

# Territorial NEWSLETTER ASEAN

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



In this issue of the Territorial Newsletter we give a brief report on the INDEE Cambodia held in February 2016 at the capital city Phnom Penh. The exhibition proved to be successful in providing a platform to the Indian exporters in highlighting their technological feats to the overseas buyers. India has a lot of scope to widen its product base in not only Cambodia and the CLMV countries but also in the other ASEAN countries both through investment as well as trade. The ASEAN region has a huge potential which is yet to be fully explored by the Indian exporters.

This newsletter carries excerpts from an interview with the chairman of the ASEAN territorial committee, Shri P.K. Shah. The interview focused on areas which are of concern to Indian exporters while exporting to the ASEAN countries.

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 provide the lists of upcoming exhibitions which are going to be held in the various ASEAN countries under different schemes of the GOI, during 2016 where EEPIC India members can participate and explore the foreign markets. Participating in these kinds of international exhibitions helps to deepen the ties between India and the ASEAN countries and leads to stronger trade and investment relations which are mutually beneficial for both the countries.

This newsletter will give the readers a brief scenario of trade performance of India with the ASEAN nations in February 2016. It 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 indicated period.

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

**PK Shah**

#### ASEAN Basic Facts

**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.

#### Mega Trade Agreements

#### Excerpts from the Conversation with Shri P.K. Shah, Chairman, ASEAN Territorial Committee

In an interview with team EEPIC, Shri, P.K. Shah, Chairman of the ASEAN territorial committee elaborated many aspects of India ASEAN trading arrangement.

Signed in August 13, 2009 and effective from January 01, 2010, India's engineering exports have increased from US \$6480.3 million in 2010-11 to US \$8034.7 million in 2014-15. Likewise India's engineering imports from ASEAN have also increased from US \$4865.7 million in 2010-11 to US \$7047 million in 2014-15. From the trade data, it is evident that India ASEAN FTA facilitated import more than exports. Regarding the performance of India's engineering exports to ASEAN countries after the inception of FTA, Mr. Shah highlighted the low penetration of Indian engineering products in ASEAN markets. According to him non inclusion of many tariff lines which are of India's export interest are mostly responsible for this low penetration.

Mr. P.K. Shah appreciated India's FTA endeavour and suggested the Government to include stakeholders in the negotiation process. According to him, mismatch of tariff lines in the FTA schedule is a major concern. The territorial chairman stressed the importance of streamlining such issues.

When asked about problems faced by exporters in getting Certificate of Origin (CoO) from the Export Inspection Agency/Council (EIA/EIC), Mr. Shah mentioned the problem of obtaining the CoO on time which unnecessarily causes the delay of consignments, which leads to the rise in transaction costs, adversely affecting the competitiveness of the Indian exporters. He recommended decentralization of EIA/EIC by involving the third party agencies. This will lead to speeding up the process of obtaining the CoO.

At present, India ASEAN Trade in Goods Agreement (TIG), Product Specific Rules (PSRs) exists for 529 items (91 PSRs for Non-Textile items and 438 for Textile and Clothing items) with 35% value addition

criteria. It is observed in international trade particularly in Asia, the countries are engaging themselves in multiple trading arrangements. As a result the businesses are facing difficulty in identifying which preferential route to follow because of overlapping multiple tariff structure and complex Rules of Origin. This paradoxical effect is called the 'noodle bowl effect'. Recently in the India ASEAN FTA review the ASEAN countries have asked for PSRs. In this context Mr. Shah recommended to follow the PSRs adopted under the RCEP framework. In his opinion, India should avoid the adoption of different PSRs in order to simplify the trading procedure.

Mr. Shah highlighted Myanmar as a promising and positive market because of the L.O.C with India. He also stated that the main competitors for India in ASEAN market are China, South Korea and Japan. All these three are major competitors to India and are in advantageous position as they have FTA with ASEAN. China is ASEAN's largest import partner, supplying more than 18% of ASEAN's total imports. Likewise Japan is ASEAN's second largest source of import in 2014 with 8 % share of ASEAN's total import. The Republic of Korea is ASEAN's fifth largest import partner. Contrary to this, India just accounts for around 2% of total ASEAN's imports as in 2014.

With this the interview was concluded and the EEPC India thanked Shri P.K.Shah for giving his precious time.

## Trade Trend Analysis

India's total engineering exports to ASEAN for April 2015- January 2016 was 5447.03 USD million constituting a share of 11.1 % approx the global engineering exports of India during the same period.

India's engineering exports to ASEAN in January 2016 decreased significantly by more than 65% compared to January 2015.

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

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

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

Countries	Eng. Exports in January 2015 (USD Million)	Eng. Exports in January 2016 (USD Million)	Growth (%)
SINGAPORE	168.32	130.01	-22.76
MALAYSIA	830.88	78.22	-90.59
THAILAND	83.09	67.88	-18.31
INDONESIA	72.93	65.36	-10.39

Countries	Eng. Exports in January 2015 (USD Million)	Eng. Exports in January 2016 (USD Million)	Growth (%)
PHILIPPINES	34.53	48.14	39.43

Source: DGCI&S, Government of India

Top 10 engineering panels exported to ASEAN in January 2016 include

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

Panels	India's Exports in January 2015 (USD Million)	India's Exports in January 2016 (USD Million)	Growth (%)
Industrial Machinery	52.97	44.97	-15.1
Auto Components/Part	37.72	40.47	7.3
Iron and Steel	57.54	35.79	-37.8
Electric Machinery & Equipments	26.98	35.74	32.5
Nickel and products	92.91	29.39	-68.4
Copper and products	111.20	25.68	-76.9
Products of Iron	34.77	21.25	-38.9
"Aircrafts Spacecrafts"	18.23	20.89	14.6
Aluminium and products	8.76	20.18	130.4
Zinc and products	12.63	19.49	54.3

Source: DGCI&S, Government of India

### INDEE Cambodia, 18 – 20 February 2016 Brief report

INDEE Cambodia, which took place in Diamond Island Convention & Exhibition Centre, Phnom Penh, was inaugurated on 18th February 2016 by HE Chhuon Dara, Secretary of State, Ministry of Commerce, Kingdom of Cambodia and HE Naveen Srivastava, Ambassador of India to Cambodia. Other dignitaries joining the lamp lighting and ribbon cutting were:

- HE Te Taing Por, President, FASMEC
- Mr R P Sehgal, Senior Vice Chairman, EEPC India
- Mr Sandeep Majumder, Vice President, Indian Chamber of Commerce, Cambodia
- Mr Mahesh Desai, Regional Chairman – South, EEPC India
- HE Meng Tech, Director General of Cambodia Chamber of Commerce

- Mr Bhaskar Sarkar, Executive Director & Secretary.

The India Evening was held in Intercontinental Hotel, Phnom Penh on the 18th February 2016, and was graced by Mr Tarvinder Singh Bhasin, Chairman, EEPC India.

To enhance bilateral cooperation between India and Cambodia, two MoUs were signed:

- Cambodia Chamber of Commerce
- Indian Chamber of Commerce in Cambodia

INDEE Cambodia received wide coverage in the media. More than 1000 visitors visited the exhibition.

Feedback forms were collected from 56 participants. The key positive findings are given below:

- 378 contacts generated, ie 6.75 per company. The maximum number of contacts has been generated by VNS Switchgear
- M/s Meera & Ceiko Pumps have received a spot order worth \$6000
- 83 enquiries worth \$2,50,000 have been generated by five companies
- Nearly 70% of the respondents found the arrangements made by EEPC India to be excellent and good. Around 20% found them to be average. The rest thought it was poor.
- 50% of the respondents liked the planning and design of the exhibition. 27% thought it was average, and rest thought it was poor.
- 55% of the respondents thought that the liaisoning made by EEPC India with the Indian mission, and also with the local government, excellent to good.
- More than 80% of the respondents said that they were ready to participate in similar exhibitions organised by EEPC India.
- Around 50% found the quality of business visitors to be average to excellent. Business visitors were of poor quality in the opinion of the rest of the respondents.
- Many exporters expressed their thanks to EEPC India for organising the biggest-ever Indian engineering exhibition in Cambodia, and felt that the exhibition has given them a good exposure to the realities of the Cambodian market.

The key negative findings are given below:

- 43% of the respondents expressed satisfaction over business done by them. The rest said they were not satisfied.
- 49% of the respondents thought that the publicity done for the exhibition was average to good. The rest thought it was not upto the mark.
- Only around 15% of the respondents thought that the B2B arrangements were good.

The suggestions outlined after the event are as follows:

- Preparations for an INDEE have to begin six months in advance.
- Cambodia was probably the first-ever LDC where an INDEE has been organised. An LDC is typically marked by very low level of industrialisation. Hence, it would be worthwhile to arrange for investment summit in association with the local investment promotion agency on the sidelines of the INDEE for such markets.

- It has been experienced that high freight component and time of delivery were rendering Indian exports to Cambodia less competitive. It is therefore suggested that the possibility should be explored of having warehouses/showrooms catering to the economic region where INDEE is being held.
- We should collect HS Codes from the members at the time of accepting applications. This will help us not only in arranging for focused B2B meetings, but also for ascertaining the import duty structure for his products at the market. We can advise the participants beforehand about the duty structure, so as to prepare them well for the market.
- Chairman and Senior Vice Chairman opined that decisions for PR Campaign for the large events like INDEE should be discussed on a wide scale, involving all concerned, preferably over video conferences.

## News in Focus

### ➤ ASEAN goods influx: new safeguard window to protect domestic industry

The Finance Ministry has put in place a new legal framework for investigating and recommending safeguard measures on goods imported from ASEAN countries.

**More Information >> Source:** <http://www.thehindubusinessline.com/economy/asean-goods-influx-new-safeguard-window-to-protect-domestic-industry/article8324357.ece>

### ➤ RCEP talks to stretch longer on differences over services

The negotiations for the Regional Comprehensive Economic Partnership (RCEP) involving 16 countries could slow down in the coming months due to a lack of consensus over services.

**More Information >> Source:** <http://www.financialexpress.com/article/economy/rcep-talks-to-stretch-longer-on-differences-over-services/219805/>

### ➤ Why RCEP Is Vital for India

Mega regional trade deals are in vogue in an otherwise fragile global economy. In an environment of falling aggregate demand, these trade deals are seen as a means to insulate economies from market uncertainties.

**More Information >> Source:** <http://thediplomat.com/2015/03/why-rcep-is-vital-for-india/>

### ➤ India to expedite RCEP agreement: Govt

The government has called for expediting the conclusion of the Regional Comprehensive Economic Partnership (RCEP) agreement in the country's interest, particularly after the signing of the Trans-Pacific Partnership (TPP) agreement.

**More Information >> Source:** <http://www.financialexpress.com/article/economy/india-to-expedite-rcep-agreement-govt/213009/>

➤ **RCEP: Tough-talking Delhi says free services if you want deals on goods**

Hardening its stand on the services issue, India has decided to inform member countries of the Regional Comprehensive Economic Partnership that it is not interested in negotiating any further on goods till there is progress in the area of liberalising movement of professionals.

**More Information >> Source:** <http://www.thehindubusinessline.com/economy/rcep-toughtalking-delhi-says-free-services-if-you-want-deals-on-goods/article8215005.ece>

➤ **RCEP talks: Asean resists, Australia supports India's stand on services**

India's strong negotiating stance on services, especially for liberalising movement of workers, at the regional comprehensive economic partnership (RCEP) being worked out between 16 nations, is being resisted by the 10-member Asean but backed by Australia, which is trying to act as a mediator between the two.

**More Information >> Source:** <http://www.thehindubusinessline.com/economy/rcep-talks-asean-resists-australia-supports-indias-stand-on-services/article8268221.ece>

➤ **Exporters urged to focus on S-E Asia**

With exports to the West coming down, Sanjay Chadha, Joint Secretary, Ministry of Commerce and Industry, urged exporters to concentrate on the South-East Asian nations.

**More Information >> Source:** <http://www.thehindubusinessline.com/news/exporters-urged-tofocus-on-se-asia/article8124410.ece>

➤ **RCEP: India to propose mechanism to resolve non-tariff measures**

India is set to propose a non-legal and non-adversarial mechanism to resolve trade-impeding non-tariff measures (NTMs) among the 16 Regional Comprehensive Economic Partnership (RCEP) countries.

**More Information >> Source:** <http://www.financialexpress.com/article/economy/rcep-india-to-propose-mechanism-to-resolve-non-tariff-measures/188848/>

## Upcoming Events in ASEAN

Date of the Event	Name of the Event	City/Country	Scheme
30 March-2 April 2016	India Pavilion at Vietnam Saigon Textile & Garment Industry Expo 2016 (SAIGONTEX)	Ho Chi Minh City, Vietnam	MAI
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
<b>Brunei Darussalam</b>	Supply and Install Generator Set Standby Equipment, Pipeworks, Tanks and All Necessary Accessories.	15-Mar-2016
<b>Cambodia</b>	Supply and Delivery of Taps, Bronze Pipes and Cast Bronze Fittings.	23-Mar-2016
<b>Malaysia</b>	Installation of Communication Pipes for Pulau Bruit Water Supply.	21-Mar-2016
<b>Malaysia</b>	Supply, Delivery, Installation, Testing, Training and Commissioning Tools For Upgrading Program Equipment Engineering Technology.	04-Apr-2016
<b>Myanmar</b>	Developing a Strategic Environmental Assessment (SEA) of the Hydropower Sector in Myanmar.	28-Mar-2016
<b>Philippines</b>	Construction materials and supplies.	28-Mar-2016
<b>Philippines</b>	Various Heavy Equipment.	23-Mar-2016
<b>Thailand</b>	Supply of Machine Parts for Diesel Locomotive	18-Mar-2016
<b>Vietnam</b>	Provision of Casing tools	24-Mar-2016
<b>Vietnam</b>	Getting Power Cables, Copper-Coated and Bare Copper	18-Mar-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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