

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EEPCINDIA
ENGINEERING THE FUTURE

Vaniya Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eepcindia.org



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Chairman's Pen



Ravi Sehgal

Qatar's economic freedom score is 72.6, making its economy the 28th freest in the 2019 Index. Qatar is ranked 3rd among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages. The 2017 decision by other Gulf States and Egypt to shut down transport links to the peninsula continues to dampen Qatar's growth prospects and has dealt a serious blow to business sentiment. Deeper structural reforms and sounder management of public finances are critical to enhancing competitiveness in the longer term by Qatar.

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

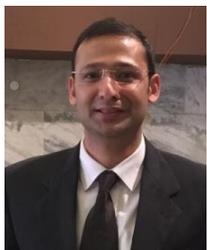


**Anoop
Marwaha**

The current edition of the Newsletter focuses on Qatar's trade surplus hitting \$52 billion last year. The combined value of exports and imports is equal to 89.1 percent of GDP. The average applied tariff rate is 3.4 percent. As of June 30, 2018, according to the WTO, Qatar had two nontariff measures in force. Foreign investment in several sectors of the economy is capped. Qatar's stable banking sector remains competitive. Growth in financial services has contributed to economic diversification.

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 not been encouraging in terms of trade. The progress in relations can be measured by the value of exports to the region which is over USD 1342 million for the month of May 2019 over May 2018. The growth though saw a jump of over 19% for the same time period. Among the major importers in the region, with a value of USD 1014 million, UAE remained the top importer for the Indian engineering goods. The panel wise analysis shows an average level of exports of Indian engineering goods to MEWA, with 11 out of top 15 panels registering positive growth in May 2019 as compared to May 2018.

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.



Qatar's trade surplus hit \$52 billion last year, minister says

Qatar's trade surplus reached \$52 billion in 2018, its Minister of Commerce and Industry said. The economic and political blockade on Qatar levied by its neighbors in 2017 has impacted air travel, shipping and trade routes and media, among other sectors. Despite this, the negative impacts of the blockade have been mostly short-lived, according to the IMF.

Qatar's trade surplus reached \$52 billion in 2018, the country's Minister of Commerce and Industry said Sunday.

More than 20 months after the economic and diplomatic blockade enacted by its neighbors Saudi Arabia, Bahrain, Egypt and the United Arab Emirates, Qatar is endeavoring to tell the world that business is carrying on as usual.

The tiny gas-rich monarchy has expanded its trade relations after the blockade effectively cut its access to an estimated 60 percent of the goods it imported.

The countries who implemented the blockade charge Qatar of supporting terrorism, which the Qataris strongly deny.

Speaking at a forum on Qatar-Pakistan trade, Minister Ali Al Kuwari said trade between the two countries grew over 230 percent in 2018 to \$2.6 billion, Reuters reported Sunday. Trade with Iran and Turkey has also increased, while Doha is pursuing partnerships with Western countries, including an open skies agreement with the EU which will be the first between the bloc and any Gulf Cooperation Council state.

India's latest trend in engineering exports to MEWA

India engineering export with MEWA – country wise during May 2019 is depicted in the table below. Nations which had the highest demand for Indian engineering products during May 2019 in absolute values include:

Table2: Engineering Exports to MEWA

(Values in US\$ Million)

MEWA	May 2018	May 2019	Growth (%)
U A E	782.95	1014.27	29.54
Saudi Arab	87.43	114.07	30.47
Oman	59.70	52.63	-11.85
Israel	20.30	41.65	105.20
Kuwait	30.78	39.72	29.06
Total MEWA	1118.73	1341.58	19.92

Source: DGCI&S

UAE remained at the top for Indian engineering exports but with a positive growth of almost 30% in May 2019 over May 2018. The main engineering products exported to the country in May 2019 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 2019

(Values in US\$ Million)

DGCI&S Engineering Panels	May 2018	May 2019	Growth (%)
Ships Boats and Floating Structures & parts	585.87	768.20	31.12
Iron and Steel	81.09	95.47	17.74
Motor Vehicle/cars	51.56	94.69	83.64
Products of Iron & Steel	88.56	68.48	-22.67
Electric Machinery	40.68	34.91	-14.18
Industrial Machinery	26.98	34.32	27.20
Machinery for ATMs	15.64	26.18	67.38
Construction Machinery	22.61	24.19	6.98
Aluminum and products	21.81	23.00	5.48
Air condition and Refrigerators & parts	46.32	20.65	-55.41
Auto Components/Part	11.62	19.35	66.48
Nuclear Reactors, Industrial boilers etc	10.61	14.35	35.27
Medical and Scientific Instruments	11.44	13.03	13.91
Accumulator and Batteries	9.32	12.16	30.42
Copper and products	19.74	11.55	-41.48

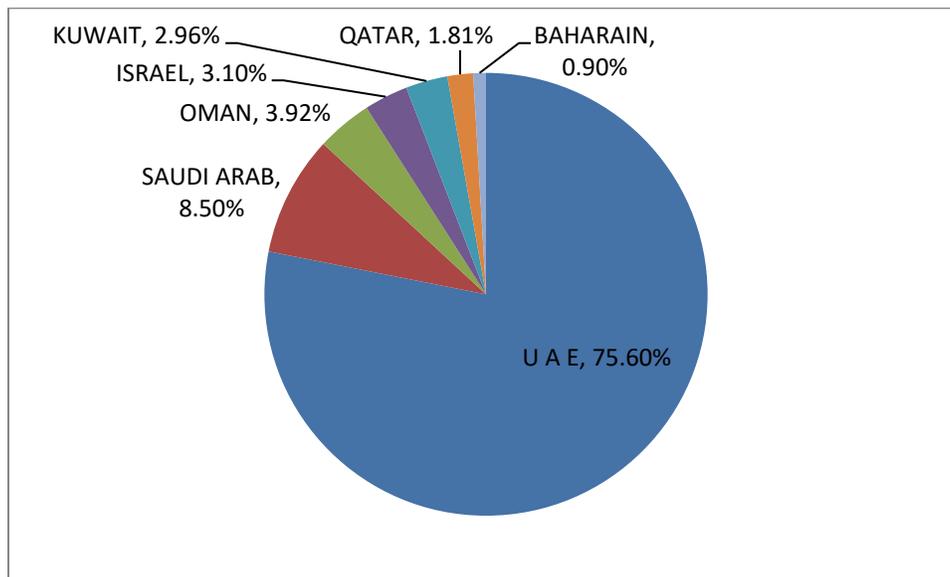
Note: Panels marked in yellow realized positive growth during May 2019

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 eleven panels in which exports from India have increased during May 2019 as compared to May 2018.

The following pie chart demonstrates share of different MEWA countries in India's total export during May 2019.

Fig 2: India's engineering export share to top importing MEWA Countries (%) in May 2019



Source: DGCI&S

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,		Hazardous Substances in Electrical and Electronic

	G/TBT/N/QAT/517, G/TBT/N/SAU/104, G/TBT/N/YEM/120; 28 March 2018		Equipment
GCC Countries	G/TBT/N/ARE/406, G/TBT/N/BHR/517, 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	85	Electromagnetic Compatibility
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

For any queries about this service, please feel free to contact us at eepcho@eepcindia.net, srajagopalan@eepcindia.net, ddas@eepcindia.net.

EEPC India MEWA Territorial Newsletter
 Contact: Manila Sharma
 Email: msharma@eepcindia.net
 Phone no: 011-23711124/25; Extn:112
