

Chairman's Pen

**Ravi Sehgal**

Nepal at present is our largest export destination for engineering products in the South Asian region. However, trade with this land-locked neighbour has been far below the potential level till date. Thanks to the policymakers of both the nations who have taken a lot of initiatives to eradicate hindrances to trade and investments. The focus is on reviewing the existing agreements, strengthening transport infrastructure and facilitating cross-border trade.

Successful implementation of BBIN MVA as well as cross-border rail projects are to play instrumental roles in deepening India-Nepal economic relation to a significant extent by facilitating movements of goods and services.

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

**Akash Shah**

Regional disintegration is the most prominent feature of the South Asian region. The recent India-Nepal initiatives on facilitating cross-border trade and reviewing bilateral treaties and agreements were steps towards eliminating the non-tariff barriers between these two nations. This issue of the newsletter has highlighted the recent efforts made in this connection.

Like our previous issues, an analysis of Indian engineering exports for April-July 2018 is also presented in this newsletter from both country-wise and DGCI&S panel-wise perspectives. Other sections include trade news on South Asia, upcoming events in South Asian regions and tenders.

I believe our member exporters will find this newsletter helpful in making business decisions.

Basic Facts South Asia

Cover Story

A lot of initiatives have been taken by the governments of both Nepal and India to eliminate trade barriers and to strengthen bilateral economic relation ...

What's in News

- **Nepal says China to allow access to ports, ending Indian monopoly...**
- **Sri Lanka Launches Trade Information Portal ...**
- **Bangladesh unveils \$5.8 billion energy investment, two JV's ...**
- **World Bank releases Logistics Performance Index; Nepal Climbs 10 Spots...**

Tenders

More latest News from Tenders

Upcoming Events

Grouping: South Asia Association for Regional Cooperation

Area: 5,099,611 km²

Population: 1,713,870,000

GDP: US\$ 3.292 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



Deepening of India-Nepal Bilateral Trade Relation: Recent Efforts

Nepal is a prominent name in the roster of top ten export destinations for Indian products. At present, it is the largest importer of Indian engineering products in South Asia leaving Bangladesh as its immediate successor. However, policymakers of both the nations hold the opinion that bilateral trade still lies far below the potential level than what it should have been especially with a neighbour country having warm and cordial relation since ages. Efforts have been made from both sides to remove the barriers especially the non-tariff ones to enhance trade volume between these two nations. In this issue, we briefly discuss the recent initiatives taken by both the governments to eliminate trade barriers and other hindrances with an aim to substantially boost bilateral trade and investments.

An Eminent Persons' Group (EPG) was formed by representatives of India and Nepal in January 2016 with the assignment of reviewing all the treaties and agreements between these two nations. The group has finalized its joint report with their recommendations on updating bilateral treaties and agreements keeping in view the present socio-economic scenarios of the two countries. The areas under concern include trade, commerce, water resource, people-to-people contact and cultural ties. This joint report, prepared in consensus is believed to act as the foundation for strengthening India-Nepal relations going forward.

With an objective to facilitate cross-border trade and other projects related to economic development, the 6th Meeting of India-Nepal Oversight Mechanism reviewed progress of ongoing bilateral projects

between India and Nepal that included cross-border rail projects, integrated check posts, Terai roads project, cross-border transmission lines, and the Arun-III hydropower project. The difficulties faced by various projects in the implementation process were adequately addressed in the meeting and the members present in the meeting emphasized on measures to be undertaken by specific Government agencies to expedite project implementation and achieve early or on-time completion of projects within the specified time frame.

The Ministry of Foreign Affairs', Government of Nepal is all set to take a more proactive role in faster implementation of treaties and agreements already signed or will be signed by Nepal. The list obviously includes connectivity projects between Indian and Nepal among others. The Draft Plan as put forward by the said ministry highlighted the needs for active facilitation of bilateral connectivity projects like the Raxaul-Kathmandu railway and inland waterways connectivity between Nepal and India; quick implementation of the report submitted by the Eminent Persons Group on Nepal-India Relations; participation in international forum initiatives while safeguarding national interest and furthering the rights of least developed and landlocked countries; participation in regional institutions such as the South Asian Association for Regional Cooperation (SAARC) and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) to contribute to the region's peace, good faith, and cooperation and to formulate a strategy and setting concrete aims for diplomatic missions and allocation of budgetary resources. The action plan also noted the need to initiate commencement of the SAARC Summit.

A New partnership in Agriculture was launched between India and Nepal on 7th April 2018 with an aim to increase bilateral cooperation in agriculture for the benefit of Indian and Nepalese farmers. The inaugural meeting was held in India with high-level delegations from both the nations that discussed possible initiatives for future collaboration in agriculture. It was agreed that India will build two quarantine ports in Nepal's eastern and western regions and will provide technical support to help developing Nepal's tea industry.

Another important development towards deepening of the bilateral economic relation between India and Nepal was improving cross-border trade through implementation of India-Nepal Cross Border Rail Link Projects. The 6th Meeting of the Project Steering Committee for the same concluded with a lot of agreements for faster completion of the projects in this connection. The Governments of both the nations aim to develop more cross-border infrastructure to enhance connectivity between the two countries and promote trade, commerce, and economic cooperation. Cross-border rail links would enhance people-to-people linkages between the two countries, and facilitate smooth movement of people, goods and services. Cross-border rail links would enhance people-to-people linkages between the two countries, and facilitate smooth movement of people, goods and services.

Source: <https://www.sasec.asia>

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

India's engineering exports to Top 5 South Asian countries during Apr-Jul 2018 (All values in USD million)

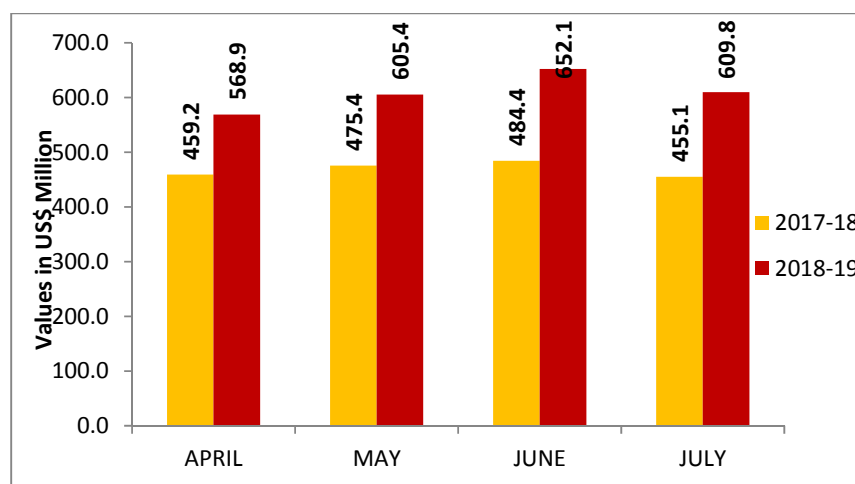
Country	Export in Jul 2017	Export in Jul 2018	Growth (%)	Export in Apr-Jul 2017	Export in Apr-Jul 2018	Growth (%)
NEPAL	183.76	244.21	32.90	670.86	998.72	48.87
BANGLADESH	158.62	238.11	50.11	679.97	888.80	30.71
SRI LANKA	75.92	81.02	6.72	379.54	401.57	5.80
BHUTAN	14.98	23.38	56.15	67.15	89.63	33.48
PAKISTAN	10.14	12.98	27.99	46.64	55.70	19.41
SOUTH ASIA TOTAL	455.06	609.79	34.00	1874.15	2492.80	33.01

Source: DGCIS

India's engineering exports to South Asia continued to grow for the fourth straight month in fiscal 2018-19 on a year-on-year basis and for the twelve straight months as a whole. During Jul 2018, growth in engineering exports to South Asia was recorded at 34.0% as against 34.63% in Jun, 27.4% in May and 23.89% in Apr 2018. Nepal, the top exporting destination in South Asian region achieved 32.9% growth in Jul 2018 while its immediate follower Bangladesh witnessed a higher 50.11% growth. Sri Lanka this time saw a lower 6.7% growth registering its second straight year-on-year growth after a decline in May 2018. Apart from Afghanistan and Maldives, other south Asian nations saw higher year-on-year imports of Indian engineering products during Jul 2018.

The export scenario was largely the same when cumulative figures were taken into consideration. Nepal was the top importer of Indian engineering followed by Bangladesh with impressive growth in imports. Moreover, exports to Sri Lanka also started growing from the previous month. All South Asian nations witnessed growth in engineering imports from India during Apr - Jul 2018-19 over the same period last fiscal.

Month-wise Trend in Total Engineering Export to South Asia (Apr-Jul 2018-19)



Source: DGCIS Data, EEPIC Research

Panel-wise trend in engineering exports to South Asia during Apr-Jul 2018

Top 10 engineering panels exported to South Asia during Apr-Jul 2018 are listed below (Value of Exports measured in USD Million)

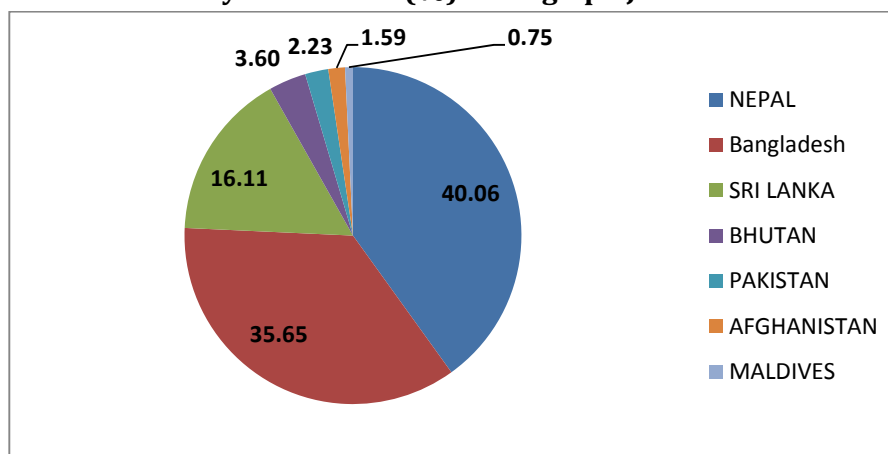
Panel	Export in Jul 2017	Export in Jul 2018	Growth (%)	Export in Apr-Jul 2017	Export in Apr-Jul 2018	Growth (%)
Iron and Steel	104.53	154.28	47.59	383.88	597.15	55.56
Motor Vehicle/cars	57.56	65.61	13.99	217.15	302.49	39.30
Industrial Machinery	58.15	69.03	18.70	250.76	272.30	8.59
Two and Three Wheelers	54.68	64.88	18.65	210.70	227.67	8.06
Auto Components/Parts	36.34	53.13	46.22	136.16	180.30	32.42
Products of Iron & Steel	19.20	24.77	28.98	106.15	126.34	19.02
Electric Machinery and Equipments	18.57	29.22	57.35	84.26	118.52	40.67
Other Construction Machinery	14.59	17.10	17.17	76.75	115.20	50.09
Aluminium and products	22.28	28.48	27.82	65.10	97.46	49.71
Ships Boats and Floating Structure	0.01	13.48	228028.15	48.52	71.67	47.73

Source: DGCIS

Product group-wise analysis of Indian engineering exports to South Asia showed that 'Iron and Steel' remained the highest exported engineering product group to South Asia in Jul 2018 followed by Industrial machinery, Motor Vehicle/Cars and Two and Three Wheelers. All the top 10 engineering product groups exported to South Asian region recorded year-on-year growth while out of the total 33 engineering panels as classified by DGCI&S, eight panels recorded year-on-year drop in exports.

On a cumulative basis during the first four months of 2018-19, Iron and Steel, Motor Vehicle/cars and Industrial Machinery topped the list of engineering product groups exported to South Asia. The first two product groups saw substantial growth in exports while the growth witnessed by Industrial machinery export was in single digit. All the top 10 exported panels recorded positive year-on-year growth during Apr - Jul 2018-19, while seven out of the total 33 panels conceded decline in imports of Indian engineering products.

Country-wise Share (%) during Apr-Jul 2018-19



Source: DGCIS Data, EEPC Research

Major Importers of India's engineering products to South Asia during Apr-Jul 2018-19

Nepal: Nepal was the largest destination for Indian engineering products among all South Asian nations during Apr - Jul 2018-19 with around 40% share.

Top exported Products: Iron and Steel, Motor Vehicle/cars, Other Construction Machinery, Industrial Machinery, Two and Three Wheelers.

Bangladesh: Second largest importer of Indian engineering products among all South Asian nations during Apr - Jul 2018-19 with over 35% share.

Top exported Products: Industrial Machinery, Auto Components/Parts, Iron and Steel, Two & three wheelers, Motor Vehicle/Cars.

Sri Lanka: Sri Lanka was the third largest export destination for India's engineering exports in the South Asian region during Apr - Jul 2018-19 with a share of 16%.

Top exported Products: Motor Vehicle/cars, Two and Three Wheelers, Ships Boats and Floating Structure, Iron and Steel, 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
IFEX 2019	Jan 18 - 20, 2019	India Expo Centre & Mart Plot No. 25,27,28,29 Knowledge Park- Greater Noida - 201308 Uttar Pradesh, INDIA	https://www.eventseye.com/fairs/f-ifex-12769-1.html
AUTOMOTIVE TESTING EXPO INDIA 2019	Jan. 22 - 24, 2019	Chennai Trade Centre Nandambakkam, Chennai 600 089 India	https://www.eventseye.com/fairs/f-automotive-testing-expo-india-12843-1.html
ZAK GARMENTECH BANGLADESH 2019	Jan. 17 - 20, 2019	International Convention City Bashundhara Kuril Bishwa Road Next to 300 ft. Purbachal Express Highway Dhaka, Bangladesh	https://www.eventseye.com/fairs/f-zak-garmentech-bangladesh-8659-1.html
Indian Machine Tool Exhibition		Bangalore International Exhibition Centre (BIEC) 10th Mile, Tumkur Road Madavara Post Dasanapura Hobli Bangalore 562 123, INDIA	https://www.eventseye.com/fairs/f-intex-5186-1.html

News in Focus

South Asia

Nepal says China to allow access to ports, ending Indian monopoly on transit

China will allow Nepal the use of four of its ports, the Nepalese government said on Friday, as the landlocked Himalayan nation seeks to end India's monopoly over its trading routes by increasing connections with Beijing. Wedged between China and India, Nepal depends heavily on India for the supply of essential goods including fuel and the use of its ports for trade with other countries.

Link: <https://in.reuters.com/article/china-nepal-ports/nepal-says-china-to-allow-access-to-ports-ending-indian-monopoly-on-transit-idINKCN1LN111>

Sri Lanka Launches Trade Information Portal

The Government of Sri Lanka's Department of Commerce launched the Sri Lanka Trade Information Portal (TIP), a one-stop gateway for information on trading to/from Sri Lanka, on 20 July 2018.

Link: <https://www.sasec.asia/index.php?page=news&nid=902&url=sl-launches-tip>

Bangladesh unveils \$5.8 billion energy investment, two JV's with General Electric

Bangladesh announced two major energy deals with a total \$5.8 billion investment, two involving U.S. firm General Electric. Nearly 30 percent of Bangladesh's population do not have access to electricity.

Link: <https://www.sasec.asia/index.php?page=news&nid=906&url=nepal-energy-bangladesh>

World Bank releases Logistics Performance Index; Nepal Climbs 10 Spots

The World Bank (WB) has recently released its latest figures for logistics performance. WB's Logistics Performance Index (LPI) assesses the performances of 168 economies based on performance in customs, infrastructure, ease of arranging shipments, quality of logistic services, timeliness, and tracking.

Link: <https://www.sasec.asia/index.php?page=news&nid=878&url=ban-nep-commerce-sec-meeting>

Tender Information in South Asian Countries

Location	Title	Deadline
INDIA	Machineries/ Mechanical Equipment	19-Jan-2019
INDIA	Design Supply Erection And Commissioning Of Air Blaster System	18-Jan-2019
BANGLADESH	Procurement Of Hyd. Brake Pump With 02 Other Spares For 4-h Terex/noell Sc Of Zonal Workshop-ab.	14-Jan-2019
BANGLADESH	Equipment For Mechanical And Automotive Lab	04-Feb-2019

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

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