

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



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Chairman's Pen



Regional integration is now the most prominent issue for the CIS member nations. In all the official meetings of heads of states of this region, regional development through mutual cooperation is being discussed. The last meeting of the Supreme Eurasian Economic Council, a body comprised of the Heads of State and Government of member states of the Eurasian Economic Union saw discussions on that line. Along with enhancing cooperation, simplification of organizational structure, mass industrialization, energy efficiency and move towards complete digitization of economy were discussed with utmost priority.

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



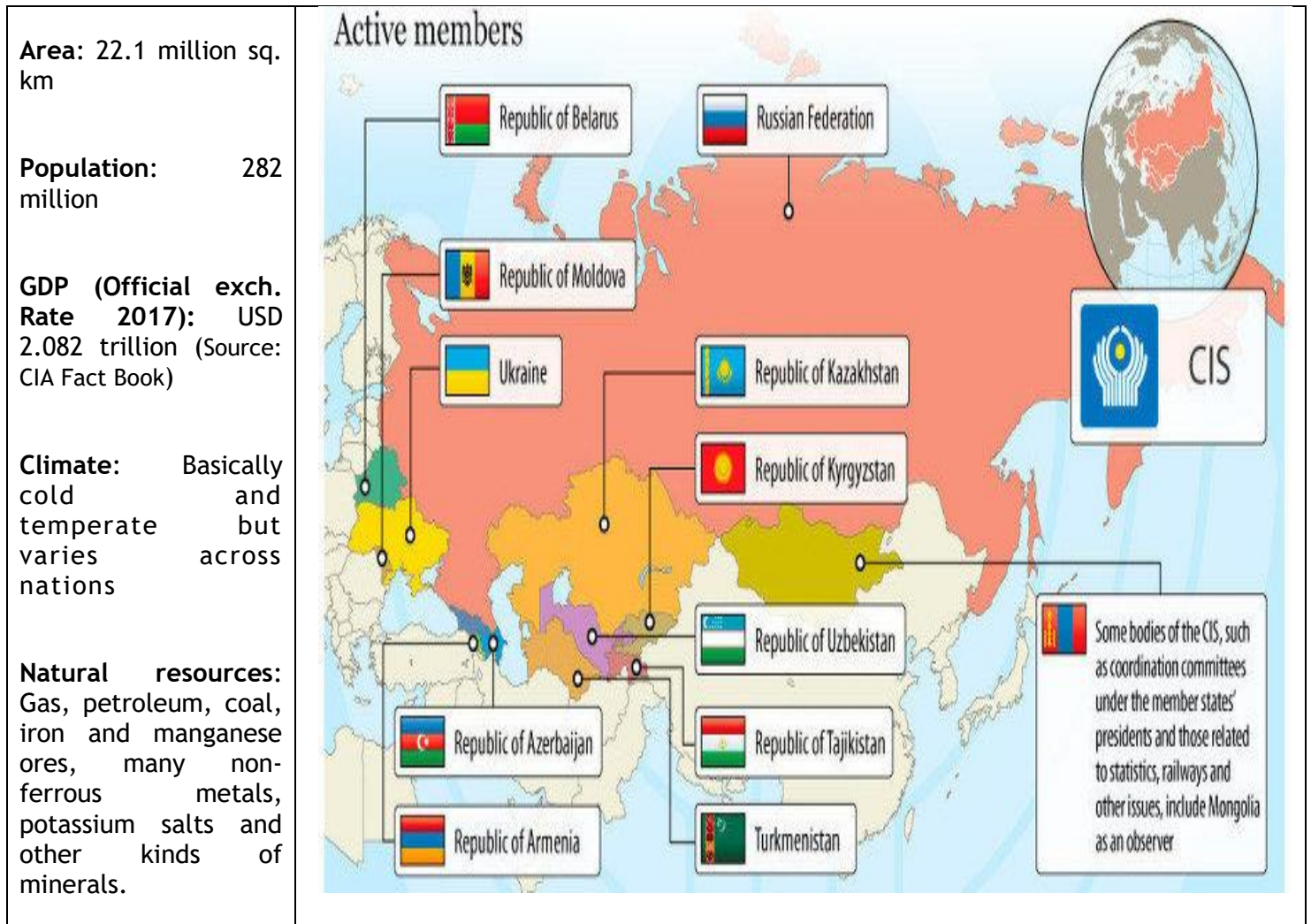
The 40th issue of our Newsletter on CIS has been published. In this issue, we have highlighted the major outcomes of the latest official meeting held by The Supreme Eurasian Economic Council, a decision making body formed by the Heads of State and Government of member states of the Eurasian Economic Union, in Dec 2018 at Russia. Consolidation of regional integration through enhancement of mutual cooperation among member states was the focus of that meeting. Mutual cooperation in the areas of industrialization, foreign exchange and digitization were discussed and effective decisions were taken towards fulfilling these objectives.

The newsletter also includes brief analysis of Indian engineering exports to the countries of the CIS region during Apr-Dec 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

Basic Facts: CIS



EEC as well as CIS emphasize more on mutual cooperation for balanced development

The Supreme Eurasian Economic Council, composed of the Heads of State and Government of member states of the Eurasian Economic Union, held its meeting on 6th Dec 2018 at Saint Petersburg, Russia. The meeting was attended by Presidents of all the five member nations namely Russia, Armenia, Belarus, Kazakhstan and Kyrgyz Republic along with Chairman of the Board of the Eurasian Economic Commission (EEC). President of Republic of Moldova also attended the meeting. Several important decisions in the areas of industrial cooperation, regional integration, energy, digital economy, organizational matters etc. were adopted during the meeting for speedy and balanced development of the region. The member nations also agreed on programmes to form common oil and gas markets and discussed cooperation in space exploration.

The Kazakh President stated that despite the prevailing external conditions and risks associated with the volatility of the global economy, the union managed to maintain a growth trend as evident by the data. The total GDP of the members of the union increased by 2% in the first half of 2018. Intra-union trade also increased 12%, reaching USD 44 billion.

Kazakhstan and Russia completed a pilot satellite monitoring of transit cargo between the two nations' customs services. It was also noted that work will continue to eliminate trade barriers and implement the digital agenda until 2025. EAEU customs code came into force in 2018. The code incorporated the modern approaches to customs administration, including the automation of business processes and the introduction of the "one stop-shop" principle.

A regulatory and institutional framework has been formed for launching a single digital space of the EAEU. The Union's budget for 2019 provides substantial funds for the implementation of large digital projects.

The Russian side also proposed to include simplification of the procedure of citizens' movement in the integration agenda and to establish closer cooperation in healthcare, tourism, and sports. The Russian President stressed that the most important integration tasks, according to the general opinion, include increasing the efficiency of the intra-Union market, strengthening industrial cooperation, creating a single digital space, and ensuring a closer coordination of foreign exchange, financial, monetary and credit policies.

The Kazakh delegation suggested establishing so-called "anchor" projects in key economic areas and welcomed the commission and the governments to determine the list of these projects. The Kazakh President also called for an analysis of the economic feasibility of each new direction both by Eurasian Economic Commission and the member states. He was quite confident on making right move towards achieving the main goals of the EAEU like creation of the free movement of goods, services, capital and labour. He then focused on the need to make additional efforts to ensure a full-scale functioning of the union.

The EEC meeting was followed by an informal CIS heads of state summit where state heads of EED member nations joined the leaders from Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan.

Source:

- 1) The Astana Times
<https://astanatimes.com/2018/12/eurasian-economic-union-leaders-discuss-trade-digital-economy-in-st-petersburg/>
- 2) http://www.eurasiancommission.org/en/nae/news/Pages/07_12_2018_1.aspx

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 Dec 2018 (Value of Exports measured in USD Million):

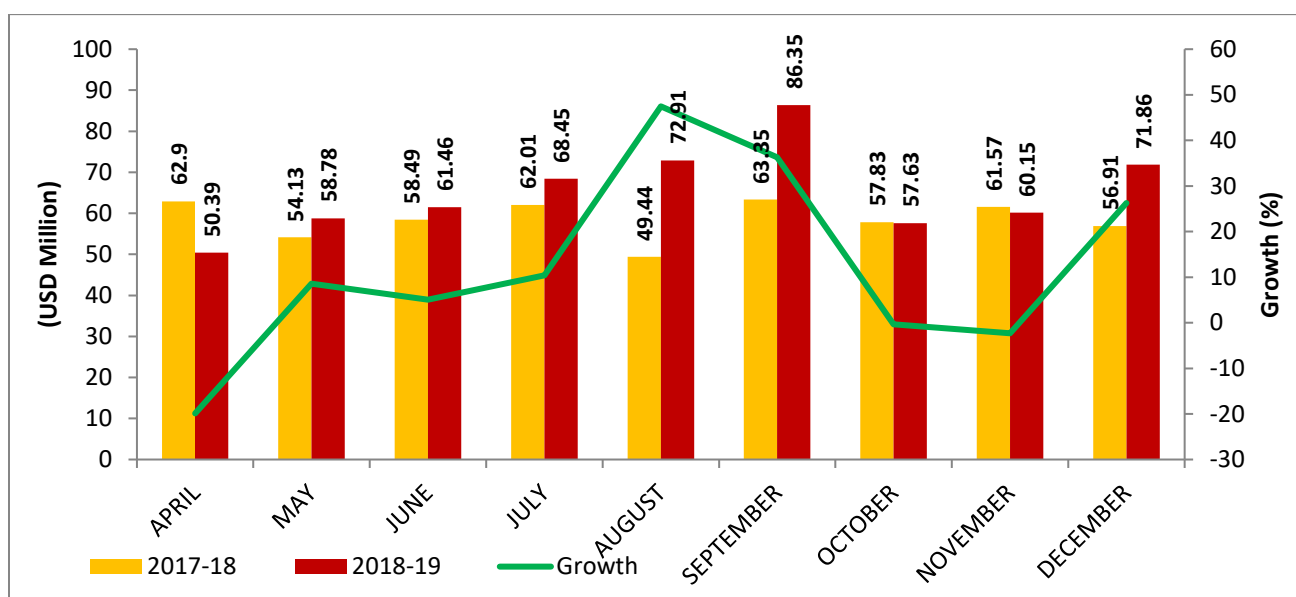
Country	Export in Dec 2018	Export in Dec 2019	Growth (%)	Export in Apr-Dec 2018	Export in Apr-Dec 2019	Growth (%)
RUSSIA	40.84	48.79	19.47	387.38	404.53	4.43
UZBEKISTAN	4.83	6.06	25.45	37.56	76.63	104.05
UKRAINE	6.64	11.62	74.97	58.30	54.47	-6.57
KAZAKHSTAN	1.17	1.41	20.00	11.55	14.53	25.86
GEORGIA	0.35	0.89	156.57	6.91	13.06	89.11

India's engineering exports to CIS was back on the growth path during Dec 2018. After five months of continuous year-on-year growth from May 2019, India's engineering exports to CIS declined in Oct and Nov

2018 due to over 50% decline in import from the third largest CIS importer Ukraine. In Dec 2018, exports was up once again by a substantial 26.3% over Dec 2018. This time. The surge was led by near 205 growth in exports to Russia and 75% growth in exports to the third largest exporting destination in the CIS region Ukraine during the month. Second largest importer Uzbekistan also saw over 25% year-on-year growth during the said month. All of the top five destinations in CIS recorded year-on-year growth in imports during Dec 2018 while three out of twelve CIS members witnessed drop in imports.

Growth in cumulative engineering exports to CIS was at 11.7% during the first nine months of fiscal 2018-19 over the same period last fiscal. This growth was mainly laid by growth in imports of Russia and Uzbekistan while Ukraine conceded year-on-year decline. Exports to Uzbekistan was more than doubled and Russia managed 4.4% growth. However, five out of twelve CIS countries conceded year-on-year decline in imports of engineering products from India during Apr-Dec of fiscal 2018-19.

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



Source: DGCIS Data, EEPC Research

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

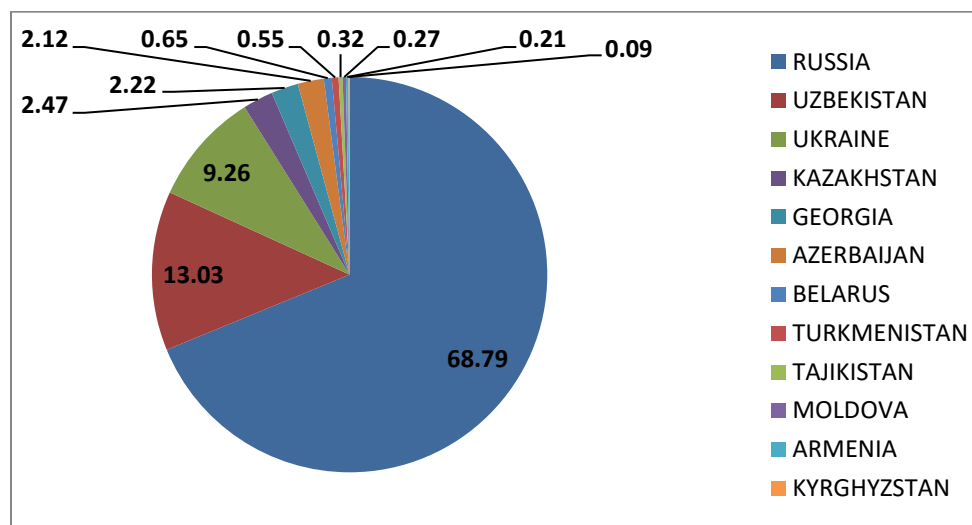
Top 10 panels exported to CIS during Apr-Dec 2018-19 are listed below (Value of Exports measured in USD Million).

Panel	Export in Dec 2018	Export in Dec 2019	Growth (%)	Export in Apr-Dec 2018	Export in Apr-Dec 2019	Growth (%)
Auto Components/Parts	9.86	9.80	-0.66	80.26	88.28	9.99
Industrial Machinery	6.92	7.63	10.30	59.00	83.36	41.29
Iron and Steel	6.21	7.21	16.11	70.98	73.95	4.18
Other Construction Machinery	3.98	6.99	75.48	33.36	55.91	67.59
Electric Machinery and Equipment	3.86	11.49	197.82	39.25	49.60	26.38
Products of Iron and Steel	3.69	4.28	16.02	23.94	29.46	23.07
Machinery for ATMs	4.18	3.76	-10.09	28.44	26.56	-6.59

Medical and Scientific Instruments	2.08	3.46	65.79	19.72	24.22	22.85
IC Engines and Parts	1.85	1.95	5.32	14.27	18.53	29.81
Aircrafts Spacecraft and Parts	2.29	3.08	34.74	33.38	17.18	-48.54

'Auto Components/Parts' continued to remain the largest exported engineering product group exported to CIS during Apr-Dec 2018-19 but cumulative growth slid to single digit due to marginal decline in exports to CIS during Dec 2018. 'Industrial Machinery' was the second highest exported product group to CIS with over 40% growth while Iron and Steel was the third with slightly over 4% growth during the said time period. Out of the 33 product panels, 16 saw drop in exports to CIS during Apr-Dec 2018-19.

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



Source: DGCIS Data, EEPC Research

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

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 68.8 of India's engineering exports to CIS during Apr-Dec 2018-19.

Top exported product: Auto components and parts; Iron & Steel; 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 13.0% during the same time period.

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-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	11/04/2016
			7211	11/05/2017
			7225	
			7226	
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	19/04/2016
			7211	12/05/2017
			7225	
			7226	

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

News in Focus

Uzbekistan stands for simplification of CIS customs procedures

Uzbekistan is in favor of simplifying customs procedures and efficient use of transport corridors in the CIS, the press service of the President of Uzbekistan Shavkat Mirziyoyev said. Mirziyoyev took part in an informal meeting of the Council of Heads of CIS Member States in St. Petersburg on December 6.

Link: <https://www.azernews.az/region/142237.html>

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>

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Contact: Rajarshi Sarma Sarkar

Email: rsarkar@eepcindia.net

Phone no: 033-22890651