

Territorial NEWSLETTER CIS Countries

EEPCINDIA

ENGINEERING THE FUTURE

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



Issue I: September 2015

Chairman's Pen



Bilateral relation between India and the CIS region remained cordial since the inception of the region in 1991 after disintegration of erstwhile USSR. This region in my view is strategically very important for India. Similarly, many CIS nations, especially the five central Asian nations, also want India to play a major role in the development of the region. However, considering by the current trend, it becomes evident that trade relations have not improved that much except with Russia and Ukraine. Total trade with CIS countries has increased by about 45% in the last five years but 81% of this share has gone to Russia and Ukraine.

Bilateral trade between India and CIS was valued around USD 12 Billion during the year 2014, which do not at all reflect the inherent potential for trade and investments between them. Very recently the Indian Prime Minister Mr. Narendra Modi visited Russia and five other nations of CIS region to broaden the trade and economic relationship between India and CIS. Several agreements were signed and new areas were identified for prospective investments which would be mutually beneficial for both India and CIS.

I believe this newsletter will be a very useful one for our member exporters.

Anupam Shah

Committee on Trade with CIS Countries - Chairman's Note



This is the inaugural issue of our 'Newsletter on CIS Countries'. We know that there is immense scope for India to strengthen and deepen the trade and investment relations with CIS countries. We hope that the recent visit by our Prime Minister Mr. Narendra Modi to six CIS nations including Russia will definitely pave the way for the same. Therefore, in our first issue, we focus on the landmark tour of Mr. Narendar Modi and take a look on what are the promises that have come out of the tour. The newsletter has also analyzed the situation of engineering trade with CIS region by focusing on top exporting products from India. I believe our readers will find the information provided in the newsletter quite useful for them and they will be benefitted.

We hope this newsletter will help members to take informed decision in their businesses.

Shri K. R. Pandian

Territorial
NEWSLETTER – CIS Countries

EEPCINDIA

ENGINEERING THE FUTURE

www.eepcindia.org



Basic Facts: CIS

Area: 22.1 million sq. km

Population: 282 million

GDP: USD 1.352 trillion

Climate: Basically cold and temperate but varies across nations

Natural resources: Gas, petroleum, coal, iron and manganese ores, many non-ferrous metals, potassium salts and other kinds of minerals.

Indian PMs recent Visit to six CIS Countries will deepen economic relations with them

The recent tour of Indian Prime Minister Mr. Narendra Modi to six CIS countries namely Russia, Uzbekistan, Kazakhstan, Turkmenistan, Kyrgyzstan and Tajikistan was really a landmark visit that might act as a new horizon towards enhancing economic and trade relations with the CIS region. Among these six nations, the rest five other than Russia are located in Central Asia and India's total trade with these five Central Asian countries is meager US\$1.4 billion at present. It is expected that this historical visit of our Prime Minister will act as a catalyst towards enhancing the trade volume with these nations to a large extent.

During his visit to all the five aforesaid nations, the Indian Prime Minister was quite unwavering in his talks to address India's requirement for oil and gas. The focus points were improving trade and investment between nations and controlling terrorism in the region.

Our Prime Minister started his journey with Uzbekistan which India has recently built a strategic partnership with in the areas of economic cooperation, combating terrorism, advancing stability in the region and promoting regional integration. Mr. Modi showed strong intention to broaden India's investment base in several sectors of Uzbekistan including agriculture, Information Technology and energy among others. He also requested Uzbek president to join the International North South Transport Corridor to remove the communication barrier between India and CIS countries.

Kazakhstan was the next country visited by the PM which was also a strategically important economy for India and heads of both the nations talked for several times to deepen the cooperation in Oil & Gas and to remove the impediments of getting uninterrupted Uranium supply from Kazakhstan. Investments in manufacturing and infrastructure in both directions was also prioritized. In Turkmenistan, the Prime Minister emphasized on quick implementation of TAPI Gas pipeline and conveyed his interest in long term investment in the energy sector in Turkmenistan. PM's visit in Kyrgyzstan and Tajikistan also found to be quite beneficial for India in deepening its footstep in Central Asia.

Meanwhile, Mr. Narendra Modi also visited Russia to attend the BRICS Summit focusing on economic and security cooperation among its five member nations. India also joined the Shanghai Cooperation Organisation (SCO) summit in Russia and got the membership this time despite opposition from China.

Most importantly, this visit of Mr. Modi may help eliminating the connectivity problem between India and Central Asia. The International North South Transport Corridor, the Iran-Turkmenistan-Kazakhstan rail link,

India's interest in joining the Ashkabat Agreement on trade and transit and India's investment in Chahbahar Port in Iran will strengthen connectivity.

Proposed FTA between India and EEU will boost trade

India has started negotiation with the Eurasian Economic Union (EEU) over a Free Trade Agreement (FTA) after the Indian Commerce and Industry Minister has signed off an agreement to commence discussions on the same with Minister of Trade of the Eurasian Economic Commission during the 2015 St. Petersburg International Economic Forum.

Eurasian Economic Union (EEU) is an economic union comprising Belarus, Kyrgyzstan, Kazakhstan, Russian Federation and Armenia while Tajikistan and Turkey have been approached to join. The operation of EEU has come into force on January 1, 2015 with the aim of integrating 176 million people and a GDP of over USD4 trillion into a single market. EEU has vast reserves of natural resources comprising oil, gas, electric power, mineral fertilisers, coal, iron and steel, etc, and offers a ready market to be harnessed and explored.

Despite India maintains cordial relations with the EEU member nations and bilateral relation has improved significantly in recent years, trade with these nations, including Russia has witnessed a dip. Once the FTA is in place, India will get the opportunity to explore strategic and economic ties with these countries and boost trade and investment for a number of sectors including engineering.

This FTA is vital for investments in India's infrastructure, defence and technology-intense sectors and it will also act as a catalyst to speed up the 'Make in India' initiative. On the other hand, India is seen as a promising market for EEU members as there is huge demand for vehicles, equipment, chemical products, fertilisers, mining equipment, etc, from Russia.

Moreover, the FTA will also help India to strengthen its position in Asia and Europe by countering the influence of China. Being a member of Asian Infrastructure Investment Bank as well as the Shanghai Cooperation Organization, India too has high level expectations of developing into Central Asia and the Eurasian region.

CIS-India – Information Guide

Among the CIS nations, India has a strong economic relation with Russia and these two nations are now considering an FTA.

The INDIA-CIS Chamber of Commerce and Industry was established in 1986 with the objective of promoting, developing and extending commerce, trade and industry between India and CIS countries. This Chamber provides a dynamic institutional link for the promotion of Commercial, Economic & Cultural relations between India and CIS countries.

The activities of the chamber include

- Arranging buyers / sellers meeting,
- Conducting Conferences, Seminars, Trade Missions, in-bound Delegations, workshops,
- Organizing and participating in trade fair and exhibition
- Solving complicated export problems by setting expert committee
- Searching New Market, New Horizon for manufacturers and exporters

- Visa assistance

The website address of the chamber is given below:

<http://www.indiacis.in/index.html>

Upcoming exhibitions in CIS Countries

Events	Date	Venue	Link
6th International Trade Fair RoadTechExpo'2015	10-Nov-2015 to 13-Nov-2015	International Exhibition Centre in Kiev, Ukraine	http://www.iec-expo.com.ua/en/roadtechexpo-2015.html
International Exhibition for Equipment, Instruments and Tools for the Metalworking Industry	23-May-2016 to 27-May-2016	Expocentre Moscow / Russia	http://www.metobr-expo.ru/
3rd International Trade Fair Kyiv Technical Fair 2016	29-Mar-2016 to 31-Mar-2016	International Exhibition Centre Kiev / Ukraine	http://www.iec-expo.com.ua/en/ktf-2016.html
8th International Trade Fair Energy Efficiency Renewable Energy 2015	10-Nov-2015 to 13-Nov-2015	International Exhibition Centre Kiev / Ukraine	http://www.iec-expo.com.ua/en/energy-efficiency-2015.html
24th International Trade Fair for Processing, Packaging and Printing	26-Jan-2016 to 29-Jan-2016	Expocentre Moscow / Russia	http://upakovka.messe-duesseldorf.de/

Trade Trend Analysis in the CIS

The top 5 CIS nations which had the highest demand for Indian engineering products during July 2015 are as follows:

Country	Export in July 2015 (USD million)	Export in July 2014 (USD million)	Growth (%)
RUSSIA	31.74	89.86	-64.67
KAZAKHSTAN	7.12	3.64	95.73
TURKMENISTAN	3.62	2.59	39.84
UKRAINE	2.41	12.03	-79.97
GEORGIA	2.31	1.43	61.23

Surprisingly, Kazakstan replaced Ukraine to move up to second position while Ukraine was pushed down to fourth position in July 2015. However, cumulative engineering exports figure during Apr - Jul 2015 put Ukraine in the second position preceded only by Russia with import of around US\$12 million of engineering products from India.

Some Trends in engineering exports to CIS between April - July 2015

Engineering exports to CIS recorded a shocking decline of 53.8% during Apr-July 2015. Overseas shipment of engineering products to CIS region declined to US\$152 million during Apr-July 2015 from US\$329.4 million during the same period last year with only 0.7% share in India's total engineering export.

Among the twelve CIS nations, seven recorded negative growth during July 2015 over the same month last year. Kazakstan performed well in July 2015 with around 96% growth over July 2014 but both Russia and Ukraine, the top two export destinations for India in CIS region, conceded decline in imports from India.

Panel-wise analysis shows that among the top ten engineering panels demanded most in CIS countries, seven recorded decline in July 2015 over the same month last year. The worst hit was Industrial Machinery followed by Iron & Steel.

Top 10 panels exported to CIS during July 2015 are listed below

Name of the Panel	Export in July 2015 (USD million)	Export in July 2014 (USD million)	Growth (%)
Nuclear Reactors	8.95	5.73	56.3
Industrial Machinery	7.69	44.57	-82.8
Iron and Steel	5.95	20.05	-70.3
Auto Components/Part	5.90	8.80	-33.0
Electric Machinery and parts	3.35	4.36	-23.2
Ships Boats and Floating Bodies	2.86	2.72	5.2
Pumps of all types	2.55	0.53	378.7
Aircrafts and Spacecrafts	2.32	7.67	-69.8
OTHER MISC. ITEMS	1.86	2.48	-25.3
Hand Tools Cutting Tools	1.58	2.12	-25.3

News in Focus

Russia: Putin wants to dump dollar in CIS trade

Russian President Vladimir Putin has drafted a bill that aims to eliminate the US dollar and the euro from trade between CIS countries.

Link: <http://www.dailynews.lk/?q=world/putin-wants-dump-dollar-cis-trade#sthash.gb4dYU7Y.dpuf>

The countries of the Eurasian Economic Union plan to deepen cooperation in the field of innovation, high technology and the development of technical capacity

The countries of the Eurasian Economic Union plan to deepen cooperation in the field of innovation, high technology and the development of technical capacity.

Link: <http://www.e-cis.info/news.php?id=12872>

In September it is planned to sign an agreement on creation of the Belarusian-Russian venture fund

In September 2015 it is planned to sign an agreement on creation of joint Belarusian-Russian venture fund and prepare an appropriate decision of the Board of Directors of RVC.

Link: <http://www.cis.minsk.by/news.php?id=5294>

Azerbaijan is set to continue the effective and successful development of bilateral relations with Russia

Noting the dynamic and successful development of bilateral relations between the two countries, the President said that in our country appreciate the fact that Russian President Vladimir Putin visited Azerbaijan to attend the opening ceremony of the first European games in the national holiday - the Day of Russia, and regarded it as the high-level relations.

Link: <http://www.cis.minsk.by/news.php?id=5419>

Russian steelmakers attempt to raise domestic flat steel prices

Russian steelmakers have announced their September-production domestic offers for hot rolled (HR) and cold rolled (CR) sheet at 600-1,300 roubles (\$9-20) higher than the month before, Steel First has been told.

Link: <https://www.steelfirst.com/Article/3485105/Flat-Products-Hot-Rolled-Coil/Russian-steelmakers-attempt-to-raise-domestic-flat-steel-prices.html>

India, Russia May Build Helicopters, Armata Tanks, Aircraft, Military Ships Together

Russia and India could soon build more military equipment together. Talks are underway for projects to produce helicopters, ships, tanks and aircraft, the Indian Defense Ministry said in a statement.

<http://www.ibtimes.com/india-russia-may-build-helicopters-armata-tanks-aircraft-military-ships-together-2043889>

Russian, Indian Firms To Co-Produce Ka-226 Helos

India's Reliance Defence and Aerospace has partnered with Russian Helicopters and Rosoboronexport to manufacture Ka-226 helicopters in India. India gave a firm order to Russia, on nomination basis, to manufacture 200 Ka-226 helicopters for the Indian military.

<http://www.defensenews.com/story/defense/air-space/support/2015/09/05/russian-indian-firms-co-produce-ka-226-helos/71656726/>

\$100bn BRICS monetary fund now operational

The \$100 billion BRICS Contingent Reserve Arrangement (CRA) has become fully operational following the inaugural meetings of the BRICS CRA Board of Governors and the Standing Committee in the Turkish capital of Ankara.

<http://thebricspost.com/100bn-brics-monetary-fund-now-operational/#.Ve6cq9Kqgkp>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Georgia	All or part construction and civil engineering work	23-Sep-2015
Georgia	Building completion work	23-Sep-2015
Russian Federation	Open tender for the right to a state contract to provide services for survey and development of a monitoring system availability of excursion routes and tourist infrastructure facilities for people	29-Sep-2015
Georgia	Railway and tramway locomotives and rolling stock and associated parts	23-Sep-2015
Georgia	Provision of construction work	23-Sep-2015
Ukraine	Cables and Wires	01-Oct-2015
Russian Federation	Develop the project and working documentation for the construction of external engineering networks of heat supply, water supply, sewerage, drainage, surface runoff, outdoor lighting, telephones, cable etc.	21-Sep-2015

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

EEPC India CIS Territorial Newsletter

Contact: Rajarshi Sarma Sarkar

Email: rsarkar@eepcindia.net

Phone no: 033-2289 0651