

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

MONTHLY COMMERCIAL REPORT March – 2013

Important Commercial News – March 2013

1 California exports rise amid trade red flags

California export trade started the year on a positive note, but experts found multiple red flags to worry about up the road. California businesses shipped merchandise valued at \$12.61 billion in January, up 1.6 percent from \$12.41 billion in January 2012, according to an analysis of Thursday's U.S. Commerce Department trade figures by Beacon Economics, a consulting firm with offices in the Bay Area and Los Angeles.

The gain was led by a 5.7 percent year-over-year increase in manufactured products sent abroad – totaling \$8.36 billion in January. However, exports of non-manufactured goods (mainly agricultural produce and raw materials) dipped 0.5 percent to \$1.5 billion and re-exports fell 8.5 percent to \$2.75 billion.

Analysts said trade in manufactured products is becoming increasingly difficult as demand for personal computers and related components has been falling amid the increased popularity of smart phones and tablets. "This trend is likely to persist for some time," said Jock O'Connell, Beacon's international trade adviser. "Apparently, there is no app yet for a shrinking PC market."

Beacon founding partner Christopher Thornberg also noted that, "for the first time in a number of years, California's export growth is slower than for the nation overall. Growth in the tech-heavy Bay Area economy is still keeping up, so gains elsewhere in the economy seem to be making up for the loss, but it is certainly something to keep an eye on."

On a straight-up, dollar-value basis, California broke its all-time export record in 2012, sending merchandise valued at \$161.7 billion abroad. But Beacon analysts warned that, adjusted for

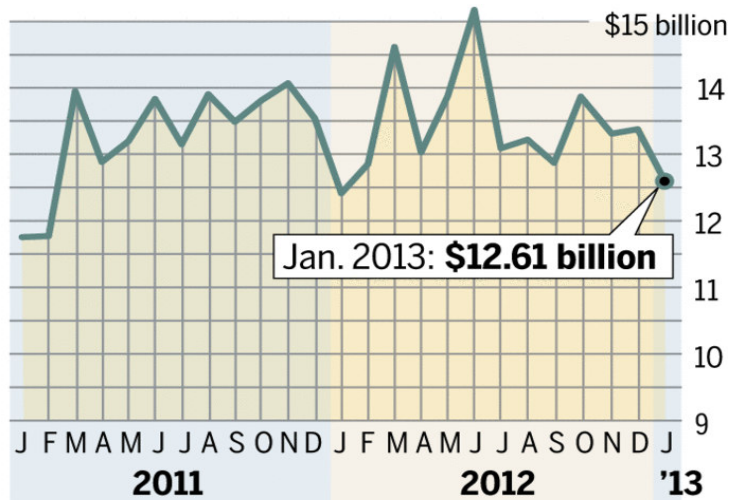
inflation, the 2012 total represented a year-over-year decline of 0.4 percent compared with the previous all-time mark of \$159.12 billion set in 2011. Analysts cited cooling economies in some key trade markets.

On Thursday, Beacon noted that, over a three-month period ending in January, state exports to Mexico, California's leading foreign market, were down nearly 20 percent year-over-year. On the import side, California took in \$30.5 billion in January, up about 3.4 percent from \$29.5 billion in January last year. Some goods entering California go to other states, so exports are considered a more accurate measure of the state's trade health.

Nationally, the U.S. trade deficit grew 16.5 percent to \$44.4 billion from December 2012 to January. Exports of goods and services dipped 1.2 percent to \$184.5 billion, which Commerce Department officials blamed on declining sales to Europe, China, Japan and Brazil. U.S. imports rose 1.8 percent to \$228.9 billion, as oil imports surged 12.3 percent.

CALIFORNIA EXPORT TRADE

The value of the state's shipments to other countries in January was \$12.61 billion, an increase of 1.6 percent from the same month in 2012.



Sources: U.S. Commerce Department, Beacon Economics

Sacramento Bee nt.

2 USIBC targets \$ 500 billion two-way trade with India

Seeking to accelerate and advance US-India trade beyond the \$ 100 billion mark, a team of top American businesses led by [Ajay Banga](#), [MasterCard](#) CEO and [USIBC Chairman](#), visited India. This annual visit of Board of Directors of [US-India Business Council](#) led by Banga assumes significance this year, as it ventured beyond the traditional stops in Delhi and Mumbai, and also traveled to Lucknow at the invitation of [Uttar Pradesh Chief Minister Akhilesh Yadav](#).

The delegation pushed for a pro-growth agenda that had brought two-way US-India trade beyond the \$ 100 billion mark, and will aim for \$ 500 billion as the next goal.

The UP Chief Minister had reached out to USIBC a year ago seeking American investment in his state, and preparatory meetings were held between USIBC [President Ron Somers](#), Chairman Banga and the UP CM, last October.

"The synergies between the [United States](#) and India are well-known: our common inclination towards free-market economic principles and our shared entrepreneurial DNA make for a potent combination, one that can generate opportunity and growth, a "win-win" for our companies and our countries," Banga had told earlier.

"When you step back and consider how far US-India relations have advanced in these past twenty years since economic liberalization, and then appreciate that half of India's population is less than two decades old, the possibilities for commercial opportunity and partnership are tremendous," USIBC president Somers said.

"Y2K, coordinated relief efforts between the Indian and US navies following the 2004 [tsunami](#), civil nuclear cooperation, the Chandrayaan moon launch, and unprecedented defence and security cooperation - these are just some of the numerous areas where Indo-US partnership has changed history in recent years. Like the movie [Casablanca](#), this is the beginning of a beautiful friendship," Somers said.

The USIBC delegation met with government officials in New Delhi on March 11 and 12, and sought a courtesy call with [Prime Minister Manmohan Singh](#) to convey US business [solidarity](#) with India. The delegation then flew to Lucknow, leading a 35-member blue-chip US industry delegation, where USIBC co-hosted with [Confederation of Indian Industry](#) on March 13, the first-ever US-India Business Summit in the Uttar Pradesh capital, entitled, "Destination Uttar Pradesh: Investing in the Future."

The US-India Business Summit was inaugurated by the UP Chief Minister. The USIBC delegation discussed the findings of the day-long programme and presented an Agenda for Progress to the Chief Minister at the close of the day, setting benchmarks and laying out a road map to facilitate US investment in Uttar Pradesh.

The [USIBC Board of Directors](#) then traveled to Mumbai to attend meetings with RBI, [Securities and Exchange Board of India](#) and captains of Indian industry, hosted a media interaction and reception with partner CII.

3 AT&T may buy stake in Indian telecom venture: Times of India

AT&T Inc ([T.N](#)) is considering buying a 25 percent stake in India's Reliance Jio Infocomm Ltd, a telecommunications venture controlled by billionaire Mukesh Ambani, for \$3.5 billion, as per some news papers reports especially Times of India.

Such a deal would represent the largest foreign direct investment in India and would value the company at \$14 billion. A spokesman for AT&T declined to comment on the report.

The telecommunications venture aims to break even within three years of its launch, according to the report.

4 Adobe moves to subscription biz model

Adobe launched “Creative Cloud” in India which moves away from the traditional model of buying software upfront and takes it to the cloud as a monthly subscription at almost half the price.

“Creative Cloud” is a membership-based service that provides users with unlimited access to download and install all Creative Suite desktop applications, Photoshop Lightroom, Adobe Muse, Adobe Edge tools and services; game developer tools and integration with Photoshop Touch apps.

This model enables members to automatically receive updates as and when they become available in the release cycle. It would be available for Rs 2,885 per month for its Creative Cloud for Teams (CCT) offering targeted at teams and SMB customer base. The regular pricing for CCT would be Rs 4,040 per month once the promotions end on April 30, 2013.

“We believe that after the model our units have gone up globally and we think the attractive pricing would get us customers in India too,” Adobe Managing Director (South Asia) Umang Bedi said.

Announcing the Q4 results of the company in December, Adobe President & Chief Executive Officer Shantanu Narayen said that the response to “Creative Cloud” exceeded their expectations, helping them grow total Creative units by over 13 per cent.

“As of the end of the year, we had 3,26,000 paid memberships and over one million free “Creative Cloud” members. As a result, in our Creative business we exited FY '12 with \$153 million in annualized recurring revenue,” Narayen had said.

5 Boeing, BEL expand partnership in India

US-based aerospace and defence major Boeing and defence PSU Bharat Electronics Limited (BEL) are expanding their partnership through a follow-on contract involving the manufacture of subassemblies for the Boeing F/A-18E/F Super Hornet fighter jet. This contract, for Super Hornet subassemblies, expands work that Boeing awarded BEL in 2011.

BEL delivers components for the Super Hornet and P-8I maritime reconnaissance aircraft; and is a partner with Boeing at the Analysis & Experimentation Centre in Bangalore that opened in 2009. "Boeing's relationship with BEL demonstrates our commitment to work with the Indian industry to foster global growth and market access," said Dennis Swanson, vice president of International Business Development for Boeing Defense, Space & Security in India.

Through the new contract, BEL will produce Super Hornet subassemblies including the ground power panel, 'helmet vehicle interface stowage' and 'switch assembly' and 'cockpit console panels'. For the F/A-18, BEL also produces a stowage panel for the 'joint helmet mounted cueing system' connector cable and an avionics cooling system fan test switch panel with a 'night vision imaging system'-compatible floodlight assembly.

For the P-8I it provides the Identification Friend or Foe interrogators and Data Link II communications systems.

"BEL believes this cooperation with Boeing is a great opportunity and is ever willing to take it to greater heights," according to Mr. H.N. Ramakrishna, BEL's director of marketing.

6 Trade Shows:

(a) American Academy of Orthopedic Surgeons - AAOS in San Francisco, California

The conference American Academy of Orthopedic Surgeons - AAOS took place at Moscone Center, in [San Francisco](#). The estimated number of attendees for American Academy of Orthopedic Surgeons - AAOS is 28,875.

(b) Natural Products Expo West

Natural Products Expo West was held at Anaheim Convention Center, Anaheim, CA from March 08-10, 2013 and it was the largest trade show linked to natural, organic and healthy products. 75% of the attendees were likely to buy new products and services pertaining to gardens and many more at the expo. The event witnessed more than 3000 exhibits where new products and services were displayed. Floor pavilions in the show were categorized into Health and Beauty, Natural and Specialty Foods, Natural Living, Organics, Pet Products, and Supplements. Natural Products Expo West was the best event for the professionals associated with natural products.

7 Trade Delegation :

A 39 member business delegation led by Mr. Ajay Banga, Chairman, USIBC visited Delhi, Mumbai & Lucknow to promote businesses in India.

No trade delegation visited US from India during the Month

8 Tourist / Business Visa issued:

The total of 3861 Tourist visas & 1530 Business Visas were issued from CGI, SFO during the month of March.

9 Trade enquiries: This Post received commercial queries from the following companies/persons during the month and appropriate replies were sent to them.

1. M/S Gangamanai Fashions, Jaipur

2. M/S Swati Utensils, India
3. M/S Leisurev& Pleasure Impex Pvt. Ltd., Gurgaon
4. M/S Govind Enterprises, Jaipur
5. Mr. Julian King, San Francisco
6. Mr. Mieke Po, Seattle, WA
7. M/S Sree Ram Traders, Jodhpur
8. M/S Triz Ventures, Rajkot

Purshottam Bhatnagar

Commercial Officer

Apr. 30, 2013

