

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

MONTHLY COMMERCIAL REPORT JULY 2014

Important Commercial News – July 2014

1 U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES

U.S. international trade deficit in goods and services decreased to \$44.4 billion in May from \$47.0 billion in April (revised), as exports increased and imports decreased. (July 3, 2014) The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that total May exports of \$195.5 billion and imports of \$239.8 billion resulted in a goods and services deficit of \$44.4 billion, down from \$47.0 billion in April, revised. May exports were \$2.0 billion more than April exports of \$193.5 billion. May imports were \$0.7 billion less than April imports of \$240.5 billion. In May, the goods deficit decreased \$2.4 billion from April to \$63.3 billion, and the services surplus increased \$0.3 billion from April to \$18.9 billion. Exports of goods increased \$1.6 billion to \$136.7 billion, and imports of goods decreased \$0.7 billion to \$200.0 billion. Exports of services increased \$0.3 billion to \$58.8 billion, and imports of services were virtually unchanged at \$39.9 billion.

2 Cisco to play active role in making India strategic business hub:

Networking solutions giant Cisco said it is looking forward to play an active role in enabling digitization of Indian economy and developing the country as a strategic business hub.

Observing that the fine line between IT and business is blurring and these are now being seen as one, Cisco chairman & CEO John Chambers said: "The more

IT and business strategies are aligned, the better an organization will perform compared to its competitors".

"Cisco looks forward to playing an active role in enabling digitization of Indian economy and developing India as a strategic business hub," he added. Pointing out that creating a successful digital economy requires collaborative efforts drawing on the experiences, ideas and ingenuity, as well as global innovation and experience; Chambers said "governments can certainly play an important role in growing the digital economy". "Organizations will have to keep ahead of the pace of change to survive," he added.

Chambers was speaking at the CII CEOs Roundtable conference here. Meanwhile, addressing the conference, CII president Ajay Shriram said: "Digital inclusion can help small & medium enterprises become more competitive, give a fillip to key sectors like agriculture, infrastructure, education and healthcare and help in job creation for the youth".

3 US pharma companies want dialogue with India on intellectual property rights

Top executives of American pharma companies favour "dialogue" with India and "not confrontation" to address their concerns on key issues like the protection of intellectual property (IP) and clinical trials.

Arguing that global pharma companies share the same goal of "patient first" with that of the government of India, corporate executives attending the daylong "US-India BioPharma and Healthcare Summit" organized by the USA-India Chamber of Commerce said they should not be considered as adversaries by New Delhi.

While asserting there can be no compromise on IP protection issues, executives from top US pharma companies said that they are willing to work with India like — tier pricing — to come out with a solution, which is acceptable to the both the parties.

"We can sit around a table and have a dialogue. We need to move from seeing the industry as adversary to work together to help patients. The only way we can do it is by collaboration and actually having a dialogue," Bahija Jallal, executive vice-president of MedImmune, a prominent bio-tech company, said. "We want to work together with the Indian government. But we can't right now, go (to India) in a meaningful way if there is no IP protection," Jallal adding that New Delhi's compulsory licensing policies would force pharma companies to go to some other countries.

"The government has to understand, the first thing that we care about is the patient. We can have a dialogue. Every country that we go to, we understand the different layers that exists economically," she said.

Dr Robert Langer, David J Koch Institute Professor at the prestigious Massachusetts Institute of Technology (MIT), argued that not protecting intellectual property would destroy innovation in the long term. Patents system, he said, is very important for encouraging many aspects of innovation. "Having investment capital, and having laws that encourage investment into innovation is important," Langer said.

Price control discourages innovation in pharmaceutical sector, he argued, adding that India needs to address concerns of the global pharma companies with regard to protection of intellectual properties. Outstanding universities, a strong and enforceable patent regime and an entrepreneurial environment are key to creating an innovation eco system in any country, Langer said.

Observing that American pharma companies want to be active in India to provide innovative medicines to the citizens of the country and that it fully understands the issues of access including the issue of cost and value; William Chin, executive vice-president of PhRMA, a top trade group representing the pharmaceutical research and biopharmaceutical companies in the US said they also understand that India must balance citizen patients and other needs with resources.

Noting that American companies are interested in India as it offers a huge market of 1.3 billion people, Chin said when companies are creating medicines for the world, it really is a shame that they would not be available to Indian patients. "I am hoping that leaders of the country can see that fixing these problems could lead to a better innovation eco system that benefits ultimately Indian citizens," he observed. "I do hope that there can be a conversation about understanding the benefits and risks," Chin said.

4 Amazon looks to fund Indian startup story

Even as the e-commerce juggernaut Amazon ramps up operations here, the \$74-billion online retailer is quietly identifying Indian startups in the tech and internet space to boost its local ecosystem. The Seattle-based internet giant is working with its India unit to scout for startups, which could be of strategic interest, people familiar with the matter said. Since 2005, Amazon has been largely investing in startups in the US, having laid its first bet in China by pouring \$20 million into a food delivery portal Yummy77 just last month.

Crunchbase data suggests that Jeff Bezos-led Amazon has made 26 such investments globally. However, most of these investments have been kept low-key by the online behemoth. One of its biggest investments recently was made in a daily deals company LivingSocial, where it put as much as \$56 million in a \$110-million round, according to Amazon's earnings report.

While Amazon looks at these proprietary investments through a strategic eye, it would not necessarily lead to future acquisitions always. Its investments range from music streaming startup Songza to Videolicious which lets users make and edit professional-quality video. While these investments are accounted for in the retailer's balance sheet, the much-storied founder of the company also runs Bezos Expeditions which manages his personal venture capital investments.

Unlike search giant Google, Amazon is yet to set up a venture capital arm focused on investing in startups that fit into the idea of ecosystem building. A

detailed email sent to Amazon by TOI on its India investment plans in startups did not elicit a response till the time of going to press.

Indian family offices of large corporates, like Wipro founder Azim Premji's PremjiInvest, have made recent investments in e-commerce firms like Myntra and Snapdeal. But Amazon's investments will be keenly watched at a time when it is doubling down on its local rivals Flipkart and Snapdeal to achieve dominance of the online retail market here.

In a letter to the company shareholders in April, Bezos had said, "We've created our own fast, last-mile delivery networks in the UK where commercial carriers couldn't support our peak volumes. In India and China, where delivery infrastructure isn't yet mature, you can see Amazon bike couriers delivering packages throughout the major cities. And there is more invention to come."

Amazon launched an online marketplace in India last year where third-party sellers list their products and sell directly to customers. India represents Amazon's tenth marketplace where buyers can browse through a catalogue of over 1.5 crore products, ranging from books, movies, electronics, footwear to apparel.

Amazon's marketplace allows third-party sellers to access its suite of services, including Selling on Amazon and Fulfilment by Amazon. India's e-commerce market is expected to touch \$8.8 billion in 2016, according to estimates made by Forrester.

5 Amazon plans 5 new warehouses in India

Amazon Seller Services India Pvt Ltd plans to open five more fulfillment centres (FCs) — warehouses — in Delhi, Chennai, Jaipur, Ahmedabad and Tauru (outskirts of Gurgaon), the company said here on Monday. With the additional storage capacity and its two existing FCs on the outskirts of Mumbai and Bangalore, Amazon has almost doubled its total storage capacity to over half

million square feet, offering fulfillment services to thousands of retailers and small and medium businesses (SMBs) across the country, the company said in a statement.

"We are very excited by our rapid growth and the response we have received from customers and sellers since our launch just over a year ago. The launch of these five new fulfillment centers is part of our continued investment in providing fast and reliable delivery across vast selection of products, and enabling sellers of all sizes to achieve nationwide scale." Amit Agarwal, vice-president and country manager, Amazon India, said.

6 PayPal to host Chennai's first startup weekend

Online payment portal PayPal hosted Chennai's first 'Startup Weekend,' a global movement to promote entrepreneurship. The event was held at PayPal's Development Centre in Chennai between July 11 and July 13.

The 54-hour-long event was a workshop that provides a platform for participants to meet likeminded enthusiasts, build their network, get face time with thought leaders and learn new skills, according to statement from PayPal.

Ranga Kanapathy, director and India head, PayPal Data Technology, and Arun Athiappan, CEO and founder, Ticketgoose.com, was among the keynote speakers for the event that was expected to bring together about 100 startup enthusiasts, well-established CEOs, and a network of angel investors.

"With its origins as a startup, PayPal has grown to become a global leader in the payments industry today, and we are proud to help the new wave of aspiring entrepreneurs take their first steps towards a successful venture," Anupam Pahuja, general manager, PayPal Development Centres, India, said.

The applicants at Startup Weekend Chennai brainstormed their ideas, form groups based on their interests, meet mentors and discuss varied topics such as

code designing as well as market validation before presenting their final plans at the end of the weekend. Each team at Startup Weekend Chennai gets \$100 of free AWS Credit, \$500 of Google Cloud Platform credits to build mobile and web apps and a free .co domain.

The Startup Weekend sessions organized in India have so far witnessed the launch of seven startups, including SocialShout, Ridingo and Gaze Metrix, two of which have received angel funding, according to the statement.

In Chennai, PayPal supports the local entrepreneurship ecosystem through Start Tank that provides early stage startups a world-class incubation space and access to global mentors, angel investors, and venture capitalists. The Start Tank runs globally across PayPal offices in Boston, London and Chennai.

PayPal formally launched its Chennai startup incubator in association with The Indus Entrepreneurs (TiE) in November 2013 and currently hosts four startups.

7 Manipal ties up with Google India for digital marketing course

Manipal Global Education Services today said that it has tied up with internet advertising and search giant Google to launch a three-month certificate course in digital marketing aimed at business school graduates.

Google India will provide the Karnataka-based with the training curriculum and the course involves classroom sessions, e-learning and hands-on learning through a live project, a statement from Manipal said.

Students who successfully complete the course will be awarded a joint certificate from Manipal and Google India, it added.

"As the Indian internet market continues to show robust growth, we believe a capacity building program to help young professionals gear up for the opportunity is the need of the hour," Google India's marketing director Sandeep Menon said.

8 Trade Enquiries

The following companies / individuals approached this office for trade related enquiries. Appropriate replies were sent to all of them.

- a Aman Agarwal, India (Rice & Sugar)
- b Agilam Marketing, Madurai, (Candles)
- c Apollo Soyuz, Navi Mumbai (Transformers)
- d Shree Mahavir Impex, India (Furniture)
- e G.K. International, Delhi (Garments)
- f Yuva India Exports, Tamil Nadu (Coir Pith)

9 Trade Disputes

The following companies approached us for resolving their commercial disputes. The Post has taken appropriate actions to resolve the disputes.

- a Sacramento Packaging Inc. Yuba City, CA for non payment of dues from VKC Nuts of Jammu.

10 Commercial delegations from India

The following delegations visited the jurisdiction of this Post during the month:
Dr. Ajay Kumar & Mr. S.K. Marwha of Ministry of Communication & Information Technology visited San Francisco from July 7-10, 2014.

11 Visas issued

During this month this Post issued **837** Business visas and **3458** Tourist visas .

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