

# Territorial NEWSLETTER South Asia

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## Chairman's Pen



Tarwinder Singh  
Bhasin

It is my privilege to take over as the Chairman of EEPC India with effect from 3 November 2015. And it is my strong desire to highlight significance of South Asia as the next global hotspot for Indian engineering opportunities.

SAARC region is making significant efforts for regional integration. Besides the BBIN (Bangladesh-Bhutan-India-Nepal) Motor Vehicle Agreement, transport cargo to Wagah Border has been facilitated by the Afghanistan Ministry of Transportation and Civil Aviation, which will no longer be restricted to fruits and vegetables. Thus, indicating opening up of avenues for engineering products. With Government now extending the currency swap facility to SAARC members it is also likely to facilitate trade with India.

Our Prime Ministry had rightly quoted during his address of South Asian Association for Regional Cooperation (SAARC), in Nepal "There is a new awakening in South Asia, a new recognition of inter-linked destinies and a new belief in shared opportunities. The Newsletter on South Asia presents our sustaining efforts in promotion of the advancing Indian engineering sector in South Asia.

## Committee on Trade with South Asian Countries – Chairman's Note

The engineering exports to the 'South Asian' countries has been facing tough times recently in view of multiple economic and political factors. Despite hosting 1/4<sup>th</sup> of humanity, the region is least economically integrated. However, there are always blessings in disguise for the various challenges in South Asia. MSMEs throughout the region faces similar kinds of problems of technological backwardness and infrastructural weaknesses.



Anoop Marwah

Political relations in South Asia are leaving significant impact on the ability of MSMEs to tap regional trade opportunities. Apparently, the downward trend in India's engineering exports could be attributed to same reason. Nepal is a testimony, where is continuing to lose market opportunities despite significant reconstruction opportunities in the

aftermath of April 2015 earthquake.

I wish the November issue of Newsletter will be a sustaining effort to sensitize Indian engineering opportunities in South Asia.

## Basic Facts South Asia

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

Population: 1,713,870,000

GDP: US\$9.9 trillion

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

## Growth Outlook in South Asia and Regional Report on Ease of Doing Business:- World Bank 2015

### Regional Integration in South Asia

South Asia is one of the most dynamic regions in the world, but it is also one of the least economically integrated. Intra-regional trade accounts for just 5% of total trade, compared with 25% in the Association of Southeast Nations (ASEAN). With shared history and culture, the South Asia region has a huge potential for economic integration but issues on national identity and internal consolidation have caused political tensions and mistrust between countries, and as a result, intra-regional integration is limited. By building common interests across borders, regional integration could enhance stability in this volatile region -- which is home to 570 million or 44% of the world's poor -- and pave the way for countries to cooperate on urgent and shared climate change-related challenges which aggravate the risks to sustainable growth.

Cross-border trade is especially important for smaller countries and for landlocked provinces/countries, including Afghanistan, Bangladesh, Bhutan, Nepal, Northeast India and Northwest Pakistan. Expanded intra-regional trade, increased investment and supply-chain integration, will need policy reforms, and improvements in regulations, border management, and infrastructure. Measures will need to pay due regard to the security concerns which dominate each country's view of borders. Small and medium enterprises are likely to play a large role in expanded commerce (relative to power sector cooperation), creating a wider canvas of opportunities for cooperation, reduced mistrust and poverty reduction.

Excerpts from Report from World bank Article:  
<http://www.worldbank.org/en/region/sar/brief/south-asia-regional-integration>

### Highlights of Doing Business 2016: Fact Sheet-South Asia

South Asian economies have an average ranking on the ease of doing business of 128  
Bhutan claims the region's highest spot in the ease of doing business ranking, at 71

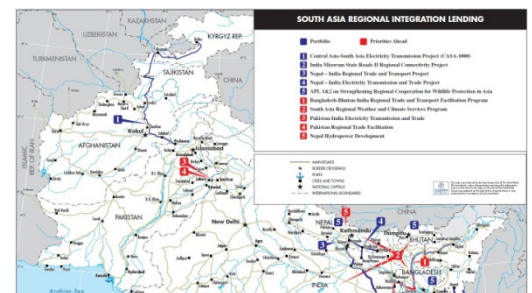


Figure 1: Click to see original image

The economies with the region's lowest rankings are Afghanistan (177) and Bangladesh (174). On average, the region's economies rank best in the areas of Protecting Minority Investors and Starting a Business. Except for Maldives, no South Asian economy has a minimum capital requirement for starting a business.

Pakistan, with a global ranking of 138, is among the best performers in South Asia in Resolving Insolvency and Protecting Minority Investors.

Full factsheet: [http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Fact-Sheets/DB16/FactSheet\\_DoingBusiness2016\\_SouthAsia.pdf](http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Fact-Sheets/DB16/FactSheet_DoingBusiness2016_SouthAsia.pdf)

## October Export Trends (USD Million)

The engineering exports in the month of October recorded a negative growth of -17.39%. The trend has continued from the month of September which was -56%. Exports to Nepal posted the biggest loss with the exports of over USD 60 Million. While Sri Lanka also recorded decline of USD 15.91 Million exports. The trends continue to disappoint. There has been marginal improvement in exports to Bangladesh and Pakistan, but it could not uplift the overall downward trend in exports to South Asia.

**Table 4: Recent trend in engineering exports to the South Asian countries**  
(All values in USD million)

Region	October'14	October'15	Growth %	April'14 - Oct'2014	April'15 - Oct'15	Growth %
South Asia	382.96	316.37	-17.39	4041.49	3350.01	-17.11
Bangladesh	108.11	119.61	10.63	864.61	806.81	-6.69
Pakistan	12.51	12.13	-3.03	79.75	60.69	-23.90
Sri Lanka	153.07	137.16	-10.39	2197.57	1604.51	-26.99
Nepal	93.50	33.51	-64.16	825.07	742.17	-10.05
Bhutan	8.60	0.02	-99.81	39.93	67.72	69.60
Afghanistan	5.18	12.42	140.05	22.94	47.02	104.92

Figure 2: Source: DGCIS

## News in Focus

### South Asia

#### Govt extends currency swap facility for SAARC members

The government today extended the [currency swap](#) facility for [SAARC](#) members, under which the [RBI](#) offers the facility of varying sizes not exceeding \$2 billion in total.

Under the facility, RBI offers swaps of varying sizes to each SAARC member country (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka) depending on their two months import requirement and not exceeding \$2 billion in total, in US dollar, Euro or domestic currency.

[http://www.business-standard.com/article/pti-stories/govt-extends-currency-swap-facility-for-saarc-members-115111800897\\_1.html](http://www.business-standard.com/article/pti-stories/govt-extends-currency-swap-facility-for-saarc-members-115111800897_1.html)

### **Transit trade between SAARC, Central Asian region discussed**

Transit trade between Afghanistan and India via Pakistan assumed centre-stage at a seminar held in Peshawar. A large number of businessmen attended the event titled, ‘Strengthening Regional Trade: Between the SAARC and the Central Asian Regions’. The seminar was organised by Economic Freedom Network Pakistan in collaboration with Friedrich Naumann Foundation (FNF), a Germany-based organisation working to improve socio-economic, business and political activism all over the world, particularly in developing countries.

“During the fifth Afghanistan-Pakistan Transit Trade Coordination Authority (APTTCA) meeting held in January, both sides decided that registered trucks from Afghanistan will be allowed to transport cargo to Wagah Border with a letter of guarantee issued by the Afghanistan Ministry of Transportation and Civil Aviation,” he said. “Moreover, they decided that export will no longer be restricted to fruits and vegetables.”

<http://tribune.com.pk/story/996086/give-and-take-transit-trade-between-saarc-central-asian-region-discussed/>

## **Nepal**

### **Govt issues White Paper on Nepal’s economic situation, estimates only 2 pc growth rate**

**KATHMANDU:** The government on Tuesday issued a White Paper, making public the current situation of Nepal’s economy, problems created after the agitation and strikes in the southern plains and India’s undeclared blockade on Nepal for a couple of months, along with the government’s future course.

The White Paper has painted a bleak picture of nation’s economy with an estimation of only 2 per cent economic growth rate, reasoning the heavy shrinking of economic activities with the obstruction on supply system triggered by the agitation and strike, and the undeclared blockade.

<http://thehimalayantimes.com/business/govt-issues-white-paper-on-nepals-economic-situation-estimates-only-2-pc-growth-rate/>

## **Pakistan**

### **Pakistan turns down Afghan proposal for throughway to India**

**ISLAMABAD:** Pakistan has turned down an Afghan proposal for a throughway to India via Wagah border, showing that mutual distrust was holding back progress on key trade talks between the two neighbours.

During the 10th session of the Pakistan-Afghanistan Joint Economic Commission here yesterday, Finance Minister Ishaq Dar and his Afghan counterpart Eklil Ahmad Hakimi could only agree on a new framework to complete already agreed upon bilateral economic goals without achieving a breakthrough on border access, the Express Tribune reported.

[http://articles.economictimes.indiatimes.com/2015-11-24/news/68536313\\_1\\_china-pakistan-economic-corridor-wagah-attari-security-issues](http://articles.economictimes.indiatimes.com/2015-11-24/news/68536313_1_china-pakistan-economic-corridor-wagah-attari-security-issues)

## Pakistan, Central Asia in talks to set up big, new economic zone

Fast track negotiations between Central Asian and Pakistani leaderships are slated to turn their countries into a big, new economic zone. Their desire and vision to make the economic zone functional are reflected by the ongoing summit level negotiations between Uzbekistan, Tajikistan, Belarus and Pakistan. Contacts with other Central Asian countries are on the anvil at ministerial, diplomatic and expert level, too. Pakistan's Prime Minister Nawaz Sharif has turned his full attention for close relations with Central Asian states since the five of them broke away from Russia 23 years ago. High-level talks have been held between Nawaz Sharif and Tajik President Imomali Rahmon, Belarus Prime Minister Andrei Kobyakov and Uzbek President Islam Krimov.

Islamabad's talks with Central Asia among other sectors, especially covered energy, including natural gas, electricity, petroleum, investment in a variety of heavy industries, trade, avoidance of double taxation, lowering and abolition of customs duties on goods and banking.

<http://www.khaleejtimes.com/business/economy/pakistan-central-asia-in-talks-to-set-up-big-new-economic-zone>

## ICCI for focusing on high tech industry

ISLAMABAD: Islamabad Chamber of Commerce and Industry here on Friday urged the government for focusing on promoting high tech industry in order to improve trade and exports.

Talking to a delegation of local industrialists, President ICCI, Atif Ikram Sheikh said the current focus on manufacturing of low value products remained unsuccessful to make Pakistan a worthwhile competitor in international export market.

He said that countries like South Korea, Hong Kong and Singapore have focused on high tech products due to which their annual exports have exceeded \$570 billion, \$524 billion and \$ 518 billion respectively.

Despite possessing huge natural resources, strategic geographical location and other benefits, Pakistan's exports potential were not fully exploited which need to be translated with its true spirit.

The export of high tech products was on the rise in the world as the share of medium and high tech products in world's manufacturing and trade was more than 65 percent.

However, about 87 percent of Pakistan's total manufacturing was consist on low-tech products and 60 percent of exports related to textile sector which constituted only about 3 percent of the total world's trade, he observed.

<http://www.icci.com.pk/event/detail/1713>

## Sri Lanka

### Budget at a cursory glance

The Government's budget for 2016 aims at development initiatives by way of allocating funds for the improvement of infrastructure facilities. It also aims at upgrading the existing infrastructure facilities with the aim of promoting industries, tourism sector in addition to transportation sector.

According to analysts, these mega development initiatives, once implemented, will have positive effects on the country's economy as they provide long awaited solutions in the transportation sector. When making proposals for development projects, the government has not only proposed new projects, but also ensure how the projects could make use of the existing facilities in a more productive manner.

<http://www.dailynews.lk/?q=2015/11/30/features/budget-cursory-glance>

## Sri Lanka unveils deep reforms to boost economic activity, freedom

ECONOMYNEXT - Sri Lanka's Prime Minister Ranil Wickramasinghe has unveiled far reaching reforms involving trade liberalization, unshackling land ownership, reforming state enterprises and creating space for agriculture and industry in a bid to boost economic activities.

[http://www.economynext.com/Sri\\_Lanka\\_unveils\\_deep\\_reforms\\_to\\_boost\\_economic\\_activity\\_freedom-3-3437-12.html](http://www.economynext.com/Sri_Lanka_unveils_deep_reforms_to_boost_economic_activity_freedom-3-3437-12.html)

## Bangladesh

### Through Bangladesh, a development shortcut for Northeast

Something very significant from the point of view of the economy happened to the Northeast on November 1. A cargo vehicle carrying a car and some goods made the first successful trial run from Kolkata to Agartala through Bangladesh, reviving a route shut since Independence, and cutting the travel distance by a thousand kilometres. The trial run came four-and-a-half months after South Asian transport ministers signed the landmark Bangladesh, Bhutan, India, Nepal (BBIN) Motor Vehicles Agreement (MVA) for the Regulation of Passenger, Personnel and Cargo Vehicular Traffic among their countries.

<http://indianexpress.com/article/explained/through-bangla-a-development-shortcut-for-northeast/>

## SAARC Tenders in News (For more details log on to Source: [www.tendertiger.com](http://www.tendertiger.com))

Country-Location- Closing Date- Tender Estimated Cost	Requirements
Bangladesh- Dhaka-13/12/2015- Fees BDT 2000-	Rehabilitation Work of Engine No 06 of Gazipur Power Plant on Tumkevbasis. 2) Major Inspection works for Steam Turfoine - Generator set (STG) of Mymensingh Power Station.
Bhutan - Thimphu - 18/12/2015 - Bid Security Amount: 13066/-	Shifting and Construction of Hydrological station at Kurjey, Bamthang & Sankosh, Tsirang Scope of Tender: 1) The Employer, as indicated in the BDS issues this Bidding Document for the procurement of Works as specified in Section 6 (Employer's requirement): The name, identification and identification of this bidding are provided in the BDS. 2) The successful Bidder will be required to complete the Works within the Time for Completion stated in the Special Conditions of Contract (SCC).
Maldives - Male - 21/01/2016 - Bid Security Amount: USD 50,000 or MVR 771,000	Provision of Water Supply & Sewerage Facilities in R Hulhudhuffaar, Works include Construction/Installation of Gravity Sewer Network with Lifting Stations, Pumping Stations, Sewerage Treatment Plant, Sea outfall & Construction/Installation of Water Supply Network with Boreholes, Water Collection Tanks, 2 nos of RO Plant Unit, Storage Tanks & an Office/Administration Building & other related works. The Government of the Republic of Maldives has received financing from the OPEC Fund for International development (OPEC) and intends to apply portion of the financing for eligible payments under the contract for the

Country-Location- Closing Date- Tender Estimated Cost	Requirements
	following works.

### Upcoming Events in South Asia

Country	Exhibition Name	Date	Venue	Link
Bangladesh	ZAK Garmentek 2016	13-16 Jan 2016	International Convention City Dhaka	<a href="http://garmentechdhaka.com/">http://garmentechdhaka.com/</a>
Bangladesh	ASIA PHARMA + ASIA LAB EXPO	28-30 Jan 2016	BICC - Bangabandhu International Conference Centre	<a href="http://asiapharma.org/ape/ape_index.html">http://asiapharma.org/ape/ape_index.html</a>
Pakistan	GTEX TEXTILE MACHINERY EXPO	31 Jan-2 Feb 2016	Karachi Expo Centre	<a href="http://www.gtexglobal.com/">http://www.gtexglobal.com/</a>

\*\*\*Concluded\*\*\*

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