

Territorial NEWSLETTER South Asia

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Chairman's Pen



Ravi Sehgal

Development of Inland Waterways as a measure to facilitate foreign trade has not been adequately so far by the think-tanks of the South Asian nations, especially in the BBIN sub-region. Only India and Bangladesh have had a Protocol Agreement between them and in 2015, both the nations decided to make it more structured by agreeing to automatic renewal of the same. Now, India and Nepal decided to develop inland waterways as a step to augment trade. If proper regulatory framework is built, this is going to be mutually beneficial to all SAARC nations and merchandise trade is likely to see significant boost over the next decade.

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 24th issue has been published and we have completed two years of our journey to assist our exporters to South Asian region by providing key informations on trade and economy. In this issue, we have highlighted the proposed development of Inland waterways between India and Nepal for the movement of cargos with a view to enhance merchandise trade. Over the next few years, this may emerge as a cheaper way to trade in the BBIN region.

Like our previous issues, an analysis of Indian engineering exports for April - February 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. I believe our member exporters will find this informative.

Cover Story

The recent initiative between India and Nepal to develop inland waterways for the movement of cargo, within the framework of trade and transit arrangements ...

What's in News

- **Bangladesh, India sign 130km oil pipeline deal ...**
- **India-Nepal ties oriented towards future: Nepal PM Oli...**
- **Sri Lanka PM seeks India and Japan investment to balance China...**
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Tenders

More latest News from Tenders

Upcoming Events

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



India and Nepal decided to Develop Inland Waterways for Cargo Management

The Prime Minister of Nepal, during his state visit to India from 6 - 8 April 2018 at the invitation of the Indian Prime Minister Mr. Narendra Modi, discussed many facets of strengthening as well as widening the bilateral tie between India and Nepal. According to two Press Statements by Ministry of External affairs, Govt. of India, The Nepalese PM stated that his government attached high importance to further strengthening friendly relations with India. He expressed the desire of the Government of Nepal to develop bilateral relations in a way so as to benefit from India's progress and prosperity for economic transformation and development. The Indian PM assured his Nepalese counterpart that India remains committed to strengthening its partnership with Nepal as per the priorities of the Government of Nepal.

The press statement said that among all the key issue of discussion, one was to develop new Connectivity between India and Nepal through Inland Waterways. Both the Head of States recognised the importance of inland waterways to contribute towards overall economic development of the region. Taking cognizance of their geographies and noting the development of inland waterways in both countries, the two Prime Ministers took the landmark decision to develop the inland waterways for the movement of cargo, within the

framework of trade and transit arrangements, providing additional access to sea for Nepal. This new initiative would enable cost effective and efficient movement of cargo. The Prime Minister of Nepal noted the enormous impact the additional connectivity would have on the growth of business and economy of Nepal.

The statement also added that in order to facilitate the movement of traffic-in-transit, both the heads of states directed their respective officials to formulate and mutually agree upon the requisite procedures and modalities for including inland waterways as an additional means of transport in the Protocol to the Treaty of Transit between India and Nepal.

"As a first step...India would carry out preparatory survey work within one year," a joint statement after the talks said, to finalise the details of the line.

Analysts said the latest Indian move was spurred by China's expansive infrastructure projects in Nepal as both Asian giants jostle for influence. The plan to develop inland waterways will give Nepali cargo additional access to sea and boost its trade, officials said.

Despite having immense potential to augment trade, development of inland waterways has not been considered with proper intensity as an effective avenue for cargo movement. Management of shared rivers and utilizing the waterways between the nations could be fruitful in restoring links between economies segmented by arbitrary borders at the birth of modern South Asia over seven decades ago. A protocol Agreement signed in 1972 between India and Bangladesh governed trade over inland waterways but required periodic negotiations and renewals to remain functional. In 2015, Bangladesh and India agreed to automatic renewals, creating a more stable framework for trade. Free movement of cargo between the nations of South Asia or especially between Bangladesh, Bhutan, India and Nepal would give the long-isolated markets of northeast India access to the industrial centers of north India and Bangladesh. Bangladesh will find it easier to sell its garments, pharmaceuticals, and leather to India, Bhutan, and possibly Nepal. Landlocked Nepal and Bhutan, in turn, would finally have an easy route to the sea through downstream Bangladesh; exports could stimulate economic growth while greater supply could help keep a lid on inflation.

Another benefit of trade through waterways is that it could reduce transport cost. The Indian shipping ministry once estimated that transport of cargo through waterways would be 10 times cheaper than movement of cargo by road for each kilometer. In addition, waterway transports also uses about a fifth of the fuel road transport does, which addresses the environmental concern more effectively apart from making transport of goods economical.

Source: Press Statement, Ministry of External affairs, Govt. of India. <http://www.mea.gov.in>
<https://www.ndtv.com/india-news/india-agrees-to-open-inland-waterways-rail-link-to-kathmandu-1834214>
Article by Aditya Valiathan Pillai published on -
<https://asiafoundation.org/2017/05/10/promising-future-inland-waterway-trade-south-asia/>

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

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

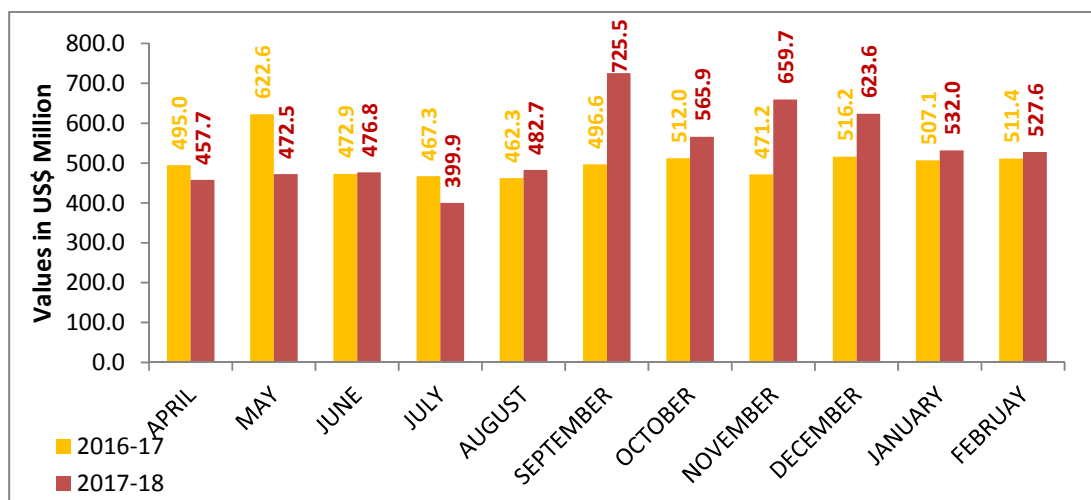
Country	Export in Feb 2017	Export in Feb 2018	Growth (%)	Exports in Apr-Feb 2016-17	Exports in Apr-Feb 2017-18	Growth (%)
NEPAL	170.48	170.48	0.00	1984.59	2216.67	11.69
BANGLADESH	165.38	217.89	31.75	1790.39	2167.67	21.07
SRI LANKA	129.12	82.46	-36.13	1297.93	1253.47	-3.43
BHUTAN	22.94	20.68	-9.88	254.40	193.33	-24.01
PAKISTAN	16.44	19.59	19.18	126.02	164.69	30.68

Source: DGCIS

India's engineering exports to South Asia saw year-on-year growth for the seventh straight month to Feb 2018 but growth continued to slow down to 3.17% in the said month as against 4.9% in Jan 2018, 20.8% in Dec 2017 and 40% in Nov 2017. Exports to Nepal was flat over the same month last year while exports to Sri Lanka declined by 36.1% over Feb 2017. Bangladesh however saw solid year-on-year growth of 31.75% to register as the largest importer of Indian engineering products among South Asian nations during the month. Other than Sri Lanka, Bhutan is the other south Asian nation to concede year-on-year decline in engineering imports from India during Feb 2018.

On a cumulative basis, engineering exports to South Asia grew by 11.14% during Apr - Feb 2017-18, slightly higher than the growth achieved during Apr - Jan 2017-18 at 10.4% but much lower than the 20.02% growth recorded during Apr - Dec 2017-18. Despite no growth recorded in import for the last three months to Feb 2018, Nepal was still the largest importer of Indian engineering products in the South Asian region on a cumulative basis immediately followed by Bangladesh and then Sri Lanka. However, Sri Lankan engineering import from India declined on a cumulative basis during Apr - Feb 2017-18. Bhutan was the other nation to join Sri Lanka in this regard.

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



Source: DGCIS Data, EEPC Research

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

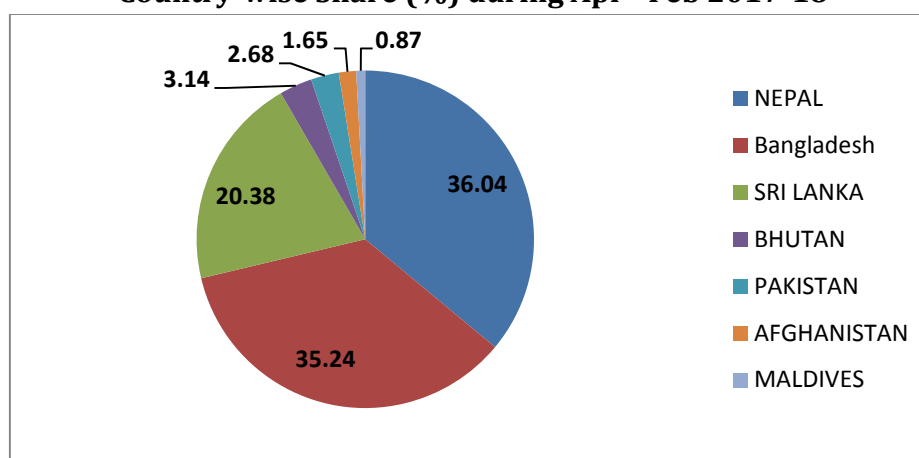
Top 10 engineering panels exported to South Asia during Apr - Feb 2017-18 are listed below (Value of Exports measured in USD Million)

Panel	Export in Feb 2017	Export in Feb 2018	Growth (%)	Exports in Apr-Feb 2016-17	Exports in Apr-Feb 2017-18	Growth (%)
Iron and Steel	105.02	122.53	16.68	1075.80	1348.14	25.32
Industrial Machinery	78.24	59.97	-23.36	673.60	762.85	13.25
Motor Vehicle/cars	51.55	60.32	17.02	793.74	729.46	-8.10
Two and Three Wheelers	47.53	51.03	7.35	522.53	623.04	19.23
Auto Components/Parts	35.12	43.85	24.85	426.10	433.92	1.83
Products of Iron and Steel	26.14	34.94	33.67	228.13	353.71	55.05
Other Construction Machinery	25.87	27.68	7.02	228.89	332.46	45.25
Electric Machinery and Equipments	29.53	20.59	-30.27	293.88	280.59	-4.52
Aluminium and products	11.46	18.02	57.27	143.65	225.05	56.66
Ships Boats and Floating Structure	23.92	10.85	-54.66	206.46	180.88	-12.39

Source: DGCIS

Product group-wise analysis showed that the scenario of Indian engineering exports to South Asia remained the same in comparison to the previous month. 'Iron and Steel' remained the top exporting engineering product group to the South Asian region during the first eleven months of the ongoing fiscal with over 25% year-on-year growth. 'Industrial machinery', despite a year-on-year decline in exports to South Asia during Feb 2018, was the second largest exported product group to South Asia during Apr - Feb 2017-18 with 13.3% year-on-year growth. In the automobile sector, 'Two and three wheelers' achieved 19.23% growth but 'Motor vehicles' conceded declines in exports to South Asia for the first eleven months of fiscal 2017-18. 'Auto components and parts' came back to growth path with a marginal growth. Among the top 10 engineering product groups exported to South Asian region, 3 witnessed year-on-year decline in overseas shipment during the period concerned. Out of the total 33 engineering panels as classified by DGCIS, 9 panels recorded year-on-year drop in exports.

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



Source: DGCIS Data, EEPIC Research

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

Nepal: Nepal was the top exporting destination for Indian engineering products during Apr - Feb 2017-18 dropped to second position during the said time period with 36.04% share.

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

Bangladesh: Bangladesh, with engineering imports from India a tad lower than that of Nepal, was the second largest importer of Indian engineering products among all South Asian nations during Apr - Feb 2017-18 having 35.24% share.

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

Sri Lanka: Sri Lanka was the third largest export destination for India's engineering exports in the South Asian region during Apr - Feb 2017-18 with a share of 20.38%.

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
5th India International MSME Expo and Summit	21-Jun-2018 to 23-Jun-2018	Pragati Maidan, New Delhi, India	https://www.jetro.go.jp/j-messe/tradefair_en/5thIndia_58390
ACMEE 2018 - 13th International Machine Tools Exhibition	21-Jun-2018 to 25-Jun-2018	Chennai Trade Centre, Chennai, India	https://www.jetro.go.jp/j-messe/tradefair_en/ACMEE2018_55336
COMPACT INDIA 2018	14-Jun-2018 to 16-Jun-2018	Chennai Trade Centre Nandambakkam, Chennai 600 089, India	https://www.eventseye.com/fairs/f-compact-india-19468-1.html

INDIA MATERIAL HANDLING & LOGISTICS SHOW 2018	21-Jun-2018 to 23-Jun-2018	Pragati Maidan Near Delhi Zoological Park, Mathura Road Delhi	https://www.eventseye.com/fairs/f-imhls-india-material-handling-logistics-show-19545-1.html
BANGLADESH BUILDCON 2018	12-Jul-2018 To 14-Jul-2018	International Convention City, Bashundhara Kuril Bishwa Road Next to 300 ft. Purbachal Express Highway, Dhaka	https://www.eventseye.com/fairs/f-bangladesh-buildcon-22962-1.html

News in Focus

South Asia

Bangladesh, India sign 130km oil pipeline deal

Bangladesh and India signed an agreement here on Monday on their proposed nearly 130 km oil pipeline aimed at pumping Indian oil to Bangladesh with a capacity of 1 million tonnes per annum. The deal was part of the six memorandum of understandings (MoUs) which Dhaka and New Delhi signed during a meeting between their foreign secretaries in Dhaka.

Link: <https://timesofindia.indiatimes.com/world/south-asia/bangladesh-india-sign-130km-oil-pipeline-deal/articleshow/63688802.cms>

India-Nepal ties oriented towards future: Nepal PM Oli`

Nepalese Prime Minister K P Sharma Oli said on Saturday the "historical" and "renewed" friendship between India and Nepal is oriented towards the future and the bilateral ties have evolved according to the "needs of times".

Link: <https://timesofindia.indiatimes.com/world/south-asia/india-nepal-ties-oriented-towards-future-nepal-pm-oli/articleshow/63661287.cms>

Sri Lanka PM seeks India and Japan investment to balance China

Prime Minister Ranil Wickremesinghe said Sri Lanka is seeking foreign investment from India, Japan and others amid criticism over his country's reliance on Chinese loans for infrastructure projects.

Link: <https://timesofindia.indiatimes.com/world/south-asia/sri-lanka-pm-wants-india-and-japan-cash-to-balance-china/articleshow/63478828.cms>

Bangladesh Cabinet Approves Proposals to Import More Energy from India, Build Railway

The Government of Bangladesh's Cabinet Committee on Purchase approved a proposal to import 500 megawatts (MW) of electricity from India from June 2018 to May 2033 to help meet the country's energy demand.

Link: <https://www.sasec.asia/index.php?page=news&nid=853&url=ban-to-import-more-power>

Tender Information in South Asian Countries

Location	Title	Deadline
INDIA	Manufacturing, Testing At Vendors Site And Supply Of 15 Kva, 3 Phase, 350 Kv Isolation Transformer As Per The Specification Mentioned In The Tender Documents	20-Jun-2018
INDIA	Repair/ Replacement Of Desert Coolers Refrigerators Air Conditioner Package Type Ac And Forced Ventilator At Raiwala Under Age(i) Raiwala Estimated Cost: INR 750,000	21-May-2018
INDIA	Provision Of Services For Maintenance Of Lt Distribution System Internal External In Residential Area Excluding A Type Qtrs And Maintenance And Repairs Of Security Lights Building Lights Garden Lights Including Lt Over Head Lines And Outside Technic Estimated Cost: INR 4,900,000	25-May-2018
BANGLADESH	Supply And Installation 5 Ton Split Type Ac Machine And Related Works At Icu-2 Of 1st Floor Middle Block At National Institute Of Cardiovascular Diseases And Hospital, S. B Nagar, Dhaka.	27-May-2018
BANGLADESH	Replacement Of Damaged/unserviceable Circuit Breaker, Panel Board At Mechanical Room And Installation Of Emergency Main Cable Line From 800 Kva Substation To Mechanical Room No- 4 At Shaheed Suhrawardy Medical College & Hospital S. B. Nagar, Dhaka.	27-May-2018
India	Procurement Of Radial Drilling Equipment Estimated Cost: INR 1,018,340	01-Jun-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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