

# Territorial NEWSLETTER

## ASEAN + 5

**EEPCINDIA**  
ENGINEERING THE FUTURE

Vaniya Bhavan (1st Floor)  
1/1 Wood Street,  
Kolkata - 700016  
www.eepecindia.org

The Association of Southeast Asian Nations + China, Japan, Korea, Australia and New Zealand

Issue: July 2018

### Chairman's Pen



In this issue of newsletter we highlight on the pressure mounting on India regarding the finalization of the RCEP-which has become more than a deal. The Regional Comprehensive Economic Partnership (RCEP), comprising ASEAN plus six other regional states: China, Japan, Korea, Australia, New Zealand, and India, endeavours' to create a free trade zone comprising of almost half the world's population and 30 % of global trade by value, with a year-end target for a comprehensive consensus on the deal.

The incumbent Government's 'Act East' policy compels it to demonstrate its willingness to join RCEP, despite the fact that it already has in place free trade agreements with ASEAN, Japan and South Korea and is negotiating similar pacts with Australia and New Zealand. India has several major reservations on RCEP.

Disagreements on issues from as basic as defining free trade to data management and the movement of professionals continue to require frequent engagement among the negotiators. In fact, after 5 years and 22 rounds of negotiations, RCEP members have achieved a consensus on just two of the agreement's 18 sections.

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

**Ravi Sehgal**

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



The RCEP have become more than a trade deal for China, especially after the US walked out of the Trans Pacific Partnership (TPP). This is a new urgency for China to see RCEP through. The geo-strategic logic is the one that looms large. China's Belt and Road Initiative, with an investment of more than USD 200 billion and counting, embraced by more than 65 countries is all about strategic influence via its vast network of roads, railways and ports.

Evidently, China seeks conduits for its goods to flow through its Belt and Road Initiated Infrastructure. Critics say that China has been the key driver for furthering this pact in the response to the 'fast track' status that was given to Trans Pacific Partnership (TPP) by Barack Obama. In order to shift attention from itself to ASEAN, China is stressing on ASEAN's core role and centrality in concluding the deal. Within ASEAN, concluding the deal appears challenging in 2019.

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

**T.S. Bhasin**

## Basic Facts

Regional Comprehensive Economic Partnership (RCEP) is a proposed free trade agreement (FTA) between ten member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam) and the six states with which ASEAN has existing free trade agreements (Australia, China, India, Japan, South Korea and New Zealand). Prospective RCEP member states accounts for a population of 3.4 billion people with a total Gross Domestic Product (GDP, PPP) of \$ 49.5 trillion, approximately 39 percent of the world's GDP.

### Scope of negotiations:

RCEP will cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and other issues.

The RCEP will have broader and deeper engagement with significant improvement over the existing ASEAN+1 FTAs, while recognizing the individual and diverse circumstances of the participating countries.

## APac nations push India to end duties on 90% trade goods

India is under pressure from 15 other Asia-Pacific countries, including China, to commit to eliminate duties on at least 90% of goods it trades with them under the Regional Comprehensive Economic Partnership (RCEP) being negotiated. RCEP is a comprehensive free-trade agreement including goods, services, investment, competition and intellectual property rights between 10 ASEAN countries and six free trade agreement partners — Australia, China, India, Japan, South Korea and New Zealand. Of these nations, India has trade deficit with as many as 10 countries, including China, South Korea and Australia.

An eminent economist opined that the cardinal principle of give and take which is there in every trade deal is missing in the RCEP deal at this moment.

According to a negotiator all the 15 countries wishes to conclude the pact very soon and term the upcoming meeting in Thailand as India's "last window of opportunity". Trade negotiators from all the 16 countries are meeting in Thailand to reduce differences before a key minister-level meeting next in Singapore.

Negotiations on intellectual property, rules of origin and ecommerce are being held besides trade in goods, services and investment in the ongoing round of talks. Commerce secretary Rita Teotia has said speedy and successful conclusion of the agreement would be possible only with inclusion of a higher level of services and investment in the India-ASEAN trade basket.

The agreement on goods being easy, the 15 countries aspire to move from 86% (of total traded items) to 92%. But the problem for India is that the same ambition is not being reflected in case of services. For services the argument is not to go beyond 60% and that too with several caveats, said Commerce secretary Rita Teotia.

Another trade expert tracking the agreement said this pact without a high level of ambition in services and investment would open a "Pandora's box" where all developed countries including the US, Canada and the EU would want access to India's goods market. "We will be under pressure to sign a goods-only agreement initially by all these countries as they all want our goods market," he said.

## Trade Analysis & Statistics

### Trade Analysis & Statistics

India's total engineering exports to ASEAN+5 country wise during April-July of 2018-19 stood at US\$ 4.94 billion. Some major highlights of the cumulative engineering exports from India to ASEAN+5 during April- July 2018-19 are given below:

- ❖ During April-July 2018-19, India's engineering exports to ASEAN+5 stood at US \$ 4936.57 million which is 18.6% of the total global engineering exports of India during the same period.
- ❖ India's cumulative engineering exports to ASEAN+5 during this period have also increased by 8.3%.
- ❖ Singapore topped the list once again for Indian cumulative engineering exports as well as monthly exports for July 2018. Major engineering products exported to the country include Ships and boats and floating structures, Electrical machinery and Aircrafts, Spacecrafts and parts. It recorded high positive growth of almost 23% in imports from India during April-July 2018-19 compared to April-July 2017-18 among the fifteen countries.
- ❖ Lao recorded the highest growth of more than 352% in April-July 2018-19 compared to April-July 2017-18 among the fifteen countries.
- ❖ Cambodia ranked second in growth, recording a huge growth of 334.7% in April-July 2018-19 compared to April-July 2017-18 among the fifteen countries.

Top 5 nations which had the highest demand for Indian engineering products during April-July of 2018-19 in absolute values include:

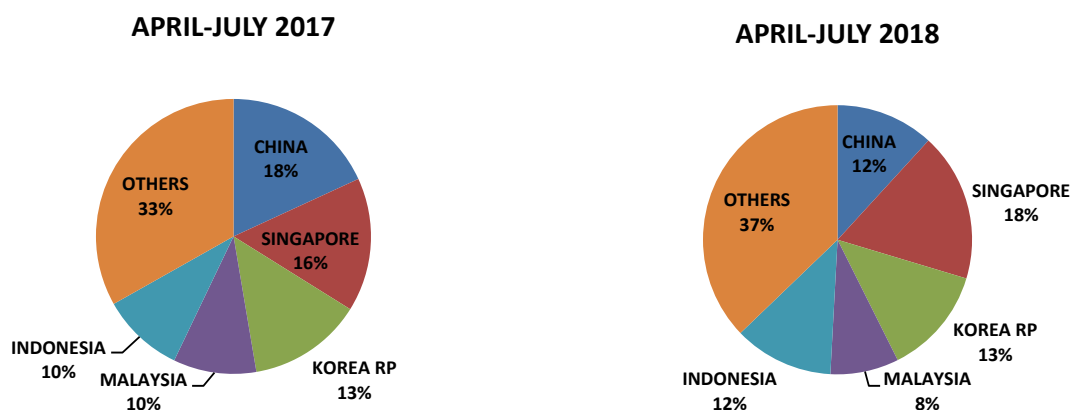
Values in US\$ million

COUNTRY	April-July 2017-18	April-July 2018-19	Growth (%)
SINGAPORE	717.05	881.18	22.9
KOREA RP	613.87	639.98	4.3
INDONESIA	443.63	590.45	33.1
CHINA	827.12	582.46	-29.6
THAILAND	383.77	469.43	22.3

Source: DGCI&S, Government of India

A comparison of top 5 nations which had the highest demand for Indian engineering products in April-July 2017 and its subsequent change in April-July 2018 is shown in the pie chart below:

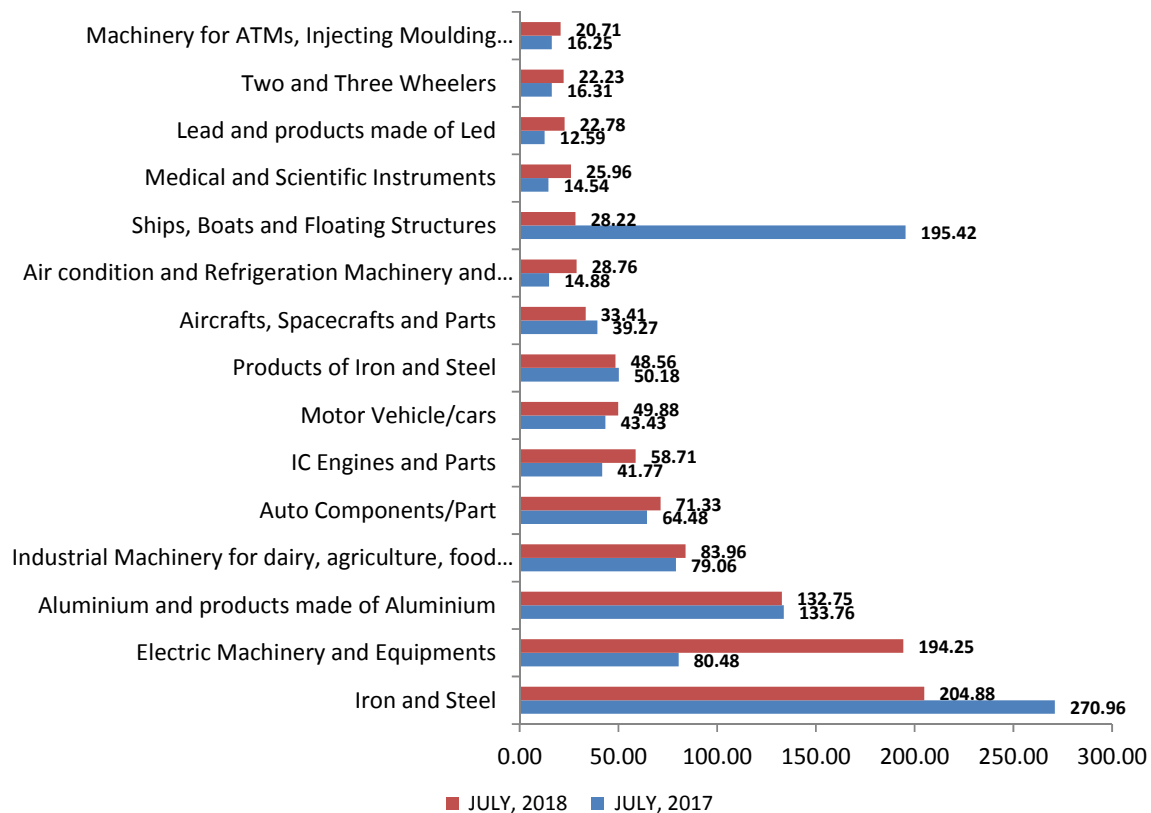
**Fig 3: Change in Engineering Export among the top 5 ASEAN+5 countries (April-July 2018 viz-a-viz April-July 2017)**



Source: DGCI&S, Government of India

Top 10 engineering panels exported to ASEAN+5 during July 2018 viz-a-viz July 2017 are provided in bar diagram.

**Fig 4: Top 10 engineering panels exported to ASEAN+5 in July 2018 viz-a-viz July 2017**



Source: DGCI&S, Government of India

### News in Focus

#### ❖ Philippines pushes for "pragmatic direction" in RCEP deal

The Philippines is pushing for "pragmatic direction" in negotiating the Regional Comprehensive Economic Partnership (RCEP) deal, urging RCEP members to be more "realistic than idealistic," said a press release by the Department of Trade and Industry of the Philippines on Wednesday.

"It is about time that we shift gears and lean towards being more realistic than idealistic. While we attend to our own interests, we should also remember that a mutually-beneficial agreement requires trade-offs," Philippine Trade Secretary Ramon Lopez told his fellow ministers during the fifth RCEP intercessional meeting in Tokyo from June 30 to July 2.

Read more: [http://www.xinhuanet.com/english/2018-07/04/c\\_137300732.htm](http://www.xinhuanet.com/english/2018-07/04/c_137300732.htm)

#### ❖ India-ASEAN Trade to Touch 100 Billion USD by 2020

ASEAN-India trade is likely to touch 100 billion USD by 2020, news agency PTI has quoted Union Urban Development and Housing Minister Hardeep Singh Puri as saying.

Speaking at the valedictory address at the 'Delhi Dialogue' in New Delhi on July 20 in the presence of delegation heads of ASEAN countries, Puri asserted said the economic partnership between India and ASEAN is deepening by the day and is in a "dynamic phase."

He said the bilateral trade between ASEAN and India has crossed the 80-billion-USD mark, which not only shows growing confidence but also constitutes the highest volume of trade in goods that the two sides have witnessed since the signing of the FTA in 2010.

Read more: <http://leagueofindia.com/india-world/india-asean-trade-to-touch-100-billion-usd-by-2020/>

#### ❖ **Chinese imports shut MSMEs down, lead to job losses: Parliamentary panel**

A parliamentary panel on Thursday asked the government to swiftly impose quality standards and check Chinese imports across several sectors - from toys and textiles to bulk drug and bicycles - while noting that shipments from across the border have taken a toll on the domestic manufacturing sector and pushed several micro, small and medium enterprises (MSMEs) to shut shop.

"...India has been an easy dumping ground for Chinese goods on account of low price of Chinese goods, poor enforcement and porous border, both at sea and land," the standing committee on commerce said in a report tabled in Parliament on Thursday. It said the US and the European Union have been "quite aggressive and agitated over the erosion of their domestic industry and loss of employment" and recommended that the government be more "proactive" in trade defence measures, such as anti-dumping and anti-subsidy actions, while imposing other restrictions.

Read more: [https://timesofindia.indiatimes.com/business/india-business/chinese-imports-shut-msmes-down-panel/articleshow/65157017.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://timesofindia.indiatimes.com/business/india-business/chinese-imports-shut-msmes-down-panel/articleshow/65157017.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

#### ❖ **India invites ASEAN investors to join infrastructure projects - Ms Swaraj**

VNA cited External Affairs Minister Ms Sushma Swaraj as saying that India has invited member countries of the Association of Southeast Asian Nations (ASEAN) to invest in its infrastructure projects, said. Speaking at the tenth edition of the annual event "Delhi Dialogue" on July 19, she said that the new reforms in India had opened new opportunities for trade and investment in the country. Ms Swaraj called on companies from ASEAN countries to take advantage of these opportunities to invest in India in numerous areas such as smart cities, roads, highways, ports, railways, power and urban infrastructure.

Read more: <https://steelguru.com/infra/india-invites-asean-investors-to-join-infrastructure-projects-ms-swaraj/515750>

#### ❖ **Ambassador optimistic about Vietnam-India trade hitting US\$15 billion**

Vietnamese Ambassador to India Ton Sinh Thanh stated that he is optimistic that Vietnam-India bilateral trade will hit US\$15 billion by 2020, during his remarks at the international conference "India-Vietnam: Strengthening Economic Ties" in New Delhi on July 26-27.

Thanh highlighted economic cooperation as one of the five pillars of the Vietnam-India Comprehensive Strategic Partnership, which was set up during the visit of Indian Prime Minister Narendra Modi to Vietnam in September 2016.

During the visit of President Tran Dai Quang and Prime Minister Nguyen Xuan Phuc to India earlier this year, leaders of both sides called for concerted efforts to boost bilateral economic relations, in particular elevating bilateral trade to US\$15 billion by 2020, the diplomat said.

Read more: [http://en.nhandan.org.vn/business/item/6436002-ambassador-optimistic-about-vietnam-india-trade-hitting-us\\$15-billion.html](http://en.nhandan.org.vn/business/item/6436002-ambassador-optimistic-about-vietnam-india-trade-hitting-us$15-billion.html)

## TBT Notifications

### ✓ Thailand proposes standard for safety requirements for motorcycle as mandatory standard

This has reference to TBT notification no. G/TBT/N/THA/512 dated 14th May 2018, issued by the Thai Industrial Standards Institute (TISI), Ministry of Industry. The products mentioned in this notification falls under the HS Code 8711.

For more details, please follow the links:

[https://docs.wto.org/dol2fe/Pages/FE\\_Search/FE\\_S\\_S009-DP.aspx?language=E&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=False&CatalogueIdList=228566,235764,245165,245111,244636,245120,245176,245163,228427,228429&CurrentCatalogueIdIndex=5&FullT](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=False&CatalogueIdList=228566,235764,245165,245111,244636,245120,245176,245163,228427,228429&CurrentCatalogueIdIndex=5&FullT)

### ✓ Chinese Taipei adopts the proposed legal inspection requirements for power supply products for automotive cigar lighter

This has reference to TBT notification no G/TBT/N/TPKM/314/Add.1 dated 9th May 2018, issued by the Bureau of Standards, Metrology and Inspection. The products mentioned in this notification falls under the HS Code 9613.

For more details, please follow the links:

[https://docs.wto.org/dol2fe/Pages/FE\\_Search/FE\\_S\\_S009-DP.aspx?language=E&CatalogueIdList=245082,245080,245079,245081,245092,245095,245094,245093,245089,245064&CurrentCatalogueIdIndex=5&FullTextHash=371857150&HasEnglishRecord=True&HasFrenchRecord=False&HasSpanishRecord=False](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=245082,245080,245079,245081,245092,245095,245094,245093,245089,245064&CurrentCatalogueIdIndex=5&FullTextHash=371857150&HasEnglishRecord=True&HasFrenchRecord=False&HasSpanishRecord=False)

### ✓ Chinese Taipei proposes amendment to legal inspection of industrial protective helmets

This has reference to TBT notification no G/TBT/N/TPKM/321 dated 9th May 2018, issued by the Bureau of Standards, Metrology and Inspection (BSMI). The products mentioned in this notification falls under the HS Code 650610.

For more details, please follow the links:

<https://www.bsmi.gov.tw/bsmiGIP/wSite/public/Data/f1534303775261.pdf>

✓ **Chinese Taipei proposes legal inspection requirements for gas grills.**

This has reference to TBT notification no G/TBT/N/TPKM/322 dated 15th May 2018, issued by the Bureau of Standards, Metrology and Inspection (BSMI). The products mentioned in this notification falls under the HS Codes- 732111, 732181.

**For more details, please follow the links:**

[https://docs.wto.org/dol2fe/Pages/FE\\_Search/FE\\_S\\_S009-](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-)

<DP.aspx?language=E&HasEnglishRecord=True&HasFrenchRecord=False&HasSpanishRecord=False&CatalogueIdList=247807&CurrentCatalogueIdIndex=0&FullTextHash=371857150>

**EEPC India ASEAN+5 Territorial Newsletter**

Contact: Priyanka Chakraborty

Email: [pchakraborty@eepcindia.net](mailto:pchakraborty@eepcindia.net)

Phone no: 033-40120363