

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

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Important Commercial News – June 2014

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 April exports of \$193.3 billion and imports of \$240.6 billion resulted in a goods and services deficit of \$47.2 billion, up from \$44.2 billion in March, revised. April exports were \$0.3 billion less than March exports of \$193.7 billion. April imports were \$2.7 billion more than March imports of \$237.8 billion.

In April, the goods deficit increased \$3.3 billion from March to \$65.8 billion, and the services surplus increased \$0.2 billion from March to \$18.6 billion. Exports of goods decreased \$0.6 billion to \$135.1 billion, and imports of goods increased \$2.7 billion to \$200.9 billion. Exports of services increased \$0.3 billion to \$58.2 billion, and imports of services increased \$0.1 billion to \$39.7 billion.

The goods and services deficit increased \$6.8 billion from April 2013 to April 2014. Exports were up \$5.6 billion, or 3.0 percent, and imports were up \$12.4 billion, or 5.4 percent.

April 2014 Trade Highlights

- April imports of goods and services (\$240.6 billion) and imports of goods (\$200.9 billion) were the highest on record.
- April imports of foods, feeds, and beverages (\$10.8 billion) were the highest on record.
- April imports of capital goods (\$48.6 billion) were the highest on record.

2 April Total Trade

Rank	Country	Exports	Imports	Total Trade	Percent of Total Trade
---	Total, All Countries	133.9	200.7	334.6	100.0%
---	Total, Top 15 Countries	91.3	152.2	243.5	72.8%
1	Canada	26.6	29.2	55.8	16.7%
2	China	9.0	36.3	45.3	13.6%
3	Mexico	19.9	24.5	44.4	13.3%
4	Japan	5.3	11.3	16.6	5.0%
5	Germany	4.1	11.0	15.1	4.5%
6	Korea, South	3.9	6.1	10.0	3.0%
7	United Kingdom	4.4	4.9	9.3	2.8%
8	France	2.9	4.3	7.2	2.1%
9	Saudi Arabia	1.4	5.6	6.9	2.1%
10	Taiwan	2.4	3.7	6.0	1.8%
11	India	1.4	4.5	5.9	1.8%
12	Brazil	3.4	2.3	5.6	1.7%
13	Netherlands	3.6	2.0	5.6	1.7%
14	Italy	1.5	3.4	4.9	1.5%
15	Switzerland	1.6	3.1	4.7	1.4%

2014 : U.S. trade in goods with India

NOTE: All figures are in millions of U.S. dollars on a nominal basis, not seasonally adjusted unless otherwise specified. Details may not equal totals due to rounding.

Month	Exports	Imports	Balance
January 2014	1,582.4	3,675.4	-2,093.0
February 2014	1,366.9	3,043.0	-1,676.1
March 2014	1,714.2	3,882.2	-2,168.0
April 2014	1,401.1	4,457.9	-3,056.8
TOTAL 2014	6,064.7	15,058.6	-8,993.9

Imports for Consumption of Steel Products

April 2014

The U.S. Census Bureau announced that preliminary March steel imports were \$3.1 billion (3.4 million metric tons) compared to the preliminary March totals of \$2.8 billion (2.9 million metric tons). The April change in steel imports based on metric tonnage reflected increases primarily in blooms, billets, and slabs; wire rods; and cold rolled sheets. Decreases occurred primarily in hot rolled sheets,

reinforcing bars, and tin plates. Increases occurred primarily with China. Decreases occurred primarily with Germany, India, and Turkey. " The year to date final statistics through March 2014 showed steel imports of 8.8 million metric tons compared with 7.0 million metric tons through March 2013. The largest commodity increase occurred primarily in blooms, billets, and slabs. Decreases occurred primarily in line pipe. The largest country increase occurred primarily with Russia. Decreases occurred primarily with Australia, Canada, and Ukraine."

During the month of March 2014 U S imported **296,219** metric tons of steel products from India valued at \$ **28,2958** (figure in thousands) against **166,771** Metric tons it imported in March 2013.

3 City trade delegation to explore opportunities in US

The entrepreneurial business community in Madurai is all set to explore new overseas trade avenues in a big way. A 100-member delegation of Young Entrepreneur School (YES), a forum of Tamil Nadu Chamber of Commerce and Industry TN in Madurai are scheduled to visit US to accentuate bilateral trade and investment.

The entrepreneurs engaged in various business activities visited US on June 7. "They visited cities like New York, Las Vegas, Los Angeles, Orlando, Miami and San Francisco and meet business people there," S Rethinavelu, chairman of Tamil Nadu Chamber Foundation told reporters. The Madurai delegation named 'Bizcover America' returned on June 25.

Rethinavelu said the delegates had detailed interaction with US industrialists and businessmen, besides those of Indian origin. "The delegation also visited and made a spot study of leading industrial units of US. They participated in Infocomm 2014 Exhibition at Las Vegas, one of the largest audio visual and information communication equipment expo," Rethinavelu said.

V Neethimohan, managing trustee of TN Chamber Foundation and head of Bizcover America said the delegation comprised entrepreneurs from neighbouring southern districts also. They are into various trades from sweet manufacturing to

pharma and handloom with a turnover from Rs 1 crore to Rs 100 crore. The delegation met eminent Indian businessmen like Jey Amalraj, executive director and chief business technologist, Global Real Assets of J P Morgan's Global Asset Management and Saran Kanakaraj, non-executive director and founder of Variman Technologies.

"We also visited New York Stock Exchange, Levi Strauss & Co in Levi's Plaza, learn about online store Zappos.com's supply chain at their back office and met members of US India Business Council," said A Kannan, managing director of Park Wood.

The visit would not only be an eye opener for Madurai businessmen on international trade but would also enlighten American business community about the investment opportunities in Tamil Nadu and particularly in south. Madurai entrepreneurs already have a formidable network in south Asian region with the business association going back by several decades.

Industrialists here estimate that the total overseas investment by business community in Madurai would be just around Rs 100 crore. "People from Madurai have invested in countries like Indonesia, Vietnam and Sri Lanka in sectors like edible oil and chemicals," says N Jegatheesan, president, TNCCI.

4 India slips to seventh spot on FDI confidence index

India has slipped to its lowest position in over a decade in the foreign direct investment confidence index, which has been topped by the United States for the second year in a row, a study has showed. The survey of 300 global executives by global consulting firm A T Kearney found that the US was ranked top destination in the world for foreign direct investment.

India was ranked second for three years in 2005, 2007 and 2012 and was placed on the third spot in 2010. India attracted \$25.5 billion in FDI inflows in 2012, down from \$31.6 billion in 2011, according to 2014 A T Kearney Foreign Direct Investment Confidence Index released on Monday.

This is the lowest ranking for India since 2001. The US moved to the top position last year displacing China as Washington made progress towards sustainable and steady economic growth. "The cooling-off in investor sentiment we foresaw last year appears to have taken shape, with a two-place drop from 5th to 7th - its lowest rank since 2001," the report said.

In 2013, the then ruling UPA government raised limits on FDI in telecommunications, asset reconstruction, credit information, aviation, and defence production, the report said adding that foreign investment in oil refining and single-brand retail, currently capped at 49%, will now be granted automatic approval. AirAsia India, a joint venture between Malaysian budget airline AirAsia and Indian conglomerate Tata Sons, has been given the nod by Foreign Investment Promotion Board.

The initial investment of \$50 million makes AirAsia the first foreign airline to set up a subsidiary in India. German luxury tableware brand Villeroy & Boch has established a joint venture with marketer Genesis Luxury, opening its first store in Mumbai and planning to grow to 16 stores in the next five years.

This partnership comes after two years of struggling to clear administrative hurdles and acquire real estate without a local partner, the report said. "In a long-awaited decision reached in late 2012, the Indian government permitted partial foreign ownership of supermarkets and department stores, a major step for the country's highly underdeveloped retail market," it said.

"Until late 2013, however, no foreign companies moved to enter, daunted by complex requirements, including one for 30% content from small and medium-sized Indian enterprises," the report added.

5 Sequoia Capital raises new \$530 million India fund

Sequoia Capital, one of Silicon Valley's most influential venture funds, has raised \$530 million through its fourth India-focused fund, taking its total capital committed

in India to almost \$2 billion. Sequoia has investments across 75 Indian companies including the likes of Just Dial, *Micromax*, *Vini Cosmetics* and Zomato, among others. **Abhay Pandey**, MD, *Sequoia Capital* India, spoke to TOI about the plans for Sequoia in India.

Sequoia continue to look for venture and early growth opportunities in the technology, consumer and healthcare sectors. The company will look to partner high-quality entrepreneurs who are building companies that are either current market leaders or have the capability to become so. Sequoia Capital's investment size will range from a few hundred thousand dollars to \$50 million.

In 2013, the company exited its investments in Prizm and GlobalLogic. In addition, it sold a small part of our shareholding during the Just Dial IPO. It made healthy returns on each of them. Sequoia has been in India for over eight years and the business has matured to a stage where distributions in a year are more than investments. Watching the current mood in the capital markets, it expect the primary issuances and IPO plans to accelerate over the next few years. Of the three possible exit routes — sale to another fund, IPO and strategic sale — one has been muted over the last few years. A more active IPO window will definitely add to the vibrancy of the ecosystem.

Sequoia has enhanced its focus on technology investments with more than 25 companies being added to its portfolio since 2011. Rapid adoption of smartphones is causing hyper growth in the consumer internet space. Another exciting trend is the emergence of Indian product/SaaS firms that are targeting the global markets and doing it successfully. The company is also seeing that experienced professionals with proven capabilities in consumer and healthcare sectors are stepping out to be entrepreneurs and it is excited about the prospects of Sequoia Capital partnering them.

6 US tech groups call for boycotting Infosys, and other companies

Tech advocacy groups in the US have announced a labour boycott of Infosys and two other companies to force them to hire more locally. The other two companies

being boycotted are IBM and Manpower. The groups have accused the companies of “citizenship discrimination” by advertising tech jobs abroad, without giving locals a chance, as is required under US federal law.

“That’s wrong, plain wrong,” said Donna Conroy of Bright Future Jobs, one of the three advocacy groups, pointing to recent filing of applications for H1-B visas. Hidden Abroad, a report she has authored, referenced four Help Wanted ads posted on an Indian jobs site seven months ago by Manpower that excluded qualified US professionals. Manpower did not respond to a request for comments.

“It is incorrect to allude that we exclude or discourage US workers,” Infosys said. “We are recruiting for over 440 active openings across 20 states in the US.”

The other two groups spearheading this boycott are the Programmers’ Guild and Washington Alliance of Technology Workers, better known by its shorter name Washtech. “Our boycott will end when we see want ads on US job portals advertising for a job 12- to 18 months in the future,” Conroy told Hindustan Times in an email.

Depending on its effectiveness, the boycott could potentially add to a list of trade and business differences between India and the US, that has been growing lately. Here is how the boycott is intended to work: the advocacy groups will urge employed American tech professionals to not respond to job pitches from these companies.

“They (the three companies) are not job creators,” argued Conroy. They draw from an existing pool of professionals and if denied, they will lose their ability to deliver. That will hurt their reputation, which is the key to their business. But do the advocacy groups seriously hope to force companies to hire more locally, when they can get cheaper hands from abroad — specially India —and the difference is huge.

“It doesn’t matter if they are cheaper or purpler,” said Conroy. It’s the law of the land for 50 years — that locals cannot be discriminate against — and it must be upheld.

7 Reliance Brands to launch American fashion label BCBG Max Azria

Reliance Brands, a unit of Reliance Industries, has signed a long-term franchise agreement with American fashion house BCBG Max Azria, famous for dressing up scores of Hollywood A-listers like Angelina Jolie and Halle Berry. BCBG will be the first women's only apparel brand in Reliance's portfolio, which includes Kenneth Cole, Diesel, Brooks Brothers besides a dozen other brands. The Mukesh Ambani-led Reliance will open standalone stores of BCBG Max Azria, the flagship label of the billion dollar group, and BCBGeneration, the lower priced, younger brand from the stable here in India by next year, a company executive told TOI in an exclusive interaction.

The Tunisian-born French designer Max Azria, founded the group 25 years ago in Los Angeles, is credited for offering fashion at affordable prices much before brands like Zara and H&M democratized fashion. BCBG stands for 'bon chic, bon genre,' a Parisian slang which means 'good style, good attitude.'

Darshan Mehta, president & CEO, Reliance Brands, said the first two stores for BCBG Max Azria will open in Delhi and Mumbai next year followed by stores for BCBGeneration. " BCBG is a brand which will be aspirational for most Indian women, who want to graduate from consuming only fast fashion, but accessible due to its affordable pricing," he said. Internationally, BCBG competes with the likes of Max Mara and Theory.

Sophie Rietdyk, president of licensing and international at BCBG Max Azria group said, "In collaboration with Reliance we will become an influential force in the India fashion and lifestyle arena." The fashion house has been faced with financial woes over the past few years with talks of Max Azria losing control of his eponymous label to Guggenheim Partners which holds a big chunk of the company's debt. The LA-based group also runs Max Azria Atelier and a luxury line Herve Leger by Max Azria. It has presence across 700 standalone and shop-in-shop stores globally.

8 Trade Shows

Following trade shows were organized during the months of May & June 2014 in the

jurisdiction of this Consulate:

May 2014

National Hardware Show - Las Vegas 2015 - Las Vegas Convention Center

The National Hardware Show (NHS) is held every year in Las Vegas. It is a housing after-market show that brings together manufacturers and resellers of all products used to remodel, repair, and maintain property.

JCK - Las Vegas 2015 - Las Vegas Convention Center

JCK Las Vegas is the jewelry industry's premiere Trade Show, where the jewelry industry comes together each year.

June 2014

E3 Expo - Los Angeles 2014 - Los Angeles Convention Center

The Electronic Entertainment Expo, commonly known as E3, is an annual Trade Show for the computer and video games industry presented by the Entertainment Software Association (ESA).

Lightfair International - Las Vegas 2014 - Las Vegas Convention Center

Lightfair is the world's largest annual architectural and commercial lighting Trade Show and conference.

Bio International Convention - San Diego 2014 - San Diego Convention Center

The BIO International Convention is the largest global event for the biotechnology industry and attracts the biggest names in biotech.

The following trade show will be held in San Francisco in the month of July, 2014

Intersolar North America - San Francisco 2014 - Moscone Convention Center

Intersolar promotes the development of business opportunities throughout the North American solar industry.

9 Trade Enquiries

During the month of June following organizations / individuals approached us for commercial related enquiries. All of these were advised accordingly:

- a Hari International Exports & Imports, Tamil Nadu
- b Jainson Cables India Pvt. Ltd. Gujrat
- c Agilam Marketing Pvt. Ltd., Madurai
- d Mr. Hemal Makadia, Rajkot
- e Johan Impex, Tamil Nadu
- f Atharva Lifesciences Consulting Pvt. Ltd.,
- g Shakti Pumps India Ltd., Madhya Pradesh
- h Guru International Traders, Tamil Nadu
- I Bharathi Exim Trading Agency, Tamil Nadu
- j Jasmine Design Pvt. Ltd., Jaipur
- k Emerging India, India
- l Omniscient International. Rajkot
- m L.K. Exports International, Tamil Nadu
- n Aditya Global, India
- o Abrami Electrodes, India
- p Chennai Jute Company, Tamil Nadu

10 Trade disputes

The following companies approached us relating to the trade disputes. Consulate on its part has initiated initial actions by contacting them to either get more information or requesting them to sort out their issues amicably.

- a Specs International, New Delhi
- b Sacramento Packing Inc., Yuba City, CA
- c Mughal Marbles, Agra, UP

11 Visas Issued

During the month of June 2014, this Consulate issued 625 Business visas and 3571 Tourist Visas.

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