

Territorial NEWSLETTER CIS Countries

EPCINDIA

ENGINEERING THE FUTURE

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Issue XXXII: April 2018

Chairman's Pen



Continuation of lower demand from the richest CIS nation Russia resulted in the decline of Indian engineering exports to this region during Apr 2018. We expect exports to be back on the track very soon as Russia has shrugged off the economic slowdown and came back to growth path in 2017. Meanwhile, Uzbekistan has emerged as a prospective nation for India to extend bilateral relation as it is now the second largest destination for engineering exports among CIS nations as per the Apr 2018 figures. Although, no clear trend can be predicted with only one month data, Uzbekistan may well be considered as the new market for Indian engineering and a potential nation for Indian investments.

I believe this newsletter will help our member exporters to take informed decision in regards to setting up or expanding their businesses in the CIS region.

Ravi Sehgal

Committee on Trade with CIS Countries - Chairman's Note



Depressing trend in India-CIS engineering trade continued in the new fiscal as evident from the engineering export data of Apr 2018, but initiatives from both India and Russia, India's largest trade partner in CIS with over 75% share in India's engineering exports to this region, on tapping the full potential of economic cooperation between these two nations may be a signal for higher trade and investments in the days ahead. Series of discussions of Indian Commerce Minister with the Russian ministers and regional Governors laid the cornerstone of a much broader and extended mutually beneficial bilateral relation between these two.

The newsletter also includes brief analysis of Indian engineering exports to the countries of the CIS region during Apr 2018 from both country-wise and DGCI&S panel-wise perspectives. Other sections include Recent news on CIS, upcoming events in the CIS regions and tenders.

I believe this newsletter will be beneficial for our member exporters and help them in understanding the emerging opportunities in the CIS region.

Aman Chadha

Territorial
NEWSLETTER – CIS Countries

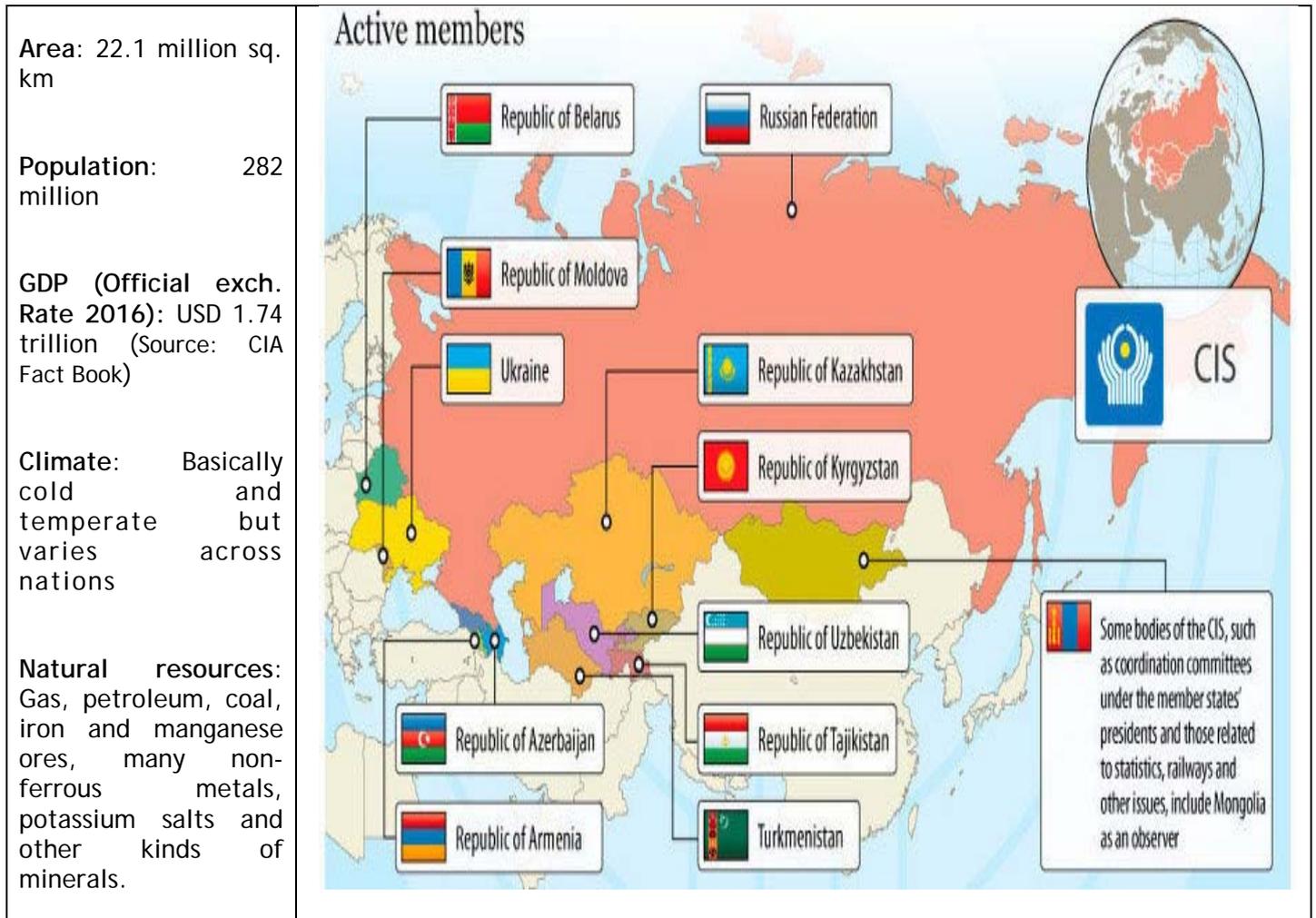
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Basic Facts: CIS



India Wants to Deepen Economic Cooperation with Various Regions of Russia

Despite a 10% rise in India's merchandise exports to Russia during fiscal 2017-18, engineering shrunk 20%. Imports from Russia however noticed a sizeable 54% increase in 2017-18 over the previous fiscal. Heads of states of both the nations were agreed on the fact that trade between these two nations were far below the potential level as on date and there was a need to exploit the full potential in the foreseeable future through strengthening of bilateral economic cooperation.

The informal summit between the Indian Prime Minister and Russian President yielded some fruit. Several discussions took place regarding expansion of Indian trade and investments in various regions of Russia and vice versa. In order to do that, separate planning would be required for the regions that were potentially important to each other. Russia is identified as 'All Weather Friend' of India and it was among the first few nations invested under the unique 'Make in India' initiative launched by the Prime Minister Mr. Narendra Modi in 2014. India also eyed Russia as a nation to widen its trade and investment base for long and started the process of framing an FTA with the Russia dominated Eurasian Economic Union (EAEU).

Very recently, Indian Commerce and Industry Minister Mr. Suresh Prabhu met his Russian counterpart Denis Manturov in St Petersburg to discuss ways to further promote trade and investments between the two countries and realized the need for working together to strengthen the economic ties to create win-win situation for both India and Russia. Agriculture, Defence, Logistic, Pharma, Textile and engineering were identified as sector with immense untapped potential for cooperation. India wanted Russia to explore opportunities for diamond trade and use of national currencies for trade purposes in areas like pharmaceuticals, textiles, agricultural commodities and machinery, and engineering products. Following is the excerpts of two articles published in The Economic Times on this matter.

Furthering the goal of increased cooperation between the various regions of the Russian Federation, The Indian Commerce Minister also had meetings with the regional governors of Stavropol, Yaroslavl, Udmurtia and Ingushetia. During the meetings, both sides appreciated and noted the fact that India-Russia trade has increased considerably, but was still less than the potential. The thrust of the conversations was for creating and executing a plan for increased bilateral trade and economic cooperation.

Towards this end, logistics, infrastructure, knowledge-based economies, diamonds and gold were highlighted as important focus areas. In the infrastructure sector, the status of the joint study with Russian Railways on the high speed railway line between Nagpur and Secunderabad was discussed. India also highlighted the need to set up joint ventures which should participate in tenders in third countries.

Creation of mechanisms to find complementarities and remove barriers between the economies of the two countries were also on agenda of the discussion during the said visit. The commerce minister and Minister of Economic Development Oreshkin discussed the articulation of the joint action plan on increased economic cooperation and to submit the findings of the report before the annual summit between the prime minister and the Russian president later this year.

The establishment of a strategic economic dialogue between the NITI Aayog and the Russian ministry of economic development where experts from both sides would meet and discuss economic issues, which would have its first meeting later this year, was also discussed. Expediting the Eurasian Economic Union-India negotiations on free trade agreement was also underlined.

Both sides agreed that operationalising the International North South Transport Corridor would propel trade between the two countries to new heights by providing a faster and more viable trade route, and therefore should be a priority for both. India has shrugged off the damaging factors to growth and seems to have been on a steady growth path already. Russia however, is yet to see complete recovery from the downturn. Once Russia escapes the effect of recent economic slowdown completely, it will probably be the new era of economic cooperation between these two nations.

Source: Articles published in 'The Economic Times'

- i) <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-to-increase-economic-cooperation-with-various-regions-of-russian-federation/articleshow/64332203.cms>
- ii) <https://economictimes.indiatimes.com/news/economy/foreign-trade/huge-potential-to-boost-trade-investments-with-russia-suresh-prabhu/articleshow/64332177.cms>

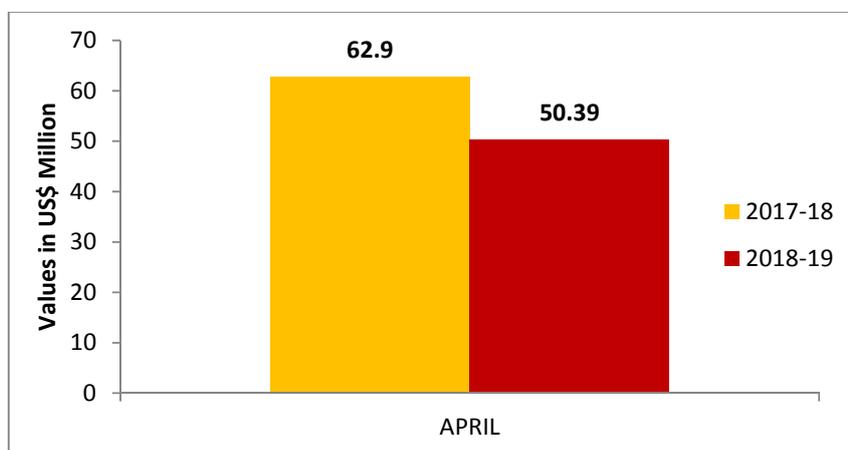
Trend Analysis of India's Engineering Export to CIS

The following table described the exports of Indian engineering products to top five importers from the CIS region during April 2018 (Value of Exports measured in USD Million):

Country	Export in Apr 2017	Export in Apr 2018	Growth (%)
RUSSIA	50.29	38.82	-22.81
UZBEKISTAN	3.96	3.99	0.76
UKRAINE	3.93	3.85	-2.04
GEORGIA	0.87	1.64	88.51
KAZAKHSTAN	0.79	0.97	22.78

Indian engineering exports to CIS continued to remain depressing in the new fiscal 2018-19 after conceding 3.3% decline in the previous fiscal. April 2018 saw an even bigger year-on-year decline of around 20% driven by lack of demand from Russia that consumes more than three-fourth of India's engineering exports to CIS. Russia saw nearly 23% decline in year-on-year imports of Indian engineering product during the reporting month. Uzbekistan this time came up to as the second largest importer among the CIS nations by replacing Ukraine with 0.7% rise in year-on-year import. Ukraine moved down to third position in terms of import from India with 2% decline in imports over Apr 2017. Out of the top 5 CIS nations, 2 witnessed declines in exports while out of the 12 CIS nations, as much as 8 nations saw decline in engineering imports from India during the first month of fiscal 2018-19.

Month-wise Trend in Engineering Export to CIS region (Apr 2018)



Source: DGCIS Data, EEPIC Research

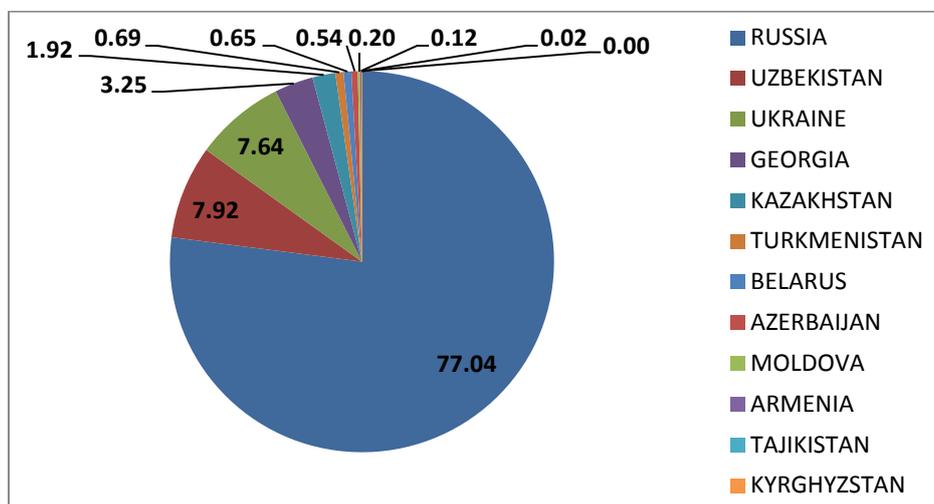
Panel-wise trend in engineering exports to CIS during April 2018

Top 10 panels exported to CIS during Apr 2018 are listed below (Value of Exports measured in USD Million).

Panel	Export in Apr 2017	Export in Apr 2018	Growth (%)
Auto Components/Parts	7.73	7.13	-7.76
Industrial Machinery	4.85	6.16	27.01
Iron and Steel	8.72	6.12	-29.82
Other Construction Machinery	6.46	5.92	-8.36
Aircrafts, Spacecrafts and Parts	14.57	4.01	-72.48
Products of Iron and Steel	2.57	3.43	33.46
Machinery for ATMs	2.25	2.45	8.89
Medical and Scientific Equipments	2.08	2.13	2.40
Hand Tools Cutting Tools	2.2	2	-9.09
Air condition and Refrigerating Machinery and Parts	0.5	1.59	218.00

'Aircrafts, Spacecrafts and Parts', the largest engineering product group exported by India to CIS region during fiscal 2017-18 conceded 72.5% decline in exports during Apr 2018 over the same month last year. 'Auto components/parts' became the highest exporting engineering product to CIS during the reporting month however with 7.7% drop in year-on-year exports. 'Industrial Machinery', the immediate follower of 'Auto Components/Parts' saw 27% growth in year-on-year exports to CIS while the third highest exporting product 'Iron and Steel' witnessed around 30% drop in exports. Out of the top 10 engineering product groups exported to CIS, 5 recorded decline in exports during Apr 2018 while 16 out of 33 panels saw drop in exports to CIS in the same month.

India's Engineering Exports to CIS: Country-wise Share (%) during April 2018



Source: DGCIS Data, EEPC Research

Major Importers of Indian Engineering Products in the CIS Region during April 2018

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 77.04% of India's engineering exports to CIS during Apr 2018

Top exported product: Auto components and parts; Other construction machinery; Iron & Steel; Aircraft, spacecrafts and Parts;

Uzbekistan:

Uzbekistan is now the second largest export destination for Indian engineering products among all CIS nation but with a much lower share at 7.92% during the same month.

Top exported products: Industrial Machinery; Air condition and Refrigeration Machinery and Parts; Products of Iron and Steel; Other Construction Machinery.

Anti-dumping measures

- **Measure Imposed by Russia against India:** Among all engineering products, Russian Federation has imposed 'Anti-dumping measure' on imports of Graphite Electrodes (HS Code - 854511) from India from 26 Jan 2013.
- **Investigation Initiated by Ukraine against India:** Ukraine has initiated anti-dumping investigation on imports of 'Syringes' (HS Code - 901831) from India on 2nd November 2017.

Measure taken by India: The following table shows anti-dumping investigation initiated or 'Anti-dumping measures' imposed by India against CIS member nations in relation to engineering products.

Country Affected	Measure	Product Description	HS Code	Initiation In Force
Russia	Anti-dumping	Hot rolled flat products of alloy or non-alloy steel in coils of a width up to 2100mm and thickness up to 25mm and Hot rolled flat products of alloy or non-alloy steel not in coils of a width up to 4950mm and thickness up to 150mm	7208 7211 7225 7226	11/04/2016 11/05/2017
Ukraine	Anti-dumping	Cold rolled/cold reduced flat steel products of iron or non-alloy steel or other alloy steel, of all widths and thickness, not clad, plated or coated	7209 7211 7225 7226	19/04/2016 12/05/2017

Source: <http://i-tip.wto.org/goods/Forms/TableViewDetails.aspx?mode=modify>

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
AEROSPACE TECHNOLOGIES, MODERN MATERIALS AND EQUIPMENT. KAZAN 2018	9 - 11 Aug, 2018	Kazanskaya Yarmarka Exhibition Centre 8, Orenburgsky Trakt Kazan, 420059, Russia	https://www.eventseye.com/fairs/f-aerospace-technologies-modern-materials-and-equipment-kazan-15139-1.html
AGRORUS 2018	18 - 26 Aug, 2018	ExpoForum Convention and Exhibition Centre Petersburg highway St. Petersburg, Russia	https://www.eventseye.com/fairs/f-agrorus-6416-1.html
AUTOMECHANIKA MOSCOW 2018	27 - 30 Aug, 2018	Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road Russia	https://www.eventseye.com/fairs/f-automechanika-moscow-9688-1.html
KYIV FASHION 2018	5 - 7 Sep, 2018	Kiev International Exhibition Center 15, Brovarsky Ave, Kyiv, Ukraine	https://www.eventseye.com/fairs/f-kyiv-fashion-6113-1.html

News in Focus

CIS leader expects further cooperation with SCO

The Commonwealth of Independent States (CIS) is ready to strengthen partnership with the Shanghai Cooperation Organization (SCO), said Chairman of the CIS Executive Committee Sergei Lebedev. He made the remarks in an interview with Xinhua before traveling to Qingdao, China's eastern Shandong Province, to participate in an SCO summit scheduled for June 9 and 10.

Link: <http://www.globaltimes.cn/content/1105963.shtml>

Georgia and Hong Kong to sign free trade deal in June

Georgia and Hong Kong are signing a free trade agreement by the end of this month, Georgian Prime Minister Giorgi Kvirikashvili has announced.

Link: <http://agenda.ge/news/102084/eng>

Putin underlines strategic partnership between Russia, Tajikistan

Russian President Vladimir Putin and his Tajik counterpart Emomali Rahmon plan to discuss regional security issues and the situation around the Tajik-Afghan border. "We have a lot of issues related to maintaining security, I mean the difficult situation along your southern borders, in Afghanistan. We will talk about all that today," Putin said at a meeting with Rahmon.

Link: <http://tass.com/politics/1008871>

Baku, Chisinau mull expansion of trade turnover

Azerbaijan and Moldova discussed possibility of expansion of trade turnover. President of Moldova Igor Dodon wrote on his Facebook page that this issue became one of the topics of his meeting with Azerbaijan's Ambassador to Moldova Qudsi Osmanov. The parties discussed a number of issues affecting bilateral relations, social programs of the Azerbaijani government in the Gagauz autonomous region.

Link: <https://www.azernews.az/business/133393.html>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Russian Federation	Power Cable Vvngng (a) -Isltx 4?120, M Estimated Cost: RUB 39,875,587	26-Jul-2018
Russian Federation	A Network Pump With An Electric Motor According To The Inverter (output Not Less Than 400 M3 / H, Pressure Of Less Than 98.63 M) Estimated Cost: RUB 4,241,937	26-Jul-2018
Russian Federation	3791252.58; Manufacturing And Delivery Of Lifting Equipment Estimated Cost: RUB 4,701,305	27-Jul-2018
Ukraine	Code: - Pumps And Compressors (pumps) Estimated Cost: UAH 119,962	25-Jul-2018
Ukraine	Mechanical Spare Parts, Except Engines And Engine Parts (gas Cylinder Equipment) Estimated Cost: UAH 1,431,580	27-Jul-2018

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

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