

CONSULATE GENERAL OF INDIA
SAN FRANCISCO
MONTHLY COMMERCIAL REPORT January 2018

TRADE NEW HIGHLIGHTS – January 2018

1. DHL Global Trade Barometer predicts surge in India's trade in March quarter

The January 2018 index, which is actually the first ever quarterly outlook on future trade, forecasts that India's overall trade will improve by 2 points to an index value of 84 points in the first quarter of calendar year 2018. DHL Global Trade Barometer (GTB), the newly launched indicator of global trade developments, has predicted brighter prospects for India's trade in the first three months of 2018, compared to any other country among the seven largest contributors to global trade. The DHL GTB, jointly developed by DHL and Accenture, provides a quarterly outlook on future trade, using freight movement data from seven countries China, South Korea, Germany, India, Japan, UK and US -- across a number of sectors. Together, these seven countries account for 75 percent of world trade.

2. Union Budget 2018: Expect a Surgical Tweak in Minimum Alternate Tax (MAT)

According to an information brochure, the Union Ministry of Finance has considerably included Minimum Alternate Tax (MAT) as part of its glossary list for Union Budget 2018, which is scheduled to be presented in the Parliament on February 1. As per the market speculations by the leading industry experts, the ministry may tweak the provisions on MAT in the forthcoming budget to help the industry overcome the impact of tax reforms in the U.S. Currently, MAT is levied at the rate of 18.5% of the book profits. The purpose behind the introduction of MAT in the Income Tax Act was to bring all zero tax companies and to neutralize the impact of certain benefits/incentives. The MAT is a minimum tax that a company must pay, even if it is under zero tax limits. It is applicable to all companies except those engaged in power and infrastructure sectors. As of now, income arising from free trade zones (FTZs), charitable activities, investments by venture capital companies are also excluded from the purview of MAT. However, foreign companies with income sources in India are liable under MAT.

3. U.S. Government Shutdown Could Affect Indian Exports

The U.S. government began shutting down Jan. 20 for the first time in more than four years after Senate Democrats blocked consideration of a stopgap spending measure to keep the government operating. "The shutdown of the U.S. Federal government is certainly bad news for the Indian exporters since the American economy is among the largest destinations for exports," EEPC India chairman Ravi P. Sehgal said. He further reiterated that for the engineering sector the "U.S. is the number one export destination, giving a robust growth in the current financial year." Between April-December period of the current fiscal year, engineering exports to the U.S. grew by over 50 percent to \$7.5 billion, Sehgal said. Though travelers were not impacted immediately,

industry players said that if the government shutdown was prolonged, it would have an effect in the near future."The U.S. government shutdown will have no impact on those traveling from India. Airlines are functioning as per their schedules, the air traffic control, immigration and customs services which are deemed as essential services, are not covered by the shutdown," said Karan Anand, head of Relationships at Cox & Kings.

4. Trump's 'America First' may hit India tech firms on work visa access

President Donald Trump's 'America First' goal could affect the viability of the off shoring model adopted by Indian software companies, according to analysts at Nomura. Since taking office earlier this month, the Trump administration have steered toward policies that involve more trade protectionism, a tougher stance on immigration and called for a reassessment of U.S. foreign policy positions. The moves have raised concerns about the impact they will have on other countries, particularly among emerging markets."Immigration restrictions are the main source of India's vulnerability," said Sonal Varma, chief India economist at Nomura, in a note. "The viability of the off shoring model of Indian software firms would be at risk."

5. Neither Google nor Facebook: An Israeli startup is bringing India's small businesses online

Launched by Silicon Valley's Singularity University alumni Asaf Kindler, Vito Margiotta, Gabriel Gurovich, and Alberto Iore, Seemba is a mobile phone-based platform that helps businesses build their websites. The company has been operating in India since May 2017, focusing on giving the country's estimated 51 million kirana stores an online identity through a website, according to a Quartz report. Some 50,000 merchants have already installed the app on their phones. Of these, Seemba says, 70 percent weren't even on Google Maps or Facebook, let alone having their own website, the report said. Much of Seemba's expansion in India has come on the back of its partnership with the Maharashtra government for the Bring Maharashtra Online program. To help local businesses migrate towards a digital and cashless future, it has roped in over 1,000 college students in Pune to go knocking door-to-door and give small-business owners a crash course in using Seemba, the report said. Of emerging economies, Kindler said "India led on all fronts." The next billion users in the country are leapfrogging desktops and coming online using mobile phones, it said. The government's digital push is also helping startups "move much faster (to reach) the market," Kindler added in the report.

6. Dr. Reddy's to Pay \$5M Settlement

India-based Dr. Reddy's Laboratories Ltd. announced that its U.S. subsidiary has agreed to pay \$5 million in a settlement with the U.S. government, in a case that is more than six years old, involving packaging for five blister-packed prescription products. In a joint filing by the parties, Dr. Reddy's and the Department of Justice agreed to the settlement of the action without any adjudication of any issue of fact or law. Dr. Reddy's said it is not aware of any reports that any child gained access to these products as a result of the packaging or that any of the products caused children harm as a result of the packaging. These products have not been distributed in the packaging at issue since June 2012.

TOP COMMODITIES OF EXPORTS/IMPORTS TO STATES UNDER THIS POST'S JURISDICTION IN January 2018

Top Commodities of India Exports to States under this Post's Jurisdiction

HS Code	Product	Value \$	State
84379090	MACHINERY, EXCEPT ELECTRICAL	288,127	Alaska
84193100	AGRICULTURAL PRODUCTS	18,400,619	Arizona
03021100	FISH, FRESH/CHILLED/FROZEN & OTHER MARINE PRODUCTS	297,644,639	California
61011010	APPAREL MANUFACTURING PRODUCTS	292,919,729	Hawaii
84713010	COMPUTER AND ELECTRONIC PRODUCTS	1,487,060	Idaho
98051000	FOOD MANUFACTURES	701,928	Montana
59031010	LEATHER & ALLIED PRODUCTS	11,929,967	Nevada
61011010	APPAREL MANUFACTURING PRODUCTS	17,379,478	Oregon
84452011	TEXTILE MILLS PRODUCTS	8,080,200	Utah
98020000	CHEMICALS	28,230,147	Washington
65069100	PLASTICS & RUBBER PRODUCTS	329,350	Wyoming

Source: Foreign Trade Division, U.S. Census Bureau

Top Commodities of India Imports from States under this Post's Jurisdiction

HS Code	Product	Value \$	State
98020000	CHEMICALS	513,244	Alaska
73110090	TRANSPORTATION EQUIPMENT	28,845,332	Arizona
84193100	AGRICULTURAL PRODUCTS	342,822,195	California
72042920	WASTE AND SCRAP	5,597,000	Hawaii
84713010	COMPUTER AND ELECTRONIC PRODUCTS	16,242,089	Idaho
84193100	AGRICULTURAL PRODUCTS	15,004,697	Montana
82079010	PRIMARY METAL MFG	860,545,323	Nevada
84713010	COMPUTER AND ELECTRONIC PRODUCTS	31,166,196	Oregon
98051000	FOOD MANUFACTURES	6,233,747	Utah
73110090	TRANSPORTATION EQUIPMENT	117,910,461	Washington
98020000	CHEMICALS	9,723,881	Wyoming

Source: Foreign Trade Division, U.S. Census Bureau

TOTAL EXPORTS/IMPORTS TO STATES UNDER THIS POST'S JURISDICTION YTD January 2018

Exports from India to States under this Post's Jurisdiction

State	2014 (\$)	2015 (\$)	2016 (\$)	YTD (June) 2017 (\$)
Alaska	4,747,146	2,152,153	5,273,335	623,449
Arizona	193,560,967	224,399,081	213,932,075	127,876,202
California	4,397,270,816	3,855,630,622	3,632,108,749	1,824,719,770
Hawaii	5,568,812	8,839,393	5,790,710	3,763,157
Idaho	18,530,812	14,100,519	11,273,403	6,593,084
Montana	66,540,359	21,649,743	2,281,820	2,096,897
Nevada	169,465,648	221,396,873	262,817,749	335,265,339
Oregon	189,840,228	140,653,944	132,326,754	71,822,063
Utah	116,596,460	85,084,540	98,595,480	51,162,710
Washington	386,811,401	452,733,326	361,830,153	203,297,478
Wyoming	7,333,503	6,957,939	3,386,747	922,652

Source: Foreign Trade Division, U.S. Census Bureau *Latest data as per June 2017

Imports by India from States under this Post's Jurisdiction

State	2014 (\$)	2015 (\$)	2016 (\$)	YTD (Sep) 2017 (\$)
Alaska	255,806	1,320,449	2,026,284	655,862
Arizona	73,130,917	102,718,442	114,368,708	114,707,424
California	5,270,535,205	4,568,402,045	5,129,286,116	3,734,491,384
Hawaii	794,002	9,766,185	15,308,110	7,665,465
Idaho	14,012,128	27,794,604	33,904,830	36,806,829
Montana	42,318,205	33,391,085	52,150,420	20,909,537
Nevada	567,849,540	1,720,866,386	812,179,250	1,305,111,420
Oregon	153,495,498	90,702,304	123,006,058	79,326,755
Utah	240,348,276	201,899,345	101,459,188	41,862,709
Washington	2,134,362,701	1,150,560,756	816,180,471	754,399,199
Wyoming	11,221,271	6,552,562	12,912,385	17,057,665

Source: Foreign Trade Division, U.S. Census Bureau *Latest data as per Sep 2017

TRADE ENQUIRES

Here are some of the trade enquiries that this post received during month of January 2018 and they have been attended to appropriately.

Company	Exports from India
Green Jackpot Commodities	Indian Spices & Tea, Ayurveda products
IGNITIVE IMPEX	Agro_Bio products
Beacon exports	jute bags
Shemuel Exports	coir products
Wholesome Foods	Frozen Fruits, Vegetables & Indian meals
Metro Frozen Folkks Foods	Vegetables: Peas, Sweet corn, carrot
Image Care	Jute Hand and Shopping Bags
VISHESH EXPORTS & IMPORTS INC	STAINLESS STEEL, KITCHENWARE products
ARMV EXPORTER	NUTMEG & MACE , FENNEL products