

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

**MONTHLY COMMERCIAL REPORT AUGUST 2014**

**Important Commercial News – August 2014**

**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 total July exports of \$198.0 billion and imports of \$238.6 billion resulted in a goods and services deficit of \$40.5 billion, down from \$40.8 billion in June, revised. July exports were \$1.8 billion more than June exports of \$196.2 billion. July imports were \$1.6 billion more than June imports of \$237.0 billion.

In July, the goods deficit decreased \$0.2 billion from June to \$60.2 billion, and the services surplus was virtually unchanged at \$19.6 billion. Exports of goods increased \$1.8 billion to \$138.6 billion, and imports of goods increased \$1.5 billion to \$198.8 billion. Exports of services increased \$0.1 billion to \$59.4 billion, and imports of services were virtually unchanged at \$39.8 billion.

The goods and services deficit increased \$1.1 billion from July 2013 to July 2014. Exports were up \$8.1 billion, or 4.3 percent, and imports were up \$9.2 billion, or 4.0 percent.

The June to July increase in exports of goods reflected increases in automotive vehicles, parts, and engines (\$1.7 billion); industrial supplies and materials (\$1.3 billion); and capital goods (\$0.4 billion). Decreases occurred in consumer goods (\$0.6 billion) and foods, feeds, and beverages (\$0.6 billion). Other goods were virtually unchanged.

The June to July increase in imports of goods reflected increases in automotive vehicles, parts, and engines (\$1.4 billion); other goods (\$0.5 billion); industrial supplies and materials (\$0.5 billion); and foods, feeds, and beverages (\$0.1 billion). Decreases occurred in consumer goods (\$0.5 billion) and capital goods (\$0.3 billion).

## **2 Donald Trump plans investment in India betting on Modi Government**

American real estate mogul Donald Trump is planning "substantial investments" in the Indian property and hotel sectors, betting on Prime Minister Narendra Modi-led new government's efforts to revive the economic growth and boost infrastructure.

"I do see India as a great place to invest, and I think the election made that even better," said Trump, who was in India to launch Trump Tower in Mumbai, his first project in the country's financial capital, in collaboration with India's Lodha Group. Trump was referring to the election in May that saw Modi coming to office with a reputation as a business-friendly leader and a pledge to revive the economy after the longest spell of growth below 5% in a quarter of a century. Trump has entered into a licensing pact with Lodha for Trump Tower in Mumbai, a luxury residential tower that will offer its residents indoor jacuzzi tubs and world-class concierge services. He is yet to make an equity investment in the country.

High inflation and interest rates have deterred home buyers in the past couple of years in Asia's third-largest economy, slowing home sales and lowering profits for the country's developers. Home sales across the big Indian cities rose by 5 percent in the June quarter from a year ago, compared with an 11 percent rise in the same quarter two years ago, according to local property research firm Liasis Foras.

In a move to boost foreign investment in the sector, India this month paved the

way for the market listing of real estate investment trusts, which will help debt-laden developers access cheaper sources of funding. Trump, whose property portfolio includes projects in South Korea, Turkey and Dubai, in addition to hotels and skyscrapers in the United States, said his Trump Organisation was also in talks to invest in the hotel sector in India.

The billionaire entrepreneur and television personality did not give details of his investment plans in India. He has another project under development in the western Indian city of Pune, which is also a licensing pact.

### **3 Cisco to lay off 6,000 people; India to also see job cuts**

Networking solutions giant Cisco will lay off up to 6,000 employees globally, including India, after it reported a marginal decline in profits and revenues for the fourth quarter. The reduction, which is about eight per cent of US-based firm's global workforce, follows a similar move by the company last year when it announced plans to slash 4,000 jobs.

Stating that the company must focus on areas of growth to become the number one IT player, Cisco chairman and CEO John Chambers said transforming Cisco requires "making some very tough decisions". Cisco expects to record charges of up to USD 700 million as in restructuring charges through fiscal year 2015. People in know of the development said that India will also be impacted by the lay-offs as Cisco has a sizable workforce in the region.

Cisco, however did not comment on the impact on Indian operations. The firm said: "Technology disruption has never moved more quickly, requiring all companies to adapt and accelerate through change. We are taking action now to build for the future of cloud, security, vitalization, analytics, data center, IoE and collaboration.

"The firm will continue to invest in growth, innovation, and talent, while managing costs and improving efficiencies across the business, Cisco added. "We are

continuing to hire, especially in the areas that help our customers solve their biggest business problems," it said.

In India, Cisco employs over 10,000 people across cities like Bangalore, Delhi-NCR, Mumbai, Chennai, Kolkata, Pune and Hyderabad. Of these, 8,000 people are part of the R&D set up. Cisco executive VP and CFO Frank Calderoni said the firm will be taking a restructuring action in FY 2015 that will be focused on continuing to invest in growth, innovation and talent while managing cost and driving efficiencies.

"These actions will impact up to 6000 employees representing approximately 8 per cent of our global workforce. We expect to take these actions starting in Q1 FY 2015 and currently estimate that we will recognise pre-tax charges to our GAAP financial results of up to USD 700 million," he added. Cisco expects that around USD 250-350 million of these charges will be recognised during the first quarter of FY 2015, while the remaining amount will be recognised during the rest of the fiscal year, Calderoni said.

The California-based firm reported a one per cent decline in profit to USD 2.25 billion, while revenue dipped 0.5 per cent to USD 12.36 billion for the fourth quarter of fiscal 2014. For the entire financial year, the profit declined 21.3 per cent to USD 7.9 billion, while revenues slipped three per cent to USD 47.1 billion compared to last fiscal.

## **4 Arvind Ltd to open Gap stores in India**

Arvind Ltd has announced that its subsidiary Arvind Lifestyle Brands Ltd, has tied up with Gap Inc, to open Gap stores in India. The first stores are expected to open in India's two largest cities — Mumbai and Delhi — starting with Gap's Summer 2015 collection for adults, kids and babies. Arvind plans to open about 40 franchise-operated Gap stores in India.

"India is an emerging, vibrant market and an important next step in our global

expansion strategy," said Steve Sunnucks, Global President of Gap. "Gap is loved around the world for our American casual style and enduring value and quality, and we are so pleased to bring our brand and products to life for customers in India."

"More than half of India's population is under 25 and they are actively embracing fashion in today's retail environment," said Ismail Seyis, vice-president of Gap Global Franchise.

"We have a long and successful association with Gap as their vendor partner. Now, I am delighted to extend this partnership to retail and bring Gap stores to India. We see the addition of Gap in our portfolio as a significant step to becoming the leading apparel retailer in India" said Sanjay Lalbhai, chairman and managing director of Arvind Limited.

"Gap has a huge recall in India and is a favourite of many Bollywood stars in movies. Our goal is to leverage this huge awareness, to quickly scale up and build a large business for Gap Franchise in India" said J Suresh, MD and CEO, Arvind Lifestyle Brands Ltd.

Since launching its first franchise-operated store in 2006, Gap Inc has quickly expanded the international reach of its brands, which now includes over 300 franchise-operated stores along with over 3,200 company-owned stores. The Gap brand now has a presence in nearly 50 countries, due to the rapid acceleration and commitment to the global expansion strategy.

## **5 Trade Shows**

MAGIC - Las Vegas 2014 - Mandalay Bay Convention Center

MAGIC is the largest global marketplace for contemporary men's and women's apparel, footwear, accessories and sourcing resources — and the world's most comprehensive forum for fashion buyers and brands. Every February and

August, the industry convenes in Las Vegas for connection, inspiration and to shop a portfolio of ten expertly merchandised and curated shows across every category, trend and price point. With more than \$200 million in orders written daily, MAGIC fuels the business of fashion. The trade show held in Aug. 2014 in Vegas was a big success.

## **6 Trade Delegations**

During the month no trade delegation visited India from the West Coast of US.

Vibrant Gujrat delegation led by Mr. Atanu Chakraborty and consisting of Govt. officials and industry leaders visited Los Angeles and San Francisco from Aug. 25-29, 2014. They held various meetings with the heads of companies and also organized a Road Show in collaboration with CII, USIBC and TiE SFO Chapter.

## **7 Trade disputes**

No trade disputes was reported to this Post during the month.

## **8 Trade Enquiries**

The following companies /individuals approach this Consulate for their queries. All of them were given appropriate replies to enhance their business.

- a Aquascape Engineering Pvt. Ltd. Gandhinagar
- b HBK International, Jamnagar
- c Goodluck Exports, Indore
- d P. Govindraj Perumal, Trichy
- e Gargi Herbal, Mumbai

## **9 Visas issued**

During the month this Consulate issued **3984** tourist visas and **1199** Business visas

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