

Territorial NEWSLETTER South Asia

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Chairman's Pen



Ravi Sehgal

In a much needed attempt to invigorate intra-regional trade in the South Asian region, SAARC Development Fund (SDF), the "umbrella financial mechanism" of SAARC projects, has stepped up to co-finance four infrastructure projects in the region. A right move towards becoming a regional development bank in future.

Idea of developing the e-commerce platform is an encouraging one for exporters as well as the producers of this region. This will surely increase the intra-regional trade among member nations significantly which is currently at a meagre 4 percent.

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

The SAARC Development Fund (SDF), which has been primarily engaged in social development in the member states, have now decided to move into infra space and is in discussion with Asian Infrastructure Investment Bank (AIIB) for co-financing four cross-border infrastructure projects across the region. We have a brief discussion on this issue in this newsletter.

Like our previous issues, an analysis of Indian engineering exports for April - June 2018 is also presented in this newsletter from both country-wise and DGCI&S panel-wise perspective. 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

SAARC Development Fund (SDF) to Finance Cross-Border Infrastructure Development, a major move to boost intra-regional trade among the SAARC member states ...

What's in News

- **Bangladesh unveils \$5.8 billion energy investment...**
- **China lends \$1 billion to Pakistan to boost plummeting FX reserves...**
- **Nepal to Sign Energy Cooperation Deal with Bangladesh...**
- **Bangladesh-Nepal Commerce Secretary Meeting Agrees on Measures to Boost Trade, Transit...**

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\$ 3.1 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



SAARC Development Fund (SDF) to Finance Cross-Border Infrastructure Development

Background of SDF

In 1996, a first funding mechanism was created in SAARC, 'South Asian Development Fund (SADF)', merging the SAARC Fund for Regional Projects (SFRP) and the SAARC Regional Fund. SADF objectives were to support industrial development, poverty alleviation, protection of environment, institutional/human resource development and promotion of social and infrastructure development projects in the SAARC region.

A primary reason for establishing SDF was that the existing South Asian Development Fund (SADF) was found to be inadequate i.e. in terms of required quantum of funds and its limited scope of work. In order to avoid proliferation of funds, the SAARC Financial Experts looked at the entire gamut of issues relating to funding of SAARC projects and programmes amongst others, and, amongst others, agreed that in lieu of proliferating sectoral financing mechanisms, the SADF be reconstituted into the SAARC Development Fund (SDF). The Thirteenth SAARC Summit (Dhaka, 12-13 November 2005) finally decided to reconstitute the SADF into SDF to serve as the "umbrella financial mechanism" for all SAARC projects and programmes.

Profile of SDF:

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EEPCINDIA
ENGINEERING THE FUTURE
www.eepcindia.org



SDF which was established by the heads of the eight SAARC Member States in April 2010 with the aim to:

- Promote the welfare of the people of SAARC region,
- Improve their quality of life, and
- Accelerate economic growth, social progress and poverty alleviation in the region.

Now, this SDF is in advanced-level talks with the Asian Infrastructure Investment Bank (AIIB) for co-financing four cross-border infrastructure projects across the region, a move that can be considered as the first step for the body to become a regional development bank in the near future.

In its recent push to engage major international lenders, the SDF has tapped infra financing major AIIB for projects on renewable energy, urban development, climate change, and intra-regional trade, SDF Chief Executive Officer Sunil Motiwal reportedly told. Till date, this multilateral development financing body has implemented 12 developmental projects so far, mostly in the social space. But now the body plans to ramp up the financing of infra projects.

With India getting ample attention from the China-led AIIB, which has sanctioned projects worth more than \$1.2 billion till now, the SDF is hopeful of tapping the bank for co-financing opportunities in the infra space, with projects related to energy, power, transportation, telecommunications, and tourism, among others.

This institution is in the process of developing an e-commerce platform to enable seamless trade of goods and services across SAARC member states, a top official said. The CEO of SDF told the media that a proposal to develop a cross-border e-commerce platform, along with a SAARC money card for the common people across the region, was under finalisation. This common e-commerce platform, according to him has a great potential for enhancing intra-SAARC trade and services. A range of commodities, including fruits and vegetables grown in Bhutan, Pakistan and India, can be sold and bought online, which will immensely help the producers and consumers. Currently, only 4% of the total trade of SAARC member states takes place within the region. This can be increased significantly by initiatives such as e-commerce, a booming business across the world.

The SDF has a total corpus of \$1.5 billion with the total capital base currently at \$497 million. Of this, more than 100 million has been committed. The fund is aiming to tie up with 40 banks from various SAARC member states.

Source:

1. www.sdfsec.org/
2. <https://www.thehindubusinessline.com/economy/saarc-development-fund-plans-cross-border-e-commerce-platform/article24373639.ece>
3. https://www.business-standard.com/article/economy-policy/saarc-development-fund-forays-into-infra-financing-with-aiib-support-118070301045_1.html

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

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

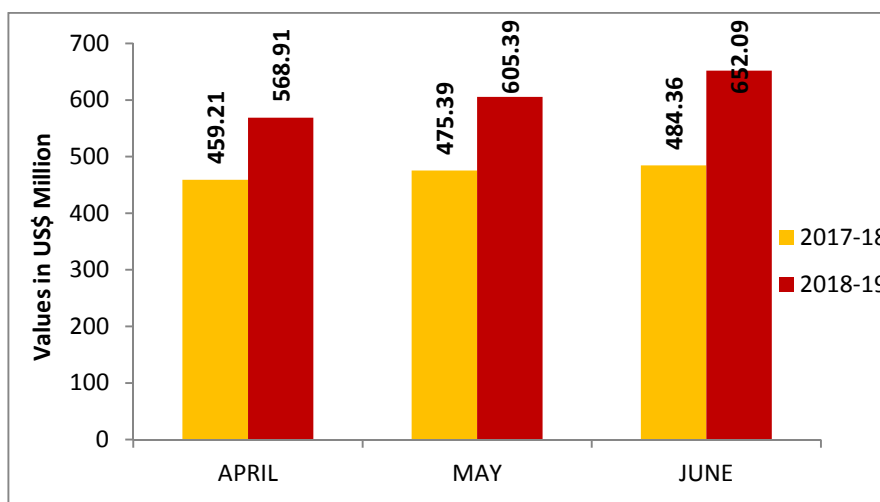
Country	Export in Jun 2017	Export in Jun 2018	Growth (%)	Export in Apr-Jun 2017	Export in Apr-Jun 2018	Growth (%)
NEPAL	160.77	233.83	45.44	487.00	750.77	54.16
BANGLADESH	178.49	213.65	19.70	521.35	650.91	24.85
SRI LANKA	112.83	147.40	30.64	303.62	320.56	5.58
BHUTAN	16.21	18.45	13.82	52.17	66.28	27.05
PAKISTAN	9.63	13.29	38.01	36.50	42.72	17.04

Source: DGCIS

India's engineering exports to South Asia grew for the third straight month in fiscal 2018-19 on a year-on-year basis and for the eleventh straight months as a whole. During Jun 2018, growth in engineering exports to South Asia grew by 34.63% as against 27.4% in May and 23.89% in Apr 2018. Nepal, the top exporting destination in South Asian region achieved 45.4% growth in Jun 2018 while its immediate follower Bangladesh recorded 19.7% growth, which was less than half to that of Nepal. Sri Lanka saw over 30% growth in Jun 2018 as against a marginal 0.8% decline in engineering imports from India in the previous month. All seven south Asian nations achieved year-on-year growth in imports of Indian engineering products during Jun 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, but Sri Lanka this time witnessed growth in cumulative imports of Indian engineering products. All South Asian nations witnessed rise in engineering imports from India during Apr - Jun 2018-19 over the same period last fiscal.

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



Source: DGCIS Data, EEPC Research

Panel-wise trend in engineering exports to South Asia during April - Jun 2018

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

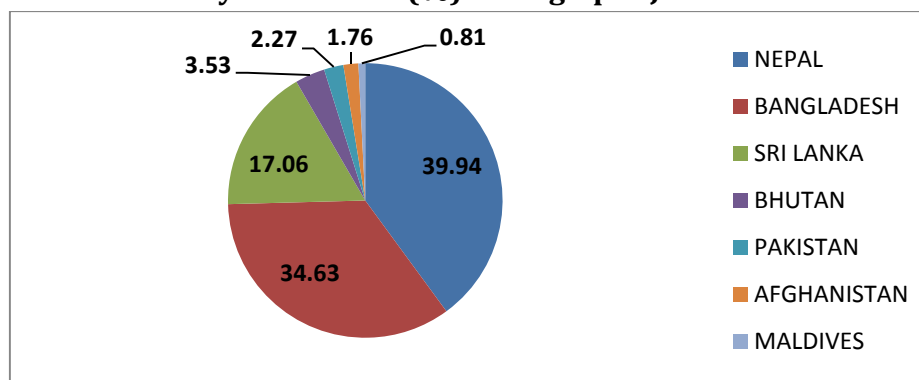
Panel	Export in Apr 2017	Export in Apr 2018	Growth (%)	Export in Apr-Jun 2017	Export in Apr-Jun 2018	Growth (%)
Iron and Steel	84.80	145.02	71.02	279.34	442.76	58.50
Motor Vehicle/cars	59.05	86.58	46.63	159.59	236.88	48.43
Industrial Machinery	63.79	63.68	-0.19	192.61	201.82	4.78
Two and Three Wheelers	48.90	62.00	26.80	156.02	162.80	4.35
Auto Components/Parts	39.96	47.97	20.03	99.82	127.08	27.32
Products of Iron and Steel	33.20	27.87	-16.03	86.91	101.37	16.64
Other Construction Machinery	14.41	23.24	61.32	62.16	97.93	57.54
Electric Machinery and Equipments	20.70	31.92	54.20	65.65	88.53	34.84
Aluminium and products	17.74	38.45	116.73	42.82	69.20	61.59
Ships, Boats and Floating Structure	25.34	19.64	-22.51	48.51	58.19	19.95

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 during Jun 2018 followed by Motor Vehicle/Cars, Industrial machinery and Two and Three Wheelers. Ships and Boats witnessed year-on-year decline in exports during Jun 2018-19 among the top 10 engineering product groups exported to South Asian region. Out of the total 33 engineering panels as classified by DGCIS, 10 panels recorded year-on-year drop in exports.

On a cumulative basis during the first quarter 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 just marginal. All the top 10 exported panels recorded positive year-on-year growth during Apr - Jun 2018-19, while 8 out of the total 33 panels conceded decline in imports of Indian engineering products.

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



Source: DGCIS Data, EEPIC Research

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

Nepal: Nepal was the largest destination for Indian engineering products among all South Asian nations during Apr - Jun 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 - Jun 2018-19 with nearly 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 - Jun 2018-19 with a share of 17%.

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
RENERGY - RENEWABLE ENERGY INDIA EXPO 2018	18-Sep-2018 To 20-Sep-2018	India Expo Centre & Mart Plot No. 25,27,28,29 KnowledgePark- Greater Noida - 201308 Uttar Pradesh	https://www.eventseye.com/fairs/f-renergy-renewable-energy-india-expo-11209-1.html
MET + HTS 2018	27-Sep-2018 To 29-Sep-2018	CIDCO Exhibition Centre Swami Pranabananda Marg, Sector 30, Vashi Navi Mumbai, 400703	https://www.eventseye.com/fairs/f-met-hts-20289-1.html
BANGLAENERGY 2018	20-Sep-2018 To 22-Sep-2018	Bangabandhu International Conference Centre (BICC) Agargaon Sher-E-Bangla Nagar	https://www.eventseye.com/fairs/f-banglaenergy-25556-1.html

Dhaka - 1207

E - POWER SRI
LANKA 2018

27-Sep-2018
To
28-Sep-2018

Sri Lanka Exhibition &
Convention Centre
(SLECC) , No .12
D.R. Wijewardena
Mawatha, Colombo 10
Sri Lanka

<https://www.eventseye.com/fairs/f-e-power-sri-lanka-15473-1.html>

News in Focus

South Asia

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

Bangladesh announced two major energy deals on Wednesday, with a total \$5.8 billion investment, two involving U.S. firm General Electric.

Link: <https://in.reuters.com/article/bangladesh-energy-investment/bangladesh-unveils-5-8-billion-energy-investment-two-jvs-with-general-electric-idINKBN1K11T2>

China lends \$1 billion to Pakistan to boost plummeting FX reserves - sources

China has lent Pakistan \$1 billion to boost the South Asian country's plummeting foreign currency reserves, two sources in Pakistan's finance ministry told Reuters, amid growing speculation of another International Monetary Fund bailout.

Link: <https://in.reuters.com/article/us-pakistan-china-loans/china-lends-1-billion-to-pakistan-to-boost-plummeting-fx-reserves-sources-idINKBN1JQ0TV>

Nepal to Sign Energy Cooperation Deal with Bangladesh

Nepal and Bangladesh are set to sign an energy cooperation agreement to oversee electricity trade between the two countries. The agreement will also facilitate Bangladesh investment in hydropower projects in Nepal.

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

Bangladesh-Nepal Commerce Secretary Meeting Agrees on Measures to Boost Trade, Transit, and Economic Cooperation

The fourth Bangladesh-Nepal Commerce Secretary Meeting on Trade, Transit, and Economic Cooperation focused on enhancing bilateral trade and narrowing the trade imbalance between the two nations.

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	Tender For Strengthening Of Distribution Network For Villages Selected Under Model Electricity Villages Scheme-2017-18 In Hiriuru Mla Constituency In Hiriuru Division On Total Turnkey Under %age Rat. Estimated Cost: INR 12,000,000	12-Sep-2018
INDIA	Procurement Of Spares Of Bd155 Dozer For Entire Ccl Against Mb 18-19. Estimated Cost: INR 5,408,000	28-Sep-2018
INDIA	Procurement Of Ac And Refrigerator Plant Spares Estimated Cost: INR 578,586	10-Sep-2018
India	Providing And Fixing Of M.s. Instruction Board For Different Park With Painting Writing Work And Grouting Work Estimated Cost: INR 325,000	11-Sep-2018

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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