CONSULATE GENERAL OF INDIA
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Important Commercial News – Mar. 2016

1 U S International Trade

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced today that the goods and services deficit was **$47.1 billion** in February, up $1.2 billion from $45.9 billion in January, revised. February exports were **$178.1 billion**, $1.8 billion more than January exports. February imports were **$225.1 billion**, $3.0 billion more than January imports.

The February increase in the goods and services deficit reflected an increase in the goods deficit of $0.9 billion to $64.7 billion and a decrease in the services surplus of $0.3 billion to $17.7 billion.

Year-to-date, the goods and services deficit increased $10.8 billion, or 13.1 percent, from the same period in 2015. Exports decreased $20.5 billion or 5.5 percent. Imports decreased $9.7 billion or 2.1 percent.

The February figures show surpluses, in billions of dollars, with South and Central America ($2.7), OPEC ($1.9), Saudi Arabia ($1.3), and Brazil ($0.4). Deficits were recorded, in billions of dollars, with China ($32.1), European Union ($10.6), Japan ($5.4), Germany ($5.2), Mexico ($5.1), South Korea ($2.8), India ($2.4), Italy ($2.4), France ($1.5), Canada ($1.0), and United Kingdom ($0.5).

- The deficit with **China** increased $1.0 billion to $32.1 billion in February. Exports decreased $0.3 billion to $8.4 billion and imports increased $0.8 billion to $40.5 billion.

- The balance with **Saudi Arabia** shifted from a deficit of $0.2 billion to a surplus of $1.3 billion in February. Exports increased $0.9 billion to $2.3 billion and imports decreased $0.6 billion to $1.0 billion.

2 U.S. Net International Investment Position: End of the Fourth Quarter and Year 2015

The U.S. net international investment position at the end of the fourth quarter of 2015 was -$7,356.8 billion (preliminary) as the value of U.S. liabilities exceeded the value of U.S. assets. At the end of the third quarter, the net investment position was -$7,311.6 billion (revised). The net investment position decreased 0.6 percent in the fourth quarter, compared with a decrease of 8.4 percent in the third quarter and an average quarterly decrease of 6.3 percent from the first quarter of 2011 through the second quarter of 2015. The net investment position was equal to 3.5 percent of the value of all U.S. financial assets at the end of the fourth quarter, down from 3.6 percent at the end of the third quarter.

U.S. assets were $23,208.3 billion at the end of the fourth quarter compared with $23,326.7 billion at the end of the third quarter (chart 2). The $118.5 billion decrease reflected a $323.6 billion decrease in the value of financial derivatives, mostly in single-currency interest rate contracts, that was partly offset by a $205.1 billion increase in the value of assets excluding financial derivatives.

U.S. assets excluding financial derivatives were $20,810.6 billion at the end of the fourth quarter compared with $20,605.5 billion at the end of the third quarter. The $205.1 billion increase mostly reflected increases in foreign equity prices that increased the value of U.S. direct investment and portfolio investment assets, which was partly offset by the depreciation of major foreign currencies against the U.S. dollar that lowered the value of U.S. assets in dollar terms.

U.S. liabilities were $30,565.1 billion at the end of the fourth quarter compared with $30,638.4 billion at the end of the third quarter (chart 2). The $73.3 billion decrease reflected a $324.1 billion decrease in the value of financial derivatives, mostly in single-currency interest rate contracts, that was partly offset by a $250.7 billion increase in the value of liabilities excluding financial derivatives.

U.S. liabilities excluding financial derivatives were $28,224.5 billion at the end of the fourth quarter compared with $27,973.8 billion at the end of the third quarter. The $250.7 billion increase mostly reflected increases in U.S. equity prices that increased the value of U.S. direct investment and portfolio investment liabilities, which was partly offset by decreases in prices on long-term debt securities.

3 Lockheed Martin to work with Ashok Leyland Defense Systems for LSV, LAM projects

Ashok Leyland Defense Systems (ALDS) has selected US global security and aerospace company Lockheed Martin for pursuit of its Indian Armed Forces Light Specialist Vehicle (LSV) and Light Armored Multipurpose (LAM) vehicle programs.

Lockheed Martin's High Mobility Vehicle or Common Vehicle Next Generation (CVNG) will provide the base platform for this development effort. With the Indian Armed Forces looking to rapidly modernize their protected wheeled vehicle fleet, there could be numerous additional opportunities for this development effort beyond the LSV and LAM programs, said the company in a statement.

Ashok Leyland, flagship of the Hinduja Group, will serve as the prime contractor, and manufacturing hub for global requirements of these vehicles and variants. "As a licensed manufacturer of the CVNG, this opens up a huge opportunity for ALDS to globally export this vehicle platform and its variants as a 'Made in India' product," said the statement. Vinod K Dasari, MD Ashok Leyland, said, "As the largest provider of logistics vehicles to the Indian Army, Ashok Leyland has a strong portfolio in the defense sector. We are buoyant about the defense segment, and expect our play to increase manifold."

Scott Greene, vice-president of Ground Vehicles for Lockheed Martin Missiles and Fire Control, said, "We are excited about the opportunities that exist to offer the CVNG to India and beyond." Nitin Seth, president, LCV and Defence at Ashok Leyland, said, "A combination of Lockheed Martin's technical expertise and our proven vehicle platforms, will enable us to offer versatile solutions to armed forces across segments."

Ashok Leyland is one of the country's largest commercial vehicle manufacturers and a long-standing supplier of mobility solutions to the Indian Army. Lockheed Martin is one of the world's premier global security and aerospace companies that - with the addition of Sikorsky - employs approximately 1,26,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services.

4 Trump eyes super luxury realty projects in India

Donald Trump may have issued a flurry of protectionist statements but the real estate tycoon and front runner for the Republican nomination for President of the United States is eyeing growth in his business in India. His son and Trump Organization's Executive Vice-President Donald Trump Jr told ET that the brand has never been stronger in terms of work and expansion plans.

"We have had tremendous success in India with two amazing projects in Pune and Mumbai and we have a very aggressive pipeline in the north and east," said Donald Trump Jr. The company has two super luxury projects in the country at present, including a twin tower 46-apartment block with Panchshil Realty in Pune and an under-construction 300-apartment project in the heart of Mumbai at Lower Parel with Lodha Group

"I look forward to being back in India soon to celebrate not only the milestones of our existing great developments but also for the announcement of several exciting new projects," said Donald Trump Jr. The company is targeting Mumbai, Pune, National Capital Region, Bengaluru, Chennai, Hyderabad and Goa among locations with good demand for super luxury properties. It also has business interests in hospitality, golf courses and casinos.

"The Trump Organization is extremely bullish on India. The plan is to build a pan-India development business for Trump branded residential and office projects," Kalpesh Mehta, managing partner at Tribeca Developers said. Tribeca Developers is Trump Organization's exclusive representative in India and it is responsible for supporting the brand in all aspects of building business here.

"We have projects in the pipeline in north and east India and are actively looking for projects in the south. We are working towards making India the largest revenue generating market for Trump after North America over the next 10 years," Mehta said. He said the Trump brand has done well in India with both the projects performing well in terms of sales, price premiums and delivery. Trump's developer partners in India have reaped the benefits of their alliance with the brand and are keen to work further with the organization.

5 US industry body says India agreed to not issue ‘compulsory’ drug licenses

India has given private assurances that it will not grant licenses allowing local firms to override patents and make cheap copies of drugs by big western drug makers, a US business advocacy group said.

The comments were revealed in a submission last month by the US-India Business Council (USIBC) to the US Trade Representative (USTR), which is reviewing global intellectual property laws for an annual report identifying trade barriers to US companies.

The USTR has placed India on its "priority watch" list for two years in a row saying the country's patent laws unfairly favor local drug makers. A bone of contention has been a legal provision that allows the overriding of patents on original drugs and granting of "compulsory licenses" to local firms to make cheaper copycat medicines.

India can grant such licenses under certain conditions, such as public health emergencies, to ensure access to affordable medicines for its mostly poor people. It granted the first such license in 2012, allowing local firm Natco Ltd to sell a copy of German drug maker Bayer's cancer medicine Nexavar at a tenth of the price. Since that ruling, big western pharmaceutical companies have criticized India's patent law and lobbied for it to be changed.

In its submission to the USTR, a copy of which was seen by Reuters, the USIBC said the government "privately reassured" the group that it would not grant such licenses to firms for commercial purposes. The government has made no such statements publicly. Officials have said they are committed to protecting the interests of patients.

Commerce minister Nirmala Sitharaman, her joint secretary in charge of pharmaceuticals, and the USIBC did not respond to requests for comment. Washington-based non-profit Knowledge Ecology International (KEI) expressed concern over the USIBC submission.

"If such an agreement in fact exists, this is extremely troubling news ... this sort of pressure is basically a declaration of war on poor cancer patients," KEI said in its own submission to the USTR last week. It called for details of the agreement to be made public.
Under Prime Minister Narendra Modi, India has been undertaking a review of its intellectual property (IP) policy. A revised policy is due to be released imminently.
Several health activists and charities like Medicines Sans Frontiers have criticized the review, saying India is buckling under US pressure and compromising the interests of patients.

The US Chamber of Commerce and the Pharmaceutical Research and Manufacturers of America, the biggest US industry lobby group, have both recommended keeping India on the US "priority watch" list in separate submissions to the USTR. The Indian Pharmaceutical Alliance, which represents 20 big drug makers, argued in its own submission that India's patent laws were fully WTO-compliant. Its head chided the USIBC for breaching confidence in its submission.

"If the government of India had said something privately, USIBC should not have embarrassed it by making it public," said secretary general DG Shah.

6 China cuts its economic growth target to 6.5-7%

China's leadership cut this year's growth target for its slowing economy to 6.5-7 percent and promised on Saturday to allow private companies into its petroleum and telecoms markets as part of sweeping reforms aimed boosting productivity and incomes.

The growth target, down from last year's "about 7 percent" and less than half of 2007's peak of 14.2 percent, was included in a work report delivered by Premier Li Keqiang to China's national legislature that starts a 12-day session in Beijing's Great Hall of the People on Saturday.

China's economy has cooled steadily as the ruling Communist Party tries to replace a worn-out model based on trade and investment with self-sustaining growth driven by domestic consumption. Growth declined last year to a 25-year low of 6.9 percent and is forecast to drift lower this year.

Plans call for transforming China into a middle-income economy with self-sustaining growth driven by consumer spending instead of investment, trade and heavy industry. That requires the ruling party to cut back the dominance of state industry that reform advocates complain is a drag on the economy and to give entrepreneurs a bigger role.

Li, the top economic official, promised to open state-dominated industries including telecoms, petroleum and public utilities, though he failed to say whether foreign companies might be allowed in or how large an ownership stake private competitors might be allowed. He said private companies in those fields would receive the same treatment as state-owned enterprises in project approval, finance and tax policy.

Much of China's economic slowdown has been self-imposed as regulators clamped down on a building boom and tried to encourage the growth of retailing, tourism and other service industries. An unexpectedly sharp downturn over the past two years has raised the risk of politically dangerous job losses and prompted Beijing to shore up growth with mini-stimulus efforts.

The latest growth target would be the minimum President Xi Jinping said in November is needed this decade to achieve the official goal of making China "moderately prosperous." Economists warn anything higher could set back reforms by forcing Beijing to prop up growth with more wasteful investment.

Communist leaders have tried to shift public attention away from the growth target. They say their priority is jobs and so long as the economy generates enough they will accept slower growth. The slowdown and Beijing's reforms have wiped out jobs in mining, steelmaking and other industries.

Retailing, e-commerce and other service industries are growing and absorbing some idled workers but others are struggling to find work. The government says the economy created 13 million new jobs last year but has not said how many were lost at the same time.

7 US consumer spending gains steam; inflation stirring

US consumer spending rose solidly in January and underlying inflation picked up by the most in four years, keeping Federal Reserve interest rate increases on the table this year. The upbeat data on Friday added to reports on manufacturing and employment that have suggested economic growth picked up at the start of the year after slowing in the fourth quarter.

The economic growth outlook was further bolstered by steady consumer sentiment in February despite recent stock market turmoil. That should help ease fears of a looming recession.

"Consumers revved it up a notch and inflation quickened as well at the start of the year. Consumers are sending a strong message that the economy is on the right track for continued growth this year," said Chris Rupkey, chief economist at MUFG Union Bank in New York. The commerce department said consumer spending increased 0.5 per cent, the largest gain since March, as households ramped up purchases of a range of goods and the return to normal winter temperatures boosted demand for heating.

Consumer spending, which accounts for more than two-thirds of US economic activity, rose by an upwardly revised 0.1 per cent in December. Economists polled by Reuters had forecast consumer spending rising 0.3 per cent last month after a previously unchanged reading in December.

Prices for US treasury debt extended losses on the data, while US stocks were trading higher. The dollar rose against a basket of currencies. With spending picking up, there were also signs of price pressures stirring last month, which will most likely be welcomed by Fed officials amid low inflation expectations that could keep inflation below the US central bank's 2 per cent target for an extended period.

A price index for consumer spending edged up 0.1 per cent after dipping 0.1 per cent in December. In the 12 months through January, the personal consumption expenditures (PCE) price index rose 1.3 per cent, the largest increase since October 2014. The PCE index advanced 0.7 per cent in December.

Excluding food and energy, prices rose 0.3 per cent. That was the largest increase since January 2012 and followed a 0.1 per cent gain in December. The so-called core PCE price index increased 1.7 per cent in the 12 months through January, the largest rise since July 2014. The core PCE, the Fed's preferred inflation measure, rose 1.5 per cent in December.

Although financial markets have eliminated bets for a March rate hike, the combination of solid consumer spending, a strengthening labor market and steadily rising inflation suggests further monetary policy tightening cannot be ruled out this year. The Fed raised its benchmark overnight interest rate in December for the first time in nearly a decade.

Separately, the University of Michigan said its consumer sentiment index rose to 91.7 February after slipping to a reading of 90.7 early in the month. It was slightly down from January's reading of 92.0.

In January, consumer spending was supported by a 0.5 per cent rise in income as the labor market continued to tighten. That was the largest increase since June and added to a 0.3 per cent rise in December. Wages and salaries shot up 0.6 per cent also as minimum wage increases came into effect in some states. Wages and salaries increased 0.2 per cent in December.

Earlier, the commerce department said gross domestic product increased at a 1.0 per cent annual rate in the fourth quarter as businesses were less aggressive in their efforts to reduce unwanted inventory.

The economy was previously reported to have grown at a 0.7 per cent pace in the fourth quarter and economists had expected that GDP growth would be revised down to a 0.4 per cent rate. The economy expanded at a 2.0 per cent pace in the third quarter and grew 2.4 per cent in 2015.

Businesses accumulated $81.7 billion worth of inventory in the fourth quarter rather than the $68.6 billion reported last month. The largest contributors to the upward revision to inventory investment were retail trade and mining, utilities and construction.

As a result, inventories subtracted only 0.14 percentage point from GDP growth instead of the previously reported 0.45 percentage point. The bigger inventory build is bad news for first-quarter GDP growth as it means businesses will have little incentive to place new orders, which will continue to hold down production.

"The weaker drag from inventories in the fourth quarter means that any rebound in the first quarter could be slightly more modest than we previously expected," said Paul Ashworth, chief US economist at Capital Economics in Toronto. "Nevertheless, it still appears that first-quarter GDP growth is on track to rebound to a very healthy 2.5 per cent annualized or higher, which should dampen any concerns about an imminent recession."

First-quarter GDP growth estimates are as high as a 2.5 per cent rate, but the risks are tilted to the downside amid slowing world economies, a strong dollar and the recent global stock market sell-off that has tightened financial market conditions.

8 Commercial Disputes

This Post received a trade related complaint from M/S Kawach Instrument & Chem Tex against Labomed Inc. a Los Angeles based company. Consulate took up the issue with the LA based company and the out come was communicated to Indian Company.

9 Trade Enquiries

The following organizations/individuals approached this Consulate for various trade related queries. All of them were appropriately responded.

1	Agilam Marketing, Madurai	Wax candles
2	Nyamal Chuol, Washington	PAN number
3	Ludlow Jute, Kolkata	Jute products
4	Jayshri Gayatri Food, MP	Dairy products
5	Mannan Exim, Tamil Nadu	Herbs
6	Siddharth Traders, TN	Health products, herbs, dry fruits
7	KVS Agro. TN	Agricultural products
8	Al Bari exports, Chennai	Rice
9	Meenakshi, India	candles, castor oil, bronze lamp
10	Hickey & Associats, CA	Foreign investment
11	K. senthilKumar, India	Cashew,Spices, Fruits,Vegetable
12	Aziaa Exports, TN	Turmeric, cashew, peanuts
13	AI Alam Exports, TN	Shoes, Vegetables, Apparels
14	Aruna Exports, TN	Grapes, Pomegranate, Guava

10 Visas issued

During the month of March this Consulate issued **1226** Business and **2721** Tourist visas.

Purshottam Bhatnagar
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