

Territorial NEWSLETTER South Asia

EEPCINDIA
ENGINEERING THE FUTURE

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Issue 26: April 2018

Chairman's Pen



Ravi Sehgal

After registering a decent growth in engineering exports to South Asia, the new fiscal signaled a better prospect as it grew by 24% in the month of April 2018 over the same month last fiscal. Nepal was the topmost destination for Indian engineering exports in this region during 2017-18 which might see higher trade in the ongoing fiscal as the heads of these two nations recently underscored the need to deepen the bilateral tie by all means. The focus will obviously be on developing physical connectivity by air, land and water and resolving cross-border issues in order to facilitate trade, investment and people to people contacts. The best part was the consideration to amend existing agreements and treaties to ensure higher access of Nepal in Indian market.

I believe this newsletter will certainly enhance the knowledge base of our member exporters focusing on South Asian region and will help them to take informed decision in business.

SAARC Territorial Committee Chairman's Note



PR Venkatachalam

In our last issue, we focused on the development of our neighbour Bangladesh and in this issue, the spotlight was on another valued neighbour Nepal. Both India and Nepal realized the need for more trade and investments between them and proposed to create better transportation network through all available routes.

Inland waterways is an innovative idea towards the same. Deepening of social relation was also on the agenda.

Like our previous issues, an analysis of Indian engineering exports for April 2018 is also presented in this newsletter from both country-wise and DGCI&S panel-wise perspective. Other sections include News section, upcoming events in South Asian regions and tenders. I believe our member exporters will find this informative.

Cover Story

Both India and Nepal vowed to extend as well as strengthen the bonding during the latest visit of Indian Prime Minister Narendra Modi to Nepal at the invitation of his Nepalese counterpart ...

What's in News

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Tenders

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Basic Facts South Asia

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Grouping: South Asia Association for Regional Cooperation

Area: 5,099,611 km²

Population: 1,713,870,000

GDP: US\$2.9 trillion

Countries: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka

Climate: The climate of South Asia can be divided into three basic kinds: tropical, dry, and temperate

Natural Resources: Rich agricultural land, minerals, energy resource



Need for Redefining India-Nepal Bilateral Relation

Nepal is the 10th largest importer of Indian merchandise among all trade partners and the second largest in South Asia after Bangladesh. Engineering export data demonstrates a deeper tie with this mountainous country as it is the seventh largest across the globe and the topmost destination for India's engineering exports among all South Asian nations. Both these nations share a unique bilateral relationship starting from trade and investments to culture and people-to-people contact. India also provided development assistance to Nepal by way of grants and concessional lines of credit. However, much scope is still left to build a closer long-term tie between these two nations.

At this juncture, both India and Nepal vowed to extend as well as strengthen the bonding during the latest visit of Indian Prime Minister Narendra Modi to Nepal at the invitation of his Nepalese counterpart Rt. Hon'ble K P Sharma Oli. Following are the excerpts of the India-Nepal Joint Statement released during the said Visit of Prime Minister of India to Nepal.

- The two Prime Ministers recalled their meeting in New Delhi during the State visit of Prime Minister Oli in April 2018 and agreed to maintain the momentum generated by the visit by taking effective measures for the implementation of all the agreements and understandings reached in the past. They

also agreed that effective implementation of the bilateral initiatives in agriculture, railway linkages and inland waterways development, as agreed upon by the two sides during the recent visit of Prime Minister Oli to India, would have transformational impact in these areas.

- The two Prime Ministers emphasized the need for regular convening of bilateral mechanisms, including Nepal-India Joint Commission at Foreign/External Affairs Ministers level, to review the overall state of bilateral relations, and for the expeditious implementation of the economic and development cooperation projects.
- The two Prime Ministers underscored the importance of trade and economic ties between India and Nepal. Expressing concern over Nepal's growing trade deficit with India, Prime Minister Oli stated that measures to address this deficit need to be taken. In this context, the two Prime Ministers welcomed the outcome of the recently held Inter-Governmental Committee meeting on Trade, Transit and Cooperation to control unauthorized trade to jointly initiate a comprehensive review of the bilateral Treaty of Trade, and to consider amendments to the Treaty of Transit and related Agreements with a view to further facilitating Nepal's access to the Indian market, enhancing overall bilateral trade, and facilitating Nepal's transit trade.
- The two Prime Ministers underlined the catalytic role of connectivity in stimulating economic growth and promoting movement of people. They agreed to take further steps to enhance the economic and physical connectivity by air, land, and water. Recognizing the vibrant people to people contacts and friendly bilateral ties, the two Prime Ministers directed the respective officials to expand cooperation in civil aviation sector, including early technical discussion on additional air entry routes to Nepal by respective technical teams.
- The two Prime Ministers jointly laid the foundation stone of 900 MW Arun-III hydro-electric project in Nepal. They expressed hope that operationalization of the project would help enhance cooperation in the generation and trade of power between the two countries. The two Prime Ministers welcomed the outcome of the recently concluded meeting of the Joint Steering Committee on cooperation in the power sector held on 17 April 2018. They agreed to enhance bilateral cooperation in power sector in line with the bilateral Power Trade Agreement.

Heads of both the states showed strong intention to settle the important issues like cross-border trade and other bottlenecks to bilateral trade while deepening of investments and broader economic relation was also discussed with equal importance. A new era of deeper bilateral relation between India and Nepal is expected to kick off in all possibilities.

Source:

1. http://www.pmindia.gov.in/en/news_updates/india-nepal-joint-statement-during-the-state-visit-of-prime-minister-of-india-to-nepal/
2. <https://www.sasec.asia/index.php?page=news&nid=881&url=india-nepal-pms>

Trend of India's Engineering Export with the South Asian Nations

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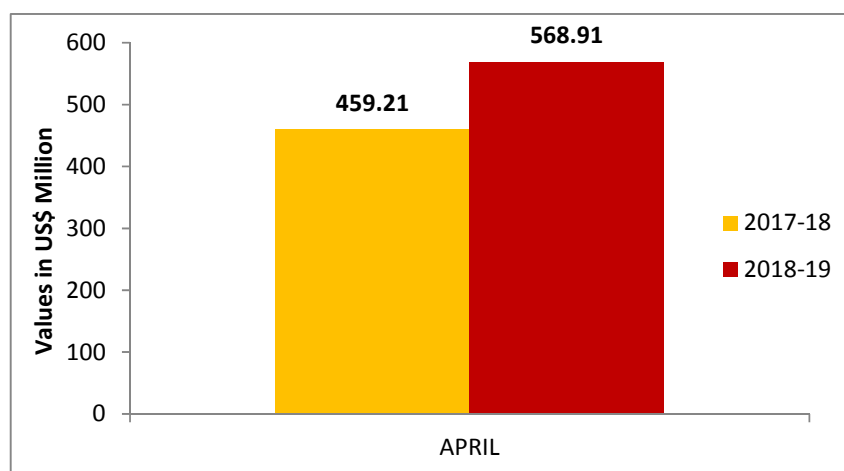
India's engineering exports to Top 5 South Asian countries during April 2018 (All values in USD million)

Country	Export in Apr 2017	Export in Apr 2018	Growth (%)
BANGLADESH	163.4	238.57	46.00
NEPAL	158.5	197.83	24.81
SRI LANKA	96.29	79.46	-17.48
BHUTAN	20.9	24.97	19.47
PAKISTAN	13.78	15.54	12.77

Source: DGCIS

Taking cue from the previous fiscal, India's engineering exports to South Asia continued to move northward in the new fiscal and saw year-on-year growth for the ninth straight months to Apr 2018. Engineering exports to South Asia grew by 23.89% over the same month last year. Bangladesh replaced Nepal to become the topmost importer of Indian engineering product among all South Asian nations with 46% surge in exports over Apr 2018. Exports to Nepal surged by 24.81% year-on-year in Apr 2018. Exports to Sri Lanka however declined by 17.48% during the first month of the new fiscal. Other than Sri Lanka, All six south Asian nations achieved year-on-year growth in imports of Indian engineering products during Apr 2018.

Month-wise Trend in Total Engineering Export to South Asia (Apr 2018-19)



Source: DGCIS Data, EEPC Research

Panel-wise trend in engineering exports to South Asia during April 2018

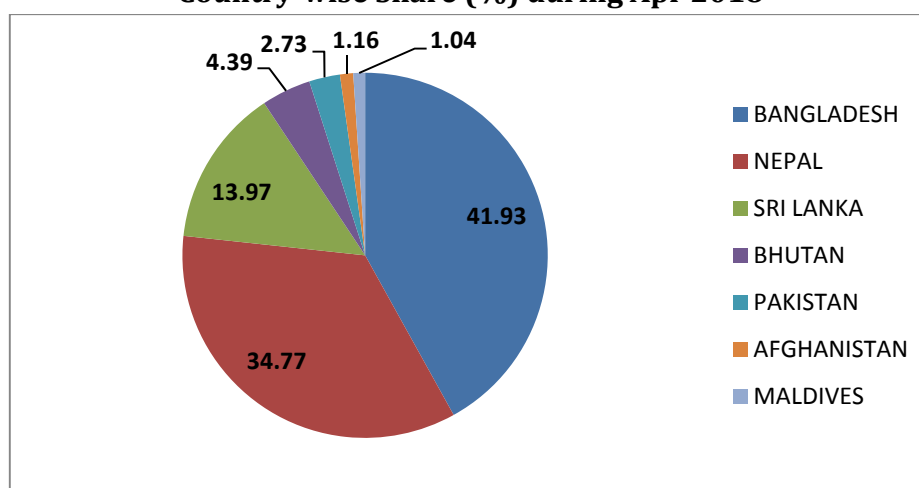
Top 10 engineering panels exported to South Asia during Apr 2018 are listed below (Value of Exports measured in USD Million)

Panel	Export in Apr 2017	Export in Apr 2018	Growth (%)
Iron and Steel	93.31	136.53	46.32
Industrial Machinery	67.72	67.3	-0.62
Motor Vehicle/cars	45.82	64.84	41.51
Two and Three Wheelers	54.44	51.02	-6.28
Auto Components/Parts	24.52	35.37	44.25
Other Construction Machinery	26.06	31.67	21.53
Products of Iron and Steel	28.59	31.37	9.72
Electric Machinery and Equipments	21.34	26.43	23.85
Ships, Boats and Floating Structures"	0.01	25.93	259200.00
Aluminium and products	13.62	12.72	-6.61

Source: DGCIS

Product group-wise analysis showed that the scenario of Indian engineering exports to South Asia remained more or less the same in the new fiscal in comparison to the previous one. 'Iron and Steel' remained the top exported engineering product group to the South Asian region during Apr 2018 with 46.3% year-on-year growth. 'Industrial machinery' was the second largest exported product group during the month concerned but exports declined by 0.62% over Apr 2017. 'Motor vehicles' and 'Auto Components/Parts' recorded 41.5% and 44.3% growth respectively over the same month last year but 'Two and three wheelers' conceded 6.3% decline in exports to South Asia during April 2018. Among the top 10 engineering product groups exported to South Asian region, 3 witnessed year-on-year decline during the first month of fiscal 2018-19. Out of the total 33 engineering panels as classified by DGCI&S, 14 panels recorded year-on-year drop in exports.

Country-wise Share (%) during Apr 2018



Source: DGCIS Data, EEPC Research

Major Importers of India's engineering products to South Asia during Apr 2018

Bangladesh: Bangladesh once again became the top exporting destination for Indian engineering products among all South Asian nations during Apr 2018 with 41.93% share.

Top exported Products: Industrial Machinery, Motor Vehicle/Cars, Iron and Steel, Two & three wheelers.

Nepal: Nepal was the second largest importer of Indian engineering products after Bangladesh among all South Asian nations during Apr 2018 with 34.77% share.

Top exported Products: Iron and Steel, Other Construction Machinery, Industrial Machinery, Motor Vehicle/cars, Two and Three Wheelers.

Sri Lanka: Sri Lanka was the third largest export destination for India's engineering exports in the South Asian region during Apr 2018 with a share of around 14%.

Top exported Products: Two and Three Wheelers; Motor Vehicle/cars; Products of Iron and Steel; Industrial Machinery; Ships, Boats and Floating Structures.

Anti-dumping measures

- At present, no anti-dumping case on Engineering product being investigated by Nepal, Bangladesh or Sri Lanka, the top three importers of Indian engineering products in South Asian region, against India as per the WTO website.
- On the other hand the WTO website shows no anti-dumping case is being investigated by India at present on imports of engineering products from those three nations.

Upcoming exhibitions in South Asian Countries

Events	Date	Venue	Link
GarTex Dhaka Garments and Textile Machinery Exhibition	26-Jul-2018 to 28-Jul-2018	Bashundhara Convention Center, Dhaka, Bangladesh	https://www.tradefairdates.com/GarTex-M11818/Dhaka.html
UNITED AGRI TECH 2018	17-Aug-2018 To 20-Aug-2018	Thamukam Ground Mellur, Tallakulam Madurai, Tamil Nadu 625002, India	https://www.eventseye.com/fairs/f-united-agri-tech-25466-1.html
IMEX - MACHINE TOOLS EXPO 2018	29-Aug-2018 To 31-Aug-2018	Pragati Maidan Near Delhi Zoological Park, Mathura Road Delhi, India	https://www.eventseye.com/fairs/f-imex-machine-tools-expo-7254-1.html
HANDTOOLS & FASTENERS EXPO 2018	29-Aug-2018 To 31-Aug-2018	Pragati Maidan Near Delhi Zoological Park, Mathura Road Delhi, India	https://www.eventseye.com/fairs/f-handtools-fasteners-expo-25015-1.html

South Asia

China approves \$1 billion loan for Sri Lanka highway - Sri Lanka PM's office

The Chinese government has approved a \$1 billion loan to Sri Lanka to build a highway and its export-import bank has been instructed to process the borrowing, Sri Lankan Prime Minister Ranil Wickremesinghe's office said on Monday. It will be one of the largest projects undertaken by the China in the island nation, which is backing China's Belt and Road Initiative (BRI).

Link: <https://in.reuters.com/article/sri-lanka-china-loan/china-approves-1-billion-loan-for-sri-lanka-highway-sri-lanka-pms-office-idINKCN1IF2TT>

Nepal PM to press India for banned currency swap

Nepali Prime Minister K.P. Sharma Oli will press India to exchange millions of dollars held in Nepal in banned high-value Indian bank notes during a visit in Apr 2018 to improve ties with its large southern neighbour. Nepal and India have yet to agree on how to exchange old Indian bank notes estimated to be worth \$146 million held by individuals and informal sectors after India's shock announcement in 2016 to ban 500 and 1,000 rupee bills.

Link: <https://in.reuters.com/article/nepal-india/nepal-pm-to-press-india-for-banned-currency-swap-idINKCN1HB1RL>

Bangladesh official says no rush for free trade pact with China

Bangladesh is in no rush to sign a free trade agreement with China, a senior Bangladeshi trade official said, though Chinese officials said it would help the poor South Asian country cut its deficit with its largest trading partner. China is expected to host talks in June, having first floated the idea of an FTA in 2016. Bangladesh does not have an FTA with any trade partner.

Link: <https://in.reuters.com/article/us-china-bangladesh-trade/bangladesh-official-says-no-rush-for-free-trade-pact-with-china-idINKBN1HV1DT>

China says Nepal a natural area for cooperation with India

Nepal is a natural area for cooperation between China and India, said the Chinese government's top diplomat State Councillor Wang Yi as he invited India to participate in connectivity projects between the three nations.

Link: <https://in.reuters.com/article/china-nepal/china-says-nepal-a-natural-area-for-cooperation-with-india-idINKBN1HPONW>

Tender Information in South Asian Countries

Location	Title	Deadline
INDIA	160 KVA Distribution Transformers Estimated Cost: INR 88,800,000	25-Jul-2018
INDIA	Single Needle Heavy Duty Lock Stitch Industrial Sewing Machine Along With Stand, Table And Motor, Qty. 10 Nos. Estimated Cost: INR 2,340,800	30-Jul-2018
INDIA	Work Services For Provision Of External Services For Induction Of Two Lca Sqn At Af Stn Sular. Estimated Cost: INR 6,443,000	23-Jul-2018
Bangladesh	Supply, Installation, Testing & Commissioning Of Spare Parts For Company's Cng Re-fueling Station, Dhaka	24-Jul-2018

For more tender notices, Please register with Tenderinfo and follow the link:
<http://www.tendersinfo.com> and search for South Asia.

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