

# Territorial NEWSLETTER Middle East & West Asia (MEWA)

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



**Ravi Sehgal**

The Kingdom of Saudi Arabia ranks in the top 20 nations on earth in terms of annual gross domestic product. Saudi Arabia produces most of its wealth through the sale and export of petroleum products, of which it is the world's second largest producer. Saudi Arabia sits on approximately 20% of the planet's known oil reserves, and it is this oil that constitutes the bulk of the kingdom's natural-resource wealth. Saudi Arabia also possesses appreciable stores of copper, silver, phosphate, and several other resources.

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

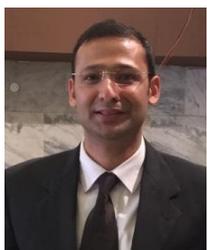


**Anoop  
Marwaha**

The current edition of the Newsletter focuses on The State Visit of His Royal Highness the Crown Prince of Saudi Arabia to India. The combined value of exports and imports is equal to 61.7 percent of GDP. The average applied tariff rate is 4.5 percent. As of June 30, 2018, according to the WTO, Saudi Arabia had 127 nontariff measures in force. The term for foreign investment licenses has been raised from one year to a renewable five years. The cap on foreign ownership of engineering firms has been removed. The financial sector is open and offers a range of options.

Further, it discusses the top engineering product bilaterally traded between India and countries of the MEWA region.

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



**Mukul  
Khandelwal**

The growth in MEWA region has not been encouraging in terms of trade. The progress in relations can be measured by the value of exports to the region which is over USD 687 million for the month of January 2019 over January 2018. The growth though saw fall of over 2% for the same time period. Among the major importers in the region, with a value of USD 268 million, UAE remained the top importer for the Indian engineering goods. The panel wise analysis shows an average level of exports of Indian engineering goods to MEWA, with 7 out of top 15 panels registering positive growth in January 2019 as compared to January 2019.

## 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.



## The State Visit of His Royal Highness the Crown Prince of Saudi Arabia to India

1. At the invitation of Hon'ble Prime Minister of the Republic of India Shri Narendra Modi, and under the guidance of the Custodian of the Two Holy Mosques, His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud, Deputy Prime Minister and Minister of Defence of the Kingdom of Saudi Arabia paid his first State visit to India from 19-20 February 2019, where he was received at the airport by the Hon'ble Prime Minister. The visit follows the official visit of Prime Minister Modi to the Kingdom of Saudi Arabia in April, 2016 at the invitation of the custodian of the Two Holy Mosques His Majesty King Salman bin Abdul Aziz Al Saud.
2. India and Saudi Arabia enjoy cordial and friendly relations reflecting the centuries old economic and socio-cultural ties. Close geographical proximity, civilizational links, cultural affinity, natural synergies, and vibrant people to people contacts. Common challenges and opportunities have added momentum to this robust engagement.

3. The bilateral discussions were held in the spirit of strong friendship that binds the two countries and their leaders. They expressed satisfaction at the excellent state of bilateral ties of friendship and cooperation, which are marked by trust, mutual understanding, goodwill and respect for each other's interests. Both sides expressed satisfaction at the progress made in diverse fields including trade, energy, security and cultural spheres.
4. The two sides agreed to cement the existing 'Strategic Partnership' with 'high level monitoring mechanism by the creation of Strategic Partnership Council led by the Honourable Prime Minister and His Royal Highness the Crown Prince, supported by ministerial representation covering the whole spectrum of strategic relationships.
5. Both sides welcomed the outcomes of the Workshop between NITI Aayog and Saudi Centre for International Strategic Partnership (SCISP) organized recently in Riyadh. The Workshop has identified more than 40 opportunities of joint collaboration and investments across various sectors.

The following MoUs were signed during the visit:-

- (I) MoU on investing in the National Investment and Infrastructure Fund of India.
  - (II) MoU on cooperation in the field of Tourism.
  - (III) MoU on cooperation in the field of Housing.
  - (IV) Framework cooperation programme between Invest India and Saudi Arabia General Investment Authority (SAGIA).
  - (V) MoU for cooperation on Broadcasting for exchange of Audio-Visual Programmes.
  - (VI) Agreement for the Kingdom of Saudi Arabia to join the International Solar Alliance (ISA) launched by Honourable Prime Minister Modi.
6. Taking note of the positive trend in the bilateral trade over the recent years, the two sides acknowledged the huge untapped potential available in the merchandise trade, particularly in the non-oil trade.
  7. The two sides stressed the importance of increasing trade volume between the two countries, and eliminating export barriers.
  8. Both sides welcomed the key initiatives taken by both Governments to improve the ease of doing business, simplify and rationalize existing rules and relax the foreign direct investment norms in key areas.
  9. The Prime Minister welcomed the announcement of His Royal Highness to invest in the areas of energy, refining, petrochemicals, infrastructure, agriculture, minerals and mining, manufacturing, education and health potentially worth in excess of \$100 billion.
  10. Prime Minister Modi welcomed the intent by Saudi side towards investments in India, especially in the areas of energy, refining, petrochemicals, infrastructure, agriculture, minerals and mining, manufacturing, education and health.
  11. The Prime Minister of India welcomed the decision of the Saudi side to join the International Solar Alliance. Both sides noted the potential cooperation in the renewable energy sector not only in investment but also in Research and Development.
  12. The two sides also agreed to cooperate in the areas of space, science and technology, including remote sensing, satellite communication and satellite-based navigation.

13. The two sides agreed to set up a Joint Working Group on Skill Development to identify areas of cooperation, where the two countries can benefit from each other's core competencies in important fields such as manufacturing, information technology, communications, and programming.
14. The two sides discussed regional and international issues of mutual interest, including the security situation in West Asia and Middle East, in the light of their common interest in the regional and global peace, security and stability.
15. The two sides expressed their hope for achieving a just, comprehensive and lasting peace in the Middle East based on the Arab Peace Initiative and the relevant UN resolutions.
16. The Indian side thanked the Saudi leadership for hosting a large Indian community and for ensuring their continued welfare and well-being.
17. Both sides expressed the desire to broaden people-to-people interactions and to increase two-way tourism by addressing challenges with regard to consular and immigration related issues.
18. The two sides also reiterated their commitment to working together to address fugitive economic offenders including through international organizations and institutions.
19. His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz, Deputy Prime Minister and Minister of Defence expressed his gratitude to the Government and people of India for the warm hospitality extended to him and the accompanying delegation.

## India's latest trend in engineering exports to MEWA

India engineering export with MEWA – country wise during January 2019 is depicted in the table below. Nations which had the highest demand for Indian engineering products during January 2019 in absolute values include:

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

MEWA	January 2018	January 2019	Growth (%)
U A E	292.52	268.61	-8.17
Saudi Arab	184.69	172.57	-6.56
Oman	69.92	104.30	49.16
Kuwait	46.31	53.45	15.41
Israel	27.76	24.68	-11.11
<b>Total MEWA</b>	<b>706.64</b>	<b>686.55</b>	<b>-2.84</b>

Source: DGCI&S

UAE remained at the top for Indian engineering exports but with a negative growth of almost 8% in January 2019 over January 2018. The main engineering products exported to the country in January 2019 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 2019**  
(Values in US\$ Million)

DGCI&S Engineering Panels	January 2018	January 2019	Growth (%)
Iron and Steel	112.45	127.88	13.72
Products of Iron & Steel	83.88	92.52	10.31
Ships Boats and Floating Structures & parts	11.27	90.04	698.72
Motor Vehicle/cars	87.76	66.96	-23.70
Electric Machinery	31.21	38.16	22.26
Industrial Machinery	39.63	35.66	-10.02
Auto Components/Part	14.91	29.36	96.91
Air condition and Refrigerator& parts	20.62	25.95	25.83
Aluminum and products	19.32	20.41	5.63
Machinery for ATMs	23.01	17.34	-24.61
Medical and Scientific Instruments	11.30	14.87	31.58
Copper and products	43.78	12.54	-71.35
Pumps of all types	17.29	10.33	-40.22
Construction Machinery	12.81	8.49	-33.76
IC Engines and Parts	5.05	7.78	54.24

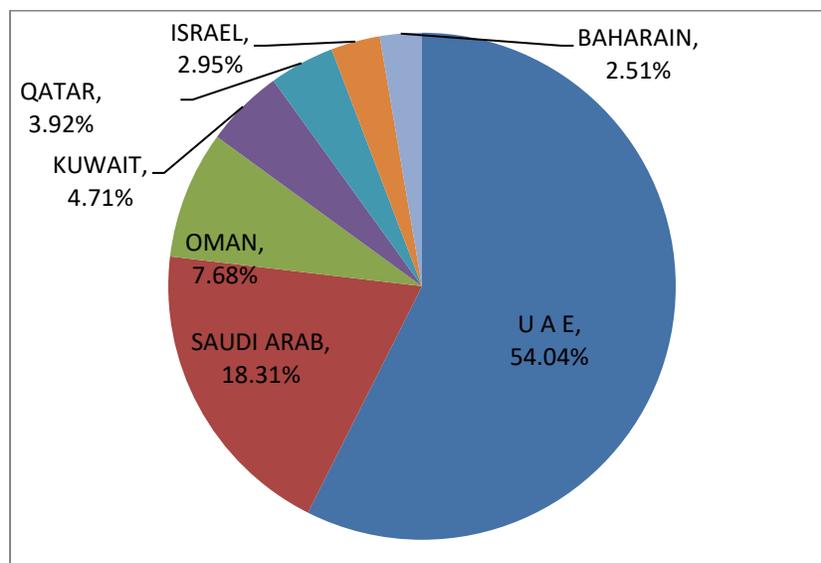
Note: Panels marked in yellow realized positive growth during January 2019

Source: DGCI&S

Analysis of top 15 engineering panels' exports as presented in Table 3 does not show a good situation for India's engineering exports to MEWA countries for the month under analysis. There are only nine panels in which exports from India have increased during January 2019 as compared to January 2018.

The following pie chart demonstrates share of different MEWA countries in India's total export during January 2019.

**Fig 2: India's engineering export share to top importing MEWA Countries (%) in January 2019**



Source: DGCI&S

**Table 4: Technical barriers to trade**

Member Imposing	Notification/ Date of In-Force	HS Code	Products Description
UAE	G/TBT/N/ARE/409; 20 March 2018	8422	Dishwasher
UAE	G/TBT/N/ARE/408; 28 March 2018	8450 and 8451	Washing Machines and Dryers
GCC Countries	G/TBT/N/ARE/407, G/TBT/N/BHR/518, G/TBT/N/KWT/400, G/TBT/N/OMN/35, G/TBT/N/QAT/517, G/TBT/N/SAU/104, G/TBT/N/YEM/120; 28 March 2018		Hazardous Substances in Electrical and Electronic Equipment
GCC Countries	G/TBT/N/ARE/406, G/TBT/N/BHR/517, G/TBT/N/KWT/399, G/TBT/N/OMN/349, G/TBT/N/QAT/516, G/TBT/N/SAU/1047, G/TBT/N/YEM/119 ; 23 April 2018	85	Electromagnetic Compatibility
Israel	G/TBT/N/ISR/1008; 12 March 2018	851610	Water Heaters
Israel	G/TBT/N/ISR/1009; 20 March 2018	853620, 853630, 853650, 853690, 853890	Miniature Automatic Circuit Breakers for A.C. Breakers

For any queries about this service, please feel free to contact us at [eepcho@eepcindia.net](mailto:eepcho@eepcindia.net), [srajagopalan@eepcindia.net](mailto:srajagopalan@eepcindia.net), [ddas@eepcindia.net](mailto:ddas@eepcindia.net).

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