

Territorial NEWSLETTER South Asia

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Chairman's Pen



T S Bhasin

The ripple effect of the global slowdown has affected exports significantly by now. However, the overall fall in the Indian engineering exports does show some sign of waning as we move towards the end of the financial year. This new development seems to be helping India's neighbors improving their economic growth. India needs to leverage its capacity and exploit the emerging situation.

It is worthwhile to look forward how the efforts made by Indian Government yields fruit over the long run. The recent progress towards normalization of relations with Nepal is significant for India as it is a very important market. Similarly, efforts to allow free movement of businessmen is also a welcome development.

SAARC Territorial Committee Chairman's Note



PR
Venkatachalam

The engineering exports gained upward momentum by growing at a healthy rate of 52%. This reversal is a sign of optimism yet not sufficient enough to recover the bigger loss incurred through the first 11 months of this fiscal.

Since South Asia's socio-economic environment promises favorable opportunities over the longer run, it is important that India leverage its socio-cultural affinities for promoting its brand building, which is being catapulted by 'Make in India' like initiatives. Simultaneously, it may also focus on technology upgradation to enhance its infrastructural and manufacturing competitiveness.

Evidently, China has been making investments into South Asia strategically while also employing its technological competitiveness, which to some the extent deterred Indian capabilities in the market. As in this issue we have attempted to map the focus products that have gained share in the South Asia, I hope the same may provide useful insights to the readers.

Cover Story

Chinese Engineering Products that have succeeded in the tapping South Asian Markets....Growing China's influence in South Asia... Part 3

What's in News

- *Indian Bangladesh signs USD 2 Bn line of credit*
- *Free Movement of Business in South Asia by May- India*
- *Nepal Blockade Ends*
- *And more....*

Tenders

More latest News from Tenders

Upcoming Events

- *Bangladesh BUILDCON, 26-28 May 2016..more*

Basic Facts South Asia

Territorial
NEWSLETTER – South Asia

EPC INDIA
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Area: 5,099,611 km²

Population: 1,713,870,000

GDP: US\$9.9 trillion

Countries: India, Bangladesh, Pakistan, Sri Lanka, Afghanistan, Bhutan, Maldives and Nepal

China's influence in the engineering sector in South Asia...Part 3 (Contd)

I. Preface

China has achieved significant success in penetrating South Asian markets during the period 2006-14. It's engineering exports grew 247% reaching USD 12.67 Billion in 2014, while India's growth though was 403%, the total value could only reach USD 6.9 Billion. In the context of China's strategic approach in the region, the analysis of key product groups whose China has successfully tapped in South Asia would be a significant revelation.

II. Major Export Products

It is noteworthy that China has been attempting to increase its focus on exports of engineering products into South Asia over the last decade. During the period 2007-2015, the share of South Asia (excl. India) in China's engineering product exports to the world increased from 0.60% to 1.12% (Table 1). Among the 21 product groups, only four of them which does not appear in the top 10, reduced their share. The most notable products exported from China to South Asia were Iron & Steel, Industrial Machineries, Boilers, Reactors, which evidently indicates China actively participation the industrial growth of the region.

Table 1: Product wise trends in Engineering Exports to SAARC (USD Million)

Sr#	Product Groups	A. China's exports to SAARC- (Excl. India)			B. China's exports to world			% Share of A. in B.	
		2007	2015	GR %	2007	2015	GR %	2007 (%)	2015 (%)
	All Products	11157.06	36070.88	223	1220059.6	2281855.92	87.03	0.91	1.58
	Engineering- Chapter (72-94)	4633.537	15990.85	245	775144.35	1427410.73	84.15	0.60	1.12
1	Electrical, electronic equipment	1749.476	5155.999	195	300306.62	600292.287	99.89	0.58	0.86
2	Machinery, nuclear reactors, boilers, etc	1372.517	4422.926	222	228588.52	364536.627	59.47	0.60	1.21
3	Iron and steel	346.993	1917.667	453	39958.01	49223.944	23.19	0.87	3.90
4	Articles of iron or steel	252.853	1081.089	328	36739.59	60629.517	65.03	0.69	1.78
5	Vehicles other than railway, tramway	319.205	891.119	179	31810.26	62651.637	96.95	1.00	1.42
6	Furniture, lighting, signs, prefabricated buildings	67.333	796.435	1,083	35977.02	98734.456	174.4	0.19	0.81
7	Optical, photo, technical, medical, etc apparatus	161.672	498.069	208	37084.86	73779.68	98.95	0.44	0.68

8	Miscellaneous articles of base metal	85.691	447.359	422	8226.99	18509.653	124.9	1.04	2.42
9	Aluminium and articles thereof	73.143	236.291	223	11575.03	23819.933	105.7	0.63	0.99
10	Tools, implements, cutlery, etc of base metal	46.573	187.682	303	7237.72	14619.156	101.9	0.64	1.28
11	Copper and articles thereof	21.464	100.548	368	5285.12	5624.28	6.42	0.41	1.79
12	Railway, tramway locomotives, rolling stock, equipment	76.68	86.426	13	9539.76	12408.623	30.07	0.80	0.70
13	Ships, boats and other floating structures	8.951	83.154	829	12220.19	28794.779	135.6	0.07	0.29
14	Clocks and watches and parts thereof	33.383	55.708	67	2446.97	5775.587	136.0	1.36	0.96
15	Zinc and articles thereof	7.328	12.213	67	1346.49	525.749	-60.95	0.54	2.32
16	Aircraft, spacecraft, and parts thereof	6.365	5.473	-14	1414.22	3483.943	146.3	0.45	0.16
17	Nickel and articles thereof	0.228	5.109	2,141	695.48	771.566	10.94	0.03	0.66
18	Lead and articles thereof	0.399	3.497	776	691.59	160.39	-76.81	0.06	2.18
19	Other base metals, cermet, articles thereof	3.114	2.178	-30	3512.12	2839.108	-19.16	0.09	0.08
20	Arms and ammunition, parts and accessories thereof	0.11	1.019	826	58.72	169.511	188.6	0.19	0.60
21	Tin and articles thereof	0.059	0.888	1,405	429.07	60.302	-85.95	0.01	1.47

III. Major Observations

China has achieved an overall increase in its export share in South Asia from 0.91% to 1.58% during the period 2007 to 2015. The South Asia region has turned out to be a region of great significance for the Chinese export strategy. Barring a few product items, China has succeeded in penetrating significant engineering markets of the South Asia.

Further, it appears that capturing engineering products market in South Asia has helped China to increase its overall exports to the region. This is primarily because engineering sector is pivotal for the development of any economy as it yields significant value addition for growth of all sectors of the economy.

(To be continued in the next issue...)

February Export Trends (USD Million)

In a reversal to prolonged downward trend, the Indian engineering exports registered a healthy growth of 52% in the month of February 2016 compared to corresponding month February 2015 (Table 2). While the overall decline for the period during 11 months of current financial year

remains at 15%, export to Bangladesh, Sri Lanka and Nepal which are the major markets witnessed growth of 51%, 79% and 39% in February 2016. Cumulatively there has been increase of USD 204.98 Million in the month of February over the corresponding last year period.

**Table 2: February trends in India’s engineering exports to the South Asian countries
(All values in USD million)**

Region	February '15	February '16	Growth %	April'14 - Feb'2015	April'15 - Feb'16	Growth %
South Asia	388.82	593.80	52.72	6526.6.81	5540.85	-15.10
Bangladesh	85.81	130.17	51.70	1292.76	1347.52	4.24
Pakistan	10.98	7.14	-34.97	129.35	104.47	-19.23
Sri Lanka	151.08	271.33	79.59	3638.26	2635.99	-27.55
Nepal	119.83	166.69	39.11	1318.01	1203.79	-8.67
Bhutan	15.82	12.92	-18.33	95.40	140.97	47.77
Afghanistan	1.91	2.51	31.41	31.78	74.47	134.33

Figure 1: Source: DGCIS

News in Focus

South Asia

Free movement of businessmen in SAARC area by May: Jaishankar

NEW DELHI, MARCH 16:

Foreign Secretary S Jaishankar on Wednesday said the SAARC Business Travellers’ card that will ensure seamless movement of businessmen within the South Asian region will be launched by May. “The SAARC Business Travellers’ Card, an initiative designed to enable easier movement of South Asian businessmen to India, will be launched within the next two months,” he said while addressing the 42nd SAARC Standing Committee Meeting in Pokhara, Nepal.

<http://www.thehindubusinessline.com/news/saarc-business-travelers-card-expected-by-may/article8361111.ece>

AIIB: Breaking Bottlenecks in South Asia

It is estimated that South Asian countries need to invest around 7.6 percent of GDP in infrastructure per year if they are to achieve economic growth of 7.5 percent. This amounts to an annual capital investment of US\$88 billion in new investment and in maintaining existing capital stock. Currently, actual average investment in infrastructure is around US\$28 billion per annum – the lowest in the world, excepting sub-Saharan Africa.

<http://www.economywatch.com/features/AIB-Breaking-Bottlenecks-in-South-Asia0309.html>

Nepal

Nepal blockade ends, long economic recovery ahead

Nepal (MNN) – Nepal and India have moved forward to restore ties after months of a crippling blockade. [Asian Access](#) National Director for Nepal, Sundar Thapa, says the impact was immediate and severe. “They have a shortage of food, no electricity, no fuel, no medication, and all the schools are closed.”

<https://www.mnnonline.org/news/nepal-blockade-ends-long-economic-recovery-ahead/>

Govt starts framing plans to transform Nepal

The government has taken the first major step towards framing the Vision 2030 document, a blueprint that lays the groundwork for transforming Nepal into a middle-income country in the next one-and-a-half decades. ‘Vision 2030’ will basically chart out strategies and action plans to raise Nepal’s per capita income by more than three folds to \$2,500 by 2030, eradicate poverty and rapidly improve other major socio-economic indicators by ensuring social justice.

<https://thehimalayantimes.com/business/govt-starts-framing-plans-to-transform-nepal/>

‘Transit Transport Agreement should be utilised to enhance economic engagement between Nepal and China’

Nepal recently signed the Transit Transport Agreement with the northern neighbour during Prime Minister KP Sharma Oli’s recent visit to China. Reportedly, the agreement has paved the way for Nepal’s third-country trade through the gateway of Chinese port for the first time in the country’s history. Purushottam Ojha, former commerce secretary, spoke to Pushpa Raj Acharya of The Himalayan Times on the importance of the Transit Transport Agreement for the country and other trade related issues between Nepal and China. Excerpts: <https://thehimalayantimes.com/business/transit-transport-agreement-utilised-enhance-economic-engagement-nepal-china/>

Pakistan

Traders want governments to open India-Pakistan trade routes

CHANDIGARH: Can trade bring India and Pakistan closer? Even as a five member Joint Investigation Team (JIT) from Pakistan reached India on Sunday to carry out a probe into the attack at the IAF base at Pathankot, traders from the two border cities -Amritsar and Lahore, across the border in the Eastern and Western Punjab, of India and Pakistan, make frantic efforts to augment trade ties through "Wagah-Attari" border.

http://economictimes.indiatimes.com/articleshow/51573545.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Sri Lanka

Sri Lanka 2016 - The Growth Of Asia’s Emerging Leopard Economy

Sri Lanka is often overlooked in Asia. A relatively small economy at just US\$80 billion GDP per annum, and a population of 20 million, it is eclipsed in size by many Asian cities, let alone sovereign nations. The country's economy is the same size as that of New Orleans.

http://www.business-standard.com/article/pti-stories/sri-lanka-trade-chamber-welcomes-etca-with-india-116022600346_1.html

India-Sri Lanka ETCA to benefit all: Indian envoy

COLOMBO: India has received the draft framework on the proposed economic and technology corporation agreement with Sri Lanka, the Indian envoy has said here, assuring that India will ensure that the deal benefits people of both countries.

http://articles.economictimes.indiatimes.com/2016-03-20/news/71678671_1_indian-envoy-sinha-draft-framework

Bangladesh

Modi's 'Act East' Policy gets a Boost from Bangladeshi Relations

Some notable strides have been made in the bilateral relationship with Bangladesh. Progress on the political front has captured the spotlight, with the recent Land Boundary Agreement. However, both sides have also made significant progress in developing their economic ties and connectivity.

<http://www.economywatch.com/features/Modis-Act-East-Policy-gets-a-Boost-from-Bangladeshi-Relations0318.html>

Bangladesh, India sign \$2 billion new line of credit

This is the biggest line of credit India has extended to any country so far. Prime Minister Narendra Modi had promised the assistance during his Bangladesh visit last year. The interest rate has been fixed at 1 percent annually with a 20-year repayment term, including a five-year moratorium. Besides infrastructural projects, the agreement stresses cooperation in social sectors such as health and education, involving the establishment of medical colleges and hospitals, the modernisation of two teachers' training institutes, and the upgrading of 49 polytechnic institutes for better vocational training.

<http://bdnews24.com/economy/2016/03/09/bangladesh-india-sign-2-billion-new-line-of-credit>

SAARC Tenders in News *(For more details and similar tenders, log onto: INTRACEN Procurement Map)*

Country-Location- Closing Date- Tender Estimated Cost- Tender No.	Requirements
Bangladesh-Dhaka- 11/04/2016	Tenders are invited by DHAKA POWER DISTRIBUTION COMPANY LTD for Survey Design. Manufacturing. Supply. Erection, Testing and Commissioning of 132 kV U/G XPLE (Cu) Cable line from Lalbagh 132/33KV Grid to Dhanmondi 132/33 KV Grid Sub-Station via Proposed Jigatola 132/33KV Grid Sub-station on Turnkey Basis
Sri Lanka - Colombo - 25/04/2016 - Sri Lanka - Colombo - 25-04-2016	Tenders are invited for Supply Of Automotive Equipment (Slgti) by Ministry Of Skills Development And Vocational Training

Country-Location- Closing Date- Tender Estimated Cost- Tender No.	Requirements
	Tenders are invited for Supply Of Mechanical Machinery And Equipment for Electro-mechanical domestic appliance,with self-containd electric motor by Ministry Of Skills Development And Vocational Training.
Nepal - Kathmandu - 11/04/2016 - Bid Security Amount: NRs 2700000	Tenders are invited for Design, Supply, Erection, Testing & Commissioning for Expansion and Revamping of Powder Plant Machinerics on turnkey basis including production of Dairy Whitener machinerics and modification of Husk Boiler in Biratnagar Milk Supply Scheme, Biratnagar by Dairy Development Corporation, Central Office, Kathmandu.

Upcoming Events in South Asia

Country	Exhibition Name	Date	Venue	Link
Bangladesh	BANGLADESH BUILDCON	26-28 May 2016	ICCB	http://bangladeshbuildcon.com/
Pakistan	ENERGY PAKISTAN 2016	19-21 May 2016	ECL	http://www.pogeeepakistan.com/
Sri Lanka	LANKAPACK	6-8 May 2016	BMICH	http://www.packagingsrilanka.com/

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