

Territorial NEWSLETTER CIS Countries

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



The richest economy of the CIS region, Russia had slipped into recession in 2015 after witnessing feeble growth in the previous two years driven by steep fall in global crude oil and other commodity prices. The economy has seen some improvement in 2016 as crude prices has surged and some diversification in the economy has taken place. The economy is expected to come back to growth path in 2016 but some policy reforms are required for the economy to achieve sustained growth as suggested by the World Bank Group. It is a good sign for India that exports to Russia has gone up in 2016 following the revival of demand for Indian products therein. Meanwhile, both sides are trying their best to develop the bilateral

relational keeping economic relation as a priority. A better economic relation with Russia will help India to penetrate other markets in the CIS region.

I believe our member exporters will find this newsletter a useful one this will help them to take informed business decisions.

Tarvinder Singh Bhasin

Committee on Trade with CIS Countries - Chairman's Note



We have released the sixteenth issue of our Newsletter on CIS. In this issue, we have discussed the economic prospect of Russia, the largest economy of the CIS region based on a study by the World Bank Group. The study finds that development of human capital is essential for Russia to achieve sustainable and inclusive economic growth in the years to come.

The newsletter also contains an analysis of India's engineering exports to CIS region for November 2016 focusing on major export destinations and major engineering panels. Other regular sections like news, information on exhibitions and tenders are basically informative in nature.

I believe this newsletter will certainly be beneficial for our member exporters to expand their export base in the CIS region.

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.

Stress on Human Capital to Restore Growth Momentum in Russia

Russia is the largest as well as the richest nation in the CIS region covering nearly 72% of the combined GDP of this region as on 2015. India's foreign trade figure also shows that Russia accounts for 66.4% of India's total merchandise exports to the CIS region during the last fiscal (2015-16). In case of engineering exports, this share is even higher at 70.7% during 2015-16. Therefore, while exports in other nations need to be increased, focus should always be on Russia for a stronger and deeper economic relationship with the CIS nations.

Economic activities in Russia slowed down significantly in the last couple of years driven by a downward spiraling commodity cycle and especially by a sharp drop in oil prices, which was Russia's main export item. The economy even slipped into recession in 2015 following weak growth in 2013 and 2014. Lack of economic diversification, apart from heavy dependence on oil made Russia vulnerable to terms-of-trade shocks. During the days of economic slowdown, Russian economy has been facing declining savings and falling credit growth and low rate of investments as a consequence. These factors has limited Russia's potential for medium-term growth and confirmed the urgency to find new drivers of growth.

The World Bank group published a study based on Russian economic situation and prospect where it has identified the reasons behind the recession and showed a roadmap to sustainable and inclusive growth. The Systematic Country Diagnostic for Russia by the World Bank group identified two main pathways: (i) increasing productivity for diversified growth and (ii) deepening human capital gains and improving access to services. It also identifies three requisites for sustainable growth: improved governance, fiscal sustainability and better management of natural resources. Progress in all of these areas is critical for Russia to get back on the path toward sustainable growth and expansion of shared prosperity.

To enhance productivity, a new policy regime has been suggested in the report with prime focus on regulatory reform for businesses, infrastructure and connectivity, constraints on innovation by firms, and skills development for individuals. Deepening human capital gains, on the other hand suggests investment in human capital and complementary labor market reforms are essential for increasing the equality of opportunity.

Sustainable advances along both pathways, however, depend also on progress in improving governance, maintaining fiscal sustainability, and better managing environmental and natural resources. Measures to reduce corruption, enhance regulatory quality, strengthen corporate governance, and improve

accountability and capacity in public service delivery are essential elements of a better governance environment.

In the current challenging fiscal landscape, a strategy for managing fiscal risks and improving the efficiency and effectiveness of spending at the national, regional and local levels is increasingly urgent. Over the long-term, the safeguarding of Russia's vast natural resource wealth and the environment is critical to overall progress and for future generations to come.

Source: Article published on <http://www.worldbank.org/en/news/> entitled "Greater Productivity, Investment in People Can Put Russia Back on Path to Sustainable and Inclusive Growth"

Trade Trend Analysis in the CIS

The top 5 CIS nations which had the highest demand for Indian engineering products during Nov 2016 are as follows (Value of Exports measured in USD Million):

Country	Export in Nov 2015	Export in Nov 2016	Growth (%)	Exports in Apr-Nov 2015	Exports in Apr-Nov 2016	Growth (%)
RUSSIA	30.52	41.61	36.33	252.99	368.34	45.60
UKRAINE	4.74	5.88	23.91	34.08	42.00	23.25
GEORGIA	1.46	0.78	-46.74	15.22	24.70	62.23
UZBEKISTAN	1.60	1.84	15.41	15.00	16.73	11.49
TURKMENISTAN	0.24	0.53	117.94	8.39	14.28	70.18

India's engineering exports to CIS nations achieved year-on-year growth for the second consecutive month to Nov 2016 when it recorded 27.2% growth over the same month last year. Russia and Ukraine were the top two importers of Indian Engineering products during the month however Ukraine saw much lower import of Indian engineering products than that of Russia. Out of the top 5 importers of Indian engineering in the CIS region, Only Georgia recorded a decline in imports during the month while 7 out of the 12 CIS nations witnessed fall in engineering imports from India. Cumulative growth of Indian engineering exports to CIS region also reached 37.5% during Apr - Nov 2016 with Russia as the leading destination for the same. Ukraine and Georgia secured the second and third place but export to these two nations were much lower than that of Russia. 5 out of 12 nations recorded fall in engineering imports from India during the first 8 months of fiscal 2016-17 but all top five export destinations enjoyed year-on-year growth during this time period.

Panel-wise trend in engineering exports to CIS during Oct 2016

Top 10 panels exported to CIS during Oct 2016 are listed below (Value of Exports measured in USD Million).

Name of the Panel	Export in Nov 2015	Export in Nov 2016	Growth (%)	Exports in Apr-Nov 2015	Exports in Apr-Nov 2016	Growth (%)
IC Engines and Parts	10.67	1.00	-90.67	20.35	118.86	484.21
Aircrafts and Spacecrafts	7.92	23.17	192.43	69.84	81.71	17.01
Auto Components/Parts	3.29	6.21	88.39	36.94	49.36	33.63
Iron and Steel	1.65	4.22	154.86	37.16	39.85	7.24
Industrial Machinery	4.95	3.43	-30.63	44.33	31.86	-28.14
Products of Iron & Steel	4.13	2.27	-45.03	23.90	24.08	0.77
Electric Machinery and	1.29	1.15	-11.32	23.69	22.80	-3.75

Equipments						
Machinery for ATMs	1.09	3.01	176.64	6.84	20.60	201.20
Medical and Scientific Instruments	1.12	1.58	40.87	11.68	16.31	39.63
Other Construction Machinery	0.56	2.14	282.21	7.20	15.76	118.73

Panel-wise analysis showed 'IC Engines and Parts' was the highest exported product group to CIS region with a robust growth during Apr - Nov 2016 but recorded 90% decline during the month of Nov 2016. The product group 'Aircrafts and Spacecrafts' was the second highest on a cumulative basis and recorded huge 192% growth during the month of Nov 2016. 'Auto Components/Parts' was the immediate follower of Aircrafts with a substantial 89% growth in exports to CIS during Nov 2016 and nearly 34% increase during Apr - Nov 2016. On a monthly basis, 14 out of 33 DGCI&S product groups recorded decline in exports to CIS nations over Nov 2015 while the number marginally narrowed down to 12 on a cumulative basis. Out of the top 10 exporting panels, Industrial and electrical machinery conceded year-on-year decline in exports during Apr - Nov 2016.

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
VELOBIKE 2017	24-Feb 2017 to 26-Feb-2017	Kiev Expo Plaza Exhibition Center Kiev, Ukraine	http://www.eventseye.com/fairs/f-metalwork-and-welding-show-14558-1.html
AQUA-THERM MOSCOW 2017	7-Feb-2017 to 10-Feb-2017	Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road, Russia	http://www.eventseye.com/fairs/f-aqua-therm-moscow-5440-1.html
AQUA-THERM NOBOSIBIRSK 2017	14-Feb-2017 to 17-Feb-2017	Novosibirsk Expocentre Stantsionnaya Street, 104 630071, Novosibirsk	http://www.eventseye.com/fairs/f-aqua-therm-nobosibirsk-18763-1.html

Russia			
10th International Specialized Exhibition equipment and technologies for composite materials producing	28-Feb-2017 to 2-Mar-2017	Expocentre, Moscow, Russia	https://www.jetro.go.jp/j-messe/tradefair_en/CompositeExpo2017_51404

News in Focus

Uzbekistan's Energy Sector to Become More Efficient and Reliable with World Bank Support

The World Bank's Board of Executive Directors approved US\$150 million in financing for the Modernization and Upgrade of Transmission Substations Project in Uzbekistan. It is aimed at improving the technical efficiency and reliability of the power transmission networks in the country

Link: <http://www.worldbank.org/en/news/press-release/2016/11/23/uzbekistans-energy-sector-to-become-more-efficient-and-reliable-with-world-bank-support>

World Bank Vice President Visits Moldova, Calls for New Phase of Reforms

Moldova has an opportunity as well as the potential to continue lifting people out of poverty and building shared prosperity among its people. The key will be continuing sound policies to ensure stability in the financial sector and openness in the economy

Link: <http://www.worldbank.org/en/news/press-release/2016/11/02/world-bank-vice-president-visits-moldova-calls-for-new-phase-of-reforms>

Visiting World Bank Vice President Reiterated World Bank Support to Georgia

World Bank Vice President for Europe and Central Asia commended Georgia for its steady economic growth and development priorities, as he concluded his official county visit.

Link: <http://www.worldbank.org/en/news/press-release/2016/12/06/visiting-world-bank-vice-president-reiterated-the-world-bank-support-to-georgia>

Getting Kazakhstan's Technology out of the Lab and into Global Markets

The Technology Commercialization Project, an initiative of the World Bank Group's Trade & Competitiveness Global Practice and the Government of Kazakhstan, provided grants to scientists in Kazakhstan

Link: <http://www.worldbank.org/en/results/2016/12/20/getting-kazakhstans-technology-out-of-the-lab-and-into-global-markets>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Georgia	Whole Or Part Construction Civil Engineering Work	13-Feb-2017
Belarus	Design And Survey Work, Including Development Of Project Documentation For Reconstruction UI. Umanskoy	06-Feb-2017
Russian Federation	Provision Of Services For Processing And Developing Instructions On Carrying Out Field Observations For Waterworks	17-Feb-2017
Russian Federation	Object "boiler Russian Field" Engineering Training. Development Suhoroyogo Career Number 15	03-Feb-2017

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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