

Territorial NEWSLETTER South Asia

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Chairman's Pen



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Regional disintegration has been one of the prominent impediments to trade and investment among its member nations since long. A new ray of hope came towards the elimination of this problem came from the World Bank Group with its new initiative called 'One South Asia'. They have developed a separate webpage on South Asia and prescribed measures to eliminate the hindrances. Trade is expected to increase multiple times once the barriers are eliminated.

Meanwhile, sigh of relief for exporters to South Asia came as strong signal of turnaround was observed in India's engineering exports to South Asia with the release of trade figures for October 2017.

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 our 20th issue, we have discussed the recent measures recommend by the World Bank Group to eliminate the bottlenecks to regional integration in the South Asian region as a part of its continuous endeavour towards the same. This time they have come up with a separate webpage called 'One South Asia', developed a roadmap and showed the potential to augment trade once the constraints are done away with.

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

Cover Story

The WB group has developed a separate webpage on South Asia and prescribed measures to increase regional integration among the South Asian nations.....

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Tenders

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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\$2.9 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



Building of One South Asia: Initiative of World Bank Group

World Bank (WB) Group continues its support towards developing the South Asian region by eliminating the bottlenecks to growth as well as the adversities to regional integration. For this purpose, the WB group has developed a separate webpage on South Asia and prescribed measures to increase regional integration among the South Asian nations that will ultimately lead to much higher trade and investments.

Despite being one of the most dynamic regions of the world, historical political tensions, trust deficit, cross-border conflicts and security concerns contribute to a low-level equilibrium. These constraints have been pulling the trade and investment volumes down since years. Lack of integration is quite evident with the statistics provided by the WB Group. It says that Intra-regional trade accounts for only 5% of South Asia's total trade, compared to 25% in ASEAN. Intra-regional investment is smaller than 1% of overall investment. Limited transport connectivity, onerous logistics and regulatory impediments, and lack of trust make trade costlier for the South Asian countries within the region than with the other regions of the world.

Factors restraining Regional Integration:

- High trade costs and investment restrictions
- Insufficient policy-relevant analytical work on gains of Regional Integration in both trade and investment, to make informed policy decisions
- Skeptical mindset from previous failures in regional cooperation, misinformation, and lack of vocal champions for regional cooperation
- Relative asymmetry in size among the South Asian countries
- Historical political tensions, mistrust, cross-border conflicts and security concerns
- Limited transport connectivity, logistics and regulatory impediments
- As viewed by some other researchers, absence of a Regional Value Chain (RVC) has been preventing the region from generating stronger gain in terms of exports and employment generation.

According to the WB group, the momentum of greater regional integration has been building in recent years. But meeting all the challenges requires more than business as usual. With regional integration, a key part of its strategy, the World Bank Group is supporting 'One South Asia' through a twofold program.

- Lending and Technical Assistance: Create opportunities that would help enhance trade and investment linkages in South Asia towards ASEAN levels
- Shaping the Narrative: Support a more informed policy debate and dialogue on specific regional trade and investment themes in South Asia - cross-cutting pillar of South Asia regional integration strategy

Enhancing dialogues among eminent persons, private sectors, think tanks of each member nations and among media of the member countries has been recommended. Emphasis has also been given towards developing strong cross-border network and reducing procedural delay for trade.

A long history of mutual mistrust and negative stereotypes cast a shadow over cooperation efforts. Limited access to accurate information about neighboring countries perpetuates damaging myths. However, recent successes in implementing cross-border projects and increasing (though still infrequent) people-to-people contacts have created a potential opening to begin turning around long-standing negative attitudes.

Potential to enhance trade for the South Asian Region

The WB Group came out with the inference that once the prevailing barriers are eliminated, intra-regional trade in goods in South Asia could increase from the current \$23 billion to \$50 billion. India-Pakistan trade can be increased from US\$ 3 billion to US\$ 20 billion and Export of Bangladesh to India can grow by 300%. Also, enhanced access in the landlocked regions of South Asia like Nepal, Bhutan, Afghanistan and Northeast India can bring down the general price level.

Source:

i) Study by World Bank Group - <http://www.worldbank.org/en/programs/south-asia-regional-integration#1>

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

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

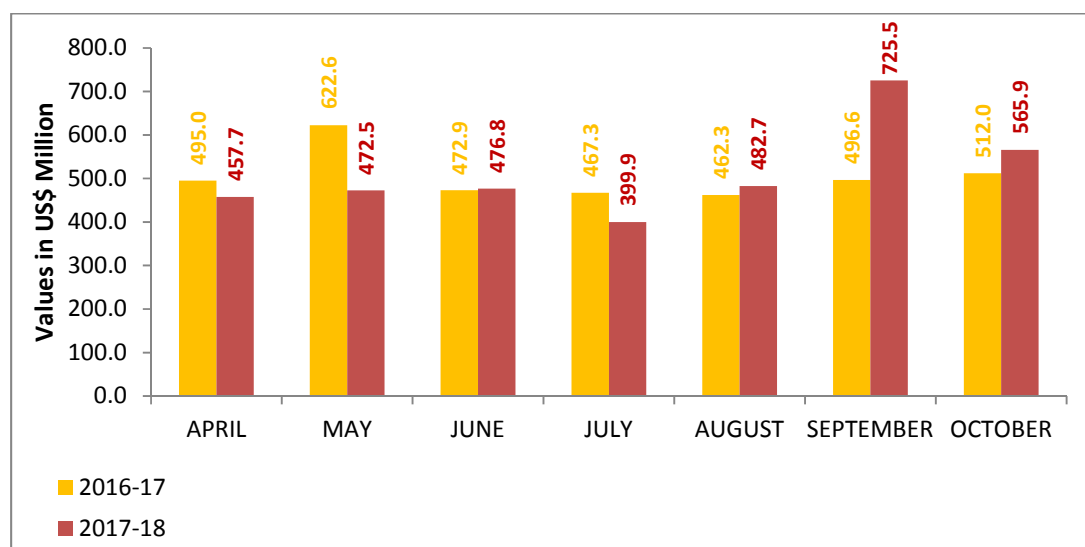
Country	Export in Oct 2016	Export in Oct 2017	Growth (%)	Exports in Apr-Oct 2016-17	Exports in Apr-Oct 2017-18	Growth (%)
NEPAL	181.57	232.13	27.85	1271.14	1291.78	1.62
BANGLADESH	160.99	176.56	9.67	1076.94	1251.06	16.17
SRI LANKA	124.58	99.71	-19.96	877.17	830.13	-5.36
BHUTAN	28.82	12.13	-57.91	184.25	101.33	-45.01
PAKISTAN	9.76	12.61	29.16	72.67	93.45	28.59

Source: DGCIS

India's engineering exports to South Asia surged for the third straight month to Oct 2017 on a year-on-year basis. However, growth was lower at 10.5% in Oct 2017 as against 46.1% in the previous month. Nepal recorded 27.9% growth in import of Indian engineering products during Oct 2017 to become the largest exporting destination in the South Asian region during Apr - Oct 2017-18 pushing Bangladesh one step behind. Bangladesh saw 9.7% year-on-year growth in import during Oct 2017 while exports to Sri Lanka declined by 20% in Oct 2017. Out of 7 South Asian nations, 2 conceded decline in year-on-year imports of Indian engineering products during the reporting month.

Engineering exports to South Asia achieved year-on-year growth on a cumulative basis for the second successive time as exports during Apr - Oct 2017-18 saw 1.6% increase over the same period last year. The growth was led by constant growth in exports to our leading importer of engineering products in South Asia namely Bangladesh and turnaround in imports from Nepal. However, Sri Lanka conceded negative growth on a cumulative basis along with Nepal and Bhutan.

Month-wise Trend in Total Engineering Export to South Asia (Apr - Oct 2017-18)



Source: DGCIS Data, EEPIC Research

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

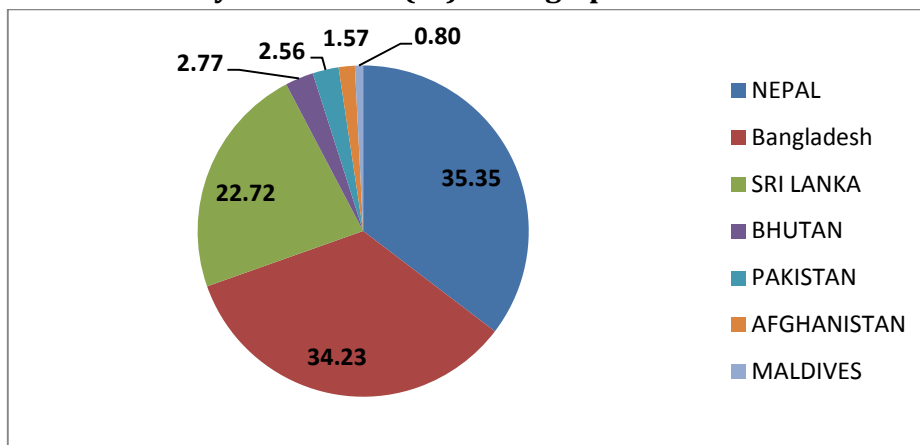
Top 10 engineering panels exported to South Asia during Apr - Oct 2017-18 are listed below (Value of Exports measured in USD Million)

Panel	Export in Oct 2016	Export in Oct 2017	Growth (%)	Exports in Apr-Oct 2016-17	Exports in Apr-Oct 2017-18	Growth (%)
Iron and Steel	81.63	142.52	74.58	660.22	786.00	19.05
Industrial Machinery	67.04	73.10	9.05	401.19	458.57	14.30
Motor Vehicle/cars	86.73	63.30	-27.01	530.65	415.78	-21.65
Two and Three Wheelers	55.17	65.18	18.14	329.56	401.31	21.77
Auto Components/Parts	37.57	38.22	1.73	281.71	254.36	-9.71
Products of Iron and Steel	34.49	39.22	13.71	149.06	192.11	28.88
Other Construction Machinery	18.43	33.77	83.18	122.45	161.81	32.14
Electric Machinery and Equipment	29.34	20.40	-30.47	201.28	157.50	-21.75
Ships, Boats and Floating Structures	15.55	0.16	-98.98	149.77	156.91	4.77
Aluminium and products	9.46	20.99	121.84	78.57	141.92	80.62

Source: DGCIS

'Iron and Steel' remained the top exporting engineering product group to the South Asian region during the first seven months of the ongoing fiscal with 19% year-on-year growth. 'Industrial machinery' is the immediate follower of 'Iron and Steel' with a higher 14.3% year-on-year growth during the same time period. In the automobile sector, 'Two and three wheelers' achieved 21.8% growth but 'Motor vehicles' and 'Auto components and parts' conceded declines in exports to South Asia during Apr - Oct of fiscal 2017-18. Among the top 10 engineering panels exported to South Asian region, 3 witnessed decline in overseas shipment during Apr - Oct 2017-18 in comparison to the same period last fiscal. Out of the total 33 engineering panels as classified by DGCIS, 22 panels recorded year-on-year growth in exports to South Asia during the first seven months of 2017-18.

Country-wise Share (%) during Apr - Oct 2017-18



Source: DGCIS Data, EEPC Research

Major Importers of India's engineering products to South Asia during Apr - Oct 2017-18

Nepal: Nepal replaced Bangladesh to become the largest importer of India's engineering products in the South Asian region once again during Apr - Oct 2017-18 with 35.4% share in India's total engineering exports to the region.

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

Bangladesh: Bangladesh dropped to second position during the said time period with 34.2% share.

Top exported Products: Industrial Machinery, Two & three wheelers, Iron and Steel, Motor Vehicle/cars, Auto Components/Parts.

Sri Lanka: Sri Lanka was the third largest export destination for India's engineering exports in the South Asian region during Apr - Oct 2017-18 with a share of 22.7%.

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

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
AUTOMOTIVE TESTING EXPO INDIA 2018	10-Jan-2017 to 12-Jan-2018	Chennai Trade Centre Nandambakkam, Chennai 600089 India	https://www.eventseye.com/fairs/f-automotive-testing-expo-india-12843-1.html
IFEX 2018	10-Jan-2017 to 12-Jan-2018	Helipad Grounds, Gandhinagar Sector 17, Gandhinagar Gujarat 3382107 India	https://www.eventseye.com/fairs/f-ifex-12769-1.html
CONSTRO 2018	18-Jan-2017 to 21-Jan-2018	College of Agriculture Ground Shivaji Nagar Pune-411005. Maharashtra India (East) Mumbai - 400 063	https://www.eventseye.com/fairs/f-constro-22337-1.html
GAPEXPO 2018	24-Jan-2017 to	Bangabandhu	https://www.eventseye.com/fairs/f-gapexpo-

	27-Jan-2018	International Conference Centre (BICC) Agargaon Sher-E-Bangla Nagar Dhaka - 1207 Bangladesh	18682-1.html
ZAK GARMENTECH BANGLADESH 2018	24-Jan-2017 to 27-Jan-2018	Bangabandhu International Conference Centre (BICC) Agargaon Sher-E-Bangla Nagar Dhaka - 1207 Bangladesh	https://www.eventseye.com/fairs/f-zak-garmentech-bangladesh-8659-1.html

News in Focus

South Asia

Sri Lanka hands over strategic port to China as part of Belt and Road Initiative

The Sri Lankan government has formally handed over the southern port of Hambantota to China on a 99-year lease. The \$1.5 billion port was opened seven years ago and is incurring losses due to lack of commercial activity.

Link: <https://www.rt.com/business/412802-sri-lanka-hands-port-china/>

Bangladesh NBR to Implement the AEO Program by December

Bangladesh's National Board of Revenue (NBR) will pilot the Authorized Economic Operator (AEO) Program by December, registering inter alia manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses and distributors as parties that comply with security standards set by the World Customs Organization. The AEO Program aims to fast-track the country's trade processes while maintaining trade security, and is a requirement under the World Trade Organization (WTO) Trade Facilitation Agreement.

Link: <https://www.sasec.asia/index.php?page=news&nid=787&url=aeo-by-dec>

Bangladesh gets \$150m loans from World Bank for trade connectivity

Bangladesh has signed a \$150 million loan agreement with the World Bank to modernise trade infrastructure, systems and procedures. These improvements will help Bangladesh increase regional connectivity and trade with India, Bhutan, and Nepal, the World Bank has said in a statement.

Link: <https://bdnews24.com/business/2017/12/07/bangladesh-gets-150m-loans-from-world-bank-for-trade-connectivity>

With eye on China, India to step up relations with Nepal

India has decided to step up engagements with Nepal across sectors -- development projects, connectivity

Link: <https://economictimes.indiatimes.com/news/politics-and-nation/with-eye-on-china-india-to-step-up-relations-with-nepal/articleshow/62075326.cms>

Tender Information in South Asian Countries

Location	Title	Deadline
India	Electrical Work In Connection With Cleaning Of Fresh Return Air Filters, grills ,condenser And Evaporator	15-Jan-2018
Bangladesh	Supply/repair The Spare Parts And Repairing Work Different Types Of Pickup Total No Of Vehicle 20 Under Framework Contract Method For Financial Year 2017-18 (package No-g-05)	02-Jan-2018
Bangladesh	Repairing & Maintenance Of 8 Eight Nos Inlet & Outlet Mechanical Gear Box At Dholaikhal Storm Water Pumping Station Of Dhaka Wasa.	31-Dec-2017
India	Air Conditioning Works Of Paragadh Branch, Karnataka Estimated Cost: INR 1,640,000	04-Jan-2018

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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