

Below are the notes from the International Trade Committee Meeting and I have attached the presentation we went over. Let me know if you need anything else. Thanks!

EGSA Spring Conference

Meeting held: March 4, 2019 @3:30pm

Meeting attendees: 17

World Economic Overview:

- Fairly steady for projected growth
- Common theme: US/China trade war & Brexit affect the world economy
- USA has had some big ups last year from the tax policy, still forecasting same growth in 2019, but 2020 might be a different story
- Global economy down slightly from original forecast
- Germany & Turkey are surprisingly down which is affecting much of Europe
- Emerging economies – “down” to 6.3% because slowdown in economy has taken place faster than anticipated
- Latin America forecast up to 2.0%, but still down from earlier projections because of weak Venezuela and Mexico
- Argentina
  - New gov’t plans took longer than initially expected
  - Already eroding economy made things worse, direction of economy has the right intent but it is too damaged to take off before hitting the ground again
  - Still lots of heavily subsidized programs that won’t be fixed until after the next election cycle
  - Interest rates are at 35% - which means business development is way down
  - Dollar went from 20 to 40, no one can spend money, 4% inflation in February only
- Venezuela & Mexico came down a lot more than originally anticipated, uncertainty around what the Mexican president is going to do now that he’s elected
- Middle East down a bit from lower oil prices, US put sanctions back on Iran
- Commodities
  - Oil prices are down to \$55 from \$70, expected to be around \$60 for forecast
  - Metals & Agricultural are down because China is subdued

USMCA – the new NAFTA

- Agreement settled and announced 9/18/2018 but has not gone through the US congress yet
- Not really a free trade agreement, because of tariffs with no resolution on steel or aluminum tariff
  - Affects the power gen industry because many generators are manufactured in Mexico
- Automotive rules must have an average of \$16/hr, which is very high for Mexico, so many factories will probably become more automated. Base rate for workers changed about a month ago and some factories are struggling to implement it, Mexican president ran on raising the minimum wage
- 16 year deal, but can be revisited after 6 years

Gold Key Service

- Inexpensive way to get contacts within certain areas of the world to figure out logistics – Gold Key Service will set up the meetings for you and provide all logistics
- Grant money through SBA, US small businesses can get grants to finance these services

- Enhances salesforce with in-country experts, tell them target customers and they'll get a list of businesses lined up and provide drivers & translators for all meetings
- The program uses US employees that are based in other countries, in embassy of whatever country you're looking to do business in
- Great way to network and get to know customers in another country
- More details for customer sites, the better the service will work for you
- Go to the website for more information and how to sign up

#### Next meeting ideas

- Logistics in different areas around the world
- Specific look at other countries – India, Vinay from Koel Americas offered to do a deep dive on the power industry in India
  - Genset & Diesel engines have a 15% tariff
  - Prime Minister's election is in April, current PM is more shrewd than Trump, India elections happen over 2 months because of 800m voters
- Import/export data in terms of generators
  - Market sized in different global regions - Latin America specifically
  - Countries that have plants vs countries that buy product
  - Ask Tyler or Marilyn from Power Systems Research to show data in a small presentation
- Different duties for all different Latin America countries
  - In-depth look at the different customs and how to get products through customs quicker
  - Resources to help figure out the customs
  - Custom brokers can help, but have to ship product through the agents
  - Shipping within one country when another country owns the plant and the end user is in the country
  - Certification requirements for customs