

Territorial NEWSLETTER South Asia

EPC INDIA
ENGINEERING THE FUTURE

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Chairman's Pen

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Bhasin

South Asia is among the world's fastest growing regions in the world. No matter the region has been least economically integrated, yet it has always demonstrated resilience to the global economic shocks. Today the economic integration seems to be taking a more definitive shape with larger scope of High Technology cooperation. The recent report by Asian Development Bank puts South Asia as a cornerstone for the regional integration. A brief analysis as given in the cover story highlights the background for South Asia's emergence in the coming years. However the engineering exports to the South Asian countries have been hit because of tough economic and political situations. Among the South Asian countries, Nepal needs a special focus. First due to the devastating earthquake that struck in April this year and subsequently the political crisis has affected trade ties with India.

In May 2015, EPC India pledged to spear-head rebuilding of economic infrastructure in Nepal. I am hopeful that the recent approval of Nepalese parliament for post-earthquake reconstruction will pave the way for Indian engineering enterprises to participate in the rebuilding efforts. I hope the members will find the coverage in the issue highly useful and look forward to their views and suggestions.

SAARC Territorial Committee Chairman's Note



P R Venkatachalam

All the great opportunities in South Asia today are brilliantly disguised as serious hurdles. So far the year 2015 have proved very tough for the overall engineering exports, and it could miss the levels achieved in FY 2014-15. Despite of above, there are many business opportunities, which are inviting Indian participation in the manufacturing in engineering sector.

For example, it is the right time for us to help develop small scale industries in Sri Lanka. The abundant supply of natural rubber has enabled development opportunities of rubber and associated small scale industries such as household and items of daily requirements. Similarly, avenues can be explored with other South Asian nations too. In this area, EPC's partnerships with various National business chambers and trade bodies can play an important role. This way we can make the year 2016 to prove to be a better year for increasing Engineering Exports to the region.



Basic Facts South Asia

Area: 5,099,611 km²

Population: 1,713,870,000

GDP: US\$9.9 trillion

Countries: India, Bangladesh, Pakistan, Sri Lanka, Afghanistan, Bhutan, Maldives and Nepal

Recent developments for South Asia's Economic Takeoff

There have been many subtle developments in the landmark year 2015 that needs to be uncovered in order to realize unfolding trade and economic potential for the region in the coming decade. Underlining these developments, the global economic adjustments to the China's slowdown is now accepted as a 'new normal'. The South Asia has inevitably gained an unprecedented strategic role to play in global economy.

The four major factors that supports South Asia's emergence are: first, the 1.7 Billion population of South Asia region offers potentially sustainable market in the long run. Second, it is one of the few bright spots for growth amidst China's slowdown. The region grew at an annual rate of 6.3% during 2012 to 2014, more than average growth rate for developing Asia in the same period. Third, there is improved political environment in some South Asian countries. For example, India's new economic policies and economic programs as well as an Act East Policy aimed at forging closer economic ties with important East Asian economies; Sri Lanka's new reform-minded government under President Maithripala Sirisena; and Fourth, South Asia is blessed with a large and dynamic labor force. About 52% of South Asia's population is of working age, aged 15 and above.

Major Developments:

- I. The opening of Myanmar economy has high potential to bring regional integration between South Asia and ASEAN nations. A recent study by the ADB "Connecting South Asia and Southeast Asia" highlights South Asia could gain \$375 billion, while Southeast Asia could gain \$193 billion. Only \$73 billion is required to meet the total cost of infrastructure investments to link South Asia and Southeast Asia. This figure includes \$34 billion for railway projects, \$18 billion for road projects, \$11 billion for port projects and \$10 billion for energy trading projects.
- II. India's emergence as fastest growing economy in the world, and becoming top foreign direct investment (FDI) destination: The Indian economy chugged ahead growing at 7.4 percent in the third quarter of 2015, overtaking China for the first time in recent years. By 2019, Indian economy will overtake British and would join exclusive club of G-8. It has also become the world's top foreign direct investment destination, according to the Financial Times, as announced FDI commitments to India surged to \$31 billion in the first half of 2015.
- III. USD 8 Billion road connectivity project called Motor Vehicle Agreement (MVA) within the sub-grouping of the South Asian Association for Regional Cooperation (SAARC) has been recently signed between Bangladesh, Bhutan, India and Nepal (BBIN). This has provided significant economic boost in building and upgrading roads, railways and waterways infrastructure, energy grids, communications and air links and seamless people to people contacts in the region.
- IV. Investment drive on trade infrastructure along trade routes in South Asia likely to provide much needed boost for economic integration globally. China is investing heavily in OBOR (One Belt One

Road Project) to link South Asia, Central Asia, West Asia, Europe and Africa. India counter strategy focuses on Cotton Route that aims at building maritime pathways connecting nations in East and West of the Indian Ocean. The two initiatives essentially will create an unprecedented trade facilitating network for South Asia with Rest of the World.

More information and analysis can be obtained from the following sources.

Sources:

- I. <http://asia.nikkei.com/magazine/20151203-INDIAN-OCEAN-CURRENTS/On-the-Cover/South-Asia-could-be-the-linchpin-for-regional-integration>
- II. <http://www.asianage.com/business/india-set-be-3rd-biggest-economy-606>
- III. <http://thewire.in/2015/10/25/how-chinas-one-belt-one-road-will-help-india-integrate-south-asia-13948/>
- IV. <http://www.careerride.com/view.aspx?id=21310>

December Export Trends (USD Million)

The engineering exports in the month of November recorded a negative growth of -17.42%. The trend has continued from the month of October which was -17.39%. Exports to Nepal and Sri Lanka posted biggest losses with the exports falling over USD 97 and 73 Million respectively. The trends continue to disappoint. Bangladesh, Pakistan, Afghanistan and Bhutan recorded positive growth, but it could not uplift the overall downward trend in exports to South Asia.

**Table 4: November trends in engineering exports to the South Asian countries
(All values in USD million)**

Region	November'14	November'15	Growth %	April'14 - Nov'2014	April'15 - Nov'15	Growth %
South Asia	705.68	582.75	-17.42	4747.17	3943.39	-16.93
Bangladesh	110.67	140.95	27.36	975.28	948.16	-2.78
Pakistan	11.59	12.75	10.01	91.34	74.76	-18.15
Sri Lanka	429.20	355.76	-17.11	2626.77	1960.30	-25.37
Nepal	135.17	37.59	-72.19	960.24	780.02	-18.77
Bhutan	14.52	29.81	105.30	54.45	106.15	94.95
Afghanistan	2.51	2.63	4.78	25.46	49.64	94.97

Figure 1: Source: DGCIS

South Asia

'Peace pipeline' for South Asia

NEW DELHI -- With the world's fourth largest natural gas reserves, Turkmenistan has begun work on a multi-billion-dollar pipeline to supply energy-starved Afghanistan, India and Pakistan.

On Sunday, Turkmen President Gurbanguly Berdimuhamedov was joined by President Ashraf Ghani from Afghanistan, Vice President Hamid Ansari from India and Prime Minister Nawaz Sharif from Pakistan in a ceremony to break ground on the Turkmenistan-Afghanistan-Pakistan-Indian (TAPI) pipeline at Mary, the historic Silk Road city close to the Galkynysh gas field.

<http://asia.nikkei.com/Politics-Economy/International-Relations/Peace-pipeline-for-South-Asia>

Nepal

Nepal's Parliament Approves Laws for Earthquake Reconstruction

KATHMANDU, Nepal (AP). The laws allow the formation of the National Reconstruction Authority, which will collect and spend money from donors for post-quake reconstruction. Foreign donor agencies and countries have pledged \$4.1 billion in aid to help Nepal rebuild after last April's quake.

The authority is supposed to handle the rebuilding of collapsed houses, office buildings, schools, hospitals and roads, and will be empowered to bypass spending rules to get the work done quickly.

http://www.nzherald.co.nz/world/news/article.cfm?c_id=2&objectid=11562251&ref=rss

Yantra 4.0: The evolution of Nepali tech

Dec 23, 2015- Yantra 4.0, a collaborative exhibition of technology and art, is scheduled to start from Dec 23, 2015 at the Nepal Art Council, Babarmahal and will continue till Jan 5, 2016. The fourth iteration of the annual Yantra series of exhibitions, Yantra 4.0 aims to encourage interdisciplinary collaborations between art and tech.

<http://kathmandupost.ekantipur.com/news/2015-12-23/yantra-40-the-evolution-of-nepali-tech.html>

Saran to be connected with Nepal border soon: Rudy

CHAPRA: Union minister Rajiv Pratap Rudy on Thursday said that Saran would soon be connected to Nepal border by a two-lane road through the embankment over river Gandak between Sonapur and Gopalganj passing through Dariapur, Darihara, Panapur in the district. He said the road would benefit about one crore people of this region.

<http://timesofindia.indiatimes.com/city/patna/Saran-to-be-connected-with-Nepal-border-soon-Rudy/articleshow/50327674.cms>

Pakistan

Govt to promote Suchetgarh on lines of Wagah: Mufti

JAMMU, Dec 18: Chief Minister Mufti Mohammad Sayeed today announced development of Suchetgarh as major border tourism point on the lines of Wagah border in Amritsar district of Punjab but the proposal would require security clearance from the Union Ministry of Home Affairs (MHA) in view of security environment prevailing along the International Border (IB). Mufti Sayeed, who also holds charge of the Tourism Ministry, announced that development of Suchetgarh on the pattern of Wagah border will be a major priority of the State Government. The opening of Suchetgarh-Sialkot route for trade between India and Pakistan will be the second phase of the project, he said.

<http://www.dailyexcelsior.com/govt-to-promote-suchetgarh-on-lines-of-wagah-mufti/>

Pakistan Cuts Solar Power Tariff By 25%

Pakistan's National Electric Power Regulatory Authority (NEPRA) has announced tariff reduction for solar power projects by around 25%. The new tariffs will be applicable for new projects starting 1 January 2016. At present, the tariff of US\$14.15-15.02/kWh is available to solar power projects based on their size, which can vary between 1 and 100 MW.

<http://cleantechnica.com/2015/12/21/pakistan-cuts-solar-power-tariff-25/>

Sri Lanka

Indo-Lanka Economic Pact (ECTA) by mid next year

Sri Lanka will ink an Indo-Lanka Economic and Technical Cooperation Agreement (ETCA) by mid next year, Development Strategies and International Trade Minister Malik Samarawickreme said.

Speaking at the opening of the inaugural India Sourcing Fair which began at the Sri Lanka Exhibition and Convention hall yesterday he said that the draft for the ETCA is now being formulated between the two countries and it will be done in January.

"We have maintained transparency right throughout in this regard and have met professionals and briefed them," Samarawickreme

<http://www.dailynews.lk/?q=2015/12/09/business/indo-lanka-economic-pact-ecta-mid-next-year>

India to build sea bridge, tunnel to connect Sri Lanka at a cost of Rs 24,000 crore: Nitin Gadkari

NEW DELHI: Keen on promoting connectivity in the South Asian region, India is set to build a sea-bridge and tunnel connecting Sri Lanka while a pact has been inked with Bangladesh, Bhutan and Nepal for seamless flow of traffic and passenger vehicles, Union Minister Nitin Gadkari said today.

"The Asian Development Bank is ready to fully finance a bridge building project connecting Rameshwaram to Sri Lanka.

http://articles.economictimes.indiatimes.com/2015-12-16/news/69090810_1_union-minister-nitin-gadkari-seamless-movement-connectivity

Bangladesh

Bangladesh economy could grow 8 pct in next four years - WB economist

DHAKA (Reuters) - World Bank Chief Economist Kaushik Basu said on Sunday Bangladesh's economy was capable of growing by 8 percent a year during the next three to four years.

Current growth is 6.5 percent. The government's declared goal is to make Bangladesh a "middle-income country", defined as a per capita income of more than \$1,310, by 2020. Current per capita income is \$750.

<http://finance.yahoo.com/news/bangladesh-economy-could-grow-8-pct-next-four-151003677--business.html>

SAARC Tenders in News *(For more details log on to Source: www.tendertiger.com)*

Country-Location- Closing Date- Tender Estimated Cost	Requirements
Bangladesh- Dhaka- 4/01/2016	Design, Supply, Installation, Testing and Commissioning of 11 KV Switching Station at Bangabandhu, Ganabhaban & Prime Ministers Office on Turnkey Basis. Turnkeybasis. 2) Major Inspection works for Steam Turbine - Generator set (STG) of Mymensingh Power Station.
Kabul - Afghanistan - 13/01/2016 -	Da Afghanistan Breshna Sherkat (DABS) ("the Employer") now invites sealed Bids from eligible Bidders for supply of goods contract: 20/0.4kV Transmission Line and Substation equipment such as 20kV Switchgear, 20 kV Cable, AC and DC Distribution Boxes, HT and LT Meters, ACSR Conductors, PCC Poles, Disc and Pin Insulators including hardware, AB switches, Circuit-breakers and Auto-Re-closers, Surge arrestors, Isolators and Fuses, Instrument transformers, Power and Distribution Transformers, Distribution Boxes, Steel Cross-arms and channels, grounding equipment, LT Control and Power Cables, Stay Sets etc. The delivery completion shall be within 365 calendar days from date of award.Sankosh, Tsirang
Kathmandu - Nepal - 21/01/2016 - Bid Security Amount: NPR 125,000	Procurement of 20/0.4kV Transmission Line & Substation Equipment, 20kV Switchgear, 20 kV Cable, AC & DC Distribution Boxes, HT & LT Meters, ACSR Conductors, PCC Poles, Disc & Pin Insulators including hardware, AB switches, Circuit-breakers & Auto-Re-closers, Surge arrestors, Isolators & Fuses, Instrument transformers, Power & Distribution Transformers, Distribution Boxes, Steel Cross-arms & channels, grounding equipment, LT Control & Power Cables, Stay Sets. Procurement of Fabricated Steel Parts & Transportation up to Roadhead & Roadhead to Project site of Ghattekhola, Tirkhukhola, Gotanna, Laudishim, Patarsangu I & Kharagad SSTB Bridge.
Kathmandu - Nepal - 05/01/2016 - Bid Security Amount: NPR 170,000	The Tender estimated cost is NPR 4,983,149 Procurement of fabrication of Steel Parts of Dewali Danda Makure Truss Bridge, Chhindring Truss Bridge, Khari Dovan Truss Bridge, Bahuntar Truss Bridge, Haltimara Truss Bridge, Badahare Truss Bridge.

Country-Location- Closing Date- Tender Estimated Cost	Requirements
	The Tender estimated cost is NPR 5,945,727

Upcoming Events in South Asia

Country	Exhibition Name	Date	Venue	Link
Bangladesh	ASIA PHARMA + ASIA LAB EXPO	28-30 Jan 2016	BICC - Bangabandhu International Conference Centre	http://asiapharma.org/ape/ape_in dex.html
Pakistan	GTEX TEXTILE MACHINERY EXPO	31 Jan-2 Feb 2016	Karachi Expo Centre	http://www.gtexglobal.com/

Concluded

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