

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EETPCINDIA
ENGINEERING THE FUTURE

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Volume I, Issue XI: December 2016

Chairman's Pen



T S Bhasin

A region of 13 countries, MEWA (Middle East and West Asian Countries), is an important area for India for trade and Investment. With the recent efforts by the Indian government, trade and investment relations between India and the MEWA countries are growing. MEWA countries account for approximately 11% of India's total engineering exports to the world.

EEPC India on its part has also been taking initiatives to better the relations between the India and Iran. EEPC India is organizing another INDEE exhibition in Tehran, Iran in February 2017. I hope that EEPC initiatives bring in business communities in the two regions closer.

Message from Chairman, Committee on Trade with GCC countries

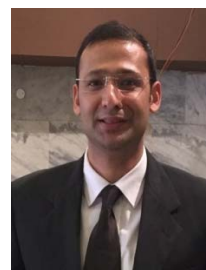


Ravi Sehgal

India's export of engineering products to MEWA is valued at USD 505 million for November 2016 as compared to USD 468 million in November 2015. Oman and Iran are emerging two major countries for Indian exports. With Oman starting to open its gateway by making the country more investment and trade friendly, Indian exporters are expected to benefit. With Iran, trade relations are growing fast which can be seen from its import growth of 32% in November 2016 as compared to a negative growth in October 2016.

EEPC India is also contributing in the development by organizing and participation in trade exhibitions. I hope this Newsletter helps our exporters to take informed business decision.

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



Mukul Khandelwal

The monthly export trend remained almost stable in the month of November, 2016. However, some positive improvement compared to October 2016 was experienced with Iran registering a positive and high growth rate in November 2016. Also, Oman and Iran exchanged positions in the top five importing nations of the MEWA region for India's engineering exports. Both the countries showed a positive growth rate.

This newsletter also provides an insight on the top engineering product panels that is imported by MEWA countries and also some of the key economic news of the region.

Territorial
NEWSLETTER – Middle East & West Asia (MEWA)

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Basic Facts: Middle East & West Asia (MEWA)

MEWA is a region covering a geographical area of 5.4 million square kilometer 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 2014 (USD billion)	Currency
Bahrain	665	1,234,596	33.9	Bahraini Dinar
Jordan	92,300	6,318,677	35.8	Jordanian Dinar
Iran	1,648,195	78,868,711	425.3	Iranian Riyal
Iraq	438,317	33,635,000	223.5	Iraqi Dinar
Israel	20,770	7,653,600	305.7	Israeli New Shekel
Kuwait	17,820	3,566,437	163.6	Kuwaiti Dinar
Lebanon	10,452	4,228,000	45.7	Lebanese Pound
Oman	212,460	2,694,094	81.8	Omani Riyal
Qatar	11,437	1,696,563	210.1	Qatari Riyal
Saudi Arabia	2,149,690	27,136,977	753.8	Saudi Riyal
Syria	185,180	23,695,000	n/a	Syrian Pound
UAE	82,880	8,264,070	399.5	UAE Dirham
Yemen	527,970	23,580,000	36.0	Yemeni Riyal
Total (MEWA)	5,398,136	222,571,725	2714.7	--

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 19% of total exports from India to the world. In case of engineering products, the share is approximately 15% of India's total engineering exports. The region has witnessed a growth of over 2% in engineering exports over the last three years (2012 to 2015). 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 \$5.1 billion in 2015. Export has increased at the rate of 3% approx during the period 2012 to 2015. **Five major export items from India in 2015 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 2015. Exports of engineering products to Saudi Arabia decreased at the rate of 1% during the period 2012 to 2015. **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 26% during the period 2012 to 2015. **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 \$524 million in 2015. However, it was better than several other countries in the region. The rate of growth in export of engineering products from India for the three year period 2012 to 2015 was negative, about -7.5%. **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 \$431 million in 2015. During the three year period 2012 to 2015, engineering exports from India increased at the rate of nearly 13%. **Some major export items from India to Qatar include Ships Boats & Floating Structures; Machinery; Articles of Iron & Steel; Electric & Electronic Equipments; and Vehicles.**

Oman seeks closer ties with India

In the face of economic challenges, Oman is investing in its strategic partnership with India to diversify Muscat's web of international allies. Amid new economic and security challenges, officials in both Muscat and New Delhi are likely to place more value on bilateral relations. Grappling with an economic flu resulting from tumbling oil prices, the Omanis are pursuing efforts to decrease their oil dependence by enhancing other sectors in the country, such as agriculture, shipping, manufacturing, mining, transport, tourism, and logistics. In January, Oman's Supreme Council for Planning released a five-year plan (2016-2020) to reduce the sultanate's economic dependence on oil by 50 percent in line with Vision 2020 (a long-term strategy laid out in the 1990s aimed at diversifying the sultanate's economy, developing Oman's human capital, and integrating the country within the global economy). By strengthening cooperation with India in the areas of construction, investment, finance, insurance, and telecommunications, the Arab Gulf state views India as an increasingly important player in Oman's Vision 2020.

Bilateral trade between the two reached \$4.18 billion and, according to India's Embassy in Muscat, mutual investment is roughly \$7.5 billion. India is the fifth largest exporter to the sultanate (behind the U.A.E., Japan, the United States, and China), and exports mainly textiles and garments, machinery and equipment, electronics, chemicals, iron, and steel, as well as food to Oman. Oman's top exports to India are urea, L.N.G. (through spot sales agreements), polypropylene, lubricating oil, dates, and chromite ore.

The Oman India Joint Investment Fund (O.I.J.I.F.), a private equity fund backed by Oman's sovereign wealth fund State General Reserve Fund (S.G.R.F.) and India's largest lender State Bank of India (S.B.I.), has recently approved a second tranche of \$300 million to develop infrastructure projects, and foster the creation of Omani-Indian joint ventures in the fields of technology, agriculture, marine, telecom, power (Jindal Steel & Power Ltd), petrochemical (e.g. Oman India Fertilizer Company and Bharat Oman Refineries Limited), water treatment, and logistics.

These investments by the S.G.R.F. are contributing to the 'Make in India' initiative, which Prime Minister Narendra Modi launched in 2011 to create a manufacturing hub in India covering a huge diversity of production types, including pharmaceutical, textile, tourism, automobile, electronics, infrastructural projects, as well as renewable and traditional energy sources. Indian investors are investing in the construction of Muscat's IT Park, Knowledge Oasis, and also a growing number of Omani and Indian academic institutions are establishing affiliations.

India is particularly interested in Oman's Duqm Port and the special economic zone around it. Securing its presence in this port will help India develop energy corridors and trade routes to African, European, and Middle Eastern markets via the sultanate, making deeper economic cooperation with Oman is important for India's grander set of foreign policy objectives in the Greater Indian Ocean, Eurasian, and MENA regions.

The Energy Triangle: Oman, India, Iran

For years there has been intense talk between Oman, India, and Iran about the construction of underwater pipelines to supply India with gas from Iran, establishing an Indo-Middle Eastern energy triangle. Iran and Oman signed a \$60 billion contract in 2013 for the gas supply to the sultanate for 25 years via a pipeline connecting Iran's Hormozgan province with Oman's Sohar. The Middle East to India Deepwater Pipeline (M.E.I.D.P.) is a planned 745-805-mile pipeline which brings India into the fold. M.E.I.D.P. will export 31.5 million standard cubic meters of gas per day from Iran's Chabahar Port, transiting the Gulf of Oman to Oman's Ras al-Jafan, before traveling across the Arabian Sea to India's Gujarat.

India's International North-South Transit Corridor (I.N.S.T.C.) project, "a multi-modal transportation route linking India Ocean and Persian Gulf to the Caspian Sea via Iran, and onward to northern Europe via St. Petersburg in Russia," promises to provide India access to Middle East, the Caucasus, Central Asian, and European markets with Iran's Chabahar port serving as the route's outlet to the Indian Ocean. By investing in Chabahar, the I.N.S.T.C. enables India to secure a foothold in gas-rich Central Asian states. Oman is a partner in the I.N.S.T.C. and seeks to leverage India's geo-economic footprint in Central Asia to the sultanate's advantage.

India's Interest in Oman

India's Middle East policy has received an impetus lately. Outside the G.C.C., India has moved to forge stronger relations with Iran and Israel. India's engagement with Middle East is of greater importance for its long-term geopolitical, economic, and security interests. By deepening ties with India, Oman can more freely develop its own foreign policy in the Indian Ocean and subcontinent with less pressure from the sultanate's traditional Western allies

Trade trend analysis: MEWA region

India's total export to engineering products to the MEWA region was valued at over USD 505 million in November 2016. This is an increase by USD 37 million compared to USD 468 million in November 2015.

The increase is probably because upliftment of economic sanctions on Iran and improvement in demand for engineering products in other MEWA countries.

Overall, the top 5 MEWA nations with the highest demand for Indian engineering products during November 2016 in value terms is shown in Table 2.

Table 2: Top five countries in MEWA region for Indian exports			
Country	Export in November 2015 (USD million)	Export in November 2016 (USD million)	Growth (%)
UAE	202.53	169.55	-16.28
SAUDI ARAB	95.82	99.05	3.37
KUWAIT	25.39	62.57	146.42
IRAN	33.88	46.18	36.28
OMAN	34.86	42.86	22.96

The analysis shows an improved situation when compared to year on year growth. Even when one compares exports with the preceding month (October 2016), there appears to be an improvement. Out of the top five, two countries which had realized a decline in import from India during October 2016, only one country continued with negative growth in November 2016, namely UAE.

Analysis of top 15 engineering panels' exports as presented in Table 3 shows a good situation for India's engineering exports to MEWA countries. There are seven panels in which exports from India have increased during November 2016 compared to November 2015. When compared to the preceding month, October 2016, there is a fall in exports considering there were eleven panels with positive growth in the month of October 2016.

Table 3: Top 15 Engineering Panels exported from India to MEWA region			
Name of the Panel	India's Export in November 2015 (USD million)	India's Export in November 2016 (USD million)	Growth (%)
Products of Iron & Steel	64.11	123.36	92.41
Iron and Steel	42.61	62.02	45.55
Motor Vehicle/cars	66.87	55.51	-17.00
Electric Machinery	35.61	29.78	-16.36
Industrial Machinery	36.28	29.41	-18.93
Machinery for ATMs	13.48	25.11	86.26
Copper and products	21.17	22.32	5.39
Pumps of all types	6.49	17.97	176.68

Aluminum and products	12.72	16.61	30.57
Aircrafts Spacecrafts	7.18	15.27	112.65
Air condition and Refrigerators	17.06	14.24	-16.54
Nuclear Reactors	15.38	14.08	-8.47
Auto Components/Part	15.15	12.58	-16.99
Medical and Scientific Instruments	9.37	9.02	-3.81
Construction Machinery	15.38	8.35	-45.68
Note: Panels marked in yellow realized positive growth during November 2016 Source: DGCI&S, Government of India			

News in Focus

Inflation edges up in United Arab Emirates

Consumer prices in the UAE increased 0.05% from the previous month, down from September's 1.11% increase. According to the National Bureau of Statistics, prices for medical care increased the most in October, followed by education. Conversely, transportation registered the largest decrease

Link: <http://www.focus-economics.com/countries/united-arab-emirates/news/inflation/inflation-edges-up-in-october>

Non-oil business activity rises in Saudi Arab

The Purchasing Managers' Index (PMI) sponsored by Emirates NBD and produced by IHS Markit rose from October's 53.2 to 55.0 in November. October's print had represented the lowest value since records began in August 2009. As a result, the index remains comfortably above the 50-threshold that indicates expansion in business activity in the non-oil producing private sector..

Link:<http://www.focus-economics.com/countries/saudi-arabia/news/pmi/non-oil-business-activity-rises-in-november-from-octobers-record-low>

Israel's Exports fall at softer rate in November

Israeli exports totaled USD 4.5 billion in November, which was up from October's USD 3.5 billion. Exports declined 3.6% from the same month of the previous year, which was a softer drop than the 22.5% plunge observed in October.

Link: <http://www.focus-economics.com/countries/israel/news/trade/exports-fall-at-softer-rate-in-november>

Saudi Arabia: Inflation hits nearly one-year low in November

Inflation came in at 2.3% in November, below October's 2.6%. The reading represented the lowest print so far this year. Annual average inflation remained stable for the third consecutive month at 3.5% in November, a nearly three-year high.

Link:<http://www.focus-economics.com/countries/saudi-arabia/news/inflation/inflation-hits-nearly-one-year-low-in-november>

Some upcoming Exhibitions in MEWA

Events	Date	Venue	Link
<u>AUTOMECHANIKA JEDDAH</u> Trade fair for the automotive service industry	31 January- 02 February 2017	<u>Jeddah Centre for Forums & Events</u> , Jeddah , Saudi Arab	http://www.automechanikajeddah.com/frankfurt/484/for-visitors/welcome.aspx
<u>ARAB HEALTH</u> International Hospital, Medical Equipment and Services Exhibition & Conference. ARAB HEALTH showcases over 4, 000 companies exhibiting their latest innovations to more than 130, 000 healthcare professionals attending from 163 countries	30 January- 02 February 2017	<u>Dubai World Trade Centre</u> , Dubai, UAE	http://www.arabhealthonline.com/
<u>STEELFAB</u> Specialized trade fair for complete industrial, technology and manufacturing sectors	16- 19 January 2017	<u>Expo Centre Sharjah</u> , Sharjah , UAE	http://www.steelfabme.com/
<u>AGROMAC</u> International Exhibition of Agricultural Machinery and Irrigation Equipment	15- 19 January 2017	<u>Isfahan International Exhibition Fairground</u> , Isfahan, Iran	http://www.eventseye.com/fairs/f-agromac-20962-1.html

Events	Date	Venue	Link
<u>INTERNATIONAL AUTO SHOW OF IRAN</u> International Auto show of Iran	17- 20 January 2017	<u>Permanent Ground For Tabriz International Exhibition Co.,</u> Tabriz, Iran	http://www.eventseye.com/fairs/f-international-auto-show-of-iran-23760-1.html

Tender Information in MEWA

Title	Country	Deadline
<u>Provide Installation And Operation Of Mechanical And Materials And Means Of Automation And Control Devices</u>	Syria	15th January 2017
<u>Provide And Implement The Piping System And Installation Of Plant Equipment</u>	Iran	19th January 2017
<u>Purchase Of Power Transformer Bushing & Insulator.</u>	Jordan	23rd January 2017
<u>Supply And Commissioning Of Uninterruptible Power Supply (ups) System And Voltage Stabilizers</u>	Bahrain	18th January 2017
<u>Supply Different Types Of Transformers (package Substation 1000, Package Substation 500 Kv, 315 Kva, 1000 Kva)</u>	Oman	19th January 2017

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

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

EEPC India

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