

Territorial NEWSLETTER South Asia

EETPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



T S Bhasin

Despite being one of the fastest growing regions of the world, regional disintegration is a major constraint to balanced growth of this region. Integrating the region has become prime priority for the policymakers of the member nations. Honourable Bangladesh High Commissioner to India recently said that cooperation on energy may stabilize the long term relation of the South Asian nations. Indian public as well as private players from the power sector has already signed several agreements with Bangladesh on supplying power to the later and many such projects are on the pipeline. The Honourable HC urged for extending the energy cooperation across the region.

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

Our cumulative engineering exports to South Asia have come back to growth path from Sep 2018 and growth has been accelerating with time on a cumulative basis. Meanwhile, the think-tanks of the South Asian nations have been trying their best to improve regional integration with a strong determination to enhance trade and investment relation. In this issue, we have highlighted the view of Honourable Bangladesh High Commissioner to India on regional integration through cooperation in the energy sector among the South Asian states.

Like our previous issues, an analysis of Indian engineering exports for April - December 2017-18 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.

Cover Story

Energy sector development, which provides South Asian countries access to electricity required to power various industries, have become high priority for think-tanks of South Asian countries...

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Tenders

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Upcoming Events

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Basic Facts South Asia

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



Stabilizing South Asian Region through Energy Cooperation

During the 10th South Asia Economic Summit in Kathmandu on November 2017, rapid development of physical infrastructure and removal of non-tariff barriers to expedite regional integration were stressed. Trade facilitation, which enables goods and services to move across borders smoothly and energy sector development, which provides South Asian countries access to electricity required to power various industries, have remained high on the agenda of South Asian countries for long.

Mr. Syed Muazzem Ali, Honourable Bangladesh High Commissioner to India also emphasized the need of increasing energy cooperation among South Asian countries in a recent statement. The following is an excerpt of his statement.

He said that rapid economic growth and increasing populations have put South Asia's energy security in a challenging state. Compared to the world per capita electricity consumption of 3,128 kilowatt/hour, the

average per capita electricity consumption in South Asia is roughly 600 kilowatt/hour, which is bound to increase with the economic progress of the region.

He also stated that Bangladesh and India, during the past years, had been able to further strengthen and consolidate the friendly bilateral relations. Cooperation in the energy sector was the hallmark of their renewed engagements. There was a positive momentum in cooperation between the two countries in the power sector and the achievements so far have been encouraging.

In this regard, he mentioned that during the landmark visit Sheikh Hasina, Honourable Prime Minister of Bangladesh to New Delhi in 2010, the two countries signed an agreement subsequent to which India started supplying power to Bangladesh from December 2013 and since then, India has been supplying 500 megawatts (MW) of power from the Bheramara-Bahrampur inter-connection. 160 MW power is also being supplied to Bangladesh using the Tripura-Comilla interconnection. Both public and private sector power companies from India have made several agreements on supplying electricity to Bangladesh. Very recently, these two nations have also started cooperation on renewable energy and nuclear power

He added that alongside these bilateral initiatives, India and Bangladesh are also moving to sub-regional cooperation. A trilateral investment of 1,125 MW hydropower project in Bhutan by Bangladesh, India and Bhutan, is also under discussion. There is a need to further strengthen the existing sub-regional and regional platform like BBIN, SAARC and BIMSTEC. Signing of the SAARC Framework Agreement for Energy Cooperation (Electricity) is expected to create a regional market for power trade. He was optimistic of expediting similar cooperation framework under the aegis of BIMSTEC. In the capacity as a founding member of both SAARC and BIMSTEC, Bangladesh, according to him, is ready to cooperate in all the essential energy related projects of these organizations.

He spoke in favour of widening the cooperation on energy securities among all members of South Asian region. He stated, "I would like to emphasize that, through concerted efforts, we will make important steps towards enhancing energy security in our region. I take this opportunity to commend India for extending the energy cooperation initiatives in the region and playing an important role in meeting our energy need. Bangladesh expects that India will come forward with more such projects and initiatives to enhance energy management capacity in Bangladesh as well as in the region. If we can increase our interdependence through various crucial projects, particularly in the power sector, this will act as a catalyst in stabilizing our long-term relations. Energy cooperation can be a great stabilizer for the whole region also."

Needless to mention, the cooperation in power sector among the South Asian nations will turn up as a remedy to the problem of regional disintegration in this emerging region as power is the major factor of production for all industries. Therefore, intensive cooperation in energy sector will lead to much higher trade and development among the nations of this region.

Source:

- 1) <http://business.inquirer.net/240843/south-asia-economic-summit-makes-renewed-regional-integration-call>
- 2) <https://www.sasec.asia/index.php?page=news&nid=817&url=energy-cooperation> (commentary by Mr. Syed Muazzem Ali, Bangladesh High Commissioner to India. This commentary is reported to have been first appeared on 'The Pioneer'.)

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

India's engineering exports to Top 5 South Asian countries during April - December 2017-18
(All values in USD million)

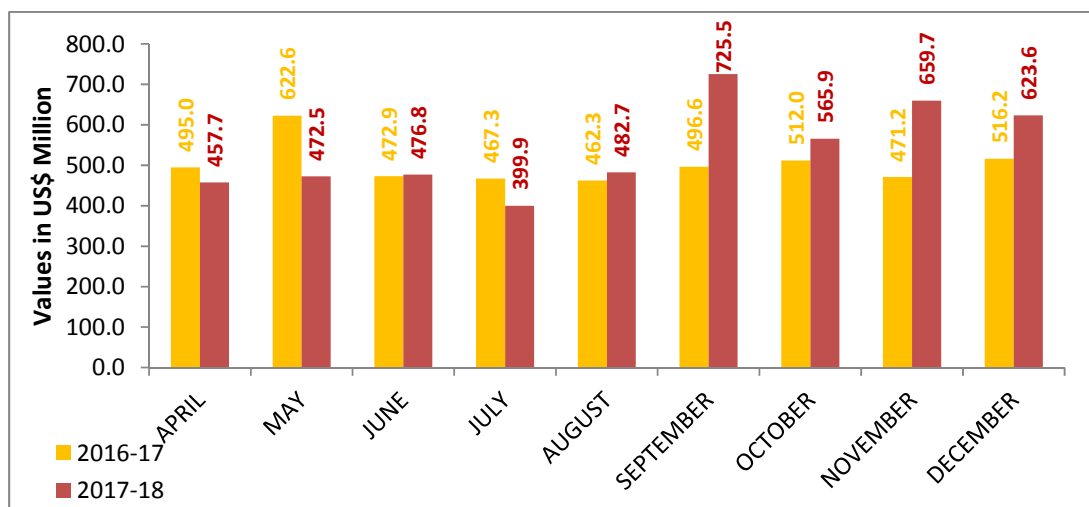
Country	Export in Dec 2016	Export in Dec 2017	Growth (%)	Exports in Apr-Dec 2016-17	Exports in Apr-Dec 2017-18	Growth (%)
BANGLADESH	198.37	250.22	26.14	1449.04	1739.13	20.02
NEPAL	176.83	176.42	-0.23	1622.12	1719.24	5.99
SRI LANKA	96.37	132.76	37.75	1061.50	1082.63	1.99
BHUTAN	15.63	16.83	7.71	217.50	148.55	-31.70
PAKISTAN	14.96	20.74	38.61	99.95	129.25	29.32

Source: DGCIS

India's engineering exports to South Asia continued to show year-on-year growth for the fifth straight month to December 2017 but with a slower 20.8% growth as against 40% in Nov 2017. This time, Nepal recorded a decline in imports from India and replaced by Bangladesh as the largest importer in the South Asian region. Bangladesh moved up to the top position with 26.14% year-on-year growth in imports of Indian engineering during Dec 2017. Third largest Sri Lanka has been showing improvement in import from India with a faster 37.75% growth in Dec 2017 as against 36.19% in Nov 2017. All the 7 South Asian nations registered year-on-year increase in engineering imports from India during the said month except Nepal.

On a cumulative basis, engineering exports to South Asia achieved year-on-year growth for the fourth time in a row and with a rising trend in growth. Engineering exports during Apr - Dec 2017-18 saw 20.02% growth over the same period last year. Bangladesh replaced Nepal to become the largest importer of Indian engineering products in the South Asian region on a cumulative basis followed by Nepal and Sri Lanka. All the 7 South Asian nations witnessed year-on-year growth in engineering imports from India during Apr - Dec 2017-18.

Month-wise Trend in Total Engineering Export to South Asia (Apr - Dec 2017-18)



Source: DGCIS Data, EEPIC Research

Panel-wise trend in engineering exports to South Asia during April - December 2017-18

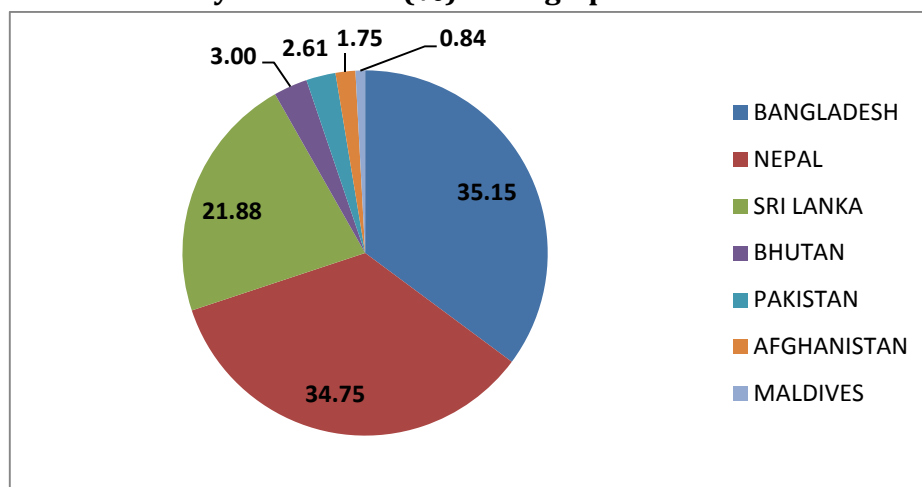
Top 10 engineering panels exported to South Asia during Apr - Dec 2017-18 are listed below (Value of Exports measured in USD Million)

Panel	Export in Dec 2016	Export in Dec 2017	Growth (%)	Exports in Apr-Dec 2016-17	Exports in Apr-Dec 2017-18	Growth (%)
Iron and Steel	105.06	148.63	41.47	873.06	1076.04	23.25
Industrial Machinery	70.62	77.43	9.65	533.79	622.82	16.68
Motor Vehicle/cars	69.20	80.53	16.38	673.59	584.20	-13.27
Two and Three Wheelers	54.72	50.16	-8.34	431.92	517.40	19.79
Auto Components/Parts	37.14	48.20	29.77	353.31	343.00	-2.92
Products of Iron and Steel	17.07	48.89	186.37	183.75	277.43	50.98
Other Construction Machinery	28.59	34.49	20.63	173.93	245.23	40.99
Electric Machinery and Equipments	18.06	25.96	43.72	242.16	225.63	-6.83
Aluminium and products	21.63	24.42	12.90	112.71	192.38	70.69
Ships, Boats and Floating Structure	5.98	0.00	-100.00	156.91	157.14	0.15

Source: DGCIS

Product group-wise, the trend of Indian engineering exports to South Asia remained the same. 'Iron and Steel' remained the top exporting engineering product group to the South Asian region during the first nine months of the ongoing fiscal with 23.25% year-on-year growth. 'Industrial machinery' was the immediate follower of 'Iron and Steel' with a 16.68% year-on-year growth during the same time period. In the automobile sector, 'Two and three wheelers' achieved 19.79% growth but 'Motor vehicles' and 'Auto components and parts' conceded declines in exports to South Asia during Apr - Dec of fiscal 2017-18. Among the top 10 engineering panels exported to South Asian region, 3 witnessed decline in overseas shipment during Apr - Dec 2017-18 in comparison to the same period last fiscal. Out of the total 33 engineering panels as classified by DGCI&S, 24 panels recorded year-on-year growth in exports to South Asia during the first nine months of 2017-18.

Country-wise Share (%) during Apr - Dec 2017-18



Source: DGCIS Data, EEPIC Research

Major Importers of India's engineering products to South Asia during Apr - Dec 2017-18

Bangladesh: Bangladesh replaced Nepal in Dec 2017 to become the largest importer of India's engineering products in the South Asian region once again during Apr - Dec 2017-18 with 35.15% share in India's total engineering exports to the region.

Top exported Products: Industrial Machinery, Motor Vehicle/cars, Two and Three Wheelers, Auto Component/Parts, Iron and Steel.

Nepal: Nepal dropped to second position during the said time period with 34.75% share.

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

Sri Lanka: Sri Lanka was the third largest export destination for India's engineering exports in the South Asian region during Apr - Dec 2017-18 with a share of 21.88%.

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

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
DHAKA AUTO PARTS SHOW 2018	22-Mar-2018 To 24-Mar-2018	International Convention City, Bashundhara, Dhaka, Bangladesh	https://www.eventseye.com/fairs/f-dhaka-auto-parts-show-23462-1.html
DHAKA MOTOR SHOW 2018	22-Mar-2018 To 24-Mar-2018	International Convention City, Bashundhara, Dhaka, Bangladesh	https://www.eventseye.com/fairs/f-dhaka-motor-show-8473-1.html
MEDICAL FAIR INDIA 2018	16-Mar-2018 To 18-Mar-2018	Bombay Convention & Exhibition Centre (BCEC) Highway, Goreagon (East) Mumbai - 400 063, India	https://www.eventseye.com/fairs/f-medical-fair-india-13328-1.html
DIEMOULD 2018	11-Apr-2018 To 13-Apr-2018	Bombay Convention & Exhibition Centre (BCEC) Highway, Goreagon (East) Mumbai - 400 063, India	https://www.eventseye.com/fairs/f-diemould-5829-1.html

South Asia

China based AIIB approves \$285 million of loans to Bangladesh for power, energy

Beijing-based Asian Infrastructure Investment Bank has approved US\$285 million loans to Bangladesh for three power and energy-related projects, a senior official of the AIIB said on Monday, and more are on the way.

Link: <https://in.reuters.com/article/bangladesh-aiib-investment/aiib-approves-285-million-of-loans-to-bangladesh-for-power-energy-idINKCN1GA1DB>

U.S. tells India to cut tariffs as trade friction heats up

U.S. businesses and diplomats are pressing India to cut tariffs, industry and government sources say, after New Delhi's move to increase customs duties on dozens of products to help its flagship Make-in-India drive aggravated differences over trade.

Link: <https://www.cnbc.com/2018/02/23/reuters-america-exclusive-u-s-tells-india-to-cut-tariffs-as-trade-friction-heats-up.html>

WEF 2018: Experts from India, Pakistan discuss strategic outlook for South Asia

A panel comprising participants from India and Pakistan discussed the possibilities of improvement in regional cooperation and expansion of trade in South Asia on the third day of the World Economic Forum (WEF).

Link: <https://www.businesstoday.in/wef-2018/news/wef-2018-davos-india-pakistan-experts-discuss-strategic-outlook-for-south-asia/story/268873.html>

India: Business conditions deteriorate in February 2018

Business conditions worsened in February, with the manufacturing PMI showing weaker activity growth in the sector and the services PMI suggesting activity contracted markedly in the month. The main culprit behind both readings was weaker demand, which in part may have reflected tighter lending standards stemming from recent bank sector developments. The composite Purchasing Manager's Index (PMI), produced by Nikkei and IHS Market, declined from 52.5 in January to 49.7 in February.

Link: <https://www.focus-economics.com/countries/india/news/pmi/business-conditions-deteriorate-in-february>

Tender Information in South Asian Countries

Location	Title	Deadline
INDIA	Hiring Of 04 Nos. 03 Ton Capacity Diesel Forklift Truck. Estimated Cost: INR 6,706,298	09-Apr-2018
INDIA	Annual Rate Contract For Construction Of Hand Pump Bore (approachable/un-approachable By Percussion/rotary/calex/rig By Any Suitable Rig As Per Starta And Providing, Installation Of India Mark Ii Hand Pump Various Location In Jodhpur City. Estimated Cost: INR 10,000,000	02-Apr-2018
BANGLADESH	Installation Of 12nos. Ring Well With 6 Hand Pump Under Village Water Supply Project At Patgram Upazilla Of Lalmonirhat District. Fy-2017-2018.	28-Mar-2018
INDIA	Operation And Maintenance Of 2mld Sewerage Treatment Plant At Marikavalasa, 2 Mld Stp At Ysr Nagar And 3 Mld Stp At Vambay Colony Of Zone-i Area For The Year 2018-19. Estimated Cost: INR 2,592,514	23-Mar-2018

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

EEPC India South Asia Territorial Newsletter

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