

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

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Important Commercial News – Aug 2013

1 U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES

Goods and Services

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that total June exports of **\$191.2 billion** and imports of **\$225.4 billion** resulted in a goods and services deficit of **\$34.2 billion**, down from \$44.1 billion in May, revised. June exports were \$4.1 billion more than May exports of \$187.1 billion. June imports were \$5.8 billion less than May imports of \$231.2 billion.

In June, the goods deficit decreased \$9.7 billion from May to \$53.2 billion, and the services surplus increased \$0.2 billion from May to \$18.9 billion. Exports of goods increased \$4.0 billion to \$134.3 billion, and imports of goods decreased \$5.7 billion to \$187.4 billion. Exports of services increased \$0.1 billion to \$56.9 billion, and imports of services were virtually unchanged at \$38.0 billion.

The goods and services deficit decreased \$8.2 billion from June 2012 to June 2013. Exports were up \$6.0 billion, or 3.2 percent, and imports were down \$2.3 billion, or 1.0 percent.



2 TCS hires 174 from US campuses

India's largest IT service provider Tata Consultancy Services (TCS), today announced that they have hired 174 college graduates this year in the US. Over the past four years, the company has recruited over 500 college graduates across the US. These new hires are a continuation of TCS' history of sustaining and adding STEM (Science, Technology, Engineering, and Mathematics) jobs to meet the demands of its global customers.

Seventy-four of the new hires joined in April and June; the remaining 100 new hires will join TCS in waves throughout the summer. All of TCS' new employees will undergo TCS' Initial Learning Program, a six to twelve week long talent development training program, housed out of TCS' Cincinnati, OH facility. After they have completed their training program, 100 of the hires will be based at the Cincinnati campus, which has a workforce of over 600 employees. The remaining 74 will be working in locations across the country to support the business growth in those markets. These new hires hail from 26 states plus the District of Columbia across 71 different universities.

"We view new college hires as an opportunity to grow our highly skilled workforce and help support economic growth across the country. We're especially pleased to be adding so many new employees to our renowned delivery center in Cincinnati," said Surya Kant, President of North America, UK & Europe Operations at TCS.

TCS' workforce development and community engagement strategies in the US are focused on advanced and niche technology skill development and certification and the company is involved in numerous efforts to cultivate the talent that will make up the future technology workforce.

For example, in June of this year at CGI America, a nationwide gathering hosted by the Clinton Global Initiative in Chicago, Illinois, it was announced that TCS has joined US2020 as a Founding Leadership Partner. US2020 is a national STEM Education initiative that aims to engage one million science, technology, engineering and math (STEM) professionals in mentorship opportunities by the year 2020.

TCS will be the lead partner in developing US2020's web-based matching technology that will help place STEM volunteers into high impact mentoring opportunities with top non-profits working across different grades, settings, and delivery models.

3 AMD sets up second design centre in India

Chip maker AMD, today announced the opening of a new design centre in Hyderabad. The centre will be dedicated to both software and hardware innovations at the core of AMD's Accelerated Processing Units (APUs). The design centre was inaugurated by Rory Read, president and chief executive officer at AMD.

"Our Hyderabad Design Centre will play an important part in that mission as the team works in-concert with our other design centers around the world to deliver AMD's next round of innovative products," said Read.

Located at Raheja Mindspace, HITEC City, Madhapur, in the heart of Hyderabad's technology hub, the new facility features 1,75,000 square feet of engineering labs, and equipment. AMD also has a design centre in Bangalore, as well as sales offices in New Delhi and Mumbai.

"India is a crucial market for AMD, and our design centers in both Hyderabad and Bangalore are key design and development hubs for our business," said Madhusudan Atre, corporate vice president, design engineering at AMD.

4 Bullish on India, First Solar scouts for partnerships

Describing Indian market as an attractive and big for solar power, equipment maker First Solar has said it is looking for partnerships to strengthen business activities in the country. However, First Solar noted that the single biggest challenge for the sector is availability of funds.

First Solar chief executive officer James A Hughes said that India is a "growing and a very big market (for solar power) in the long time to come". Some other markets, including the United States and China, are also attractive for

solar energy, he added. The company has already supplied equipment for over 360 MW installed solar energy generation capacity in India. The cost of electricity in these markets (emerging) tend to be high relative to rest of the world. We think solar (energy) is very appropriate for markets and economies where much of the energy is imported, which again fits India.

"These characteristics make emerging markets, India in particular, attractive," Hughes said in New Delhi. First Solar has a market share of about 20% in India.

"We always look for partnerships. We have already with many companies in the Indian market. We are talking to many others," Hughes said. Noting that cost is no longer the barrier for solar energy, Hughes said the sector faces difficulties in getting funds. "The single largest challenge in the Indian market is availability of capital, particularly debt capital. Our focus is to have broad financial relationships as possible," he noted. According to him, the company has participated in projects including those under the National Solar Mission.

"We are looking at bilateral industry open access contracts. We are looking at industrial roof top diesel replacement opportunities. We are looking at off grid energy access opportunities. We have clearly identified segments of the energy industry that we believe offer opportunities," he added.

5 Easy Credit Dries Up, Choking Growth in China

As the Chinese economy boomed, few cities soared faster or higher than Shenmu, a community of nearly 500,000 in northwestern China. Top luxury clothing stores in this city's downtown were recording as much as \$ 500,000 a day in sales. Tables at the best restaurants had to be reserved weeks in advance. The new Fortune Garden Club for the city's business elite made headlines by paying \$1 million for a king-size mahogany bed, to be used by members and their companions.

But a painful credit crisis is now spreading across Shenmu and cities nearby, as thousands of businesses have closed, fleets of BMWs and Audis have been repossessed and street protests have erupted.

Now the leading purveyors of Western fashions are deserted, monthly sales at restaurants are down as much as 97 percent and the marble entrance to the Fortune Garden Club is shuttered. All but one of the city's car dealerships have failed.

The owner of the city's largest jewelry store was detained by the authorities after creditors found him secretly packing millions of dollars' worth of gold and jewels into cases and accused him of preparing to flee the city without settling his debts. A top restaurant closed, and its owner left town, as have the founder of the Fortune Garden and many other executives.

"It's an economic crisis just like the United States has had; just like it," said Wang Ting, an operator of an illegal casino in Fugu, near Shenmu. "There's no cash, everyone stays home without a job, there's no way the economy can recover."

Shenmu, and nearby cities like Ordos and Fugu, are at the leading edge of broader troubles that are beginning to afflict the entire Chinese economy. Across China, growth has slowed. With the slowdown have come rising defaults on loans made outside the conventional banking system, chronic overcapacity in many industries like coal mining and steel production and, in particularly troubled cities like Shenmu, a sharp decline in previously debt-fueled prices for real estate and other assets.

The cracks are showing in many sizable cities like coastal Wenzhou, where informal lending, a big part of so-called shadow banking, has dominated for a quarter-century. Cities with economies linked to commodities with falling prices have also been affected, as more people have defaulted on loans. The biggest, most economically diverse metropolitan areas like Beijing and Shanghai seem considerably less affected, but also have many small and medium-size businesses that depend on informal lending.

Lending has collapsed here in northern Shaanxi Province, where it was particularly speculative and frenzied, and where the local coal industry has also been crippled by steeply falling prices.

As some borrowers began defaulting early this year, worried lenders in the informal sector raised interest rates for small and medium-size businesses, previously 25 to 40 percent a year, to as much as 125 percent a year. The increase set off a much broader wave of defaults in recent weeks, as owners found themselves unable to repay billions of dollars in bad debts, many of them handwritten and hard to enforce in court.

Although changes are being slowly introduced, state-owned banks have long been allowed to lend only at low, regulated rates barely above the inflation rate, with the total value of loans controlled by quarterly quotas. All over China, these loans go overwhelmingly to large state-owned businesses, government officials and politically connected individuals, who then re-lend the money at much higher interest rates to small and medium-size businesses in the private sector that need money to grow.

Private sector businesses could afford to borrow at double-digit interest rates because nominal growth of 16 to 23 percent a year from 2004 through 2011 exceeded the rates. But nominal growth slowed last year to 9.8 percent and fell again in the first half of this year, to an annual pace of 8.8 percent.

At the same time, overinvestment led to overcapacity. Dozens of new mines opened around Shenmu in the last decade and older mines expanded. But demand has grown much more slowly than expected for electricity and steel, the two main users of coal.

Coal prices have dropped by half in the last three years as a result. Now, out of 90 mines near Shenmu, practically the only ones still operating are nine that are state-owned and do not need to show a profit.

The popping of the real estate bubble has been the most serious blow to the local economy. Real estate prices had soared in cities across China. In Shenmu, 1,200-square-foot apartments that sold for less than \$20,000 a decade ago reached \$ 330,000 by last winter.

Public discontent is fueling street protests. Several thousand residents turned out in mid-July for a demonstration in the expensively paved square across the street

from city hall, demanding that municipal officials revive the stalled economy. More recently, a smaller group of migrant workers protested, demanding that the local government pay their back wages after construction was halted on a row of high-rise apartment buildings.

6 U S Trade delegations to the neighboring countries

a First Mover Trade Mission to Myanmar

September 19- 26, 2013 (MYANMAR, with Optional Stops in Bangkok or Hong Kong)

Myanmar, considered the last outpost of Southeast Asia, has recently emerged from a 50-year slumber led by democratic reforms that are attracting interest from the world over. Intense interest due to the recent opening has seen world leaders flocking to Yangon to find the next new market for goods and services and potential strategic partners. Among those are corporate giants such as Coca-Cola and General Electric who recently opened offices and marketing operations in country. President Obama made a historic visit in November 2012 and re-opened trade with the U.S.

The Centers for International Trade Development (CITD) are leading a “first mover” trade mission, focused on infrastructure (roads, ports, and airports) and fast moving consumer goods. This trade mission will focus on establishing one-on-one meetings with leading companies, multilateral development banks and organizations and key government decision makers utilizing a network of in-country marketing executives.

The sectors mainly will be:

- **Fast moving consumer goods (FMCG):** food and non-food everyday items with industry players such as DKSH, City Mart, AB Foods and Beverages, and other.
- **Infrastructure (trade enabling):** ICT (mobile communications, secure IT), hospitality, transportation, and other related opportunities

b Food and Agricultural Trade Mission to China and Vietnam

Sept. 15-18, 2013 (Shanghai, CHINA & Ho Chi Minh, VIETNAM)

The Fresno Center for International Trade Development in partnership with the California Department of Food and Agriculture will conduct a trade mission to China and Vietnam focusing on the agricultural sector. Targeted products are Retail Food and California grown Specialty Crops (as defined by the USDA Agricultural Marketing Service).

The California Agricultural Trade Mission to China and Vietnam will include customized one-on-one meetings with foreign buyers (Shanghai and Ho Chi Minh City), market briefings by U.S. Embassy staff, as well as retail market visits to assist California small businesses with export sales and foreign market expansion.

This trade mission is designed to assist California small businesses with entering and expanding export sales to China and Vietnam. Program staff will work with participating companies to schedule one-on-one business meetings with appropriate foreign buyers. Companies will also receive in-depth market briefings from U.S. Department of Agriculture officials and visit a variety of retail market outlets to better understand the sales and distribution channels in the market. In addition, companies will have the opportunity to showcase their products to importer/distribution representatives.

C Governor Jan Brewer led Arizona Trade Mission to India

Governor Jan Brewer led a delegation to India to promote Arizona's competitive business climate, expand investment opportunities and foster a long-term relationship with one of our state's emerging and valued trading partners.

In February, Governor Brewer was among nine state governors to address the India Business Forum, in Washington, D.C., and attest to the value of Indian investment to a state's economy. India is recognized as the world's second-fastest growing economy, and is projected to take the top spot by 2015. India also is the most rapidly-growing market for United States exporters.

"Our state economy has come so far over the past four years, thanks to the pro-growth climate we've worked hard to create. To remain competitive and ensure Arizona's economic vitality, we must forge and secure strong partnerships

beyond Arizona and the United States," said Governor Brewer. "Arizona deeply values its relationship with India, and recognizes the potential for meaningful and mutual business investment. It's essential that Arizona capitalize on the opportunity."

Joined by the Arizona Commerce Authority, the Governor met with prominent figures in Indian government, as well as global leaders in software development, cyber security, data centers, aerospace, infrastructure development and renewable energy. Like Arizona, India's economic future is focused on continued growth in high-tech sectors, particularly in aerospace and defense and renewable energy. Both recognize a shared opportunity to expand and thrive in these and other increasingly-critical industries.

"With exports from Arizona to India recently up 78 percent, India represents an emerging market and area of significant opportunity," said Sandra Watson, President and CEO, Arizona Commerce Authority. "Arizona's key industry sector strengths in aerospace and defense, technology, bioscience and advanced manufacturing are well aligned with India's growing domestic needs. This mission is an important part of cultivating trade and investment opportunities for Arizona and showcasing the state's pro-business climate to companies in India looking for expansion in the U.S."

In addition to exploring investment and expansion opportunities, the Governor also focused on promoting Arizona's number one export-oriented industry: tourism. In 2012, more than 38 million global visitors traveled to Arizona, spending \$19.3 billion throughout the state. Daily, that equates to approximately \$ 53 million in contributions to the state economy.

"The tourism industry is an integral producer of jobs and development throughout Arizona," said Governor Brewer. "These missions provide us a valuable opportunity to showcase Arizona to international markets. I look forward to inviting Indian businesses and tourists to see firsthand why the Grand Canyon State continues to be a world-class travel destination."

7 No Trade delegations visited this the jurisdiction of the Post from India during the month.

8 Business and tourist visas issued

During the month of Aug. this Post issued **1406** Business visas and **4699** Tourist visas.

9 Trade enquiries

Following organizations and individuals approached this Post for trade related queries and appropriate replies were sent to all of them.

- a Mr. Virgilio Cicconi, California
- b Shree Narsingh Overseas, Jaipur
- c Mukrash Exims, Gujrat
- d Textiles & Handicraft Creations, Varanasi
- e BGKAL Overseas Pvt. Ltd., Rajkot
- f Chreotechincs Inc. India
- g Vaikundam Associates, Bangalore
- h Mr. Brad Turek, California
- I Mr. Ernest Criez, California
- J MM Udyog, Jalandhar

Purshottam Bhatnagar
Commercial Officer
Consulate General of India
San Francisco, CA