

Territorial NEWSLETTER Middle East & West Asia (MEWA)

EEPCINDIA
ENGINEERING THE FUTURE

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



Volume I, Issue X: November 2016

Chairman's Pen



T S Bhasin

MEWA (Middle East and West Asian Countries), a region of 13 countries, and having a GDP of over USD2.7 trillion, is one of the most important region for India in terms of trade and investments. In the recent periods, trade and investment relations between India and the MEWA countries has expanded, though at a slower pace. MEWA countries account for approximately 15% of India's total engineering exports to the world. Engineering exports to the region has witnessed a growth of over 2% in the last three years. It is observed that India's export growth across countries is not uniform.

Both sides are now taking initiatives to improve the situation. EEPC India on its part has also been working in this direction and has been participating in many shows, exhibitions etc organized in the countries of the region. I hope that EEPC initiatives bring in business communities in the two regions closer.

Message from Chairman, Committee on Trade with GCC countries

Import of engineering products by MEWA countries is huge – it is valued at nearly USD354 billion. Considering its huge import demand, exports from India seems to be underrepresented. India's share in



Ravi Sehgal

MEWA during 2013-15 varied in the range of 2.8% to 3.1%. Some focused initiatives are required to improve the position. In the recent periods, there has been better coordination between the two sides. These can also be seen by the frequent visits of officials, such as the recent visit of the Israel President. EEPC India is also contributing towards that end through organizing and participation in trade exhibitions. I hope that this Newsletter helps our exporters to take informed business decision.

Message from Chairman, Committee on Trade with West Asia other than GCC countries



Mukul Khandelwal

The fluctuations in monthly export trend remained in the month of October, 2016 also. However, there is some positive improvement compared to September 2016, Kuwait made a comeback in the top five with a huge positive growth rate of 200% but Israel which had made a new entry with a positive growth rate of 217% dropped from top five.

This newsletter also provides an insight on the top engineering product panels that is imported by MEWA countries and also some of the key economic news of the region.

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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.**

Israeli President pushes for India-Israel FTA in visit (November 2016)

Since 1992, India is always in support of Israel country. Israel is considered at 2nd largest nation whom India trades the ammunition and funds the Israeli economy 1/10 of it. Recently the Indian PM was openly praising Israel government and country. The recent surgical strike on Pakistan is considered as milestone for India among the world and the statement "we have done something like Israel" gives immense warmth to the citizens of both the countries. Many ambassadors from both the countries visit on regular basis. Also, the statement from Israeli government about hiring more Indians for booming of IT industry opens gates for both the countries. It's good to see beside the consumer goods, India has opened the gates for IT services for the strongest ally Israel.

In his recent visit to India, President of Israel Reuven Rivlin, expressed his hope of fast conclusion of the ongoing Free Trade Pact (FTA) negotiations. He also pointed that India is a top trading partner of Israel and the conclusion of this trade agreement would foster economic growth of the two nations. The visit of Israeli President could provide momentum to the conclusion of the FTA which has remained hidden despite negotiations going on for the last six years. The first round of negotiation was held on 26th May 2010. He also said the India-Israel trade can and should grow even larger and more mutual investment and trade should take place in future.

The bilateral trade between the two nations stands around \$5 billion in 2015-16. The two countries have built a powerful and strong partnership and they must work together to make it even stronger and FTA can be a step in this direction. India has become the top global destination for foreign direct investment post the launch of the 'Make in India' campaign in September 2014 for Israel. President of Israel also expressed that Israel want to 'Make with India' under the Make in India campaign of India. He further said that both the economies will grow together in full partnership for the benefit India-Israel. The major areas of bilateral cooperation between the nations are mainly related to technology and water management.

Table 2: India-Israel Engineering Trade

Year	2014-15	2015-16
Export (USD MN)	464.22	374.39
Growth (%)		-19.35

Import (USD MN)	727.27	614.29
Growth (%)		-15.53
Total Trade (USD MN)	1191.49	988.68
Growth (%)		-17.02

Source: Ministry of Commerce, GoI

The major engineering products of export to Israel from India include: Electrical & Electronic Machinery, Vehicles, Optical Instruments, Arms & Ammunitions and parts etc. The major products of imports by India from Israel include: Aircraft & Spacecrafts and parts, Aluminum and products, Machine Tools etc.

The FTA between India and Israel is expected to benefit both the Indian and Israeli economies and Industry and people.

Trade trend analysis: MEWA region

India's total export to engineering products to the MEWA region was valued at over USD10 billion in 2015. This is decline from nearly USD13 billion in 2014, and over USD11 billion in 2013. The decline is because of shrinkages in import demand in many of MEWA countries. Some of these include UAE, Iran and Iraq.

Overall, the top 5 MEWA nations with the highest demand for Indian engineering products during October 2016 in value terms is shown in Table 3.

Table 3: Top five countries in MEWA region for Indian exports			
Country	Export in October 2016 (USD million)	Export in October 2015 (USD million)	Growth (%)
U A E	306.84	231.45	32.58
SAUDI ARAB	84.48	109.11	-22.57
KUWAIT	77.51	25.83	200.10
OMAN	52.94	42.04	25.93
IRAN	36.34	53.51	-32.09

Out of the top five, two countries which had realized a decline in import from India during September 2016 continued with their negative growth in October 2016. These include Saudi Arab and Iran, which registered

negative growth of about 23% and 32% respectively. In September 2016 we had two new entrants in top five: Israel and Iran, but in the month of October 2016, Israel was replaced by Kuwait, which made a comeback in top five with a positive growth rate of 200%. Oman also shifted one place down with a reduced growth rate but a positive rate.

Analysis of top 15 engineering panels' exports as presented in Table 4 shows a good situation for India's engineering exports to MEWA. There are eleven panels in which exports from India have increased during October 2016 compared to October 2015. This is an improvement considering there were only seven panels with positive growth in the month of September 2016.

Name of the Panel	India's Export in October 2016 (USD million)	India's Export in October 2015 (USD million)	Growth (%)
Products of Iron & Steel	120.73	75.07	60.82
Aircrafts & Spacecrafts	110.44	3.29	3254.96
Iron and Steel	60.27	62.65	-3.80
Electric Machinery	41.97	35.86	17.03
Motor Vehicle/cars	41.71	65.34	-36.16
Industrial Machinery	41.00	39.80	3.00
Copper and products	35.85	24.11	48.68
Nuclear Reactors	24.93	13.11	90.15
Machinery for ATMs	23.30	17.54	32.88
Auto Components/Part	20.65	17.89	15.44
Air condition and Refrigerators	15.95	31.46	-49.29
Cranes Lifts & Winc	15.20	2.46	516.90
Aluminium and products	13.22	18.29	-27.74
Pumps of all types	13.12	6.92	89.44
Medical and Scientific Instruments	8.70	7.15	21.67

Note: Panels marked in yellow realized positive growth during October 2016
Source: DGCI&S, Government of India

News in Focus

Abu Dhabi woos Indian investors with tax holiday

Consumer prices were flat in September compared to the previous month, following the 0.1% decrease recorded in August. September's reading mainly reflected that higher prices for clothing and for food and beverages were offset by lower prices for recreation and culture and for transport. Inflation came in at 3.0% in September, which was below August's 3.3%.

Link: <http://www.livemint.com/Companies/MICpKtovZbAdAezJFnyWJN/Abu-Dhabi-woos-Indian-investors-with-tax-holiday-sops.html>

Growth momentum remains strong in Israel

The business confidence index produced by the Central Bureau of Statistics (CBS) came in at 19.2 in September, which was above the previous month's reading of 18.2 points and marked the highest print on record.

The consumer confidence index improved slightly from minus 15.0 in August to minus 14.5 in September, yet it remained firmly entrenched in negative territory.

Link: <http://www.focus-economics.com/countries/israel/news/economic-sentiment/business-and-consumer-confidence-improve-in-september>

Israel's Exports collapse in October 2016

According to the Central Bureau of Statistics (CBS), exports totaled USD 3.4 billion in October, which was down from September's USD 4.7 billion and the lowest result in more than seven years. Exports plunged 24.7% from the same month of the previous year, which was a severe nosedive from the 22.8% expansion observed in September and the sharpest contraction since July 2009.

Link:<http://www.focus-economics.com/countries/israel/news/trade/exports-collapse-in-october>

Non-oil business activities in Saudi Arabia falls to record low in October 2016

Saudi Arabia's October result reflected a weaker expansion in both output and new orders, while jobs growth nearly stalled. Increased competition and weak demand continue to exert downward pressure on costs, which translates into reduced charges to consumers.

Link: <http://www.focus-economics.com/countries/saudi-arabia/news/pmi/non-oil-business-activity-falls-to-record-low-in-october>

Some upcoming Exhibitions in MEWA

Events	Date	Venue	Link
<u>SULAYMANIAH BUILDEXPO</u> International Construction and Building Materials, Technologies, Machinerics and Infrastructure Exhibition	08- 11 December 2016	<u>Sulaymaniah Expo Center, Sulaymaniah,</u> Iraq	http://www.buildup.eu/en/events/sulaymaniyah-build-expo
<u>BASRAH BUILDING</u> Basra International Building Exhibition. Basrah Building Fair is an excellent opportunity to get a quick glance of the sector and gather information on Building-Construction, Municipality equipment, Machinery and natural stone Industry	11-14 December 2016	<u>Basrah International Fair Ground,</u> Basra , Iraq	http://www.basrahbuilding.com/
<u>ADES - ABU DHABI ELECTRONICS SHOPPER</u> Consumer Electronics Show	08- 10 December 2016	<u>Abu-Dhabi National Exhibition Center - Adnec,</u> Abu Dhabi , UAE	http://www.adeshopper.com/GeneralInfoVisitor.html
<u>ISIEF</u> International Exhibition of Small Industries Equipment Fair	21-24 December 2016	<u>Isfahan International Exhibition Fairground,</u> Isfahan, Iran	http://www.eventseye.com/fairs/f-isief-20980-1.html
<u>JEDDAH INTERNATIONAL TRADE FAIR</u> Saudi Arabia's Multi-Sectoral Trade Expo for Light Industries, Machinery, Consumer Goods, Clothing, Leather Goods, Fashion Accessories, Giftware and Textiles	20-23 December 2016	<u>Jeddah Centre for Forums & Events,</u> Jeddah , Saudi Arab	http://jitf-arabia.com/

Tender Information in MEWA

Title	Country	Deadline
<u>Supply Of Mobile Nitrogen Generators.</u>	Kuwait	13th December 2016
<u>Supply Of Medical Equipment</u>	Bahrain	14th December 2016
<u>Design, Manufacture, Supply And Installation Of Metal Security Units Of The Israel Airports Authority</u>	Israel	22nd December 2016
<u>Deliver And Install Air Conditioners Number / 37 / Unnecessary Draft Comprehensive Clinics.</u>	Syria	8th December 2016
<u>Supply Of Electrical Materials</u>	Oman	13th December 2016

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

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

EEPC India

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Contact: Ms. Manila Sharma

Email: msharma@eepcindia.net

Phone no: 011-2331 4171