

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 XVIII: February 2017

Chairman's Pen



The CIS nations held their inaugural Global Business Forum in the month of February 2017 in Dubai. After an economic slowdown, the CIS economy has been started witnessing some signals of revival led by Russia that comprises more than 70 percent of the GDP of CIS region. However, in this forum business opportunities in the entire CIS region has been highlighted and countries like Azerbaijan, Kazakhstan, and Georgia have emerged as prospective investment destinations for the major global players across various sectors. I believe opportunities are also equally open for Indian multinationals to expand their businesses in those nations while new businesses will also bring good prospect for Indian exports to enhance trade with them. New

opportunities in the CIS region have been maturing at a time when we have the possibility for an FTA with the EAEU. Therefore, we can hope for a deeper trade and investment relation with this emerging region.

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

Tarvinder Singh Bhasin

Committee on Trade with CIS Countries - Chairman's Note



In this eighteenth issue of our Newsletter on CIS region, we have highlighted the upshots of First Global Business Forum in brief of CIS held in February 2017 with a promise for better businesses with this strategically important region. Other than Russia, there are several other countries offering significant investment opportunities that has been captured in this issue.

Analysis of India's engineering exports to CIS region for January 2017 has also been included in this issue 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 be beneficial for our member exporters to and help them in understanding the emerging opportunities in the CIS region.

Aman Chadha



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.

First CIS Global Business Forum Highlighted Private Investment Opportunities

The first Global Business Forum (GBF) of the CIS nation was organized by Dubai Chamber of Commerce and Industry on 17th and 18th Feb 2017 in Dubai. The objective of the forum was to explore new business opportunities and manage macroeconomic challenges as the region has just been rising after a period of economic slowdown. Although, the focus of the forum was on business with GCC nations, emerging economies like India can also reap the benefit if the CIS region continues to see improvement in trade and business activities.

Other than emphasizing on developing the link with selected nations and regions, The Forum also underlined the urgent need for diversification of the economy as well as sources of investment, and to reduce the dependence on natural resources to mitigate the adverse impact of price fluctuations. Experts also recommended the importance of amending/formulating regulations and legislations to conform to global variables, and to provide a transparent environment that will ensure that the interests and rights of investors are protected.

Leading industry players expressed their opinions on different nations of CIS region and pointed out the prospective sectors of those economies. Russia is the richest economy in this region representing around 72% of the CIS GDP and has been attracting maximum investments despite the recession-phase it witnessed in 2014 and 2015. Ukraine is the second richest in the region but other nations did not have significant investment opportunities for long due to slowdown in the region. Now, as economy has been improving gradually, the respective governments have become aggressive towards an investment-driven bounce back of the economic activities.

Three CIS nations have been considered substantial prospect for fresh investments despite having some shortcomings in core economic activities. Azerbaijan is one such nation where companies need to diversify their portfolios as per industry experts. The country has been facing some challenges in the areas of logistics, legislation and recruitments, but there are several instances in Azerbaijan where companies have become major global players within a short period of time. In the Global competitiveness Report 2014-15, Azerbaijan is the first among all CIS nation with overall ranking 40.

Kazakhstan is another nation that has shown relatively better stability in the slowdown phase. Hydrocarbon sector of Kazakhstan offers plenty of investment opportunity with its massive assets. The economy also sees opportunities in sectors like banking, Luxury and Retail but these sectors are closely linked with the Oil &

Gas sector. The nation requires to have a well planned long term strategy in place involving reforms in political and legal systems to diversify the economy and attract investments from multinational companies.

Another nation gaining importance in this region is Georgia. A leading industrialist have opined that Georgia has been successful in creating a diversified economy with sectors such as infrastructure, transport, public services and construction significantly contributing to the economy. It has simplified its taxation process and recent fast paced reforms have brought down the number of taxes to five. One unique advantage of Georgia is that 80% of its imports involve zero percentage taxes. This transparent and business-friendly taxation system will be supportive for private investments in potential sectors like transport, infrastructure energy, power generation, tourism as major investment areas.

While CIS countries have an educated and skilled workforce extending opportunities for global investors to get the best talents at relatively cheaper prices, increasing focus of governments in the area of innovation offers prospects in technological upliftment.

Source: <http://www.cisgbf.com>

Trade Trend Analysis in the CIS

The top 5 CIS nations which had the highest demand for Indian engineering products during April - January 2016-17 are as follows (Value of Exports measured in USD Million):

| Country | Export in Jan 2016 | Export in Jan 2017 | Growth (%) | Exports in Apr-Jan 2015-16 | Exports in Apr-Jan 2016-17 | Growth (%) |
|---------------------|--------------------|--------------------|------------|----------------------------|----------------------------|------------|
| RUSSIA | 30.18 | 27.99 | -7.24 | 327.13 | 437.28 | 33.67 |
| UKRAINE | 2.72 | 5.40 | 98.77 | 40.19 | 51.18 | 27.36 |
| GEORGIA | 4.29 | 1.48 | -65.45 | 24.12 | 25.55 | 5.93 |
| UZBEKISTAN | 2.59 | 2.41 | -7.10 | 20.07 | 21.55 | 7.34 |
| TURKMENISTAN | 0.11 | 0.21 | 90.53 | 8.88 | 14.76 | 66.25 |

India's engineering exports to CIS nations declined year-on-year for the second straight month to Jan 2017 but this time the decline was marginal at 1.65% as against by 6% in Dec 2016. Among the top three importers of Indian engineering products from the CIS nation, only Ukraine recorded year-on-year growth in Jan 2017 while the top importer Russia conceded fall in imports. Out of the 12 CIS nations, six conceded fall in engineering imports from India during Jan 2017 including Russia. It is worth mentioning here that Russia consumes 68% of India's engineering exports to CIS during Jan 2017 and 75% on a cumulative basis during Apr - Jan 2016-17. Cumulative engineering exports however achieved a solid 27.73% growth during Apr - Jan 2016-17 where top five importers all recorded positive growth and only three out of 12 CIS nations faced decline in year-on-year engineering imports from India on a cumulative basis.

Panel-wise trend in engineering exports to CIS during Jan 2017

Top 10 panels exported to CIS during April - January 2016-17 are listed below (Value of Exports measured in USD Million).

| Name of the Panel | Export in Jan 2016 | Export in Jan 2017 | Growth (%) | Exports in Apr-Jan 2015-16 | Exports in Apr-Jan 2016-17 | Growth (%) |
|------------------------------------|--------------------|--------------------|------------|----------------------------|----------------------------|------------|
| IC Engines and Parts | 0.78 | 1.28 | 64.02 | 21.42 | 125.84 | 487.61 |
| Aircrafts & Spacecrafts | 4.45 | 2.13 | -52.16 | 94.02 | 92.28 | -1.85 |
| Auto Components/Parts | 4.42 | 5.48 | 24.00 | 44.65 | 62.43 | 39.81 |
| Iron and Steel | 6.43 | 6.58 | 2.30 | 48.70 | 52.62 | 8.07 |
| Industrial Machinery | 5.16 | 4.70 | -8.78 | 56.93 | 40.91 | -28.14 |
| Products of Iron & Steel | 2.64 | 3.52 | 33.35 | 30.20 | 31.21 | 3.33 |
| Electric Machinery and Equipments | 2.14 | 1.62 | -24.21 | 27.47 | 25.47 | -7.26 |
| Machinery for ATMs | 3.59 | 1.68 | -53.30 | 12.99 | 24.09 | 85.41 |
| Other Construction Machinery | 0.72 | 2.49 | 246.67 | 9.12 | 21.71 | 138.16 |
| Medical and Scientific Instruments | 1.96 | 2.27 | 16.09 | 15.67 | 21.18 | 35.21 |

Panel-wise analysis showed 'IC Engines and Parts' continued to remain the highest exported product group to CIS region during Apr - Jan 2016-17 with a sizeable growth. The product group 'Aircrafts and Spacecrafts' was the second highest on a cumulative basis but conceded marginal decline in exports to CIS on a cumulative basis. 'Auto Components/Parts' was the immediate follower of Aircrafts with 39.8% growth in exports to CIS during Apr - Jan 2016-17. Out of the top ten panels, 3 witnessed drop in exports to CIS on a cumulative basis over the same period last year and when all the 33 panels were taken into consideration, the number went up to 13. Monthly analysis for Jan 2017 however showed that Iron and Steel, Auto components/Parts and Industrial Machinery were the three top exporting panels to CIS.

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 |
|---------------------------------|----------------------------|---|---|
| Expo Electronica 2017 | 25-Apr-2017 to 27-Apr-2017 | Crocus Expo International Exhibition Center, Moscow, Russia | http://www.expoelectronica.ru/?lang=en-GB |
| Mining World Russia 2017 | 25-Apr-2017 to 27-Apr-2017 | Crocus Expo International Exhibition Center, Moscow, Russia | http://www.miningworld.ru/en-GB/ |
| Road & Traffic 2017 | 26-Apr-2017 to 28-Apr-2017 | Baku Expo Centre, Baku, Azerbaijan | http://www.roadtraffic.iteca.az/ |
| Metalloobrabotka 2017 | 15-May-2017 to 19-May-2017 | Expocentre. 14 Krasnopresnenskaya nab. Moscow | http://www.metobr-expo.ru/en/ |
| Caspian Power 2017 | 31-May-2017 to 3-Jun-2017 | Baku Expo Centre, Baku, Azerbaijan | http://www.caspianpower.az/ |

News in Focus

Russia, India in negotiations for new investment agreement

Russia and India are negotiating a new agreement on encouragement and mutual protection of investments, Yaroslav Tarasyuk, Head of the Trade representation of the Russian Federation in New Delhi told RIA Novosti on 22nd march 2017.

Link: https://in.rbth.com/economics/2017/03/22/russia-india-in-negotiations-for-new-investment-agreement_725036

India opposes Silk Road because Russian backing for CPEC has Delhi embarrassed: China

India sees China's Silk Road initiative as a geopolitical competition and is using the Kashmir issue as an "unfounded excuse" to oppose the ambitious project, Chinese state media today alleged and asked New Delhi to "abandon" its "cliche mentality".

Link: <http://economictimes.indiatimes.com/news/politics-and-nation/india-using-kashmir-to-oppose-silk-road-project-says-chinese-media/articleshow/57911614.cms>

IMF says will decide on Ukraine aid tranche on April 3

The International Monetary Fund executive board will meet on April 3 to decide whether to disburse a \$1 billion aid tranche to Ukraine as part of its \$17.5 billion bailout programme for the country, it said in a statement.

Link: <http://world.einnews.com/article/373561629/k1PWnOI0xgMRAOda?lcf=rYJk0YUIOaKeZMOBXIi3Hy2fnKk253vZsvgJEPgXfM%3D&pg=7>

Russia's Largest Bank Leaves Ukraine

The Ukrainian subsidiary of Sberbank, Russia's largest bank, has been sold to a consortium of investors. According to experts, the move is positive both for Sberbank and its Ukrainian customers.

Link:

<https://world.einnews.com/article/373411842/Qt3GqiEpUAVtg3B1?lcf=rYJk0YUIOaKeZMOBXli3Hy2fnKk253vZsvgJEPgXFtM%3D&pg=24>

Kazakhstan, EU strengthen economic, trade cooperation

Representatives from the European Union and Kazakhstan met in Astana recently to make headway on issues pertaining to the EU-Kazakh Enhanced Partnership and Cooperation Agreement.

Link: <http://www.efe.com/efe/english/eventos/kazakhstan-eu-strengthen-economic-trade-cooperation/50000272-3221403>

Tender Information in CIS

Prior information Notices

| Location | Title | Deadline |
|--------------------|---|-------------|
| Georgia | Provision Of Technical Assistance For The Bus Fleet Replacement And Related Support | 21-Apr-2017 |
| Russian Federation | Provision Of Services For Development Of Project Documentation For The Reconstruction Of The Central Heat Supply Station Estimated Cost: RUB 1,406,095 | 18-Apr-2017 |
| Kazakhstan | Procurement Services For Technical Supervision | 13-Apr-2017 |
| Turkmenistan | Earthquake Monitoring System Improvement Project In Ashgabat City Area Of Turkmenistan | 21-Apr-2017 |
| Georgia | Whole Or Part Construction Civil Engineering Work Estimated Cost: GEL 90,284 | 20-Apr-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

Contact: Rajarshi Sarma Sarkar

Email: rsarkar@eepcindia.net

Phone no: 033-22890651