

**CONSULATE GENERAL OF INDIA**  
**SAN FRANCISCO**

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**Important Commercial News – Mar. 2014**

**1 U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES February 2014**

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that total February exports of \$190.4 billion and imports of \$232.7 billion resulted in a goods and services deficit of \$42.3 billion, up from \$39.3 billion in January, revised. February exports were \$2.0 billion less than January exports of \$192.5 billion. February imports were \$1.0 billion more than January imports of \$231.7 billion.

In February, the goods deficit increased \$2.2 billion from January to \$61.7 billion, and the services surplus decreased \$0.8 billion from January to \$19.4 billion. Exports of goods decreased \$2.0 billion to \$131.7 billion, and imports of goods increased \$0.2 billion to \$193.4 billion. Exports of services were virtually unchanged at \$58.7 billion, and imports of services increased \$0.8 billion to \$39.3 billion.

The January to February decrease in imports of goods reflected decreases in capital goods (\$1.2 billion); industrial supplies and materials (\$0.3 billion); and foods, feeds, and beverages (\$0.1 billion). Increases occurred in automotive vehicles, parts, and engines (\$1.0 billion); consumer goods (\$0.1 billion); and other goods (\$0.1 billion).

For the three months ending in February, exports of goods and services averaged \$191.4 billion, while imports of goods and services averaged \$231.6 billion, resulting in an average trade deficit of \$40.2 billion. For the three months ending in January, the average trade deficit was \$37.8 billion, reflecting average exports of \$192.8 billion and average import.

## **2 EXPORTS OF GOODS BY STATE (Origin of Movement)**

### ***Top January to February Increases (Millions of Dollars, Not Seasonally Adjusted)***

<b>State</b>	<b>January Total</b>	<b>February Total</b>	<b>Change</b>
California	\$12,869.6	\$13,756.7	<b>\$887.1</b>
Washington	6,737.1	6,500.0	<b>-237.1</b>

## **3 Boeing in talks with India airlines on 737 MAX jet**

Boeing Co is in talks with India's Jet Airways about the sale of 737 MAX jets, a Boeing executive said, while two other people familiar with the matter said the company had secured the \$5 billion deal.

Dinesh Keskar, senior vice-president sales for Asia Pacific at Boeing, said he was also in discussion with state-owned Air India over sales of the MAX jets, but that these talks were not as "intensely involved" as they were with Jet.

The two other sources said the Jet deal for 50 planes had essentially been completed and the planes were already listed under Boeing's "business with undisclosed customers", in its order backlog. The company announced a large chunk of undisclosed orders in its last update for 2013. A formal announcement of the order is on hold as Jet wraps discussions over its fleet with Etihad, which last year bought a 24 percent stake in the Indian carrier, the people said.

Keskar declined further comment on the status of the deal. Reuters first reported the negotiations with Jet in January. Keskar said the 737 MAX planes are 14 percent more fuel efficient compared with its 737 planes, making them particularly attractive to Indian carriers hurt by high fuel costs.

Budget airline SpiceJet announced a deal with Boeing to buy 42 Boeing MAX jets in an order worth \$4.4 billion.

"Yes, the Indian market right now is going through its difficulties... Today everybody is selling below cost. And that means they are losing money," Keskar said in an interview on the sidelines of the Hyderabad air show.

"I think India will come out of it. We do see some improvements that are coming up." Jet Airways and Air India did not immediately respond to requests for comment. Indian airlines are struggling under the weight of costly fuel and a weak rupee even though India is one of the world's fastest growing aviation markets, with air passenger traffic forecast to triple to more than 450 million by 2020 as incomes rise.

IndiGo is currently the only one among India's five national carriers that is making a profit. Airlines hope that upgrades to their fleet and new investments will revive their fortunes. Boeing now expects India's commercial aviation fleet to grow more than five times in size over the next 20 years, with demand for 1,600 new airplanes valued at \$205 billion.

This is an increase from a Boeing forecast last year of 1,450 new airplanes worth \$175 billion. Rival Airbus said on Thursday India needs 1,290 aircraft — 73 per

cent of them additions — worth more than \$190 billion in the next 20 years. Boeing also expects to see demand for its 777X planes, with Singapore Airlines, Philippines Airlines, Thai Airways , Air New Zealand and Virgin Australia among those who could be interested, Keskar added.

#### **4 India has strong legal framework to protect intellectual property rights: Boeing**

Even as a section of the US' corporate sector lobbies against India over protection of intellectual property (IP) rights, American aircraft major Boeing, the country has a strong legal framework to protect such rights. "In Boeing's experience, India has a legal framework that is adequate to protect IP with no known cases of IP violation involving Boeing's activities in the defence and aerospace sector," the American multinational said in its remarks submitted to US Trade Commission (USITC).

The USITC conducted a hearing in connection with its investigation "Trade, Investment, and Industrial Policies in India: Effects on the US Economy".

The statement from Boeing, which has major investment and research and development centers in India and has received orders worth billions of dollars in the aviation and defense sector, assumes significance in view of the fact that a section of influential American corporate sector has been lobbying at the Capitol Hill and the Obama administration against India's intellectual property regime.

"A detailed review of Boeing's enterprise-wide activities in India, including the export of Boeing products, as well as sourcing activities, indicates an adequate

IPR legal framework is in place for Boeing's aerospace and defense products in India," the statement said.

"Boeing has had a positive experience with Indian customers, partners, and suppliers on IPR protection. Boeing continues to monitor efforts by India's ministry of defense to indigenize defense production in India to reach strategic self-reliance," the company said in its four page submission.

According to the statement, Boeing is the single largest producer, by dollar value, of US exports to India. "Since late 2005, Boeing has secured contracts from Indian buyers worth tens of billions of US dollars, which is creating and will sustain at least an estimated 180 thousand US jobs in a high skill, high value industry over the delivery period of these contracts," the company said.

"India has emerged as one of the largest export markets for Boeing (5th largest for Boeing Commercial Airplanes and 2nd largest for Boeing Defense, in terms of market potential) and is a key market that Boeing will continue to develop in the future," it said.

Coming in strong defense of India's IP regime, Boeing said Indian laws applicable to the range of the company's business activities in India are comparable to IPR regulations in other developed countries, as India is a signatory to all major conventions and treaties on this subject.

"Additionally, in our experience, there have not been any major patent violations in India pertaining to Boeing's defense/aerospace products. Boeing sells its products (defense and aviation) to the government of India and private airlines where our IPR is contractually protected; we see minimal risk of product IPR violations by the Govt. of India and private airlines," the company said.

Noting that it has worked extensively with Indian suppliers especially in the IT sector and with strategic research and development partners for over a long period of time, the company said major Boeing software and Information Technology (IT) suppliers from India like Infosys, TCS, HCL and WIPRO have very mature IT service delivery models and Intellectual Property Management (IPM) practices and tools.

"They work with all leading Fortune 500 companies across the world and hence have world-class practices to protect IPR and information security for their global customers. They have worked closely with Boeing Information Security and Supplier Management teams to ensure that all Boeing processes on network, access and information security are adhered to strictly," it said.

On the research and development side, Boeing has established major research partnerships with several partners in India, including with academia (premier institutes, like the IITs, IISc), government labs (such as, National Aerospace Laboratories and National Metallurgical Laboratories) and industry.

"Our experience has been that all Indian partners have consistently honoured these contractual agreements, including NDAs, intellectual property protection and other related conditions," Boeing said.

## **5 US-India trade group cautions Washington against anti-India steps**

In the midst of a virtual trade war with India, a key US trade group is cautioning Washington to avoid unnecessary steps that would threaten US-India relations and a shared, vibrant knowledge economy.

India's size, economic prominence, geopolitical influence and shared values with America make it an indispensable ally, US-India Business Council (USIBC) president Ron Somers argues in a testimony for a bipartisan US fact finding body.

Therefore any and all policy discussions about India should operate from that understanding, he says in his brief for the US International Trade Commission (ITC) hearing on "Trade, Investment, and Industrial Policies in India: Effects on the US Economy."

Somers, executive head of the trade group comprised of nearly 350 of America's and India's top companies dedicated to enhancing the US-India commercial relationship, "will call on both countries to overcome challenges and strengthen their partnership," USIBC said.

"This will pave the way for the world's two largest free-market democracies to shape the destiny of the 21st century - for the better," he said. With a population of 1.24 billion people, more than half under the age of 25, India is poised "to become the world's largest consumer market," Somers will note, USIBC said. These facts, coupled with the growth of India's middle-class present "an extremely lucrative market for American goods and services."

Since President George W. Bush visited India in 2006, two-way trade has grown from approximately \$25 billion to more than \$100 billion today, USIBC noted. The growth of India's civil aviation industry has been a major boon for US manufacturers.

"Entire fleets of India's new private aviation industry rely wholly on US exports and content, creating literally hundreds of thousands of jobs here in the United States," Somers will testify. India's commitment to democracy, especially in a troubled region of the world, means that America should embrace the relationship even when there are the inevitable disagreements on government policies, USIBC said.

At the same time, USIBC chief also suggested that India should take a number of steps to boost trade and give the US better access to India's economy. Such steps include improving infrastructure and creating a regulatory environment that rewards and protects intellectual property.

"These and other issues can and must be resolved through ongoing cooperation and dialogue," Somers said. "Similarly, the United States must avoid unnecessary steps that would threaten US-India relations and a shared, vibrant knowledge economy," Somers cautioned.

The USITC is conducting the investigation at the request of the Senate Committee on Finance and the House Committee on Ways and Means. The US Trade Representative (USTR) dragged India to the World Trade Organization (WTO) to challenge India's domestic content requirements in Phase II of India's National Solar Mission ("NSM"). US Chamber of Commerce asked the USTR to designate India a Priority Foreign Country "in order to strengthen engagement with India to address the rapidly deteriorating intellectual property environment in this market."

The chamber's Global Intellectual Property Centre (GIPC) index put India at the bottom among 25 countries, on protection for intellectual property environment.



## **6 Starbucks taking Indian coffee to its outlets across globe**

Opening its first store in south India here, American coffee giant Starbucks said it is taking the Indian grown coffee to its 19,000 stores across the world.

"In India, the coffee (that) farmers grow...we not only sell the coffee in our stores here in India, but also take that coffee around the world -- around 19,000 stores that we have across different countries we are operating," Starbucks Group president - China and Asia Pacific (Channel Development and Emerging Brands) John Culver told reporters here.

"What we discovered over the last year is, there is very top quality Arabica coffee that is grown here in India. We tested that coffee, we roasted that and we now serve it in our stores as our Indian espresso." He said there is a bigger opportunity to take Indian coffee across the globe "in our stores in other countries. So we are working for doing that -- we are very optimistic about that opportunity and we are very excited about it".

Stating that coffee sold in Starbucks outlets in the country will also be made of Indian espresso, Avani Davda, CEO, Tata Starbucks Ltd, said the company has launched a product- "India Estates Blend" sourced from South India. Tata Starbucks, the 50/50 joint venture between Starbucks Coffee Company and Tata Global Beverages Ltd, opened its 30th store in the market- at Koramangala in Bangalore, adding Bangalore to its list of cities, which includes Mumbai, Delhi NCR and Pune.

The company will open two more stores by the end of the year at Phoenix Market City and Orion Mall at Brigade Gateway in Bangalore.

## **7 Tourist & Business Visas issued**

This Consulate issued **3741** tourist visa and **1446** business visas during the month of March 2014

## **8 Commercial queries**

The following companies approached us for various information to expand their business

- 1 Maximaa Proyuveda, Mumbai for Nutritional/Herbal Health Supplement
- 2 Savion Ceramic, Gujrat for Wall tiles
- 3 D. Navinchandra Jewels for Precious & semi-precious jewelry
- 4 ALS Exports, Coimbatore for Bird feeders
- 5 Cecilia Fabos-Becker, California for desalinization plant

## **9 Trade disputes**

The following companies approached us for the assistance in the trade disputes. We are perusing the matters with the U S based companies.

- 1 FX Entertainment Pvt. Ltd., Chennai regarding non payment of dues
- 2 ECOZEN, Shimoga Karnataka, non payment of dues

## **10 Trade Shows**

### **Natural Products Expo West**

Trade show was organized in Anaheim, CA from Mar. 7-9, 2014 to promote Natural products. More than 2600 exhibitors and more than 67000 industry

members participated in this trade show. From food and beverage to supplements and beauty to household and pet products, the event provided a window into the many categories driving the growth of the global natural products industry. With 635 first-time exhibitors at the event, there was tremendous energy, innovation and funding surrounding food entrepreneurs. Many Natural Products Expo West first-time exhibitors were 'home cooks,' passionate moms and nutrition-focused athletes who have launched their own products.

## **11 Trade Delegations**

No trade delegation visited India from U S during the month and no trade delegation visited US from India from this jurisdiction.

### **Commerce related delegation from India**

Following delegates visited the jurisdiction of this Consulate during the month.

- 1 Mr. Rajiv Gauba & Mr. Gaurav Dwivedi of Ministry of CIT visited SFO from Mar. 11-13, 2014
- 2 Mr. Promod Jain from Ministry of Culture visited Los Angeles from Mar. 26-28, 2014.

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

