

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



T S Bhasin

MEWA (Middle East and West Asian Countries) region is gaining importance in today's world. The government is keen to do business with the MEWA countries and is finding ways to get access to the region.

EEPC India is taking facilitatory steps towards achieving this. This is in the form of an India Pavilion in the JIMEX, Amman, Jordan 2016 organised in May 2016. The event assisted members to get access to information on doing business with the MEWA countries. JIMEX, Amman, Jordan is one of the largest expo focusing on diverse engineering products and various countries especially from Asia and Africa participate in this. I hope that our members find this newsletter useful for taking business decisions.

Message from Chairman, Committee on Trade with GCC countries

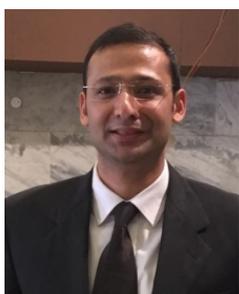


Ravi Sehgal

MEWA region is one of the emerging regions for trade and business opportunities. Israel is one country in the region with which economic ties is fast evolving. This newsletter presents a short note on some recent developments with regard to bilateral cooperation between India and Israel. Given the huge and developing level of cooperation between the two nations, the trade between the two especially in the area of defense is going to increase further. As in other issues, in this third issue of the newsletter on MEWA region, we 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, a market of over \$2.7 trillion, is presently constrained because of several reasons. Out of the top five countries in the region, three realized a decline in export from India during May 2016 compared to corresponding period in 2015. Exports to Iran continue to be worst affected, probably because of economic sanctions by the UN and global slowdown.

I hope that with the removal of economic sanctions by the UN, and signing of a trilateral transport corridor between India, Iran and Afghanistan, trade between India and countries in the MEWA region will improve. This perception is based on the outcome of EEPC India's participation in the JIMEX 2015.

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.**

India- Israeli Growing Bilateral Ties

Indian and Israeli relations are getting even friendlier. Since India normalized relations with Israel in 1992, the partnership has developed steadily. The countries have a close defense, homeland security, and intelligence relationship. Shared concerns about terrorism have proven to be a key driver; so have commercial interests including Israel's quest for additional markets and India's desire to diversify its defense suppliers, get access to better technology, and co-develop and co-produce equipment. India has become Israeli defense companies' largest customer. Israel, in turn, has shot up on India's list of suppliers beyond defense and security relationship. Newer areas of cooperation include agricultural sector — water management, research and development, sharing of best practices.

Economic ties have also grown. The two countries are negotiating a free trade agreement, and have been trying to encourage greater investments from the other. The success of Indian and Israeli information technology companies has particularly led to interest in collaboration in that sector. In 2014 Indo-Israeli bilateral trade, excluding defense, reached \$4.52 billion, a 3.8 percent increase on the previous year. But it is defense and security that lie at the heart of the ever-closer ties between India and Israel, with the effective countering of terrorism as the prime objective. Israel has sold radar and surveillance systems for military aircraft and has provided India with training in counter-terrorism.

Mutual benefit is being derived from the evolving ever-closer Indo-Israeli relationship. India is one of the world's two most rapidly developing economies (China is the other), and represents a huge potential market for Israel's defense, aerospace, and high-tech industries – a market already being exploited, but one with unimaginably vast possibilities still to be explored. “The sky's the limit”, said the Israeli Prime Minister recently, referring to the potential for strengthening bilateral Indo-Israel co-operation in a wide variety of fields.

For India, Israel offers access to the most advanced technologies available in the world, across a range of areas – defense, security, computer science, cyber forensics, agricultural techniques, micro-irrigation, urban water systems. For defense, in 2015 Israel Aerospace Industries and the Indian state-owned Defense Research and Development Organization began collaborating on a jointly developed surface-to-air missile system for the Indian Army. India uses Israel-made unmanned drones for surveillance and military purposes, and during 2015 ordered 16 drones and well as buying 321 launchers and 8,356 missiles from the Israeli military.

Given the huge and developing level of cooperation between the two nations, the trade between the two especially in the area of defense is going to increase further.

Trade trend analysis: MEWA region

The top 5 MEWA nations with the highest demand for Indian engineering products during May 2016 in absolute values is shown in Table 3.

Table 3: Top five countries in MEWA region for Indian exports			
Country	Export in May 2016 (USD million)	Export in May 2015 (USD million)	Growth (%)
U ARAB EMTS	677.93	263.79	156.99
SAUDI ARAB	92.26	112.42	-17.94
KUWAIT	37.77	19.10	97.80
OMAN	34.25	36.67	-6.60
IRAN	30.75	61.73	-50.18

Out of the top five, three countries realized a decline in export from India during May 2016 compared to corresponding period in 2015. Exports to Iran, in spite of lifting up of sanctions by UN continues to be worst affected in May 2016 as compared to the other countries of the region, maybe due to the global slowdown. Oman which had experienced a positive growth rate in the month of April 2016 recorded a negative growth in May 2016. Kuwait and UAE continue to have positive growth, but the rate of growth has reduced in value for Kuwait. But for UAE which had experienced a negative growth rate in the month of April 2016 has seen a huge jump and has a growth rate of 157% in May 2016.

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

Table 4: Top 15 Engineering Panels exported from India to MEWA region			
Name of the Panel	India's export in May 2016 (USD million)	India's Export in May 2015 (USD million)	Growth (%)
Ships Boats and Floats	444.20	6.42	6817.40
Products of Iron & Steel	112.74	144.29	-21.86
Copper and products	49.58	37.26	33.07
Iron and Steel	45.51	82.69	-44.97
Motor Vehicle/cars	39.82	49.10	-18.89

Electric Machinery	38.36	38.56	-0.52
Industrial Machinery	34.24	32.44	5.56
Other Construction Machinery	20.66	19.43	6.32
Air condition and Refrigerators	18.98	26.27	-27.74
Machinery for ATMs	18.44	20.14	-8.43
Aluminum and products	13.17	24.48	-46.20
Auto Components/Part	12.47	17.62	-29.24
Medical and Scientific Instruments	9.45	7.58	24.76
Two and Three Wheelers	8.81	6.99	25.94
Pumps of all types	8.59	14.50	-40.75
Note: Panels marked in yellow realized positive growth during May 2016 Source: DGCI&S, Government of India			

News in Focus

Iran: Secret deal 'will allow Tehran to expand key nuclear programme' in little more than a decade

Key restrictions on Iran's nuclear programme will reportedly ease in slightly more than a decade - halving the time the country would require to build a weapon.

The *Associated Press* reported that a document it had obtained in Vienna, where the offices of the International Atomic Energy Agency (IAEA) are located. It said the document was the only secret text linked to last year's agreement between Iran and six foreign powers. It said that after a period between 11 to 13 years, Iran could replace its 5,060 inefficient centrifuges with up to 3,500 advanced machines..

Link: <http://www.independent.co.uk/news/world/middle-east/iran-secret-deal-will-allow-tehran-to-expand-key-nuclear-programme-in-little-more-than-a-decade-a7143446.html>

Bahrain, Pakistan to Expand Economic Ties

Pakistan's Ambassador to the Kingdom of Bahrain Javed Malik has said that meaningful efforts are underway to expand and enhance the business, trade and investment relations between Pakistan and Bahrain and accordingly the first Pakistan-Bahrain Business Opportunities Conference will be organized on Sept 27 in Bahrain.

Link: <http://www.bahrainbiznews.com/story-z6374168>

GCC governments urged to rethink cost cutting to wipe out deficits

GCC countries are facing budgetary problems which could result in long-term deficits if not addressed, according to new research by management consultancy Strategy&.

The study said that while every GCC government has announced spending cuts to conserve budgets, conventional cost-cutting is only a short-term fix and could potentially slow a country's growth over time. Strategy& said GCC government entities should try to achieve sustainable reductions in their budgets while also reinforcing investment in the services that are essential to long-term security and robust growth.

Link http://www.arabianbusiness.com/gcc-gov-ts-urged-rethink-cost-cutting-wipe-out-deficits-639034.html#.V43LS_196M8

Some upcoming Exhibitions in MEWA

Events	Date	Venue	Link
<u>IRAN MOTOR SHOW</u> International exhibition of automobile, spare parts and related industry	08-12 August 2016	<u>Mashad Fair</u> <u>Grounds,</u> Mashhad , Iran	http://www.eventseye.com/fairs/f-iran-motor-show-17212-1.html
<u>METALEX</u> International Exhibition of Steel, Metallurgy and Foundry	02-05 August 2016	<u>Isfahan</u> <u>International</u> <u>Exhibition</u> <u>Fairground,</u> Isfahan , Iran	http://www.eventseye.com/fairs/f-metalex-20969-1.html
<u>WOODEX TABRIZ</u> International Exhibition of Machineries, Equipment, Accessories & Raw Materials for Wood Industry in Iran	16-19 August 2016	<u>Permanent</u> <u>Ground For</u> <u>Tabriz</u> <u>International</u> <u>Exhibition Co.,</u> Tabriz, Iran	http://www.eventseye.com/fairs/f-woodex-tabriz-23259-1.html

Tender Information in MEWA

Title	Country	Deadline
<u>Medical Equipment</u>	UAE	28 July 2016
<u>Supply Of Peerless Pump Spares</u>	Qatar	16 August 2016

<u>Supply And Installation Of Laboratory Equipment For Medical Centre Rafo</u>	Oman	9 August 2016
<u>Electricity Capacity 60 Kva With A Silencer On The Locomotive And With The Generator - 1 Ea Extensions Generator (19)</u>	UAE	25 July 2016
<u>Supply Of Smart Meter</u>	Bahrain	3 August 2016
<u>Supply Of Civil Works Materials And Construction</u>	Iraq	4 August 2016
<u>Implementation Of The Project Civil Business And Extend The Cables To The Line Ground 66 Kv Tension Clip)</u>	Syria	27 July 2016

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

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

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Middle East & West Asia (MEWA) Territorial Newsletter

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