

Territorial NEWSLETTER South Asia

EEPC INDIA
ENGINEERING THE FUTURE

Vanija Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eepcindia.org



Chairman's Pen

Issue 1: October 2015

South Asia has received a new thrust of opportunities ever since the Modi Government has assumed the power at the centre. Once the BBIN (Bangladesh-Bhutan-India-Nepal) Motor Vehicle Agreement comes in to effect, it will set the ball rolling for the vitally important improvement of trade infrastructure along the borders of four high potential South Asian nations. Economic integration is one of the most challenging yet vitally important aspect in the progress of South Asia.



If the said is true that “Opportunities are the other face of the challenges”, then South Asia region, is perhaps the Silver Coin of India’s external trade. Businesses has big stake in Socio-Political and Economic prosperity in the region. Today this has become even more important in the wake of political crisis in Nepal.

Hopefully, the Newsletter on South Asia will be a humble and sustaining effort in promotion of the advancing Indian engineering sector in South Asia.

Anupam Shah

Committee on Trade with South Asian Countries – Chairman’s Note



The launch of monthly newsletter bulletin on South Asia is an endeavor to promote opportunities for the engineering sector in the region. South Asia is one of the major global centres of economic growth and opportunities and India is in a position to assume a leadership role. Further economic integration in South Asia will be a big opportunity for vast number of engineering MSMEs which are spread across the entire geography of India.

However our effort is to monitor trends on a regular basis and apprise the engineering fraternity for the latest opportunities and challenges in the region. Overall trends in the month of August have been disappointing with the negative growth in exports. Only Bhutan and Afghanistan displayed positive growth. However overall there is a renewed optimism in the wake of political and economic developments in South Asia. I hope this newsletter will be an extremely useful tool for tapping the engineering opportunities in South Asia.

Anoop Marwaha

Territorial
NEWSLETTER – South Asia

EEPC INDIA
ENGINEERING THE FUTURE
www.eepcindia.org



Basic Facts South Asia

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

India's engineering trade with the SAARC countries

SAARC's total engineering imports from the world is to the tune of 1.3 billion, out of which India's contribution is around 0.32 billion, 25% of the total imports as of 2014. While SAARC's total import from the world has increased at a CAGR of 5.68% between 2010 and 2014, during the same time SAARC's imports from India grew at a CAGR of 10.44%. It is worth mentioning here that India is the second largest import partner for its neighbouring countries only after China in overall trade as well as engineering products.

Among its neighbours, Sri Lanka is the largest importer of Indian engineering products, followed by Bangladesh and Nepal. In fact, Sri Lanka is the fourth largest and Bangladesh is the twelfth largest export destinations for the Indian engineering products.

There are seven engineering panels for which India's exports to its neighbouring SAARC regions cross USD 100 million. These include

- a. Iron and steel
- b. Industrial machinery for dairy, agriculture, food processing, textiles, chemicals, etc.
- c. Motor vehicles and cars
- d. Two and three wheelers
- e. Auto components and parts
- f. Electric machinery and equipment
- g. Products of iron and steel

India on an average contributes 20% of the total imports of these products by its neighbouring countries and their share is increasing (Please refer to table 1 and 2 for data).

Table 1: SAARC's total engineering imports from world and India
(All values in USD billion)

	2012	2013	2014	Y-o-Y growth (2013 to 2014)
SAARC's engineering imports from World	11.49	12.33	13.03	5.68%
SAARC's engineering imports from India	2.75	2.95	3.26	10.44%
India's contribution	24.01%	23.95%	25.03%	

Source: ITC Trade Map

Table 2: Top panels imported by SAARC countries from India and world (2014)
(All values in USD million)

Panels	From India	From World	India's contribution
Iron and steel	842.57	4623.33	18.22%
Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc	416.56	3882.68	10.73%
Motor Vehicle/cars	362.46	1680.26	21.57%
Two and Three Wheelers	241.53	464.26	52.03%
Auto Components/Parts	229.45	511.14	44.89%
Electric Machinery and Equipment	159.37	3095.87	5.15%
Products of iron and steel	104.73	1196.22	8.76%

Source: ITC Trade Map

For these top product panels we see country-wise what is India's contribution to the country's total imports from the world. For this analysis, we consider only the top three trading partners of India from the neighbouring SAARC countries. Hence we include

- a. Sri Lanka
- b. Bangladesh
- c. Nepal

Table 3: India's contribution to its top 3 trading partners in SAARC in 2014 for the top panels

Panels	Sri Lanka	Bangladesh	Nepal
Iron and steel	29.47%	16.18%	99.36%
Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc	13.90%	11.01%	79.19%
Motor vehicles/cars	28.59%	41.86%	81.04%
Two and three wheelers	98.98%	51.88%	97.67%
Auto components and parts	54.46%	59.29%	93.28%
Electrical machinery and equipment	16.01%	4.90%	50.40%
Products of iron and steel	13.91%	6.31%	78.01%

Source: ITC Trade Map

The table shows that barring Nepal, India's contribution to its neighbouring countries' import basket has scope for improvement. For instance in case of Bangladesh, while contribution in the automotive sector has been significant, it has not been high in sectors such as industrial machinery for dairy, agriculture, food processing, textile, paper and chemicals. This is despite the facts that Bangladesh is a majorly agrarian country and import large quantities of these machines. Also, this is despite India shares a large border with Bangladesh and the diplomatic relations between the countries are good. Same is case for electric machinery and equipment and iron and steel sector. In case of Sri Lanka too the situation is somewhat similar. Barring automotive and to certain extent

iron and steel, India's contribution to industrial machinery and electric machinery exports has been low.

August Export Trends (USD Million)

The engineering exports in the month of August recorded negative growth with -9.5%. Exports to Sri Lanka posted the biggest loss with the exports falling over USD 366 Million. Sri Lanka is the most important destination for Indian engineering, and the trends are a setback. Similarly exports to Bangladesh, Nepal, Pakistan also recorded fall. Only Afghanistan posted positive growth in the month and over the period ending April to August 2015.

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

Region	August, 2014	August, 2015	Growth %	April, 2014 - August 2015	April, 2015 - August, 2016	Growth %
South Asia	782.4	338.9	-56.7	2839.4	2568.5	-9.5
Bangladesh	130.7	105.2	-19.5	616.4	567.4	-7.9
Pakistan	17.47	6.40	-63.3658	54.69	38.21	-30.13
Sri Lanka	492.60	126.02	-74.4174	1538.49	1313.16	-14.64
Nepal	130.91	96.13	-26.5679	584.46	556.33	-4.81
Bhutan	7.63	0.01	-99.8689	23.96	46.59	94.47
Afghanistan	1.67	2.42	44.91018	13.68	30.73	124.61

News in Focus

South Asia

BBIN countries are expected to finalize the protocol at Dhaka to boost sub-regional connectivity

BBIN agreement aims to promote safe, economical efficient and environmentally sound road transport in the sub-region and will further help each country in creating an institutional mechanism for regional integration.

Besides facilitating transit, the four BBIN countries embarked on 28 road projects with an estimated cost of \$8 billion for better connectivity. All these projects are being funded by the Asian Development Bank (ADB), a Ministry of road transport and highways (MoRTH) official said.

<http://timesofindia.indiatimes.com/india/Car-ride-from-Kolkata-to-Dhaka-a-reality-soon/articleshow/48737609.cms>

India ready to give preferential tariffs to all SAARC members

PTI / Zee News | September 29th, 2015

India is ready to give preferential duty concessions on all products to SAARC members to give a boost to free trade in the region, Union Minister Nirmala Sitharaman said Tuesday. At present, India gives zero-duty access for least developed countries (LDCs) of South Asian Association for Regional Cooperation (SAARC) for 100 percent of tariff lines, except for alcohol and tobacco.

http://articles.economictimes.indiatimes.com/2015-09-29/news/66987400_1_saarc-members-least-developed-countries-tariff-lines

Nepal

India steps up efforts to quell Nepal crisis

Live Mint (PTI contributed to this story) | September 22nd, 2015

The new Constitution defines Nepal as a secular republic and redraws the nation into seven provinces. At least two communities in Nepal, the Madhesi and Tharu, are concerned about the proposed boundaries of the new provinces as they could lead to their political marginalization.

<http://www.livemint.com/Politics/NVICgPzKnQ8BoaSNX57bTO/India-steps-up-efforts-to-quell-Nepal-crisis.html>

Protesters block Nepal's major trade checkpoint with India

PTI / The Economic Times | September 25th, 2015

Hundreds of trucks loaded with essential goods, cooking gas cylinders and petroleum products were stalled at the Nepal-India border due to the agitation. The protesters belonging to the Joint Madhesi Front were opposing the provision in the new Constitution that divides the country into seven federal provinces.

<http://timesofindia.indiatimes.com/world/south-asia/Protesters-block-Nepals-major-trade-checkpoint-with-India/articleshow/49105501.cms>

India hopes 'difficult days' will not affect Indo-Nepal ties

PTI / India TV News | 29th September

"We welcome the recent steps taken by the government of Nepal to hold dialogue with the agitating groups to end the existing political crisis in a peaceful manner," Indian Ambassador to Nepal Ranjit Rae said. He said India wants stability in Nepal and it was not against the new Constitution.

<http://indianexpress.com/article/india/india-others/india-hopes-difficult-days-will-not-affect-indo-nepal-ties/>

Sri Lanka

Sri Lanka's New Foreign Policy Presents Opportunities for India

Experts say this could well lead to a "[renewed wave](#)" of Indian investment in the country. As India steps up its investment in the Indian Ocean, financing projects like the Sittwe port in Myanmar, and Chabahar port in Iran, Sri Lanka rises in importance....Future focus will be on investment in the maritime realm....with the

right amount of investment, Colombo and Mumbai, today the busiest ports in South Asia, could become regional hubs rivaling Singapore.

<http://thediplomat.com/2015/08/sri-lankas-new-foreign-policy-presents-opportunities-for-india/>

Update on India - SAFTA Engagements

The Agreement on South Asian Free Trade Area (SAFTA) came into effect from 1st January 2006. The Phased Trade Liberalization programme under SAFTA became operational from 1st January 2006. **India, Pakistan and Sri Lanka** are categorized as Non-Least Developed Contracting States (NLDCs) and **Bangladesh, Bhutan, Maldives and Nepal** as Least Developed Contracting States (LDCs).

Article 7 of the SAFTA Agreement provides for a phased Tariff Liberalization Programme (TLP). Till now, member states have implemented TLP in two phases. The number of products covered in the Sensitive Lists under SAFTA TLP (Phase-II) of Member States, as per HS-2012, are as under:

Member State	Number of Products in the original Sensitive Lists	Number of Products in the Revised Sensitive Lists (Phase-II)
Afghanistan	1072	850
Bangladesh	1233 (LDCs) 1241 (NLDCs)	987 (LDCs) 993 (NLDCs)
Bhutan	150	156
India	480 (LDCs) 868 (NLDCs)	25 (LDCs) 614 (NLDCs)
Maldives	681	154
Nepal	1257 (LDCs) 1295 (NLDCs)	998 (LDCs) 1036 (NLDCs)
Pakistan	1169	936
Sri Lanka	1042	837 (LDCs) 963 (NLDCs)

Subsequently, SAFTA COE initiated discussion on modalities and timeframe to be adopted for further reduction in the Sensitive Lists under SAFTA (Phase-III). After discussions, it was agreed that the member states may implement the following reduction in the products covered in their Sensitive Lists (TLP II):

Member State	Percentage Reduction
Afghanistan	20 %
Bangladesh	20 %
Bhutan	Not Applicable
India	20 % for NLDCs only
Maldives	Not Applicable
Nepal	20 %
Pakistan	20 %
Sri Lanka	10 %

During the SAFTA Committee of Experts (Islamabad, 02-06, July 2015), it was decided that the following schedule may be adhered by the member states for finalising the sensitive lists under TLP III:

Member Country	Request List in HS-2012	Offer Lists in HS-2012
Afghanistan	Request Lists will be circulated by 31 December 2015	Request Lists received from Bangladesh and Bhutan. The Offer Lists would be circulated by 31 October 2015.
Bangladesh	Request Lists have been sent to Afghanistan, Nepal, Pakistan and Sri Lanka	Request Lists received from Sri Lanka only. The Offer List would be circulated by 30 November 2015
Bhutan	Request Lists have been sent to Afghanistan, Maldives, Nepal, Pakistan and Sri Lanka	No Request Lists received from any Member State. Therefore no Offer List are to be circulated. There are only 156 tariff lines in Bhutan's Revised Sensitive List.
India	Request Lists will be sent to Afghanistan, Bangladesh, Pakistan, Sri Lanka and Nepal by 30th September 2015	No Request Lists received from any Member State. Offer Lists will be sent within two months of receipt of Request List from any Member State.
Maldives	Request Lists will be sent by 31 December 2015	Request Lists received from Bhutan and Sri Lanka. These will be considered by the Maldives although the Revised Sensitive List of Maldives contains only 154 tariff lines.
Nepal	Request Lists will be circulated by 31 December 2015	Request Lists received from Bangladesh, Bhutan and Sri Lanka. The Offer Lists would be circulated by 31 December 2015.
Pakistan	Request Lists will be sent to Bangladesh, India and Sri Lanka by 31 July 2015	Request Lists received from Bangladesh and Bhutan. The Offer Lists would be circulated by 31 October 2015.
Sri Lanka	Request Lists have been sent to Bangladesh, Maldives and Nepal	Request Lists received from Bangladesh and Bhutan. The Offer Lists would be circulated by 31 December 2015.

(EEPC India has forwarded the recommendations and Feedback received from members to the Ministry of Commerce & Industry, Government of India in September 2015)

Tenders in News

SAARC Tenders

Country-Location- Closing Date-Tender Estimated Cost	Requirements
Bangladesh-Khulna- 12/10/2015-BDT 59,600,000-	Repair of Bridge Railing (Hazra Bridge) between Km-899 -Km-900, on N-55. National Highway Authority (NHA) Khyber Pukhtoonkhwa Region intends to execute the following work F.Y. 2014-2015, the briefs of which are as under.
Nepal - Lumbini Zone - 14/10/2015 - NPR 9782133	No Litigation Certificate on judicial/ Stamp Paper Nepal Electricity Authority (NEA). Dhunche Distribution Centre, Kathmandu Regional Office, Distribution and Consumer Services

Country-Location- Closing Date-Tender Estimated Cost	Requirements
	Directorate invites wax sealed tenders from reputable Manufacturers, registered contractor and Supplier for Supply, delivery, installation/ Erection, Commissioning & Testing and Handover of 11/0.4/0.23kv Distribution Line in Langtang, Bridim, Syfru, Thuman, Gatlang, Dhunche, Hakku, Ramche, Dandagaun, Laharepouwa, Dhaibung, Thulogaun, Yarsa, Vorle & Saramthali VDCs of Rasuwa District.

For more details log on to Source: www.tendertiger.com

Upcoming Events in South Asia

Country	Exhibition Name	Date	Venue	Link
Bangladesh	BIET 2015	26-28 Nov 2015	International Convention City Dhaka	http://bietexpo.asktradex.com/
Bangladesh	Food Pro & Agro Bangladesh	26-28 Nov 2015	BICC - Bangabandhu International Conference Centre	http://cems-foodagro.com/
Pakistan	Build Asia	1-3 Dec 2015	Karachi Expo Centre	http://www.buildasia.net/
Pakistan	GTEX Textile Machinery Expo	31 Jan - 2 Feb 2015	Karachi Expo Centre	http://www.gtexglobal.com/
Sri Lanka	South Asia Power Congress	1-3 Dec 2015	Colombo	http://www.neoventurecorp.com/events/southasiahydro/

EEPC India South Asia Territorial Newsletter

Contact: Mayank Krishna
 Email: mkrishna@eepcindia.net
 Phone no: 011-2371 1124/25