

# Territorial NEWSLETTER CIS Countries

**EPCINDIA**

ENGINEERING THE FUTURE

Vanijya Bhavan (1st Floor)  
International Trade Facilitation  
Centre (ITFC)  
1/1 Wood Street,  
Kolkata - 700016  
[www.eepcindia.org](http://www.eepcindia.org)



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## Chairman's Pen



India's bilateral relation with Russia has always been warm and cordial. This issue has highlighted the partnership between these two in heavy engineering sector. Starting from the steel plant in Villai in 1955 to agreement on construction of solar plants in 2015, the industry has witnessed several India-Russia collaborations in heavy engineering segment. India's development in industrial infrastructure and inception of initiatives like 'Make in India' will lead to more collaboration in heavy engineering and capital goods from overseas including Russia. This in turn will further facilitate engineering exports from India.

I believe, like the previous newsletters, this issue will also help our member exporters to take informed decision to set up or expand their businesses in the CIS region.

Ravi Sehgal

## Committee on Trade with CIS Countries - Chairman's Note



The 30th issue of our Newsletter on the CIS region has been published and In this issue, we have discussed the scenario of India-Russia collaborations in India's heavy engineering segment. Heavy engineering is a key segments of Indian manufacturing and development of this segment is critical to the transition of Indian economy into a developed one. Collaborations from developed as well as emerging nations at this stage are really needed for India at this stage in order to develop its engineering products up to the global standard. This will also drive up the global demand for Indian engineering products and lead to higher engineering exports from India.

Russia's recovery from economic slowdown is expected to strengthen the relationship further in the years to come.

The newsletter also includes brief analysis of Indian engineering exports to the countries of the CIS region during Apr - Jan of fiscal 2017-18 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

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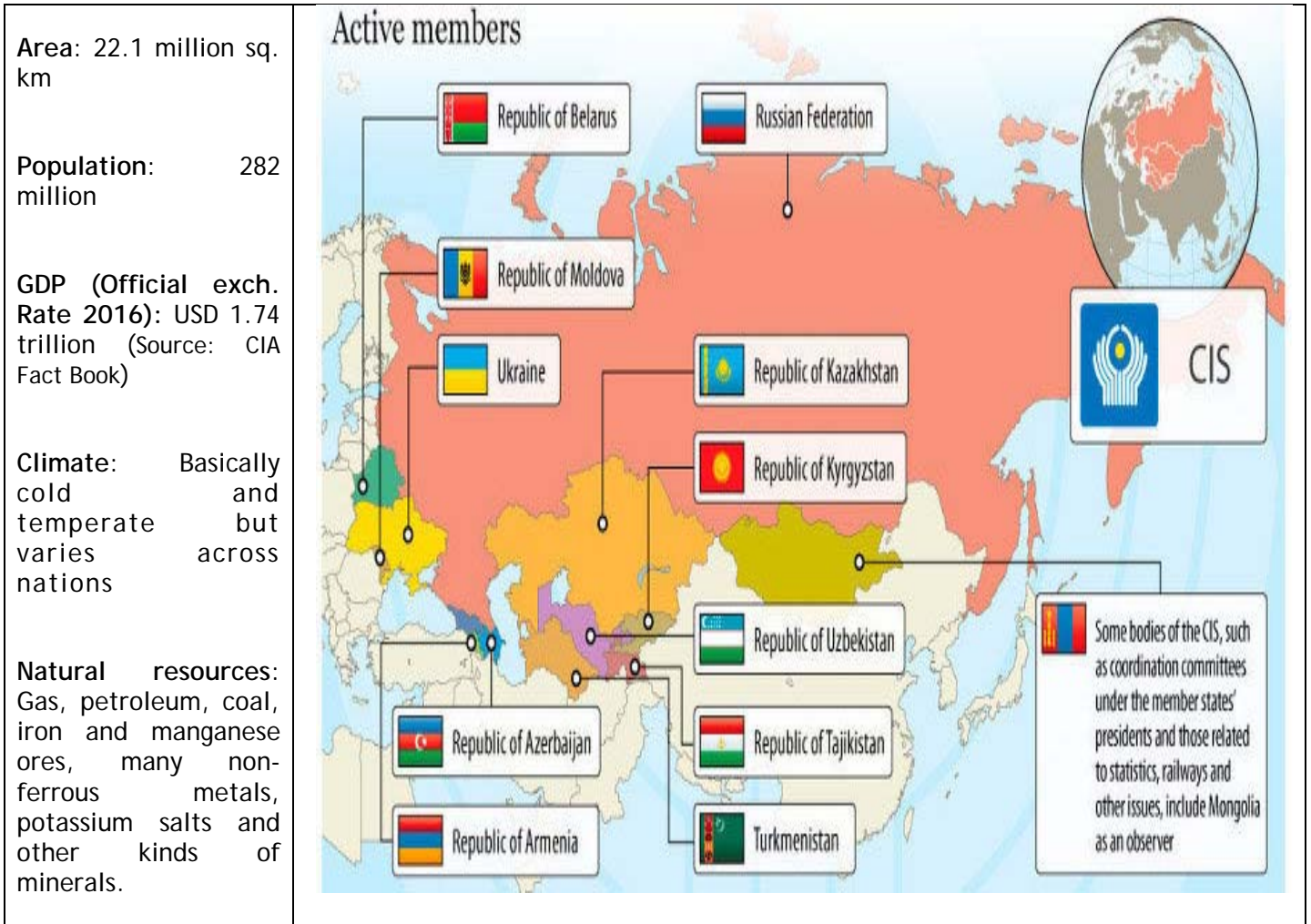
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## Basic Facts: CIS



## India-Russia Collaborations in Heavy Engineering Segment

In 2017, India and Russia celebrated 70 years of their diplomatic ties between them. We have highlighted this issue earlier in one of our previous newsletter. The official website of 'Make in India' has published an article on this issue mentioning the current status of this relationship and information on the partnerships. The write up as obtained from the official website of 'Make in India' is as follows:

India and Russia have a long-standing partnership when it comes to engineering. India's first economic agreement with Russia was to set up a steel plant at Bhilai in 1955; soon followed by an agreement to set up another steel plant at Bokaro. Uralmash supplied heavy equipment to almost all the large-scale metallurgical plants in India, including steel plants in Bhilai, Bokaro, Vishakhapatnam and Rourkela. Eight of India's sixteen heavy industry projects in the 5 year plan of 1956-1961 were built with Russian help. More recently, the Heavy Engineering Corporation (HEC), Ranchi signed agreements with Russia's CNIITSMASH to establish a Centre of Excellence in India and modernise HEC's facilities.

Also in 2015, Solar Energy Corporation of India signed an MoU with the Russian Energy Agency to construct solar plants in India.

Meanwhile, HEC signed a MoU with Rosatom, Russia's state nuclear energy corporation, to locally manufacture equipment to be used in the Kudankulam nuclear power project, India's single largest nuclear power station.

In 2016, Uralmash and SRB International formed a JV to manufacture heavy equipment for India's steel and mining sector to boost 'Make in India' and raise bilateral India- Russia trade and investment volumes.

Uralmash and SRB International have cooperated in supplying and servicing heavy equipment to Indian companies for many years, including Steel Authority of India (SAIL), National Minerals Development Corporation (NMDC), Coal India and Jindal Steel & Power Ltd (JSPL).

The Heavy Engineering Equipment and Machine Tools Industry – a part of the Capital Goods sector – is the backbone of India's entire manufacturing sector. The Capital Goods sector contributes 12% to the manufacturing sector in India and provides direct employment to 1.4 million people and indirect employment to 7 million people.

The National Capital Goods Policy was approved in 2016 with an aim to increase production of capital goods from USD 35 billion in 2014-15 to USD 115 billion in 2025 and raising direct and indirect employment from the current 8.4 million to 30 million.

The policy aims to increase "exports from the current 27 percent to 40 percent of production. It will increase the share of domestic production in India's demand from 60 percent to 80 percent thus making India a net exporter of capital goods."

In 2017, Russia was the "Partner Country" at International Engineering Sourcing Show (IESS) at Chennai organised by the Engineering Export promotion Council, a division of Ministry of Commerce and Industries, Govt. of India. A large 120-member delegation from Russia exhibited their technology and products at IESS in March 2017.

India's increasing spend on logistics infrastructure, the Smart Cities project, and changing trends in power generation and distribution, all present immense opportunities.

For example, take the cooperation between the state of Andhra Pradesh and Morinfosistema-Agat to create an integrated system for water transport monitoring. This work is being carried out in partnership with Bharat Electronics Limited and Larsen & Toubro.

"Russia and India both have huge potential in the form of human resources, and the focus on engineering as an area of cooperation is a natural fit."

Source: The write-up published in -

<http://www.makeinindia.com/article/-/v/70-years-of-india-russia-heavy-machinery-highlights>

## Trend Analysis of India's Engineering Export to CIS

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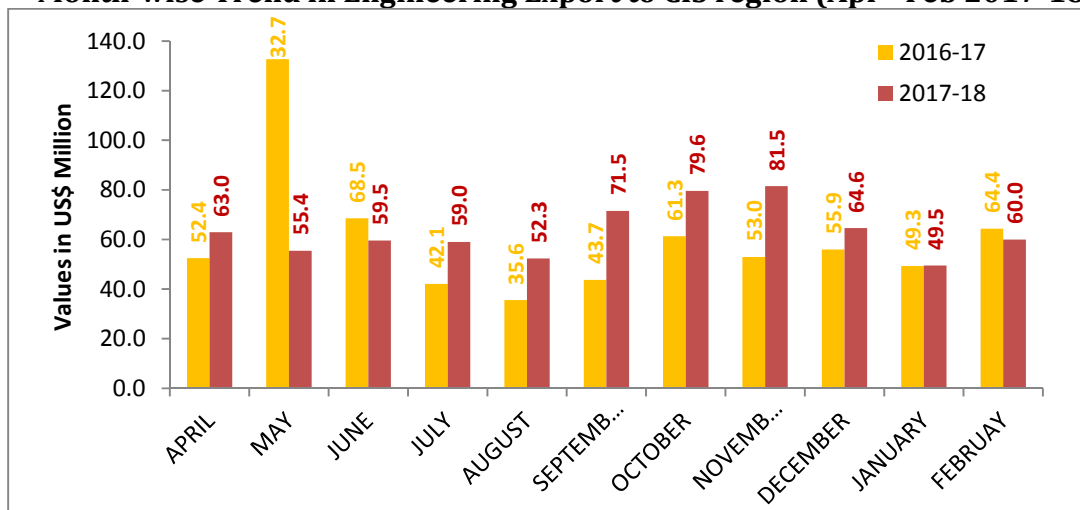
The following table described the exports of Indian engineering products to top five importers from the CIS region during February 2018 as well as during April - February 2017-18 (Value of Exports measured in USD Million):

Country	Export in Feb 2016	Export in Feb 2017	Growth (%)	Exports in Apr-Feb 2016-17	Exports in Apr-Feb 2017-18	Growth (%)
RUSSIA	44.97	39.80	-11.49	493.93	463.10	-6.24
UKRAINE	5.57	5.05	-9.38	56.75	69.22	21.96
UZBEKISTAN	3.58	5.84	63.04	25.13	46.42	84.73
KAZAKHSTAN	0.37	7.40	1890.86	12.51	22.08	76.53
AZERBAIJAN	5.23	0.22	-95.87	18.53	10.88	-41.30

Indian engineering exports to CIS dropped in Feb 2018 on a year-on-year basis after seven months. Exports dropped by 6.86% over Feb 2017. Russia, the trendsetter for Indian engineering exports to CIS with 72.8% share conceded 11.5% decline during the reporting month while the second highest importer Ukraine saw 9.38% decline in import during Feb 2018. Out of the top-5 CIS importers of Indian engineering products, 3 conceded year-on-year decline in engineering imports from India during Feb 2018 while out of 12 CIS nations, 6 conceded year-on-year decline in Feb 2018.

Cumulative engineering exports to CIS declined by 4.03% during Apr - Feb 2017-18 after registering growth till Dec 2017. Leading exporter Russia once again set the trend with 6.24% decline in imports of Indian engineering during the first eleven months. Engineering exports to Ukraine however recorded 21.96% growth during this time period and that to Uzbekistan was around 84.7% over the same period last fiscal. Out of 12 CIS nations, 5 recorded year-on-year decline in imports from India during Apr - Feb 2017-18.

**Month-wise Trend in Engineering Export to CIS region (Apr - Feb 2017-18)**



Source: DGCIS Data, EEPIC Research

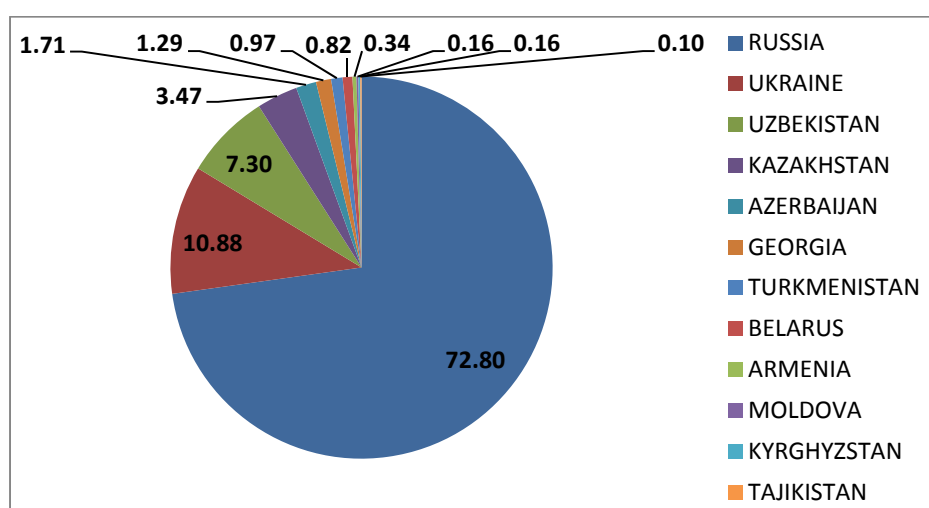
## Panel-wise trend in engineering exports to CIS during April - February 2017-18

Top 10 panels exported to CIS during Apr - Feb 2017-18 are listed below (Value of Exports measured in USD Million).

Panel	Export in Feb 2017	Export in Feb 2018	Growth (%)	Exports in Apr-Feb 2016-17	Exports in Apr-Feb 2017-18	Growth (%)
Aircrafts & Spacecrafts	8.68	1.94	-77.68	104.90	106.53	1.55
Auto Components/Parts	5.25	10.18	93.88	67.68	98.07	44.90
Iron and Steel	7.52	5.30	-29.50	60.15	85.62	42.36
Industrial Machinery	5.92	6.72	13.47	46.82	72.91	55.71
Electric Machinery and Equipments	5.03	3.40	-32.42	30.50	45.19	48.15
Other Construction Machinery	3.84	5.25	36.85	25.55	41.22	61.35
Machinery for ATMs	2.70	2.39	-11.33	26.63	33.81	26.93
Products of Iron & Steel	7.97	4.43	-44.37	39.18	30.72	-21.61
Medical and Scientific Instruments	2.00	2.17	8.26	23.31	23.87	2.42
Auto Components/Parts	5.25	10.18	93.88	67.68	98.07	44.90

'Aircrafts, Spacecrafts and Parts' continued to be the largest engineering product group exported by India to CIS region during Apr - Feb of 2017-18 but with a noticeable slowdown in the year-on-year rate of growth at 1.55% as against a higher 10.6% during Apr - Dec and 17.3% during Apr - Nov 2017-18. 'Auto components/parts' was the second highest exporting engineering product to CIS during Apr - Feb 2017-18 with 44.9% increase in year-on-year exports. 'Iron and Steel' dropped to third place in this fiscal but achieved an impressive 42.36% growth in exports to CIS during the same time period. However, 'Products of Iron and Steel' conceded decline in export on a cumulative basis during the first eleven months of 2017-18 among the top 10 product panels exported to CIS. Out of the 33 product groups, 9 witnessed declines in exports to CIS during the period concerned.

## India's Engineering Exports to CIS: Country-wise Share (%) during April - February 2017-18



Source: DGCIS Data, EEPIC Research

## Major Importers of Indian Engineering Products in the CIS Region during April - February 2017-18

### Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 72.8% of India's engineering exports to CIS during Apr - Feb 2017-18

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

### Ukraine:

Ukraine is the immediate follower of Russia but with a much lower share at 10.88% during the same time period.

Top exported products: Iron & Steel; Electric Machinery; Products of Iron and Steel; Industrial machinery; Aluminium & products.

## 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.

**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
STEEL STRUCTURES 2018	May 29 - June 01, 2018	Expocentr' Krasnaya Presnya Fairgrounds 14, Krasnopresnenskaya naberezhnaya Moscow 123100, Russia	<a href="https://www.eventseye.com/fairs/f-steel-structures-23175-1.html">https://www.eventseye.com/fairs/f-steel-structures-23175-1.html</a>
ADVANCED AUTOMATION TECHNOLOGIES. PTA ST. PETERSBURG 2018	05-Jun-2018 To 07-Jun-2018	St. Petersburg (Russia)	<a href="https://www.eventseye.com/fairs/f-advanced-automation-technologies.-pta-st.-petersburg-25484-1.html">https://www.eventseye.com/fairs/f-advanced-automation-technologies.-pta-st.-petersburg-25484-1.html</a>
CTT MOSCOW 2018	05-Jun-2018 To 08-Jun-2018	Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road, Russia	<a href="https://www.eventseye.com/fairs/f-ctt-moscow-11907-1.html">https://www.eventseye.com/fairs/f-ctt-moscow-11907-1.html</a>
AGRO KIEV 2018	06-Jun-2018 To 09-Jun-2018	National Complex 'Expocentre of Ukraine' 1, Ave. Glushkova Kiev, Ukraine	<a href="https://www.eventseye.com/fairs/f-agro-kiev-8669-1.html">https://www.eventseye.com/fairs/f-agro-kiev-8669-1.html</a>

### News in Focus

#### CIS FLAT STEEL: Prices fall in weak global market

Export prices for hot-rolled coil (HRC) and cold-rolled coil (CRC) from the Commonwealth of Independent States fell in the week to Monday April 30 on low offers and deal levels, sources told Metal Bulletin.

Link: <https://www.metalbulletin.com/Article/3803933/CIS-FLAT-STEEL-Prices-fall-in-weak-global-market.html>

#### Turkmenistan's new Turkmenbashi international seaport another link in expanding Eurasian trade

Turkmenistan's new Caspian Sea port will give its landlocked neighbors – Afghanistan, Uzbekistan, and Kyrgyzstan – a vital maritime transport link to Western markets. We are republishing this article on the issue, written by John C. K. Daly, originally published by The Jamestown Foundation's Eurasia Daily Monitor:

Link: <https://www.timesca.com/index.php/news/19725-turkmenistan-s-new-turkmenbashi-international-seaport-another-link-in-expanding-eurasian-trade>

## Promotion of Kazakh goods for foreign markets

Kazakhstan widens its export network and list of exported goods. According to the National Center of Accreditation of the Committee of Technical Regulation and Metrology, the list of Kazakhstan's export product is increased by 30 per cent annually. Certification of goods and compliance with global standards play an important role in the trade activity.

Link: [http://kazakh-tv.kz/en/view/business/page\\_193399\\_promotion-of-kazakh-goods-for-foreign-markets](http://kazakh-tv.kz/en/view/business/page_193399_promotion-of-kazakh-goods-for-foreign-markets)

## CIS-BCCI signs e-commerce trade agreement with 50 countries

Commonwealth of Independent States - Bangladesh Chamber of Commerce & Industry (CIS-BCCI) has signed e-commerce trade agreement with 50 countries, a press release of the business body said. The release said CIS-BCCI and the global business platform 'Qoovee' had a meeting on the prospect of establishing business relations of Bangladeshi businessmen in CIS countries at CIS-BCCI Chamber in Dhaka

Link: <http://en.prothomalo.com/corporate/news/175339/CIS-BCCI-signs-e-commerce-trade-agreement-with-50>

## Tender Information in CIS

### Prior information Notices

Location	Title	Deadline
Ukraine	Mechanical Spare Parts, Except Engines And Engine Parts (steering Columns, Etc.) Estimated Cost: UAH 132,713	31-May-2018
Russian Federation	Agreement For The Maintenance Of Engineering Systems Owned By Atomenergoproekt Jsc (389pr / Zp-018) Estimated Cost: RUB 82,046,913	25-May-2018
Belarus	Purchase Of Passenger Car New; passenger Car	28-May-2018
Kazakhstan	Tools And Accessories For The Spare Parts Kit	05-Jun-2018

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

EPEC India CIS Territorial Newsletter  
Contact: Rajarshi Sarma Sarkar  
Email: [rsarkar@eepcindia.net](mailto:rsarkar@eepcindia.net)  
Phone no: 033-22890651