

Territorial NEWSLETTER South Asia

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Chairman's Pen



T S Bhasin

The economy of South Asia has witnessed fastest growth in GDP after the east Asian region since 2000 and trade has also doubled during that time. However, economic competitiveness remained weak in relation to other regions and poor performance of container port has been identified as one of the reason behind that as per a recent report published by the World Bank group. Though, port infrastructure has been developing in the South Asian region, but there is much more room for improvement in order to be globally competitive that has been discussed in this issue. More participation of private sector, strengthening the governance by port authorities and encouraging healthy competition among ports are suggested as remedies.

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

In the thirteenth issue of our Newsletter on South Asia, development of container port has been discussed based on a report of World bank group. This can be considered as a sequel of our focus on infrastructure in South Asia, particularly improvement in port infrastructure in the South Asian region. The WB group has identified performance of container port as a factor behind lack of economic competitiveness and has suggested some measures for the improvement of the same.

Like our previous issues, an analysis of Indian engineering exports for Apr - Feb 2016-17 is also presented in this newsletter from both country-wise and DGCI&S panel-wise perspective. Other sections include News section, upcoming events in SA regions and tenders.

Cover Story

Weak transport infrastructure and slow improvement of container ports are reasons behind lack of economic competitiveness of the South Asian region ...

What's in News

- India offers \$10 billion investment, \$5 billion loan to Bangladesh
- IMF urges Pakistan to step up reforms...
- Indian Oil to supply fuels to Nepal for five years
- Sri Lanka wants to reduce China's stake in strategic port deal

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\$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



Competitiveness of Container Ports in South Asia - an evaluation by World Bank Group

In our last issue, we have discussed about the development of port infrastructure in South Asian nations, especially in major nations like India, Bangladesh, Sri Lanka and Pakistan. We have seen how competition among the regional powers leads to new capacity and process improvements at container ports and terminals throughout the region. In this issue, we will discuss the competitiveness of South Asian container ports in recent times based on a latest report published by the World Bank Group entitled "Competitiveness of South Asia's Container Ports".

Trade for the South Asian nations got almost doubled in the past decade and trade as a percentage of GDP increased by 18 percentage points between 2000 and 2014. However, the share of trade in GDP was lower at 47% for South Asia in 2014 in comparison to 55% in case of East Asian Region. It seems that the region may not have the infrastructure needed to compete more successfully in the global economy. In all countries in the region inadequate infrastructure has been considered as one of the major constraints for business. Factors like weak transport and logistics services and slow expansion of port capacity has been identified as the key reason behind this lack of competitiveness for South Asia among others. The performance of ports

affects the time, cost, and efficiency of trade and has a major impact in volume of trade and competitiveness of the economy in turn. Despite some improvement in container port performance between 2000 and 2012, there is still much room for improvement, particularly at lagging ports.

On the Logistics Performance Index, South Asia ranks far below than both East Asia and middle-income countries, particularly in the infrastructure component. According to the Doing Business report, the average cost of exporting or importing a container in the region as a whole is more than twice the cost in East Asia. Impressive growth in trade in South Asia since 2000 has led to sizeable increase in container traffic in the region. Capacity also increased, but it grew much more slowly than cargo growth. As container traffic keeps growing and physical expansion is constrained by the limited supply of available land in most ports, increasing productivity of port facilities becomes critical. Tariffs and terminal handling charges at most large South Asian container ports are lower than those at ports such as Dubai, Salalah, and Singapore. But the indirect costs associated with delays, loss of markets and customer confidence, and opportunities missed because of inefficient service play a more significant role in shippers' port choices.

The report states that more Private sector participation, efficient port governance, and competitive forces increases operational and economic performance of ports. Many other factors are also at play, including trade flows, distance to markets, and custom regulations, but these are beyond the control of regulatory authorities.

The report suggests that that the best strategy for improving port performance in the region is a three-pronged approach that (a) encourage private sector participation through a well-developed enabling environment, including further adoption of the "landlord" port model; (b) strengthen the governance of port authorities' boards; and (c) promote competition between and within ports, in part through transparent and competitive concession bidding.

Source: Report published by the World Bank Group on "Competitiveness of South Asia's Container Ports"

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

India's engineering exports to Top 5 South Asian countries during April - February 2016-17 (All values in USD million)

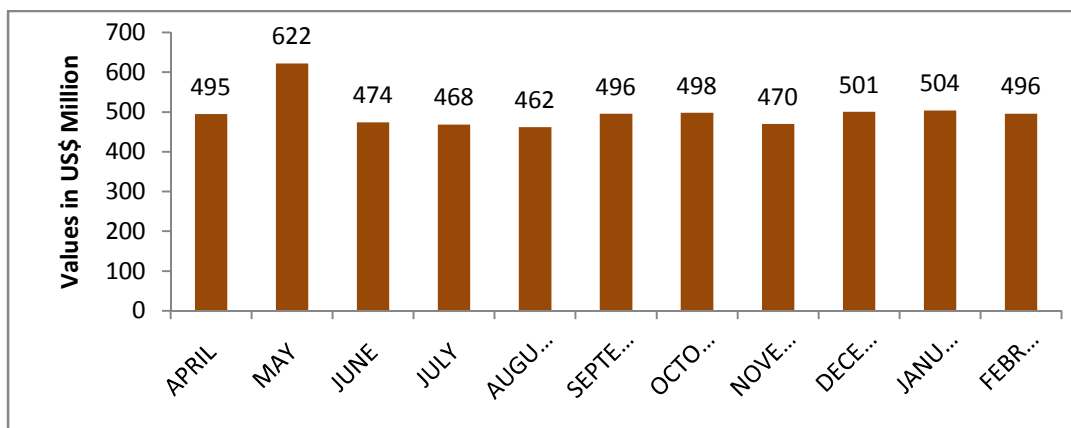
Region	Export in Feb 2016	Export in Feb 2017	Growth (%)	Exports in Apr-Feb 2015-16	Exports in Apr-Feb 2016-17	Growth (%)
NEPAL	172.34	166.84	-3.19	1239.45	1976.96	59.50
BANGLADESH	130.23	165.09	26.77	1348.44	1776.60	31.75
SRI LANKA	271.38	129.08	-52.44	2636.02	1285.10	-51.25
PAKISTAN	7.96	15.38	93.17	108.21	123.83	14.43
BHUTAN	14.72	12.30	-16.48	166.23	241.35	45.19

Source: DGCIIS

Indian engineering exports to South Asia conceded year-on-year decline for the second straight month to February 2017 at 17.6% as against around 25% drop during Jan 2017. On a cumulative basis for Apr - Feb 2016-17, the rate of decline accelerated to 2.2% as against 0.89% during Apr - Jan 2016-17. Top three importers remained the same both on a monthly basis for Feb 2017 and on a cumulative basis. However,

country-wise analysis shows that the decline in exports could be mainly attributed to substantial decline in imports of Indian engineering products from Sri Lanka in both cases. On a monthly basis the decline was 52.4% and on a cumulative basis it was a bit lower at 51.3% (Apr - Feb 2016-17). Top importer Nepal this time saw decline in engineering imports from India at 3.2% although recorded a solid 59.5% growth during Apr - Feb 2016-17. Second largest importer Bangladesh also achieved good growth both on monthly as well as cumulative basis during Apr - Feb 2016-17. Other than Sri Lanka, Afghanistan also conceded a decline on a cumulative basis.

Month-wise Trend in Total Engineering Export in South Asia (Apr - Feb 2016-17)



Panel-wise trend in engineering exports to South Asia during April - February 2016-17

Top 10 panels exported to South Asia during April - February 2016-17 are listed below (Value of Exports measured in USD Million)

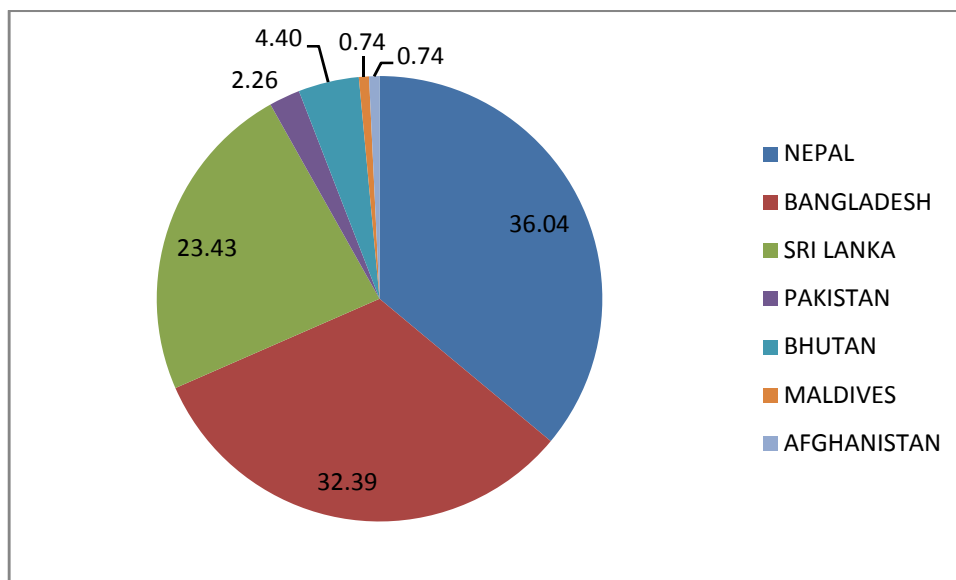
Name of the Panel	Export in Feb 2016	Export in Feb 2017	Growth (%)	Exports in Apr-Feb 2015-16	Exports in Apr-Feb 2016-17	Growth (%)
Iron and Steel	86.84	104.79	20.67	760.83	1075.84	41.40
Motor Vehicle/cars	55.22	51.52	-6.72	818.18	791.82	-3.22
Industrial Machinery	58.38	76.04	30.24	543.20	669.33	23.22
Two and Three Wheelers	36.55	47.58	30.16	417.01	522.53	25.30
Auto Components/Parts	38.61	34.97	-9.44	296.70	425.71	43.48
Electric Machinery and Equipment	24.92	21.27	-14.67	224.59	285.12	26.95
Other Construction Machinery	17.42	25.06	43.87	102.57	227.56	121.86
Products of Iron and Steel	14.84	25.54	72.06	207.53	226.30	9.05
Ships, Boats and Floating Structures	84.67	23.93	-71.74	147.96	193.73	30.93
Aluminium and products made of Aluminium	8.67	11.50	32.72	117.02	143.42	22.56

Source: DGCIS

Twenty one (21), out of thirty three (33) DGCIS engineering panels registered year-on-year growth in exports to South Asia in February 2017. Out of the top ten panels in terms of value, six recorded positive growth.

Iron & Steel topped the list of exporting panel in value terms and recorded decent 20.7% growth in February 2017. On a cumulative basis, 25 out of 33 engineering panels recorded year-on-year growth in exports to South Asia when during Apr - Feb 2016-17. Out of the top-ten exporting panels, it was only ' Motor Vehicle/cars' which conceded a decline of 3.2%. During the Apr - Feb 2016-17 periods, while Iron & Steel achieved 41.4% growth; Auto components grew by 43.5%. Highest growth was witnessed by 'Other Construction Machinery' at 121.9% on cumulative basis.

Country-wise Share (%) during April- February 2016-17



Major Importers of India's engineering products to South Asia during April - February 2016-17

Nepal: Nepal has become the largest destination of India's engineering exports among South Asian nations during Apr - February 2016-17 replacing Sri Lanka with 36% share of total engineering exports to the region.

Top exported Products: Iron and Steel, Motor Vehicle/cars, Industrial Machinery, Auto Components/Parts, Other Construction Machinery.

Bangladesh: Bangladesh is the second largest importer of Indian engineering after Nepal during the said time period with 32.4% share and a good 31% increase in year-on-year import.

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

Sri Lanka: Sri Lanka was the largest importer of Indian engineering products among South Asian nations in the last fiscal but dropped to third place in this fiscal due to significant fall in import of Aircrafts. Share of Sri Lanka dropped to 23.4% during Apr - Feb 2016-17.

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

Anti-dumping measures

At present, there is no anti-dumping case being investigated by India against Nepal, Bangladesh, Sri Lanka or Pakistan, the four top importers of Indian engineering products in South Asian region.

Upcoming exhibitions in South Asian Countries

Events	Date	Venue	Link
POWER-GEN INDIA 2017	17 May to 19 May, 2017	Pragati Maidan Mathura Road Delhi, India	http://www.eventseye.com/fairs/f-power-gen-india-12435-1.html
INDIA MACHINE TOOLS 2017	28 July - 31 July, 2017	Pragati Maidan Mathura Road Delhi, India	http://www.eventseye.com/fairs/f-india-machine-tools-21697-1.html
INTEC COIMBATORE 2017	01-Jun-2017 to 05-Jun-2017	Codissia Trade Fair Complex, Coimbatore, India	http://www.eventseye.com/fairs/f-intec-coimbatore-8557-1.html
E - POWER SRI LANKA 2017	14 Jul to 16 Jul, 2017	Sri Lanka Exhibition & Convention Centre, Colombo 10, Sri Lanka	http://www.eventseye.com/fairs/f-e-power-sri-lanka-15473-1.html

News in Focus

South Asia

India offers \$10 billion investment, \$5 billion loan to Bangladesh

India will invest up to \$10 billion in Bangladeshi sectors including infrastructure and medicine and will provide \$5 billion in loans, including \$500 million in military assistance, Prime Minister Sheikh Hasina said. Hasina returned to Bangladesh on Monday after a four-day state visit to India, leading a 280 member business delegation including 40 senior government officials and ministers.

Link: <http://in.reuters.com/article/bangladesh-india-investment-idINKBN17D1U7>

IMF urges Pakistan to step up reforms, preserve economic stability gains

The International Monetary Fund has urged Pakistan to strengthen its export and manufacturing industries and to fix its electricity supply or face putting hard-won economic gains at risk. The IMF said recent reforms, including cutting costly subsidies, privatizing some loss-making state companies and building up foreign reserves, had strengthened Pakistan's economy and set it on a path to higher growth.

Link: <http://in.reuters.com/article/pakistan-economy-imf-idINKBN1780SF>

Indian Oil to supply fuels to Nepal for five years

Indian Oil Corp has agreed to supply refined products to Nepal for the next five years to meet all the fuel needs of the landlocked Himalayan nation, officials said on Monday. India has supplied all Nepal's fuel needs

since 1974 and is keen to maintain close trading ties with its neighbour in South Asia, an area where regional rival China has sought to expand its influence.

Link <http://in.reuters.com/article/india-nepal-oil-idINKBN16Z0A8>

Sri Lanka wants to reduce China's stake in strategic port deal

Sri Lanka's government wants a Chinese company to agree to cut its stake in a strategic port project by up to a quarter, as part of a renegotiation aimed at blunting public and political opposition to the deal. After signing an agreement in December, state-run China Merchants Port Holdings had been expected to pay \$1.12 billion for a 99-year lease on an 80 percent stake in Sri Lanka's southern Hambantota port - part of Beijing's ambitious plans to create a modern-day "Silk Road" across Asia.

Link: <http://in.reuters.com/article/china-silkroad-sri-lanka-idINKBN16Y1J8>

Tender Information in South Asian Countries

Location	Title	Deadline
India	Appointment Of Experinced Architecteds Engnees Consulant Services For Pradhan Mantri Awas Yojana	12-May-2017
India	Carrying Out Preliminary Engineering Survey For 4th Line Between Bilaspur-nagpur (412 Kms), Sec Rail	06-Jun-2017
India	Soil Testing And Foundation Design	08-May-2017
India	Soil Investigation And Topographical Survey	08-May-2017
Bangladesh	Sub-soil Investigation Works For Construction Of 4 (four) Storied Academic Building At Pirgonj	15-May-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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