

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



**Tarvinder Singh
Bhasin**

Gulf countries are becoming more close to India both in terms of trade and investment relations. India's relation with West Asia has also been on upswing especially with Iraq. Iraq's economic relationship with India has been among Iraq's top three global economic partnerships in recent years and is growing rapidly. It is now the second largest oil supplier to India. There is a strong and growing multifaceted strategic partnership between India and the countries of the MEWA region, as sketched out in the many agreements they have forged, ranging from energy, trade, and investment to counterterrorism and defense cooperation.

I hope, this newsletter will be useful for our member and help them take informed decisions.

Message from Chairman, Committee on Trade with GCC countries



Ravi Sehgal

become more accessible for Indian exporters and traders with the Chabahar Port inaugurated in December, 2017 by the Iranian President. The port is located at a place which makes trade route easier for India to the adjoining CIS and EU regions. Afghanistan has become more accessible for India and it no more needs to depend on Karachi port to transport its goods to Afghanistan and vice versa. Earlier, it was difficult for exporters to reach Afghanistan as it had to seek permission from Pakistan to ship its goods.

The current edition also presents a brief insight on the total trade pattern of the engineering sector in MEWA region. Further, it discusses the top engineering product bilaterally traded between India and countries of the MEWA region.

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



**Mukul
Choudhary**

MEWA especially in the area of trade and investment has been seeing a positive path. The relation has been strengthening which was reflected in the export figures of the month of November 2017 the exports grew by 25% over the month of November 2016. The export of engineering products by India to MEWA was valued at over USD 630 million in November 2017 as compared to November 2016. UAE remained the top importer of the region for the Indian engineering goods with a growth rate of over 39%. The panel wise analysis also shows the encouraging approach of Indian engineering export to MEWA, with 10 out of top 15 panels registering positive growth in November 2017 compared to November 2016.

Basic Facts: Middle East & West Asia (MEWA)

Territorial
NEWSLETTER – Middle East & West Asia (MEWA)

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Area: 5.4 mn Sq. km

Population: 222,571,725 (2016)

GDP: USD 2.7 trillion (2016)

Currency: Varies according to different countries

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

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.

India's first shipment through Chabahar Port: Opening new ways

Iranian President Hassan Rouhani inaugurated a newly-built extension to the country's main Arabian Sea outlet on 3rd December 2017, the strategic Chabahar Port on the Gulf of Oman, which more than triples its capacity. The \$340-million project opens up a new strategic transit route to Afghanistan and Central Asia for India through Iran, bypassing Pakistan.

Last year, India had committed \$500 million for the development of the Chabahar port along with associated roads and rail lines. The investment in Chabahar was important for India, since the port will build and strengthen a trade route for land-locked Central Asian countries that would bypass rival Pakistan. The port, located on the coast of the Gulf of Oman in Iran's southeastern Sistan-Baluchestan province, has two docks. Chabahar also has an international airport and Iran's Navy and Air Force have bases in the city, adding to the port's value.

Iran has also invested about one billion dollars in building the first phase of the port. Director General of Ports and Maritime Organisation in Iran's Sistan and Baluchestan Province, Behrouz Aqaee, said about 100,000-tonne ships will be able to call at the port after it becomes operational.

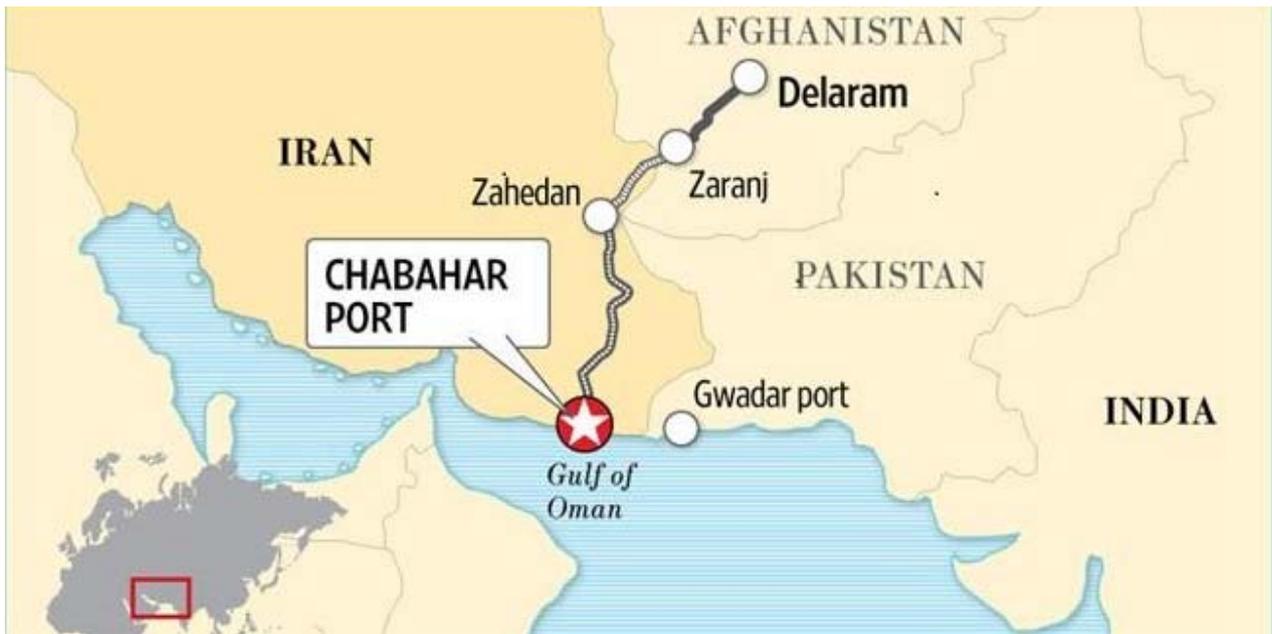


The inauguration of the port project came 15 years after India and Iran first formally agreed to develop the Chabahar port in January 2003, during the visit by then Iranian president Mohammed Khatami to New Delhi. While India and Iran are signatories to the port development project, a second agreement on connectivity was also signed by India, Iran and Afghanistan. This pact allows Afghanistan to use Chabahar port to ship its goods to markets like India, thereby reducing its dependence on Pakistan and its Karachi port.

Chabahar port is important for India in many ways:

With Iran in the dock for its suspect nuclear programme and India keen to see its civil nuclear pact with the US tied up (the agreement was finally signed in 2008), discussions on the port development went slow and took 15 years to come true. Interest in the project was rekindled in 2013 after Iran and the US, UK, France, Russia, China and Germany reached an interim agreement on Tehran's nuclear programme and some sanctions were lifted.

- India can now bypass Pakistan in transporting goods to Afghanistan. India has been trying to persuade Pakistan for years to allow transport goods to Afghanistan using the land route of Pakistan. India also got Afghanistan included in the South Asian Association for Regional Cooperation (SAARC) in 2007 in to ensure connectivity among all countries in South Asia but Pakistan did not play ball.



- The Chabahar port also will boost India’s access to Iran, the key gateway to the International North-South Transport Corridor (INSTC) that has sea, rail and road routes between India, Russia, Iran, Europe and Central Asia. The INSTC corridor did not see much movement given sanctions on Iran. However, the INSTC project has moved forward with sanctions lifted off Tehran and the 2016 India-Iran pact on Chabahar port—which will likely be tapped as a alternative, to the route via Bandar Abbas. This comes against the backdrop of China’s plans to connect to Central Asia, Europe and Africa through its ambitious Belt and Road Initiative.
- The Chabahar port is also beneficial to India in countering Chinese presence in the Arabian Sea. China has constructed Pakistan’s Gwadar port which is less than 400km from Chabahar by road and 100km by sea.
- With Chabahar port being developed and operated by India, it could be used as a point from where humanitarian operations could be coordinated. India has a huge expatriate population based in the Gulf-West Asia region and instability there in the past has resulted in New Delhi launching evacuation exercises for thousands of its nationals as well as other countries from the region.

India’s latest trend in engineering exports to MEWA

India engineering export with MEWA – country wise during November 2017 is depicted in the table below. Nations which had the highest demand for Indian engineering products during November 2017 in absolute values include:

Table2: Engineering Exports to MEWA
(Values in US\$ Million)

MEWA	November 2017	November 2016	Growth (%)
U A E	279.57	169.96	39.21

SAUDI ARAB	73.86	98.80	-33.78
OMAN	66.53	42.81	35.66
QATAR	54.65	18.15	66.79
KUWAIT	44.85	62.61	-39.60
Total MEWA	630.95	505.52	24.81

Source: DGCI&S

UAE remained at the top for Indian engineering exports registering a positive growth of over 39% in November 2017 over November 2016. The main engineering products exported to the country in November 2017 include Products of Iron and Steel, Auto Components/Parts, Electrical Machinery and Equipment, Industrial Machinery, Aircrafts and Space crafts, etc.

Table 3: Top 15 engineering panels exported to MEWA in November 2017
(Values in US\$ Million)

DGCI&S Engineering Panels	November 2017	November 2016	Growth (%)
Iron and Steel	134.68	61.85	54.08
Products of Iron & Steel	91.18	123.32	-35.24
Electric Machinery	70.25	29.82	57.55
Motor Vehicle/cars	48.96	55.51	-13.37
Industrial Machinery	48.58	27.18	44.05
Copper and products	35.21	22.31	36.64
Machinery for ATMs	26.29	27.18	-3.42
Air condition and Refrigerators & parts	24.73	14.27	42.30
Aluminum and products	18.47	16.58	10.22
Auto Components/Part	15.65	12.51	20.10
Cranes Lifts & Winc	11.42	2.65	76.79
Medical and Scientific Instruments	9.49	9.48	0.11
IC Engines and Parts	9.48	4.61	51.34
Pumps of all types	8.64	17.90	-107.10

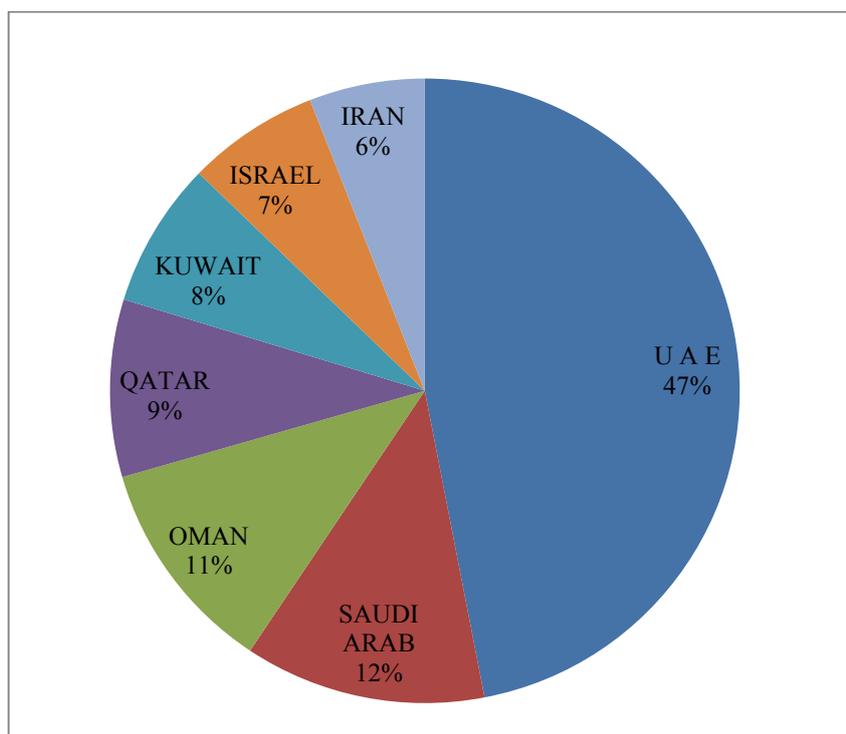
Aircrafts and Spacecrafts & parts	8.17	15.28	-87.00
Note: Panels marked in yellow realized positive growth during November 2017			

Source: DGCI&S

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 ten panels in which exports from India have increased during November 2017 as compared to November 2016.

The following pie chart demonstrates share of different MEWA countries in India's total export during November 2017.

Fig 2: India's engineering export share to top importing MEWA Countries (%) in November 2017



Source: DGCI&S

News in Focus

❖ **Saudi Arabia and United Arab Emirates introduce VAT for first time**

Value Added Tax (VAT) has been introduced in Saudi Arabia and the United Arab Emirates for the first time. The 5% levy is being applied to the majority of goods and services. Gulf states have long attracted foreign workers with the promise of tax-free living. But governments want to increase revenue in the face of lower oil prices. The tax kicked in on 1 January in both countries. The UAE estimates that in the first year, VAT income will be around 12 billion dirhams (£2.4bn; \$3.3bn).

Source: <http://www.bbc.com/news/business-42508883>

❖ **VAT could mean higher costs for banks in UAE and Saudi Arab**

The new tax law and the executive regulations point to a system that UAE banks and financial institutions will have both exempt as well as taxable supplies. This means that value-added tax (VAT) incurred on common costs and general overheads such as marketing and promotional expenses, utilities, professional fees, purchases of office furniture will not be fully claimable and would need to be apportioned.

Source:<http://gulfnews.com/business/economy/vat/vat-could-mean-higher-costs-for-banks-1.2149790>

❖ **Abu Dhabi’s non-oil trade hits Dh133.8b in 10 months**

Abu Dhabi’s total value of the trade of non-oil goods has reached around Dh133.8 billion during the first ten months of 2017, compared to Dh141.3 billion of the same period of 2016. According to the latest statistics from the Statistics Centre-Abu Dhabi (SCAD), which was issued on Thursday, the total value of Abu Dhabi’s non-oil exports amounted to Dh18.8 billion in the period from January to October 2017 while the value of re-exports and imports reached Dh17.8 billion and Dh97.23 billion respectively.

Source:<http://gulfnews.com/business/economy/abu-dhabi-s-non-oil-trade-hits-dh133-8b-in-10-months-1.2148706>

❖ **UAE inflation rate at 1.7% in November**

Food and beverage prices rise 1.9%, as transportation prices increase 3.5%. Consumer prices in the UAE rose 1.73 per cent in November 2017 compared to the same month last year, as the prices of food and beverages and tobacco went up.

Source:<http://gulfnews.com/business/economy/uae-inflation-rate-at-1-7-in-november-1.2148044>

❖ **UAE, Tajikistan plan to create joint investment fund**

Tajikistan and the UAE are planning to create a joint investment fund to boost economic ties between the two countries, according to a top official from the country. The fund will facilitate investments in various sectors of Tajikistan economy including infrastructure, energy, tourism and agriculture, among other things, Qahhorzoda Fayziddin Sattor, Chairman of the State Committee for Investments and State Property Management of the Republic of Tajikistan, told Gulf News in an interview.

Source: <http://gulfnews.com/business/economy/expo-2020-dubai-set-to-act-as-economic-catalyst-1.2128422>

Upcoming Exhibitions in MEWA

Events	Date	Venue	Link
Agromac	14th- 18th January, 2017	Isfahan, Iran	https://www.eventseye.com/fairs/f-agromac-20962-1.html
Saudi Print & Pack	21st- 24th January, 2017	Riyadh, Saudi Arabia	https://www.eventseye.com/fairs/f-saudi-print-pack-2394-1.html
Steel fab	15th- 18th December, 2017	Sharjah, UAE	https://www.eventseye.com/fairs/f-steelfab-7722-1.html

Tender information in MEWA

Title	Deadline	Country	Link
Supply Of Irrigation Materials (TI Ref ID: 430517941)	21 January 2018	Oman	http://alliances.tendersinfo.com/eepc/awlo g.php?action=details&id=430517941
Reservoir And Downhole Equipment Monitoring (TI Ref ID: 431107399)	18 January 2018	Iran	http://alliances.tendersinfo.com/eepc/awlo g.php?action=details&id=431107399
Supply And Installation Of Air Coolers ,water Pumps Station No. (26). (TI Ref ID: 430477190)	22 January 2018	Saudi Arabia	http://alliances.tendersinfo.com/eepc/awlo g.php?action=details&id=430477190
Supply Of 1000 Ton Aluminum Rods 9.5mm. (TI Ref ID: 431120913)	15 January 2018	Iraq	http://alliances.tendersinfo.com/eepc/awlo g.php?action=details&id=431120913

For more information, please subscribe to EEPIC India's services on International/Global Tender Notifications, upcoming projects and many more. The service keeps you abreast with latest information on tender notices, pre-qualifications, regular corrigendum and procurement notices from government and private organizations all over the world. Through this service, EEPIC INDIA provides you numerous business opportunities at very competitive charges.

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