

Territorial NEWSLETTER ASEAN

EEPCINDIA
ENGINEERING THE FUTURE

Vaniya Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eepcindia.org



Volume XIV: October 2016

Chairman's Pen



T S Bhasin

In this volume of the Territorial Newsletter, we brief on the report of the World Economic Forum concerning ASEAN's openness. Singapore is leading the top ten economies that are enabling trade across borders. The report highlights the importance of free trade agreements at the present global scenario as the most important driver of global economic development.

This newsletter also gives the current status of India in the RCEP negotiations held recently at Philippines. The RCEP, which has 16 members including the 10-member ASEAN, India, China, Japan, South Korea, Australia and New Zealand, aims 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. 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

In this edition of the 'Newsletter on ASEAN', we highlight on ASEAN's trade openness in comparison to the other trade blocks like US and Europe. India has to take advantage of this aspect of ASEAN and involve more in trade with the group of 10 member countries.

In this newsletter we also brief on the latest RCEP negotiation of Trade Ministers held at Cebu, Philippines. This time our negotiators have managed to pursue the matter of inserting the words 'single undertaking' in the trade agreement declaration and ensured it gets incorporated.

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

Territorial
NEWSLETTER – ASEAN

EEPCINDIA
ENGINEERING THE FUTURE
www.eepcindia.org



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.

ASEAN more open market than EU, US

ASEAN is a more open market for international trade than either the European Union or the United States, according to a World Economic Forum (WEF) report released recently.

The WEF hailed the "increased integration into the global economy" of the 10 members of the Association of Southeast Asian nations - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore Thailand and Vietnam.

According to the WEF's key findings of the 2016 Global Enabling Trade Report "ASEAN's progress as an economic power comes at a time when the United States and European Union are becoming less open". This report comes out every two years and it measures the overall capacity of 136 economies to enable the flow of goods across borders. China is the only country in a list of the 10 most populous to rank in the top half of the WEF list.

Recently US President-elect Donald Trump campaigned on a pledge to withdraw from the international trade agreements and possibly levy trade tariffs. European states also buffeted by populists, have been under pressure to ditch a trade deal with Canada and a proposed agreement with the United States.

Klaus Schwab the WEF founder and executive warned that to save off protectionist impulses, the benefits of free trade must be shared more broadly. He said that the, "free trade remains the most powerful driver of global economic development and social progress". The challenge for leaders today is to confront protectionism but they also have a duty to make trade a source for inclusive growth, said Klaus Schwab.

The WEF warned that "large swathes of the global population" were being left out of international trade and global value chains, many in the most populous countries of Asia and Africa.

'Single Undertaking' for goods and services

India has managed to convince its partner countries negotiating the Regional Comprehensive Economic Partnership (RCEP) to insert the words 'single undertaking' for both goods and services in the joint statement of the second inter-sessional Trade Ministers meeting in Cebu, Philippines recently.

This will ensure that the pact on services is signed jointly with the one on goods and the country does not lose its negotiating plank for services.

Need for 'deviations'

India has also asserted the need for 'deviations' in goods that would enable it to give lower concessions to countries such as China, New Zealand and Australia with which it does not have free trade pacts. This time India has demanded the flexibility to protect more items against high tariff cuts in the case of certain countries, including China, and also longer implementation period.

A single undertaking, as promised in the latest joint statement of RCEP Trade Ministers, means that the final agreement would see pacts in all the three core areas of goods, services and investment being signed simultaneously. Earlier New Delhi had lost out on the chance to strike a good deal in services with the ASEAN in the free trade agreement signed between the two, as it had agreed to seal a pact in goods first. This resulted in no bargaining chip left for the country when it negotiated a deal in services.

Officially agreeing on a single undertaking by RCEP members is just half the battle won for the country. It has to not only ensure that most of the important sectors in all important modes of services--including Mode 4 which refers to free movement of professionals — get covered, but the concessions offered also have to be generous.

However the details of the concessions in goods and services are yet to be thrashed out. What India gives in goods will definitely be also tied to what it gets in services. In the joint statement, the Ministers asked all negotiators to follow through on the strategic guidance provided and be responsive of the need of members to exercise flexibility in addressing the sensitivities and interests of each participating country.

India's total engineering exports to ASEAN during October 2016 stood at 549.2 USD million which is 10.8% of the total global engineering exports of India during the same.

India's engineering exports to ASEAN in October 2016 increased by 14% compared to October 2015. Once again like the previous month, Singapore recorded huge negative growth in October 2016 over October 2015 among the ten countries.

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

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

Table1: Top Five ASEAN destinations for Indian Engineering Exports

Countries	Eng. Exports in October 2015 (USD Million)	Eng. Exports in October 2016 (USD Million)	Growth (%)
MALAYSIA	69.05	127.30	84.36
THAILAND	53.72	99.05	84.38
SINGAPORE	215.31	97.55	-54.69
INDONESIA	63.18	97.53	54.38
VIETNAM	65.89	61.80	-6.21

Source: DGCI&S, Government of India

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

Table2: Top Ten Engineering Panels exported to ASEAN

Panels	India's Exports in October 2015 (USD Million)	India's Exports in October 2016 (USD Million)	Growth (%)
Iron and Steel	29.3	80.3	173.8
Industrial Machinery	38.2	67.4	76.3
Aluminium and products	20.6	57.8	181.2
Electric Machinery and Equipments	33.8	39.0	15.4
Motor Vehicle/cars	47.9	37.3	-22.2
Auto Components/Part	35.2	36.4	3.4
Copper and products	9.2	36.1	290.5
Zinc and products made of Zinc	17.6	32.1	82.9
"Aircrafts Spacecrafts"	14.8	23.7	60.4

Panels	India's Exports in October 2015 (USD Million)	India's Exports in October 2016 (USD Million)	Growth (%)
Products of Iron	20.1	20.9	4.0

Source: DGCI&S, Government of India

News in Focus

➤ India, NZ agree to amend tax treaty, boost trade

India and New Zealand today decided to amend the bilateral tax treaty and expressed commitment to work towards a comprehensive free trade agreement with a view to boost economic ties.

The two sides also vowed to press for successful negotiations of the Regional Comprehensive Economic Partnership (RCEP), said the joint statement issued after the meeting of Prime Minister Narendra Modi with New Zealand counterpart John Key.

The two-way trade between the countries stood at USD 1.8 billion, showing an increase of 42 per cent in the past five years.

"The Prime Ministers expressed their wish for greater bilateral trade and investment," said the joint statement.

The two countries also agreed to amend "the bilateral Double Taxation Agreement to bring its tax cooperation provisions into line with international best-practice"..

More Information >> Source: http://www.business-standard.com/article/pti-stories/india-nz-agree-to-amend-tax-treaty-boost-trade-116102600810_1.html

➤ 'India will need freer trade'

Singapore Prime Minister Lee Hsien Loong on why he hopes that New Delhi will take a more liberal approach on freeing up trade and promoting regional integration

Currently in the country on a five-day trip, Singapore Prime Minister Lee Hsien Loong explains how India is invested in East and Southeast Asia. Excerpts from an interview

You are one of the first dignitaries to visit India after the >Uri attack as well as India's announcement that it had >crossed the Line of Control to attack terror camps in Pakistan-occupied Kashmir. Do you support India's decision to do so?

➤ **Trade deficit: China still elephant, but India must deal with Indonesia too**

India will discuss its huge merchandise trade deficit with China at the BRICS summit later this week, but it has also to address elevated trade deficit from an unexpected quarter. While China remains the elephant in the room, analysts say Indonesia has fast emerged as one of the most important countries with which India has a trade deficit, especially after the country’s free trade agreement (FTA) with Indonesia came into effect from October 1, 2010, under the broader Asean FTA framework (see chart), reports Banikinkar Pattanayak in New Delhi.

Blame the situation on India’s inability to tap the FTA to drive up its exports to the Southeast Asian nation, rather than its increased imports from that country.



India's goods trade deficit in 2015-16 (\$ bn)



Source: DGCIS

The share of Indonesia in India’s merchandise exports has dropped almost steadily from 2.28% in 2010-11 to a meagre 1.19% in 2015-16. On the contrary, its share in India’s imports has risen each year from 2.68% in 2010-11 to 3.44% in the last fiscal. Even when India’s overall trade deficit dropped 14% in 2015-16 from a year before, aided by a global commodity price slump, its trade imbalance with Indonesia fell just 6%. This, the analysts argue, reinforces fears that India gained little from its FTA with Asean, more so with Indonesia.

More Information >> Source: <http://www.financialexpress.com/economy/trade-deficit-china-still-elephant-but-india-must-deal-with-indonesia-too/414669/>

➤ **Key to lead mission to India; ASEAN FTA review announced**

Prime Minister John Key will lead a trade delegation to India next week, saying the pursuit of a free trade agreement with the protectionist giant is "the primary reason we're going" but playing down the likelihood of early progress.

In his statement on the Oct. 24 to 28 visit, Key made no mention of New Zealand's five-year ambition to sign an FTA with India, which is reluctant because of its highly protected agricultural, including dairy, sector and lack of appetite to compromise because New Zealand represents a small opportunity for Indian businesses.

Key said in his statement that in meetings with Prime Minister Narendra Modi and President Pranab Mukherjee that he would be exploring "how New Zealand can be part of India's growth".

Asked at his post-Cabinet press conference whether that meant New Zealand had abandoned the FTA push, he said: "No, that's the main reason we're going."

However, the objective was "a little bit less about whether there could be an FTA than about what the quality" of any deal, with the China-led Regional Comprehensive Economic Partnership (RCEP) an alternative route to closer trading ties.

The visit will be Key's first for five years, when the government committed considerable resources to making a trade push with India, making the country the subject of the Ministry of Foreign Affairs' first NZInc strategy and put up a challenge to grow merchandise exports to India to \$2 billion by last year, grow services trade by 20 percent a year, and attract and retain skilled migrants.

More Information >> Source: <http://www.scoop.co.nz/stories/BU1610/S00540/key-to-lead-mission-to-india-asean-fta-review-announced.htm>

➤ **RCEP: India, China struggle to agree on tariff cuts in goods**

Notwithstanding the rising clamour from certain quarters for a ban on Chinese goods, India is in talks with its neighbour to mutually decide the extent to which markets for goods can be opened up further, by eliminating import tariffs, as part of the ongoing negotiations for the Regional Comprehensive Economic Partnership (RCEP) pact.

Trade Ministers from the 16-member RCEP — which includes the 10-member ASEAN, India, China, Japan, South Korea, Australia and New Zealand — will meet in Cebu, Philippines, on November 3-4 to see if final commitments in the area of goods, services and investments can be reached.

However, progress is not possible till India and China strike a deal as New Delhi continues to be apprehensive about opening up its markets to Beijing, a government official said.

“Both countries had a number of meetings at the RCEP officials meeting in China last week and the BRICS meeting in Delhi the week before. Some basic understanding has been reached by the two but an agreement is not yet on the horizon,” the official added.

Trade deficit

India’s growing trade deficit with China, which crossed \$52 billion in 2014-15 and accounted for almost half of the country’s total trade deficit, is a matter of big concern for the country. It has led to several sections of India’s politicians, industry and the public calling for a ban on Chinese goods, which the government has said was impossible.

Commerce Minister Nirmala Sitharaman is likely to meet her Chinese counterpart for a bilateral meeting just before the RCEP Ministerial meeting.

More Information >> Source: <http://www.thehindubusinessline.com/economy/rcep-india-china-struggle-to-agree-on-tariff-cuts-in-goods/article9267955.ece>

➤ **RCEP trade ministers to meet on Nov 4 in Philippines**

The single-tier system of duty relaxation under the proposed Regional Comprehensive Economic Partnership (RCEP) will be the central issue to be discussed at the meeting of trade ministers of 16 countries, including India and China, in the Philippines on November 4.

Under this system, the RCEP member countries will deliberate on finalising the maximum number of goods on which duties will either be eliminated or reduced drastically.

“This will be a crucial meeting of the RCEP. Members have agreed to a single-tier system of tariff relaxation. So, the discussions would hover around this, besides issues related to services and investments,” an official said.

Prior to the meet, chief negotiators and senior officials of all the 16 countries will discuss the entire gamut of issues on November 3.

RCEP is a mega trade deal that 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 may take certain “deviations” for such countries.

More Information >> Source: <http://www.thehindubusinessline.com/economy/rcep-trade-ministers-to-meet-on-nov-4-in-philippines/article9280671.ece>

➤ India Changes Tack on RCEP Negotiations

Recently India abruptly changed tack by expressing its willingness to drop the three-tiered approach on tariff liberalisation under the proposed Regional Comprehensive Economic Partnership (RCEP) agreement. This was communicated to trading partners at the fourth RCEP Ministerial Meeting held in Laos on August 5. India has been one of the key proponents of the three-tiered approach on tariff reduction under RCEP.

What led India to change tack? The precise reasons behind this policy-shift are not yet publicly known but media reports suggest that India has made this offer conditional on getting higher levels of commitments on trade in services and investment from other member-countries of RCEP. Unlike a majority of RCEP nations, India has an offensive interest in seeking greater liberalisation of trade in the IT and IT-enabled services (ITES) due to its globally competitive IT sector which is the largest contributor to services export.

While India may adopt a more cautious approach towards banking, retail trade and legal services. India has been seeking easier visa regime for the movement of IT and other service professionals in the RCEP member-countries. However, most RCEP members are unwilling to extend any meaningful market access to Indian service firms. On investment issues too, there is a yawning gap between India and other member-countries.

More Information >> Source: <http://www.mainstreamweekly.net/article6783.html>

Tender information in ASEAN

Prior information Notices

Location	Title	Deadline
Philippines	Itb-purchase Of Various Airconditioner Units For Doj Offices	22-Dec-2016
Philippines	16cg0205-improvement Of Secondary Electrical Lines At Main Campus, Dhvtsu, Bacolor, Pampanga	22-Dec-2016
Singapore	Maintenance And Repair Of Vehicles, Machinery And Mechanical Parts Equipment At Marina Barrage	22-Dec-2016
Singapore	Replacement Of Smoke And Dust Analysers For Boiler At Tuas South Incineration Plant	22-Dec-2016
Malaysia	Supply High Voltage Multirange Phasing Stick.	29-Dec-2016
Malaysia	Supply, Erection And Commissioning Of Demak Indah 33kv Substation	28-Dec-2016
Myanmar	Cooperation In Production Of Pwc Wire, Transformer, Machine Tools, Turbine And Generator.	21-Dec-2016
Myanmar	Purchase Of Electrical Components For Yangon Region Electric Power Distribution Coporation.	15-Dec-2016
Vietnam	Purchase Of Cars Specialized Dinh Hoa District People% Committee Goithau Main.	16-Dec-2016
Vietnam	Provide Materials And Turbines	26-Dec-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

Contact: Priyanka Chakraborty

Email: pchakraborty@eepcindia.net

Phone no: 033-40120312