

Territorial NEWSLETTER Middle East & West Asia (MEWA)

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Issue VI: July 2016

Chairman's Pen



T S Bhasin

MEWA (Middle East and West Asian Countries) has emerged as a region of strategic importance for India. The region provides a near substitute for India's traditional market of Europe and the US. While it 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 witnessed a growth of over 2% in engineering exports over the last three years (2012 to 2015). Some countries are showing increasing willingness to further open up and improve trade and business environment. For example, United Arab Emirates is making sincere efforts to attract its young entrepreneurs and investors around the world are entering the UAE to set up new Start ups.

I hope that our members find this newsletter useful for taking business decisions.

Message from Chairman, Committee on Trade with GCC countries

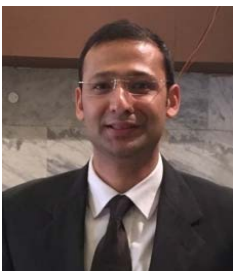


Ravi Sehgal

Importance of MEWA region as India's trade partner will further increase in the coming periods. This is because of potential trade diversion arising from the undergoing two trade arrangements of India's traditional markets (Europe and the US) in the form of TPP and TTIP. This newsletter presents a brief dynamics of emerging trend, particularly in UAE with respect to Startups. As in other issues, in this issue present an analysis of trade in engineering goods.

Further the newsletter also contains information on various events, exhibition and tenders in the region. I hope this newsletter will help exporters in taking informed business decisions.

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



Mukul Khandelwal

India's export of engineering products to MEWA region continue its fluctuating trend. Out of the top five countries, three countries realized positive growth rate for the month of June 2016 over the corresponding period June 2015. However, this is relatively better in comparison to May 2016. Oman which had experienced a negative growth rate in the month of May 2016 recorded a positive growth in June 2016. Besides, Kuwait and UAE continue to have positive growth, but the rate of growth has reduced in value for Kuwait. I hope that export to other countries will also improve in the coming periods.

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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.**

United Arab Emirates: A new Start-up for innovation

Living in a region as turbulent as the Middle East, people are not able to harness the power of technology to address the challenges in their communities and scale them regionally and globally. But UAE is becoming a place where the entrepreneurs are exploring various opportunities. UAE's openness has allowed it to become an entrepreneurial hub where multiple religions and nationalities live and work side-by-side, youth have access to education and jobs, women receive the same opportunities as their male counterparts, and regional start-ups get a chance to flourish. The region is brimming with talent and appetite for entrepreneurship, and this is evident from Tunisia's bustling startup scene to the growth in Lebanon's venture capital market. However, it is the combination of the UAE's sophisticated infrastructure; ideal location at the crossroads of emerging markets; and the government's dedication to innovation and technology that attracts talented young entrepreneurs from across the region and the world.

The United Arab Emirates (UAE) looks at youth as a major opportunity and invests accordingly else Middle East youth will suffer from unemployment, radicalization, and even worse, the debilitating feeling that future is not in their own hands. United Arab Emirates is also trying to tackle some issues and offer new hope to citizens of Middle East especially the young people across the region, who constitute 30% of the population of the Arabs. The UAE is making efforts to help the young entrepreneurs of the Middle East. At the elementary school level, the UAE government is encouraging students to pursue STEM education and is using new metrics to identify talent in fields such as robotics and entrepreneurs in kids as young as five years old. Students of Abu Dhabi, are seen participating in computer programming and getting opportunities to pitch their ideas to tech giants of the Silicon Valley. UAE youth is seeing innovation as investing in human capital, creating opportunities, and changing mindsets. In regard to this the government has launched a National Innovation Strategy with set targets for 2020 which includes increasing R&D expenditures and non-oil real GDP growth.

United Arab Emirates is making all the efforts to attract its young entrepreneurs towards innovations and start ups. These efforts by UAE have not gone unnoticed by the international community, and investors around the world are entering the UAE to experience some of the energy of these new Start ups in action.

Trade trend analysis: MEWA region

The top 5 MEWA nations with the highest demand for Indian engineering products during June 2016 in value terms is shown in Table 3.

Country	Export in June 2016 (USD million)	Export in June 2015 (USD million)	Growth (%)
UAE	449.23	283.50	58.46
SAUDI ARAB	99.02	102.55	-3.44
OMAN	48.43	34.15	41.81
KUWAIT	48.28	17.01	183.81
IRAN	31.29	47.03	-33.46

Out of the top five, while three countries had realized a decline in export from India during May 2016 compared to corresponding period in 2015, but for the month of June 2016 in comparison to June 2015, only 2 countries realized negative growth rate. Oman which had experienced a negative growth rate in the month of May 2016 again recorded a positive growth in June 2016. Kuwait and UAE continue to have positive growth, but the rate of growth has reduced in value for Kuwait.

Analysis of top 15 engineering panels' exports as presented in Table 4 shows a good situation for India's engineering exports to MEWA. There are nine panels in which exports from India have increased during June 2016 compared to June 2015, as compared to six panels for the month of May 2016.

Name of the Panel	India's export in June 2016 (USD million)	India's Export in June 2015 (USD million)	Growth (%)
Ships Boats and Floating Structures	147.12	44.37	231.56
Products of Iron & Steel	144.48	98.93	46.05
Iron and Steel	69.70	57.15	21.97
Copper and products	59.92	35.12	70.60
Aircrafts & Spacecrafts	42.76	6.81	527.71
Motor Vehicle/cars	42.35	61.01	-30.58
Industrial Machinery	38.97	39.07	-0.26
Electric Machinery	38.06	35.78	6.38
Air condition and Refrigerators	22.17	30.95	-28.36
Machinery for ATMs	18.98	17.61	7.78
Aluminium and products	18.72	26.45	-29.23

Auto Components/Part	16.69	16.67	0.09
Nuclear Reactors	10.26	6.10	68.23
Medical and Scientific Instruments	9.44	9.87	-4.36
Pumps of all types	9.14	10.34	-11.65
Note: Panels marked in yellow realized positive growth during May 2016 Source: DGCI&S, Government of India			

News in Focus

Weak oil may lead to build-up of vulnerabilities in GCC financial sector, says IMF

Working paper

Lower oil prices can lead to the build-up of systemic vulnerabilities in the GCC financial sector due to the links between oil price movements and financial developments in the region, an International Monetary Fund (IMF) working paper has warned.

“Macro-financial linkages in the GCC can amplify the effects of oil price movements over the financial cycle,” the report said.

Link: <http://www.muscatdaily.com/Archive/Business/Weak-oil-may-lead-to-build-up-of-vulnerabilities-in-GCC-financial-sector-says-IMF-working-paper-4s0p>

Certificates of conformity use started by GCC

Standardization Authority of the GCC countries commenced from implementation of certificates of conformity issued by approved authorities from July 1. This applies to commodities and products subject to the Gulf Conformity Logo currently applicable to children’s toys and low voltage electrical equipment and devices.

Secretary General of the GCC Standardisation Authority stated that this system is one of the important initiatives of the authority to enhance the safety of the products traded in the markets and to achieve strategic objectives of protecting consumers and providing appropriate mechanism to the authorities concerned for verifying the conformity of products holding the Gulf Conformity Logo.

Link: <http://timesofoman.com/article/89655/Oman/Government/Certificates-of-conformity-use-started-by-GCC>

Qatar market gains 1.01%; GCC on strong footing

Strength in international equities markets at the end of last week helped lift share prices in the Gulf yesterday with markets most exposed to foreign capital inflows outperforming, while Egypt slipped on profit-taking.

Blue chips helped push Qatar's index up 108.35 points, or 1.01 percent, with Vodafone Qatar advancing 2.4 percent when the bourse closed trading at 10,789.43 points.

Petrochemical conglomerate Industries Qatar, which reported strong earnings late last week, jumped 3.9 percent. From the 44 companies listed on QE, shares of 41 saw trading today. From these 33 gained, 5 closed lower and three remained unchanged. Indices of all sectors ended in the green with insurance index gaining the most, up 2.03 percent to 4,329.76 points.

Link: <http://www.thepeninsulaqatar.com/business/qatar-business/388991/qatar-market-gains-1-01-gcc-on-strong-footing>

Some upcoming Exhibitions in MEWA

Events	Date	Venue	Link
<u>ERBIL BUILDING</u> Erbil International Building Construction & Heavy Materials Machinery Exhibition	22-25 September 2016	<u>Erbil International Fairground</u> , Erbil , Iraq	http://www.eventseye.com/fairs/f-erbil-building-16257-1.html
<u>SPARK</u> Jordanian International Electrical and Electronic Engineering Conference and Exhibition	22-25 August 2016	<u>Zara Expo Amman</u> , Amman , Jordan	http://www.eventseye.com/fairs/f-spark-17530-1.html
<u>INTER-BUILD JORDAN</u> Fair and Forum for Construction & building technologies. INTER-BUILD JORDAN includes Building Industry, Architecture, Decoration, Lighting, Marble and Stones, Granite, Installation Techniques for Buildings, Solar Heating and Cooling Systems, HVAC...	22-28 August 2016	<u>Zara Expo Amman</u> , Amman , Jordan	http://www.eventseye.com/fairs/f-inter-build-jordan-13296-1.html

Events	Date	Venue	Link
<u>ME-TRANSLOG</u> Middle East Transport & Logistics Expo	05-07 September 2016	<u>Oman</u> <u>International</u> <u>Exhibition</u> Centre, Muscat, Oman	http://www.eventseye.com/fairs/f-me-translog-23256-1.html

Tender Information in MEWA

Title	Country	Deadline
<u>Purchase And Installation Of Air Conditioners.</u>	Israel	04 September 2016
<u>Purchase Of Machines For Wrapping Pallets.</u>	Israel	18 August 2016
<u>Supply Of Spare Parts For Ge Reciprocating Compressor</u>	Syria	23 August 2016
<u>Escalators Interfacing For Auto Start And Stop Including Related Works.</u>	UAE	16 August 2016
<u>Procurement Of 60000 Gallon Electro-pump</u>	Iran	20 August 2016
<u>Construction Of Electricity And Lighting Networks</u>	Iran	30 August 2016
<u>Provision Of Under Vehicle Inspection System</u>	Jordan	22 August 2016

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

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

EEPC India

Middle East & West Asia (MEWA) Territorial Newsletter

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