

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



After Russia, Uzbekistan is now the second largest importer of Indian engineering products among the CIS nations. It is the richest economy of Central Asia and one of the most promising one in the CIS region. After the government adapted a reform agenda to make the country a market oriented competitive economy based on private investment, several large scale players from across the globe eyed Uzbekistan as one of the most prospective region for setting up their businesses. The room is also open for the Indian investors and Uzbekistan has already invited investments from India in a number of sectors, especially agriculture, engineering and renewable energy.

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 42nd edition of our Newsletter on CIS has been published. In this issue we have highlighted investment opportunities in Uzbekistan as one of the most emerging nation in Europe and the most promising economy of the CIS region. As our engineering trade with this nation has been increasing over the years, scope of investments for the Indian businesses has also been flourishing due to the market oriented growth model of the government therein.

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

Area: 22.1 million sq. km

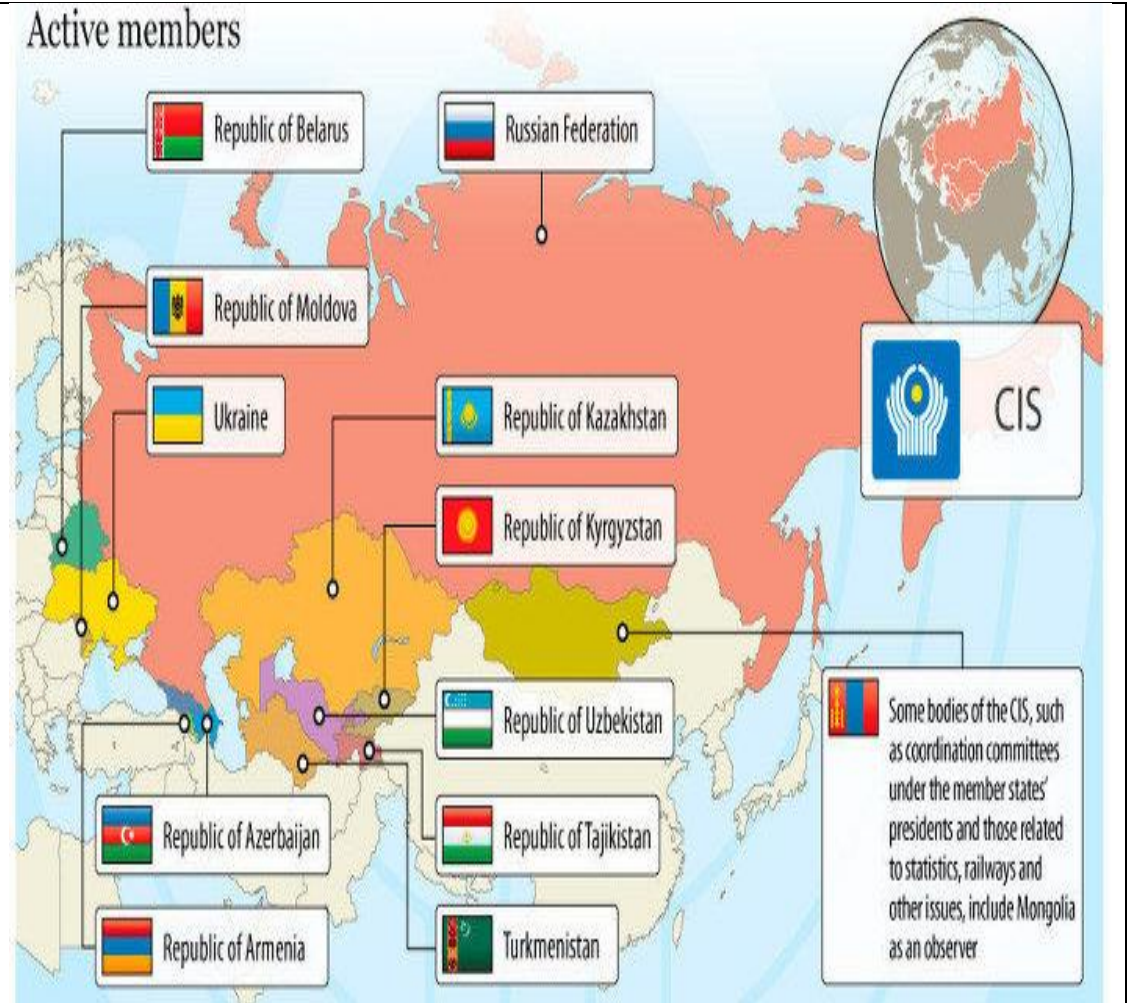
Population: 282 million

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



Uzbekistan sees floods of foreign investments as the most promising economy in CIS

Uzbekistan is now the second largest importer of Indian engineering products with its share reaching double-digit and imports more than doubled in comparison to the previous fiscal. The economy of Uzbekistan remained more or less steady during the CIS recession and the economy has opened up to the private players. In January 2019, the government therein adopted a "Reform roadmap" with support from the World Bank. A five-year development strategy for 2017-21 has been adopted and the reform agenda focused on the implementation of the same. The agenda was designed to build a competitive market-oriented economy in Uzbekistan. These recent measures of the government caught the attention of the global players as a prospective area of investment. An article published in "bne INTELLINEWS" recently highlighted the fact. Here are some excerpts from the article.

Uzbekistan, the third largest in the Commonwealth of Independent States (CIS) and one of the fastest growing economy has a relatively diversified economy. In addition to the traditional cotton farming, the deserts in the middle of the country are replete with minerals, especially gold. Its agricultural potential is large. The scope for investments spread across a large number of industries.

An agreement on geological exploration and pilot production at prospective areas for gold and tungsten mining signed between the Geological Survey of Turkey (MTA) and the Uzbek government. A number of companies from Turkey are exploring the possibility of constructing solar and wind power plants along with combined-cycle power plants in Uzbekistan. Uzbek state-run energy firm Uzbekenergo plans to invest a total US\$ 4.4 billion in 14 renewable energy projects this year as the Uzbek government hopes to generate 20% of country's electricity demand through renewable energy. Uzbekistan and France signed a memorandum to create two laboratories for identifying products containing genetically modified organisms (GMOs) along with toxic organic compounds as Uzbekistan has been diversifying its agriculture sector.

Telecom is also seeing a new look. Local Uzbek media reports indicated that the Swedish telecom company Ericsson was considering resuming its operations in Uzbekistan following a seven-year hiatus. Among other potential foreign investment projects, Russia's MetProm is set to construct a €286mn Tashkent Metallurgical Plant (TMZ) by December 2019. After reaching full capacity, the plant will annually produce 500,000 tonnes of cold-rolled metal.

The number of foreign investment projects in Uzbekistan are likely to keep expanding as the country continues its reform-drive, including plans to privatize its flagship gold producer Navoi Mining and Metallurgical Company (NMMC) and to end the shroud of secrecy over the country's gold mining sector statistics.

Source:

1. World bank
2. An article published on the website of "bne INTELLINEWS" entitled 'Floods of foreign companies coming to Uzbekistan to implement projects'

Link: <https://www.intellinews.com/floods-of-foreign-companies-coming-to-uzbekistan-to-implement-projects-156716/>

Trend Analysis of India's Engineering Export to CIS

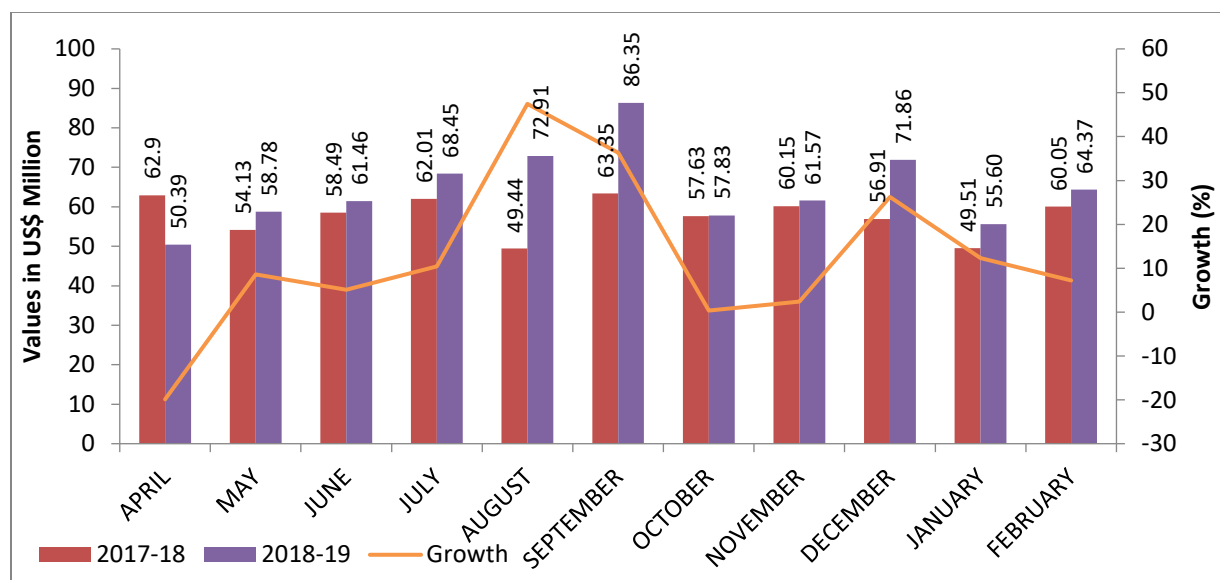
The following table described the exports of Indian engineering products to top five importers from the CIS region during Jan 2019 (Value of Exports measured in USD Million):

Country	Export in Feb 2018	Export in Feb 2019	Growth (%)	Export in Apr-Feb 2018	Export in Apr-Feb 2019	Growth (%)
RUSSIA	39.80	42.68	7.23	463.10	483.60	4.43
UZBEKISTAN	5.84	7.99	36.81	46.42	92.99	100.33
UKRAINE	5.11	5.38	5.21	69.28	65.47	-5.50
KAZAKHSTAN	7.43	3.29	-55.71	22.10	20.03	-9.39
GEORGIA	0.84	1.01	19.74	8.19	15.68	91.52

India's engineering exports to CIS region continued to witness year-on-year growth during Feb 2019 but rate of growth also continued to decline. Growth in Feb 2019 was recorded at 7.18% as against 12.3% in Jan 2019 and 26.3% in Dec 2018. Russia, the largest export destination for Indian engineering exports among all CIS nations witnessed a decline in share in India's total engineering exports to CIS to 68.3% during Apr-Jan 2018-19 from around 75% a year ago. Exports to Russia however saw a higher 7.23% growth in Feb 2019 from a meagre 1.3% in Jan 2018 but exports to Uzbekistan, the immediate follower to Russia in receiving engineering exports from India in the CIS region, recorded a slower 36.8% in Feb 2019 from 178% in Jan 2019. Three out of twelve CIS nations recorded year-on-year decline in imports from India during the month.

Cumulative engineering exports to CIS recorded 11.27% year-on-year growth during Apr-Feb 2018-19 driven by more than double shipments to Uzbekistan while Russia also managed decent growth in imports of Indian engineering over the same period last fiscal. 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 - Feb 2018-19)



Source: DGCIS Data, EEPC Research

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

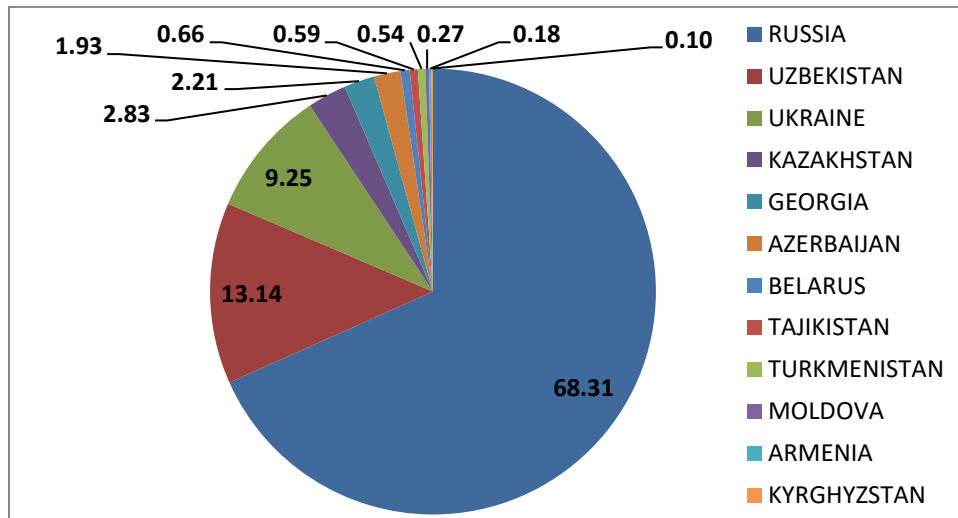
Top 10 panels exported to CIS during Apr-Feb 2018-19 are listed below (Value of Exports measured in USD Million).

Product Group/Panel	Export in Feb 2018	Export in Feb 2019	Growth (%)	Export in Apr-Feb 2018	Export in Apr-Feb 2019	Growth (%)
Auto Components/Parts	10.18	8.41	-17.45	98.07	104.65	6.70
Industrial Machinery	6.72	9.29	38.29	72.91	102.36	40.40
Iron and Steel	5.30	8.86	67.17	85.62	90.02	5.13
Electric Machinery and Equipment	3.40	7.64	124.83	45.19	63.05	39.52
Other Construction Machinery	5.25	3.94	-24.92	41.22	61.87	50.09
Products of Iron and Steel	4.43	3.91	-11.86	30.72	37.10	20.79
Machinery for ATMs	2.39	5.53	131.05	33.76	36.20	7.21
Medical and Scientific Instruments	2.26	3.32	47.04	23.96	29.23	22.00
Hand Tools Cutting Tools	1.97	2.35	19.31	21.66	20.78	-4.08

‘Auto component/parts’ was the highest exported engineering product group to the CIS region from India during the first eleven months of fiscal 2018-19 with 6.7% growth in exports over the same period last fiscal. ‘Industrial machinery’ and ‘Iron and Steel’ were the immediate followers of ‘Auto Component/Parts’ in that order registering 40.4% and 5.13% year-on-year growths respectively. Top four product groups (as shown in

the table above) exported to CIS constituted around half of the engineering product basket exports to CIS from India. Out of 33 product panels, 17 saw drop in exports to CIS during Apr-Feb 2018-19.

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



Source: DGCIS Data, EEPC Research

Share of Russia dropped below 70 percent: It is important to notice that share of Russia in total engineering exports of India to CIS gradually dropped to 68.3% during Apr-Feb 2018-19 from around 75% a year ago while that of Uzbekistan increased to 13.1% during the same period. Share of Ukraine declined as Uzbekistan emerged as the second highest importers of Indian engineering product among the CIS nations by replacing Ukraine.

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

Russia:

Russia is still the largest importer of Indian engineering products in the CIS region sharing 68.3% of India's engineering exports to CIS during Apr-Feb 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 13.1% 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-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>

News in Focus

Far and Away: How Do the CIS and EEU Stack Up in Russia's Foreign Trade?

In an interview with Russian state television, Prime Minister Dmitry Medvedev compared the development of the Commonwealth of Independent States (CIS) and Eurasian Economic Union (EEU) with that of the European Union (EU) - which, he said, "stretched over decades."

Link: <https://www.polygraph.info/a/fact-check-near-abroad-russia-trade-cis-eeu/29987324.html>

Georgian External Trade Totals \$826.8 Million in January 2019

Georgia's external trade turnover in January 2019 totaled \$826.8, an increase of 1.2% compared to the same period in 2018, found preliminary figures released by Geostat national statistics office on February 19.

Link: <http://georgiatoday.ge/news/14538/Georgian-External-Trade-Totals-%24826.8-Mln-in-January>

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