

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EPCINDIA
ENGINEERING THE FUTURE

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Issue: July 2017

Chairman's Pen



**Tarvinder
Singh Bhasin**

Israel is one of the most strategic country for India in the Middle East. Trade and business relations between the two countries are evolving and getting strengthened. The recent three days early July visit of the Prime Minister of India to Israel has further expanded the scope and potential for cooperation. Seven agreements have been signed. These include cooperation in the area of science and technology, agriculture, and space. All these have huge potential to deepen cooperation between the two countries.

This issue of the newsletter, besides highlighting the outcomes from the recent visit of the Indian Prime Minister to Israel, contains information on major developments, upcoming events and tenders. I hope, our members find it useful and informative.

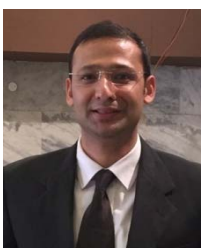
Message from Chairman, Committee on Trade with GCC countries



Ravi Sehgal

The acceleration in global trade in the first half of 2017 has provided a boost to growth across many regions of the world economy. But this gain is unlikely to be felt evenly across the Middle East. The reason for this, apart from the lowering of oil prices, is boycotting of Qatar by the neighboring countries of the region. The region's economies might expect to benefit from faster trade and overall growth through its impact on overall demand and oil prices. 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
Khandelwal**

India's export of engineering products to the MEWA region is valued at over USD 666 million in June 2017, a decline of 12% as compared to June 2016. UAE remained the top importer of the region for the Indian engineering goods but with a negative growth rate of 29%. The panel wise analysis shows a positive and good picture for Indian engineering export to the MEWA region, with 10 out of top 15 panles registering a positive growth in June 2017 compared to June 2016. Presently, trade with Middle East region appears to be a bit disturbed because of boycotting of Qatar by other countries in the region. We hope the situation to improve soon.

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.

Evolving India-Israel trade and business relations

Marking the 25th anniversary of the establishment of diplomatic relations between the two countries, Prime Minister Narendra Modi of India visited Israel from 4-6 July 2017 at the invitation of Prime Minister Benjamin Netanyahu of Israel. This first-ever visit by an Indian Prime Minister to Israel solidified the friendship and raised the bilateral relationship to that of a strategic partnership. During the meet the two leaders affirmed their intention to build a broad-based relationship that will realize the full potential of their association.

The two leaders agreed on initiatives and policies that would help achieving the goals and aspirations of both nations and widen their collaborative endeavours in a broad range of areas. The two countries intend to become close partners in development, technology, innovation, entrepreneurship, defence and security. India and Israel agreed to establish a "Strategic Partnership in Water and Agriculture", which will focus on water conservation, waste-water treatment and its reuse for agriculture, desalination, water utility reforms, and the cleaning of the Ganges and other rivers using advanced water technologies.



It will also include the reinforcement and expansion of the existing Centres of Excellence (COE) under the stewardship of the Israeli Ministry of Foreign Affairs (MASHAV) and the Ministry of Agriculture of India to promote commercially viable business models involving Farmer Producer Organizations (FPOs). The two leaders also agreed on the establishment of a Joint Working Group to steer this Partnership.

The two Prime Ministers pointed the importance of realizing the full potential of bilateral trade and investment. The two sides tasked the India-Israel CEO Forum, Both to boost bilateral cooperation in innovation and entrepreneurship and called for greater collaboration in the field of start-ups. Recognizing the importance of facilitating movement of businessmen and women, India and Israel underlined the need for granting of multiple entry visas to business people for up to five years to encourage greater economic and commercial exchanges. The two leaders also agreed to conduct negotiations on agreement for the Protection of Investments to encourage bilateral investments from both sides. They welcomed the conclusion of the Memorandum of Understanding for establishing the India-Israel Industrial R&D and Innovation Fund by the Department of Science and Technology, India and the National Authority for Technological Innovation, Israel with a contribution of US\$ 20 million from each side. This MoU will enable Indian and Israeli enterprises to undertake joint R&D projects leading to development of innovative technologies and products that have potential for commercial application.

Recognizing the importance of fostering wide ranging knowledge-business partnership for industries, R&D institutions and government agencies from both countries, Israel warmly welcomed India's offer to be the "Partner Country" for the annual Technology



Summit to be held in India in 2018. Both the nations have united to upgrade their scientific and technological collaboration by supporting joint research and development projects in many areas, including 'Big Data Analytics in Health Care'. They directed the India-Israel Joint Committee on Science and Technology to explore the possibility of further advancement of scientific collaboration including setting up of Networked Centres of Research Excellence in areas of mutual strength and interest. Future developments in bilateral defence cooperation would focus on joint development of defence products, including transfer of technology from Israel, with a special emphasis on the 'Make in India'

Trade and Investment

There have only been a handful of Indian investments in Israel over the past decade, as opposed to the \$16.5 billion received from China in 2016. Israeli businessmen closed three deals with India, joining with Reliance Industries for a hi-tech incubator that helps to grow young companies in Jerusalem, bringing Israeli technology to India with Reliance Capital, and collaborating with India's Lets Venture to invest in start-ups.

Israel is a global leader in water and food systems, two critical fields India needs to upgrade. India wants to strengthen its manufacturing base and is looking to do so with technologies coming from Israel. Both countries host major diamond trading and polishing hubs. Israeli exports to India last year totaled \$1.15 billion, excluding diamonds, just 2.5 percent of total exports. Bilateral trade was less than \$2 billion, which jumped to \$4.13 billion including diamonds. Israel's foreign direct investment in India totals only \$100 million. To reorient Israel's economy toward India, the Israeli Prime minister has set a goal of increasing exports to India by 25 percent in the next four years.

The high level visit is likely to continue in the coming periods. Prime Minister Modi extended an invitation to Prime Minister Netanyahu to visit India at a convenient time, and the Prime Minister of Israel, Netanyahu, accepted the invitation.

During the visit, the following Agreements were signed:

<ul style="list-style-type: none"> MoU between the Department of Science & Technology, India and National Technological Innovation Authority, Israel for setting up of India-Israel Industrial R&D and Technological Innovation Fund
<ul style="list-style-type: none"> MoU between the Ministry of Drinking Water and Sanitation of the Republic of India and the Ministry of National Infrastructure, Energy and Water Resources of the State of Israel on National Campaign for Water Conservation in India
<ul style="list-style-type: none"> MoU between U.P. Jal Nigam, Government of Uttar Pradesh, of the Republic of India and the Ministry of National Infrastructure, Energy and Water Resources of the State of Israel on State Water Utility Reform in India
<ul style="list-style-type: none"> India-Israel Development Cooperation - Three Year Work Program in Agriculture 2018-2020
<ul style="list-style-type: none"> Plan of Cooperation Between the Indian Space Research Organization (ISRO) and the Israel Space Agency (ISA) regarding cooperation in Atomic Clocks
<ul style="list-style-type: none"> MoU between the Indian Space Research Organization (ISRO) and the Israel Space Agency (ISA) regarding cooperation in GEO-LEO Optical Link
<ul style="list-style-type: none"> MoU between the Indian Space Research Organization (ISRO) and the Israel Space Agency (ISA) regarding cooperation in Electric Propulsion for Small Satellites

India's latest trend in engineering exports to MEWA

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

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

MEWA	June 2016 (USD million)	June 2017 (USD million)	Growth (%)
U A E	450.25	319.27	-29.09
Saudi Arab	99.00	97.92	-1.09
Kuwait	48.35	48.35	0.01
Iran	31.30	43.05	37.57
Qatar	22.41	41.63	85.78
Total MEWA	756.88	666.12	-11.99

Source: DGCI&S

UAE remained at the top for Indian engineering exports registering a negative growth of 29 % in June 2017 over June 2016. The main engineering products exported to the country in June 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 June 2017
US\$ Million

DGCI&S Engineering Panels	June 2016 (USD million)	June 2017 (USD million)	Growth (%)
Copper and products	59.91	93.17	55.50
Products of Iron & Steel	144.46	85.76	-40.63
Iron and Steel	69.73	77.41	11.02
Ships Boats and Floating structures	147.08	74.66	-49.24
Electric Machinery	37.88	48.78	28.79
Industrial Machinery	39.32	39.13	-0.50
Motor Vehicle/cars	42.44	32.73	-22.87
Aluminum and products	18.72	26.13	39.58
Machinery for ATMs	19.10	23.93	25.28
Air condition and Refrigerator	22.18	21.07	-5.03
Auto Components/Part	16.75	18.15	8.41
Construction Machinery	9.24	14.22	53.82
Pumps of all types	9.14	12.02	31.48
Medical and Scientific Instruments	9.98	11.35	13.75
IC Engines and Parts	6.83	9.03	32.23

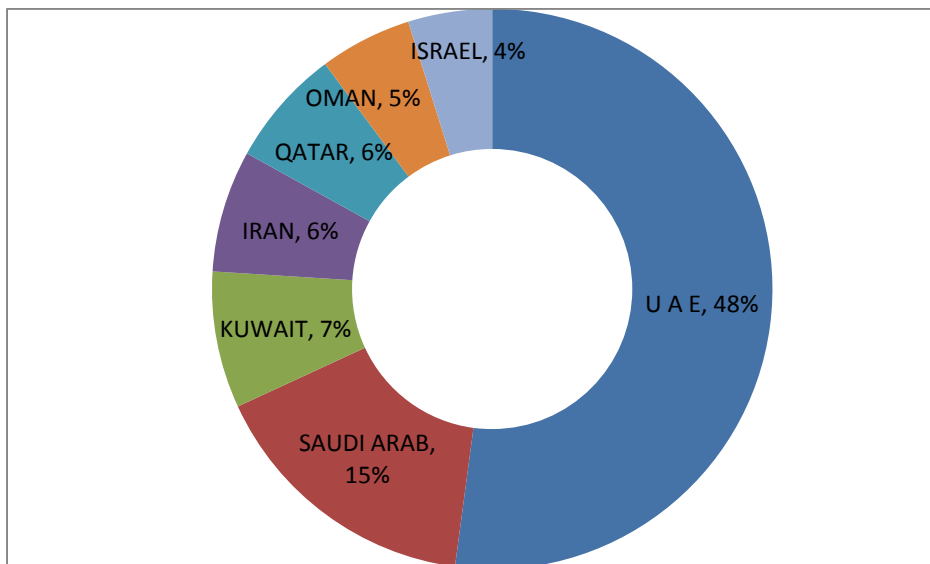
Note: Panels marked in yellow realized positive growth during June 2017

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 June 2017 as compared to June 2016.

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

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



Source: DGCI&S

News in Focus

❖ Building projects worth \$228bn underway in UAE

A total of \$228 billion (AED836.7 billion) of building projects are currently underway in the UAE. The projects analyzed constitute 82 percent of all active projects in the UAE's construction sector and 44 percent of the total estimated value, according to the report from BNC (Business News for Construction) Intelligence.

Source: <http://www.arabianbusiness.com/content/377119-revealed-228bn-of-building-projects-underway-in-uae>

❖ UAE and Cambodia sign investment agreement

The agreement was signed by Saif Abdullah Al Shamsi, the non-resident ambassador to Cambodia, and Sok Chenda Sophea, Secretary-General of the Council for the Development of Cambodia, at the council's headquarters in Cambodia.

Source: <http://gulfnews.com/business/economy/uae-and-cambodia-sign-investment-agreement-1.2065273>

❖ Abu Dhabi inflation touches 2.1% in first half

The relative rate of change in consumer prices was 1.8 per cent in June 2017, compared to June 2016, while the CPI rose by 0.4 per cent in June 2017, compared to May 2017. It also noted that inflation reached 2.1 per cent in the first half of 2017, compared to the same period in 2016. The housing, water, electricity, gas, and other fuel category contributed 51.3 per cent of the total increase during the first part of 2017, due to a price increase of 3.2 per cent in this category. The transport category contributed 34.2 per cent to the overall increase.

Source: <http://gulfnews.com/business/economy/abu-dhabi-inflation-touches-2-1-in-first-half-1.2064310>

❖ Challenging road ahead for GCC's economic diversification efforts

GCC sovereigns have announced ambitious diversification plans, some of which have existed for several years. These plans have recently gained new impetus following sustained decline in oil prices. By and large, governments have presented National Development Plans (NDPs) or 'Visions' with 20- to 25-year time horizons, usually incorporating five-year intermediate strategies.

Source: <http://gulfnews.com/business/economy/challenging-road-ahead-for-gcc-s-economic-diversification-efforts-1.2064229>

❖ Bahrain's value of imports up 8% in Q2

Bahrain's value of imports increased by 8 per cent to BD1.275 billion (\$3.38 billion) during the second quarter of 2017, compared to BD1.176 billion (\$3.11 billion) for the same quarter in 2016.

The top 10 countries exporting to Bahrain accounted for 66 per cent of the imports value, said the foreign trade report by Information & eGovernment Authority (iGA). The report encompasses balance of trade, imports, exports and re-exports (national origin).

Source: http://www.tradearabia.com/news/IND_328207.html

Upcoming Exhibitions in MEWA

Events	Date	Venue	Link
Inter-Build Jordan	21st- 24th August, 2017	Amman, Jordan	http://www.eventseye.com/fairs/f-inter-build-jordan-13296-1.html
Tabriz Pack	24th- 27th August, 2017	Tabriz, Iran	http://www.eventseye.com/fairs/f-tabriz-pack-15735-1.html
Woodex Tabriz	3rd- 6th August, 2017	Tabriz, Iran	http://www.eventseye.com/fairs/f-woodex-tabriz-23259-1.html

Tender information in MEWA

Title	Deadline	Country	Link
<u>Supply 10 Truck Tractors Volvo, Man And Scania Goal Tankers (TI Ref ID: 40793962)</u>	13 August 2017	Iran	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40793962
<u>Provision Of Design And Build Services For The Inspection Steel Hangar (TI Ref ID: 40869533)</u>	02 August 2017	Jordan	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40869533
<u>Purchase Of Installation Of 33, 11 0.415 Kv Cables,equipments,etc. (TI Ref ID: 40886253)</u>	27 July 2017	UAE	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40886253
<u>Supply And Installation Of Chlorine Tanks Body In Teams, Nizwa, Samail (TI Ref ID: 40310814)</u>	31 July 2017	Oman	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40310814
<u>Supply Of Spare Parts For Excavator Device Alhorsuivel Naxional E-1500. (TI Ref ID: 40843731)</u>	31 July 2017	Syria	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40843731
<u>Supply And Install Sheets Ironing Devices (TI Ref ID: 40062933)</u>	31 July 2017	Saudi Arabia	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40062933

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