

Territorial NEWSLETTER ASEAN

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ENGINEERING THE FUTURE

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Volume IX: May 2016

Chairman's Pen



In this volume of the Territorial Newsletter we present a brief note on the status of the RCEP negotiations and India's stand on the negotiations. RCEP, which is a proposed free trade agreement between 10 ASEAN countries and their six FTA partners accounts for 25% of global GDP, 30% of global trade, 26% of FDI flows and 45% of the total population. So even though the RCEP negotiations are making a slow progress India must take its stand rightly. India accounts for only 2.1% of the global trade, but international trade accounts for almost 50% of India's GDP. Thus India has to work on two ways. First to engage and expedite the RCEP so that at least a good part of its trade is covered by preferential agreements; and secondly India must autonomously adjust to world class standards on TBT, SPS, environment etc.

This newsletter briefs about the status of the ongoing RCEP negotiations. It highlights trade performance of India with the ASEAN nations for the first month of the new fiscal 2016-2017. I hope that this newsletter will be informative for our readers and I hope they enjoy reading it.

T S Bhasin

Message from Chairman, Committee on Trade with ASEAN countries



In this edition of the 'Newsletter on ASEAN', we elaborate on the pain points of India in the mega FTA-RCEP. It is observed that in the recent news that India is being blamed for the delay in the progress of the negotiations by the other member RCEP partners. But managing the interest of the Indian exporters and at the same time saving the domestic industry from cheap Chinese imports is not a very easy task. Moreover involvement of a large number of countries in diverse geographic locations, poses logistical and coordination challenges and costs. So all these aspects must be taken into consideration while coming to a decisive trade policy conclusion. Thus failing a deadline is not much of a problem compared landing on a wrong trade decision.

This newsletter gives a snapshot of the delay in the RCEP negotiations and briefs on India's stand on RCEP. It also gives us the list of top most export destinations of India among the ASEAN countries as well as the major sectors which are India's export interest in ASEAN countries.

I am hopeful that the information provided in the newsletter will be useful for our readers.

PK Shah

ASEAN Basic Facts

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

Population: 628.78 million (2015 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's participation in RCEP

India is looking forward to make Regional Comprehensive Economic Partnership (RCEP) materialise as soon as possible. This is expected to put forward the aims and objectives of India's own Act-East Policy. RCEP which is expected to have a huge trade potential once formalised is supposed to emerge as the most effective and largest free trade bloc in the world. RCEP brings together ten ASEAN countries (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) and other six countries (China, Japan, South Korea, India, Australia and New Zealand) together. It is opined to be one of the most vital free-trade blocs in the world. The combined geo-political resources would put the grouping into a totally different league, making it the most important economic grouping of the world.

India's stand in RCEP so far

In spite of the huge trade potential that RCEP is promising, India after submitting the initial offer on goods trade is now reluctant to further dismantle tariff rates unless some of its demands are met. It is very well observed from the past trade agreements that India, owing to its high tariff levels, ends up reducing its tariffs more drastically in most of its bilateral and plurilateral trade negotiations. On the contrary it's other partners, due to their already low tariff lines eventually end up cutting their tariffs marginally. India has not gained much in its past trade agreements. Thus India has become protective about its domestic industries.

Based on the learning's from the previous FTAs signed by India, it now wants to strike a fair and reasonable deal for its domestic industry. It has raised concerns related to quantum of tariff elimination, threat of cheap Chinese imports, market access for services, rules of origin requirements and a stricter IPR regime. The following are the list of its concern in RCEP:

- The main concern for India in the engineering sector is cheap Chinese imports. The local industry at India views the RCEP agreement as equivalent to signing a free trade agreement with China. The kind of support and infrastructure Chinese Govt. provides to its domestic players is not available to the Indian counterparts. Further the availability of inputs at

competitive costs which Chinese players enjoy is also not feasible for the Indian domestic industry. So this makes India very sceptical about its tariff elimination with China.

Under RCEP, India has negotiated a different tariff liberalisation schedule with China giving concessions only on 42.5% of the tariff lines. China is not very pleased with the offer as India has not reduced its tariff lines on textiles, metals, etc.

India – China bilateral engineering trade

Values in US\$ Million	2014-2015	2015-2016
India's Engineering Exports to China	3119.21	2061.04
India's Engineering Imports from China	16790.67	16823.7
Trade deficit	-13671.5	-14762.7

India's engineering trade deficit with China has increased over the years. While the deficit was US \$ 425.4 million in 2004-05, it sprung to US \$ 14762.7 million in 2015-16. India Inc. claims that cheap Chinese imports have hurt domestic players. This is also evident from the fact that India has registered the maximum number of anti-dumping cases against China (134/545 cases).

- In case of quantum of tariff elimination, India is reluctant to be aggressive. It is very well seen that India's trade balance with FTA partner countries has deteriorated post FTAs. The CEPA with Japan came in August 2011 and soon after that imports have increased hugely. The deficit was US \$ 4.6 billion in 2010-11, it rose to US \$ 5.0 billion in 2015-16. The CEPA with Korea came in Jan 2010, the impact in the trade deficit is visible a little in 2010-11 but quite large thereafter. With Korea trade deficit has increased from US \$ 4 billion in 2010-11 to US \$ 4.7 billion in 2015-16. This point to the fact that India has not gained much in terms of exports as a result of FTAs.
- Due to its higher tariff structure, India has to reduce tariffs much more than other RCEP countries. This implies a revenue loss of as much as 1.6% of gross domestic product for India. The average MFN applied tariff rate for India is the highest amongst the RCEP countries (13.5%) followed by South Korea, Thailand and Cambodia. So to justify the signing of the RCEP to its local industries and closing of the deal India is looking forward to a balanced approach in the RCEP framework. Since the RCEP members are defining a balanced outcome as a situation where every member countries tariff lines come to zero, it is very essential for India to know from what level the member countries are reducing down their tariffs to zero.
- Since India has not gained much foot on the goods sector, it relies now on the negotiations in the service sector. India has been pushing for greater market access in services which has irked ASEAN members. India has not got a fair share under the AIFTA services pact, after the goods agreement was signed. It expects liberalization in Mode 4 services that facilitates movement of professionals from one country to the other. This could be critical for India's IT sector. However, member countries of RCEP want tariff liberalisation for goods to precede services negotiations.
- On the issue of Rules of Origin (RoO), India has suggested a change in HS code classification plus a 40% value addition as a criterion for "origin" in a particular country, as it is worried about the surge in imports from China. In Trans Pacific Partnership (TPP) the countries have

adopted a single Product Specific Rule (PSR). In line with the TPP, the RCEP partners too are not accepting India's proposed dual criterion.

- Also the IPR regime demanded by members like Japan and Korea are stricter than the level of protection India provides under TRIPS agreement under the WTO.

The RCEP countries already constitute more than 22% of India's total engineering trade. Although the impact of the RCEP is slightly skewed towards import, exports also have potential to reap the benefits. Rise in trade surplus for the engineering sector is expected to help outweigh the negative effect of the overall trade deficit at least partially if India continues to focus on its engineering exports.

Trade Trend Analysis

India's total engineering exports to ASEAN for the first month of this new fiscal April 2016 registered at 748.09 USD million which is 16.3% of the total global engineering exports of India for the period.

India's engineering exports to ASEAN in April 2016 increased by 41.3% compared to April 2015.

The top 5 ASEAN countries which feature in the top 25 export destinations for India in April 2016 export data are Malaysia, Singapore, Indonesia, Thailand and Philippines in order of rank.

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

Table1: Top Five ASEAN destinations for Indian Engineering Exports

Countries	Eng. Exports in April 2015 (USD Million)	Eng. Exports in April 2016 (USD Million)	Growth (%)
MALAYSIA	103.45	298.75	188.78
SINGAPORE	175.89	221.94	26.18
INDONESIA	68.69	62.95	-8.36
THAILAND	75.40	56.88	-24.57
PHILIPPINES	46.32	54.83	18.36

Source: DGCI&S, Government of India

Top 10 engineering panels exported to ASEAN in March 2016 include

Table2: Top Ten Engineering Panels exported to ASEAN

Panels	India's Exports in April 2015 (USD Million)	India's Exports in April 2016 (USD Million)	Growth (%)
"Ships Boats and Floating Structures"	120.99	375.53	210.38
Industrial Machinery	43.23	40.37	-6.60
Electric Machinery and Equipments	40.56	34.18	-15.73
Auto Components/Part	26.76	33.83	26.42
Iron and Steel	48.19	29.49	-38.81

Panels	India's Exports in April 2015 (USD Million)	India's Exports in April 2016 (USD Million)	Growth (%)
Copper and copper products	39.32	29.31	-25.46
Products of Iron & Steel	34.54	28.43	-17.67
"Aircrafts Spacecrafts"	3.84	21.82	468.30
"Nuclear Reactors & Boilers"	14.02	17.90	27.66
Motor Vehicle/cars	30.19	14.64	-51.51

Source: DGCI&S, Government of India

News in Focus

➤ India offers agri equipment, technology to Myanmar

YANGON/NEW DELHI: Looking to boost bilateral ties, India has offered to assist Myanmar in the area of public healthcare and to provide it with necessary support in boosting the country's agricultural production.

Speaking at the India Myanmar Business Conclave here, India's Commerce Minister Nirmala Sitharaman acknowledged Myanmar's achievement in organic and sustainable agriculture.

India can cooperate in boosting productivity by providing technology and agri equipment, she said at the meet which was attended by over 40 top CEOs from the neighbouring country.

Pharmaceutical sector is an area where India can engage actively specially for public healthcare, she said. The Minister also identified textiles, IT and automobile as the industries where the two countries can work together.

More Information >> Source: <http://economictimes.indiatimes.com/news/economy/foreign-trade/india-offers-agri-equipment-technology-to-myanmar/articleshow/52345782.cms>

➤ Maybe India isn't Interested in American-Style Trade Rules

On 2 May 2016, US President Barack Obama published an op-ed in the Washington Post in an attempt to bolster support for the highly controversial Trans-Pacific Partnership (TPP). The TPP has become a political football in the US election primaries, with all of the leading candidates for President expressing their opposition to it.

Obama's main argument was that the US should be writing the trade rules of the 21st century, rather than 'countries like China'.

Obama was alluding to the latest round of negotiations for the Regional Comprehensive Economic Partnership (RCEP), recently held in Perth. This agreement includes China, Australia, New Zealand, Japan, South Korea, India and the 10 countries that make up ASEAN. Obama seems to be concerned that RCEP won't mirror the TPP's stance on issues like intellectual property protection.



More Information >> Source: <http://www.economywatch.com/features/Maybe-India-isnt-Interested-in-American-Style-Trade-Rules0520.html>

- **Commerce Minister Smt. Nirmala Sitharaman says transition from barter trade to normal trade - a step forward to boost trade**

An India Myanmar Business Conclave was hosted by India at Yangon on 18-20 May 2016 as part of its Act East policy. A 25 member business delegation from India attended the Conclave led by Minister of State (Independent Charge) for Commerce & Industry Smt. Nirmala Sitharaman. More than 40 top CEOs from Myanmar also attend the Conclave. This is the first visit of any Minister from India after the new government in Myanmar.

Smt. Nirmala Sitharaman congratulated Myanmar for landslide victory by the National League for Democracy led by Daw Aung San Suu Kyi in the elections held in November 2015. She acknowledged the calibrated and pragmatic stand of the Government towards a peaceful and orderly assumption of power.

More Information >> Source: http://www.business-standard.com/article/government-press-release/commerce-minister-smt-nirmala-sitharaman-says-transition-from-barter-trade-to-116051900914_1.html

- **Thailand, India to step up bid for FTA**

THAILAND has encouraged India to wrap up some parts of their long-awaited comprehensive free-trade agreement after protracted negotiations on some topics including the liberalisation of services.

After her recent meeting with India Ambassador Bhagwant Singh Bishnoi, Commerce Minister Apiradi Tantraporn said yesterday that both countries agreed to accelerate the completion of the Thai-India FTA after implementing the Early Harvest Programme back in 2004 covering 82 items.

"With disagreement on some topics, Thailand thinks both countries should finalise the agreement in some parts and continue negotiating on the remaining topics," she said.

In the meeting, Thailand asked for India to solve problems in gold exports to India in regards of rule of origin certification.

Thailand has also shown strong interest in joining the Indian government's "Make in India", "Smart Cities" and "Economic Corridor" schemes.

More Information >> Source: <http://www.thehindubusinessline.com/economy/logistics/no-smooth-ride-many-bumps-on-indiamyanmarthailand-road-plan/article8500133.ece>

➤ **Can India negotiate a new trade strategy?**

India's approach in negotiating regional and bilateral free trade agreements (FTAs) is again in sharp focus. Concern is rising over long delays in concluding a number of major agreements India is a part of. Foremost among these is the Regional Comprehensive Economic Partnership (RCEP) involving the 10 ASEAN economies, Australia, China, India, Japan, South Korea and New Zealand.

On both RCEP and its inconclusive FTA with the European Union, India is being criticised for being obstructive and delaying negotiations. India's Commerce and Industries Minister, Nirmala Sitharaman, has dismissed these allegations and blamed some of India's negotiating partners for the lack of progress. She criticised EU negotiators for continuing to demand deep tariff cuts from India in sensitive sectors like agriculture, dairy and automobiles, while not acceding to India's demands for easier migration of professionals to their home markets.

More Information >> Source: <http://www.eastasiaforum.org/2016/05/12/can-india-negotiate-a-new-trade-strategy/>

➤ **ASEAN plans to remove barriers on auto parts trading: report**

The Association of Southeast Asian Nations, better known as ASEAN, is planning to eliminate technical trade barriers in the automotive sector in a bid to make it easier and less costly to export components within the region, The Brunei Times reported.

The Automotive Product Working Group under the ASEAN Consultative Committee for Standards and Quality, which initiated this plan, officially known as the Mutual Recognition Arrangement on Type Approval for Automotive Products, is expected to seek the endorsement from the member states by the end of this year, the newspaper said.

The arrangement's main objective is to ensure that once a regulated automotive product is tested by a listed testing lab or a listed inspection body in an ASEAN country, it can be imported to another ASEAN country without being subjected to further testing.

More Information >> Source: <http://www.thanhniennews.com/business/asean-plans-to-remove-barriers-on-auto-parts-trading-report-62062.html>

➤ **India's Act East Policy so far and beyond**

Two years into its term, the National Democratic Alliance (NDA) government, led by Prime Minister Narendra Modi, can justly feel satisfied with the results of some of its significant foreign policy initiatives, such as India's Act East Policy (AEP).

The AEP was set in motion by Modi at the East Asia Summit in Myanmar in November 2014. Although some analysts dismiss the shift from the Look East Policy (LEP) launched by then Prime Minister Narasimha Rao in 1992 as merely a change in nomenclature, with both the AEP and LEP pursuing the same objectives, this is not an accurate assessment. While it is true that there is considerable continuity between the two, in several significant areas the AEP has gone well beyond what LEP could achieve in 20-plus years.

This is partly because India today is not the India of 1992. At that time, the country was facing an uncertain future on the international policy front, due to factors such as the disintegration of the Soviet Union, and a sharp fall in India's foreign exchange reserves, such that the country had enough to provide an import cover for merely 10 days.

More Information >> Source: <http://www.gatewayhouse.in/indias-act-east-policy-far-beyond/>

➤ **Rajeev Kher: A trade policy agenda for India - I**

These are difficult days for trade policymakers. The global economic scenario stays insipid, significantly impacting the trade environment. Despite a steep decline in oil and commodity prices, manufacturing has remained tepid. India has lost its manufacturing competitiveness in several product areas and the fact that efficiency in delivery of services can lead to manufacturing competitiveness seems to have missed the adequate attention of policymakers.

India came out with an elaborate foreign trade policy statement – the first of its kind – last year. Global developments thereafter have only accentuated the need for a more persuasive agenda on international trade.

The December 2015 ministerial meeting of the World Trade Organization (WTO) was a disappointment for India, which could not secure all that it set out to do. It also lost the sheen from its high position of leadership of the developing world in the WTO, which continues to be relevant for most of the developing world, more so for India, which has been punching well above its weight in global trade at the WTO.

More Information >> Source: http://www.business-standard.com/article/opinion/rajeev-kher-a-trade-policy-agenda-for-india-i-116042701348_1.html

➤ **Cross-border route to link India, Myanmar, Thailand**

India, Thailand and Myanmar are negotiating a breakthrough 1,400-kilometre highway that will link India with Southeast Asia by land for the first time in decades.

In an interview with The Nation, Indian Ambassador Bhagwant Singh Bishnoi said 73 bridges in Myanmar built during World War II more than seven decades ago are being renovated with funding from the Indian government to allow vehicles to cross the highway safely.

When the repair work is completed in 18 months, the highway could be opened to traffic from all three countries.

The planned highway, which starts in the eastern region of India from Moreh city to Myanmar's Tamu city, has received a positive response from Myanmar's new government following the recent general election.

At this stage, negotiations are underway to conclude a tri-nation motor vehicle agreement for the use of the 1,400km road that will reach Thailand at Tak's Mae Sot district.

More Information >> Source: <http://www.thejakartapost.com/seasia/2016/05/23/cross-border-route-to-link-india-myanmar-thailand.html>

➤ **Tri-nation car rally to promote border trade, boost tourism in NE**

The first tri-nation (India-Myanmar-Thailand) Friendship Car Rally-2016 was flagged off by Chief Minister Kalikho Pul here on Sunday morning in presence of Minister Counselor (Commercial) Royal Thai Embassy, New Delhi Tharadol Thongruang.

The broad objectives of the event are to promote direct road connectivity between North East India, Myanmar and Thailand for more trans border trade and investments, promote Northeast India, Myanmar and Thailand as the land corridor and gateway to Southeast Asia and the Far East, re-establish and strengthen the age-old historical linkages, culture and linguistic affinities of the people of the regions.

It also aims to explore more border trade points between North East India, Myanmar and Thailand and to promote North East India as an eco-friendly tourist destination for high-end as well as budget travelers.

Seven cars out of the total 12 were flagged-off on Sunday. The rally will cover a distance of around 7000 km over a period of 19 days from May 22 traversing through some of the important cities of Yangon, Mandalay in Myanmar before culminating in Bangkok in Thailand on June 9.

Rest of the cars will join the rally in Karbi Anglong (Assam), Dimapur (Nagaland) and Imphal (Manipur).

More Information >> Source: <http://www.arunachaltimes.in/tri-nation-car-rally-to-promote-border-trade-boost-tourism-in-ne/>

➤ **Thailand seeks more investment from India**

Thailand on Thursday sought more investment from Indian companies as it looks to increase the volume of bilateral trade and position itself as a regional logistics hub.

"We are a leading economy in Asean region and invite Indian companies to invest for our growth.

"Nearly \$200 million has been invested by Indian companies in the last two years and Thailand has positioned itself as a regional logistics hub for Indian companies to help them cater to the needs of Asean countries," Consul of Commercial Affairs at Royal Thai Consulate-General, Mumbai, Suwimol Tilokruangchai, told reporters here.

Thailand's Prime Minister Prayuth Chan-ocha is likely to visit India in June and discuss ways to increase bilateral trade, apart from resolving pending issues like full-fledged Free Trade Agreement (FTA) between the two countries.

More Information >> Source: <http://www.thestatesman.com/news/business/thailand-seeks-more-investment-from-india/139211.html>

➤ **Asia policy through RCEP**

In the face of current world economic crisis, poised by bubble burst in China and the financial crisis in European Union and further to be triggered by Britain exit from EU (highly speculated), regional integrations have become important for developing nations. Inter-regional trade in the trade blocks, which warrant for duty free or

concessional duty preferences, has become pertinent for the buoyancy in trade and investment. Under the present environment, no developing country can stand alone for its growth in trade and investment.

RCEP (Regional Cooperation of Economic Partnership) and TPP (Trans-Pacific Partnership) have emerged two biggest free trade blocks in the world, seemingly to get rid of the global crisis. While TPP was concluded last year in October, RCEP is expected to be concluded by the end of 2016. India is a member of RCEP, and not of TPP. RCEP includes ASEAN +6 (China, Japan, S. Korea, Australia, New Zealand and India) and TPP includes 12 nations (USA, Singapore, Vietnam, Japan, Chile, Australia, Malaysia, New Zealand, Peru, Canada, Mexico and Brunei)

From India's point of view, even though not much direct benefit will make the headway in trade, it might create a new platform to move forward its Act Asia policy. The futurists portend RCEP – which represents vast parts of East and South East Asia - a new template for Act Asia policy.

More Information >> Source: <http://echoofindia.com/reflex-action/asia-policy-through-rcep-107305>

➤ **Malaysia can act as the gateway to ASEAN market for India, says visiting minister**

Malaysia can act as the gateway to ASEAN market for India. Malaysia and India can explore opportunities in the smart manufacturing/factory concept and explore the Principal Hub scheme for Indian companies with a global presence. Indian companies should look ahead for expansion in Malaysia to strengthen their presence in the region including M&As. An ecosystem approach must be adopted to strengthen complementarity between Malaysian and Indian companies.

This was stated here today by Dato Sri Mustapa Mohamed, Malaysia's Minister of International Trade and Industry, at a special session on 'Business Opportunities in Malaysia' organized by FICCI jointly with Malaysian High Commission in India, Ministry of International Trade and Industry (MITI) - Malaysia, Malaysian Investment Development Authority (MIDA) and Malaysia External Trade Development Corporation (MATRADE).

The minister said that India was Malaysia's 11th biggest trading partner in 2015. To further deepen the relationship between the two countries a Joint Statement Malaysia-India Strategic Partnership was issued in 2015. The joint statement reaffirmed the commitment to further strengthen bilateral trade and investment; promote joint collaboration in infrastructure and construction sector; encourage public and private sector companies to pro-actively look at large investment opportunities in each other's country; and continue to promote greater engagement by Indian IT companies in Malaysia.

More Information >> Source: <http://timesofindia.indiatimes.com/city/delhi/Malaysia-can-act-as-the-gateway-to-ASEAN-market-for-India-says-visiting-minister/articleshow/52079223.cms>

➤ **3 years on, regional trade partnership of 16 nations yet to cross 1st stage; here's why**

Three years after talks for the 16-nation Regional Comprehensive Economic Partnership (RCEP) began, even the first stage of negotiations hasn't been completed, with some members yet to make offers for liberalisation in goods trade, according to sources.

This cast fresh uncertainties over a successful conclusion of the RCEP negotiations at the earliest, even as pressure mounts on the bloc to clinch a deal following the Trans-Pacific Partnership between the US and 11 others.

Already, the 2015 deadline for the RCEP deal has lapsed and, going by the progress until the 12th round of talks held in Australia last week, the fresh deadline of 2016 is likely to be missed, too, a source told FE. Members, however, are learnt to have submitted initial offers on two other pillars of the negotiations—services and investment—although differences over several issues persist.

More Information >> Source: <http://www.financialexpress.com/article/economy/three-years-on-rcep-trade-talks-yet-to-cross-first-stage/248785/>

➤ 'India will not yield on services at RCEP trade talks'

India will stick to its demand for freer movement of workers as part of the Regional Comprehensive Economic Partnership (RCEP) being negotiated between 16 countries.

While only China is standing behind India on the issue, New Zealand and Australia have agreed with some aspects of the country's proposal.

"We are not going to yield. Services is our primary area of interest in the ongoing RCEP negotiations," Commerce Minister Nirmala Sitharaman said at a consultation meeting on FTAs organised by research body RIS on Sunday.

RCEP countries, including the 10-member ASEAN, South Korea, Japan, China, India, Australia and New Zealand, held their 12th round of consultations in Australia last week.

"India strongly pushed its interests in investments and services at the round and because of its insistence RCEP members have started evaluating offers made in both Mode 3 (investments made by service providers in partner countries) and Mode 4 (movement of workers)," said Arvind Mehta, Additional Secretary, Ministry of Commerce.

More Information >> Source: <http://www.thehindubusinessline.com/companies/india-will-not-yield-on-services-at-rcep-trade-talks/article8544298.ece>

➤ ASEAN And Beyond: How India Is Using Act East Policy To Expand Its Geopolitical Footprint In The World

The NDA government can be satisfied with the considerable progress registered under the Act East Policy (AEP) launched by Prime Minister Modi at the East Asia Summit in Myanmar in November 2014.

AEP is the natural successor to the Look East Policy (LEP) initiated by Prime Minister Narasimha Rao in 1992. LEP was primarily focused on strengthening economic ties between India and ASEAN countries. The end of the Cold War provided a welcome opportunity for India to reach out to South East Asia to capitalise upon its cultural and civilizational linkages with this region.

LEP registered impressive gains for 20 years after its inception. India and ASEAN embarked on a Summit Partnership in 2002 and operationalized a Free Trade Agreement in goods in 2010. The last few years have however failed to advance the relationship to the next level.

More Information >> Source: <http://swarajyamag.com/world/asean-and-beyond-how-india-is-using-act-east-policy-to-expand-its-geopolitical-footprint-in-the-world>

➤ Thailand aims to increase investment and trade from India

"We are a leading economy in Asean region and invite Indian companies to invest for our growth".

"Nearly USD 200 million has been invested by Indian companies in the last two years and Thailand has positioned itself as a regional logistics hub for Indian companies to help them cater to the needs of Asean countries", Consul of Commercial Affairs at Royal Thai Consulate-General, Mumbai, Suwimol Tilokruangchai, told reporters here.

Trade between the two countries totalled \$US 8.66 billion with around \$US 5.62 billion in exports from Thailand going to India, and \$US 3.04 billion in Indian exports to Thailand.

Trade is apparently growing at a tremendous rate standing at \$US 8,815 million in 2015, said Tilokruangchai. The total trade between India and ASEAN countries in 2015 was worth USD 6.8 billion.

More Information >> Source: <https://ethailand.com/business-news/thailand-investment-and-trade-india/2516/>

➤ **Making ASEAN our neighbourhood and our business**

Most of our population isn't even aware of the developments in ASEAN, much less their overall significance. So enmeshed are we with domestic politics that we fail to give proper focus to a region that forges on regardless of what happens in the Philippines internally but definitely significant impact the lives of its citizens.

ASEAN constitutes almost 20% of our trade: with exports at least \$9 billion, while imports around \$15 billion.

The trade deficit of \$6 billion should be seen as an opportunity for the Philippines and not a minus for ASEAN.

Thirty-five percent of our ASEAN trade is interestingly with Singapore, a country of minimal resources but maximum talent.

More Information >> Source: <http://www.bworldonline.com/content.php?section=Opinion&title=making-asean-our-neighborhood-and-our-business&id=127810>

➤ **China's demand on tariff elimination may mar India's regional trade pact hopes**

An aggressive stance by China that India eliminate duties on almost all categories of items, including sensitive ones such as steel, electronics and chemicals, may mar on-going negotiations for the Regional Comprehensive Economic Partnership (RCEP) pact.

China's demand has gone much beyond the initial understanding between the two countries on eliminating tariffs on 42.5 per cent of trade items.

Given the economic conditions and trade prospects in a low demand environment, the two countries have taken an initial decision to keep ambitions low, at least in the first round of negotiations.

"We have already held bilateral discussions with China on the sidelines of the last RCEP meeting in Australia asking it to be realistic and bring down its demand. But we have not yet received a positive response," commerce ministry officials point out.

New Delhi is in a dilemma as the Indian industry is still dependent on imported technology and is unable to find its own moorings while China is producing for the world. China can churn out products at prices that no other producers in any other parts of the world can match and this is a big threat for any country wanting to enter into a trade pact with China.

"What has made matters worse for India at the RCEP is the fact that most members want tariffs on goods (the agreed number of items) to be reduced to zero within a ten-year time-frame, in line with the ambitious Trans Pacific Partnership agreement between the 12 Pacific Rim countries led by the US," reports quoted officials as saying.

The RCEP has set a 1 June deadline for all members to give their first round of requests to other members, based on the initial offers made by each, as efforts are on to wrap up the pact this year. "While there are a number of items, including agriculture products, pharmaceuticals, auto components, marine products and metals where our industry has aggressive interests in China, we are apprehensive about asking for too much as it may lead to China justifying its own high demands placed before us," the report quoted the official as saying.

More Information >> Source: http://www.domain-b.com/economy/trade/20160527_tariff.html

➤ **India seeks bigger presence in Myanmar**

TOP INDIAN business houses including Tata Motors and major banks were in Yangon last week, as part of India's initiative to deepen its trade and investment with Myanmar.

As part of India's Act East policy, the country's commerce and industry minister Nirmala Sitharaman led the high-level business delegation. It was the first high-level business interaction at ministerial level by a foreign country after the Htin Kyaw administration took office.

According to the minister, there are many rooms for cooperation in areas such as power and renewable energy, agriculture, livestock, fisheries, timber and pulses trade, education and skills-building, IT and engineering, healthcare, textiles, automobile industry, tourism and hospitality, construction, banking and finance. She invited Myanmar businesses to hold roadshows in key cities of India, and committed to speeding up road and connectivity projects including those in the border areas.

"India gives high priorities for strengthening relations in the neighbourhood, and in that, Myanmar ranks high. We expect greater cooperation and greater business-to-business interactions. There are calls for improving trade between India and Myanmar. But, connectivity has remained as an issue," she said.

"I expect to have a better working relationship, greater engagement, and deeper participation of Indian businesses with Myanmar... I expect more things to happen between India and Myanmar, based on sea connectivity, air connectivity, etc. I also expect to look at more Indian investment in Myanmar."

Joining the delegation were 25 businesses from India and during the 3-day visit, they had discussions with more than 40 Myanmar business leaders.

Sitharaman also held talks with Myanmar's construction minister Win Khaing, commerce minister Than Myint and , industry minister Khin Maung Cho. They discussed issues related to procurement of pulses, easy access to Indian pharmaceutical companies and products, Indian investment in infrastructure, capacity enhancement and upgrading border infrastructure.

More Information >> Source: <http://www.elevenmyanmar.com/local/india-seeks-bigger-presence-myanmar>

➤ **How to Create a United Southern Asia**

In August 2014 Prime Minister Narendra Modi made "Act East" a cornerstone of his government's foreign policy. Since then, India has had a more focused engagement with the region, with several high profile bilateral visits and a particular focus on completing infrastructure projects. But the "Act East" Policy sorely lacks a strategic fulcrum and an end result to work towards. It is such clarity of strategic intents and end goals that makes the U.S. "pivot to Asia" and China's "One Belt One Road (OBOR)" such powerful foreign policy tools, while India's "Act East" suffers from suspicions of being the old "Look East" wine put in a new bottle. In other words, regional actors continue to see India as a relatively peripheral player in the region compared to the United States, China, and even Japan. India is seen as a reactive agenda taker and not a proactive agenda setter with a firm political and economic commitment.

India needs an ambitious geostrategic and economic goal, and the desire to develop an institutional framework around it. Potentially, the goal should be to create a framework for the economic integration of the wider Southern Asia region, linking India (and Bangladesh, Bhutan, and Nepal) with the ASEAN economies. Such economic integration would go far beyond traditional trade agreements and encompass time-bound connectivity infrastructure projects (like China's OBOR), production network linkages facilitated by FDI, and the integration of energy and electricity infrastructures.

There are challenges to be surmounted. Bilateral relations between Myanmar and Bangladesh suffer from acrimony due to the Rohingya issue in Rakhine state. India would itself need to be proactive and resolve the Teesta river water sharing issue with Bangladesh. Difficulties remain in the Thai-Myanmar and Thai-Malaysia

relations due regional conflicts at the border areas. But the existence of challenges in itself cannot be considered to be a reason for India to not articulate and work toward a strategic goal of economic integration and greater connectivity that would be largely beneficial for the wider region, and would provide ASEAN states the means to gradually move away from their over-dependence on China. Both Japan and the United States have been quietly lobbying for a more proactive Indian role in the region, and would be strategically aligned to such an objective.

More Information >> Source: <http://thediplomat.com/2016/05/how-to-create-a-united-southern-asia/>

Upcoming Events in ASEAN

Date of the Event	Name of the Event	City/Country	Scheme
5-8 July 2016	MTA VIETNAM 2016 (incorporating Subcon, Metrology, Tooltech, Automation, Weldtech)	Ho Chi Minh City, Vietnam	MDA
6-8 October 2016	PackPrintPlas Philippines	Manila, Philippines	MDA
December 2016	Manufacturing Indonesia	Jakarta, Indonesia	MDA

Tender information in ASEAN

Prior information Notices

Location	Title	Deadline
Thailand	Purchase of Batteries 12v.200ah	02-Jul-2016
Vietnam	Provision of Technological Equipment for Chi Linh Docking Repair	04-Jul-2016
Vietnam	Supply and Installation of Fog Horn Rig Tam	05-Jul-2016
Singapore	Supply and Installation of Airconditioning	08-Jul-2016
Singapore	Purchase of Transformer	08-Jul-2016
Thailand	Supply of Equipment Function Generator	09-Jul-2016
Malaysia	Supply of yokogawa position transmitter for eh valve pd as stock items at tjps	14-Jul-2016
Philippines	Syringe Pump With Target Controlled Infusion (Tci) And Patient Controlled Analgesia (Pca) / Sedation Capabilities	14-Jul-2016
Philippines	Various Medical Instruments For Tcvs And Orsa	14-Jul-2016
Indonesia	Electricity infrastructure Data inventory Ciamis Regency and District Pangandaran	11-Jul-2016

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