

# Territorial NEWSLETTER ASEAN

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



**T S Bhasin**

In this volume of the Territorial Newsletter we present a brief review of the 'Act East Policy' of the government. This is considered to be a paradigm shift in India's policy towards South, Southeast and East Asia has shown marked changes in power relations in the entire region. It shifted from a mere opening up of its economic and trade relations with its South and South eastern neighbours to setting up stronger strategic, diplomatic and economic ties with countries belonging to the ASEAN — to which India, till date, remains a dialogue partner.

This newsletter gives the readers a summarised version of the positive and the negative outcomes of the 'Act East Policy' and its consequences in facilitating the bilateral trade between the ASEAN and India, which is our concern. I hope that this newsletter will be informative for our readers and I hope they enjoy reading it.

## Message from Chairman, Committee on Trade with ASEAN countries



In this edition of the 'Newsletter on ASEAN', we focus on the 'Act East Policy' of the Government of India and its partnership with the ASEAN. This existing partnership with ASEAN countries has emerged through several joint summits, comprehensive trade, political and security cooperations. There had been dialogues and cooperation frameworks such as the ASEAN Regional Forum, East Asian Summit, Mekong-Ganga Cooperation and the Bengal Initiative for Multi-Sectoral and Technical and Economic Cooperation (BIMSTEC). All these initiatives are aimed at a larger regional integration of economies of ASEAN and India. These strategic partnership agreements were preceded by a wide-ranging Free Trade Agreement between India and the ASEAN in 2003. It is also regarded as a facilitator to achieve potential trade of about \$100 billion.

However the shortfalls are also very much present, which is briefed in this newsletter. We are hopeful that the information provided in the newsletter will be useful for our readers.

**PK Shah**

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## ASEAN Basic Facts

**Member Countries:** Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

**Population:** 625 million (2013 estimate)

**GDP:** USD 2.6 trillion

**Climate:** Hot, humid, rainy (mostly May to November); dry season (mostly December to April);

**Natural resources:** Tin, petroleum, copper, natural gas, arable land, gold, hydropower, offshore oil and gas deposits.

## The “Act East Policy” - Dynamism

The switch from the Look East Policy (LEP) to the Act East Policy (AEP) started in November 2014. It was neither a mere rebranding exercise nor the launch of a new look at policy but was nothing less than a notable policy up gradation. The new policy appropriately accords higher priority to a region which today is witnessing the sharpest international power play involving the U.S. and China.

India’s Minister of State for External Affairs, General (retd.) V.K. Singh have already stressed on the fact that ASEAN-India relations are not just about shared civilisations and history, but also about the strategic fundamentals of economic growth, prosperity, peace and stability. A few specific issues in this regard are indicative of the current state of play are as follows.

First, trade between India and ASEAN has been on the decline, whereas growth in investments is reportedly robust. The target for bilateral trade was \$100 billion by 2015, but trade so far is just \$65 billion. Concluding the ongoing sixteen countries’ negotiations for the Regional Comprehensive Economic Partnership (RCEP) by end 2016 will certainly help. Presently, the short-term gain is that India’s total volume of trade has reached about four per cent of the total ASEAN trade volume. Potential is much more in the coming period, say 2020. However, this timeline may be slipping away from the hands of governments. The ASEAN side has been nudging India for more active cooperation, while India is insisting, legitimately, that it wants “a balanced” RCEP agreement, one that shows ambition in goods, services and investments equally.

Then there is India’s offer of a new \$1 billion line of credit for connectivity projects with ASEAN announced by the Prime Minister in November 2015, but which are yet to be identified. Officials in Jakarta, where the ASEAN Secretariat is located, are engaged in crafting “modalities,” according to ASEAN diplomatic sources. Meanwhile, to provide a push, the Indian side presented in Vientiane three concrete proposals on digital connectivity: an optical transmission network, e-networks for tele-medicine and tele-education, and GPS-aided geo-augmented navigation. ASEAN has yet to respond with alacrity to India’s constructive initiatives.

Thirdly, New Delhi's idea of setting up a Special Purpose Vehicle (SPV), with an initial capital of \$100 million, for public-private-partnership projects in four CLMV countries (Cambodia, Laos, Myanmar and Vietnam) is turning into a tangible proposal, albeit at a slow pace. It will need proactive promotion by India, focused action and implementation to make projects becoming a reality.

Finally, strengthening the perception that most new proposals for cooperation emanate from the Indian side, Minister of State for External Affairs V.K. Singh spelt out the possibilities of forging new links to promote cooperation in science and technology (S&T) particularly in the domains of renewable energy, space and Information and Communication Technology (ICT). India has increased its contribution to the S&T Fund from \$1 million to \$5 million. A greater responsiveness by ASEAN member-states could result in early progress.

Against this backdrop, a fresh focus on a few key bilateral relationships may become more important than before. After months of divergences and tensions, India's ties with China now need to be marked by calibrated conciliation or measured improvement in relations. The next G20 and BRICS summits present useful opportunities for this purpose. The visit of Chinese Foreign Minister Wang Yi to Delhi helped the situation to improve.

Bilateral relations with Japan, both in the strategic and economic domains, need to be deepened further. Indonesia certainly deserves greater attention at the high political level. The visit by the Indonesian President to India is long overdue. Interactions with Myanmar, a country at a critical stage of development, too must be enhanced. Aung San Suu Kyi, who is, de facto, the highest leader and the choice and voice of her people, should be invited with due respect to visit India. A mechanical, protocol-oriented approach may not suffice. Arranging a high-profile address by her before the Indian Parliament could be a winning move.

Of late, the Indian government has given heightened attention to development and connectivity projects in the North East. This will play a critical role in building both physical and other engagements with South East Asia. Already, civil society interactions are on the rise, like the 8 August 2016 launch of the ASEAN Study Centre in Shillong. Linking these regions – essentially looking from our Northeast in order to Act East – can be a win-win for India and Asia.

When the India-ASEAN and EAS summits take place in September, there will be an opportunity to score more gains for India. As the policy completes 25 years in 2017, expectations are for more tangible results. For this, a stronger endeavour for cooperation, both by India and the region, will be essential.

### The "Act East Policy" - Shortfall

The trilateral Asian highway, trans-Asian gas, petroleum and power lines, deep sea ports and such other infrastructural projects were passed on to the incumbent government from the previous regime. As India had already accepted funds from multilateral agencies and the Asian Development Bank for the implementation of such projects, work towards their completion is part of India's foreign and diplomatic commitments. Unfortunately, the trilateral Asian highway between Moreh-Kalewa and

Sittwe port is yet to be completed because of the difficult terrain and other adverse conditions. The gas pipeline project too has run into rough weather as it is connected with the functioning of Sittwe port in Myanmar.

Given this set of ambitious but yet incomplete projects, trade and strategic partnership under BIMSTEC and other such cooperation agreements, the incumbent government thought of emphasising more on trade potential through FTA than on what the framework warrants. The direct impact of a shift toward trade is that over the last two years India's participation in the value chain of various sectors, such as agriculture, electronics, wholesale and retail trade and financial intermediation, has improved significantly by adding value to its produce as well as by way of improved tariff elasticity.

As trade is not merely determined by its gross value added but also by a response to demands for sectoral efficiency, much of which are intangible and yet globally important, India's performance has improved because of its diverse trade basket and variability of supply. With the global fall in the demand for manufacture, the 2003 model of trade on goods and services is slowly giving way to an emergent tariff elasticity in select sectors, to which India responded reasonably well by boosting its export in manufacturing and product recycling as a leading manufacturer among ASEAN nations.

There are challenging grey areas in trade with the ASEAN. The incumbent government's emphasis on free trade agreement faces challenges from the "noodle bowl" trade agreement between Japan, China, South Korea and the Pacific nations, which takes the trade winds away from India to a trans-Pacific trade partnership, of which India is still not a partner. To complicate the matter, countries that have overlapping membership in Trans-Pacific as well as Regional Comprehensive Economic Partnerships, will achieve greater gains from trade that India envisages by 2022. India's lead in manufacturing and others need to be maintained by following their export potential. What is rather emerging as a major constraint is the cost management in the factor market that a free trade agreement leaves to the specific countries and thereby induces an uncertainty in the product market, which is overcome in global consortiums like the Trans-Pacific trade agreement.

What emerges from the above is that there is a divergence between trade and the overall mechanism of regional integration that depends on so many other tangible and intangible factors. India's emphasis on trade, irrespective of correlated diplomatic and strategic initiatives like BIMSTEC and the Look East — now Act East — policy changes the narrative from road-building/ connectivity to first cashing in on economic opportunities. Towards this, India developed the concept of a Bangladesh-China-India-Myanmar forum for regional economic cooperation that connects India's North-east through Bangladesh and Myanmar to Kunming and beyond, in China.

In a strong sense, BIMSTEC and BCIM at this moment lack enough dynamism to close the gap between trade and connectivity, as the Government of India shifted its focus from the BCIM economic corridor to a Delhi-Mumbai dedicated freight corridor. Seemingly an economic corridor or a trade corridor through the North-east to East Asian countries is a difficult proposition than a corridor on the mainland. Indeed, such a mismatch between trade and its possible routes does not gel well with ADB-sponsored plans of various economic corridors that fall within the greater Mekong sub-regional plan or within a more direct South Asia Sub-regional Economic Cooperation.

The recent creation of the Asian Infrastructure Development Bank with three trillion dollars and new silk route initiatives establishes a distinct Chinese lead in multilateral cooperation by combining what India got separated from, namely connectivity and trade. Chinese investments to build trans-Asian highways ends up in Myanmar and does not go beyond, which is a strategic gap created by China that could have been filled by India, provided the latter had enough funds to develop such infrastructure projects. Indeed, a new silk route initiative does connect the Eurasian land bridge through central Asia and its counterpart in Asian highways that has already covered most of East and Southeast Asia.

India's Act East policy, in turn still needs to close a few gaps and rectify many a potential lapse. Two of the emphasised areas of trade and security that India moots largely depend upon a favourable international climate of cooperation. India's security apparatus and its perennial conflictual postures often run into troubled economic weather.

Therefore, the Act East Policy needs to emphasise the need to build bridges and confidence not just in the immediate neighbourhood but systematic cultural and civilisation corridors. This brings us to understand the peculiarly disadvantaged and uneven position of North-eastern states that are treated only as a land corridor. Its regional natural and geographical spaces pose a far difficult challenge than any strategic and structural plan can accommodate. Besides, being a potentially vulnerable bio-diversity, hydrological and seismic region, there is the deep-rooted cultural insecurity of historically migrant communities who all need to be assured of a higher level of well-being, happiness and peace-building instead of mere social engineering. Once such a policy framework that addresses cultural insecurity and historical linkages with economic and trade possibilities with South and Southeast Asia is drafted, it will be possible to act eastward in a more positive manner.

### Trade Trend Analysis

India's total engineering exports to ASEAN during August 2016 stood at 483.3USD million which is almost 10% of the total global engineering exports of India during the same.

India's engineering exports to ASEAN in August 2016 increased by 34% compared to August 2015. Three countries recorded negative growth in August 2016 over August 2015 among the ten countries.

The ASEAN countries which feature in the top 25 export destinations for India in August 2016 export data include Singapore, Malaysia, Indonesia Thailand and Vietnam.



The top 5 ASEAN nations which had the highest demand for Indian engineering products during August 2016 in absolute values include:

**Table1: Top Five ASEAN destinations for Indian Engineering Exports**

Countries	Eng. Exports in August 2015 (USD Million)	Eng. Exports in August 2016 (USD Million)	Growth (%)
<b>MALAYSIA</b>	<b>102.2</b>	<b>191.2</b>	<b>87.0</b>
<b>SINGAPORE</b>	<b>108.1</b>	<b>134.5</b>	<b>24.4</b>
<b>INDONESIA</b>	<b>60.5</b>	<b>96.0</b>	<b>58.8</b>
<b>THAILAND</b>	<b>69.0</b>	<b>71.2</b>	<b>3.1</b>
<b>VIETNAM</b>	<b>46.0</b>	<b>54.4</b>	<b>18.3</b>

Source: DGCI&S, Government of India

Top 10 engineering panels exported to ASEAN in August 2016 are provided in Table 2.

**Table2: Top Ten Engineering Panels exported to ASEAN**

Panels	India's Exports in August 2015 (USD Million)	India's Exports in August 2016 (USD Million)	Growth (%)
<b>Copper and products</b>	23.7	88.0	271.3
<b>Motor Vehicle/cars</b>	86.8	78.6	-9.5
<b>Iron and Steel</b>	19.7	65.9	234.0
<b>Aluminium and products</b>	34.5	47.7	38.3
<b>Industrial Machinery</b>	32.5	32.1	-1.1
<b>Auto Components/Part</b>	19.1	25.5	33.4
<b>Electric Machinery &amp; Equipments</b>	18.4	22.9	24.8
<b>Nuclear Reactors &amp; Boilers</b>	6.2	21.6	250.3
<b>Products of Iron</b>	14.3	20.2	41.2
<b>Pumps of all types</b>	5.6	9.0	62.4

Source: DGCI&S, Government of India

### ➤ **Copper players urge govt to review FTAs with Japan, ASEAN**

Domestic copper industry has urged the government to protect it from the annual USD 1 billion imports of the metal from Japan and ASEAN countries, with which India has inked market opening trade pacts.

Hit by the rising imports, industry body Indian Primary Copper Producers Association (IPCPA) has approached Cabinet Secretary P K Sinha requesting him to consider reviewing the Free Trade Agreements (FTAs) with Japan and ASEAN countries, among other measures.

“Copper prices are around USD 5,000 a tonne and with 2 LT of imports, the hit is around USD 1 billion annually. We met Cabinet Secretary and drew his attention towards industry’s plight,” IPCPA Vice President R Ramnath told PTI.

Indian manufacturers are losing share in the domestic market due to rising imports of refined copper products. They nearly constitute one-third of the market rising at alarming CAGR of 22 per cent over the last 5 years, he added.

Every year, India consumes around 6.7 lakh tonnes (LT) of copper, an important industrial metal that is used in power and telecom, consumer durables as well as electrical goods, of which imports alone account for one-third or roughly 2 LT, he said.

However, “they (import) is expected to cross 2.5 LT mark in 2016-17,” he said.

IPCPA constitutes state-run Hindustan Copper Ltd, Anil Agarwal-led Vedanta Ltd and Aditya Birla Group’s Hindalco, which account for 100 per cent copper production in the country.

**More Information >> Source:** <http://indianexpress.com/article/business/market/copper-players-urge-govt-to-review-ftas-with-japan-asea>

### ➤ **If the TPP dies, Australia has other game changing trade options**

Despite last-minute efforts by the Obama administration, the US Congress’ ratification of the Trans-Pacific Partnership (TPP) agreement is in serious danger.

The globalisation backlash has extended to Democratic nominee Hillary Clinton, who has also turned her back on the TPP. Progressive Americans remain concerned with the role of free trade in rising levels of socioeconomic inequality.

But running alongside the crippled TPP, and potentially of more importance to Australian trade, has been the Regional Comprehensive Economic Partnership. Essentially, the RCEP is a free trade agreement (FTA) between the ten ASEAN members and the six countries with which ASEAN has existing FTAs. This includes Australia, China, India, New Zealand, Japan and South Korea. The 16 member states of the RCEP have agreed to finalise negotiations on the agreement before the end of this year.

If, as seems likely, the RCEP is accomplished in the near future, it will be the world’s largest free-trade agreement, covering a population of 3.5 billion, or more than 50% of the world total, and about 40% of the world trade volumes. Based on the latest figures released by both the World Trade Organization

(WTO) and the Australian Department of Foreign Affairs and Trade (DFAT), the percentages below show the greater significance of RCEP to Australia's global trade.

More Information >> Source: <http://theconversation.com/if-the-tpp-dies-australia-has-other-game-changing-trade-options-64291>

#### ➤ **China to seek strong ASEAN trade ties at summit**

China is mulling whether to deepen its economic bonds with the Association of Southeast Asian Nations (ASEAN) at the group's summit in Laos on Tuesday to mend rifts caused by the South China Sea disputes, analysts said.

The summit and its related meetings, including the East Asia Summit, will be attended by heads of state from 10 ASEAN member countries and by leaders from China, Japan, South Korea, the US and India.

After attending the G20 summit in Hangzhou, East China's Zhejiang Province, US President Barack Obama arrived Monday night in the Laotian capital Vientiane to attend the ASEAN summit, kicking off the first official visit by any US president to the Southeast Asian socialist state.

Obama's visit is thought to aim at reinforcing his "pivot to Asia" policy before he leaves the Oval Office by opening a new chapter in diplomatic relations between the US and Laos.

On Monday evening, Vientiane also welcomed Philippine President Rodrigo Duterte, who is set to meet with Obama on Tuesday in the first bilateral meeting between leaders of the two countries since the South China Sea arbitration concluded.

The Permanent Court of Arbitration in The Hague in July ruled against China's claims to territory demarcated by the so-called nine-dash line. China refused to participate in the arbitration and considers its verdict "null and void" with no legal binding force.

More Information >> Source: <http://www.globaltimes.cn/content/1004871.shtml>

#### ➤ **Việt Nam, India issue Joint Statement**

Indian Prime Minister Narendra Modi (first left) and Vietnamese Prime Minister Nguyễn Xuân Phúc (second left) in their talks in Hà Nội. Việt Nam and India issued a Joint Statement on the official visit to Việt Nam by Indian Prime Minister Narendra Modi. – VNA/VNS Photo Thông Nhứt

HÀ NỘI – Việt Nam and India issued a Joint Statement on the official visit to Việt Nam on September 2-3 by Indian Prime Minister Narendra Modi.

The following is the full text of the Joint Statement.

At the invitation of H. E. Mr. Nguyễn Xuân Phúc, Prime Minister of the Socialist Republic of Việt Nam, the Prime Minister of the Republic of India H.E. Mr. Narendra Modi paid an Official Visit to the Socialist Republic of Việt Nam from September 02 - 03 2016.

On September 3, 2016, Prime Minister Narendra Modi was accorded a ceremonial reception. This was followed by bilateral talks between Prime Minister Narendra Modi and Prime Minister Nguyễn Xuân Phúc. Thereafter, the two Prime Ministers witnessed the signing of bilateral documents. Prime Minister Narendra Modi met H.E. Mr. Nguyễn Phú Trọng, General Secretary of Việt Nam Communist Party, H.E. Mr. Trần Đới Quang, President of Việt Nam, and H.E. Mrs. Nguyễn Thị Kim Ngân,



Chairperson of the National Assembly of Việt Nam. Prime Minister Narendra Modi laid a wreath at the Memorial of National Heroes and Martyrs and Hố Chí Minh Mausoleum, visited the Hố Chí Minh Residential Complex and the Quán Sứ Pagoda in Hà Nội.

Leaders of Việt Nam and India reviewed and expressed their satisfaction over the strong and comprehensive development of the relations of long-standing traditional friendship and Strategic Partnership between the two countries so far. Both sides welcomed the fact that the two countries will be celebrating the 45th anniversary of establishment of diplomatic relations (07/1/1972 - 07/1/2017) and the 10th anniversary of establishment of Strategic Partnership (06/7/2007 - 06/7/2017) in 2017, and emphasised that this marks a milestone and opens a new stage for the bilateral relations.

**More Information >> Source:** <http://vietnamnews.vn/politics-laws/302219/viet-nam-india-issue-joint-statement.html#R3jROfHrMmiWJ1XJ.97>

➤ **Modi to attend ASEAN-India, East Asia summits in Laos on 8 Sept**

The 14th ASEAN-India Summit and the 11th East Asia Summit, to be held in Vientiane, Lao PDR on 8 September, will review politico-security, economic and socio-cultural cooperation between India and the ASEAN and discuss its future direction.

Prime Minister Narendra Modi will attend the two summits, which will be attended by heads of state / government of the 10 ASEAN and 18 East Asia summit participating countries. The prime minister will also hold bilateral meetings with several leaders on the sidelines of the summit.

They will also exchange views on regional and international issues of mutual interest and concern. The coming year will mark 25 years of India's dialogue partnership with ASEAN and a number of commemorative activities are planned to celebrate the Silver Jubilee year.

**More Information >> Source:** [http://www.domain-b.com/economy/trade/20160902\\_summits.html](http://www.domain-b.com/economy/trade/20160902_summits.html)

➤ **14th ASEAN-India Summit and 11th East Asia Summit in Vientiane, Lao PDR (September 08, 2016)**

Prime Minister Shri Narendra Modi will attend the 14th ASEAN-India Summit and the 11th East Asia Summit to be held in Vientiane, Lao PDR on 8 September 2016, at the invitation of H.E. Mr. Thongloun Sisoulith, Prime Minister of Lao PDR. The Summits will be attended by Heads of State/Government of the 10 ASEAN and 18 East Asia Summit Participating Countries respectively. In the margins, Prime Minister will also hold bilateral meetings with several leaders.

India's engagement with the ASEAN and wider Asia-Pacific region has acquired further momentum following the enunciation of the 'Act-East Policy' by Prime Minister Shri Narendra Modi at the 12th ASEAN-India Summit and 9th East Asia Summit in Myanmar in November 2014.

At the 14th ASEAN-India Summit, Prime Minister and ASEAN Leaders will review ASEAN-India cooperation and discuss its future direction under each of the three pillars of politico-security, economic and socio-cultural cooperation. They will also exchange views on regional and international issues of mutual interest and concern. 2017 will mark 25 years of India's dialogue partnership with ASEAN, to celebrate which a number of commemorative activities will also be announced by Prime Minister.

**More Information >> Source:** [http://mea.gov.in/press-releases.htm?dtl/27354/14th ASEANIndia Summit and 11th East Asia Summit in Vientiane Lao PDR September 08 2016](http://mea.gov.in/press-releases.htm?dtl/27354/14th%20ASEANIndia%20Summit%20and%2011th%20East%20Asia%20Summit%20in%20Vientiane%20Lao%20PDR%20September%2008%202016)

➤ **India-Vietnam Ties: Looking Beyond The China Factor**

Recent years have witnessed a deepening of ties between India and Vietnam. While robust foundations were laid by India's first Prime Minister Jawaharlal Nehru and Vietnam's leader Ho Chi Minh in 1954, successive governments have sought to strengthen bilateral ties with the last decade having seen an acceleration of strategic and defense ties. PM Modi's upcoming visit is important in this context.

The strategic and defense partnership is likely to be further expanded. Some of the key issues on the agenda in this context are:

**The SCS Factor**

The verdict of The Hague's Permanent Court of Arbitration on July 12, 2016 went against China, though India came up with a nuanced response. During PM Modi's visit the SCS issue is likely to figure high on the agenda given that India's ONGC Videsh Limited (OVL) has been given an extension by Vietnam (fourth time) for exploration rights in deepwater block 128 for yet another year until June 27, 2017.

**More Information >> Source:** [http://modern diplomacy.eu/index.php?option=com\\_k2&view=item&id=1708:india-vietnam-ties-looking-beyond-the-china-factor&Itemid=867](http://modern diplomacy.eu/index.php?option=com_k2&view=item&id=1708:india-vietnam-ties-looking-beyond-the-china-factor&Itemid=867)

➤ **Myanmar President Htin Kyaw's first State visit to India  
India's gateway to ASEAN**

Myanmar President Htin Kyaw's four-day visit to India can propel the bilateral strategic, political, economic and cultural ties to a new high, coming as it does, at the start of a crucial transition of Myanmar towards democracy after decades of military rule. Leaders of both the countries will focus notably on border management issues and militant activities along the India's North Eastern region bordering Myanmar. India's Manipur and Nagaland had territorial encroachment issues with Myanmar. Besides, Myanmar serves a gateway for India to connect with the South East Asian region, an important partner for India.

Myanmar's democratic phase is supposed to strengthen relations with India. The current visit of President Htin Kyaw has to play a vital role in bolstering strategic, trade and investment between the two nations.

Myanmar has close ties culturally and historically and more importantly strategically and geographically with India. India's "Act East Policy" is partly aimed at enhancing bilateral relations between the two nations. Due to poor connectivity and distance from its ports, India's North East region lags behind other parts of the country in development. The region would benefit immensely by closer ties with ASEAN (Association of Southeast Asian Nations), thanks to increased trade and investment once connectivity with the South East Asian countries is established through Myanmar.

**More Information >> Source:** <http://mediaindia.eu/business-politics/myanmar-president-htin-kyaws-first-state-visit-to-india/>

## ➤ **India to complete Myanmar, Thailand highway by 2020**

An ambitious three-nation highway that will connect India with Thailand through Myanmar is a central plank of Prime Minister Narendra Modi's Act East policy, which seeks to boost trade and connectivity with Southeast Asia.

The 3,200km project conceived in 2002 came up for discussion when Modi received visiting Myanmar President Htin Kyaw on Monday.

Modi said "we are deeply honored" that Myanmar's president chose India for his "first bilateral state visit abroad" since being appointed in March after Aung San Suu Kyi's National League for Democracy won a landslide general election following decades of military rule.

After the leaders met, the two countries signed agreements on bridge construction, road upgrades, renewable energy, and traditional medicine.

"Myanmar is special for us," said Modi. "It holds a unique position in India's neighborhood -- it is a land bridge that connects India with Southeast Asia."

Most of India's trade with the 10-member Association of Southeast Asian Nations (ASEAN) is seaborne. India and ASEAN signed a trade agreement for goods in 2009, and pacts on services and investment came into effect last year.

**More Information >> Source:** <http://asia.nikkei.com/Politics-Economy/International-Relations/India-to-complete-Myanmar-Thailand-highway-by-2020>

## ➤ **India seeks gateway to ASEAN**

Indian business leaders see strong potential to develop trade and investment ties with Cambodia given its liberal investment climate and strong record of economic growth, and many recognise the Kingdom as a potential link in their quest to access ASEAN's 600-million-strong consumer market, trade representatives from both countries said this week.

"Cambodia is an excellent country to come and invest in because no other country in the region allows so many foreign companies to open and set up their businesses, which is something that is very attractive to Indian firms," said Sandeep Majumdar, president of the Indian Chamber of Commerce in Cambodia (ICC).

His comments came on the sidelines of an ICC-organised seminar on Wednesday evening that discussed the potential of ASEAN integration and India's role in investing in Cambodia. About 200 government officials and businessmen attended the event.

Majumdar said improved access to information on the commercial possibilities for Indian and Cambodian companies had been crucial in developing economic ties between the two countries.

"We are having more and more trade fairs for Indian and Cambodian companies, and I think this is part of the reason we are seeing so many different companies starting to develop the various Cambodian commercial sectors," he said.

According to Majumdar, Indian investment is becoming more diversified and is building on the established presence of automobile and pharmaceutical companies in Cambodia. Within a couple of

years, he expects to see investors broaden paths into the Kingdom's renewable energy sector, as well as construction and real estate.

"There is an abundance of land available in Cambodia that you cannot find in many other countries," he said. "If you look at places like Singapore or Malaysia, they are already quite developed, whereas Cambodia presents a lot of opportunity as it is still an emerging economy."

**More Information >> Source:** <http://www.phnompenhpost.com/business/india-seeks-gateway-asean>

➤ **PM Modi's trade policy bad for small-scale industry: Assn**

Badish K Jindal, president of the Federation of Punjab Small Industries Associations (FOPSIA), stated that China was making mockery of the South Asian Free Trade Agreement (SAFTA) by boosting exports through Bangladesh and Sri Lanka.

He said slogans like "Make in India and Skill India" were just an eyewash as the economy of the country had deteriorated sharply in the last two years. "A data of the Ministry of Commerce revealed that in the year 2012-13, China had recorded a sale of Rs 265 crore on the export of the bicycles to the country. However, in the year 2015-16, the imports decreased to Rs 69 crore due to the increase of import duty from China. But by taking undue advantage of SAFTA, Chinese companies exported the bicycles through Bangladesh and Sri Lanka," said Jindal.

**More Information >> Source:** <http://www.tribuneindia.com/news/ludhiana/community/pm-modi-s-trade-policy-bad-for-small-scale-industry-assn/282377.html>

➤ **India gets breathing space as regional mega-trade agreements stall**

Analysts have warned for years that India risks being isolated from global trade negotiations because its stalling tactics in the World Trade Organization (WTO) have caused Western powers to lose interest in that organisation. Instead, they have shifted to bilateral deals and negotiations on two mega-trade pacts that will cut out India, China and most developing countries.

The Trans-Pacific Partnership (TPP) has already been negotiated by countries on both sides of the Pacific Ocean, and awaits ratification. The Transatlantic Trade and Investment Partnership (TTIP) aims at a similar mega-deal between North America and Europe. The danger is that these two pacts could create a new global trade framework that excludes India and most developing countries.

That danger has suddenly receded. Several years of slow economic growth in the West have created an anti-globalisation backlash. This has manifested itself in Brexit, the rise of Donald Trump in US politics, and anti-immigrant movements in many Western countries.

**More Information >> Source:** <http://blogs.economictimes.indiatimes.com/Swaminomics/india-gets-breathing-space-as-regional-mega-trade-agreements-stall/>

➤ **Trade talks that could milk India dry**

During the recently concluded Ministerial level meet on Regional Comprehensive Economic Partnership (RCEP) at Laos, India officially communicated its position to consider a uniform yardstick for elimination in number of tariff lines. This is a significant shift from its earlier position of a three-tiered approach to tariff reduction. In return, India is pushing for liberalisation of trade in 120 services — an area in which it apparently enjoys comparative advantage over other members of RCEP.

### Three tier approach discarded

The three tier approach to elimination in tariff lines proposed by India earlier divided the 15 members of RCEP into three groups. The first group consisted of the existing members of ASEAN — three of them considered as low income countries as per the World Bank classification, namely, Cambodia, PDR Lao and Myanmar.

The second group includes Japan and Korea — countries which have simultaneous free trade agreements (FTA) with ASEAN and India. The third group includes Australia, New Zealand and China. These three countries have FTAs with ASEAN but are yet to ink such agreements with India.

India offered to eliminate 80 per cent of the tariff lines with the countries clubbed in group 1 on a reciprocal basis with 65 per cent of them being made effective once the RCEP would come into effect and the rest over an extended period of 10 years.

**More Information >> Source:** <http://www.thehindubusinessline.com/opinion/trade-talks-that-could-milk-india-dry/article8988820.ece>

### ➤ PH, Asean trade outperforming world

THE Philippines, along with Asean neighbors Malaysia, Thailand, and Indonesia, appears to be performing better in export terms despite signs of a significant slowdown elsewhere in Asia and the world, an analysis of the latest economic data shows.

Data collected by the World Bank indicates that Asian trade has retreated considerably from year-ago levels, and the picture is rather grim among major Asian exporters outside the Association of Southeast Asian Nations (Asean).

Exports from China fell 4.8 percent year-on-year in June, while South Korea saw a 2.7 percent retraction in June widening to a 10.2 percent drop in July. Japan experienced slight improvement in June as it registered only a single-digit decline of 7.4 percent that month after recording declines of 10.1 percent and 11.3 percent in April and May, respectively. Taiwan likewise saw a year-on-year drop in exports, with outbound trade shrinking 2.1 percent.

India, on the other hand, was one bright spot among major Asian economies, seeing exports expand by a modest 1.27 percent in June. It was, however, the first positive export growth in 19 months for the country.

**More Information >> Source:** <http://www.manilatimes.net/ph-asean-trade-outperforming-world/279578/>

### ➤ A new agenda for India and Singapore

India's diplomatic ties with Singapore date back a little over 50 years. This also coincides with the celebration of 50 years of Singapore as an independent nation.

It has been a remarkable partnership: India and Indians are deeply lodged in Singapore's DNA. And over this period Singapore has become India's "best friend" in the South East Asian region. The level of collaboration has steadily grown. Common economic and security interests are just two key examples. The question is: Where to, next? Is bilateral partnership on a plateau or is there a new agenda ahead?

Can Singapore, a dot in the comity of nations in terms of size and population, and India, with 1.2 billion people, develop together and take their ties to another level? The answer is a definite 'yes'. Let's start with economic issues.



First and foremost, the bilateral CECA (the Comprehensive Economic Cooperation Agreement) was a landmark in India's trade and investment relationships worldwide, reflecting an FTA-like approach between the two countries. But, since signing CECA several years ago, there has been little movement forward. The CECA was to have been reviewed but this exercise has yet to be completed. With all the goodwill which exists, CECA's review must be completed and CECA 2 put in place by March 2017. It will give a further fillip to trade and investment.

Second, Singapore was a key bridge to the India-Asean FTA. In fact, Singapore has been instrumental in bringing India and Asean closer. Prime Minister Narendra Modi has given priority to the "Act East" policy but the multiple pending issues between Asean and India need to be resolved. Singapore has a role to play here.

**More Information >> Source:** <http://www.thehindubusinessline.com/opinion/india-and-singapore/article8979613.ece>

➤ **RCEP effect: Hope springs eternal in India's readiness to cut tariff**

Hope of a better offer in negotiation over services trade has been behind India's willingness to consider similar levels of tariff cut in goods trade for all nations within the proposed Regional Comprehensive Economic Partnership (RCEP) agreement. The recently-concluded ministerial level meet at Laos saw India officially communicate its position, which represented a significant shift from its earlier position of a three-tiered approach to tariff reduction. However, as negotiations reached stalemate, with a greater number of countries pushing for dismantling of differential levels of reduction, India has shown flexibility in its stance, said a commerce ministry official.

However, most nations are reluctant to discuss the issue, the official quoted above said. "We have a sense now that most nations are only comfortable in opening up services as far as their existing tariff norms permit but we aim to bank on our latest position." he added.

India is primarily interested in securing greater market access for services trade and is pushing for easing restrictions in the sector. It is especially looking at opening up issues under Mode 4, which deals with cross-border migration of services professionals.

**More Information >> Source:** [http://www.business-standard.com/article/economy-policy/rcep-effect-hope-springs-eternal-in-india-s-readiness-to-cut-tariff-116080900653\\_1.html](http://www.business-standard.com/article/economy-policy/rcep-effect-hope-springs-eternal-in-india-s-readiness-to-cut-tariff-116080900653_1.html)

➤ **ASEAN, India agree to work toward strategic partnership**

Addressing the event, which was part of the 48th ASEAN Economic Ministers' Meeting and related events, Indian Commerce and Industry Minister Nirmala Sitharaman praised the establishment of the ASEAN Economic Community late last year, saying that this will boost the bloc's connectivity and cooperation, make it a dynamic and highly competitive region by 2025.

Participants hailed the robust bilateral trade exchange in 2015, reaching 58.7 billion USD, accounting for 2.6 percent of ASEAN's total trade value and making India the bloc's sixth largest trade partner.

India is also the eighth largest investor in ASEAN, with total investment of 1.3 billion USD.

They welcomed constructive discussions to accelerate the review of the ASEAN-India Trade in Goods (AITIG) Agreement in line with the schedule reached during the 12th ASEAN-India Economic Ministers Consultation Meeting in Kuala Lumpur in August last year.

**More Information >> Source:** <http://english.vietnamnet.vn/fms/government/161707/asean--india-agree-to-work-toward-strategic-partnership.html>

➤ **As trade deals get unpopular, does RCEP matters?**

Is the appetite fading for the 16-member Regional Comprehensive Economic Partnership (RCEP)? The RCEP members might be getting increasingly disillusioned over its economic benefits with negotiations hardly progressing. Furthermore, anti-trade sentiments prevailing in North America and Europe are spreading to Southeast Asia and Asia-Pacific making trade deals more unpopular than before.

The RCEP includes 16 countries. Apart from the 10 Southeast Asian economies (or ASEAN), it comprises Australia, China, India, Japan, Korea and New Zealand. The grouping is already through multiple regional and bilateral trade agreements. There are six RTAs within the RCEP, including one among the ASEAN economies, and five each between ASEAN and the remaining RCEP members. There are 28 additional bilateral FTAs connecting various RCEP members. What can the RCEP members get from negotiating the RCEP that they already haven't from the existing RTAs and FTAs?

**More Information >> Source:** <http://www.financialexpress.com/fe-columnist/as-trade-deals-get-unpopular-does-rcep-matters/338717/>

➤ **RCEP: India insists on more time for tariff cuts for select countries, sensitive items**

India has agreed to eliminate tariffs on an equal number of products for all member countries of the proposed Regional Comprehensive Economic Partnership (RCEP) on the condition that it is allowed to stagger implementation of the cuts over a longer period of time depending on the country involved and the item.

New Delhi has also insisted that services be part of a single undertaking, together with goods and investments, and not a separate agreement.

RCEP countries, including the ten-member ASEAN, South Korea, Japan, China, India, Australia and New Zealand, are trying to create one of the largest free-trade bloc in the world and want to conclude the negotiations by next year.

“The three-tiered approach was given up in favour of a single-tier tariff cut at the RCEP as it was reasoned that in a bloc it could lead to complications. India, on its part, insisted that agreement on services should be part of the single undertaking and that tariff cuts should be staggered and time period for each country would be different,” Commerce and Industry Minister Nirmala Sitharaman told reporters recently.

This is a step back from India's original position of giving China — the country Indian industry is most apprehensive about in the 16-member bloc — the lowest opening (on about 42 per cent items) in the three-tier structure and also its subsequent proposal of not bringing down tariffs to zero. However, if India is allowed a long-term staggering of the tariff cuts for China, it may lower damage to the Indian industry.

While the RCEP members were working on eliminating tariffs in 10 years, the staggering would logically be done over a longer period, although the details are yet to be culled out.

“We will try to bring in a longer time-frame on most sensitive products from China and some from other countries including Australia and New Zealand—the countries with which we do not have any existing free trade pacts,” a Commerce Ministry official said.

**More Information >> Source:** <http://www.thehindubusinessline.com/economy/rcep-india-insists-on-more-time-for-tariff-cuts-for-select-countries-sensitive-items/article9032383.ece>

➤ **IN LIEU OF SINGLE TARIFF FOR GOODS - India Wants FDI from RCEP Nations**

India is willing to let go of the three-tier structure for tariff reduction for goods under the proposed Regional Comprehensive Economic Partnership (RCEP) if it gets commitment on foreign direct investment in services from its 15 partners.

Officials said India may agree to do away with the basic tenet of the RCEP that involves tariff reduction on the basis of each country's free trade agreement with Asean and other members if it gets suitable offers on services and investment. RCEP is a comprehensive free trade agreement subsuming goods, services, investment, competition, economic and technical cooperation, dispute settlement and intellectual property rights between the 10 countries under the Association of Southeast Asian Nations and their six free trade agreement partners - Australia, China, India, Japan, Korea and New Zealand.

An official said that the commerce department wants RCEP to go the Trans Pacific Partnership (TPP) way while discarding the three-tier structure.

The TPP has offered its members countries to phase out tariffs over long periods of time stretching up to 20 years in cases of some products.

**More Information >> Source:** <http://epaperbeta.timesofindia.com/Article.aspx?eid=31817&articlexml=IN-LIEU-OF-SINGLE-TARIFF-FOR-GOODS-India-10082016015016>

➤ **India to defend stand against zero-tariffs at RCEP trade ministers' meet**

Commerce & Industry Minister Nirmala Sitharaman will have her task cut out at the trade ministers' meet of the 16-country Regional Comprehensive Economic Partnership (RCEP) in Laos later this week with members refusing to back India's latest proposal of not reducing tariffs on goods to zero.

India's proposal on moderate tariff reduction, as opposed to tariff elimination being negotiated so far, circulated at the recent negotiations in Jakarta, was not received well by any member, a government official told BusinessLine.

New Delhi, however, is determined to stick to its guns, especially with offers in services from other countries still not up to its expectations.

RCEP members, which include the 10-member ASEAN, India, China, Japan, South Korea, Australia and New Zealand, are seeking to create one of the largest free trade blocs in the world as the countries account for 45 per cent of the world population and over \$21 trillion of gross domestic product.

"We have made it clear at the Jakarta meeting that if other members want a reasonable level of commitment from us in terms of tariff reduction in goods, they have to agree to our terms that we will not be eliminating duties in most sectors," the official added.

The level of tariff reduction that India will offer other members will also depend on the quality of offers it receives in services.

More Information >> Source: <http://www.thehindubusinessline.com/economy/india-to-defend-stand-against-zero-tariffs-at-rcep-trade-ministers-meet/article8938879.ece>

➤ **Shipping lines paying exporters to send containers to SE Asia**

Shipping lines are now actually paying shippers to carry cargo to countries in South East Asia. This shift in trend is happening because of a huge disparity in demand and supply of sea containers.

If a shipper has cargo to Singapore or Thailand, a line pays \$10 to \$12 to move the cargo. In other words, the shipper not only sends the cargo for free but also gets incentives for sending cargo to these countries.

**Demand-supply gap**

This is because excess containers are gathered in places where cargo is scarce and there is shortage of boxes where it is abundant.

Two years ago, shippers used to pay nearly \$100 per container to shipping lines to carry cargo to Singapore, Indonesia or Thailand.

More Information >> Source: <http://container-news.com/shipping-lines-paying-exporters-send-containers-se-asia/>

**Tender information in ASEAN**

**Prior information Notices**

Location	Title	Deadline
Philippines	Supply And Installation Of New Air Conditioning Units At Mayor~s Office, Assessor~s Office, Vice Mayor~s Office And Sangguniang Bayan Office	24-Oct-2016
Philippines	Supply And Delivery Of One Unit Floor Mounted Airconditioned	18-Oct-2016
Thailand	Purchase Of Goods Vehicles And Buses.	18-Oct-2016
Singapore	Replacement Of Building Automation System At Singapore Aviation Academy	19-Oct-2016
Myanmar	Purchase Of Electrical Materials.	24-Oct-2016
Indonesia	Gunung Galunggung Geothermal Working Area	27-Oct-2016
Myanmar	Installation Of Transformer, Construction Work	28-Oct-2016
Malaysia	Supply And Delivery Of Cable Lugs And Ferrules.	19-Oct-2016
Thailand	Purchase Of Bid Truck (fork Lift) 2-ton Platform Charging Of Two Cars	27-Oct-2016
Malaysia	Supply And Delivery Of Auxiliary Parts	02-Nov-2016

**For more contract notices, Please register with Tenderinfo and follow the link:**

<http://www.tendersinfo.com/> and search for respective countries.

**EEPC India ASEAN Territorial Newsletter**

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