

Territorial NEWSLETTER South Asia

EETPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



T S Bhasin

Infrastructural development in the South Asian economies is a major concern despite overall improvement in the major nations. Port infrastructure however has been developing in recent times due to investments by regional superpowers like China, Japan and India to increase influence and market-access in this region. In this issue, we have highlighted the recent developments of some of the high-profile ports of this region and also addressed the concerns the South Asian nation have been facing in shipping through its ports that is ultimately affecting international trade. Still, new investments are on sight and overall infrastructure of the ports has been improving slowly but continuously. 2017 may bring a better tomorrow towards the development of port infrastructure in South Asian region.

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

A very interesting issue has been brought into the notice of our member exporters in the Twelvth issue of our newsletter on South Asia. Shipping is the most widely used medium of international trade and therefore, development of ports is very much required to facilitate trade. Although, port infrastructure in this region is not up to the global level, some silver-lining has been recently witnessed that might lead to significant improvement in ports' connectivity and management structure in the South Asia region.

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

Cover Story

South Asian nations are likely to enjoy better port infrastructure in the coming years driven by competition among major Asian powers to increase influence in this region

What's in News

- **Bangladesh India's biggest trade partner in South Asia...**
- **India, Indonesia and Thailand to outperform Asia in 2017...**
- **China 'Silk Road' project in Sri Lanka delayed...**
- **And more....**

Tenders

More latest News from Tenders

Upcoming Events

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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.

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

Geopolitics is driving the development of Port Infrastructure in South Asia

Recent development in South Asian port infrastructure is largely driven by geopolitics. Investments by regional powers to increase influence and access in that region result in a better infrastructure for ports. As a consequence, South Asian ports have been busy in 2016 and much more cargo is expected in 2017. This competition among the regional powers leads to new capacity and process improvements at container ports and terminals throughout the region. Shippers who are compelled to use outdated facilities in India, Bangladesh, Pakistan, and Myanmar can now benefit most from the efforts of the countries likes of China and Japan to grow their influence in the region.

The Gwadar port in Pakistan, a major 'Belt and Road' hub built by China is an example of projects being undertaken to improve port connectivity. A major objective of this project is to create a hub for oil shipments to China and an alternative to the sea route of Malacca Strait for its energy needs. Two oil terminals capable of handling 200,000 deadweight tonnage tankers are being constructed to handle a growing portion of the huge quantities of oil the world's second largest economy buys from the Middle East.

The development of Gwadar is provoking a response from other regional powers concerned about the boost in influence it is giving China in the Indian Ocean region. This, and the easing of economic sanctions against Iran, resulted in movement by India on the long-discussed development of the Iranian port of Chabahar. Like Gwadar, Chabahar is also on the Arabian Sea and located just 70 kilometers (43.5 miles) from the Pakistani port. Progress on the project is slow, but there is commitment from India at the highest level, and more interesting developments in this part of the world can be expected over the course of 2017.

Another major target destination for Chinese Belt and Road funding for port development is Sri Lanka. An official agreement for state-owned China Merchants to buy an 80 percent stake in the loss-making Hambantota port for more than \$1 billion is expected in early 2017. The purchase of the loss-making port will complement the company's existing investment in Colombo International Container Terminal, which is rapidly becoming one of the region's major transshipment facilities.

Bangladesh is another country in South Asia to be targeted by regional powers. With 6 percent annual average economic growth for the last 10 years and US\$ 50 billion of expected export volume, the South Asian country desperately needs modern port infrastructure. However, more than 90 percent of foreign trade volumes are currently handled by the old and inefficient Chittagong port. A definitive deep-sea port project in Bangladesh has yet to materialize as China, Japan, and India fight for the right to provide financing, and with that gain a ticket to build their influence in the country and region.

In India, the mammoth Sagar Mala port-led development program will continue to be the main driver of port development over the course of 2017. Sagar Mala is centered on the modernization of India's ports as well as the provision of infrastructure that can move goods to and from ports quickly, efficiently, and cost effectively. Port hinterlands are to be industrialized to reap benefits from economic transformation of the country's coastal regions, which already account for more than 60 percent of national GDP.

The program is central to Prime Minister Narendra Modi's plans to build a manufacturing-led, trade-export based economy mainly fueled by private domestic and foreign investment. The government hopes that slashing logistics costs to around 10 percent from 18 percent will allow it to reach this goal.

Key factors driving the infrastructure development in ports of Southeast Asia

- High GDP growth, particularly in India and Bangladesh, Development potential in Pakistan, Iran, and countries of Central Asia, including opportunities to develop resource exploitation.
- Poor existing port infrastructure, particularly in Pakistan and Bangladesh. Enormous room for improvement in the quality of infrastructure, cargo handling processes, and landside connectivity in India.
- India's goals to increase export manufacturing and its desire to control more of its own transshipment business and its Sagar Mala program, which has ports and development of coastal regions at its core.
- Existing investment by major global terminal operators such as DP World give clear signals of interest in the potential for further investment in the region.
- A geopolitical hotspot with China, India, and Japan, all countries in South Asia are vying for greater influence through port project investment.
- South Asia as a region is at the core of China's Belt and Road program.

Major bottlenecks for improvement in port infrastructure

- Slower rates of project development than most other parts of Asia, as funding and foreign and domestic stakeholder complexities delay and complicate projects.
- Security problems causing delays to projects and reducing trade volumes: a key risk for the development of Gwadar in the volatile Balochistan region and CPEC infrastructure in general.

Conducive factors

- Slow but continuing improvement in productivity and the management structure of ports in India.
- New investment and projects, particularly in India and Bangladesh.

Source: An article published in Journal of Commerce

Link: http://www.joc.com/port-news/asian-ports/2017-be-big-year-south-asia-ports_20161229.html

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

India's engineering exports to Top 5 South Asian countries during April - January 2016-17
(All values in USD million)

Region	Export in Jan 2016	Export in Jan 2017	Growth (%)	Exports in Apr-Jan 2015-16	Exports in Apr-Jan 2016-17	Growth (%)
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NEPAL	140.54	188.51	34.13	1067.11	1806.47	69.29
BANGLADESH	156.30	163.30	4.48	1218.21	1599.08	31.26
SRI LANKA	312.46	107.29	-65.66	2364.64	1156.02	-51.11
BHUTAN	10.91	0.08	-99.25	151.50	215.44	42.20
PAKISTAN	8.61	8.66	0.63	100.25	108.55	8.28

Source: DGCIS

South Asia conceded 25.11% drop in engineering exports from India during Jan 2017 as against a sizeable year-on-year growth in the previous month. On a cumulative basis for Apr - Jan 2016-17, the decline was marginal at 0.89% only. Top three importers remained the same both on a monthly basis for Jan 2017 and on a cumulative basis. However, our country-wise analysis shows that the decline in exports was mainly attributed to substantial decline in imports of Indian engineering products from Sri Lanka in both cases. On a monthly basis the decline was 65.66% and on a cumulative basis it was a bit lower at 51.11% during Apr - Jan 2016-17. Top importer Nepal achieved 34.1% growth in Jan 2017 while growth was more than double at 69.3% on a cumulative basis during Apr - Jan 2016-17. Second largest importer Bangladesh also achieved good growth cumulatively during Apr - Jan 2016-17 but growth was feeble during Jan 2017. Other than Sri Lanka, Afghanistan also conceded a decline on a cumulative basis.

Panel-wise trend in engineering exports to South Asia during April - January 2016-17

Top 10 panels exported to South Asia during April - January 2016-17 are listed below (Value of Exports measured in USD Million)

Name of the Panel	Export in Jan 2016	Export in Jan 2017	Growth (%)	Exports in Apr-Jan 2015-16	Exports in Apr-Jan 2016-17	Growth (%)
Iron and Steel	67.45	97.03	43.85	673.99	969.96	43.91
Motor Vehicle/cars	58.31	64.52	10.65	762.96	736.50	-3.47
Industrial Machinery	60.63	58.98	-2.71	484.81	591.16	21.94
Two and Three Wheelers	36.77	42.98	16.88	380.46	474.83	24.80
Auto Components/Parts	35.11	37.21	6.00	258.09	390.16	51.17
Electric Machinery and Equipments	24.83	21.37	-13.93	199.67	262.91	31.68
Other Construction Machinery	10.92	26.87	146.14	85.15	200.72	135.73
Products of Iron & Steel	24.22	17.36	-28.34	192.68	199.88	3.74
Ships Boats and Floating Structures	0.64	25.64	3925.83	63.29	169.80	168.28
Aluminium and products	11.95	19.44	62.73	108.35	131.90	21.73

Source: DGCIS

Panel-wise analysis exhibited that three of the top ten exporting panel recorded year-on-year decline in exports of Indian engineering to South Asian region during Jan 2017. However, on a cumulative basis for Apr - Jan 2016-17, it was only 'Motor Vehicle/cars' that conceded 3.47% decline. Top exporting Panel 'Iron & Steel' achieved substantial growth on both monthly as well as cumulative basis. Third highest exporting panel 'Industrial Machinery' faced a marginal 2.71% decline in imports of Indian engineering products during

Jan 2017 but recorded a decent 21.94% growth during Apr - Jan 2016-17. 18 out of 33 engineering panels conceded decline in exports to South Asia during Jan 2017 but cumulatively it was reduced to only 8.

Upcoming exhibitions in South Asian Countries

Events	Date	Venue	Link
POWER-GEN INDIA 2017	17-May-2017 to 19-May-2017	Pragati maidan, New Delhi, India	http://www.eventseye.com/fairs/f-power-gen-india-12435-1.html
AUTOMATION & ROBOTICS EXPO 2017	18-May-2017 to 20-May-2017	Delhi International Expocentre, Noida, India	http://www.eventseye.com/fairs/f-automation-robotics-expo-22204-1.html
BANGLADESH CLINICAL LAB EXPO 2017	04-May-2017 to 06-May-2017	Bangabandhu International Conference Centre, Dhaka, Bangladesh	http://www.eventseye.com/fairs/f-bangladesh-clinical-lab-expo-21210-1.html
INTEC COIMBATORE 2017	01-Jun-2017 to 05-Jun-2017	Codissia Trade Fair Complex, Coimbatore, India	http://www.eventseye.com/fairs/f-intec-coimbatore-8557-1.html

News in Focus

South Asia

Bangladesh India's biggest trade partner in South Asia: Envoy

Bangladesh is now India's biggest trade partner in South Asia, the Indian High Commissioner Harsh Vardhan Shringla has said. Speaking at the opening of the fourth Indo-Bangla trade fair on Thursday, Shringla said, "In the last 15 years Bangladesh's exports to India have grown tenfold and India's exports to Bangladesh have grown six times." "Bangladesh is now India's biggest trade partner in South Asia," bdnews24.com quoted him as saying.

Link: <http://www.smetimes.in/smetimes/news/top-stories/2017/Feb/18/bangladesh-india-s-biggest-trade-partner-in-south-asia-envoy.html>

India, Indonesia and Thailand to outperform Asia in 2017

When it comes to Asia's growth outlook, the south still reigns supreme. India, Indonesia and Thailand are seen as the region's best performers of 2017 thanks to healthy fundamentals, economists told CNBC. An external backdrop of tighter monetary policy in the United States—the Federal Reserve is expected to hike interest rates three times this year—and slowing global trade in anticipation of a protectionist stance from Washington also works in the favor of these three nations.

Link: <http://www.cnbc.com/2017/01/03/india-indonesia-and-thailand-to-outperform-asia-in-2017.html>

China 'Silk Road' project in Sri Lanka delayed

China will delay a planned \$1.1 billion investment in a port on its modern-day "Silk Road" until Sri Lanka clears legal and political obstacles to a related project, sources familiar with the talks said, piling more pressure on the island nation.

Link: <http://timesofindia.indiatimes.com/world/south-asia/china-silk-road-project-in-sri-lanka-delayed/articleshow/57179711.cms>

'Chinese projects stuck due to Prachanda's pro-India policies'

Ahead of Nepal Premier Prachanda's fence-mending visit to China this week, state-run media here has slammed him saying that ties have fallen to a "low ebb" with most of the Chinese projects stuck due to his "pro-India" policies.

Link: <http://timesofindia.indiatimes.com/world/south-asia/chinese-projects-stuck-due-to-prachandas-pro-india-policies/articleshow/57754707.cms>

Tender Information in South Asian Countries

Location	Title	Deadline
India	Consulting Services For Neyveli Thermal Power Plant (2x660 Mw)	12-May-2017
India	Final Location/ Pre-construction Survey For New Bg Single Railway Line Alignment (25.00 Km) Including Stacking Of Alignment On Ground, Geological And Geotechnical Investigation, Preparation Of Detailed Estimate, Drawing And Ancillary Works In Connection W. Estimated Cost: INR 8,111,952	15-May-2017
Nepal	Provision Of Consulting Firm (the Consultant) To Prepare The Detailed Engineering Study.	12-Apr-2017
India	Consultancy Services for The Preparation Of Pre-feasibility Report For Expressway Projects	24-Apr-2017
India	Hiring Of Consultancy Service For Preparation Of Detailed Project Report For Procurement Of Dredger	16-Apr-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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