

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

MONTHLY COMMERCIAL REPORT NOVEMBER – 2012

Important Commercial News – November 2012

Foreign Trade

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that total November exports of \$177.8 billion and imports of \$225.6 billion resulted in a goods and services deficit of \$47.8 billion, up from \$43.3 billion in October, revised. November exports were \$1.5 billion less than October exports of \$179.4 billion. November imports were \$2.9 billion more than October imports of \$222.6 billion.

In November, the goods deficit increased \$4.6 billion from October to \$63.2 billion, and the services surplus increased \$0.1 billion from October to \$15.4 billion. Exports of goods decreased \$1.5 billion to \$126.6 billion, and imports of goods increased \$3.1 billion to \$189.7 billion. Exports of services were virtually unchanged at \$51.3 billion, and imports of services decreased \$0.2 billion to \$35.9 billion.

The goods and services deficit increased \$8.9 billion from November 2010 to November 2011. Exports were up \$16.6 billion, or 10.3 percent, and imports were up \$25.5 billion, or 12.7 percent.

The October to November decrease in exports of goods reflected decreases in industrial supplies and materials (\$1.6 billion); capital goods (\$0.2 billion); other goods (\$0.2 billion); automotive vehicles, parts, and engines (\$0.2 billion); and foods, feeds, and beverages (\$0.1 billion). An increase occurred in consumer goods (\$0.8 billion).

The October to November increase in imports of goods reflected increases in industrial supplies and materials (\$2.7 billion); automotive vehicles, parts, and engines (\$0.8 billion); other goods (\$0.6 billion); and capital goods (\$0.1 billion). Decreases occurred in consumer goods (\$0.7 billion) and foods, feeds, and beverages (\$0.1 billion).

U.S. Competitiveness Slips as India Jumps in Five Years

<http://www.businessweek.com/news/2012-11-16/u-dot-s-dot-competitiveness-slips-as-india-brazil-gain-report>

The U.S., the world's largest economy, will slip to fifth place from third in manufacturing competitiveness in the next five years as India and Brazil race ahead, according to a report.

China will remain in the top spot while India rises to second from fourth and Brazil jumps from eighth to third, according to the 2013 Global Manufacturing Competitiveness Index compiled by Deloitte Touche Tohmatsu and the U.S. Council on Competitiveness. The index, which was first introduced in 2010, reflects perceptions of more than 550 senior corporate leaders surveyed about how 38 countries rank currently and will fare in five years.

Executives said access to talented workers is the top indicator of competitiveness, followed by a country's trade, financial and tax policies, according to the report, which was to be published today.

The looming so-called fiscal cliff of U.S. automatic tax increases and spending cuts scheduled to begin in 2013 is also a concern, Allen said today in an interview on Bloomberg Television's "Surveillance" with Tom Keene.

According to the report, Germany will move from second to fourth in the competitiveness ranking, South Korea will fall from fifth to sixth, Taiwan will go from sixth to seventh, Canada will drop from seventh to eighth, and Japan falls out of the top 10 list altogether, tumbling from 10th to 12th. Vietnam, meanwhile, will jump from 18th to 10th and Singapore will maintain its No. 9 ranking.

Another "sobering" finding in the report is that in five years Germany will be the only European country in the top 15 spots for manufacturing competitiveness, as the U.K. and Poland slide, Allen said.

The world is seeing a "power shift" of competitiveness toward developing countries, particularly those in Asia, said Deborah L. Wince-Smith, CEO of the Washington-based council that includes business, academic and labor leaders.

Aside from the responses of top executives, the study was based on interviews with "key manufacturing players" and contributors from Deloitte, the council, the Indian Institute of Management in Lucknow, and Clemson University in South Carolina, according to the report.

Indians top US start-ups amid immigration woes

Ankit Gupta and Akshay Kothari, founder of news aggregation application Pulse, they are among the 33.2% of immigrant company founders of US companies from India. Indians founded or co-founded 26% of start-ups all over the US.

Immigrants from the UK, China and Taiwan contributed to 7.1%, 6.9%, and 5.8% of the start-ups set up in India.

But that stream of immigrant entrepreneurs is now drying up, writes Vivek Wadhwa, technology entrepreneur and academic, in a book released on Tuesday: *The Immigrant Exodus: Why America Is Losing the Global Race to Capture Entrepreneurial Talent*.

"There are two likely reasons why the Indian founder percentage has gone up," Wadhwa said. "The first is that there were so many that came here, and the second is that Indians have strong role models, strong mentorship networks, good sources of funding, and strong skills."

Gupta and Kothari came to the US from IIT. They met at Stanford, and teamed up to develop a marketable app as part of a post-degree course - and went on to found a company.

Following in the footsteps of Silicon Valley titans such as Vinod Khosla, co-founder of Sun Microsystems, Desh Deshpande of Sycamore Networks and Kanwal Rekhi, former chief technology officer of Novell.

Wadhwa has said that the number of start-ups, which had historically kept the US ahead of the world, is going down because of 'unreasonably strict' immigration laws.

The number of IITians heading out to the US started declining in 2002 as opportunities opened up at home.

"Of the 2,042 companies we surveyed nationwide, the proportion of immigrant-founded companies had slid from 25.3% to 24.3%," Wadhwa said in his book. Clearly, the rapid growth in immigrant entrepreneurship is stagnating.

New Trade War Twist: India Now Investigating Solar Imports From U.S.

Shortly after the [completion of the U.S. Department of Commerce's investigation](#) into Chinese solar exports, the U.S. now finds itself involved in another global solar trade conflict.

India's Ministry of Commerce & Industry has officially launched an anti-dumping investigation into photovoltaic cells exported into India from the U.S. Exports from China, Malaysia and Taiwan will also be subject to the investigation.

A coalition of India-based PV manufacturers, including Indosolar Ltd., Jupiter Solar Power Ltd. and Websol Energy Systems Ltd., filed the initial anti-dumping complaint, alleging that the "subject goods are being dumped into the Indian market by the exporters from the subject countries," according to [official documents](#).

Gas imports: India wants US to consider free trade pact

To enable import of gas from the US, India has asked the US Government to consider a free trade agreement (FTA).

Currently, US gas is available to only those countries that have a FTA with that country. India does not have an agreement with the US.

A senior Government official said, "We have been emphasizing this to the US. We expect the US administration to take a decision."

Recently, the US Ambassador to India Nancy J. Powell had told reporters that a study was being undertaken by the US Government on how much shale gas the

country had, how much the gas demand was, and the benefit and costs involved if exports were allowed.

“By the end of the year, a clearer picture should emerge,” she had said. Indian companies will have to wait for the report before any deliberations on trade begins, Powell added.

At present, only one project where an Indian company (GAIL) is involved has been allowed to export gas. There are other two projects that are pending approvals, and their fate is dependent on the outcome of the study.

India has been basically focusing on shale gas and shale oil from the US. Once the US gas is available in the market, it is expected to create a certain degree of moderation in international gas price.

Harley-Davidson outsources datacenter to Indian company, increasing US jobs by 50%

[Infosys](#), a datacenter operator and service provider based in India, is the recipient of an IT outsourcing deal with American icon [Harley-Davidson](#), which will result in the loss of 125 jobs, including 83 jobs at Harley's Wisconsin headquarters. To some this will make it yet another story of American jobs lost to offshore outsourcing. But like many things that seem obvious, the issue isn't that simple.

Though an Indian company, Infosys is committed to the US market and has a large presence in the US. They have 16 existing US facilities and, in 2012, hired over 1200 people to staff those facilities here (and have stated that they expect to expand to 2000 by the end of the year). The contract with Harley requires that they open a facility in Milwaukee, which will increase the size of Infosys' US presence and will open up 125 jobs, equal to the number of jobs being lost at

Harley-Davidson. And before you jump to the conclusion that the Harley IT employees are being left in the cold, there are two additional points that you need to consider.

Playboy clubs opening in India

Considered among the world's top 25 brands, Playboy, whose merchandise builds on the popularity built by the magazine famous for revealing centre spreads, will operate in India through PB Lifestyle Ltd, which is an arm of Playboy Enterprises International Inc, the hospitality and merchandising business of the empire built by Hugh Hefner.

PB Lifestyle plans to set up eight Playboy clubs in India over a period of three years in its first phase and have 120 clubs, bars and cafes in 10 years.

The promoters of PB Lifestyle, Parag Sanghvi and Jeetendra Jain, who are in the media, entertainment and real estate business, have committed to invest Rs. 200 crore over the next five years.

The clubs will be driven by music, gourmet food and beverages, global disc jockeys, celebrity chefs and special events. They will be open to all but special services including cigar rooms and liquor lockers for members only.

"While we will not try to disconnect from the core essence of the brand, it's not going to be about nudity that the Playboy magazine has been traditionally known for. It's going to be more about lifestyle, exclusivity," said [Sanjay Gupta](#), CEO of PB Lifestyle.

PB Lifestyle has an exclusive 30-year licensing agreement with Playboy Enterprises. The other business, publication and television with adult content, is not part of the agreement in any way

US company Infinera to expand R&D centre in Bangalore

Sunnyvale based, US telecom transmission gear maker [Infinera](#) is expanding its Bangalore R&D unit as it sees India as its biggest Asian growth market, a top company executive told ET. "The Bangalore lab is a strategic investment where bulk of Infinera's global R&D activity takes place and we are investing heavily in India to support increasing traction of our optical transport systems," said the company's vice president (Asia-Pacific) [Andrew Bond-Webster](#), though he declined to reveal specific capex numbers.

His optimism stems from the rapid adoption of mobile, video and cloud technologies in India, which places "unprecedented demand on transport network bandwidth".

"Network costs are being closely scrutinized due to macro-economic headwinds and extracting maximum efficiencies out of deployed assets is an ongoing goal for telcos in India," said Bond-Webster.

Engineers at the Bangalore lab, which houses 25% of Infinera's global workforce, are driving innovations around the company's flagship product, its instant bandwidth solution on the DTN-X platform that enables telcos to augment bandwidth in increments of 100 gigs per second.

Infinera is among the short listed vendors for [InfotelBSE -2.78 %](#) Broadband's 4G rollout and recently hit the spotlight when it edged out [Huawei](#), [Ciena](#) and [ZTE](#) to bag a key RailTel contract linked to the center's 6,000-crore National Knowledge Network (NKN) initiative that will link up premier institutions, universities and R&D centers.

Trade Enquiries

Following companies approached us with queries during the month relating to international trade and appropriate replies were sent to all the companies.

M/S Keshav Enterprises, Chinnai

M/S Water Broker International, Los Angeles

M/S Solomon Exports & Imports, Karur, India

M/S Ambihaa Exports, India

RD&C Exports, India