

Territorial NEWSLETTER South Asia

EEPC INDIA
ENGINEERING THE FUTURE

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



Chairman's Pen

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Tarvinder Singh
Bhasin

Since Sri Lanka (#3), Bangladesh (#9) and Nepal (#16) are among the top 25 global Indian engineering exports destinations, the seven nation South Asian region is very important for India. The low level of intra-regional trade and the general economic environment of the region suggest that there are vast opportunities for India to increase exports through focused initiatives.

Apparently, India has provided effective leverage to the region in two areas. Firstly, by catering to the region's market demand, and secondly, through proactive collaboration at Government to Government level and partner the course of future development.

The recently signed Motor Vehicles Agreement (MVA) between four SAARC nations, Bangladesh, Bhutan, India and Nepal (BBIN) provides a further boost to the region. It is expected that the MVA will pave the way for a seamless movement of people and goods across their borders for the benefit and integration of the region and its economic development.

I hope, our members will find this Newsletter useful and informative.

SAARC Territorial Committee Chairman's Note



P R Venkatachalam

India's engineering exports to South Asia, after recording a negative growth for a few months, was in positive zone(0.56%) in the month of January. With only two month left for this financial year, any significant turnaround to lift the overall drop in exports would be phenomenal event.

China is leaping ahead manifold by strategizing and focusing on building economic partnerships in South Asia and expanding its competitive footprints. Eventually it is targeting its larger goals of global Geo-Economic dominance. During 2006-14, South Asia's growth in imports from China was 304% while from India 183%. Similarly for engineering products the growth was 267% and 184% for China and India respectively.

Interestingly, South Asia's share of engineering imports in total imports is maintained around 45%, while for India at only 25%. This is despite the significant Indian advantage of geographical proximity, which is ill-fated due to the lack of infrastructural integration. Through this edition of newsletter, an attempt has been



made to map the trend of engineering imports in South Asia and analyze the opportunities emerging over the period in the sector.

Basic Facts South Asia

Area: 5,099,611 km²

Population: 1,713,870,000

GDP: US\$9.9 trillion

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

China's influence in the engineering sector in South Asia...Part 2 (Contd)

I. Preface:

The engineering sector is pivotal for the development of any economy as it yields significant value addition for growth of all sectors of the economy. Primarily due to this reason, the investment in engineering sector is very important for South Asia to boost economic growth.

II. Growth Scenario in the Engineering Imports of the South Asia (Excl: India):

The South Asia region is among the emerging destinations of global trade and economic growth. This is reflected by the imports data over the last 10 years (2004-14). Imports increased by nearly 41% during the period. The engineering imports constitutes approximately 30% of the overall regions' (Excl: India) imports. Further between the year 2009-2014, while the overall imports grew by 70% whereas the engineering imports grew by over 63%. It is noteworthy that India's share of engineering imports is also the same (Table 1). Engineering sector accounts for a major shares in South Asia economic trade.

Table 1: South Asia's Global Engineering Imports (Excl: India) 2006-2014 - USD Mn

Importers	2006	2008	2010	2012	2014	%Growth (2006-14)
World	6074045.01	7555331.37	7154071.50	8129912.25	8545078.67	40.68
SOUTHASIA (Excl: India)	20889.97	25321.82	28218.73	31301.44	37277.51	78.45
Pakistan	11707.64	12800.81	10926.40	11559.59	13892.65	18.66
Bangladesh	5578.76	7181.57	8901.51	9234.94	12835.21	130.07
Sri Lanka	3040.31	3441.48	3603.60	5520.92	5631.95	85.24
Nepal	0.00	0.00	1961.90	1882.51	2546.76	NA
Afghanistan	0.00	1128.05	1999.98	2248.47	1703.24	NA
Maldives	370.41	521.35	346.25	396.85	580.11	56.61
Bhutan	192.85	248.57	479.09	458.15	87.59	-54.58

As evident from the above table following can be concluded:

- Between year 2006-2014, the engineering imports grew 78% much above than global growth of 40%

- Only Bhutan witnessed decline (significantly) of (-) 54% while rest of the nations witnessed growth ranging from 18%-130%.

III. China Vs India's share in engineering imports of South Asia nations (excl: India)

Year	2006	2008	2010	2012	2014	% Growth (2006-14)
South Asia's (Excl: India) Imports from China (USD M)						
All products	6649.34	11260.61	13122.67	18559.67	26879.75	304.25
Total Engineering	3320.88	5209.65	6067.93	8445.82	12191.96	267.13
Share of Engineering in Total Imports	49.94	46.26	46.24	45.51	45.36	
South Asia imports from India (USD M)						
All products	6267.07	10035.04	11763.1	15096.04	17751.48	183.25
Engineering Products	1588.86	2263.99	3838.78	4034.81	4521.42	184.57
Share of Engineering in Total Imports	25.35	22.56	32.63	26.73	25.47	

IV. Major Findings

- South Asia's (Excl: India) total imports from China grew 304%, while from India 184%
- South Asia's engineering imports from China grew 267%, while from India 145%
- Share of engineering imports from China averages approximately 47% whereas India's 27%
- China's share in the economic value addition in the process of economic development in South Asia is significantly ahead than that of India.

(To be continued in forthcoming issue of next month in '[China's influence in the engineering sector in South Asia...Part 3](#))

January Export Trends (USD Million)

The Indian engineering exports in the month of January recorded a positive growth of 0.56%, witnessing a reversal in the overall decline of (-) 19.98% for 10 month period. Bangladesh and Nepal witnessed a significant increase of 40% and 23% in the month of January. Pakistan and Srilanka witnessed significant decline of 41% and 15% in January. However, overall the trend continued to disappoint.

**Table 4: January trend in engineering exports to the South Asian countries
(All values in USD million)**

Region	January'15	January'16	Growth %	April'14 - Jan'2015	April'15 - Jan'16	Growth %

South Asia	626.9	630.4	0.56	6137.81	4913.08	-19.95
Bangladesh	111.15	155.63	40.02	1206.95	1225.15	1.51
Pakistan	13.98	8.13	-41.85	118.37	97.32	-17.78
Sri Lanka	354.71	301.36	-15.04	3247.70	2232.57	-31.26
Nepal	66.35	85	28.11	641.61	543.99	-15.21
Bhutan	5.22	6.46	23.75	39.90	91.85	130.20
Afghanistan	1.43	3.47	142.66	23.67	48.34	104.22

Figure 1: Source: DGCIS

News in Focus

South Asia

Barriers Remain for Southeast Asia's Economic Integration Plans

Efforts to integrate Southeast Asia's economies are beginning to bear fruit, experts say, although there is some way to go before the goal of turning the region into a single market and production base can be reached.

The 10 member countries of the Association of Southeast Asian Nations officially formed the ASEAN Economic Community (AEC), an ambitious regional trade bloc, at the start of this year.

<http://www.voanews.com/content/barriers-remain-for-southeast-asia-economic-integration-plans/3192051.html>

A Pipeline to South Asia Prosperity

A proposed plan for a new natural gas pipeline could be an economic boon for Afghanistan. But Kabul must implement real pathways for it to succeed. 2015, the Turkmenistan-Afghanistan-Pakistan-India natural gas pipeline (TAPI) shifted from theoretical concept to pragmatic initiative. That progress was due to three major breakthroughs: an agreement on the TAPI holding company's share structure, the selection of a leader for the consortium, and the groundbreaking ceremony.

<http://foreignpolicy.com/2016/02/09/a-pipeline-to-south-asia-prosperity/>

Nepal

India, Nepal sign nine agreements

NEW DELHI: India and Nepal on Saturday signed nine agreements following delegation-level talks led by Prime Minister Narendra Modi and his Nepalese counterpart K.P. Sharma Oli. These include agreements on utilisation of Indian grant of \$250 million for post-earthquake reconstruction, improving of road infrastructure in Nepal's Terai area, cultural cooperation, transit between Nepal and Bangladesh through

Kakarbitta-Banglabandh corridor, operationalisation of Vishakapatnam port and rail transport to and from Vishakapatnam.

http://economictimes.indiatimes.com/articleshow/51067682.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Pakistan

Pakistan to clock 4.5% growth in current fiscal: IMF

The [International](#) Monetary Fund (IMF) has forecasted a growth rate of 4.5% for [Pakistan](#) in the current fiscal, observing that its economic activity "remains robust". "Economic activity remains robust," IMF's mission chief to Pakistan Harald Finger said yesterday after a delegation of the world body led by him met with Pakistani officials in Dubai on the 10th review of Pakistan's economic program supported by a three-year Extended Fund Facility (EFF) arrangement.

http://www.business-standard.com/article/pti-stories/pak-to-clock-4-5-per-cent-growth-imf-116020500107_1.html

The China-Pakistan Economic Corridor

A major objection on the CPEC is the lack of transparency. More specifically, the critics complain that nobody except the Sharif brothers knows the real plan. While this observation is factual, I don't see any cause for concern. The apparent lack of transparency is in fact a tactical move. If no citizen - including high level government officials - knows the real plan; and if China doesn't know the real plan (hence the need for the Chinese embassy to release a polite reminder to get on with things); what chance our enemies know about it? The Sharif brothers sure know how to keep the enemy in the dark.

<http://www.pakistantoday.com.pk/2016/02/11/comment/the-china-pakistan-economic-corridor/>

Sri Lanka

Sri Lanka trade chamber welcomes ETCA with India

A leading Sri Lankan trade chamber has welcomed the proposed Economic and Technology Cooperation Agreement (ETCA) with India, saying it will widen bilateral economic engagement but underlined the need for clear communications in tackling issues faced by businesses here.

The ETCA agreement seeks to boost cooperation in technical areas, scientific expertise and research amongst institutions, boost standards of goods and services able to compete on the global market and improve opportunities for manpower training and human resource development.

http://www.business-standard.com/article/pti-stories/sri-lanka-trade-chamber-welcomes-etca-with-india-116022600346_1.html

Sri Lanka plans 'economic corridor' with Andhra Pradesh

Sri Lanka is planning an economic corridor with the coastal state of Andhra Pradesh, Prime Minister Ranil Wickremesinghe had told top industrialists from India at a global forum in Switzerland. Indian business could invest in a port city being reclaimed out of the sea, the Colombo Port, Trincomalee port, Wickremesinghe had said at meeting with members of the Confederation of Indian Industry on the sidelines of a World Economic Forum in Davos, Switzerland.

<http://www.economynext.com/Sri Lanka plans economic corridor with Andhra Pradesh-3-4066.html>

Bangladesh

BHEL to seal major power deal in Bangladesh, beating China

A state-run Indian firm is poised to seal a contract to build a \$1.6 billion power plant in Bangladesh, beating out a Chinese competitor in the latest commercial tussle between the region's two dominant powers. After years of negotiations, Bharat Heavy Electricals Ltd (BHEL) will sign a contract to build a 1,320-megawatt (MW) thermal power station in Khulna in southern Bangladesh on February 28, officials in New Delhi and Dhaka said.

http://www.business-standard.com/article/reuters/india-set-to-seal-major-power-deal-in-bangladesh-beating-china-116022200097_1.html

Solar-powered water purification plants trialled in Bangladesh

Solar-powered water purification plants may help solve arsenic contamination of drinking water in Bangladesh.

The plants, developed by engineers from Lund University in Sweden, use UV-LED technology to purify water. Equipped with intelligent software and a Wi-Fi connection, the 12V units are so efficient they can be powered by a single photovoltaic panel.

<http://eandt.theiet.org/news/2016/feb/bangladesh-solar-powered-water-purification.cfm>

SAARC Tenders in News *(For more details and similar tenders, log onto: INTRACEN Procurement Map)*

Country-Location- Closing Date- Tender Estimated Cost- Tender No.	Requirements
Bangladesh-Dhaka- 04/04/2016	Tenders are invited for Procurcmel of plant design. Supply and installation of package 5 l32/33kv substations at shariatpur, chowddagram. Benapole & rajshahi-2 and bay extension at existing jessore & madaripur substations on turnkey basis
Bangladesh - Mymensingh - 04/04/2016 -	Open Tendering Method (OTM): Line Maintenance And Renovation(11Kv, 11/0.4Kv, 0.4Kv) With Installing 11/0.4Kv Transformer From Koitor Bari Ayeen Uddin Member-s House To Joynatoli Bazar Of Valuka Electric Supply Under Sales & Distribution Division - 2(South), Bpdb, Mymensingh. Tender/Proposal security (Amount in BDT): 14000 Tender/Proposal Document Price (In BDT): 500 Completion Date: 29-Jun-2017 Tender/Proposal Opening Date and Time: 04-Apr-2016 16:00 Last Date and Time for Tender/Proposal Security Submission: 04-Apr-2016 13:10 Tender/Proposal Document last selling / downloading Date and Time: 04-Apr-2016 13:00 Pre - Tender/Proposal meeting Start Date and Time: 13-Mar-2016 12:00 Pre - Tender/Proposal meeting End Date and Time: 13-Mar-2016 13:00
Nepal - Kathmandu 01/05/2016 - Bid Security Amount: Not Disclosed-	Prior Information Notice for Supply of laboratory equipment, legal metrology inspection equipment, and food technology training equipment in

Country-Location- Closing Date- Tender Estimated Cost- Tender No.	Requirements
31550706	support of strengthening the national quality infrastructure in nepal to facilitate domestic and international trade in food and non-food products
Nepal - Kathmandu - 27/04/2016 - Bid Security Amount: Not Disclosed	Tender are Invited for Design, Supply, Transportation, Fabrication, Installation and Commissioning of the Aluminium Internal Floating Roofs on Existing Sko Tanks for Conversion into MS Tanks. Tender Fee: NRs. 3000 (Non Refundable) Bid Security: NRs. 450000

Upcoming Events in South Asia

Country	Exhibition Name	Date	Venue	Link
Bangladesh	PHARMA BANGLADESH EXPO	05-07 May 2016	BICC	http://www.cemsbangladesh.com/
Pakistan	PLASTIC, PACKAGING & PRINT ASIA	13-15 May 2016	KEC	http://www.ecgateway.net/
Sri Lanka	LANKAPACK	6-8 May 2016	BMICH	http://www.packagingsrilanka.com/

Concluded

EPEC India South Asia Territorial Newsletter
 Contact: Mayank Krishna
 Email: mkrishna@eepcindia.net
 Phone no: 011-2371 1124/25