

# Territorial NEWSLETTER Middle East & West Asia (MEWA)

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



**Ravi Sehgal**

Qatar and Kuwait are the upcoming markets in the Middle East and West Asia region for Indian engineering goods. The countries are among the top importers of Indian engineering exports to the MEWA region. India has been trying to explore the markets of these countries and increase their access and make their presence felt especially in the non oil trade between the countries. To encourage trade and investment with these countries the Indian External Affairs minister made a visit to enhance the bilateral relations with Qatar and Kuwait.

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

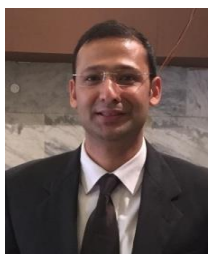


**Anoop  
Marwaha**

The current edition of the Newsletter focuses on the recent visit of the Indian External Affairs Minister to Qatar and Kuwait. Bilateral talks were held between the Indian Minister and the representatives of the two countries discussing various issues and ways to strengthen the ties between the countries in the field of trade and investment. Other diplomatic issues like visa were also discussed during the visit.

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 encouraging in terms of trade. The progress in relations can be measured by the value of exports to the region which is over USD 674 million for the month of August 2018 over August 2017. The growth though saw a jump of over 7% for the same time period. Among the major importers in the region, with a value of USD 277 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 7 out of top 15 panels registering positive growth in August 2018 as compared to August 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.

## Indian External Affairs visit to Qatar and Kuwait

Indian External Affairs Minister went on her maiden visit to Kuwait after wrapping up her successful two-day visit to Qatar. She met Emir of Qatar Sheikh Tamim Bin Hamad Al-Thani and discussed ways to take forward the relation shared by two countries. India and Qatar share millennia old historic multi-dimensional, relations.

During her Doha visit, Indian EAM held delegation-level talks with her counterpart HE Sheikh Mohammed bin Abdulrahman Al Thani. Both sides discussed the entire gamut of bilateral relations and signed a declaration to establish Joint Commission at the level of External Affairs and Foreign Minister to periodically review progress in various cooperation initiatives

Indian bilateral trade in 2017-18 stood at USD 9.9 billion and Indian exports to Qatar during this period registered an increase of 87 per cent over the previous year. Qatari investments were invited in the areas

including petrochemicals, infrastructure, agriculture and food processing, the statement said. Both sides expressed satisfaction at the smooth functioning of various institutional mechanisms for the strengthening of the bilateral relations.

<b>India and Qatar bilateral engineering trade</b>			
<b>Values in US\$ Million</b>	<b>2016</b>	<b>2017</b>	<b>Growth (%)</b>
<b>India's export of engineering goods</b>	301.67	447.79	48.44
<b>India's import of engineering goods</b>	111.26	169.22	52.10
<b>India's total trade of engineering goods</b>	412.93	617.01	49.42

Source: ITC, Trademap

The Indian external Affairs Minister also held discussions with the leadership of Kuwait. India shares close and friendly bilateral relations with Kuwait. India and Kuwait have close and friendly bilateral relations. Kuwait is a reliable energy supplier to India and hosts about 10 lakh Indians forming the largest expatriate community. India's bilateral trade with Kuwait in 2017-18 was USD 8.5 billion.

<b>India and Kuwait bilateral engineering trade</b>			
<b>Values in US\$ Million</b>	<b>2016</b>	<b>2017</b>	<b>Growth (%)</b>
<b>India's export of engineering goods</b>	673.85	622.57	-7.61
<b>India's import of engineering goods</b>	99.37	113.02	13.73
<b>India's total trade of engineering goods</b>	773.22	735.59	-4.87

Source: ITC, Trademap

The visit is in pursuit of India's objective of enhanced engagement with the Gulf region which is in India's extended neighbourhood. The visit was in pursuit of India's objective of enhanced engagement with the Gulf region which is in India's extended neighbourhood. This visit provided an opportunity to hold in-depth discussions with the political leadership on a wide range of global, regional and bilateral issues and will advance India's growing engagement with these countries in particular and the region in general.

## India's latest trend in engineering exports to MEWA

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

**Table2: Engineering Exports to MEWA**

(Values in US\$ Million)

MEWA	August 2017	August 2018	Growth (%)
U A E	260.48	277.85	6.67
Saudi Arab	84.70	115.87	36.81
Qatar	39.43	56.65	43.68
Kuwait	46.55	51.79	11.25
Oman	84.72	49.27	-41.84
<b>Total MEWA</b>	<b>628.14</b>	<b>674.54</b>	<b>7.39</b>

Source: DGCI&S

UAE remained at the top for Indian engineering exports with a positive growth of almost 7% in August 2018 over August 2017. The main engineering products exported to the country in August 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 August 2018**

(Values in US\$ Million)

DGCI&S Engineering Panels	August 2017	August 2018	Growth (%)
<b>Iron and Steel</b>	<b>104.68</b>	<b>129.08</b>	<b>23.31</b>
Products of Iron	109.82	98.56	-10.25
Motor Vehicle/cars	53.86	80.81	50.02
Electric Machinery	39.41	56.61	43.64
Air condition and Refrigerator & parts	23.44	43.41	85.17
Industrial Machinery	38.19	37.90	-0.75
Copper and products	82.94	27.81	-66.47
Auto Components/Part	14.63	22.97	57.00
Aluminum and products	23.71	20.41	-13.94
Machinery for ATMs	24.74	20.09	-18.78
Construction Machinery	10.71	19.62	83.25
Medical and Scientific Instruments	10.37	13.64	31.52
Nuclear Reactors, Boilers	12.19	11.03	-9.50
IC Engines and Parts	5.44	7.62	40.01
Pumps of all types	8.96	7.39	-17.55

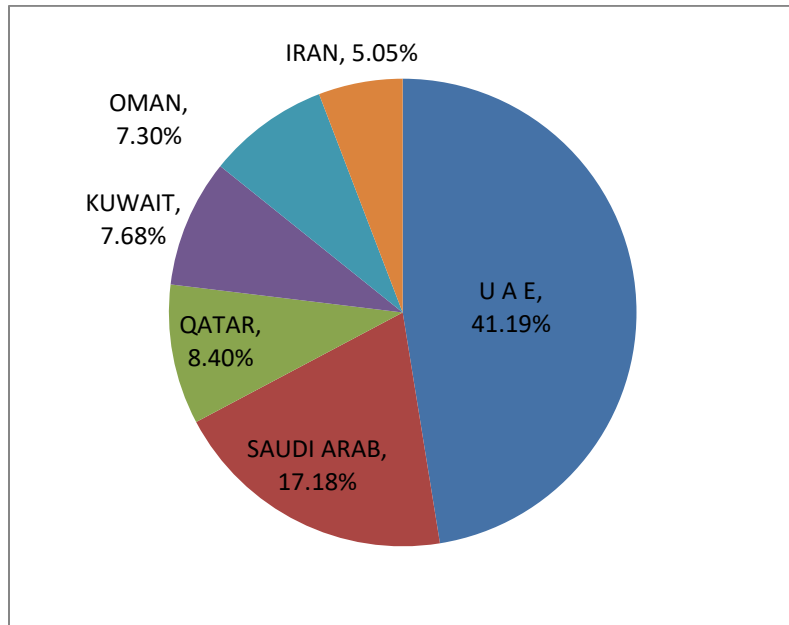
Note: Panels marked in yellow realized positive growth during August 2018

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 August 2018 as compared to August 2017.

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

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



Source: DGCI&S

## News in Focus

### ❖ Saudi Arabia: Supply shortages and strong fundamentals continue to support oil prices in August

Resilient global growth and concerns about supply shortages are shoring up oil prices. On 28 August, the OPEC oil basket traded at USD 74.8 per barrel, a 1.4% increase from the same day in July. The price was up 15.9% from the start of the year, and 49.9% higher than on the same day in 2017.

Global oil supply is under stress due to declining production in some key producing countries. Security threats are trimming down production in Libya and Nigeria, while U.S. sanctions are crippling Iran's oil exports. Moreover, oil production in Venezuela remains in free-fall due to years of underinvestment in the oil sector and severe economic mismanagement. Meanwhile, despite escalating trade policy uncertainties and a cooling Chinese economy, global growth remains resilient which is driving demand for the black gold.

**Source:** <https://www.focus-economics.com/countries/saudi-arabia/news/commodities/supply-shortages-and-strong-fundamentals-continue-to-support>



## ❖ Bahrain EDB Attracts \$810m Record Investment As Gcc Opportunity Gathers Momentum

Bahrain EDB has attracted a record number of investment as businesses from around the world continues to look to Bahrain to access the opportunities in the \$1.5tn Gulf economy. In the first nine months of 2018, FDI inflows increased by 138% when compared to the same period of last year. This year, Bahrain EDB has already attracted a total of 76 companies, accounting for an investment of \$810m, breaking the 2017 record of 71 companies, and a total investment of \$733m.

**Source:** <https://bahrainedb.com/latest-news/bahrain-edb-attracts-810m-record-investment-as-gcc-opportunity-gathers-momentum/>

## ❖ Israel: Bank of Israel stands pat in August

The Monetary Committee of the Bank of Israel held fire and kept the interest rate steady at the historic low of 0.10%, where it has been since February 2015.

The decision was in line with market expectations and followed an increase in core inflation, which reached 1.0% in June and July—the highest level in over four years. Headline inflation has also risen in recent months, boosted by higher energy prices and the weakening of the Israeli currency against the U.S. greenback, and the Bank expects inflation to pick up further going forward on the back of higher wages, robust private consumption and a loose fiscal policy.

**Source:** <https://www.focus-economics.com/countries/israel/news/monetary-policy/bank-of-israel-stands-pat-in-august>

## 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 Countries	G/TBT/N/ARE/406, G/TBT/N/BHR/517, G/TBT/N/KWT/399, G/TBT/N/OMN/349,	85	Electromagnetic Compatibility

	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

*For any queries about this service, please feel free to contact us at [eepcho@eepcindia.net](mailto:eepcho@eepcindia.net), [srajagopalan@eepcindia.net](mailto:srajagopalan@eepcindia.net), [ddas@eepcindia.net](mailto:ddas@eepcindia.net).*

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