

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Ravi Sehgal

The MEWA region is one of the focus regions for India under its foreign policy in terms of trade and investments and building economic relations. In the same lines, West Asia has lately become new interest for India under its foreign policy. The region is being approached for investments and trade, market penetration is also targeted. Recent, High Joint Commission meeting held between India and Bahrain is a step forward in this direction. India is trying to access the West Asia markets especially the MSMEs who are eyeing the markets of the MEWA region.

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 High Joint Commission (HJC) meeting held in July between India and Bahrain. This was the second meeting held after their formation of HJC. The third meeting will be held in New Delhi in 2019. In this round of meeting many bilateral ties and areas of cooperation were discussed and agreed upon in terms of investment. Some MoUs were also signed during the meeting, aimed at building stronger ties between the India and Bahrain.

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 been both in terms of trade and investment. The progress in relations can be measured by the value of exports to the region which is over USD 661 million for the month of June 2018 over June 2017. The growth though saw a decrease of 2% for the same time period. Among the major importers in the region, with a value of USD 320 million, UAE remained the top importer for the Indian engineering goods. The panel wise analysis also shows the encouraging approach of Indian engineering export to MEWA, with 7 out of top 15 panels registering positive growth in June 2018 as compared to June 2017.

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-Bahrain High Joint Commission Meeting (HJC)

The second meeting of the India-Bahrain High Joint Commission (HJC) was held in Manama in July 2018. The meeting was co-chaired by Hon'ble Minister of External Affairs of India and Minister of Foreign Affairs of Bahrain. The High Joint Commission was established by a Memorandum of Understanding signed between two sides during the historic State visit of His Majesty King Hamad bin Isa Al Khalifa, King of Bahrain, to India on 18-20 February 2014. Both sides appreciated that the Commission at the level of Foreign Ministers reflects the depth and strength of bilateral ties.

Minister of Foreign Affairs of Bahrain, cordially welcomed the External Affairs Minister of India and the accompanying delegation to Bahrain. He recalled the historical and friendly relations between the two countries and expressed satisfaction at the regular high level exchanges between the two countries. He highly appreciated the role and contribution of the Indian expatriate community in Bahrain's progress and economic development.

Hon'ble EAM of India expressed appreciation for the opportunity extended to her to meet and discuss range of bilateral and regional matters of mutual interest with the Bahraini top leadership. The two sides highlighted the importance of the regular meetings of well-established bilateral mechanisms and high-level bilateral visits. They also recognized that the fourth round of Foreign Office Consultations held on 14 November 2016 in Manama provided an opportunity to take stock of entire gamut of bilateral relations and prepare the necessary groundwork for the holding of the second-High Joint Commission meeting. Both sides decided that the next round of such consultations would be held in New Delhi in the first half of 2019.

During the meeting, both the countries emphasized on the close bilateral ties, deep-rooted in shared history and cultural affinities, sustained and nourished through growing economic linkages, multi-faceted cooperation and close people-to-people contacts. The wide-ranging discussions were held in a friendly and forward-looking atmosphere, with useful exchanges of views on bilateral, regional and multilateral issues of mutual interest.

The two leaders also stressed upon the existing potential for two-way investments and reaffirmed their desire to provide favorable environment for investments, both from public and private sectors, from the two countries. Both sides agreed on the importance of regular and timely exchange of information on available investment opportunities. The two sides discussed in detail various aspects of bilateral relations. These included ways and means to expand cooperation in the fields of education, health, housing, renewable energy, space cooperation, etc.

India and Bahrain welcomed the signing of the Agreement on Exemption from Short Stay Visa for holders of Diplomatic and Official/Special Passports. The two sides agreed to consider further liberalization of visa regime for each other's nationals. They also agreed to strengthen coordination on consular issues taking into consideration humanitarian cases on both sides. The two sides agreed to work towards integration of e-Migrate system with the work permit issuance system of Bahrain.

Further, the two nations also agreed to explore opportunities health care Industry and welcomed the signing of an MoU for cooperation in the field of Healthcare, which would contribute in expanding the cooperation between the two countries making pharmaceuticals a key priority area in the bilateral relations. During the visit, several Agreements/MOUs were also signed by the leaders of both the countries.

Agreements/MOUs signed during the meeting

Agreement on Exemption from Short Stay Visa for Holders of Diplomatic and Official/Special Passports.

MoU on Renewable Energy

MoU on Cooperation in the Field of Healthcare

The meeting provided an opportunity to exchange views on regional and international issues of mutual interest, including recent developments in the Gulf, Middle East, West and South Asia. In the end it was agreed that the third meeting of the Commission would be held in New Delhi, dates for which will be decided through the diplomatic channels.

India's latest trend in engineering exports to MEWA

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

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

MEWA	May 2017	May 2018	Growth (%)
UAE	292.38	319.40	-8.46
Saudi Arab	92.46	98.01	-5.66
Qatar	66.60	37.28	78.64
Iran	45.82	42.64	7.45
Oman	43.73	32.61	34.09
Total MEWA	645.25	661.50	-2.46

Source: DGCI&S

UAE remained at the top for Indian engineering exports but registered a negative growth of over 8% in June 2018 over June 2017. The main engineering products exported to the country in June 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 June 2018
(Values in US\$ Million)

DGCI&S Engineering Panels	June 2018	June 2017	Growth (%)
Ships Boats and Floating structures & parts	124.70	74.63	67.09
Products of Iron & Steel	95.32	85.86	11.01
Iron and Steel	78.77	73.05	7.83
Air condition and Refrigerator & parts	57.24	21.06	171.82
Motor Vehicle/cars	46.19	32.89	40.45
Electric Machinery	31.74	48.69	-34.81
Industrial Machinery	27.11	39.08	-30.65
Copper and products	23.47	93.16	-74.80
Aluminum and products	20.81	25.82	-19.40
Machinery for ATMs	17.81	23.96	-25.68
Auto Components/Part	14.71	18.17	-19.04
Construction Machinery	13.35	14.22	-6.11

Medical and Scientific Instruments	9.75	12.06	-19.15
Accumulator and Batteries	8.95	4.84	85.03
Nuclear Reactors and boilers	7.40	6.64	11.37

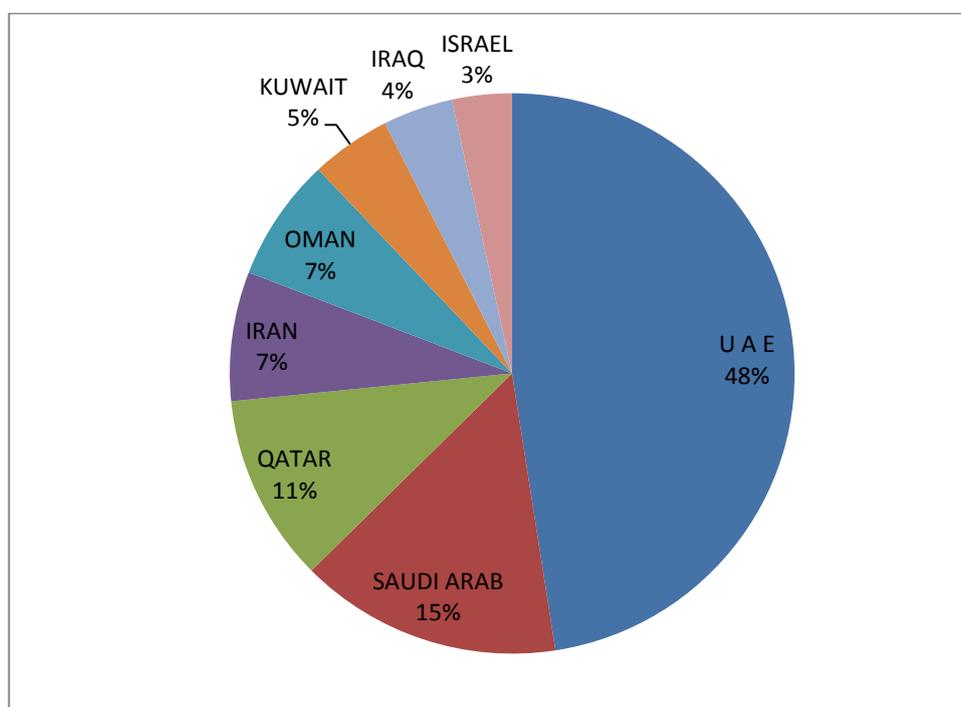
Note: Panels marked in yellow realized positive growth during June 2018

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 seven panels in which exports from India have increased during June 2018 as compared to June 2017.

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

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



Source: DGCI&S

News in Focus

❖ Kuwait said to start work on 111km railway project

First phase of railway project to connect Kuwait with the rest of the Gulf region will reportedly cost \$3bn. Work has reportedly started on a 111km railway project to connect Kuwait with the rest of the Gulf region. The

2,100km passenger and cargo network stretching through all six Gulf states from Kuwait to Oman has faced technical and bureaucratic obstacles, and stalled as state budgets tightened because of low oil prices.

Source: <https://www.arabianbusiness.com/transport/403177-kuwait-said-to-start-work-on-111km-railway-project>

❖ **Oil rises as U.S. sanctions on Iran cloud supply outlook**

Oil prices rose more than 1 percent, supported by signs that U.S. sanctions on Iran are already reducing global crude supply. Benchmark Brent crude oil rose \$1.12 a barrel to a high of \$75.85 before easing to trade around \$75.53, up 80 cents, by 1245 GMT. Brent is on track for gains of more than 5 percent.

Source: <https://www.cnbc.com/2018/08/24/reuters-america-update-8-oil-rises-as-u-s-sanctions-on-iran-cloud-supply-outlook.html>

❖ **Saudi reforms to boost growth despite any Aramco IPO delay - IMF**

Saudi Arabia is moving ahead with economic reforms and growth in its non-oil economy will pick up this year despite any delay to a planned sale of shares in national oil giant Saudi Aramco, a senior International Monetary Fund official said. "Aramco was one part of the reform programme. Other parts are moving ahead pretty well," Tim Callen, the IMF's mission chief for Saudi Arabia, told reporters after annual consultations with the Saudi government.

Source: <https://www.cnbc.com/2018/08/24/reuters-america-update-1-saudi-reforms-to-boost-growth-despite-any-aramco-ipo-delay--imf.html>

Trade Barriers

Table 4: Technical barriers to trade

Member Imposing	Notification/ Date of In-Forcement	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	G/TBT/N/ARE/406, G/TBT/N/BHR/517,	85	Electromagnetic Compatibility

Countries	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		
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

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