

Territorial NEWSLETTER South Asia

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



T S Bhasin

The south Asian economy has every potential to emerge as an economic super power. However, presently it has been suffering from some intra-regional dilemma which has ultimately led to below-potential trade. In this issue we have taken up the issue of trade and discussed some measures to boost trade among the South Asian nations. Trade can be enhanced to a much higher level by capitalising the locational advantage of this region. A World Bank study shows that Improvement of intra-regional connectivity, implementation of a more lenient FTA, elimination of non-tariff barriers within the region, stress on trade of services and increased focus on private investments can lead to acceleration of intra-regional trade to a large extent.

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 business decision.

SAARC Territorial Committee Chairman's Note



PR Venkatachalam

The sixteenth issue of our Newsletter on South Asia is now published. In this issue, we have discussed a very important issue of this region, lower volume of intra-regional trade. A study by the world bank economist recommended some measures to facilitate trade among the South Asian countries to a large extent and take the total trade of goods and services up to USD 100 billion by 2020 from USD 28 billion in 2015. The South Asian economy has been gathering importance on the global front under the leadership of India and such measures are very much needed to be implemented in order for South Asia to achieve economic self-reliance.

Like our previous issues, an analysis of Indian engineering exports for Apr - Jun of fiscal 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

Intra-regional trade among South Asian nations is lying far below the potential level. An article on this issue was published in the Blog of World Bank in 2015 which is still very much relevant.....

What's in News

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Tenders

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NEWSLETTER – South Asia

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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\$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



Boosting Regional Trade in South Asia: 5-Point Strategy

In our last few issues, we have been focusing on better regional integration in the South Asian region that could make this region economically more dynamic with higher intra-regional trade and investments. In this issue we focus on increasing trade among South Asian nations that is lying far below the potential level. Eminent economists of the World Bank have come out with some measures and an article has been published by the World Bank on this issue which is still very much relevant. An interesting statistics was shown on trade by the South Asian nations - a lion's share of trade by South Asian countries is focused on Europe, North America, and, to a lesser extent, East Asia. In this regard, a five-point strategy has been prescribed in that article to enhance South Asia's intra-regional trade in goods and services from the current \$28 billion (in 2015) to \$100 billion by 2020. The steps recommended are as follows.

1. **South Asia may be considered as an economic gateway** between East and Central Asia that could facilitate trade to a large extent. In order to achieve this, South Asia needs to improve intra-region connectivity among its nations to reduce intra-regional trade costs substantially which is at present 85 percent higher than those in East Asia on an average. Some measures required to achieve this like

Trucks travel seamlessly movement of transport between nations, use of the most economical route, minimum waiting time for border clearance among others. A major transit agreement across the region is very much required at this juncture. The Motor Vehicles Agreement signed between Bangladesh, Bhutan, India and Nepal in June 2015 was an effective move to facilitate trade.

2. **An FTA with more relaxation** can unleash the trade potential of this region. The existing South Asian Free Trade Agreement (SAFTA) holds a long roster of 'sensitive items' that allow countries to impose high import tariff restrictions on partners. The estimate says that intra-regional trade can be mounted up to 250% with a well-functioning SAFTA and lower costs of trade.
3. **Removal of non-tariff barriers** can also accelerate trade by reducing hidden costs which are typically high. These barriers include protectionism and implementation of over-zealous regulations among others leading unnecessarily to mistrust between countries. A transparent and impartial redress mechanism should be in place.
4. **More emphasis on private investment** including intra-regional investment can help to increase trade among the nations in this region. Foreign investment is considered as an important instrument to improve technology and allow export diversification that ultimately helps in creating regional value chains. Therefore, South Asian countries should take measures to develop investment climate.
5. **Focus on Trade in services**, especially in strategically important sectors like education, healthcare, information technology, infrastructure and tourism will enhance total trade and will also boost people-to-people contact. Exchange of educational programme between countries, promotion of medical tourism could be effective measures to speed up intra-regional trade. Easing of visa regulations is the need of the hour for all these to make happen.

Source: <http://blogs.worldbank.org/endpovertyinsouthasia/5-things-boost-south-asian-regional-trade-100-billion-5-years>

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

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

Country	Export in Jun 2016	Export in Jun 2017	Growth (%)	Exports in Apr-Jun 2016-17	Exports in Apr-Jun 2017-18	Growth (%)
BANGLADESH	156.93	174.19	11.00	463.88	516.91	11.43
NEPAL	190.20	158.46	-16.69	556.36	484.31	-12.95
SRI LANKA	86.61	112.91	30.37	438.92	303.48	-30.86
BHUTAN	23.27	15.02	-35.45	80.72	48.83	-39.52
PAKISTAN	10.29	9.63	-6.37	34.98	36.53	4.42

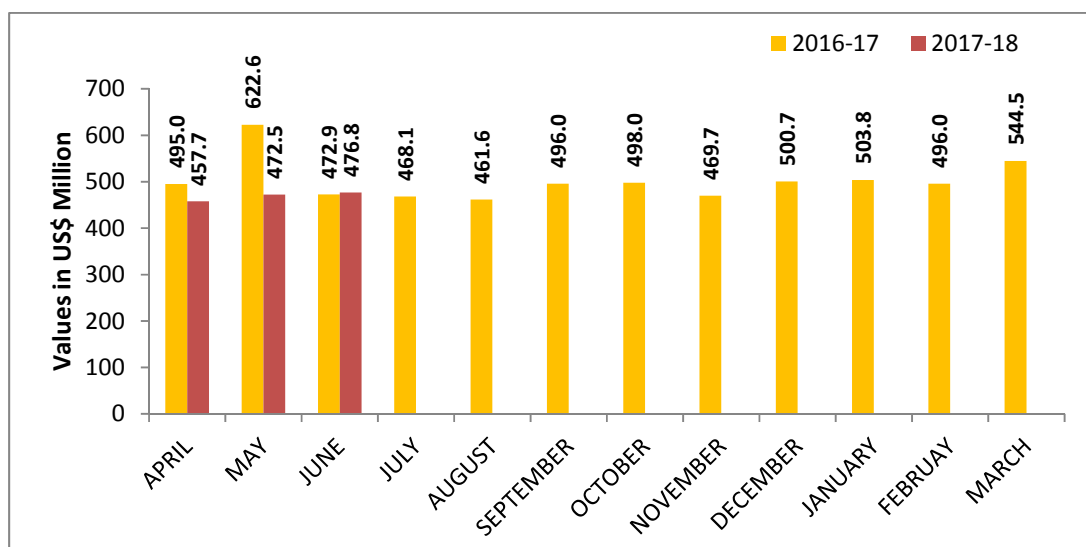
Source: DGCIIS

India's engineering exports to South Asia bounced back to growth path in Jun 2017 after five months of continuous year-on-year decline. Exports in Jun recorded 0.84% growth over the same month last year. Top importer in the region Bangladesh recorded 11% growth and the third largest importer of Indian engineering products, Sri Lanka achieved 30% growth over Jun 2016. The second largest importer Nepal this time

conceded 16.7% decline in engineering imports from India year-on-year. Out of 7 South Asian nations, 4 recorded fall in year-on-year imports from India during Jun 2017 while Bangladesh, Sri Lanka and Maldives achieved growth.

Cumulative exports however continued to decline and amounted to 11.5% during Apr - Jun 2017-18 because of lower exports to Nepal and Sri Lanka. Out of 7 nations, 3 recorded decline in cumulative engineering import from India in the first three months of 2017-18 including two major importers mentioned above. Bangladesh however saw 11% higher exports in comparison to the same period last year.

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



Source: DGCIS Data, EEPCC Research

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

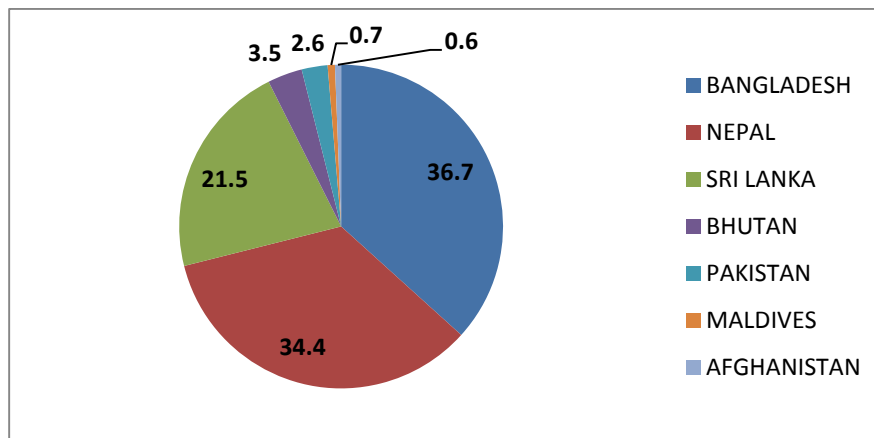
Top 10 panels exported to South Asia during April - Jun 2017-18 are listed below (Value of Exports measured in USD Million)

Panel	Export in Jun 2016	Export in Jun 2017	Growth (%)	Exports in Apr-Jun 2016-17	Exports in Apr-Jun 2017-18	Growth (%)
Iron and Steel	82.14	84.77	3.20	298.58	279.29	-6.46
Industrial Machinery	60.34	63.00	4.41	164.55	191.71	16.51
Motor Vehicle/cars	77.70	57.15	-26.44	185.57	157.70	-15.02
Two and Three Wheelers	44.75	49.04	9.59	125.04	156.15	24.88
Auto Components/Parts	39.61	41.53	4.86	116.81	101.56	-13.05
Products of Iron and Steel	17.66	27.00	52.90	50.78	79.98	57.49
Electric Machinery and equipments	24.63	20.48	-16.86	88.44	65.03	-26.47
Other Construction Machinery	22.10	13.67	-38.14	64.36	61.32	-4.72
Ships, Boats and Floating Structures	0.00	26.43	---	127.68	49.60	-61.16
Aluminium and products	8.71	17.73	103.59	34.40	42.20	22.68

Source: DGCIS

'Iron and Steel' remained the highest exporting panel to the South Asian region during the ongoing fiscal also and recorded export growth in Jun 2017. The decline on cumulative basis also dropped to 6.4% during Apr - Jun 2017-18 from around 11% in Apr - May. 'Industrial Machinery' replaced 'Motor Vehicles/cars' to become second highest exporting panel during the first three months of fiscal 2017-18 and with 16.5% growth. Among the top 10 exporting panels to South Asian region, 6 witnessed decline in overseas shipment during the first quarter of 2017-18 in comparison to the same period last fiscal. Out of the total 33 engineering panels as classified by DGCI&S, exports to 18 panels dropped during Apr - Jun 2017-18 on a year-on-year basis.

Country-wise Share (%) during April - Jun 2017-18



Source: DGCI&S Data, EEPC Research

Major Importers of India's engineering products to South Asia during April - Jun 2017-18

Bangladesh: Bangladesh has become the largest destination of India's engineering exports among South Asian nations during fiscal 2017-18 till date with 36.7% share in total engineering exports to the region.

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

Nepal: Nepal slipped one rank to second largest importer of Indian engineering during the said time period with around 34.4% share.

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

Sri Lanka: Sri Lanka is the third largest importer of Indian engineering products among South Asian nations during Apr - Jun 2017-18 with a share of 21.5%.

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

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
ALUMINIUM INDIA 2017	7-Sep-2017 to 9-Sep-2017	Bombay Convention & Exhibition Centre (BCEC), Highway, Goreagon (East) Mumbai - 400 063	http://www.eventseye.com/fairs/f-aluminium-india-11330-1.html
RENERGY - RENEWABLE ENERGY INDIA EXPO 2017	20-Sep-2017 to 22-Sep-2017	India Expo Centre & Mart Plot No. 25,27,28,29 KnowledgePark- Greater Noida - 201308 Uttar Pradesh	http://www.eventseye.com/fairs/f-renergy-renewable-energy-india-expo-11209-1.html
AUTOMATION & ROBOTICS EXPO 2017	22-Sep-2017 to 24-Sep-2017	Auto Cluster Exhibition Centre H-Block, Plot No C 181 Chinchwad, Pune - 411019, India	http://www.eventseye.com/fairs/f-automation-robotics-expo-22204-1.html
POWER BANGLADESH 2017	26-Oct-2017 to 28-Oct-2017	International Convention City Bashundhara Kuril Bishwa Road Next to 300 ft. Purbachal Express Highway, Dhaka	http://www.eventseye.com/fairs/f-e-power-bangladesh-15474-1.html
LANKAPACK 2017	27-Oct-2017 to 29-Oct-2017	BMICH (Bandaranaike Memorial International Conference Hall) Colombo 7 Bandaranayaka Sri Lanka	http://www.eventseye.com/fairs/f-lankapack-16454-1.html

News in Focus

South Asia

New Agreement on Trade, Commerce, and Transit between India and Bhutan Comes into Force

A statement by India's Ministry of Commerce announced enforcement of the new Agreement on Trade, Commerce, and Transit between India and Bhutan beginning 29 July 2017. The Agreement, which governs India-Bhutan relations, is expected to further strengthen bilateral trade.

Link: <http://sasec.asia/index.php?page=news&nid=724&url=india-bhutan-trade-commerce-transit-pact>

SAARC Countries Urged to Focus on Removing Non-tariff Barriers

Mr. Younus Dagha, Federal Secretary of Commerce, Pakistan, has urged the member countries of the South Asian Association for Regional Cooperation (SAARC) to focus on removing non-tariff barriers to strengthen trade in the region. He was speaking at a meeting of the SAARC Chamber of Commerce and Industry (CCI) on 12 July 2017 in Islamabad, Pakistan.

Link: <http://sasec.asia/index.php?page=news&nid=715&url=saarc-countries-urged>

India, Bangladesh to pilot freight train service in August

Come August, India and Bangladesh will run a container train on pilot basis between Dhaka and Kolkata to assess the feasibility of extending the services on commercial basis. Bangladesh is the ninth-largest importer of Indian goods.

Link: <http://www.thehindubusinessline.com/economy/logistics/india-bangladesh-to-pilot-freight-train-service-in-august/article9766111.ece>

SASEC Road Connectivity Program Will Open Opportunities for NE MSMEs

The Cabinet's nod for upgradation of the Imphal-Moreh section of the road route NH-39 in Manipur, might open up new market for the Micro, Small and Medium Enterprises (MSMEs) in the region.

Link: <https://energyinfrapost.com/sasec-road-connectivity-program-will-open-opportunities-ne-msmes/>

Tender Information in South Asian Countries

Location	Title	Deadline
India	Conducting Site Surveys For Structures, Core Drilling, Collection And Testing Of Samples For Formation Of Sri Komaravelli Mallanna Sagar Reservoir Of 50 Tmc Capacity	21-Aug-2017
India	Tender For Empanelment Cum Procurement Of On-line Ups Systems	30-Aug-2017
Bangladesh	Supply Of Installation Testing Confirming Of Operation And Implementation Of Offset Printing Machine	24-Sep-2017
India	Supply Of Civil & Electrical Works	25-Aug-2017
India	Procurement Of Pump Spares (for Bareja Make Pump, Pump Model 123-c-5 And 123-c-3). Estimated Cost: INR 598,470	29-Aug-2017

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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