

EGSA Fall Conference 2019 – International Trade Committee Meeting Minutes

Meeting held: September 16, 2019 @3:30pm

Meeting attendees: 17

World Economic Overview:

- Global Growth down to 3.2% for 2020
- Biggest adversaries for growth – China/US trade war, New NAFTA not done, Brexit
 - Global slowdown
 - China slowed down faster than expected
 - Weaker Performances from Latin America than expected
- United States
 - Tax policy is expected to continue stimulating the economy thru 2019
 - 2020 is predicted down without the tax stimulus and federal overshoot neutral interest rate
- Advanced Economies
 - Continue to decrease, but expect uptick from previous predictions
 - Germany manufacturing is down
 - France and Italy are down
 - UK predications are based on a smooth transition with Brexit, except no plan is in place yet
 - Japan also predicted to fall
- Emerging and Developing Economies
 - Asia on a whole is down because US/China trade war affecting the entire continent
 - Developing Europe (East Europe) – wage growth and domestic demand increasing
 - Latin America keeps getting worse than predicted
 - Brazil worse than expected
 - Argentina high inflation rate
 - Venezuela expected to contract by 35%
 - Mexico is surprisingly weak
 - It was originally expected to lift other Latin American economies
 - Middle East/North Africa predicted to subdue growth
 - Contributors are low oil prices, sanctions on Iran, and geopolitical tensions
 - India – massive growth predicted at 7.20% for 2020
- Over the weekend there was a drone attack on Saudi Arabia
 - Affected an area responsible for 5% of the global supply of oil
 - Oil was up 15% today because of the attack
 - Saudi Arabia does have oil reserves to help mitigate price increase until area is fixed

Free Discussion

- Insight on China tariffs & trade talks
 - Articles from G7 indicate positive outlook for deal with continued talks expected
 - Generator companies are most commonly dealing with the tariffs by switching supply chains
 - Biggest issue with China is stealing trade secrets and manufacturing almost identical knockoffs
 - Multiple people in the committee had run-ins with counterfeit generators
 - Nothing can really be done about the issue

- Consensus is China needs the US more than US needs China
 - China has already adjusted currency twice this year and there is no more room for future adjustments
- On top of everything else there is the Hong Kong protests
- New NAFTA
 - This deal could impact the generator sector more because of how many plants are in Mexico
- Nigeria
 - Nigeria accounts for 20% of the population of Africa
 - Densely populated region with bad electricity
 - Many scams and nonpayment for goods come from Nigeria
 - Need a local partner to do business and get paid in this country

India: Market for Opportunities

- Country Profile
 - 2nd largest nation, predicted to overtake China in population by 2030
 - 28 states and 9 territories
 - Democracy with 900 million voters
 - States and Federal government work similarly to the US government, but it is modeled after the UK system
 - Prime Minister is voted on by the people & Parliament selects a President
 - Lower house & upper house pass a bill and the President signs it into a law
 - Narendra Modi is currently the Prime Minister
 - Next week he will visit the US and meet with Trump
 - GDP at \$9.5 trillion
 - Growth 6.5% in 2018 and down to 5.5% in June 2019
 - 1 USD = 71 Rupees
 - Government implementing changes to drive economy
- India-US Trade
 - 0 tariffs trade from India, 10% tariffs to India with 15% on engines
 - India must buy fuel from the US
 - Little to no natural resources for fossil fuels
 - No fracking in India
 - India buys liquified nitro gas from the US
- Power Scenario
 - Power deficit until recently
 - 54% comes from coal, 22% reusable (solar, wind, and tidal), 12% Hydro, 7% gas
 - Solar power is the most widely used because of India's tropical climate
 - Since signing the Paris agreement, India is committed to decrease coal use
 - Not part of nuclear supply group, hope to grow in the future (2% currently)
 - Diesel generators are popular in India
- Generator Set Market
 - 100,100 sold in 2016, 129,250 sold in 2018
 - Market is at about \$1.6 billion
 - Still behind the US market at \$2.2 billion
 - Most generators are now standby because of infrastructure improvements and power distribution
- Generator Set Market Segments

- Biggest 4 markets:
 - 26% telecom (volatile market), 13% infrastructures, 9% service – education, 8% service – hospitality
- DC generators are not popular
- Generator Set Market Shares
 - All big players in India have manufacturing plants in India
 - Over 900 dealers
- Other comments
 - Genset market is supported by the government
 - Export council funded by the government and there's no sales tax when country buys products from India
 - India embassy in Africa is very active for trade and commerce

Merging Committees with Market Trends

- Discussion on pros and cons of merging the committees
- Many pros, cons, and other options discussed, but it did not go to vote
 - Idea of merging could be very helpful in overall discussions
 - Information might be too much for a 2-hour meeting
 - An overview of US and international trends would be helpful for all
 - Breaking up into smaller meetings
 - Gets away from the committee feel
 - Beneficial for people to focus on topics that are pertinent to them
 - Too many committee choices right now, could be better to condense
 - An agenda that people could come in and out topics
 - Could increase attendance
 - Could be distracting for presenter