

Territorial NEWSLETTER South Asia

EETPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



T S Bhasin

Global economy has of late started showing signals of a weak but steady recovery led by the developed region but some of the emerging countries like India have achieved strong growth with a promise of faster growth in the ongoing fiscal. India is the richest economy in the South Asian region and is the key to development of this region. Bangladesh also registered decent economic growth that is expected to be faster in the next fiscal year. However, Sri Lanka witnessed depressing economy in the first half of the current fiscal due to severe natural disaster accompanied by some economic factors. In this issue we have analysed the major economies of South Asia in brief and provided an outlook for each of them to inform our exporters about the prospect of trade in this region in the near term.

I believe this informative newsletter will be helpful for our member exporters to expand their export base in South Asian region.

SAARC Territorial Committee Chairman's Note



PR
Venkatachalam

This is the seventh issue of our newsletter on South Asia. In this issue, we have briefly described the economic situation and prospect for the South Asian region in order to help our member exporters to get a clear idea on the prospect of exports in the South Asian countries.

India is having a good time so far as economic environment is concerned as it witnessed over 7 percent real GDP growth accompanied by improved business confidence and controlled inflation. Being the richest economy, India has the ability to lead the process of development of this region barring some political constraints.

Trend of engineering trade is also captured in this newsletter. India's engineering exports in South Asia showed year-on-year growth in August but cumulative exports for the first five months of the ongoing fiscal recorded a decline.

Other regular sections like news, information on exhibitions and tenders are basically informative in nature. I believe this newsletter will be helpful for our member exporters to take more informed business decisions.

Cover Story

Economic situation in the South Asian Region: India is leading the region's economy with growth approaching 8 percent but Sri Lanka faced lackluster growth

What's in News

- **World Bank to loan \$2 billion to Bangladesh to fight climate change**
- **China signs deals worth billions with Bangladesh as Xi visits**
- **World powers pledge \$15 billion for Afghanistan, EU seeks peace**
- **And more....**

Tenders

More latest News from Tenders

Upcoming Events

Territorial
NEWSLETTER – South Asia

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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

Economic outlook of the South Asian Region

The global economy at present seems to have escaped the slowdown phase. Developed regions have been showing early signal of a weak but steady recovery from the second quarter of 2016. Some of the emerging economies are struggling to restore growth while some of them have already reached pre-crisis or near pre-crisis level growth but none of them are under the threat of recession. At this juncture, we focus on the economic situation as well as on the outlook of the major economies of the South Asian region.

India is the richest economy in the South Asian region with nearly 76 percent share in the region's GDP. It is also the fastest growing economy of this region. Real GDP growth crossed 7 percent and is expected to reach near 8 percent in the current fiscal. Sporadic industrial growth may not be seen for long as near-normal monsoon diluted the risk of inflationary pressure in the short term and business confidence has picked up following a series of interest rate softening by the Indian Reserve Bank. In addition, the current account narrowed down to 0.1 percent of GDP in Q2 FY 2016 due to a lower oil bill and subdued gold imports, reducing the country's vulnerability to external risks.

Pakistan is the second largest economy in the South Asian region. The economy expanded at its fastest pace in eight years in FY 2015-16 driven by solid private consumption, structural reforms and improved confidence following the drop in sectarian violence and increase in supply of gas and electricity. The government returned to the international bond markets in October after a two-year hiatus and issued USD 1.0 billion in sukuk bonds. Initial reports suggest that the bond sale has generated strong interest among investors and that the funds raised will be invested in energy infrastructure. The economy is expected to grow by 5.0 percent in 2016-17 boosted by buoyant investment related to the China-Pakistan Economic Corridor (CPEC).

The third largest economy in the South Asian Region has been performing better than its immediate forerunner with a real GDP growth of 6 percent. Private consumption continued to be fundamental for the economy in FY 2016-17, fueled by low price pressures and higher public sector wages while exports were also decent. However, due to the economic deadlock in the Gulf countries caused by the commodities crisis, Bangladesh is lacking an important inflow of remittances that could give a

further boost to household consumption. Growth is expected to decelerate slightly in FY2016-17 but will still be supported by growing industrial production and government-backed investment.

Sri Lanka has been suffering from structure imbalances and have seen a depressing performance of the economy due to severe flood and subdued industrial production laid by tightening of monetary & fiscal policy of the government to meet the target of IMF. However, IMF thinks the tightening is effective and contributing towards improving market confidence and easing pressures on external balances. Economic growth may reach 5 percent in fiscal 2016-17 due to expectation of a robust level of investment and a buoyant tourist sector.

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

India's engineering exports to South Asia increased by 14.6 percent in the month of August 2016 due to rise in exports to Nepal and Bangladesh which are the top two importers of Indian engineering products in this region in August 2016. However, third largest importer Sri Lanka conceded a decline in demand of Indian engineering products due to gloomy economic situation therein. Cumulatively, Sri Lanka's import of Indian engineering products dropped by 51.3 percent that led to 8.3 percent decline in India's engineering exports to South Asia during April - August 2016 over the same period last year. Two out of the seven south Asian nations recorded year-on-year decline in import of Indian engineering products during the period in concern.

Table 1: Trend of India's engineering exports to the South Asian countries during April - August 2016

(All values in USD million)

Region	Aug 2015	Aug 2016	Growth %	April - Aug 2015	April - Aug 2016	Growth %
NEPAL	138.81	172.22	24.07	690.27	879.00	27.34
BANGLADESH	105.13	152.83	45.37	566.74	772.47	36.30
SRI LANKA	126.02	94.60	-24.93	1313.20	638.93	-51.35
BHUTAN	11.19	14.05	25.57	71.23	126.87	78.11
PAKISTAN	7.06	8.88	25.75	40.82	53.94	32.15
MALDIVES	2.71	4.92	81.39	16.16	16.39	1.43
AFGHANISTAN	2.43	3.45	41.66	30.74	14.81	-51.84

Source: DGCIS

Upcoming exhibitions in South Asian Countries

Events	Date	Venue	Link
14th Dhaka Int'l Textile & Garment Machinery Exhibition	23-Feb-2017 to 26-Feb-2017	Dhaka, Bangladesh	https://www.jetro.go.jp/j-messe/tradefair_en/DTG2017_52061
India ITME 2016 - 10TH INDIA INTERNATIONAL TEXTILE MACHINERY EXHIBITION	3-Dec-2016 to 8-Dec-2016	Bombay Convention & Exhibition Centre, Mumbai, India	https://www.jetro.go.jp/j-messe/tradefair_en/IndiaITME_41919
11th Weld India 2016	15-Dec-2016 to 17-Dec-2016	Milan Mela Complex, Kolkata, India	https://www.jetro.go.jp/j-messe/tradefair_en/11thWeld_53352
Pakistan Auto Show 2017	7-Mar-2017 to 9-Mar-2017	Karachi Expo Centre, Karachi, Pakistan	https://www.jetro.go.jp/j-messe/tradefair_en/PakistanAuto_52572

News in Focus

South Asia

World Bank to loan \$2 billion to Bangladesh to fight climate change

The World Bank is to provide \$2 billion in loans for Bangladesh to help the impoverished South Asian country become less vulnerable to climate change, the bank president said on Tuesday.

Link: <http://in.reuters.com/article/bangladesh-worldbank-idINKCN12I1UN>

China signs deals worth billions with Bangladesh as Xi visits

Chinese President Xi Jinping, stepping up a competition with India for regional influence, said on Friday ties with Bangladesh would be enhanced to a strategic partnership as the two countries signed 27 agreements worth billions of dollars.

Link: <http://in.reuters.com/article/bangladesh-china-idINKCN12D33T>

World powers pledge \$15 billion for Afghanistan, EU seeks peace

World powers raised \$15 billion for Afghanistan on Wednesday to fund the country over the next four years, while the European Union said it won support to revive a stalled peace process after almost 40 years of conflict.

Link: <http://in.reuters.com/article/afghanistan-aid-idINKCN1250UO>

IMF to disburse \$102.1 million to Pakistan after final loan review

The International Monetary Fund said on Wednesday it had completed a review of Pakistan's three-year economic reform program, enabling the immediate disbursement of about \$102.1 million.

Link: <http://in.reuters.com/article/pakistan-imf-idINKCN11Y2JU>

Tender Information in South Asian Countries

Location	Title	Deadline
India	Providing Authority Engineer Services For Four Laning Of Solan-kaithlighat Section Of Nh-22 (now Nh-5)	28-Nov-2016
Nepal	Provision Of Design And Construction Supervision	25-Nov-2016
India	Consultancy Services For Preparation Of Detailed Project Report Of Selected Stretches/corridors	21-Nov-2016
India	Engineering, Project Management And Site Supervision Consultancy Services	18-Nov-2016

For more contract 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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