

# Territorial NEWSLETTER South Asia

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## Chairman's Pen



**T S Bhasin**

Indian engineering exports to South Asia has been witnessing a decline mainly due to lower demand from Sri Lanka. However, economic stability in Bangladesh raised the demand resulted in higher exports of Indian engineering products in April and May 2017. Export to Pakistan also shows an increase during the period. Global trade growth in fact slowed down in the post-recession era that has been accompanied further by freezing of negotiation on mega regional trade agreements and growing protectionism in the developed regions. However, study by the World Bank give an indication that impact of the aforesaid factor would not deter export growth or economic activities in the South Asian region 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 decision in business.

## SAARC Territorial Committee Chairman's Note



**PR Venkatachalam**

This issue of our Newsletter on South Asia focuses on the emerging trend of global trade and its possible impact on South Asian economy. The emerging scenario seems to be quite optimistic for South Asia as reflected by a World Bank study. The World Bank, through a detailed study has come to the conclusion that despite increasing pressure on international trade, South Asian region will be largely unaffected or rather may witness some positive impacts following the stall in TPP and TTIP negotiation. US protectionism against China and Mexico is another development that might enhance South Asia's exports to US, though protection against all nations across the globe may act as a mild deterrent to exports from South Asia.

Like our previous issues, an analysis of Indian engineering exports for Apr - May of fiscal 2017-18 is also presented in this newsletter from both country-wise and DGCI&S panel-wise. Other sections include News section, upcoming events in South Asian regions and tenders.

## Basic Facts South Asia

## Cover Story

*Some anti-trade moves like stall in TPP and TTIP negotiation or US protectionism against Mexico and China is likely to be proved somewhat beneficial for the South Asian region....*

## What's in News

- **Sri Lanka-Owned Reforms Key to Drive Economic Growth...**
- **Bhutan and World Bank Group Strengthen Partnership...**
- **India Becomes Party to the United Nations TIR Convention...**
- **India, Bangladesh to Gradually Remove NTBs...**

## Tenders

*More latest News from Tenders*

## Upcoming Events

Territorial  
NEWSLETTER – South Asia

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## Grouping: South Asia Association for Regional Cooperation

**Area:** 5,099,611 km<sup>2</sup>

**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



## World Banks Says South Asia May be benefitted from Globalization Backlash

The World Bank has published a report on the trade and economic scenario of the South Asian region and has also provided an outlook on how the economies of the region would fare in 2017 in terms of economic activities. Trade as an important component of economic activities has also been analyzed in the report and the forecast has been in favour of South Asia. In the economic analysis part, the report confirms that South Asia remains the fastest-growing region in the world and regional GDP growth is expected to rise from 6.7 percent in 2016 to 6.8 percent in 2017, and 7.1 percent in 2018. In relation to foreign trade, the World Bank says that possible protectionism in the developed economies of the world is not likely to hinder the export oriented growth in South Asia. On the contrary, this region would be resilient to higher trade barriers in advanced economies. It would even stand to gain if selective protectionism resulted in trade diversion away from established suppliers. Backlash against globalization may be beneficial for the economies of this region with increased opportunity to expand exports to create jobs and accelerate growth.

The report says that pressure against international trade has been mounting as anti-trade moves are rising. The negotiation of mega-regional trade agreements stalled, the number of protectionist measures has increased, and existing agreements may be reconsidered. Emerging markets and developing economies have engaged in a broad set of restrictive measures including import tariffs and export taxes while advanced economies have enacted

numerous trade defense measures. Recent political developments suggest that for many people in advanced economies globalization has gone too far. All these have made future of trade policies uncertain.

The research carried out by The World Bank found that the effects of both TTP (Trans-Pacific Partnership) and TTIP (Transatlantic Trade and Investment Partnership), the two mega-regional trade agreements would have had adverse repercussions on the region. The completion of these agreements would have caused large losses to exports of textiles and clothing from Nepal and Bangladesh. From TPP alone, exports of textiles and clothing from Vietnam – a major competitor for South Asian countries – would have increased by about 40 percent, mostly due to the implied zero-tariff access to the US market. If TPP and TTIP do not go through, the predicted negative impacts on South Asia would not materialize.

The US protectionism against China and Mexico would also be gainful for South Asia. The trade diversion scenario considered in the research involves an increase of US tariffs for imports from China and Mexico by 10 percentage points. Such a hike would increase the price of China and Mexico products in the US market, relative to the price of similar products sourced from other countries. Based on the CGE approach, exports to the US from China and Mexico would decline by 35 percent and 25 percent respectively. South Asian countries would be able to scale up their exports to the US as a result. However, higher US protection across the board might have a small negative effect on South Asia.

This was the views of over 50% of the 200 economists surveyed by the World Bank for the purpose of preparing the report. Along with the trade factors, overall improvement in the economic situation of the developed regions would also increase the demand from the South Asian region that would encourage export growth in this region.

**Source:** Report published by the World Bank entitled "South Asia Economic Focus Spring 2017: globalization Backlash"

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

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

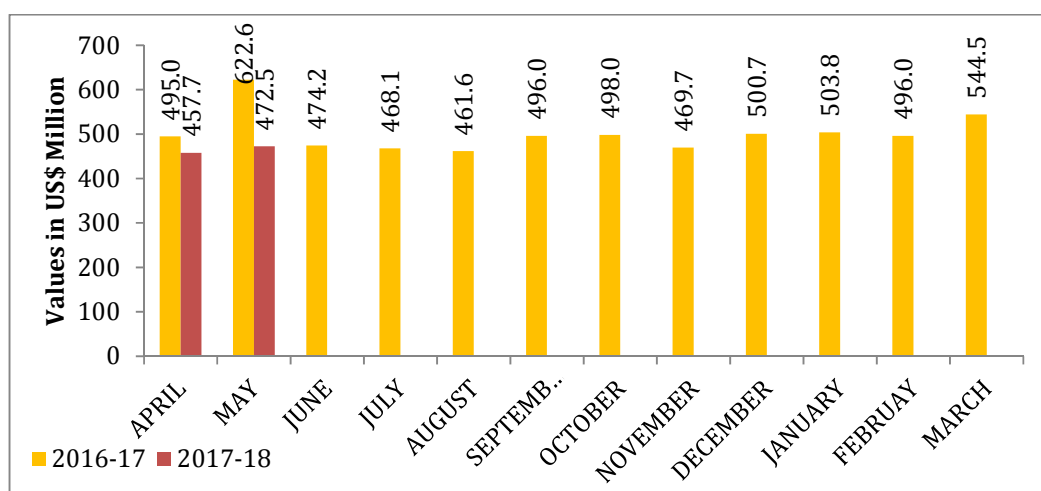
Country	Export in Apr 2016	Export in Apr 2017	Growth (%)	Export in May 2016	Export in May 2017	Growth (%)	Exports in Apr-May 2016-17	Exports in Apr-May 2017-18	Growth (%)
<b>BANGLADESH</b>	141.21	163.39	15.71	165.76	179.36	8.20	306.97	342.75	11.66
<b>NEPAL</b>	171.06	158.53	-7.33	195.10	165.47	-15.19	366.16	324.00	-11.51
<b>SRI LANKA</b>	139.96	96.30	-31.20	212.34	94.32	-55.58	352.30	190.62	-45.89
<b>BHUTAN</b>	24.08	19.40	-19.45	33.37	14.40	-56.83	57.45	33.80	-41.16
<b>PAKISTAN</b>	13.37	13.78	2.99	10.45	13.12	25.54	23.82	26.89	12.88

Source: DGCIS

Downtrend in Indian engineering exports to South Asia continues as exports conceded year-on-year fall for fifth consecutive month to May 2017 primarily led by decline in exports to Sri Lanka. The decline is even higher in May at 24.1% as against 7.5% in Apr 2017. However, top exporting destination for Indian engineering products in the South Asian region, Bangladesh, saw higher growth in imports of Indian engineering products in both the months while the second highest importer Nepal conceded decline in imports in each of the first two months. Sri Lanka continued to cut imports from India and it was 55.6% in May 2017. 4 out of 7 South Asian nations recorded decline in engineering imports from India during May 2017.

Cumulative exports also declined by 16.8% during Apr - May 2017-18 over the same period last fiscal for the reason stated above. Among the top importers of Indian engineering in the concerned region, Bangladesh achieved higher exports year-on-year but Nepal witnessed lower imports from India. 3 out of 7 South Asian nations recorded decline in imports on a cumulative basis.

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



Source: DGCIS Data, EEPCC Research

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

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

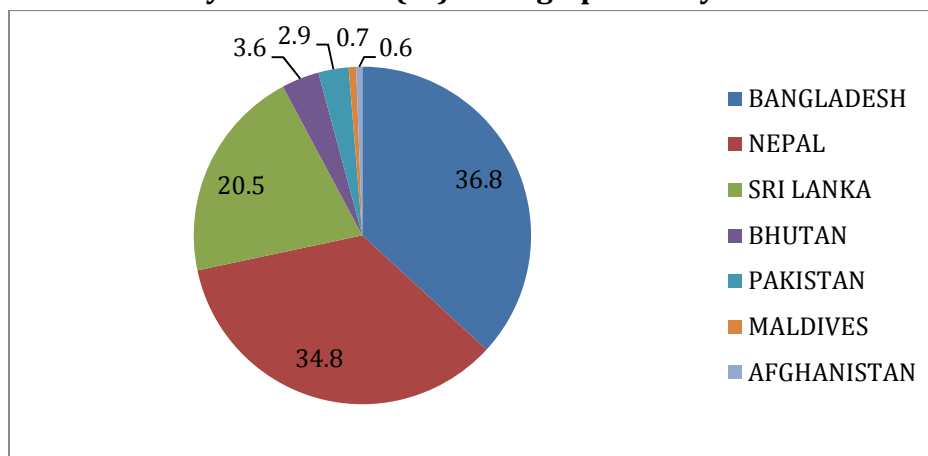
Panel	Export in Apr 2016	Export in Apr 2017	Growth (%)	Export in May 2016	Export in May 2017	Growth (%)	Exports in Apr-May 2016-17	Exports in Apr-May 2017-18	Growth (%)
<b>Iron and Steel</b>	78.02	93.27	19.56	138.42	101.10	-26.96	216.44	194.37	-10.19
<b>Industrial Machinery</b>	50.41	68.19	35.27	53.29	60.43	13.41	103.69	128.62	24.04
<b>Two and Three Wheelers</b>	39.17	54.43	38.94	41.12	52.69	28.14	80.29	107.12	33.41
<b>Motor Vehicle/cars</b>	44.19	45.45	2.84	63.68	54.80	-13.95	107.87	100.24	-7.07
<b>Auto Components/Parts</b>	33.00	24.62	-25.39	44.20	35.44	-19.82	77.20	60.07	-22.20
<b>Products of Iron &amp; Steel</b>	18.75	28.17	50.24	14.39	24.73	71.90	33.14	52.90	59.64
<b>Other Construction Machinery</b>	20.19	26.48	31.14	22.06	21.23	-3.76	42.26	47.72	12.92
<b>Electric Machinery and equipments</b>	35.65	21.05	-40.94	28.16	23.43	-16.80	63.81	44.48	-30.29
<b>Aluminium and products</b>	15.54	13.02	-16.22	10.12	11.45	13.15	25.66	24.47	-4.64
<b>Ships Boats and</b>	1.58	0.01	-99.25	126.10	23.16	-81.63	127.68	23.17	-81.85

## Floating Structures

Source: DGCIS

'Iron and Steel' remained the highest exporting panel to the South Asian region during the ongoing fiscal also but recorded around 10% year-on-year decline in exports to South Asia on a cumulative basis. 'Industrial Machinery' replaced 'Motor Vehicles/cars' to become second highest exporting panel during the first two months of fiscal 2017-18 and with a handsome 24% growth. Among the top 10 exporting panels to South Asian region, 6 witnessed decline in overseas shipment during Apr - May 2017-18 in comparison to the same period last fiscal. Out of the total 33 engineering panels as classified by DGCIS, exports to 16 panels dropped during Apr - May 2017-18 on a year-on-year basis.

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



Source: DGCIS Data, EEPC Research

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

**Bangladesh:** Bangladesh has become the largest destination of India's engineering exports among South Asian nations during the first two months of fiscal 2017-18 replacing Nepal with 36.8% 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 35% share.

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

**Sri Lanka:** Sri Lanka is the third largest importer of Indian engineering products among South Asian nations during Apr - May 2017-18 with a share of 20.5%.

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

### 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
INDIA MACHINE TOOLS 2017	28-Jul-2017 to 31-Jul-2017	Pragati Maidan Near Delhi Zoological Park Mathura Road, Delhi	<a href="http://www.eventseye.com/fairs/f-india-machine-tools-21697-1.html">http://www.eventseye.com/fairs/f-india-machine-tools-21697-1.html</a>
GARTEX INDIA 2017	29-Jul-2017 to 31-Jul-2017	Pragati Maidan Near Delhi Zoological Park Mathura Road, Delhi	<a href="http://www.eventseye.com/fairs/f-gartex-india-23708-1.html">http://www.eventseye.com/fairs/f-gartex-india-23708-1.html</a>
AUTOMATION EXPO 2017	9-Aug-2017 to 12-Aug-2017	Bombay Convention & Exhibition Center (BCEC), NSE Nesco Complex, Off Western Express Highway, Goregaon East, Mumbai - 400063	<a href="https://www.jetro.go.jp/j-messe/tradefair_en/AUTOMATIONEXPO_544_03">https://www.jetro.go.jp/j-messe/tradefair_en/AUTOMATIONEXPO_544_03</a>
ALUMINIUM INDIA 2017	7-Sep-2017 to 9-Sep-2017	Bombay Convention & Exhibition Centre (BCEC), Highway, Goregaon (East) Mumbai - 400 063	<a href="http://www.eventseye.com/fairs/f-aluminium-india-11330-1.html">http://www.eventseye.com/fairs/f-aluminium-india-11330-1.html</a>

## News in Focus

### Sri Lanka-Owned Reforms Key to Drive Economic Growth

Sri Lankan Government led reforms to improve competitiveness, maintain macro-fiscal stability and strengthen institutions, with broad support in the country, are key to robust economic growth, job creation and poverty reduction. The new Sri Lanka Development Update (SLDU) of the World Bank launched today underscored these priorities.

**Link:** <http://www.worldbank.org/en/news/press-release/2017/06/29/sri-lanka-owned-reforms-key-to-drive-economic-growth>

### Bhutan and World Bank Group Strengthen Partnership for Sustainable and Inclusive Development

The Royal Government of Bhutan and the World Bank Group (WBG) agreed to strengthen their partnership in support of sustainable and inclusive development, including creation of more and better jobs. They assessed the progress of their ongoing partnership program and agreed to adjust it by doubling the World Bank financial support to Bhutan to more than US\$100 million in the next three years.

**Link:** <http://www.worldbank.org/en/news/press-release/2017/06/15/bhutan-and-world-bank-group-strengthen-partnership-for-sustainable-and-inclusive-development>

### India Becomes Party to the United Nations TIR Convention

The Government of India ratified the United Nations TIR (Transports Internationaux Routiers) Convention on 19 June 2017, becoming the 71st country to accede to this worldwide Customs transit system, which has the widest geographical coverage. As a contracting party, India's traders will benefit from fast, easy, reliable, and hassle-free movement of goods through multimodal transport across territories of other contracting parties. This promises to be a boon to India's trade, and contribute to India's aim of integrating its economy with global and regional production networks, boosting initiatives such as "Make in India."

**Link:** <http://sasec.asia/index.php?page=news&nid=687&url=india-United-nations-tir-convention>

### India, Bangladesh to Gradually Remove NTBs

The International Business Forum of Bangladesh (IBFB) held its 12th Annual Conference on 24 May 2017. The opening session discussed restriction of India-bound exports from Bangladesh with Chief Guest, Mr. Harsh Vardan Shringla, India's High Commissioner to Bangladesh. Mr. Shringla underscored 21 products with duty free access to India, and reiterated India's commitment to remove non-tariff barriers (NTBs) through the standard-setting bodies of the two countries.

**Link:** <http://sasec.asia/index.php?page=news&nid=680&url=india-bangladesh-to-remove-non-tariff-barriers>

## Tender Information in South Asian Countries

Location	Title	Deadline
India	Providing Project Management Consultancy (pmc) Services For Implementation Of Urban Infrastructure Works For The Urban Local Bodies	31-Jul-2017
Nepal	Repair Of Consultancy Services.	14-Jul-2017
India	Providing Supervisory Service Of Ex.bhel/ex-ntpc Engineers For Supervision Of Overhauling Work Of Boiler	25-Jul-2017
India	Appointment Of Consultancy Firm For Undertaking Detailed Project Report And Supervision During Construction For Development And City Beautification Projects In Jodhpur	28-Jul-2017
India	Design And Construction Of Underground Structures (tunnels And Stations) In Reach-6	04-Sep-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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