

# Territorial NEWSLETTER CIS Countries

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



The bilateral relation between India and Russia is expected to take a new turn through INNOPROM 2016, the largest trade fair in Russia where India has been awarded the status of the partner country. In our last two issues, we have informed our members the details of the fair. Now, in this issue, we have discussed the current economic status of the CIS region with focus on Russian economy and have also provided an economic outlook of the region to help our member exporters have an idea on what is the prospect of increasing their export base in Russia and other nations of the CIS region. CIS economy has been facing a tough time since 2014 due to economic slowdown followed by recession in most of the nations including the

two richest, Russia and Ukraine. However, some early signs of recovery have been noticed of late and the economy is most likely to have stabilized at the lower level. I believe once the Russian economy is back on the recovery path, the trade and economic relation between India and Russia will be strengthen and our merchandise trade will also increase.

I believe our members will find this newsletter quite informative and fruitful.

Tarvinder Singh Bhasin

## Committee on Trade with CIS Countries - Chairman's Note



The eighth issue of our CIS newsletter is now published. This issue is very important for our member exporters specially who are participating in the ensuing INNOPROM 2016 as the economic scenario of the CIS region has been discussed in this issue along with an outlook. The economists think that because of the burden of recession, Russia is going to see weak growth from early 2017 that may lead to much higher overseas shipment of engineering products from India.

Like previous issue, we have focused on India's engineering exports to CIS region and presented an analytical study both country-wise and product panel wise. Other sections like news, information on exhibitions and tenders are basically informative.

I believe this issue will help our member exporters to enhance their knowledge on CIS nations, which in turn would help them to take more informed business decisions.

Aman Chadha

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## Basic Facts: CIS

**Area:** 22.1 million sq. km

**Population:** 282 million

**GDP (Official exch. rate):** USD 1.8 trillion (Source: CIA Fact book)

**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.

## CIS countries see some silver-lining despite external shock

INNOPROM 2016 is scheduled on just one and a half month later where India is awarded the status of a partner country. Several Indian firms are going to participate in the event and EEPC is organizing the participation of Indian firms jointly with IBEF. Therefore, it is probably the right time to take a look at the economic condition of Russia at present and also to analyze how far it can progress in the next couple of years. In fact, other major economies of CIS region have also been included in the discussion as they are closely interlinked.

The richest economy in the CIS region is Russia which was drowned in recession for the last couple of years that also had an adverse impact on other nations of the region. Economic activity in the CIS region deteriorated substantially due to a number of factors including considerable fall in commodity prices for a long time and spillover effect of recession in Russia. During the last recession in 2009, currency depreciation and fiscal easing helped the economy to revive but with the pressure of high inflation and financial uncertainties.

The situation did not change much in 2016. In the earlier months, the region continued to face strong headwinds in the form of a renewed plunge in commodities prices, deterioration in investor confidence, heightened financial volatility and a more challenging global economic backdrop. However, some silver lining was seen that was considered as a signal that the region, especially Russia saw the bottom of recession. The decline in aggregate GDP moderated in the first quarter of 2016 and industrial production increased of late. Some of the external shocks might remain and decline in GDP might continue for one or two more quarters.

Recent upturn in the global oil price, although at a nascent stage, augurs well for the region's oil producers. However, despite the recent rise in global prices, falling oil production and decreasing public investment in these economies is likely to persist this year. Moreover, private consumption will remain weak, in part reflecting low consumer confidence and still-high inflation. Meanwhile, low oil prices have prompted importers to reduce the import bill and, consequently, to improve their external accounts.

A difficult external environment will continue to exert downward pressures on the Commonwealth's economic outlook, but an expected increase in commodities prices, particularly in oil prices, will likely provide some relief for the region's economy. Following a painful contraction in 2015, the economy is expected to remain in recession this year and is seen recovering only modestly in 2017.

Weak private consumption is considered to be the main drag on growth in 2016 as high inflation, low wages and rising unemployment will continue to hit households' spending. However, a gradual rise in oil prices and the stabilization of the currency will provide some support to growth. Analysts expect the economy to contract 1.3% in 2016. For 2017, forecasters expect the economy to increase 1.3%.

Source: <http://www.focus-economics.com/>

## Trade Trend Analysis in the CIS

The top 5 CIS nations which had the highest demand for Indian engineering products during March 2016 are as follows:

Country	Export in March 2015 (USD million)	Export in March 2016 (USD million)	Growth (%)
<b>RUSSIA</b>	92.76	45.41	-51.04
<b>GEORGIA</b>	2.32	3.46	49.09
<b>UKRAINE</b>	3.96	2.93	-26.02
<b>UZBEKISTAN</b>	4.23	1.97	-53.41
<b>KAZAKHSTAN</b>	0.72	1.60	122.23

Despite a rise in the value of engineering exports to CIS from India during Mar 2016 over the previous month (Feb 2016), it dropped by 44.7% in Mar 2016 over the same period last year. Engineering exports to CIS nations declined to US\$59.14 million in Mar 2016 from US\$107.05 million in the year ago month. However, it increased from the value in Feb 2016 at US\$38.52 million.

Russia continued to remain the largest importer of Indian engineering products in Mar 2016 with US\$45.41 million of imports but it was 51% lower than that of in Mar 2015. Georgia came up to second place replacing Ukraine while Kazakhstan was another country recorded growth in engineering import from India. Overall export trend continued to be gloomy as three of the top five importers in the CIS region conceded decline in imports during Mar 2016 over the same month last year.

Cumulative figure for fiscal 2015-16 showed the same trend. Total engineering exports to CIS nations shrunk by 41.2% to US\$557.22 million in 2015-16 from US\$947.8 million in the previous fiscal. Only 4 out of 12 CIS nation recorded growth in imports of Indian engineering products while 8 recorded declines including the leader Russia, immediate follower Ukraine and 4th ranked Uzbekistan among the top five. Only Georgia and Kazakhstan within the top 5 recorded year-on-year growth in imports during fiscal 2015-16. Russia conceded 43.3% drop in Indian engineering imports during 2015-16 with mere US\$397.6 million of imports while second ranked Ukraine recorded an even bigger 55.5% decline during the fiscal. Georgia and Kazakhstan enjoyed 61.6% and 34.2% growth respectively in engineering imports from India during fiscal 2015-16 but the volume of imports were less than that of Ukraine and ten times lower than that of Russia.

## Panel-wise trend in engineering exports to CIS between April - March 2015-16

Top 10 panels exported to CIS during March 2016 are listed below

Name of the Panel	Export in March 2015(USD million)	Export in March 2016(USD million)	Growth (%)
Aircrafts & Spacecraft	3.59	17.91	398.86
Iron and Steel	3.49	6.16	76.69
Auto Components/Part	5.93	5.40	-8.94
Medical and Scientific instruments	1.90	5.33	181.10
Industrial Machinery	3.97	4.41	11.06
Products of Iron	1.13	3.79	235.79
Aluminum and products	2.21	2.12	-4.38
Other Construction Machinery	1.86	2.00	7.65
Electric Machinery and apparatus	12.26	1.91	-84.40
Nuclear Reactors In	0.83	1.71	106.66

Panel wise data for engineering products showed that 'Aircrafts and Spacecrafts' was the highest demanded engineering product in CIS nations with around 400% increase in exports during Mar 2016. 'Iron and Steel' was the second highest demanded product with 76.7% growth in Mar 2016 over the same month last year. Next was 'Auto Components/Part' that conceded a decline of around 9% in Mar 2016. Out of 33 product panels, 12 recorded decline in year-on-year exports during Mar 2016 while growth could not be calculated for 5 panels due to no exports in Mar 2015. Cumulatively, 21 product panels recorded decline in exports including 'Industrial Machinery' and 'Iron & Steel'. 'Aircrafts and Spacecrafts' replaced 'IC Engines and Parts' to become the most demanded engineering product during fiscal 2015-16 with 12.5% growth over the previous fiscal and that was the only product to cross US\$100 million of exports to CIS in the last completed fiscal. 'IC Engines and Parts' showed a miserable 87.6% decline in exports to CIS region in 2015-16.

### 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, established in 1986 with the objective of promoting, developing and extending commerce, trade and industry between India and CIS countries, serves as an important platform for information in 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
AUTOMECHANIKA MOSCOW	22-Aug-2016 to 25-Aug-2016	Crocus-Expo IEC - Moscow	<a href="http://www.eventseye.com/">http://www.eventseye.com/</a>
Trans Expo - 2016 International Specialized Exhibition	16-Sep-2016 -18-Sep-2016	Exhibition complex "Yerevan EXPO", Armenia	<a href="http://www.exponet.ru/exhibitions/by-id/transexpoer/transexpoer2016/index.en.html">http://www.exponet.ru/exhibitions/by-id/transexpoer/transexpoer2016/index.en.html</a>
Aqua-Therm Almaty - 2016	05-Sep to 08-Sep-2016	"Atakent" Almaty, Kazakhstan	<a href="http://www.exponet.ru/exhibitions/by-id/aquathermal/aquathermal2016/index.en.html">http://www.exponet.ru/exhibitions/by-id/aquathermal/aquathermal2016/index.en.html</a>
Mining Week Kazakhstan - 2016	28-Jun-2016 to 30-Jun-2016	Sport Complex "Zhastar-Kazakhmys" Karaganda city, Kazakhstan.	<a href="http://www.exponet.ru/venues/by-id/vn_vnsportkar/index.en.html">http://www.exponet.ru/venues/by-id/vn_vnsportkar/index.en.html</a>

## News in Focus

### Ukraine Cuts Key Interest Rate For Second Month Amid Disinflation

Ukraine's central bank has trimmed its benchmark interest rate, citing a "steady disinflation trend," or a slowdown in inflation. The National Bank of Ukraine announced on May 26 that the key policy rate was cut to 18 percent from 19 percent.

Link: <http://world.einnews.com/article/328040621/BeTbK6L6CT7mU5zf>

### Turkmenistan establishes oil trading company

Turkmenistan's Turkmenbashi Complex of Oil Refineries (TCOR) became one of the shareholders of the newly-created Turkmen Petroleum trading company headquartered in Dubai (UAE), said the message from Turkmen Petroleum.

Link: [http://world.einnews.com/article/328157094/x5aSYnegAz7Dyz\\_1](http://world.einnews.com/article/328157094/x5aSYnegAz7Dyz_1)

### Europe Revolts Against Russian Sanctions

From ministerial offices to barricades on the streets, Europe is in open revolt against anti-Russian sanctions which have cost workers and businesses millions of jobs and earnings.

Link: [http://www.opednews.com/articles/Europe-Revolts-Against-Rus-by-Finian-Cunningham-Austerity\\_European-Union\\_Exports\\_Revolt-160526-464.html](http://www.opednews.com/articles/Europe-Revolts-Against-Rus-by-Finian-Cunningham-Austerity_European-Union_Exports_Revolt-160526-464.html)

### IMF ready to support economic reforms in Azerbaijan

The International Monetary Fund (IMF) is ready to support the economic reforms in Azerbaijan, Trend reports.

Link: <http://news.az/articles/economy/108320>

## Tender Information in CIS

### Prior information Notices

Location	Title	Deadline
Kazakhstan	Research / purchase of works on geophysical exploration / research	09-Jun-2016
Russian Federation	Implementation of engineering surveys, design and working documentation for the projects: Quarrying soil by flow oilfield	07-Jun-2016
Russian Federation	Conducting Engineering Surveys (Geotechnical, Engineering And Environmental) On Reconstruction Recreation Pichugov	08-Jun-2016
Russian Federation	Energy Service Contracts. Implementation Of Measures Aimed At Energy Conservation And Energy Efficiency Of Thermal Energy In The Municipal District Administration Vilyuysky District (District) Of The Republic Of Sakha (Yakutia) Estimated Cost: RUB 120,219,819	21-Jun-2016
Ukraine	Engineering services for projects of buildings Estimated Cost: UAH 2,000,000,000,000	23-Jun-2016
Georgia	Implementation of the Road Corridor Investment Program	15-Jun-2016
Russian Federation	Development of new technologies, design solutions and manufacturing methods of work in the construction of high- and srednenapornyh ground and concrete hydro hydroelectric facilities.	01-Jul-2016
Georgia	Consultancy for Preparation of Detail Design for New Construction of Khevi-Ubisa-Shorapani-Argveta section	15-Jun-2016

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

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