.-Pakistan Economic Partnership Week held in Islamabad on March 9-12, which featured the visit of U.S. Secretary of Commerce Penny Pritzker and the third Pakistan-U.S. Business Opportunities Conference. The latter brought to Pakistan more than 140 representatives from U.S. companies from sectors such as energy, agriculture, textiles, healthcare solutions, infrastructure, and information technology. The two sides also lauded progress in the trade of Pakistani mangoes and U.S. live cattle since the last TIFA meeting in Washington in May 2014.

Lastly, the U.S. side congratulated their Pakistani counterparts for attaining Observer status to the WTO Government Procurement Agreement as an important first step to Pakistan's prospective accession to the GPA. The two parties resolved to hold their next meeting, a senior-level TIFA Council meeting, in Pakistan in the near future.

4 Ford to triple exports from India with new \$1 billion plant

Ford Motor Co (F.N) plans to triple exports from India with a \$1 billion plant that

will be one of its most heavily automated in Asia, offsetting slower sales inside the country with a push to sell more local production abroad.

The factory, opened on Thursday in the western state of Gujarat, will nearly double Ford's production capacity in India to 610,000 engines and 440,000

vehicles a year. It will make engines and compact cars such as the EcoSport, a small SUV, and the Figo Aspire sedan.

"India is very cost competitive, which is important particularly for small vehicles," Ford Chief Executive Mark Fields told reporters at the factory opening in Sanand, outside Gujarat's biggest city, Ahmedabad.

He declined to say how quickly Ford would take exports to three times the current level.

Smaller cars are key to Ford's efforts to compete in Asia and particularly in India, where a growing urban population means compact models account for about one in every two passenger cars and utility vehicles sold.

Ford, like foreign rivals General Motors (GM.N) and Volkswagen (VOWG_p.DE), has struggled to ramp up sales in India, amid a sluggish recovery in the domestic market and tough competition from established Japanese automakers such as Maruti Suzuki (MRTI.NS) and Honda Motor Co (7267.T).

Maruti Suzuki dominates the small car segment in particular.

Ford sold 77,140 vehicles in India in 2014 down from 80,431 in 2013, while exports nearly doubled to 76,981 units over the same period. In comparison, market leader Maruti sold 81,564 passenger cars in December alone.

But the market, already the world's sixth largest, is tipped to grow rapidly. While sales rose just over 2 percent last year, industry experts expect that to accelerate to 6 to 8 percent in the fiscal year beginning April 1..

Ford expects Indian auto sales to more than double by 2020.

Fields said Ford would introduce three new cars in India over the next 12-18 months. He did not give more details.

MAKE IN INDIA

India's government under Prime Minister Narendra Modi has sought to encourage manufacturing in a drive to boost jobs in a country where a million people join the workforce every month.

The Ford plant, spread over 460 acres, will have an initial installed annual capacity of 240,000 vehicles and 270,000 engines.

"India is going to be attractive (as an export hub) because of the low cost base, and also the expectation that when the dollar strengthens it will be favorable for exporters," said Abdul Majeed, partner and auto expert at PriceWaterhouse India.

But Ford's "make in India" drive comes with heavy automation, as it tries to hedge against a steep rise in labor costs that has hampered firms elsewhere in Asia. Ford employs 2,500 people in the Gujarat plant, twice the number in a similar sized plant in Chennai, in southern India.

"Over time in these emerging markets labor costs will go up," said David Scoch, president of Ford's Asia Pacific operations. "We have seen that in China."

6 Trade Shows / Road Shows

Consulate in collaboration with Hayward Chamber of Commerce organized a "Make - in – India" campaign in Hayward CA. The event was attended by about 160 people. The guests included local business men, corporate executives, local politicians and officers from Dept. of Commerce.

Natural Expo West Trade Show was held at Anaheim, CA from Mar. 6-8, 2015. This is world's largest event devoted to natural & specialty food and beverages, organics, supplements etc. APEDA under Ministry of Commerce & Industry

participated in this trade show and displayed various produces from India which include Basmati Rice, Tulsi Tea, Pulses, Cashew, Spices & Condiments. The trade show was well attended. This was a good opportunity to showcase India's strength in organic product profile and variety of products that India can offer.

7 Trade delegation

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

A 7 member delegation from Ministry of Railways visited San Francisco and Los Angeles from Mar. 9-17, 2015. The delegation was led by Mr. T.N. Kakaji (Director).

8 Trade Enquiries

The following organizations / individuals approached this Consulate for various queries related to trade. Each and every one of them were appropriately responded.

1	Lallubhai Amichand Limited, Mumbai	Kitchen ware
2	Ketshav Enterprises, Chennai	Coconut products
3	Star Exporters, Tamil Nadu	Herbal products
4	JKS Exports, Tamil Nadu	Ready Made Garments
5	Aadhavan Associates, Trichy	Herbal products
6	Govind Enterprises, Rajasthan	Bed covers, Bed Sheets, Cushion covers, Table covers, Curtain, Towels, Ladies and Gents garments
7	Fly Intenational, Tripur	Coconut water
8	Global Exports, India	Agro commodities
9	V.K. Exports, Tamil Nadu	Textile Yarn
10	K.V.K. Flyers, India	Spices
11	TGS Exports, Theni	Towels
12	Snow Falcon International, Coimbatore	Spices, Rice, Food Grains, Pulses,
13	Imperio Internatinal, Gujrat	Tiles
14	K.K. Agencies, India	Agro products

15 Aparna Leathers, Tamil Nadu

Leathers garments & Goods

9 Visas issued

This Consulate issued **1306** Business visas and **3081** Tourist visas during this month.

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