

# Territorial NEWSLETTER ASEAN

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



**T S Bhasin**

In the recent times a series of events is suggesting that the world is turning away from globalization. International trade as a proportion of global gross domestic product has stopped growing in the last decade. Momentum for trade liberalization at the multilateral level has stumbled on the Doha rounds failure, with limited hopes for revival. In this context, ASEAN stands apart being on a good track in the sense that ASEAN has kept up its integration on trade in goods, services and investment. In this volume of the Territorial Newsletter, we highlight the importance of India-ASEAN alliance in building an effective Asian integration.

I hope that this newsletter will be informative for our readers and they enjoy reading it.

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



**P K Shah**

ASEAN is a fast expanding trade bloc in Asia with a growing economic clout. With a combined population of over 620 million, ASEAN's aggregate size surpassing US\$ 2.4 trillion, with average annual GDP growth of around 5% over the past decade. India-ASEAN free trade agreement has progressively moved forward on its agenda, however a lot of work still remains undone. While the recent global trends are moving away from economic integration, Southeast Asia is expected to move forward and will be among the fast-growing regions in the world. In this edition of the 'Newsletter on ASEAN', we brief on India-ASEAN alliance and the possible possibilities expected to take place.

We are hopeful that the information provided in the newsletter will be useful for our readers.

## ASEAN Basic Facts

**Area:** 4,435,618 Sq. Km

**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.

## India-ASEAN alliance leads to Asian integration?

The Association of Southeast Asian Nations known as ASEAN is one of the most successful experiments in Asian integration. Beginning in 1967 ASEAN has now risen to become the leading edge of the integrative process in the biggest and most dynamic continent on the planet. India has begun now not just to 'Look East' but also 'Act East'. Its activism is largely welcome in the region. The two could innovate further to pull Asia and its partners together.

Over the years, ASEAN has widened its integrative efforts. It has gradually enlarged its outreach to other great Asian powers—China, Japan, and most recently, India. It has done this by inviting these and other powers such as South Korea, Australia, and New Zealand into various regional institutions—the ASEAN Regional Forum, ASEAN Defence Ministers' Meeting, the East Asia Summit, and the Regional Comprehensive Economic Partnership (RCEP).

ASEAN has a series of "bilateral" summits with key powers—China, India, the European Union, and the U.S., among others. It also has free trade or comprehensive economic partnerships with China, India, Japan, South Korea, Australia, and New Zealand.

These arrangements together represent an enormous architecture that is pulling most of Asia into a web of integrative security, and diplomatic/political and economic linkages. ASEAN itself is drawing closer internally with the inauguration of the ASEAN Economic Community in 2015.

India's Look East policy was the vehicle of its return. It has gradually become an integral member of the now expanded ASEAN-led Asian community. India is an attractive partner for two broad reasons: the size and expansion of its market since 1990; and its geopolitical weight in a region that looks at the rise of China with awe and some trepidation. India looks at the region through rather similar

lenses: the lure of dynamic economic markets; and comfort in numbers with respect to the Chinese giant. There are other common concerns that have cemented ties: fear of religious extremism, terrorism, piracy, drugs, human trafficking, disaster management, and epidemics, among others.

Since 1990, India has not only become a member of the alphabet soup of ASEAN-led institutions, it has also entered into a series of bilateral economic and security/defence arrangements with Southeast Asian countries. Its closest partners are Singapore, Vietnam, Indonesia, and Malaysia. A little farther afield is Australia, with which it now has a growing defence relationship. India has also made its views known on the South China Sea and has agreed to work with the U.S. to promote security in the Asia Pacific. More than ever, India is Acting East.

### **Parallel integrative processes?**

The ASEAN-led integrative process in Asia is now faced with another similar process. This is led by China and encompasses a series of initiatives that have unfolded with great rapidity over the past 2-3 years. They include the BRICS New Development Bank, the Asian Infrastructure Investment Bank (AIIB), the SCO Development Bank, and the 'One Belt-One Road' project (funded by the Silk Route Infrastructure Fund).

Will this surpass the ASEAN-led structures, will it work in parallel, or will it gradually merge and link up with the ASEAN system? So far, it seems to be positioned in parallel. But the Chinese structures could merge and link up with the ASEAN system. India and ASEAN countries are members of the AIIB. China has approached India and others in the region to take part in One Belt-One Road.

A third integrative process could be described as being U.S.-led. This is the Trans-Pacific Partnership (TPP) arrangement that began with the efforts of smaller countries in Southeast Asia, including Singapore and Brunei.

In the meantime, Asia is poised to see integrative activity to an unprecedented degree. China, India, and Malay cultures fused in Southeast Asia to integrate the region and to connect it to the two giants of Asia. The ASEAN-led process, the incipient China-led process, and the U.S.-led TTP processes could be in conflict. Or they could produce a brilliant new era of Asian integration.

India and ASEAN can have a special role to play in reconciling, fusing, and amalgamating these different processes. They stand between China on one side and the U.S. on the other, geopolitically. They have deep economic and diplomatic links to both. They do not threaten each other: India is not regarded as a threat to Southeast Asian countries, and they are no threat to India. In this sense, they form what the political scientist Karl Deutsch referred to as a security community, a relationship in which there is no fear of war. This security community could be a force for greater Asian integration in the years and decades ahead.

## Trade Trend Analysis

India's total engineering exports to ASEAN during December 2016 stood at 734.3 USD million which is 13% of the total global engineering exports of India during the same.

India's engineering exports to ASEAN in December 2016 increased by more than 68% compared to December 2015. Singapore recorded huge positive growth in December 2016 over December 2015 among the ten countries.

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

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

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

Countries	Eng. Exports in December 2015 (USD Million)	Eng. Exports in December 2016 (USD Million)	Growth (%)
<b>SINGAPORE</b>	79.45	202.92	155.40
<b>MALAYSIA</b>	93.24	166.61	78.69
<b>VIETNAM SOC REP</b>	61.70	121.59	97.07
<b>INDONESIA</b>	61.22	100.44	64.07
<b>THAILAND</b>	65.20	80.72	23.81

Source: DGCI&S, Government of India

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

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

Panels	India's Exports in December 2015 (USD Million)	India's Exports in December 2016 (USD Million)	Growth (%)
<b>A. Iron and Steel</b>	32.92	126.33	283.75
<b>Aluminium and products</b>	23.61	69.18	193.07
<b>Industrial Machinery</b>	47.00	65.00	38.31
<b>"Ships Boats and Floating structures"</b>	0.06	55.96	99960.10
<b>Motor Vehicle/cars</b>	45.30	45.59	0.63
<b>Copper and products</b>	10.84	45.02	315.38
<b>Other Construction Machinery</b>	16.88	41.59	146.33
<b>Auto</b>	42.75	33.66	-21.27

Panels Components/Part	India's Exports in December 2015 (USD Million)	India's Exports in December 2016 (USD Million)	Growth (%)
Electric Machinery & Equipments	31.83	32.65	2.58
Other Misc. Items	11.32	32.34	185.71

Source: DGCI&S, Government of India

## News in Focus

### ➤ India may offer China tariff removal on over 70% goods

India plans to offer tariff elimination on more than 70% traded goods with China over an extended period of time under the ongoing negotiations for a Regional Comprehensive Economic Partnership (RCEP) agreement.

“One cannot go beyond 6% offer on either side of common concession. For example, if common concession is decided at 80% for all countries, then we cannot offer China tariff elimination of less than 74%,” a government official said, requesting anonymity.

The common concession of tariff lines is the minimum tariff elimination that a country has to offer under RCEP, which is yet to be finalized. India plans to take a longer period to eliminate tariff with China, say up to 30 years, to give the worried domestic industry enough time to adjust to a trade deal with China.

Steel industry is particularly worried as China has been dumping iron and steel products in India at a much lower price than the domestic industry can supply at. India has often resorted to anti-dumping measures to protect domestic industry from the onslaught of cheap imports from China.

“Other countries want a shorter phasing out period of tariffs; we want a longer phasing out period. Others say what you give to one country, you have to give to everybody, which we don't agree to,” the official said, pointing at the current level of discussions at RCEP among member countries.

**More Information >> Source:** <http://www.livemint.com/Politics/KyaDOrisW1nhVF15xGhbVL/India-may-offer-China-tariff-removal-on-over-70-goods.html>

### ➤ Prop for regional trade bloc

India is likely to host a crucial meet of the Regional Comprehensive Economic Partnership (RCEP) next year, which aims to liberalise the norms for trade in goods and services and boost investments among the 16 member countries.

"This will be a crucial meeting of RCEP. It is slated to be held in July next year," a senior commerce ministry official said.

The grouping envisages a regional economic integration leading to the creation of the world's largest regional trading bloc, accounting for nearly 45 per cent of the world's population, and with a combined gross domestic product of \$21.3 trillion.

RCEP is a proposed free trade agreement (FTA) between 10 Asean countries - Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam - and their six FTA partners, namely Australia, China, India, Japan, Korea and New Zealand. The talks for the pact started in Phnom Penh in November 2012.

At present, the member countries are deliberating upon a single-tier system of duty relaxation under the proposed pact.

Under this system, members have to finalise the maximum number of goods on which duties will either be eliminated or reduced significantly. The pact aims to cover goods, services, investments, economic and technical co-operation, competition and intellectual property rights.

As the domestic industry has apprehensions over a deluge in imports from countries such as China after the duty cut under the agreement, India wants certain deviations for such countries.



#### More Information >> Source

[https://www.telegraphindia.com/1161228/jsp/business/story\\_127165.jsp#.WIHQJ9J96M8](https://www.telegraphindia.com/1161228/jsp/business/story_127165.jsp#.WIHQJ9J96M8)

#### ➤ ASEAN Market Profile Latest Development

ASEAN is a fast expanding trade bloc in Asia with a growing economic clout. With a combined population of over 620 million, ASEAN's aggregate size surpassing US\$2.4 trillion, with average annual GDP growth of around 5% over the past decade.

### Major Economic Indicators

	2013	2014	2015
Population (million)	613.6	621.0	628.9
GDP (US\$ billion)	2,493.4	2,519.4	2,432.0
Real GDP growth (%)	5.2	4.7	4.7
GDP per capita (US\$)	4,064	4,057	3,867
Inflation (%)	4.2	4.1	2.7
Exports (US\$ billion)	1,271.1	1,292.4	1,181.9
Imports (US\$ billion)	1,240.4	1,236.3	1,088.0
Export (% change)	+1.4%	+1.7%	-8.6%
Import (% change)	+1.8%	-0.3%	-12.0%

Source: ASEAN Secretariat, Asian Development Bank

## Latest Development

- Real GDP of the 10-nation ASEAN[1] grew by 4.7% in 2015, helped by robust private consumption despite weaker exports. The *Asian Development Bank (ADB)* expects the trade bloc to expand at 4.5% in 2016.
- The *ASEAN Economic Community (AEC)* was officially launched on 31 December 2015 to create a single market to enable an easier movement of goods, services, investment, capital and people across the region.
- Hong Kong sought to accede to the China-ASEAN Free Trade Area (CAFTA) in the wake of the CAFTA establishment in 2010, but ASEAN instead opted for a separate bilateral free trade agreement (FTA) with Hong Kong in 2013, with a view to agreeing on an FTA in 2016. Eight rounds of negotiations have taken place since July 2014.
- In the first nine months of 2016, Hong Kong's total exports to ASEAN dropped by 5.9% year-on-year (YOY) to US\$24.5 billion, while imports from the trade bloc totaled US\$53 billion in the same period, representing a 0.1% YOY increase.

**More Information >> Source:** <https://www.thailand-business-news.com/asean/55498-asean-market-profile-latest-development.html>

➤ **Indonesian president's New Delhi visit to cement bilateral ties**

India and Indonesia will aim to invigorate their tepid strategic partnership during a two-day visit by President Joko Widodo beginning on Monday. Talks between Widodo and Prime Minister Narendra Modi are expected to centre on ways to boost trade and counter terrorism.

Indonesia's national carrier Garuda is expected to start a Jakarta-Bangkok-Mumbai flight to coincide with Widodo's arrival in India. The air link comes 8 years after talks started on the subject, an Indonesian diplomat said.

Indonesia is the largest country in the Association of Southeast Asian Nations (Asean) with the biggest Muslim population in the world. India shares a maritime boundary with Indonesia and it is India's largest trade partner in Asean. Yet, bilateral ties have not acquired the momentum compared to countries like Singapore and Vietnam.

"One can only speculate as to why ties have flagged," said Baladas Ghoshal, former professor of Southeast Asia and South-West Pacific Studies at Jawaharlal Nehru University, "While Modi visited countries like Singapore and Vietnam within Asean, Indonesia being the largest country in the region was not covered. Perhaps there were problems on scheduling the visit," Ghoshal said.

"Indonesia is a key country within Asean, it is perhaps right to call it the fulcrum of Asean. It is an important country in terms of maritime issues as it sits astride major sea lanes of communication between the Indian and Pacific Oceans, between India and South-east Asia. One thing is clear, our government should have recognised the strategic importance of Indonesia and moved more quickly," Ghoshal said.

**More Information >> Source:** <http://www.livemint.com/Politics/yEBD8PR8OOebxg80vPdHBL/Indonesian-presidents-New-Delhi-visit-to-cement-bilateral-t.html>

**Tender information in ASEAN**

**Prior information Notices**

Location	Title	Deadline
Singapore	Army Bridge Spares	16-Feb-2017
Philippines	Supply And Delivery Of Two (2) Units Motor Vehicles	16-Feb-2017
Philippines	Four Wheel Drive Tractor	14-Feb-2017



<b>Cambodia</b>	Supply Of Telephone Equipment Switchgear Mv 03 Electrical Shop	16-Feb-2017
<b>Vietnam</b>	Substations And Lines Main Content: Make Him Work Provided, Installation Of Transformers And Medium Voltage Line Construction.	22-Feb-2017
<b>Vietnam</b>	Supply Of 110 Kv Underground Cables, Installing Service Connections And Crinum Latifolium	17-Feb-2017
<b>Myanmar</b>	Procurement Of Tractors Set	03-Mar-2017
<b>Vietnam</b>	Supply Of Steel Towers For The 500kv Transmission Line	09-Mar-2017
<b>Singapore</b>	Providing Fourth Term Service And Maintenance (s&m) Contract For Combined Cycle Plant (ccp) Block 1 And 2 Gas Turbines.	24-Feb-2017
<b>Malaysia</b>	Supply, Erection And Commissioning Of Miri Town 33kv Substation, Miri.	22-Feb-2017

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

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

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