

Territorial NEWSLETTER ASEAN

EEPCINDIA

ENGINEERING THE FUTURE

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Chairman's Pen



In this volume of the Territorial Newsletter we present a brief on the progress achieved so far of the Mega trade agreement - RCEP, which completed its 11th round of negotiations in February 2016 at Brunei Darussalam.

This newsletter gives the readers a snapshot of trade performance of India with the ASEAN nations for the eleventh month of the fiscal 2015-2016. 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.

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 also highlight the upcoming 12th round of RCEP negotiation to be held in April, at Perth, Australia. The issue which needs to be addressed on behalf of EEPC India in the upcoming RCEP negotiations is discussed briefly in this newsletter.

This newsletter also briefs on the importance of RCEP for India. The RCEP agreement which is expected to be an ambitious agreement would be the world's largest trading bloc covering a broad spectrum of issues.

We are 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: 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.

Brief Report on the Eleventh Round of Negotiations – 15-19 February 2016, Bander Seri Begawan,

During February 14-19, the 11th round of negotiations of the RCEP was held in Bandar Seri Begawan, Brunei. Representatives from China, Japan, South Korea, Australia, New Zealand, India, the ASEAN ten countries and the ASEAN Secretariat attended this round of negotiations. This round of negotiation consisted of four group sessions: the first conference and trade in goods, service trade, investment, and rules for the country of origin. The conference focused on promoting the market access negotiation and the textual discussion, involving these 3 core areas: goods, service and investment. A wide range of deliberations on issues such as duty cuts in goods were discussed in the five day meeting. The negotiations were guided by the leaders' instruction to strive to conclude the negotiations in 2016. It has preliminarily defined the negotiation plan of 2016.

The negotiations set a positive tone for the rest of the year, setting a schedule for negotiations in 2016, in line with Leaders' Joint Statement from 22 November 2015.

On services, all RCEP participating countries have now submitted initial offers. Officials working on rules of origin discussed product specific rules and draft text.

Those working groups (Competition, Economic and Technical Cooperation, Legal and Institutional Issues and E-Commerce) and sub-working groups (Financial Services and Telecommunications) that did not meet in Brunei will meet inter-sessionally in the lead-up to the 12th round of RCEP negotiations in Perth, Australia (22-29 April 2016).

RCEP- Vital for India

As an emerging country and economic growth engine, India holds a significant position for RCEP. For India, the TPP, recently signed between the US and eleven other countries, has excessive trade liberalization measures, along with stiff economic constraints and a high-entry threshold. But the RCEP is more flexible and India has good reasons to favour RCEP participation.

From India's point of view, the RCEP presents a decisive platform which could influence its strategic and economic status in the Asia-Pacific region and bring to fruition its "Act East Policy." Formalization of RCEP would advance the 'moving eastward' policy of the Govt. of India.

Together, the RCEP group of countries accounts for a third of the world's gross domestic product, and 27.4 per cent and 23.0 per cent of the world's goods and services trade, respectively.

It is interesting to note that, compared with the TPP and TTIP groups of countries, India's trade share with the RCEP group of countries as a percentage of its total trade has increased over the past decade and half, underlining the importance of its trade with key countries in this group.

Since India offers advantages in the fields of information and communication technology, medical treatment, education and more, RCEP could bring greater trade preferences and increase global market share.

India being a member of RCEP can promote its strategic and economic position in the Asia -Pacific region, which is one of the most vibrant areas in bilateral and multilateral free trade agreement negotiations.

India's stand in RCEP-EEPC India's view point

The main concern for India in the RCEP negotiations is China – the country with which India runs a constant trade deficit. India has suggested common rules of origin (RoO) for all the RCEP members. Following the path of TPP, India has also suggested dual product specific rules (PSRs) in RCEP. But it is not known whether like TPP, dual PSRs will be accepted or not in RCEP.

In case of tariff, India has the option to propose different schedules to different members. Like those with which India has free trade agreements like Japan, Korea and ASEAN. India has offered 65% tariff concessions to Japan and Korea, while 80% tariff concessions to ASEAN. In addition to this, 65% tariff concession to ASEAN will take effect immediately, and the rest 15% will be completed in the next 10 years. India offered a 42.5% bilateral tariff concession to Australia, New Zealand and China, with whom it has no free trade agreements.

China having no free trade arrangement with India, it was never possible and feasible for the latter to liberalize its tariff lines to former. However under the RCEP framework both the countries have agreed to remove their 42.5% of tariff lines. This offer to India is hardly much attractive keeping in mind China's huge trade surplus of around \$ 50 billion. But looking this act as a forward movement, it is anticipated that removal of duties would imply zero import duty over a specified period of time.

It is interesting to note that China is seeking for a higher tariff removals for its goods from some other countries in the RCEP group, on the basis of the hierarchy development. China argued that the economies like Japan and Korea are more advanced compared to China, so they should offer more tariff concessions to the later.

Following the argument of China, India also can seek for greater commitment from the former in goods in the 12th round of negotiations in Perth. EEPC India also suggests proposing comparatively conservative stand of India under the RCEP negotiations, considering the presence of China. This is because of the fact that Indian manufacturers are still in their nascent stage and so much of openness will create high pressure on the Indian manufacturers and do more harm than good.

Trade Trend Analysis

India's total engineering exports to ASEAN for April 2015- February 2016 stood at 5845.43 USD million which is more than 10% of the total global engineering exports of India.

India's engineering exports to ASEAN in February 2016 decreased by more than 30% compared to February 2015. However the fall in exports is less than that of the previous month.

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

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

Table1: Top Five ASEAN destinations for Indian Engineering Exports

| Countries | Eng. Exports in February 2015 (USD Million) | Eng. Exports in February 2016 (USD Million) | Growth (%) |
|-------------|---|---|------------|
| SINGAPORE | 204.57 | 108.52 | -46.95 |
| INDONESIA | 61.93 | 73.23 | 18.25 |
| MALAYSIA | 107.75 | 72.73 | -32.50 |
| THAILAND | 85.23 | 65.72 | -22.89 |
| PHILIPPINES | 36.21 | 41.41 | 14.36 |

Source: DGCI&S, Government of India

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

Table2: Top Ten Engineering Panels exported to ASEAN

| Panels | India's Exports in February 2015 (USD Million) | India's Exports in February 2016 (USD Million) | Growth (%) |
|-----------------------------------|--|--|------------|
| Electric Machinery and Equipments | 54.14 | 33.83 | 60.03 |
| Industrial Machinery | 39.66 | 45.44 | -12.72 |
| Auto Components/Part | 33.67 | 39.38 | -14.51 |
| Iron and Steel | 30.23 | 53.29 | -43.26 |
| "Cranes Lifts & Winches" | 26.61 | 3.09 | 761.86 |
| Aluminium and products | 24.20 | 5.40 | 348.26 |

| Panels | India's Exports in February 2015 (USD Million) | India's Exports in February 2016 (USD Million) | Growth (%) |
|-------------------------|--|--|------------|
| Products of Iron | 20.59 | 21.96 | -6.25 |
| "Aircrafts Spacecrafts" | 20.28 | 4.21 | 381.96 |
| Other Construction M | 18.32 | 10.45 | 75.25 |
| Copper and products | 15.48 | 32.92 | -52.99 |

Source: DGCI&S, Government of India

News in Focus

➤ Next round of RCEP negotiations in April in Australia

The next round of negotiations for the proposed mega trade deal, Regional Comprehensive Economic Partnership (RCEP), would take place in April in Australia.

More Information >> Source: http://articles.economicstimes.indiatimes.com/2016-03-20/news/71678574_1_rcep-negotiations-regional-comprehensive-economic-partnership-services-sector

➤ India, China exchange tariff cut offers under RCEP

Plans to liberalise trade between India and China, the world's two fastest-growing large economies, have gathered momentum with both sides exchanging offers on removal of a chunk of tariff lines on goods imports.

More Information >> Source: <http://www.financialexpress.com/article/economy/india-china-exchange-tariff-cut-offers-under-rcep/226110/>

➤ Malaysia to host maiden Asean Editors Summit conference

Malaysia has been given the honour to host the first Asean Editors Summit Conference for two days starting Tuesday.

More Information >> Source: <http://www.thestar.com.my/news/nation/2016/04/05/malaysia-to-host-maiden-asean-editors-summit-conference/>

➤ Salleh proposes Asean News Agency

The establishment of an Asean News Agency, comprising media organisations across the region, has been proposed to strengthen cooperation among newsrooms in the region.

More Information >> Source: <http://www.thestar.com.my/news/nation/2016/04/05/salleh-proposes-asean-news-agency/>

➤ ASEAN cautiously speeds steps toward financial integration

ASEAN finance officials have adopted a new timeline for integrating financial services across the regional bloc, aiming to tear down market barriers more quickly.

More Information >> Source: <http://asia.nikkei.com/Politics-Economy/International-Relations/ASEAN-cautiously-speeds-steps-toward-financial-integration>

➤ **ASEAN integration can keep region above US–China fray**

Many features of the US–Soviet cold war are present in contemporary US–China relations: ideological competition, struggles over the control of natural resources, and old-fashioned rivalry for leadership of the global community.

More Information >> Source: <http://www.eastasiaforum.org/2016/04/04/asean-integration-can-keep-region-above-us-china-fray/>

➤ **ASEAN finance ministers commit to cautious fiscal policies**

The ASEAN Finance Ministers have committed to adopting cautious monetary and fiscal policies to sustain economic growth and stabilise the macro-economy, in which, economic restructuring remains a priority in the region.

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

➤ **India, Australia getting closer to a deal on FTA: Sitharaman**

Negotiations on the free trade agreement (FTA) between India and Australia are progressing substantially and the two countries are probably “close to a deal”, Commerce & Industry Minister Nirmala Sitharaman said on Monday.

More Information >> Source: http://www.business-standard.com/article/economy-policy/india-australia-getting-closer-to-a-deal-on-fta-sitharaman-116040400944_1.html

➤ **Arvind Panagariya expects light manufacturing sector to move out of China to India**

Vice-chairman of the National Institution for Transforming India (NITI) Aayog Arvind Panagariya expressed hope that the so-called light manufacturing sector will relocate to India from China.

More Information >> Source: <http://www.livemint.com/Industry/xpvcYg691hELqaNfaYZrQL/Arvind-Panagariya-expects-light-manufacturing-sector-to-move.html>

➤ **With RCEP commitment, India marks big shift in trade policy**

India has outlined higher level of commitment to liberalize investment and services for the members of Regional Comprehensive Economic Partnership (RCEP), marking a significant shift in its trade policy that could also become a template for future bilateral treaties.

More Information >> Source: <http://www.livemint.com/Politics/XORBcfSHVdvKAUsdOVvDtJ/With-RCEP-commitment-India-marks-big-shift-in-trade-policy.html>

Tender information in ASEAN

Prior information Notices

| Location | Title | Deadline |
|-------------|--|-------------|
| Philippines | Construction materials and supplies. | 11-Apr-2016 |
| Malaysia | Supply one (1) Unit toyota Vehicles Camry 2.0g (A) and one (1) Unit of Vehicle toyota Hilux Double Cab 3.0 G Trd Sportivo. | 08-Apr-2016 |
| Philippines | Purchase of various vehicles (1-unit utility vehicle and 1-unit dumptruck) for general services office. | 22-Apr-2016 |
| Myanmar | Procurement of Agricultural Machinery- Rice and Multi-Crop Threshers. | 28-Apr-2016 |
| Thailand | Purchase of Special Equipment. | 30-Apr-2016 |
| Singapore | Supply and installation of solar light fittings at toa payoh, Serangoon and yishun stadiums. | 12-Apr-2016 |
| Singapore | Provision of aircraft - pneumatic tires. | 21-Apr-2016 |
| Philippines | Construction materials and supplies. | 25-Apr-2016 |
| Vietnam | Supply of Anchors and Chains. | 21-Apr-2016 |
| Malaysia | Construction & Completion Of Proposed 1500mm | 04-May-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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