

Territorial NEWSLETTER South Asia

EETPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



T S Bhasin

Despite having all the potential of being an Economic Superpower, the South Asian region lacks coordination between the participating nations. For economists, it is the least economically integrated region and that has been the most prominent bottleneck to expansion of trade and investments between the nations of this region. In this issue, some policy suggestions have been discussed to enhance economic cooperation in this region to the extent possible. Along with the successful implementation of effective policies by the appropriate authority, a change in regional mindset is also the need of the hour for this region to fully utilize its potential for a dipper trade and investment relation.

I believe this informative newsletter will be helpful for our member exporters to expand their export base in South Asian region.

SAARC Territorial Committee Chairman's Note



PR
Venkatachalam

The tenth issue of the Newsletter on South Asian region is now released. In this issue, we have discussed some policy suggestions on a major setback of this region - lack of economic integration. This region may shape up as an Export Powerhouse once the region becomes economically integrated especially in terms of trade and investment. Some effective policy steps is discussed in this issue that may solve the problem.

An analysis of Indian engineering exports for Apr - Nov 2016-17 is also provided in this newsletter from both country-wise and DGCI&S panel-wise perspective. Other sections include News section, Upcoming events and Tenders in SA regions.

Cover Story

Some likely policy actions has been discussed to enhance the economic integration of the South Asian countries and better utilization of its potential in order to become an economic superpower.

What's in News

- **World Bank, Government Sign New Agreement to Improve Quality of Education**
- **A New Strategy to Support Growth and Stability in Afghanistan**
- **Sri Lanka's 2017 economic growth to be 5.5-6.0 pct**
- **And more....**

Tenders

More latest News from Tenders

Upcoming Events

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NEWSLETTER – South Asia

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Basic Facts South Asia

Area: 5,099,611 km²

Population: 1,713,870,000

GDP: US\$9.9 trillion

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

Policy Proposals towards Economic Integration in South Asia

In the October 2016 issue of our Newsletter on South Asia, we have discussed how important it is for this region to be economically integrated, but unfortunately this region is one of the least economically integrated regions. The region lacks in trade complementarities due to similarities in production structures. Therefore, the region can only compete in products and there is limited scope for intraregional trade. In this issue, we try to come up with some policy suggestion in order to make this region economically integrated and boost trade and investments in turn.

Need of an integrated approach: Trade in goods should be viewed along with trade in services and investments as the potential of any one of these cannot be connected across the inter-linkages between them are fully realized and expedited through adequate policy endeavour.

Full implementation of SAFTA: SAFTA needs to be fully implemented by reduction of sensitive list and utilization of tariff concessions in a nondiscriminatory manner.

Implementation on regional investment agreement: To augment intra-regional investment it is imperative also to expeditiously sign and implement the SAARC Regional Investment Protection and Promotion Agreement.

Execution of SATIS: As intra-regional trade in services in South Asia has to be posited in an integrated framework vis-a-vis trade in goods and investment. Therefore, SATIS which has been negotiated must be implemented at the earliest.

Implementation of regional investment agreement: To augment intra-regional investment, effective implementation of the SAARC Regional Investment Protection and Promotion Agreement in very much required.

Institutionalising trade facilitation architecture: Further to tap the full potential of South Asia trade integration, the success stories of trade facilitation mechanisms available at low cost in South Asia must be adopted at the regional level so as to enhance trade and transactional efficiency.

Eliminating infra-structural bottlenecks: Infrastructural bottlenecks need to be addressed on a priority basis by drawing upon the new mechanisms of finance in order to reduce costs of non-cooperation from the BRICS New Development Bank and that of Asian Infrastructure Investment Bank.

Developing banking infrastructure: No business in the region is possible including trade in goods, unless the banking infrastructure in the region is evolved as financial transactions are made on the basis of trust. And this is well served by opening banking branches on a mutual basis across countries of South Asia.

The cost of non-cooperation is high in South Asia and increasing with time. Changing the regional mindset is the need of the hour in order to enhance cooperation and achieve full economic integration in addition to adopt the aforesaid policies.

Source: Based on an article entitled "Costs of Non-Cooperation in South Asia: An Illustration and Way Forward" published in 'RIS Policy Brief' on September 2016.

Trend of India's Merchandise Trade with the South Asian Nations

India's engineering exports to Top 5 South Asian countries during April - November 2016

(All values in USD million)

Region	Nov 2015	Nov 2016	Growth %	April - Nov 2015	April - Nov 2016	Growth %
NEPAL	43.23	148.13	242.69	838.32	1396.71	66.61
BANGLADESH	138.59	173.66	25.30	946.20	1237.31	30.77
SRI LANKA	350.67	87.95	-74.92	1955.21	952.36	-51.29
BHUTAN	29.66	14.11	-52.44	127.76	180.73	41.46
PAKISTAN	12.73	11.93	-6.34	76.67	84.56	10.29

Source: DGCIS

India's engineering exports to the South Asian region dropped by 24% during the month of November 2016 over the same month last year. However, the top two importers of Indian engineering in the South Asian region, namely Nepal and Bangladesh recorded higher imports in Nov 2016 over the same month last year but the overall decline is probably due to 75% decline in imports by Sri Lanka. In fact, among the seven South Asian countries, all conceded decline in engineering imports from Sri Lanka except Nepal and Bangladesh. Cumulative exports to this region during Apr - Nov 2016 also declined by a marginal 3% year-on-year and Sri Lanka was the spoilsport once again. Top two importers Nepal and Bangladesh achieved decent growth in imports of engineering products from India on a cumulative basis but Sri Lanka witnessed over 51% decline in imports of the same. Afghanistan was the only nation other than Sri Lanka to concede decline in imports on a cumulative basis.

Panel-wise trend in engineering exports to South Asia during November 2016

Top 10 panels exported to South Asia during November 2016 are listed below (Value of Exports measured in USD Million)

Name of the Panel	Export in Nov 2015	Export in Nov 2016	Growth (%)	Exports in Apr-Nov 2015	Exports in Apr-Nov 2016	Growth (%)
Iron and Steel	38.95	87.17	123.83	563.40	735.66	30.58

Motor Vehicle/cars	50.49	73.54	45.66	649.52	602.24	-7.28
Industrial Machinery	52.07	60.67	16.51	367.58	461.57	25.57
Two and Three Wheelers	31.65	47.64	50.52	301.71	375.27	24.38
Auto Components/Parts	20.88	34.12	63.39	192.36	314.89	63.70
Electric Machinery and Equipments	19.48	20.03	2.79	160.51	216.92	35.14
Products of Iron & Steel	14.03	15.18	8.19	145.60	146.88	0.88
Other Construction Machinery	7.07	22.56	218.93	64.64	144.62	123.72
Ships, Boats and Floating Structures	2.69	1.16	-57.06	62.66	138.18	120.53
Aluminium and products	5.38	12.52	132.81	88.61	91.00	2.70

Source: DGCIS

Exports of Indian 'Aircrafts and Spacecrafts' to the South Asian region declined by 99.89% to USD0.29 million in Nov 2016 from USD267.5 million in the same month last year. On a cumulative basis, the decline was 91.8% during Apr - Nov 2016. The fall in Indian engineering exports to South Asia both on a monthly basis as well as on a cumulative basis was attributed to this fall in exports of Aircrafts. Each of the top 10 exporting panels from Indian engineering sector however recorded growth in exports in Nov 2016. On a cumulative basis, only the second highest exporting product group 'Motor vehicle/cars' conceded 7.3% decline during the first eight months of fiscal 2016-17 among the top ten product groups. Top exporting group 'Iron and Steel' saw 30.6% higher exports during Apr - Nov 2016 over the same period last year and the third highest exporting product 'Industrial Machinery' registered 25.6% higher exports on a cumulative basis.

Upcoming exhibitions in South Asian Countries

Events	Date	Venue	Link
DHAKA AUTO PARTS SHOW 2017 ('Dhaka Motor Show' will also be held)	23-Mar-2017 to 25-Mar-2017	International Convention City Bashundhara, Dhaka Bangladesh	http://www.eventseye.com/fairs/f-dhaka-auto-parts-show-23462-1.html
14th Dhaka Int'l Textile & Garment Machinery Exhibition	23-Feb-2017 to 26-Feb-2017	Dhaka, Bangladesh	https://www.jetro.go.jp/j-messe/tradefair_en/DTG2017_52061
Pakistan Auto Show 2017	7-Mar-2017 to 9-Mar-2017	Karachi Expo Centre, karachi, Pakistan	https://www.jetro.go.jp/j-messe/tradefair_en/PakistanAuto_52572
POWERELEC INDIA 2017	09-Mar-2017 to 11-Mar-2017	Bombay Convention & Exhibition Centre, Goreagon (East) Mumbai - 400 063	http://www.eventseye.com/fairs/f-powerelec-india-22958-1.html

News in Focus

South Asia

World Bank, Government Sign New Agreement to Improve Quality of Education across 200 Engineering Institutes in India

The Government of India and the World Bank signed a US\$ 201.50 million credit agreement on 1st Feb 2017 to enhance the quality and equity of engineering education across several focus states in India.

Link: <http://www.worldbank.org/en/news/press-release/2017/02/01/project-signing-world-bank-government-sign-new-agreement-improve-quality-education-across-200-engineering-institutes>

A New Strategy to Support Growth and Stability in Afghanistan

The World Bank Group's strategy to support Afghanistan is set out in the Country Partnership Framework (CPF). It supports the Government of Afghanistan's strategic vision and goal to reduce poverty, outlined in the Afghanistan National Peace and Development Framework.

Link: <http://www.worldbank.org/en/news/feature/2017/01/16/a-new-strategy-to-support-growth-and-stability-in-afghanistan>

Government of India and World Bank Sign Additional US\$5.19 Million Grant Agreement for Improving Energy Efficiency in MSME's

The Government of India and the World Bank today signed an additional grant of US\$ 5.19 million from the Global Environment Facility (GEF) to increase demand for energy efficiency investments in select micro, small and medium enterprises (MSME) and build their capacity to access commercial finance.

Link: <http://www.worldbank.org/en/news/press-release/2016/12/13/government-india-world-bank-sign-additional-usd5point19-million-grant-agreement-for-improving-energy-efficiency-msmes>

Sri Lanka's 2017 economic growth to be 5.5-6.0 pct - central bank chief

Sri Lanka economy is expected to expand between 5.5 percent and 6.0 percent in 2017, higher than last year's estimated pace of at least 4.5 percent, central bank governor Indrajith Coomaraswamy said on Tuesday.

Link: <http://in.reuters.com/article/sri-lanka-economy-idINKBN14NONO>

Tender Information in South Asian Countries

Location	Title	Deadline
India	Development Of Recreational. Commercial Hospitality Health And Other Urban Infrastructure Projects	02-Mar-2017
Nepal	Construction Of Wall, Park, Picnic Spot In The Premises Of Amleshwor Temple, Baireni	28-Feb-2017
Bangladesh	Procurement Of Plant Design Supply Install And Commission For Conversion Of 100 Mw Baghabari Gas Turbine Power Plant To 150 Mw Combined Cycle Power Plant	19-Apr-2017
India	Engineering, Design, Supply, Erection, Testing And Commissioning Of Barrage Control And Monitoring Systems For Water Distribution & Barrage Management Of Virbhadra Barrage, Pashulok, Rishikesh, Distri	27-Feb-2017

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

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