

# Territorial NEWSLETTER South Asia

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## Chairman's Pen



**T S Bhasin**

Here is a reason to smile for our member exporters focusing on South Asia. For the first time in fiscal 2017-18, engineering exports to this region registered cumulative growth on a year-on-year basis, driven by a solid year-on-year growth in Oct 2017. It seems that engineering exports to South Asia is back on the track despite some constraints.

Another development took place in the South Asian region is the Motor Vehicles Agreement (MVA) among Bangladesh, Bhutan, India and Nepal (BBIN). MVA is expected to eliminate the long-standing road connectivity problem and procedural setbacks to trade through implementation of TIR (Transports Internationaux Routiers) Convention that will simplify Customs regulations at borders.

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**

The century old problem of economic disintegration in the South Asian region may be somewhat addressed with the commencement of MVA among Bhutan, Bangladesh, India and Nepal (BBIN). TIR, the International Road Transport system that offers a single customs guarantee backed by the TIR international chain, would be instrumental towards successful implementation of BBIN MVA. A brief discussion on this topic is contained in this nineteenth issue of our newsletter.

Like our previous issues, an analysis of Indian engineering exports for the first half of fiscal 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

*Bangladesh, Nepal, Bhutan and India (termed as the BBIN group of countries) have entered into a landmark Motor Vehicles Agreement (MVA) with an objective to provide maximum possible people-to-people contact and.....*

## What's in News

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## Tenders

*More latest News from Tenders*

## Basic Facts 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\$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



### Global Customs Transit System to Facilitate Trade in South Asia

Integration of South Asian economies through better connectivity has been a major concern for the overall development of this region since long. Realizing the need for better regional connectivity, countries of this region are constantly trying to enter into transit and transport agreements to diversify their economic, trade and investment linkages across the region. Several major steps have been taken in this direction but those do not seem to be adequate till date.

Now, four nations from South Asia namely Bangladesh, Nepal, Bhutan and the richest economy India (termed as the BBIN group of countries in the Bay of Bengal region) have entered into a landmark Motor Vehicles Agreement (MVA) with an objective to provide maximum possible people-to-people contact and augment economic interaction by facilitating cross border movement of goods and people.

This BBIN MVA agreement is a unique structural agreement with an aim to economically integrate the four neighbour nations of the South Asian region keeping India at the centre of it. Till today, intra-regional trade in this four-nation sub-region of South Asia is constrained by poor condition of roads, railways and other trade-related infrastructure. The agreement, if implemented properly, would help to create a unified

market that will ultimately generate more trade and investment opportunities for local and international business houses. Furthermore, it will also create room for fostering regional value chains through cross-border investments.

Jaipur-based CUTS International (Consumer Unity and Trust Society), in partnership with International Road Transport Union (IRU), has launched a study on the benefits of a multi-lateral transit system like the globally applicable Transports Internationaux Routiers (TIR) on trade across the region.

According to CUTS, TIR is the International Road Transport system that offers a single customs guarantee backed by the TIR international chain, managed by IRU. TIR Convention is the only international customs transit system that facilitates smooth movement of goods across borders in sealed compartments or containers under customs control from the customs post of departure to the customs post at the destination. According to the Secretary General of IRU, customs-sealed vehicles and freight containers are allowed to transit countries with one single document (TIR Carnet) with minimised border checks under the TIR system. TIR Carnet is the customs declaration and a guarantee for customs duties and taxes. The TIR system provides a globally tested 'institutional and operational mechanism' that helps countries implement transit agreements in an efficient manner.

CUTS think that TIR Convention would really be instrumental towards successful implementation of BBIN MVA as the BBIN group of nations faces several hindrances on transit and transport for cross-border trade with their immediate neighbour countries. As per CUTs, the BBIN MVA coupled with the TIR Convention can play an important role in developing standardised procedures that would facilitate efficient movement of cargoes across borders. It will contribute towards the harmonisation of transit and transport protocols, thereby significantly reducing the time and cost of doing trade in the sub-region. Another advantage of the TIR Convention is that it can help the BBIN group of countries to fulfill their commitments to the WTO Agreement on Trade Facilitation, which are already being implemented.

Based on the recommendations of CUTS and in accordance with the intensity of such a convention, the govt. of India has decided to comply with the TIR Convention. It seems just a matter of time that Bangladesh, Bhutan and Nepal will take note of this and will adopt the necessary steps to accede to this Convention in the near future. As Bangladesh and Nepal jointly constitute over 60% of India's exports to South Asia, India will see substantial boost in trade with the commencement of BBIN MVA.

Source:

- i) Study Report by CUTS entitled "**Benefits of the TIR Convention for the implementation of the BBIN Motor Vehicles Agreement**", Excerpts from the 'Foreward'.
- ii) <http://www.dhakatribune.com>

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

India's engineering exports to Top 5 South Asian countries during April - Sep 2017-18

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(All values in USD million)

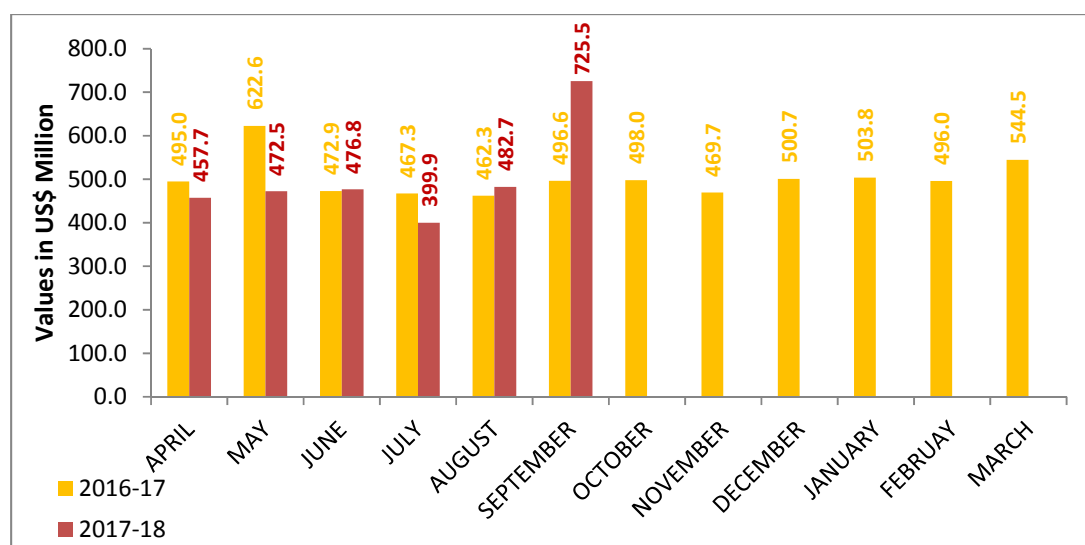
Country	Export in Sep 2016	Export in Sep 2017	Growth (%)	Exports in Apr-Sep 2016-17	Exports in Apr-Sep 2017-18	Growth (%)
BANGLADESH	146.51	198.41	35.42	915.95	1074.97	17.36
NEPAL	200.20	219.75	9.76	1089.57	1053.49	-3.31
SRI LANKA	113.69	259.64	128.38	752.60	730.20	-2.98
BHUTAN	19.46	11.80	-39.36	155.43	89.15	-42.64
PAKISTAN	7.88	20.83	164.47	62.91	80.84	28.50

Source: DGCIS

India's engineering exports to South Asia surged for the second straight month to Sep 2017 on a year-on-year basis. This time, the growth was substantial at 46.1% as against a muted 4.4% in Aug 2017. Overseas shipment of India's engineering products to Sri Lanka more than doubled in Sep 2017 over the same period last year and that to Bangladesh went up by 35.4%. Nepal however recorded a lower 9.8% growth during the same month. Out of 7 South Asian nations, engineering exports to Maldives and Bhutan declined in Sep 2017 on a year-on-year basis while exports to other nations saw increase in value.

Engineering exports to South Asia achieved year-on-year growth on a cumulative basis for the first time as Apr - Sep 2017-18 data estimated 2.19% increase in shipment over the same period last year. The growth was led by turnaround in exports to Sri Lanka in Sep 2017 and constant growth in exports to Bangladesh, our leading importer of engineering products in South Asia. 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 - Sep 2017-18)



Source: DGCIS Data, EEPC Research

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

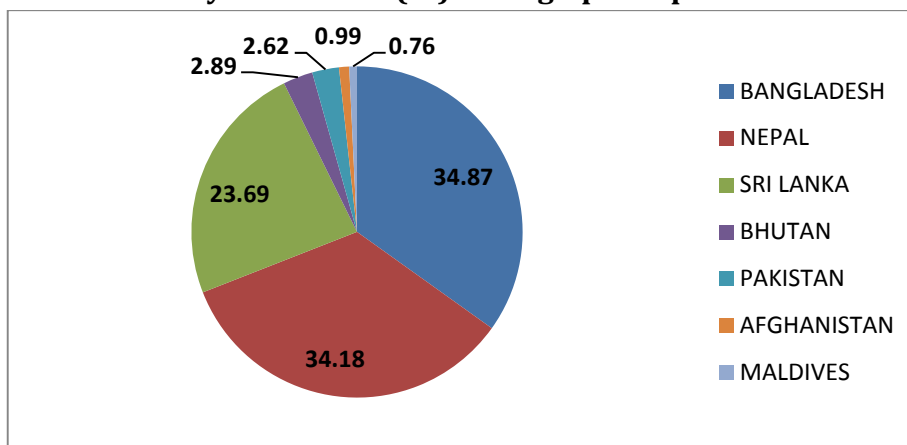
Top 10 engineering panels exported to South Asia during Apr - Sep 2017-18 are listed below (Value of Exports measured in USD Million)

Panel	Export in Sep 2016	Export in Sep 2017	Growth (%)	Exports in Apr-Sep 2016-17	Exports in Apr-Sep 2017-18	Growth (%)
Iron and Steel	101.89	148.54	45.79	578.59	643.26	11.18
Industrial Machinery	64.06	79.28	23.74	334.15	382.95	14.60
Motor Vehicle/Cars	91.55	82.21	-10.20	443.92	352.30	-20.64
Two and Three Wheelers	56.82	64.47	13.45	274.38	336.15	22.51
Auto Components/Parts	42.61	36.67	-13.94	244.14	215.18	-11.86
Ships, Boats and Floating Structures	1.47	108.24	7284.96	134.22	156.76	16.79
Products of Iron and Steel	19.29	28.46	47.58	114.56	152.77	33.35
Electric Machinery and Equipments	26.48	29.29	10.64	171.94	137.63	-19.96
Other Construction Machinery	16.70	32.18	92.70	104.02	126.38	21.50
Aluminium and products	11.30	31.90	182.40	69.11	120.85	74.87

Source: DGCIS

'Iron and Steel' remained the highest exporting engineering product to the South Asian region during the first half of the ongoing fiscal with 11.18% year-on-year growth. 'Industrial machinery' is the immediate follower of 'Iron and Steel' with a higher 14.6% year-on-year growth during the same time period. In the automobile sector, 'Two and three wheelers' achieved a solid 22.5% growth but 'Motor vehicles' and 'Auto components and parts' conceded significant decline in exports to South Asia during the first half of fiscal 2017-18. Among the top 10 engineering panels exported to South Asian region, 3 witnessed decline in overseas shipment during Apr - Sep 2017-18 in comparison to the same period last fiscal. Out of the total 33 engineering panels as classified by DGCI&S, 21 panels recorded year-on-year growth in exports to South Asia during the first six months of 2017-18.

### Country-wise Share (%) during Apr - Sep 2017-18



Source: DGCIS Data, EEPIC Research

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

**Bangladesh:** Bangladesh has become the largest destination of India's engineering exports among South Asian nations during Apr - Sep 2017-18 with 34.9% 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 was the second largest importer of Indian engineering products during the said time period with 34.2% share.

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

**Sri Lanka:** Sri Lanka stood next to Bangladesh and Nepal among the 7 South Asian importers of Indian engineering products during Apr - Sep 2017-18 with a share of 23.7%.

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

### 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	<a href="https://www.eventseye.com/fairs/f-automotive-testing-expo-india-12843-1.html">https://www.eventseye.com/fairs/f-automotive-testing-expo-india-12843-1.html</a>
IFEX 2018	10-Jan-2017 to 12-Jan-2018	Helipad Grounds, Gandhinagar Sector 17, Gandhinagar Gujarat 3382107 India	<a href="https://www.eventseye.com/fairs/f-ifex-12769-1.html">https://www.eventseye.com/fairs/f-ifex-12769-1.html</a>
CONSTRO 2018	18-Jan-2017 to 21-Jan-2018	College of Agriculture Ground Shivaji Nagar Pune-411005. Maharashtra India (East) Mumbai - 400 063	<a href="https://www.eventseye.com/fairs/f-constro-22337-1.html">https://www.eventseye.com/fairs/f-constro-22337-1.html</a>
GAPEXPO 2018	24-Jan-2017 to 27-Jan-2018	Bangabandhu International Conference Centre (BICC) Agargaon	<a href="https://www.eventseye.com/fairs/f-gapexpo-18682-1.html">https://www.eventseye.com/fairs/f-gapexpo-18682-1.html</a>

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

## News in Focus

### South Asia

#### ADB to Help Upgrade the Dhaka-Northwest International Trade Corridor

The Asian Development Bank (ADB) has approved \$1.2 billion financing support for the second phase upgrade of the Dhaka-Northwest international trade corridor, Bangladesh's second busiest arterial road, on 24 October 2017. This international trade corridor along the South Asian Association for Regional Cooperation highways 4 and 8 is a top priority of the Government of Bangladesh. Upgrading this corridor will improve transport access to the Burimari Land Port, which links Bangladesh to Bhutan through India, potentially increasing trade.

**Link:** <https://www.sasec.asia/index.php?page=news&nid=765&url=dhaka-nw-intl-trade-corridor>

#### Integrated Management of Risks Key to the Success of Sri Lanka's New Growth Model

To sustain growth, job creation and poverty reduction, Sri Lanka needs to move to a more private investment, tradable sector-led growth model, says the latest Sri Lanka Development Update, the World Bank's half-yearly flagship report on the country's economy, future outlook and policy priorities. It recognizes Vision 2025 as a roadmap that outlines such a shift.

**Link:** <http://www.worldbank.org/en/news/press-release/2017/11/01/integrated-management-of-risks-key-to-the-success-of-sri-lankas-new-growth-model>

#### Inland Waterways to Spur BBIN Development

Completion of infrastructure to connect inland waterways of India and Bangladesh could ease movement between the two countries and make transport of freight to Nepal and Bhutan faster and less expensive. Opening inland waterways would make alternative modes of transport viable and could open up livelihood opportunities, helping facilitate trade in Bangladesh, Bhutan, India, and Nepal, according to experts attending the dialogue on sub-regional inland waterways.

**Link:** <https://www.sasec.asia/index.php?page=news&nid=773&url=inland-waterways>

#### The economy of the East and South Asia moves into a higher gear with positive outlook

The economy of the East and South Asia (ESA) region continued to fire on all cylinders in Q3 as both domestic and external demand remained resilient. ESA's aggregate GDP rose 6.3% annually in Q3, which was above the 6.1% increase in Q2 and the 6.1% rise that Focus Economics analysts expected last month. Growth accelerated for the first time in nearly two years. Healthy global demand, accommodative financial conditions and resilient domestic activity have underpinned the region's economic performance so far this year.

Link: <https://www.focus-economics.com/regions/east-and-south-asia>

## Tender Information in South Asian Countries

Location	Title	Deadline
India	Consultancy Services For Postirg Of Authority Engineer For Construction Of 2-lane With Paved Shoulders Configuration & Strengthening. Estimated Cost: INR 1,009,400,000	19-Jan-2018
Bangladesh	Purchase Of Truck Sewage Qty-10 Numbers (1st Time).	07-Jan-2018
India	Procurement Of Trunk And Gate Belt Conveyors Complete For Continuous Miner, Khottadih Colliery Under Pandaveswar Area	26-Dec-2017
Bangladesh	Supply Installation Testing & Commissioning Of Split Type Air Condition 2 Ton Capacity	26-Dec-2017
India	Providing, Fixing, Testing & Commissioning Of Machanical Multi Speciality, Ventilation & Hvac Work For Proposed Multi Speciality Hospital At Sector-39,Noida. Estimated Cost: INR 142,328,548	21-Dec-2017
Bangladesh	Supply Of Spare Parts/goods & Repair For Different Type Of Jeep Car Microbus & Ambulances A/c Total No Of Vehicle 63 For Yearly Framework Method In 2017-18 Package	26-Dec-2017

For more tender notices, Please register with Tenderinfo and follow the link: <http://www.tendersinfo.com> and search for South Asia.

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