

Territorial NEWSLETTER ASEAN

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ENGINEERING THE FUTURE

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Chairman's Pen



In this volume of the Territorial Newsletter we present a brief note on the principally agreed India- Myanmar- Thailand (IMT) Highway, a grand project, which is, expected to be completed by 2018. With the initiation of mega trade arrangements globally, both India and ASEAN have increasingly become relatively more important for each other. The completion of the IMT Highway will lead to opening up of enormous trade opportunities via roads, which will increase our exports to ASEAN countries. Trade linkages between the two have to be intensified not only through tariff liberalization but also by enabling various trade facilitation measures. The strategic highway will prove to be an important facilitator of trade and investment for India with the ASEAN countries.

This newsletter also highlights trade performance of India with the ASEAN nations for the last fiscal 2015-2016. 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 dwell on the upcoming India-Myanmar-Thailand Trilateral Highway. Increased connectivity is the need of the hour for enhancing trade between India and ASEAN. There is a huge untapped potential of natural resources in north east India. Our government's endeavour is to use the IMT to integrate the ten countries of the bloc and boost our exports.

This newsletter 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 during the last month.

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

PK Shah

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ASEAN Basic Facts

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

Population: 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–Myanmar–Thailand Trilateral Highway

The India–Myanmar–Thailand (IMT) Trilateral Highway is an ambitious project of 1990 miles (3200 km) that will connect India with the ASEAN region, making use of India's Northeast proximity to Southeast Asia. The IMT highway is a strategic road that will connect Moreh town in Chandal district in Manipur to Mae Sot in Thailand via Myanmar's Tamu, Mandalay and Myawaddy.

It is a part of India's upgraded "Act East" policy, which seeks to strategically build India's link with the Southeast Asian region. The project comes off the heels of the Bangladesh, Bhutan, India and Nepal Motor Vehicle (BBIN MV) Agreement, signed in June 2015, and the proposed India–ASEAN trade center.

The Myawaddy-Thinggan Nyenaung-Kawkareik section of the highway (in Myanmar) became operational in August 2015. The first 26.5 km stretch will bring the travel time down to one hour from the previous journey time of 3 hours. There is also talk about introducing a bus service between India and Myanmar. If introduced, the service will ply between Imphal, Manipur, and Mandalay.

Under the Trilateral Highway project, about 48.4 miles (78 km) of new roads will be constructed, and the existing 248.5 miles (400 km) of roads will be upgraded along with the construction of all-weather approach lanes. In Phase 1, India will assume the responsibility of 48.4 miles (78 km) of missing links, upgrade 36 miles (58 km) of existing roads, and possibly improve a further 82 miles (132 km) of road. Thailand will upgrade a total of 119.3 miles (192 km) of road under this phase and will take up another 62 miles (100 km) under Phase 2. India's Border Roads Organization (BRO) has already upgraded the Tamu–Kalewa–Kalemyo road (TKK) in Myanmar, and the Indian government is responsible for its maintenance. The Trilateral Highway project will be completed by 2018.



Investment Opportunities in Northeast India

As part of the Eastern Himalayan region, northeast (NE) India is well known for its water resources, rich biodiversity and unique culture and ethnicity as compared to the rest of the country. The states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim make up this region. Geography ensures that the northeast is a 'gateway' to the ASEAN region. The historical linkages and trade relations of NE India confirm the longstanding relationship that the region shares with Southeast Asia. The completion of the India–Myanmar–Thailand Trilateral Highway will therefore expand trade and commerce opportunities, as increased connectivity is the key to deeper integration with the ASEAN states.

The NE region has huge untapped investment opportunities. According to the 11th Five Year Plan of India (2007-2012), the GDP of the NE region went up by 9.95 percent as compared to the country's total GDP, which was eight percent. The proximity of the NE region to Southeast Asia and China makes it a strategic area for India, particularly for private investment. This was highlighted by the North Eastern Vision 2020 policy document, released in 2008 by the Ministry for Development of North Eastern Region.

There are a number of conditions in the NE region that make it an attractive destination for investment, including hydropower, young labour force and natural resources.

Connectivity is of key importance to the development of this region. The completion of the Trilateral Highway will be a major infrastructural project towards development and economic growth in the

region. Stronger institutions and coordination for better regional cooperation will be necessary requisites for this to materialize.

IMT Trilateral Highway: An Investment Opportunity in the Making

The North Eastern Vision 2020 policy highlighted that the proximity of the Northeast region to Southeast Asia and China makes it a strategic area for India, particularly for private investment. Governments of both sides are laying emphasis on the 'soft infrastructure' including customs and tariffs which are required to make the India-ASEAN Trilateral Highway a "live highway and economically sustainable ". The highway would need a lot of economic activities to sustain it and to make itself a busy one, which will keep our trade increasing with Myanmar, Laos and Cambodia.

The government has attached priority to this key highway and all parties involved have been working towards an early operationalisation of this highway. In the 8th edition of Delhi Dialogue held in February 2016, the theme of which was "ASEAN-India Relations: A New Paradigm". During the dialogue, both the parties discussed on the probable ways of utilisation of \$1 billion announced by Prime Minister Narendra Modi to boost physical and digital connectivity between both sides during the India-ASEAN summit in Kuala Lumpur in November last year.

Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim make the northeast a 'gateway' to the ASEAN region. The highway is considered to be an important land route that connects India with Southeast Asia and beyond. The 3,200 km-long road begins at the India-Myanmar border town of Moreh (in Manipur) and passes through several Myanmar towns including, Tamu, Kalewa, Yargyi, Monya, Mandalay, Meiktila, Myawaddy and finally reaches Mae Sot in Thailand. The four-lane highway is part of the proposed ASEAN East-West Corridor. According to officials, there is also a plan to link this road with the Trans Asian Highway-1 that runs from Japan (via ferry) to Turkey, where it connects the European highway after traversing through the Asian continent.

Trade Trend Analysis

India's total engineering exports to ASEAN for the last fiscal April 2015- March 2016 stood at 6325.8 USD million which is 10.8% of the total global engineering exports of India for the period.

India's engineering exports to ASEAN in March 2016 dropped by almost 15% compared to March 2015, which is less than the fall in the previous month.

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

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 March2015 (USD Million)	Eng. Exports in March 2016 (USD Million)	Growth (%)
INDONESIA	73.00	128.45	75.97
SINGAPORE	101.63	103.91	2.24
THAILAND	64.94	73.04	12.46
PHILIPPINES	32.33	60.63	87.54
VIETNAM	45.73	58.52	27.97

Source: DGCI&S, Government of India

Top 10 engineering panels exported to ASEAN in March2016 include

Table2: Top Ten Engineering Panels exported to ASEAN

Panels	India's Exports in March2015 (USD Million)	India's Exports in March2016 (USD Million)	Growth (%)
"Ships Boats and Floating Structures"	98.28	93.80	-4.56
Industrial Machinery	47.84	59.50	24.36
Auto Components/Part	31.33	38.67	23.44
Electric Machinery and Equipments	32.06	37.06	15.61
Aluminium and products	22.10	29.09	31.64
Iron and Steel	53.50	25.47	-52.39
"Nuclear Reactors & Boilers"	13.44	22.47	67.26
Motor Vehicle/cars	25.93	22.34	-13.84
Products of Iron	24.75	20.66	-16.53
"Aircrafts Spacecrafts"	13.96	17.69	26.71

Source: DGCI&S, Government of India

News in Focus

➤ India pips China as top FDI destination in 2015: Report

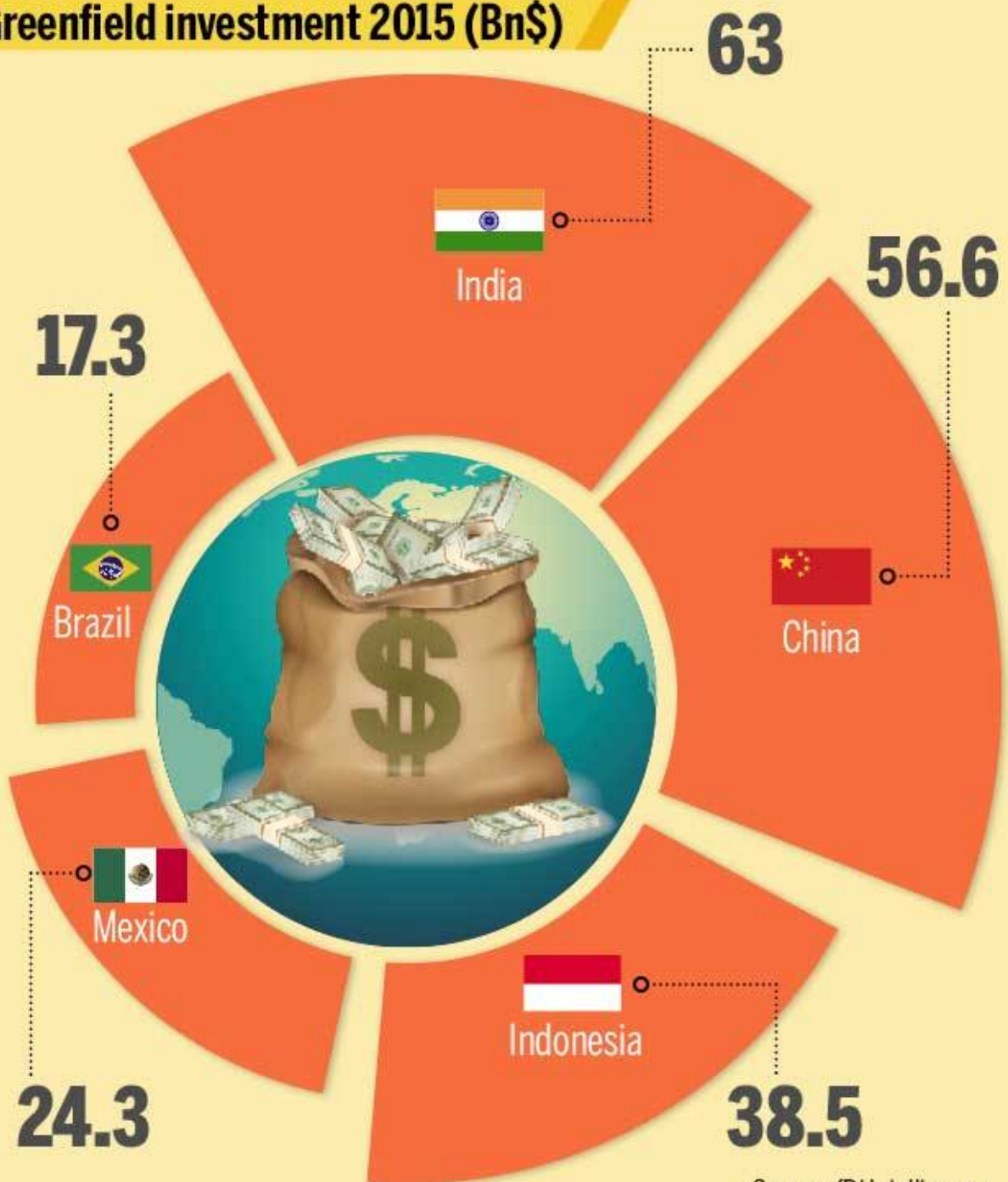
NEW DELHI: India has replaced China as a top destination for foreign direct investment by attracting \$63 billion worth FDI projects announced in 2015, says a report.

Also, there was an 8% increase in project numbers to 697, according to fDi Intelligence, a division of The Financial Times.

Major companies such as Foxconn and SunEdison have agreed to invest in projects valued at \$5 billion and \$4 billion, respectively, in India in 2015, it said.

MOST ATTRACTIVE FDI DESTINATIONS

Greenfield investment 2015 (Bn\$)



Source: fDi Intelligence

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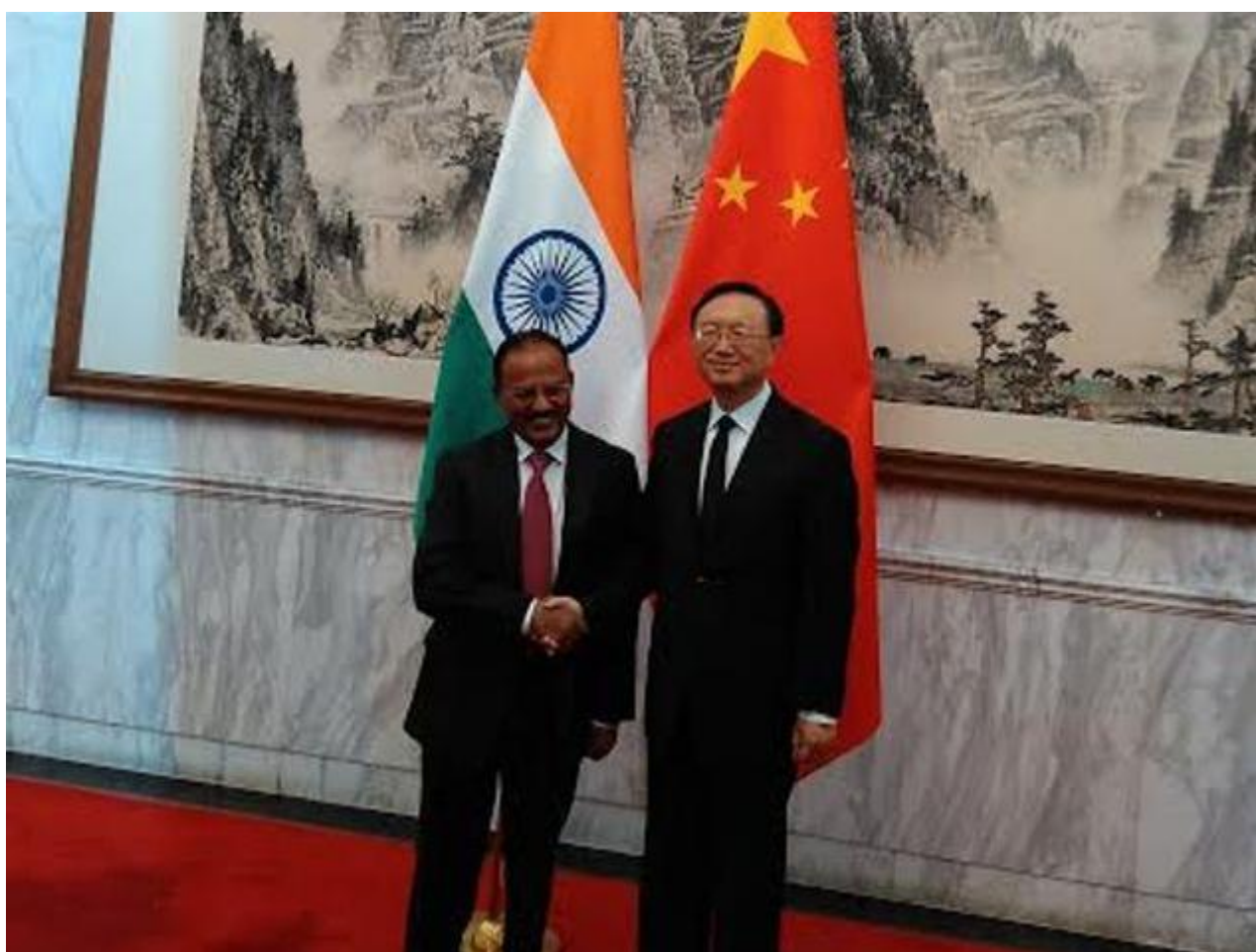


More Information >> Source: <http://timesofindia.indiatimes.com/business/india-business/India-pips-China-as-top-FDI-destination-in-2015-Report/articleshow/51934899.cms>

➤ **Special significance for ties with India: China**

Going beyond a conversation on the borders, Special Representatives of India and China on the boundary question on Wednesday sought to align perceptions on a string of topics that ranged from rebalancing trade, situation in Afghanistan to New Delhi security concerns regarding the China-Pakistan Economic Corridor (CPEC).

Highly-placed sources clarified that while “terrorism” was on the agenda of talks, Ajit Doval, India’s Special Representative to the 19th round of boundary talks, was not expected to focus specifically on listing Jaish-e-Mohammad (JeM) chief, Masood Azhar in the U.N. terror list, during the omnibus dialogue with his counterpart, China’s State Councilor Yang Jiechi. “Azhar is not part of his brief,” the sources said.



National Security Adviser Ajit Doval (left) and China's State Councilor Yang Jiechi meet ahead of the 19th round of the India-China boundary talks in Beijing.

More Information >> Source: <http://www.thehindu.com/news/with-modis-visit-as-touchstone-india-china-take-stock-of-ties/article8499814.ece>

➤ **Economic reforms will make India a global manufacturer: Singapore Minister Goh Chok Tong**

SINGAPORE: If India wants to tap its immense potential and be a "global manufacturer" it should enact strong economic reforms and adopt a strategic approach with the rest of the world through global and regional trade agreements, a senior Singapore minister said today.

"To have a shining future, India must proceed steadily down the path of economic reform, development and modernisation. It must, in particular, pay greater attention to the development and skill training of its human resources, Singapore Emeritus Senior Minister Goh Chok Tong said at the launch of a new book, "India Rising - Fresh Hope New Fear" here.

More Information >> Source: <http://economictimes.indiatimes.com/news/economy/policy/economic-reforms-will-make-india-a-global-manufacturer-singapore-minister-goh-chok-tong/articleshow/51926999.cms>

➤ **No smooth ride: many bumps on India-Myanmar-Thailand road plan**

After the initial rush, the India-Myanmar-Thailand (IMT) road project has hit a slow track. According to sources, among the issues slowing implementation are a relatively cold Thailand and infrastructure inadequacies in Myanmar.

Mid-2015, India had proposed seamless movement of cargo, scheduled (bus) and non-scheduled (private) passenger vehicles between Moreh in Manipur and Mae Sot in Thailand. This was similar to the Bhutan-Bangladesh-India-Nepal (BBIN) motor-vehicles pact (MVA) inked outside SAARC in June 2015.

However, unlike BBIN, the three IMT countries are yet to complete the agreement scheduled to be signed in March. No consensus emerged during negotiations among India, Myanmar and Thailand alternately at Bangkok and Delhi last year.

While Myanmar wanted time till it completed its first general election in 50 years and a democratically elected government took charge, sources involved in the process say Thailand's response was tepid, as its truckers lobby is not keen on the road link.

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

➤ **Can India Reproduce the 'East Asian Miracle'?**

A bright spot in a slowing global economy, India is poised to become the "next China" in terms of driving growth. And Prime Minister Narendra Modi, who assumed office in May 2014, is planning to do so by replicating the East Asian model of development based on infrastructure and strong manufacturing. With India facing the urgent tasks of creating jobs and improving its creaking infrastructure, the East Asian model seems to hold great promise for the country.

India's aspiration to become a global economic powerhouse through the East Asian model is admirable, but the current Indian government seems to be facing the difficulty of translating ideas into action. Modi's mojo is losing steam against the backdrop of delayed economic reform, tepid investment growth, slow industry output growth, depressed rural demand, and a 16-month streak of

falling exports. India's claim to the world's fastest economic growth even remains controversial as many express doubts about the new methods of GDP calculation.

More Information >> Source: <http://thediplomat.com/2016/04/can-india-reproduce-the-east-asian-miracle/>

➤ **Trading bloc to India: Cut tariffs or exit FTA talks**

India has been told to either agree to eliminate tariffs on most products quickly or leave the talks on the proposed Free Trade Agreement (FTA), being negotiated by the Regional Comprehensive Economic Partnership, the trading bloc comprising 16 Asia-Pacific countries.

Sources in two ministries told The Hindu that the other RCEP members have issued this ultimatum being irked by what they perceive as New Delhi's "obstructionist, defensive and half-hearted approach" that is "delaying" the conclusion of the talks. They said the apprehensions were voiced at the last round of negotiations in March in Brunei, adding that the 12th round of RCEP talks slated for April 23-29 at Perth in Australia could be a "turning point" in the negotiations with India.

More Information >> Source: <http://vietnamnews.vn/economy/294831/asean-finance-ministers-commit-to-cautious-fiscal-policies.html>

➤ **Next round of RCEP talks from April 24 in Australia: Nirmala Sitharaman**

NEW DELHI: The next round of negotiations for the proposed mega trade deal, Regional Comprehensive Economic Partnership (RCEP), would be held in Australia from Sunday, Commerce and Industry Minister Nirmala Sitharaman said today.

"We have made our offers for goods and services. The RCEP negotiations are happening in detail. India participating in the next round beginning April 24," she said in a tweet.

The Regional Comprehensive Economic Partnership (RCEP) is a mega trade deal which aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

More Information >> Source: <http://economictimes.indiatimes.com/news/economy/foreign-trade/next-round-of-rcep-talks-from-april-24-in-australia-nirmala-sitharaman/articleshow/51914561.cms>

➤ **The regional trade deal with China and India that's twice the size of TPP**

Lost in the hype around the Trans-Pacific Partnership trade treaty has been the fact that Australia has quietly been negotiating what could be a more important trade deal, potentially double the size, with a "rival" bloc, which includes India and China.

Beginning in Perth on Wednesday, is another round of negotiations on the Regional Comprehensive Economic Partnership, RCEP. This meeting follows a ministers meeting in Malaysia last year, which trade minister Andrew Robb attended, and could set the final timetable for wrapping up the deal. It is expected a deal could be inked as early as next January.

Initiated by ASEAN in response to the US-led Trans Pacific Partnership, it is, in part, designed to leverage more value out of the existing five ASEAN free trade agreements with other RCEP countries and the plethora of bilateral FTAs negotiated over the past 15 years among the RCEP countries

themselves. But RCEP has the potential to be much more than simply another mega-regional free trade agreement.

More Information >> Source: <http://www.afr.com/opinion/the-regional-trade-deal-with-china-and-india-thats-twice-the-size-of-tpp-20160426-goeyzi>

➤ **Regional Comprehensive Economic Partnership: Trade pact battle likely to continue**

The 12th round of negotiation for a Regional Comprehensive Economic Partnership (RCEP), started from this Friday at Perth, Australia, is expected to pit India further against developed countries like Australia, Japan and South Korea.

RCEP is a proposed free trade agreement (FTA) between the 10-member Association of South East Asian Nations (Asean) bloc and the six states with which they have existing FTAs - Australia, China, India, Japan, South Korea and New Zealand. Negotiations formally began in November 2012 at the Asean summit in Cambodia.

The said differences are over reduction in tariff rates on goods and market access in agriculture and services. India has gradually professed to more liberalisation in these segments but the developed countries feel our tariff rates are too high, a source in the commerce ministry said. The Indian delegation to the negotiations is led by minister of commerce and industry Nirmala Sitharaman.

More Information >> Source: http://www.business-standard.com/article/economy-policy/trade-pact-battle-likely-to-continue-116042500010_1.html

➤ **The regional trade deal with China and India that's twice the size of TPP**

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More Information >> Source: <http://www.afr.com/opinion/the-regional-trade-deal-with-china-and-india-thats-twice-the-size-of-tpp-20160426-goeyzi>

➤ **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.

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

➤ **RCEP Members Issue Ultimatum To India**

The Regional Comprehensive Economic Partnership (RCEP), a trading bloc comprising 16 Asia-Pacific countries, has issued an ultimatum to India, saying that New Delhi should cut tariffs on most products as soon as possible or leave the talks on the proposed Free Trade Agreement (FTA).

In a statement, RCEP recently said that India annoyed five of its member countries – China, Japan, Australia, South Korea and New Zealand – with its “obstructionist, defensive and half-hearted approach” to the FTA talks. They also blamed India for unnecessary “delaying” the conclusion of the talks.

The RCEP issued the statement ahead of the bloc’s 12th round of talks (April 23-29) taking place in the western Australian city of Perth. RCEP, which voiced apprehensions at the last round of negotiations in February in Brunei, made clear that the ongoing Perth round of talks could be a “turning point” in the FTA negotiations with India.

Earlier this week, a senior South Korean official said that India’s protectionist stance was disturbing, as the Narendra Modi government in New Delhi started concentrating “only on the export of manpower”. He advised the Modi administration to liberalise trade in goods and other services, and to boost investment.

More Information >> Source: <http://inserbia.info/today/2016/04/rcep-members-issue-ultimatum-to-india/>

Upcoming Events in ASEAN

Date of the Event	Name of the Event	City/Country	Scheme
25-28 May 2016	MetalTech	Kuala Lumpur, Malaysia	MDA
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
Malaysia	Purchase of Mat-Oh-Tmse-0416 Procure Gf2 Steam Turbine Thrust Wear Nozzle.	24-May-2016
Singapore	C130 aircraft spares	19-May-2016
Philippines	Procurement of 1 unit air condition cabinet type	17-May-2016
Thailand	Purchase Price of the Aircraft Engine Mechanic	16-May-2016
Philippines	Mg-A5c16-010 Excitation Transformer 600Kva	24-May-2016
Malaysia	Supply and Deliver: Auto Parts Ford To Central Store Department of Mechanical and Electrical To Duration Two (2) Years.	19-May-2016
Cambodia	Supply of Equipment Or Sunscreen 10 Electricity Transmission Department.	17-May-2016
Singapore	Residential heat pump water heater project	26-Jul-2016
Malaysia	Supply of Klr360 - Diffuser and Motorised Ball Valve - Swm H&S.	18-May-2016
Thailand	Procurement to Improve the Gas Turbine.	30-Jun-2016

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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