

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



T S Bhasin

MEWA (Middle East and West Asian Countries) region is gaining importance in today's world, besides the African Countries. The recent visit of Indian Prime Minister to Saudi Arabia has opened many paths for Indian Industry to do business and forge partnerships with Saudi Arabia's counterparts.

Apart from the efforts of the government of India, EEPC India is putting in concerted efforts to help its members in doing business with the MEWA countries. EEPC India is organizing an India Pavilion in the Automechanika Middle East, Dubai 2016. This is one of the largest expo on automotive industry where huge range of auto industry products is covered and various countries especially from Asia and Africa are participants.

I hope that our members find our newsletter on our new region useful.

Message from Chairman, Committee on Trade with GCC countries

Middle East and West Asia (MEWA) is one of the emerging regions for trade and business opportunities. In this second issue of our newsletter on MEWA region, we have focused on our upcoming India Pavilion in the Automechanika Middle East, Dubai 2016. Last year at Automechanika 2015, EEPC India had organized India Pavilion. The response and the outcome were overwhelming.



Ravi Sehgal

In this issue of our Newsletter, we have tried to analyze the trade in Engineering goods (Automotive Industry specifically) with the participant countries before and after the expo. Further the newsletter also contains information regarding the various events, exhibition and Tenders in the region.

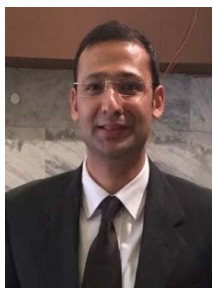
I hope readers will find this Newsletter insightful and supportive for their business decisions relating to MEWA region.

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Message from Chairman, Committee on Trade with West Asia other than GCC countries



**Mukul
Khandelwal**

MEWA region, a market of over \$2.7 trillion, is one of the most important regions for India's trade in engineering sector. Saudi Arabia holds a place of prominence in the region. Overall, trade between the two countries increased from \$25 billion in 2010-11 to \$48 billion in 2013-14. It, however, dropped to \$39 billion in 2014-15, primarily because of the decline in oil prices. Out of total trade, India exported goods worth \$11.2 billion in 2014-15. Export of engineering products accounted for about one-fifth of total exports from India and was valued at about \$2 billion.

The trade and business relationship between the two countries has been put on a higher trajectory by some recent developments. The two countries have in early April 2016, signed five MoUs to strengthen trade and cooperation.

I hope that members would find this Newsletter interesting and useful for their business decisions.

Basic Facts: Middle East & West Asia (MEWA)

MEWA is a region covering a geographical area of 5.4 million square kilometers and has a GDP of over \$2.7 trillion. While Saudi Arabia is the largest country in the region in terms of geographical area and GDP, Iran has the largest population and has a share of 35% of total population of the region. Basic facts about the region are presented in Table 1.

Table 1: MEWA Basic Facts

Country	Area (KM ²)	Population	GDP 2012 (USD billion)	Currency
Bahrain	665	1,234,596	30.4	Bahraini Dinar
Jordan	92,300	6,318,677	30.9	Jordanian Dinar
Iran	1,648,195	78,868,711	548.6	Iranian Riyal
Iraq	438,317	33,635,000	216.1	Iraqi Dinar
Israel	20,770	7,653,600	257.6	Israeli New Shekel
Kuwait	17,820	3,566,437	184.5	Kuwaiti Dinar
Lebanon	10,452	4,228,000	42.5	Lebanese Pound
Oman	212,460	2,694,094	78.3	Omani Riyal
Qatar	11,437	1,696,563	192.4	Qatari Riyal
Saudi Arabia	2,149,690	27,136,977	733.9	Saudi Riyal
Syria	185,180	23,695,000	n/a	Syrian Pound
UAE	82,880	8,264,070	383.8	UAE Dirham
Yemen	527,970	23,580,000	35.1	Yemeni Riyal
Total (MEWA)	5,398,136	222,571,725	2734.1	--

Climate

The basic climate of the **Middle East** is hot and dry, although winters are mild with a little rain. To the north of the desert are the great steppes. This area has extremes of temperature and rain in winter and spring. Rest of the area has rainfall between March and November and sometimes floods from March to May. Summers are long and hot and winters mild and wet along the Mediterranean coast. The coastal areas are humid but have a steady breeze to compensate.

Western Asia is primarily arid and semi-arid, and can be subject to drought, but it also contains vast expanses of forest and fertile valleys. The region consists of grasslands, rangelands, deserts, and mountains. Water shortages are a problem in many parts of West Asia, with rapidly growing populations increasing demands for water, while salinization and pollution threaten water supplies. Major rivers, including the Tigris and Euphrates, provide sources for irrigation water to support agriculture.

Natural resources

Most countries in the region are known for huge oil and gas reserves. Countries like Jordan have reserves of potash and phosphates, which is used in the production of fertilizer.

MEWA region at a glance

MEWA, as a region, accounts for about 20% of total exports from India to the world. In case of engineering products, the share is approximately 16% of India's total engineering exports. The region has witnessed a growth of over 16% in engineering exports over the last three years (2012 to 2014). However, India's export growth across countries is not uniform. India's export has performed relatively better in some countries in the region. **Country-wise trend in exports for top five countries with export value of over \$500 million is briefly delineated below.**

UAE: UAE is India's largest export destination in engineering products in the MEWA region. Total export of engineering products from India to UAE was valued at over \$6.3 billion in 2014. Export has increased at the rate of 16.4% during the period 2012 to 2014. **Five major export items from India in 2014 include Aircrafts Spacecrafts & Parts; Ships Boats & Floating Structures; Articles of Iron & Steel; Electric & Electronic Equipments; and Machinery.**

Saudi Arabia: Saudi Arabia is India's second largest export destination in engineering products in the MEWA region. India exported engineering goods worth \$2 billion to Saudi Arabia in 2014. Exports of engineering products to Saudi Arabia increased at the rate of 13% during the period 2012 to 2014. **Five major export items from India to Saudi Arabia in 2014 were Machinery; Articles of Iron & Steel; Electric & Electronic Equipments; Vehicles; and aircraft Spacecrafts & parts.**

Islamic Republic of Iran: Iran appears to be the best country for India in terms of rate of growth in exports of engineering products from India. Exports of engineering products to Iran increased at the rate of

66% during the period 2012 to 2014. **Some major export items from India to Iran include Iron & Steel; Machinery; Electric & Electronic Equipments; and Vehicles.**

Oman: Exports of engineering products to Oman increased at relatively lower pace compared to Iran and UAE. It was valued at \$862 million in 2014. However, it was better than several other countries in the region (see Table 2). The growth was positive for the three year period 2012 to 2014. The rate of growth in export of engineering products from India was about 13%. **Some major export items from India to Oman include Ships Boats & Floating Structures; Machinery; Electric & Electronic Equipments; Articles of Iron & Steel; and Vehicles.**

Qatar: Export of engineering goods from India to Qatar touched almost \$700 million in 2014. During the three year period 2012 to 2014, engineering exports from India increased at the rate of nearly 29%. **Some major export items from India to Qatar include Ships Boats & Floating Structures; Machinery; Articles of Iron & Steel; Electric & Electronic Equipments; and Vehicles.**

Indian Pavilion at Automechanika Dubai 2016

EEPC India is organizing India Pavilion at Automechanika Dubai 2016, the largest international automotive aftermarket trade show in the Middle East, Indian subcontinent and Africa. Automechanika Dubai serves some of largest automotive markets such as Saudi Arabia and Iran. The show also acts as the central trading link for markets that are difficult to reach connecting the wider Middle East, Africa, Asia and key CIS countries. The trade show is one of the best platforms to find out more about the latest products and services, find new suppliers, source products and compare product alternatives.

Automechanika Middle East is a renowned international meeting place for the automotive aftermarket industry. This leading trade exhibition for automotive components, accessories, garage and garage equipment, re-fuelling and car washing brings world leading suppliers, manufacturers and service providers in touch with one of the most promising markets in the world. The exhibition covers a large part of the Automotive industry including: Parts and Components like Power train (engine, gearbox, exhaust); Chassis (axles, steering, brakes, wheels, shock absorbers); Body (metal parts, roof systems, mounted parts, windows, bumpers); Standard parts (fastening elements, thread and securing elements, sealing rings, roller bearings); Interior (cockpits, instruments, airbags, trims, seats, heating, air-conditioning, electrical adjusters, interior filters); Alternative original equipment drive units (hybrid, electric motors, natural gas, LPG) • Charging accessories (plugs, cables, connectors); Regenerated, restored and renewed parts for cars and commercial vehicles; Parts and services for vintage vehicles; Industry institutions and publishers.

Last Automechanika Middle East was also held in June 2015. We have analyzed the aftereffects of the Expo on trade of our members with the participant countries of the expo in Auto motive Industry. To analyze the impact of India's presence in the exhibition on India's exports for the particular sector to the participant countries, we consider the following comparison

- a. Cumulative export data for the panel for months of January to May, 2015 compared to cumulative data for July to December, 2015

- b. Cumulative export data for the panel for months of July to December, 2014 compared to cumulative data for July to December, 2015

Our analysis show that, while in short run that when compared to the 5 months immediately before the exhibition (January to May, 2015), cumulative exports for the 6 months immediately after the exhibition (July to December, 2015) have increased by 21.3% and many of the participant countries have experienced not only an increase in the import growth rate from India but also have shown positive rate of growth in comparison to the period prior to the expo.

However, in the long run that is when compared to the cumulative exports for July to December 2014, cumulative exports during July to December 2015 have experienced a decrease by 31.8% (Table 1).

To know the real impact of the exhibition on the Indian exports, there is a need to further analyze data. Though in short term the outlook may have been positive but in the long run the data needs to be analyzed to understand reasons for negative growth.

Table 1: Cumulative Exports of India to United Arab Emirates for the Auto Components and Parts/ Motor Vehicles and Parts sector (value in USD million)

Panel	Cumulative exports January to May 2015	Cumulative exports July to December 2015	Growth
Auto Components and Parts/ Motor Vehicles and Parts	141	171	21.3%

Panel	Cumulative exports July to December 2014	Cumulative exports July to December 2015	Growth
Auto Components and Parts/ Motor Vehicles and Parts	251	171	-31.8%

Automechanika Dubai 2015 featured 1,882 exhibitors (88% international) from 59 countries and welcomed more than 30,800 trade visitors (53% international) from 134 countries. Interestingly, total automotive aftermarket trade value is 12.1 billion USD.

Now in its 14th edition (2016), the exhibition will offer trade professionals the chance to meet face-to-face over 2,000 key exhibitors and 22 country pavilions.

Further, it can be noted that Dubai is a dynamic international business hub with a long history of trade, as well as a thriving tourist destination. Dubai serves as the most important trans-shipment hub in the region. 41% of goods that land in Dubai have a different final destination.

Trade trend analysis: MEWA region

Table 3: Top five countries in MEWA region for Indian exports

Country	Export in February 2016 (USD million)	Export in February 2015 (USD million)	Growth (%)
U A E	249.93	281.79	-11.31
SAUDI ARAB	114.75	142.29	-19.35
OMAN	50.53	35.22	43.48
IRAN	39.25	75.95	-48.33
KUWAIT	31.65	16.84	87.89

Out of the top five, three countries realized a decline in export from India during February 2016 compared to corresponding period in 2015. Exports to Iran, probably because of economic sanctions by the UN and global slowdown, appears to be worst affected even in February 2016. A positive change in the top five countries is also seen. Oman which recorded a negative growth rate in the month of January 2016 has recovered a lot and shows not only a positive growth rate but also a high growth rate of 44% (approx) in February 2016.

Analysis of top 15 engineering panels' exports as shown in Table 4 shows a positive path of recovery in India's engineering exports. There are seven panels in which exports from India have increased during February 2016 compared to February 2015.

Table 4: Top 15 Engineering Panels exported from India to MEWA region

Name of the Panel	India's export in February 2016 (USD million)	India's Export in February 2015 (USD million)	Growth (%)
Products of Iron & Steel	107.21	113.58	-5.61
Motor Vehicle/cars	67.00	57.26	17.00
Copper and products	45.10	42.36	6.49
Ships Boats and Floats	44.78	26.04	72.00
Industrial Machinery	39.54	45.70	-13.50
Electric Machinery	33.75	36.90	-8.53
Iron and Steel	32.56	108.36	-69.95
Air condition and Refrigerators	26.61	20.83	27.75
Auto Components/Part	18.68	16.29	14.69
Machinery for ATMs	14.40	17.28	-16.66
Construction Machinery	11.54	14.86	-22.33
Pumps of all types	11.20	5.50	103.55
Aluminum and products	10.60	16.31	-35.00
Cranes Lifts & Winc	9.34	4.55	105.07
Medical and Scientific Instruments	7.36	8.18	-10.02

Note: Panels marked in yellow realized positive growth during January 2016
 Source: DGCI&S, Government of India

Iran says US companies welcome to invest in petroleum sector

US companies are welcome to invest in Iran's oil and gas industry, the Iranian oil minister said on 20th March 2016. Bijan Namdar Zangeneh further said that in general, Iran has no problem with the presence of American companies in Iran.

He also said it is the US government that is creating restrictions for these companies. Zangeneh also confirmed that Iran's state-run oil company has held talks with General Electric.

Link: <http://timesofindia.indiatimes.com/world/middle-east/Iran-says-US-companies-welcome-to-invest-in-petroleum-sector/articleshow/51392449.cms>

Iraq exports first natural gas shipment in its history

Iraq exported the first shipment of natural gas in its history, a key development for the OPEC member struggling to feed a cash-strapped economy amid an expensive fight against the Islamic State group.

The move revives a long-sought ambition by Iraq to be a gas exporter, thanks to a joint venture with Anglo-Dutch Royal Dutch Shell PLC and Japan's Mitsubishi Corp. Iraq first planned to begin exporting gas in the late 1970s, but that timeline was delayed by the Iraq-Iran war when Iraqi export ports were bombed.

Link: <http://timesofindia.indiatimes.com/world/middle-east/Iraq-exports-first-natural-gas-shipment-in-its-history/articleshow/51483112.cms>

Indian expatriates hit hard as Gulf economies slip on free fall in crude prices

Gulf countries taking austerity measures or planning to impose tax on the income of expatriates, many Indians in those nations are sending their families back to India. Others have decided not to take their families with them.

Oman, in particular, which has released an austerity-driven budget, has made moves that are likely to affect the monthly expenses of expatriates.

Low oil prices have also hit the economies of the Gulf Cooperation Council (GCC) countries. Gulf economies, with the exception of Dubai, are almost fully dependent on petro income. The free fall in crude prices have led to job cuts and resulted in companies not granting increments. There are no new projects while several projects have been cancelled across the region.

Link: <http://timesofindia.indiatimes.com/nri/middle-east-news/Indian-expatriates-hit-hard-as-Gulf-economies-slip-on-free-fall-in-crude-prices/articleshow/50676772.cms>

India is our strategic partner, Pak historic ally: Saudi mantri

Narendra Modi's first visit to Saudi Arabia early April will see a "tremendous uplift" in bilateral relations, said **Adel Al Jubeir**, Saudi Arabia's foreign minister.

He further said that the two nations have been neighbors and neighboring civilizations for thousands of years. We have been trading partners and have lots of people-to-people contact. Today our two nations are facing many challenges. We face challenges to the international system, security and stability, challenges in creating economic opportunity for our citizens. I believe working together we can turn the challenges that both of us face together into opportunities.

Link:<http://timesofindia.indiatimes.com/india/India-is-our-strategic-partner-Pak-historic-ally-Saudi-mantri/articleshow/51335386.cms>

Some upcoming Exhibitions in MEWA

Events	Date	Venue	Link
<u>IRAQ HEALTH</u> International Medical Equipment, Hospitals, Healthcare Industry and Services Conference and Exhibition	01-30 April 2016	<u>Baghdad International Fair Grounds</u> , Baghdad, Iraq	http://www.medical-events.info/event-gallery/event/iraq-health-expo.html
<u>CITYSCAPE QATAR</u> Real estate, construction and infrastructure projects Exhibition & Conference in Qatar	26-28 April 2016	<u>Qatar National Convention Centre</u> , Doha, Qatar	http://www.eventseye.com/fairs/f-cityscape-qatar-17431-1.html
<u>WE POWER</u> Water, Electricity & Power Generation Exhibition	19-21 April 2016	<u>Dhahran International Exhibition Centre</u> , Dammam , Saudi Arabia	http://www.eventseye.com/fairs/f-we-power-13576-1.html
<u>MENA FOREX EXPO DUBAI</u> Forex, Managed Funds & Investment Expo & conference	07-08 April 2016	<u>The Westin Dubai Mina Seyahi Beach Resort & Marina</u> , Dubai, UAE	http://www.meforexexpo.com/

Events	Date	Venue	Link
<u>GLOBAL AEROSPACE SUMMIT</u> Aerospace Summit. The Global Aerospace Summit is an exclusive, invitation-only event for C-level executives, senior decision makers and government officials involved with the aerospace, aviation, defence and space industries	18-19 April 2016	<u>St. Regis Saadiyat Island Resort</u> , Abu Dhabi, UAE	

Tender Information in MEWA

Title	Country	Deadline
<u>Provision of Laboratory Services</u>	Israel	13 April 2016
<u>Supply And Install of Security Devices For King Abdullah Air Defense Academy</u>	Saudi Arabia	17 April 2016
<u>Supply of Medical Devices and Equipment</u>	Saudi Arabia	18 April 2016
<u>Supply of Spare Parts for Equipment, Machines and Pumps</u>	Saudi Arabia	18 April 2016
<u>Supply, Installation and Operation of Surveillance Cameras.</u>	Kuwait	19 April 2016
<u>Contract for Maintenance Services of Heating, Ventilation and Air Conditioning (Hvac) Equipment and Process Refrigeration System and Supply of Spare Parts.</u>	Iraq	13 April 2016
<u>Divest the " Storage and Discharge and Protection Products Tehran Regional Electricity"</u>	Iran	20 April 2016

For more contract notices, please register with Tender Info following the link:

<http://www.tendersinfo.com/searchresult#>

EEPC India

Middle East & West Asia (MEWA) Territorial Newsletter

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