

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EPCINDIA
ENGINEERING THE FUTURE

Vanijya Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eepcindia.org



Issue: February 2018

Chairman's Pen



Ravi Sehgal

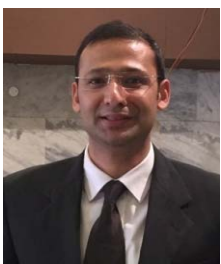
India has started to consider taking more strategic positions in light of the rapidly changing diplomatic changes in the Middle East. Also, India has sought to bring the country closer to West Asia as a key plank of its foreign policy. In recent times, the officials and representatives of India and Middle East Nations have been making visits to each others countries in order to enhance and strengthen trade and investments between the nations. Though, in some economic situations it becoms harder for India to portray itself as a neutral power in the MEWA region. India is among

the few countries of the world, which has growing, good relations with all major regional powers— Iran, Saudi Arabia, the UAE, and Israel of the Gulf.

India has also signed many MoUs and agreemenst with the countries like UAE, Israel and Oman. These nations leaders have also seeked India's help and support and have set high targets for the bilateral trade and investments between the nations.

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

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



**Mukul
Khandelwal**

between India and MEWA region for the field of trade and investment has been on a rising path though the pace keeps fluctuating. This fluctuation is reflected in the export figures of the month of January 2018 where the exports grew by approx 19% over the month of January 2017. The export of engineering products by India to MEWA was valued at over USD 502 million in January 2018 as compared to January 2017. UAE remained the top importer of the region for the Indian engineering goods with a growth rate of over 6%. The panel wise analysis also shows more encouraging approach

of the Indian engineering exports to MEWA, with 9 out of top 15 panels registering a positive growth in January 2018 compared to January 2017.

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.

Territorial
NEWSLETTER – Middle East & West Asia (MEWA)

EPCINDIA
ENGINEERING THE FUTURE
www.eepcindia.org



Basic Facts: Middle East & West Asia (MEWA)

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.

Indian Prime Minister's visit to Oman and UAE

Visit to Oman

Indian Prime Minister was on two-state visit to Oman and UAE in the Middle East region., to enhance the bilateral ties between India and the two nations.

On his visit to Oman Indian PM met His Majesty Sultan Qaboos bin and exchanged views on bilateral , regional and global issues of common interest. India and Oman, as maritime neighbours across the Indian Ocean and the Arabian Sea, have enjoyed close, deeply rooted historical relations.

The two nations were satisfied with the current state of bilateral relations, especially the robust security and defence cooperation, and agreed to further expand their cooperation to new areas of mutual interest, including inter-alia, space, cyber security, energy security, renewable energy and food security etc., with a view to take the strategic partnership to a higher level. The two sides welcomed the signing of various agreements and MoUs during the visit, further expanding the ongoing bilateral cooperation between the two countries.

Trade and Investment with Oman

The two leaders emphasized on the on-going transformation of the economies of India and Oman and emphasized the importance of expanding trade and investment ties to drive the strategic engagement forward. The two leaders directed their Finance and Trade Ministers to work together to find ways and means to substantially increase the flow of bilateral investments and trade.

The growing presence of Indian and Omani companies in each other's market and trade promotion measures and participation in fairs and exhibitions is also on the rise. The Sultanate of Oman is making plans and policies to diversify its economy and invited Indian companies to invest in various sectors in the special economic zones of Oman, including SEZs in Duqm, Sohar and Salalah

The Indian Prime Minister highlighted the major initiatives of Government for improving the ease of doing business and invited Omani Sovereign Wealth Funds, including State General Reserve Fund, and private businesses to invest in India. The two sides expressed their commitment to encourage mutual investments and agreed that India-Oman Joint Investment Fund could be an important mechanism to raise funds for two-way investments.

To provide a legal framework for promotion and protection of bilateral investments, the two countries directed their respective Ministries to conclude the ongoing negotiations on the Bilateral Investment Treaty for early finalization

S. No.	MoUs signed during Indian PM's visit to Oman
1.	Agreement on Legal and Judicial Cooperation in Civil and Commercial matter
2.	Agreement on mutual visa exemption for holders of diplomatic, Special, service and official passports
3.	MoU on Cooperation in the field of health
4.	MoU on Cooperation in the peaceful uses of outer space.
5.	MoU on Cooperation between Foreign Service Institute, Ministry of External Affairs, India and Oman Diplomatic Institute.
6.	MoU on Academic and Scholarly cooperation sectors between National Defence College Sultanate of Oman and the Institute for Defence Studies and the Analyses.
7.	MoU in the field of Tourism cooperation between India and Oman.
8.	Annexure to the MoU on Military Cooperation.

Visit to UAE

The visit of Indian PM to UAE was to allow both India and UAE to take stock of the bilateral ties and to review the progress made in implementing the Comprehensive Strategic Partnership agreement signed during the last visit of UAE Prince to India in January 2017. Both sides also welcomed the signing of various agreements and MoUs during the visit.

During the official discussions the two leaders reaffirmed their commitment to further consolidate the comprehensive strategic partnership and expressed satisfaction at the meticulous follow up on the decisions taken during their previous meetings to achieve the set targets. The two leaders noted that the institutional mechanism of UAE-India Strategic Dialogue established under the Comprehensive Strategic Partnership agreement has proven to be a useful mechanism to monitor the progress in the agreed areas of engagement and to steer in new promising directions.

In order to further strengthen the agreed institutional cooperation and understanding between the two countries, the two sides renewed their pledge to deepen cooperation between India's Ministry of External Affairs and the UAE Ministry of Foreign Affairs and International Cooperation.

Trade and Investment Cooperation with UAE

The two leaders noted the excellent trade and economic ties between the two countries, as each other's major trading partners and expressed satisfaction at the current level of bilateral trade, which amounted to about USD 53 billion in 2016-17. The two sides agreed to further strengthen these ties through diversifying non-oil trade. With an aim to devise a long-term strategy on trade enhancement, the two leaders decided to examine various tariff and non-tariff barriers, and agreed to focus on encouraging trade in identified commodities and to expand access of goods and services in both markets. They acknowledged the positive effect presence of a number of Indian and UAE companies in each other's market has in bilateral trade promotion efforts

UAE Prince welcomed India's decision to participate in Dubai Expo 2020 and the interest of Indian companies to be a partner in the infrastructure projects being undertaken by the UAE in preparation for the Dubai Expo as well as in UAE's development plans. Further the Prince, valued the continued efforts by India to enhance economic growth, and the recent economic reforms undertaken by the Indian Government, facilitating the ease of doing business and promoting market integration. Both sides noted the improvement in the ease of doing business in India and the UAE as per the World Bank's latest global rankings.

Indian side welcomed UAE's interest in investing in infrastructure development in India, especially in priority areas such as renewable energy, power generation and transmission, defence production, industrial corridors and parks, railways, roads, ports, shipping among others. Both leaders welcomed the signing of an MOU for strengthening of technical cooperation in the Railways sector during the visit.

Both the countries reiterated their common desire to work together in the spirit of South-South cooperation in sub-Saharan Africa through capacity-building, grants and loans, collaboration in trade and technology, and joint projects aimed at supporting the implementation of Sustainable Development Goals.

S. No.	MoUs signed during Indian PM's visit to UAE
1.	MOU between Indian Consortium (OVL, BPRL & IOCL) and ADNOC
2.	MoU between Government of India and Government of UAE
3.	MoU between Ministry of Railways, India and Federal Transport Authority-Land & Maritime of UAE
4.	MoU between Bombay Stock Exchange (BSE) and Abu Dhabi Securities Exchange (ADX)
5.	MoU between Government of Jammu and Kashmir and DP World

India's latest trend in engineering exports to MEWA

India engineering export with MEWA – country wise during January 2018 is depicted in the table below. Nations which had the highest demand for Indian engineering products during January 2018 in absolute values include:

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

MEWA	January 2018	January 2017	Growth (%)
U A E	229.94	215.88	6.51
Saudi Arab	110.35	74.88	47.37
Oman	58.50	47.22	23.90
Qatar	51.52	14.33	259.57
Kuwait	40.90	51.69	-20.86
Total MEWA	596.00	502.28	18.66

Source: DGCI&S

UAE remained at the top for Indian engineering exports registering a positive growth of over 6% in January 2018 over January 2017. The main engineering products exported to the country in January 2018 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 January 2018
(Values in US\$ Million)

DGCI&S Engineering Panels	January 2018	January 2017	Growth (%)
Iron and Steel	112.47	77.18	45.73
Motor Vehicle/cars	87.76	18.98	362.46
Products of Iron & Steel	83.85	97.75	-14.22
Copper and products	43.78	44.29	-1.17
Industrial Machinery	39.75	32.56	22.09
Electric Machinery	31.27	29.21	7.03
Machinery for ATMs	22.97	28.43	-19.22
Air condition and Refrigerators & Parts	20.64	22.08	-6.53
Aluminium and products	19.49	14.84	31.34
Pumps of all types	17.40	13.51	28.74
Auto Components/Part	14.88	11.91	25.01

Construction Machinery	12.55	8.66	44.82
Ships Boats and Floating Structures & parts	11.28	12.54	-10.02
Medical and Scientific Instruments	11.18	9.74	14.80
Nuclear Reactors	8.80	9.53	-7.65

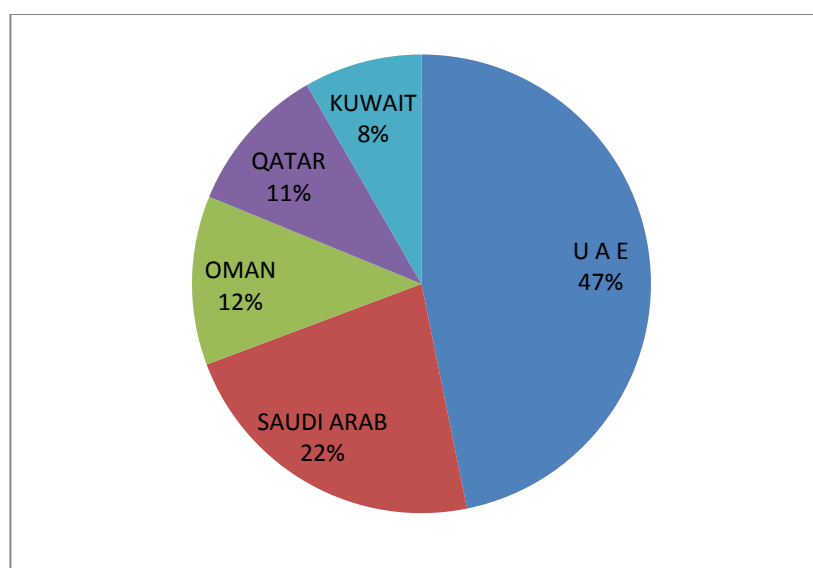
Note: Panels marked in yellow realized positive growth during January 2018

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 nine panels in which exports from India have increased during January 2018 as compared to January 2018.

The following pie chart demonstrates share of different MEWA countries in India's total export during January 2018.

Fig 2: India's engineering export share to top importing MEWA Countries (%) in January 2018



Source: DGCI&S

News in Focus

❖ Bank of Israel holds rates for 32nd time in February; inflation expectations tick up

the Bank of Israel decided to leave the interest rate unchanged at 0.10%, citing persistently low inflationary pressures and economic growth in line with potential. February's decision was unanimously expected by market analysts, and the rate has now gone unchanged for 32 consecutive monetary policy meetings. It was last cut three years ago, in February 2015.

Source: <https://www.focus-economics.com/countries/israel/news/monetary-policy/bank-of-israel-holds-rates-for-32nd-time-in-february-inflation0>

❖ **Saudi Arabia: Inflation soars in January on VAT and fuel price hike**

Consumer prices jumped 3.9% from the previous month in January, contrasting December's 0.1% drop and marking the strongest rise on record. The reading was driven mainly by much higher prices for transport, tobacco and food and beverages. That said, January's figures reflect the introduction of a 5% value-added tax (VAT) and hiked domestic gasoline prices on 1 January. Conversely, prices for clothing and footwear declined on a monthly basis in January due to sharp discounting by retailers.

Source:<https://www.focus-economics.com/countries/saudi-arabia/news/inflation/inflation-soars-in-january-on-vat-and-fuel-price-hike>

For any queries about this service, please feel free to contact us at eepcho@eepcindia.net, srajagopalan@eepcindia.net, ddas@eepcindia.net.

EPEC India MEWA Territorial Newsletter

Contact: Manila Sharma

Email: msharma@eepcindia.net

Phone no: 011-23711124/25; Extn:112
