

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: January 2018

Chairman's Pen



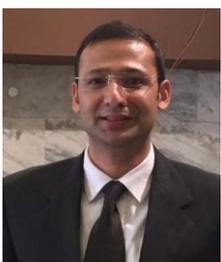
Ravi Sehgal

The GCC and west Asia countries are progressing towards India in terms of trade, investment and bilateral relations cutting across all sectors and dimensions. 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 counter terrorism and defense cooperation. This is also evident from the various visits made by the heads of MEWA countries to India in order to increase and strengthen the ties between their countries and India. The recent visit by the Israeli Prime Minister to accelerate the growth in relations between India and Israel was an encouraging initiative especially for the business community of both the countries.

Joint initiatives like the Chabahar ports and International North South Corridor (INSTC) are some of the developments between the region and India, thus making other regions like CIS and EU also accessible for India's exporters.

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

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



**Mukul
Khandelwal**

The relationship between India and MEWA in the area of trade and investment has been on a rising path. The relationship has been further strengthening which is reflected in the export figures of the month of December 2017. The exports grew by approx 30% over the month of December 2016. The export of engineering products by India to MEWA was valued at over USD 774 million in December 2017 as compared to December 2016. UAE remained the top importer of the region for the Indian engineering goods with a growth rate of over 29%. The panel wise analysis also shows more encouraging approach of the Indian engineering exports to MEWA, with 12 out of top 15 panels registering a positive growth in December 2017 compared to December 2016.

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.

India-Israel ties growing closer and stronger

Israeli Prime Minister Benjamin Netanyahu was in India on a five-day visit, underlining the growing ties between two major democracies, India in South Asia and Israel in the Middle East.

The relationship between the two countries is moving beyond just defense. Netanyahu's visit largely focused on economic and high-end technology cooperation as well as boosting people-to-people linkages through joint ventures in different sectors. Israel's technological prowess remains unmatched in areas as diverse as waste management and reprocessing, desalination, agriculture, waste water recycling, health, biotechnology, and nanotechnology. This is something that India is looking to tap into.

India-Israel economic cooperation is below potential, but the two sides are now re-evaluating and trying to take the relationship beyond just an export-import dimension. This means the two sides will explore high technology cooperation and enhance cooperation in areas where the two can help each other in building capacity. An free trade agreement (FTA) between India and Israel is also in pipeline.

Israel is helping India improve border management along the India-Pakistan border given Israel's experience in dealing with cross-border infiltration and terrorism. Cybersecurity cooperation is also expanding, with cyber security academies being set up in India by an Israeli company, Vital Intelligence Group.

Both countries are working together on a Five Year Joint Work Plan for strategic cooperation in Agriculture and Water and agreed to deepen cooperation in innovation, business and trade, space, homeland security and cyber, higher education and research, science and technology, tourism and culture.

The Indian Prime Ministers welcomed the completion of all formalities for the launch of the India-Israel Industrial R&D and Technological Innovation Fund that was announced during his visit to Israel. Both the Prime Ministers launched the first Call for Proposals under the fund to encourage enterprises from both countries to utilize this significant platform for undertaking joint R&D projects in innovative and futuristic technologies and products for the benefit of the two peoples.

The two Prime Ministers also welcomed cooperation between India and Israel in the energy sector with the signing of an MoU on Cooperation in the Oil and Gas sector that will promote, inter alia, collaboration in the upstream sectors, research and development in future technologies and start-ups in oil and gas. Also noted the Indian public sector companies and Israeli companies can collaborate in the areas of metal air batteries for stationary energy storage systems and in solar thermal technologies, and urge industry to explore business collaboration in new energy technologies. The two Prime Ministers urge research institutions and industry to collaborate, including in third countries, to promote greater use of solar technologies through the International Solar Alliance.

Both the Prime Ministers agreed to renew efforts required to realize the full potential for bilateral trade and investment, underlining the role of the private sector in trade and investment, they urged the private sector to actively explore investment opportunities in both countries, through India's flagship programmes such as Make in India, Start-Up India and Digital India. The importance of facilitating the movement of business persons through simplification of visa regulations, fast-tracking of visa applications, issuing of multiple entry visa, especially for the information technology and new technology sectors was also discussed.

India and Israel agreed to embark upon negotiations in 2018 to move towards an early bilateral agreement. And in this regard, a delegation from India will be invited to Israel by the first half of 2018.

Trade and business requires better connectivity and in this regard India-Israel decided to expedite the conclusion of an Agreement on Maritime Transport that will encourage greater business between the shipping organizations of the two countries and create new opportunities in maritime services and training. They hope that this Agreement will also encourage wider cooperation in development of maritime business and Israel's participation in the Sagarmala Project.

The meeting also highlighted readiness of Israeli companies to enter into joint ventures with Indian companies especially in the defence sector under the Make in India initiative. They consider it important to set the direction

for developing more business models and partnerships for the joint ventures and joint manufacturing, including transfer of technology as well as joint research and development.

MoU / Agreement / LoI
MoU on Cyber Security Cooperation between India and Israel
MoU between the Ministry of Petroleum and Natural Gas and the Ministry of Energy on Cooperation in Oil and Gas Sector
Protocol between India and Israel on Amendments to the Air Transport Agreement
Agreement on Film-co-production between India and Israel
MoU between the Central Council for Research in Homeopathy, Ministry of AYUSH and the Centre for Integrative Complementary Medicine, Shaare Zedek Medical Center on Cooperation in the field of Research in Homeopathic Medicine
MoU between Indian Institute of Space Science and Technology (IIST) and the Technion- Israel Institute of Technology for cooperation in the field of space
Memorandum of Intent between Invest India and Invest in Israel
Letter of Intent between IOCL and Phinergy Ltd. For cooperation in the area of metal-air batteries
Letter of Intent between IOCL and Yeda Research and Development Co Ltd for cooperation in the area of concentrated solar thermal technologies

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	December 2017	December 2016	Growth (%)
U A E	292.48	226.78	28.97
Saudi Arab	184.53	100.72	83.22
Oman	70.07	56.20	24.69
Qatar	60.88	17.97	238.82
Kuwait	46.30	61.43	-24.63
Total MEWA	774.73	596.04	29.98

Source: DGCI&S

UAE remained at the top for Indian engineering exports registering a positive growth of over 28% in December 2017 over December 2016. The main engineering products exported to the country in December 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 December 2017

(Values in US\$ Million)

DGCI&S Engineering Panels	December 2017	December 2016	Growth (%)
Iron and Steel	67.10	155.67	132.01
Motor Vehicle/cars	63.03	129.11	104.85
Products of Iron & Steel	110.68	123.53	11.61
Copper and products	39.87	46.35	16.25
Industrial Machinery	38.90	43.74	12.44
Electric Machinery	46.10	41.20	-10.63
Machinery for ATMs	25.92	34.00	31.21
Air condition and Refrigerators & parts	26.98	27.95	3.63
Aluminum and products	18.89	21.91	15.98
Pumps of all types	12.30	19.28	56.82
Auto Components/Part	13.69	18.80	37.37
Construction Machinery	15.18	13.95	-8.12
Medical and Scientific Instruments	12.26	12.54	2.25
Aircrafts Spacecrafts & parts	11.42	10.94	-4.25
Accumulator and Battery	4.51	6.86	52.04

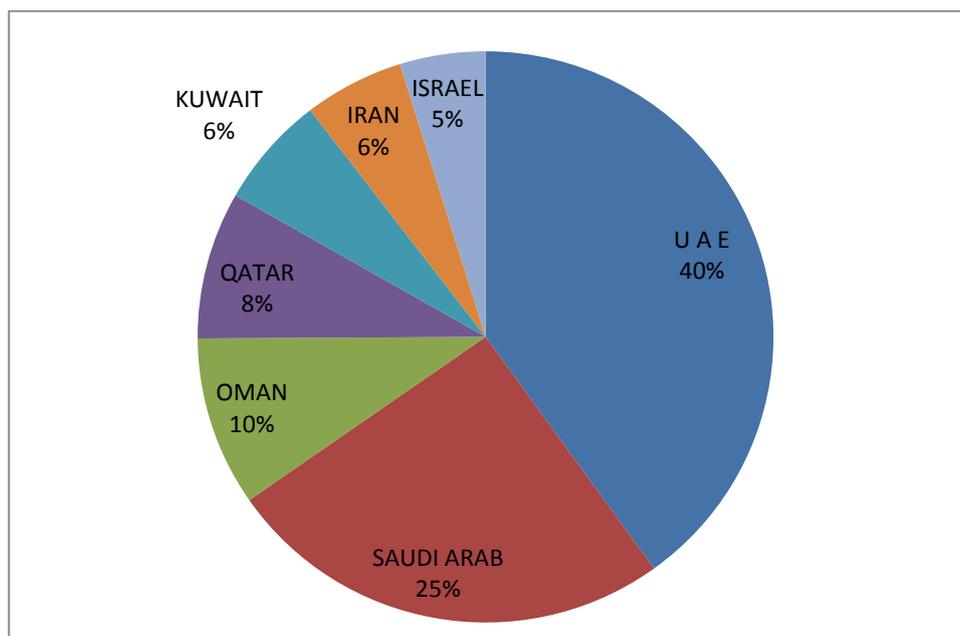
Note: Panels marked in yellow realized positive growth during December 2017

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 twelve panels in which exports from India have increased during December 2017 as compared to December 2016.

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

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



Source: DGCI&S

News in Focus

❖ Oman central bank eases capital, lending curbs in bid to spur growth

Oman's central bank is relaxing capital and credit exposure rules for commercial banks and taking other steps to boost lending in a bid to boost economic growth.

The Omani economy and financial markets have come under pressure from low oil prices and rising US interest rates, which are closely linked to rial rates, so authorities are keen to keep banks liquid and to encourage them to lend.

Source: <http://gulfnews.com/business/economy/oman-central-bank-eases-capital-lending-curbs-in-bid-to-spur-growth-1.2199010>

❖ Saudi Arabia: Non-oil business activity growth slows slightly in March

March's dip was driven by slower new business growth, likely due to the recent introduction of VAT, while foreign demand declined for the second straight month. Furthermore, the rate of job creation decreased again in March, although it remained above the average observed over the last year. On the positive side, March saw a faster expansion in output, while input cost inflation dipped to a ten-month low on lower raw material and wage inflation.

Source: <https://www.focus-economics.com/countries/saudi-arabia/news/pmi/non-oil-business-activity-growth-slows-slightly-in-march>

❖ Israel: 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-inflation>

❖ **Israel: Economic activity down marginally in January**

The Bank of Israel's (BoI) Composite State of the Economy Index rose 0.28% on a monthly basis, moderating slightly from December's downwardly revised 0.30% rise (previously reported: +0.32% month-on-month). Available external-sector data suggested that January's easing was driven by sharply lower imports of production inputs and consumer goods. Stronger monthly growth of goods exports, however, moderated the deceleration. Moreover, lagging data for December showed weakness in the industrial and services sectors as last year drew to a close.

Source: <https://www.focus-economics.com/countries/israel/news/economic-activity/economic-activity-down-marginally-in-january>

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

<p align="center">EEPC India MEWA Territorial Newsletter Contact: Manila Sharma Email: msharma@eepcindia.net Phone no: 011-23711124/25; Extn:112</p>
--
