

# Territorial NEWSLETTER ASEAN

**EETCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



In this issue of the Territorial Newsletter we brief on India's mega FTA- RCEP. RCEP is one of the three mega FTAs apart from TPP (Trans Pacific Partnership) and TTIP (Trans Atlantic Trade and Investment Partnership). The RCEP comprising a group of sixteen Asian and Pacific countries is an ambitious and comprehensive trade agreement designed to deepen trade integration. As per the "Guiding Principles and Objectives of RCEP", it is intended to be comprehensive and cover a large number of subjects like goods, services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and others.

The RCEP under negotiation is an extremely important institutional process which will have significant consequences for partners in the agreement. The RCEP framework intends to facilitate engagement in global and regional supply chains. Entry in RCEP will enable India to develop its economy and gain greater access to markets through regional integration. Not only for India, is a crucial interest in the RCEP negotiations for many other member countries the deepening integration of Asian economies and markets. This will result in creating a stronger regional neighbourhood.

I hope that this newsletter will be intuitive for our readers and I hope they enjoy reading it.

**Anupam Shah**

## Message from Chairman, Committee on Trade with ASEAN countries



In this second edition of the 'Newsletter on ASEAN', we focus on India's mega FTA-RCEP. The ASEAN Framework for RCEP was adopted by the ASEAN Leaders during the 19th ASEAN Summit in November, 2011 in Bali, Indonesia, which was the genesis of RCEP negotiations. The Joint Declaration of Ministers for launch of RCEP negotiations was done on 20 November, 2012 in Phnom Penh, Cambodia during the 21st ASEAN Summit.

The RCEP agreement on goods would enable Indian industry to leverage global value chains and make it part of international production networks. The key reason behind India joining RCEP negotiations is the changing geo-economic and eco-political landscape. RCEP is expected to be a major trade block on the eastern flank contributing 29% of the world trade. Such trade pacts would help India increase its share in the global trade.

We are hopeful that the newsletter will give productive information to our readers.

**PK Shah**

## 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.

## India's mega FTA-RCEP

Regional Comprehensive Economic Partnership (RCEP) is a proposed Free Trade Agreement (FTA) between sixteen countries namely the 10 countries of ASEAN (Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) and their 6 FTA partners namely Australia, China, India, Japan, Korea and New Zealand.

RCEP is considered to be the biggest FTA opportunity for India with a market size of US\$ 3.4 billion or 49% of the world population and economic size (GDP) of US\$ 22.5 trillion or 29% of the world share.

The RCEP framework also intends to facilitate engagement in global and regional supply chains. The RCEP can provide benefits like larger market access for Indian goods and services and linkage effects of regional and global value chains. Additionally, the framework of RCEP supports equitable economic development, which can be a basis for mutually beneficial agreements on various trade issues given the diverse levels of development and needs of the member countries.

### Issues covered:

Some of the subjects that have been discussed in the working groups are tariff modalities in goods, listing of services and investment, elements of the RCEP chapters and possible texts thereof, intellectual property, competition, economic and technical cooperation, legal and institutional issues, customs procedures and trade facilitation, rules of origin etc.

### Goods:

- ✓ On goods tariff modalities, the discussions are centered around the level of market opening by the 16 countries of RCEP. The negotiations are on a document known as the Basic Concept for Initial Offers (or BCIO) which proposes a tiered approach in terms of the quantum of tariff lines and RCEP import value on which customs duties would be eliminated.
- ✓ The 3 tiers in this approach would be one for ASEAN countries, the second for ASEAN FTA partners (AFPs) who have an FTA and the last tier is for the AFPs who do not have an existing FTA.
- ✓ The process of negotiations is also different from the other free trade agreements (FTAs) signed by India. At the first stage, countries would submit their initial offers based on the thresholds decided. Subsequently, based on requests by other countries, there would be a process of building up on this initial offer.

- ✓ At the 3rd RCEP Ministerial meeting on 24 August, 2015 in Kuala Lumpur, the Ministers finalized the thresholds on the 3 tiers. The tariffs or basic customs duty would need to be eliminated in the tariff lines being offered in the initial offer. The base tariff rates from which the tariffs would be eliminated would be the basic customs duty as of 1 January, 2014. The thresholds includes both % of tariff lines and % of total RCEP imports (i.e. average RCEP imports of India for the calendar years 2012 and 2013) on which customs duties or tariffs would be eliminated. These are:
  - For the 1<sup>st</sup> tier with ASEAN countries, all countries will do a 80% threshold. This would include 65% at entry into force (EIF) and 15% over 10 years.
  - For the 2nd tier between ASEAN FTA partners (AFP) with an existing FTA; all countries would do a 80% threshold while India would do a 65% threshold over a 10 year period. India would have to do this for Japan and Korea.
  - For the 3rd tier between AFPs with no existing FTAs; India would do a 42.5% threshold with China reciprocating with a 42.5% threshold, New Zealand doing a 62.5% threshold and Australia doing an 80% threshold over a 10 year period.
- ✓ India needs to submit its initial offer based on these thresholds in the three tiers. In this context, we would seek inputs from stakeholders with the rationale on the sensitive lines to be kept out of the initial offer.

### Non Tariff Barriers

Apart from seeking reduction in tariffs, the partnership also aims at reducing the non tariff barriers such sanitary and phyto-sanitary measures and Technical Barriers to Trade. The non-tariff barriers in RCEP countries include lack of transparency in Brunei, Requirement of Chinese Compulsory Certification (CCC) for automobiles, machinery, import licensing requirement in Indonesia, strict packaging requirement in Malaysia, safety requirement for auto components in South Korea etc.

Besides working on enhancing trade in goods and services and deepening investments, the comprehensive partnership has working groups focusing on competition, intellectual property rights, and legal and institutional issues like labour standards. Hence the RCEP would confer on the member countries not only the gains from trade in goods, services and better investment opportunities but also give a boost to overall development to the region.

### Upcoming Exhibitions in ASEAN

Events	Date	Venue	Link
MANUFACTURING INDONESIA	02.12 - 05.12 2015	Jakarta, Indonesia	<a href="http://manufacturingindonesia.com/">http://manufacturingindonesia.com/</a>
MACHINE TOOL INDONESIA	02.12 - 05.12 2015	Jakarta, Indonesia	<a href="http://machinetoolindonesia.com/">http://machinetoolindonesia.com/</a>
TOOLS & HARDWARE INDONESIA	03.12 - 06.12 2015	Jakarta, Indonesia	<a href="http://manufacturingindonesia.com/">http://manufacturingindonesia.com/</a>
INTERCYCLE VIETNAM	02.12 - 05.12 2015	Ho Chi Minh City, Vietnam	<a href="http://www.vietnamcycle.vn/eng/index.php">http://www.vietnamcycle.vn/eng/index.php</a>

## Trade Trend Analysis in ASEAN viz-a-viz India

India imports more merchandise from the ASEAN countries than its exports as seen during the first new fiscal of Apr-Jul 2015-16. The following table depicts India's Merchandised trade pattern with ASEAN compared to the trade pattern with World.

**Table1: India ASEAN bilateral trade**  
US\$ Million

Year	Apr-Jul 2015-16
India's Export to ASEAN	8,046.10
India's Total Export to World	88,302.56
India's export share to ASEAN w.r.t. World	9.11%
India's Import from ASEAN	14,551.19
India's Total Import from World	134,773.18
India's Import Share from ASEAN w.r.t World	10.80%
Total Trade with ASEAN	22,597.29

Source: DGCI&S, Government of India

The top 5 ASEAN nations which had the highest demand for Indian engineering products during September 2015 in absolute values include:

**Table2: India's Engineering Export pattern to ASEAN (country wise)**  
US\$ million

ASEAN Countries	SEPTEMBER, 2014	SEPTEMBER, 2015	Growth (%)	APRIL,2014 - SEPTEMBER,2 014	APRIL,2015 - SEPTEMBER,2 015	Growth (%)
SINGAPORE	190.54	174.98	-8.17	1311.31	1130.39	-13.80
MALAYSIA	47.80	84.29	76.35	347.44	856.36	146.48
THAILAND	97.53	62.57	-35.85	532.52	459.38	-13.73
INDONESIA	86.33	74.98	-13.15	620.75	409.91	-33.97
VIETNAM	54.79	61.82	12.85	309.91	310.37	0.15

Source: DGCI&S, Government of India

Malaysia, Vietnam and Philippines are the only countries registering positive growth in September 2015 over September 2014.

On the basis of India's export data for Engineering Products of September 2015, the ASEAN countries which feature in the top 25 export destinations for India include Singapore, Malaysia, Indonesia, Thailand and Vietnam.

**Table3: Top 10 engineering panels exported to ASEAN in September 2015 include**

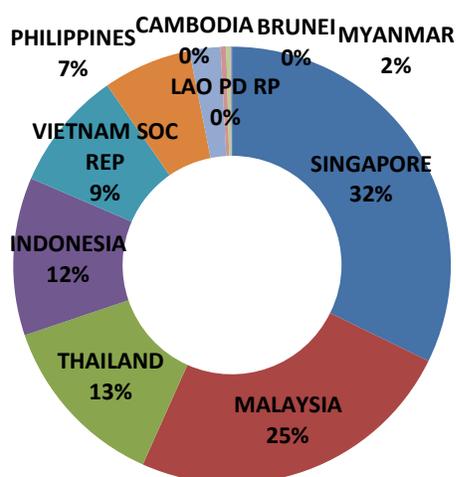
DGCI&S Engineering Panels	India's export in September 2014 (USD million)	India's export in September 2015 (USD million)	Growth (%)
Ships Boats and Floating Structures	39.69	71.90	81.13
Industrial Machinery	63.22	50.70	-19.81
Motor Vehicle/cars	22.64	50.20	121.72
Zinc and products	5.24	41.06	682.98

Electric Machinery and Equipments	29.79	34.98	17.44
Auto Components/Part	45.37	32.14	-29.17
Iron and Steel	74.88	29.69	-60.35
Aluminium and products	9.42	23.82	152.84
Products of Iron & Steel	19.65	22.58	14.93
Nickel and products	64.91	21.18	-67.37

Source: DGCI&S, Government of India

The following pie chart demonstrates India's engineering export share to the ASEAN countries during April-September 2015-16.

**Fig2: India's engineering export share to ASEAN Countries (%) in April-September 2015-16**



Source: DGCI&S, Government of India

- **Trade with Singapore:** Indian engineering exports to Singapore, continues to be the highest among the ASEAN countries during the month of September. For September, it accounted for 34.04 per cent of India's engineering exports to ASEAN. Singapore ranks as the 5th exporting destination for India's engineering products during Apr-Sep 2015-16.
- **Top products traded in Singapore:** Top traded products to Singapore during April-September 2015-16 include Ships and Boats, Non-Ferrous Metals and Products made of Non Ferrous Metals, Electrical Machinery & Equipments, Products of Iron & Steel and Automobiles.
- **Trade with Malaysia:** Indian engineering exports to Malaysia, during the month of September registered 16.4% of India's eng exports to ASEAN. Malaysia ranks as the 8th exporting destination for India's engineering products during Apr-Sep 2015-16.
- **Top products traded in Malaysia:** Top traded products to Malaysia during April-September 2015-16 include Copper and Products, Ships and Boats, Nickel and Products, Aluminium and Products and Industrial Machinery.
- **Trade with Indonesia:** Indian engineering exports to Indonesia accounted for about 14.6 per cent of India's total engineering exports to ASEAN for the month of September.
- **Top products traded in Indonesia:** Top traded products to Indonesia during April-September 2015-16 include Iron & Steel, Industrial Machinery, Auto Components & Parts, Aluminium and Products and Electrical Machinery & Equipments.

- **Trade with Thailand:** Indian engineering exports to Thailand accounted for about 12.2 per cent of India's total engineering exports to ASEAN for the month of September.
- **Top products traded in Thailand:** Top traded products to Thailand during April-September 2015-16 include Auto Components & Parts, Iron & Steel, Industrial Machinery, Products of Iron & Steel, and IC Engines and Parts.
- **Trade with Vietnam:** Indian engineering exports to Vietnam during the month of September accounted for 12 per cent of India's total engineering exports to ASEAN.
- **Top products traded in Vietnam:** Top traded products to Vietnam during April-September 2015-16 include Automobiles, Industrial Machinery, Iron & Steel, Electrical Machinery & Equipments and Machinery for ATMs.
- **Trade with Philippines:** Indian engineering exports to Philippines during the month of September accounted for 7.7 per cent of India's total engineering exports to ASEAN. Engineering exports to Philippines registered a growth of 4% in Apr-Sep 2015-16 over Apr-Sep 2014-15.
- **Top products traded in Philippines:** Top traded products to Philippines during April-September 2015-16 include Automobiles, Two and Three Wheelers, Nuclear Reactors, Industrial Machinery and Electrical Machinery & Equipments.
- **Trade with Myanmar:** Indian engineering exports to Myanmar during the month of September accounted for 2.4 per cent of India's total engineering exports to ASEAN.
- **Top products traded in Myanmar:** Top traded products to Myanmar during April-September 2015-16 include Industrial Machinery, Electrical Machinery & Equipments, Iron & Steel, Products of Iron & Steel and Other Construction Machinery.
- **Trade with Lao:** Indian engineering exports to Lao during the month of September accounted for 0.3 per cent of India's total engineering exports to ASEAN. Engineering exports to Lao registered a growth of 5% in Apr-Sep 2015-16 over Apr-Sep 2014-15.
- **Top products traded in Lao:** Top traded products to Lao during April-September 2015-16 include Automobiles, Electrical Machinery & Equipments, Products of Iron & Steel, Machine Tools and Cranes Lifts & Winches.
- **Trade with Cambodia:** Indian engineering exports to Cambodia during the month of September accounted for 0.2 per cent of India's total engineering exports to ASEAN. Engineering exports to Cambodia registered a growth of 29 % in Apr-Sep 2015-16 over Apr-Sep 2014-15.
- **Top products traded in Cambodia:** Top traded products to Cambodia during April-September 2015-16 include Automobiles, Industrial Machinery, Other Construction Machinery, Products of Iron & Steel and Medical and Scientific Instruments.
- **Trade with Brunei:** Indian engineering exports to Brunei during the month of September accounted for only 0.1 per cent of India's total engineering exports to ASEAN.
- **Top products traded in Brunei:** Top traded products to Brunei during April-September 2015-16 include Automobiles, Products of Iron & Steel, Other Miscellaneous Items, Electrical Machinery & Equipments and Other Construction Machinery.

➤ **Cambodia visit: Hamid Ansari calls for efforts to boost bilateral trade**

Cambodian Deputy PM Sok An urged Ansari to get Bollywood to shoot in Cambodia and reiterated the demand for a direct flight between the countries.

**More Information**>> Source: <http://indianexpress.com/article/india/india-others/cambodia-visit-hamid-ansari-calls-for-efforts-to-boost-bilateral-trade/>

➤ **Proposed RCEP gains momentum after KL-ASEAN economic ministers meet**

It has been a long week for the host, International Trade and Industry (Miti) Minister Datuk Seri Mustapa Mohamed, and his officials to organise an event that takes place every 10 years.

**More Information** >> Source:

<http://www.thestar.com.my/Opinion/Columnists/Mergawati/Profile/Articles/2015/08/26/Historic-trade-deal-breakthrough-Proposed-RCEP-gains-momentum-after-KLasean-economic-ministers-meet/>

➤ **Malaysia: Major progress on tariff cuts in RCEP talks**

A Malaysian minister announced Tuesday a major breakthrough in negotiations on China-led Regional Comprehensive Economic Partnership (RCEP), after economic ministers from 16 Asia Pacific countries agreed to eliminate tariffs on 80 percent of imports within a decade.

**More Information** >> Source: <http://www.turkishweekly.net/2015/08/25/news/malaysia-major-progress-on-tariff-cuts-in-rcep-talks/>

➤ **Asia-Pacific nations aim to eliminate 80% of import duties in 10 years**

Trade ministers from 16 Asia Pacific countries agreed Monday to eliminate tariffs on 80 percent of their imports within a decade, in a major breakthrough in talks for a massive regional free trade deal.

**More Information** >> Source: <http://www.japantimes.co.jp/news/2015/08/25/business/asia-pacific-nations-aim-eliminate-80-import-duties-10-years/#.VjCIyaRCfhc>

➤ **ASEAN, partners make 'historic' progress on RCEP**

Ministers meeting in Kuala Lumpur reach agreements on the modalities for the Regional Comprehensive Economic Partnership.

**More Information** >> Source: <http://www.channelnewsasia.com/news/asiapacific/asean-partners-make/2073038.html>

➤ **New Zealand FM to build ASEAN links in visits to Cambodia, Laos**

New Zealand's ties to the Association of Southeast Asian Nations (ASEAN) will be on the agenda when Foreign Minister Murray McCully visits Cambodia and Laos this week.

**More Information** >> Source: <http://www.globalpost.com/article/6631982/2015/08/17/new-zealand-fm-build-asean-links-visits-cambodia-laos>

➤ **Asia-Pacific nations get together, looking to advance landmark trade pact**

Sixteen nations from across the Asia-Pacific region kicked off on Monday in Nay Pyi Taw the ninth round of talks aiming to produce a deal that would cover 28 percent of the world's economy.

**More Information >> Source:** <http://www.thejakartapost.com/news/2015/08/03/asia-pacific-nations-get-together-looking-advance-landmark-trade-pact.html>

➤ **India might take two-tier approach in goods trade under RCEP**

Decision aimed to to appease the domestic industry that has put up stiff resistance in negotiating the China-led RCEP

**More Information >> Source:** [http://www.business-standard.com/article/economy-policy/india-might-take-two-tier-approach-in-goods-trade-under-rcep-115071500826\\_1.html](http://www.business-standard.com/article/economy-policy/india-might-take-two-tier-approach-in-goods-trade-under-rcep-115071500826_1.html)

➤ **RCEP pact to boost India-ASEAN trade to \$200 billion by 2022**

Noting that the India-ASEAN trade was well below potential, a top government official today said the regional comprehensive economic partnership (RCEP) pact -- expected to conclude later this year -- will help boost trade to \$200 billion by 2022.

**More Information >> Source:** [http://articles.economicstimes.indiatimes.com/2015-03-11/news/60008745\\_1\\_asean-india-free-trade-agreement-rcep-india-asean-trade](http://articles.economicstimes.indiatimes.com/2015-03-11/news/60008745_1_asean-india-free-trade-agreement-rcep-india-asean-trade)

➤ **RCEP talks: India wants different market opening offers for members**

India will insist on giving separate market opening offers for goods to different members of the proposed regional comprehensive economic partnership (RCEP) pact depending on its country-specific ambitions and vulnerabilities.

**More Information >> Source:** <http://www.thehindubusinessline.com/economy/rcep-talks-india-wants-different-market-opening-offers-for-members/article6871358.ece>

**Tender information in ASEAN**

**Prior information Notices**

Title	Deadline
Provision of Central Purchasing Parts Air Compressor Atlas Copco Model Ga 55.	11-Nov-2015
Purchase of Equipment, Spare Parts of Car Engine Displacement of One Item	09-Nov-2015
Providing Supply and Delivery of Thermal Fogger or Misting Machine	03-Nov-2015
Provision of Supply, Delivery, Installation, Testing and Commissioning of Cooling towers Associated Works	16-Nov-2015
Supply of Gas Turbine Compressor (GTC) Packages for Suban Compression Project.	04-Nov-2015
Supply and Deliver Equipment Workshop Motorcycles for recipients of Income Support Program (PPP) Kesedar State.	03-Nov-2015
Work To Design And Build For The Pit Oil Transformer At Pmu R2 Bay Pau, Beach Under State Oversight Office Manager (Kedah And Perlis), Department Of Asset Maintenance, Transmission, Tnb.	12-Nov-2015

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Construction Of Transmission Lines Connecting To The 500kv Tan Uyen Substation Project	08-Dec-2015
Supply of Electricity Transformer	17-Nov-2015
Provision of Engine and Engine Spare Parts, Chemical Materials, Raw Materials, Engine and Engine Spare Parts, Chemical Materials.	23-Nov-2015

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**For more contract notices, Please register with Tenderinfo and follow the link:**  
<http://www.tendersinfo.com/searchresult#>

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