

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 36: Aug 2018

Chairman's Pen



Kazakhstan, the largest economy in Central Asia, has been in discussion for its strength to partially withstand the ripple effect of recession in Russia and Ukraine. The nation witnessed gradual economic development aided by the leading nations of European Union. EU and Kazakhstan have had several economic agreements on trade, investments and other related areas that helped this Central Asian nation to emerge as a market oriented growth economy. Although a slowdown in growth was observed in the recent time, it is not likely to impact stability in the long run. Indian businesses therefore can look for suitable opportunities in the richest economy of Central Asia in terms of trade and investments.

Like the previous ones, I believe this newsletter will also help our member exporters to take informed decision in setting off or expanding their businesses in the CIS region.

Ravi Sehgal

Committee on Trade with CIS Countries - Chairman's Note



Kazakhstan is the richest economy of Central Asia. This country was relatively less affected by the economic recession in Russia and Ukraine as the major development partner of this economy was EU. Rich economies of EU have helped Kazakhstan to come up as a market based open economy over the years inviting more investments and trade from across the globe. In this issue of Newsletter, we have highlighted the path of development followed by Kazakhstan and the contribution of leading EU nations in this connection.

The newsletter also includes brief analysis of Indian engineering exports to the countries of the CIS region during Apr-Aug 2018-19 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.

P. C. Shah

Territorial
NEWSLETTER – CIS Countries

EEPCINDIA
ENGINEERING THE FUTURE
www.eepcindia.org



Basic Facts: CIS

Area: 22.1 million sq. km

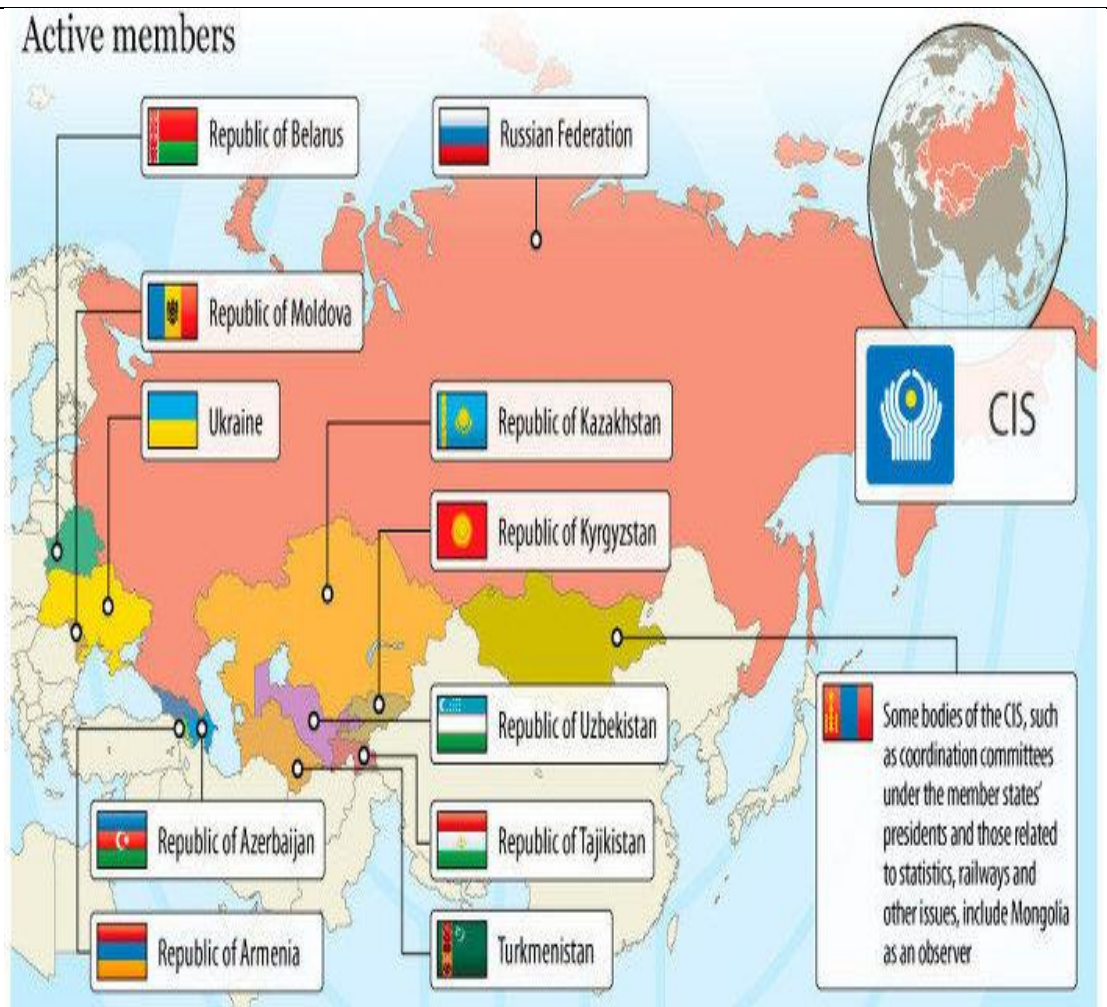
Population: 282 million

GDP (Official exch. Rate 2017): USD 2.082 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.

Active members



EU led the process of economic development in Kazakhstan

Kazakhstan initiated a programme called 'Path to Europe' that has helped the economy to move along the road to economic development. However, getting the tag of a developed economy is far from sight. In 1992, Kazakhstan became the member of Organisation for Cooperation and Security in Europe (OSCE) and then from 1995, EU-based companies began to show interest in developing several sectors of the Kazakh economy like oil, gas, uranium and non-ferrous metals etc. With time, EU became the largest investor in Kazakhstan and areas of bilateral relation was extended. The cooperation with EU nations helped Kazakhstan to assume OSCE chairmanship in 2010.

In the middle of the '90s decade, a partnership and cooperation agreement was signed between Kazakhstan and the European Union that facilitated EU investments in Kazakhstan to a great extent. More than 3000 joint ventures with EU firms were established. The relationship was further strengthened with the signing of a new enhanced partnership and cooperation agreement between these two in 2015 and Kazakhstan became the first CIS country to sign such an agreement with the EU.

As part of the Path to Europe programme, Kazakhstan became a member of the World Trade Organisation, combining the requirements of the WTO, the Customs Union and the Eurasian Economic Union (EAEU). At that point, EU nations have cooperated at all levels to protect the interest of Kazakhstan and by building a constructive relationship with the dynamically developing, open and politically stable Kazakhstan, the EU plans to expand its influence in Central Asia.

Gradually, EU countries have assisted Kazakhstan in carrying out market reforms, deregulating the economy, improving healthcare, social protection and research. The development of transport and logistic infrastructure also came as a part of relationship development that was important for EU to use transit opportunities of Kazakhstan. Improving relations with the EU is expected to help Kazakhstan to achieve the goals of the Fourth Industrial Revolution therein.

Source: An article published in 'The Astana Times' by Sain Borbasov on 14 AUGUST 2018

Link: <https://astanatimes.com/2018/08/cooperation-with-eu-is-source-of-development-for-kazakhstan/>

Trend Analysis of India's Engineering Export to CIS

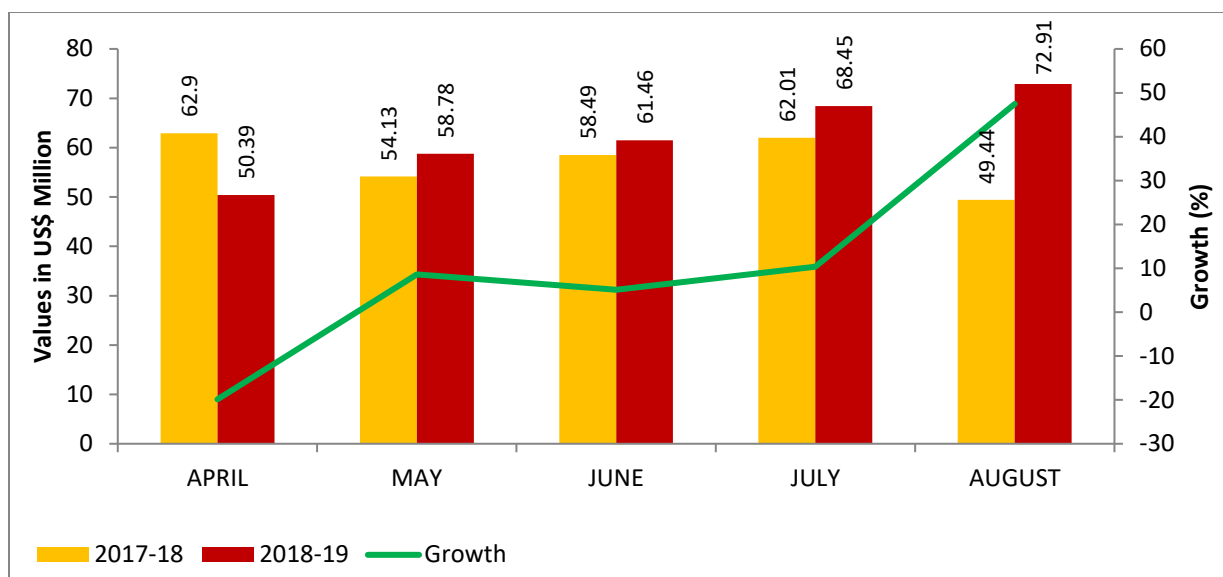
The following table described the exports of Indian engineering products to top five importers from the CIS region during Aug 2018 (Value of Exports measured in USD Million):

Country	Export in Aug 2018	Export in Aug 2019	Growth (%)	Export in Apr-Aug 2018	Export in Apr-Aug 2019	Growth (%)
RUSSIA	36.03	54.55	51.40	214.80	227.51	5.92
UZBEKISTAN	3.58	6.12	70.93	18.72	29.92	59.85
UKRAINE	5.05	6.52	29.13	27.22	25.66	-5.71
GEORGIA	1.16	0.83	-28.77	4.92	10.21	107.55
KAZAKHSTAN	1.49	2.30	54.61	7.94	8.58	8.06

India's engineering exports to CIS region continued to witness year-on-year growth for the fourth straight month to Aug 2018 and this time the growth accelerated to its highest in fiscal 2018-19 at 47.5%. Import from largest CIS destination Russia led this rise in export while rest of the importers import in low volume. Uzbekistan saw 71% growth in imports of Indian engineering products. Among the top five destinations in CIS for Indian engineering exports, only Georgia recorded decline in imports. However, out of the twelve CIS members, four countries recorded decline in exports during Aug 2019.

Cumulative engineering exports to CIS recorded 8.7% year-on-year growth during Apr-Aug 2018-19 driven by around 60% increase in shipments to Uzbekistan while Russia managed around 6% growth in imports of Indian engineering over the same period last fiscal. However, as much as six out of twelve CIS countries conceded year-on-year decline in imports of engineering products from India during the said period.

Month-wise Trend in Engineering Export to CIS region (Apr-Aug 2018-19)



Source: DGCIS Data, EEPC Research

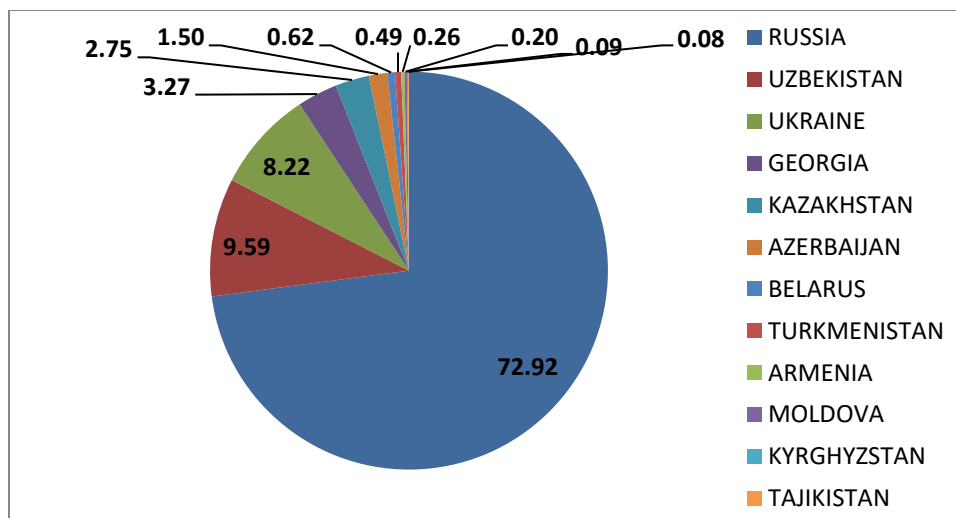
Panel-wise trend in engineering exports to CIS during Apr-Aug 2018-19

Top 10 panels exported to CIS during Apr-Aug 2018-19 are listed below (Value of Exports measured in USD Million).

Panel	Export in Aug 2018	Export in Aug 2019	Growth (%)	Export in Apr-Aug 2018	Export in Apr-Aug 2019	Growth (%)
Iron and Steel	5.66	8.85	56.53	39.16	43.24	10.41
Auto Components/Parts	9.89	10.20	3.16	42.17	43.04	2.08
Other Construction Machinery	3.77	6.49	72.16	19.94	34.13	71.16
Industrial Machinery	4.84	10.46	115.89	31.86	33.82	6.14
Electric Machinery and Equipment	3.42	6.99	104.14	14.67	22.31	52.07
Products of Iron and Steel	2.74	4.18	52.70	13.60	17.28	27.08
Machinery for ATMs	2.80	1.99	-29.10	14.06	14.84	5.55
Medical and Scientific Instruments	1.99	3.58	80.53	10.79	13.47	24.81
Aircrafts, Spacecrafts and Parts	1.06	1.71	60.53	22.65	11.85	-47.67
Nuclear Reactors, Industrial Boilers and Parts	0.47	0.54	14.46	12.93	11.20	-13.36

'Iron & Steel' was the highest exported engineering product group to the CIS region from India during the first five months of fiscal 2018-19 with 10.4% growth in exports over the same period last fiscal. 'Auto component/parts' was the second in the list with over 2% growth during the same time period. Out of 33 product panels, 14 saw drop in exports to CIS during Apr-Aug 2018-19.

India's Engineering Exports to CIS: Country-wise Share (%) during Apr-Aug 2018-19



Source: DGCIS Data, EEPC Research

Major Importers of Indian Engineering Products in the CIS Region during Apr-Aug 2018-19

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing around 73% of India's engineering exports to CIS during Apr-Aug 2018-19.

Top exported product: Iron & Steel; Auto components and parts; Other construction machinery; Electric machinery and equipment, Industrial Machinery.

Uzbekistan:

Uzbekistan is now the second largest export destination for Indian engineering products among all CIS nation but with a much lower share of around 10% during the same quarter.

Top exported products: Industrial Machinery; Auto Components/Parts.

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-	7208	11/04/2016

		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	7211 7225 7226	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>

News in Focus

Iran, Russia banks sign refinance agreement

Export Development Bank of Iran (EDBI) and Moscow MirBusiness Bank on Sunday inked a short-term refinance agreement to promote imports of necessary goods, Irna reported.

Link: <https://www.azernews.az/region/135811.html>

Jan-July 2018: Georgia's external trade up 24.4%

Georgia's external trade grew by 24.4 percent in January-July 2018 and reached \$7.05 billion, says the National Statistics Office of Georgia (Geostat). In the first seven months of 2018 the value of Georgia's exports increased by 28.7 percent to \$1.87 billion, while the value of imports also increased 22.9 percent to \$5.18 billion with respect to January-July 2017, says the Geostat data.

Link: <http://agenda.ge/en/news/2018/1699>

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 (India-EAEU 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>

EEPC India CIS Territorial Newsletter

Contact: Rajarshi Sarma Sarkar

Email: rsarkar@eepcindia.net

Phone no: 033-22890651