

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EETPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



**Tarvinder
Singh Bhasin**

MEWA region appears to be passing through a difficult phase presently. This is primarily because of allegation on Qatar to spread terrorism and violence by other countries, particularly UAE, Saudi Arabia among others. At the economic front, growth in the Middle East region has been sluggish at 2.7% during 2016. This slowdown is expected to continue in the current year 2017, and it could go further down to 1.1%, as Qatar issue could further aggravate their prospects. On the positive side, it is expected that favorable global environment will help improve economic prospects of the countries in the MEWA region. This issue of the newsletter also contains information on major developments, upcoming events and tenders. I hope, our members find it useful and informative.

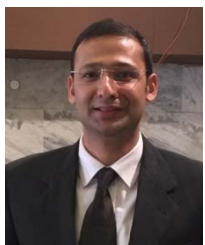
Message from Chairman, Committee on Trade with GCC countries



Ravi Sehgal

isolation of a gulf country, namely Qatar, by its neighboring countries on the pretext of spreading terror and violence. The neighboring states have cut all economic and trade ties with Qatar and even the trade route passing through the country has been blocked. This has also affected countries using Qatar to trade their goods and services to the other GCC countries in the region. 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**

the MEWA region is valued at over USD 1.2 billion in May 2017, an increase of 31% as compared to May 2016. UAE remained the top importer of the region for the Indian engineering goods with a positive and high growth rate of 42%. The panel wise analysis also show a positive and good picture for Indian engineering export to the MEWA region, with 13 out of top 15 panels registering a positive growth in May 2017 as compared to May 2016. Recently, India's trade with the 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)

Territorial
NEWSLETTER – Middle East & West Asia (MEWA)

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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.

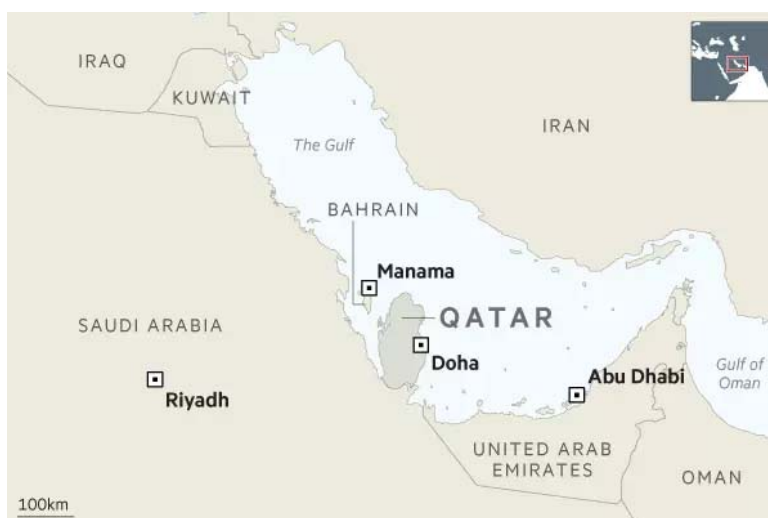
Cover story: Qatar isolation by neighboring countries

Saudi Arabia and three other Arab nations have severed diplomatic ties and cut off transport links with Qatar to isolate this Gulf state on claims of spreading extremism and terrorism.

The four states severing ties said they would close air and sea transport links with Qatar, the world's top exporter of liquefied natural gas (LNG) and the host of an important US military base in the Middle East. Qatar is also a crucial supplier of LNG to Asia and Europe and a large investor in the UK and Europe through its sovereign wealth fund.

Qatar's stock market dropped 5.5 per cent in response to the diplomatic rift. Brent crude rose by more than 1 per cent to \$50.46 a barrel on the news. Policy makers believe LNG exports from Qatar are unlikely to be affected as it would require Saudi Arabia and its Gulf allies to blockade sea lanes to halt shipments.

Economists noted that the move posed risks for Qatar's financial sector. Qatari banks have increased their regional exposure in recent years. QNB has around 210 branches in Egypt and 27 in the UAE while CBQ has a 40 per cent stake in United Arab Bank of the UAE. Also the cost of borrowing could now rise in Qatar. Liquidity in the country's banking sector has already been "severely impacted" by falling oil prices, the bank said in a note.



India and Qatar relations: Post isolation by GCC countries

Saudi Arabia and other Arab countries have cut all diplomatic ties with Qatar in a move to isolate the nation. India has termed the development as internal matter of Gulf Cooperation Council (GCC). However, the move will have a bearing on India-Qatar relationship. The inflow of Qatari FDI in India is significant, oil prices have also fallen. While the rift will impact Gulf States and the whole Middle East, the developments will affect India-Qatar ties as well as diplomatic relations with other involved countries.

India-Qatar Bilateral trade

The Bilateral trade between India and Qatar touched a high of \$ 16.68 billion in 2013-14, and fell to \$ 9.93 billion in the 2015-16 fiscal. India's exports have hovered in the range of \$ 900 million to \$ 1,000 million. Imports in value terms have declined sharply in the last 1-2 years due to the decrease in international oil and gas prices. The balance of trade is currently tilted in Qatar's favor. With India needing a whopping \$1 trillion in the next 5 years in infra alone, Qatar Investment Authority (QIA) can invest heavily in this sector. India has made efforts to actively engage with QIA and other state-owned and private entities in Qatar, highlighting policies such as 'Make in India' and the advantages of investing in India.

Engineering Trade

India-Qatar Engineering trade			
	2015 (USD MN)	2016 (USD MN)	Growth (%)
Export to Qatar	431.69	301.67	-30.12
Import from Qatar	130.44	111.23	-14.71
Total Trade with Qatar	562.13	412.9	-26.54

Source: DGCIS, Kolkata

Major engineering products exported by Indian to Qatar	
HS Code	Product Description
73	Articles of iron or steel
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
72	Iron and Steel

Source: Trademap

The Gulf-Qatar rift will send a caution message to corporate sector in India. Big Indian corporates have increased their businesses in Qatar and are looking forward to the vast potential in that country. A number of reputed Indian companies, particularly in construction/infrastructure and IT, have operations in Qatar, including L&T, Punj Lloyd, Shapoorji Pallonji, Voltas, Simplex, TCS, Wipro, Mahindra Tech, HCL, SBI and ICICI.



In terms of economic ties, India’s exports to Qatar crossed the billion-dollar mark to touch \$ 1.05 billion in 2014-15 and total bilateral trade reached \$15.67 billion. Indian contractors Larsen & Turbo (L&T) in March 2014 won a QR 2.1 billion road project in Qatar. It also secured a \$740 million order from Qatar Railways Co for the design and construction of the rail line for the Doha Metro project in Qatar.

India has significant trade ties with the country (Qatar is India’s 19th biggest trading partner with nearly \$10 billion in trade), although its trade ties are much stronger with the UAE and the KSA (who rank 3rd and 4th respectively, with about \$49 billion and \$26 billion).

India’s latest trend in engineering exports to MEWA

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

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

MEWA	May 2017 (USD million)	May 2016 (USD million)	Growth (%)
UAE	961.54	677.63	41.90
SAUDI ARABIA	71.15	91.97	-22.63

IRAN	39.08	30.75	27.09
KUWAIT	36.08	37.77	-4.47
BAHARAIN	26.51	8.36	217.02
Total MEWA	1,222.42	936.09	30.59

Source: DGCI&S

UAE remained at the top for Indian engineering exports registering a positive and high monthly growth of 41 % in May 2017 over May 2016. The main engineering products exported to the country in May 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 May 2017
US\$ Million

DGCI&S Engineering Panels	May 2017 (USD million)	May 2016 (USD million)	Growth (%)
Ships Boats and Floating structures	678.48	444.10	52.78
Products of Iron & Steel	89.49	111.65	-19.85
Iron and Steel	71.52	45.50	57.19
Copper and products	68.67	49.54	38.62
Electric Machinery	47.04	38.22	23.08
Industrial Machinery	37.67	34.24	10.02
Aluminum and products	29.85	13.19	126.40
Machinery for ATMs	27.90	18.62	49.83
Motor Vehicle/cars	23.95	39.80	-39.83
Air condition and Refrigerators	22.25	19.03	16.91
Auto Components/Part	14.56	12.46	16.86
Construction Machinery	14.03	20.51	-31.58
Medical and Scientific Instruments	12.46	9.62	29.44
Pumps of all types	9.49	8.61	10.31
Aircrafts Spacecrafts and parts thereof	8.07	4.54	77.93

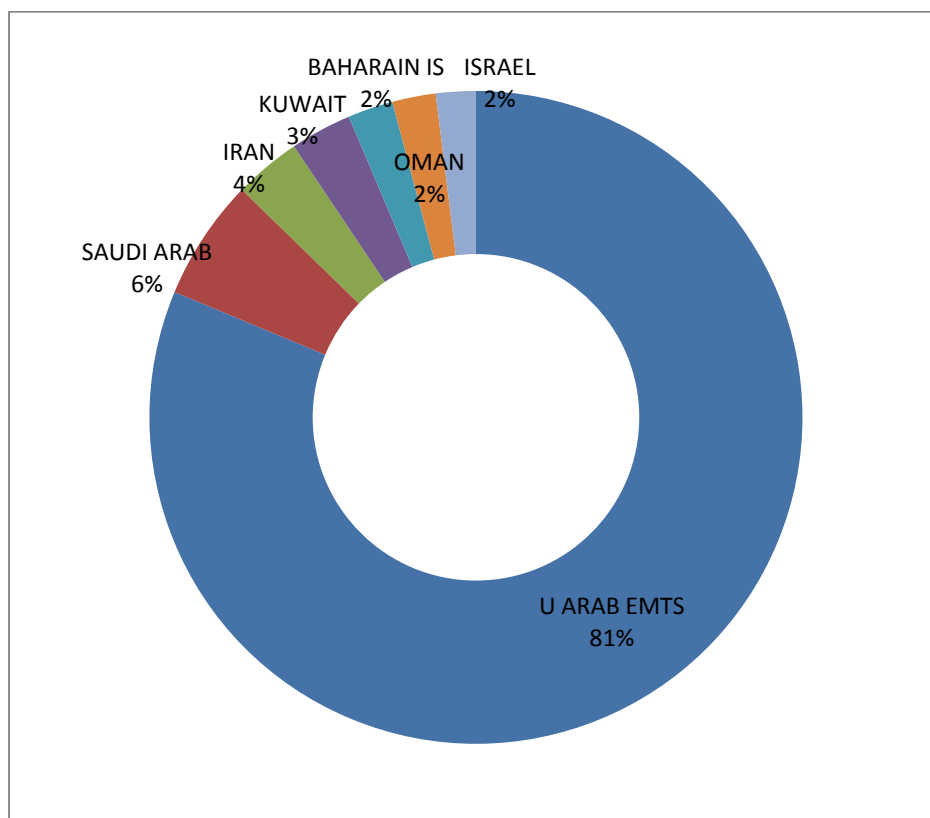
Note: Panels marked in yellow realized positive growth during May 2017

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 thirteen panels in which exports from India have increased during May 2017 as compared to May 2016.

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

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



Source: DGCI&S

News in Focus

❖ Saudi economic potential lures investors

Saudi Arabia is at a pivotal point in its economic and political development. In a royal decree announced on June 21, Crown Prince Mohamed bin Nayef was replaced by Deputy Crown Prince Mohamed bin Salman. With the backing of 31 of the 34 members on the Allegiance Council, Mohamed bin Nayef was also replaced by Prince Abdulaziz bin Saud bin Nayef in his position as interior minister.

Source: <http://www.arabianbusiness.com/saudi-economic-potential-lures-investors-678523.html>

❖ Businesses begin to feel the heat of Qatar's isolation

Companies operating in the Gulf face rising costs and operational uncertainty as they seek to mitigate the impact of the worst crisis in the region in decades.

As Arabian Business went to press, a coalition including Saudi Arabia, the UAE, Bahrain and Egypt, was holding ground in the dispute with Qatar after cutting diplomatic ties on June 5 and banning access to airspace, ports and land crossings.

Source: <http://www.arabianbusiness.com/businesses-begin-feel-heat-of-qatar-s-isolation-677899.html>

❖ **UAE economic growth forecast to slip to 2% this year**

The UAE economy grew by 3 percent in real terms last year, according to provisional data released by the country's Federal Competitiveness and Statistics Authority.

The growth rate was exactly in line with a forecast by Emirates NBD and slower than the 3.8 percent growth recorded in 2015.

Source: <http://www.arabianbusiness.com/uae-economic-growth-forecast-slip-2-this-year-679155.html>

❖ **Fresh economic sanctions on Qatar being considered - UAE envoy**

Gulf Arab states are considering fresh sanctions on Qatar and could ask their trading partners to choose between working with them or Doha, the United Arab Emirates ambassador to Russia said in an interview with The Guardian newspaper.

The UAE, Saudi Arabia and Bahrain severed diplomatic and travel ties with Qatar this month, accusing it of funding hardline Islamist militant groups in the region, a charge Doha denies.

Source: <http://gulfbusiness.com/saudi-to-begin-imposing-tobacco-soft-drinks-tax-in-june/>

❖ **Qatar foreign minister meets with Tillerson as Gulf crisis persists**

Saudi Arabia, Bahrain, the U.A.E. and Egypt cut ties with Doha earlier this month, accusing the oil-rich monarchy of supporting terrorism. The four Arab states have said they would close air and sea transport links with Doha, with Riyadh recently closing its land border.

Source: <http://www.cnbc.com/2017/06/27/qatar-foreign-minister-meets-with-tillerson-as-gulf-crisis-persists.html>

Upcoming Exhibitions in MEWA

Events	Date	Venue	Link
AMTEX IRAN	11th- 14th July, 2017	Permanent Ground For Tabriz International Exhibition Co., Iran	http://www.eventseye.com/fairs/f-amtex-iran-15723-1.html
IGIME	11th- 14th July, 2017	Permanent Ground For Tabriz International Exhibition Co., Iran	http://www.eventseye.com/fairs/f-igime-15725-1.html

Tender information in MEWA

Title	Deadline	Country	Link
Purchase Of For Two Machines, Irrigation Rotating (center Point) (TI Ref ID: 40354545)	09 July 2017	Iran	http://alliances.tendersinfo.com/eepc/awlo g.php?action=details&id=40354545

<u>Purchasing A Spare Wheel Device. (TI Ref ID: 40485662)</u>	10 July 2017	Israel	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40485662
<u>Strategic Alliances Light Machinery And Heavy Central Region. (TI Ref ID: 40488624)</u>	10 July 2017	Iran	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40488624
<u>Supply Of Analogue-digital Converter, Cable, Board (TI Ref ID: 40516324)</u>	10 July 2017	Oman	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40516324
<u>Supply Of Safety Valve Spring Loaded ,full Nozzle , Closed Bonnet Complete Rupture Disc (TI Ref ID: 40431808)</u>	24 July 2017	Iraq	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40431808
<u>Supply Of Cutting Machinery And Equipment For Cooling Circuit Parts Slaughterhouses. (TI Ref ID: 40177163)</u>	03 July 2017	Jordan	http://alliances.tendersinfo.com/eepc/awlog.php?action=details&id=40177163

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