

# Territorial NEWSLETTER CIS Countries

**EPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



It is indeed great news for India that the negotiation on the proposed India-EAEU FTA is going to start sometime soon as decided by the representatives of the participating states in their recent meetings. EAEU comprise of Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation. The Joint Feasibility Study Group submitted its report and both sides were quite satisfied with the outcome. Both vowed for commencement and conclusion of formal negotiations on FTA at the earliest possible to boost bilateral trade and investments between India and the EAEU region that will ultimately lead to a mutually beneficial economic tie between these two regions. Total trade may increase by even 3 times to USD 30 billion by

2025 from the current level of USD 10 billion. In this issue, we have provided some useful information on the much-desired FTA that is certainly a very welcoming step for India.

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 issue of newsletter on CIS region, we have captured some recent developments on the proposed India-EAEU FTA that is considered as a foundation for a stronger as well as deeper trade and investments relation between India and the Eurasian economy. Negotiation on FTA is going to be started very soon.

The newsletter also contains an analysis of India's engineering exports to CIS region for December 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 be beneficial for our member exporters to and help them in understanding the emerging opportunities 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.

## Negotiation on India EAEU FTA may start in 2017

India's economic relation with the five-nation Eurasian Economic Union (EAEU) comprising Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation, has developed in the last few years but trade and investment relation has not yet matured due to lack of comprehensive strategy to integrate these two regions economically keeping major emphasis on trade and investment.

As a measure to integrate these two regions a FTA has been proposed earlier considering the trade complementarities between India and the EAEU region. A Joint Feasibility Study Group (JFSG) was also set up to assess the feasibility of an FTA that could be mutually beneficial for both the regions and could lead to the overall economic development of them. The JFSG has submitted its report and the issue have been discussed during the 5th Session of India - Kazakhstan Joint Working Group on Trade and Economic Cooperation in Delhi on 22 - 23 Dec 2016.

Earlier, JFSG published the draft report on the feasibility study during Sep 2016 in a meeting held at Russia where the representatives of both India and the EAEU were satisfied with the successful completion of the study seeking the feasibility of the FTA between these two regions. The study has reportedly focused on the areas or sectors where both the regions have major exports interest in order to ensure mutual benefit.

The commerce ministry, in a press statement said, "the process of obtaining internal clearances by both sides would be completed by end of December 2016 thereby paving the way for commencement of formal trade negotiations in early 2017. Both Sides agreed that early commencement and conclusion of formal negotiations on FTA would serve to boost bilateral trade."

Meanwhile, Russian news agency TASS reported that the commencement of the said FTA after fruitful negotiation may increase the annual trade turnover of the EAEU nation with India to USD 30 billion by 2025 from the current level of USD 10 billion.

TASS Russia's trade representative in India also commented that if the FTA comes into force, Russia's exports of machinery and equipments to India will be much more competitive due to likely reduction in the customs duty on these products by India which is around 30% at present. Other than machineries, engineering exports from member nations of EAEU also include steel products, motor vehicle, some types of aircrafts etc.

Similarly, elimination of tariff will also make India's product cheaper in the Russian market that will increase the demand for India products therein. India's engineering products that may be benefitted most are electrical equipment and machinery.

In fine, finalization of the FTA and successful implementation of the same will aid in overall economic development of both the regions through improvement in trade, investments and businesses.

*Source: TASS News, Press Trust of India, Ministry of Commerce, Gol.*

## Trade Trend Analysis in the CIS

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

Country	Export in Dec 2015	Export in Dec 2016	Growth (%)	Exports in Apr-Dec 2015	Exports in Apr-Dec 2016	Growth (%)
RUSSIA	43.97	41.21	-6.27	296.96	409.42	37.87
UKRAINE	3.40	4.86	43.04	37.47	45.79	22.18
GEORGIA	4.61	0.46	-90.07	19.84	24.11	21.55
UZBEKISTAN	2.48	2.41	-2.75	17.48	19.14	9.47
TURKMENISTAN	0.38	0.27	-27.71	8.77	14.55	65.94

After achieving year-on-year growth in the previous two months, India's engineering exports to CIS nations declined by 6% in Dec 2016 over the same month last year. Like the previous month, Russia and Ukraine were the top two importers of Indian Engineering products in Dec 2016 but top importer Russia conceded a decline in import during the reporting month. In fact, Ukraine was the only country to see year-on-year growth in engineering imports from India during Dec 2016. Seven out of the 12 CIS nations witnessed increase in engineering imports from India in Dec 2016 but their combined import were insignificant. On a cumulative basis, however Indian engineering exports to CIS region grew by 30.7% during Apr - Dec 2016 with Russia consuming most of the same. Ukraine and Georgia secured the second and third place but export to these two nations were much lower than that of Russia. Three out of 12 nations recorded fall in engineering imports from India during the first 9 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 Dec 2016

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

Name of the Panel	Export in Dec 2015	Export in Dec 2016	Growth (%)	Exports in Apr-Dec 2015	Exports in Apr-Dec 2016	Growth (%)
IC Engines and Parts	0.29	1.23	319.62	20.64	124.56	503.59
Aircrafts and Spacecrafts	19.74	12.95	-34.38	89.57	90.15	0.65
Auto Components/Parts	3.30	7.59	130.21	40.24	56.95	41.54
Iron and Steel	5.10	6.19	21.35	42.26	46.04	8.95
Industrial Machinery	7.44	4.56	-38.74	51.78	36.35	-29.80
Products of Iron & Steel	3.67	3.93	7.26	27.56	27.69	0.46
Electric Machinery and Equipments	1.64	1.00	-38.89	25.32	23.85	-5.83

Machinery for ATMs	2.56	1.80	-29.85	9.40	22.41	138.44
Other Construction Machinery	1.19	3.46	190.10	8.40	19.22	128.88
Medical and Scientific Instruments	2.02	2.57	26.99	13.71	18.91	37.92

Panel-wise analysis showed 'IC Engines and Parts' continued to remain the highest exported product group to CIS region with a robust growth during the month of Dec 2016 as well as on a cumulative basis during the first nine months of the ongoing fiscal. The product group 'Aircrafts and Spacecrafts' was the second highest on a cumulative basis but conceded 34.4% decline during the month of Dec 2016. 'Auto Components/Parts' was the immediate follower of Aircrafts with a substantial 130.2% growth in exports to CIS during Dec 2016 and 41.5% increase during Apr - Dec 2016. On a monthly basis, 13 out of 33 DGCI&S product groups recorded decline in exports to CIS nations over Dec 2015 while the number was 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 - Dec 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
WATER & HEAT 2017	28-Mar-2017 to 31-Mar-2017	Football Manege - Roofed Soccer Arena 20/2 Pobediteley Ave. Minsk, 220020 Belarus	<a href="http://www.eventseye.com/fairs/f-water-heat-17961-1.html">http://www.eventseye.com/fairs/f-water-heat-17961-1.html</a>
VIRA INSTAL! 2017	16-Mar-2017 to 19-Mar-2017	Odessa Sea Commercial Port Exhibition Complex 6 Primorskaya Str. Odessa, Ukraine	<a href="http://www.eventseye.com/fairs/f-vira-instal-21474-1.html">http://www.eventseye.com/fairs/f-vira-instal-21474-1.html</a>
SIBMETAL 2017	28-Mar-2017 to 31-Mar-	Novosibirsk Expocentre Stantsionnaya Street,	<a href="http://www.eventseye.com/fairs/f-sibmetal-6497-1.html">http://www.eventseye.com/fairs/f-sibmetal-6497-1.html</a>

	2017	104 630071, Novosibirsk Russia	
CEMMS 2017	April 2017	IEC 'Ekaterinburg-Expo' Expo Blvd, 2 Ekaterinburg Russia	<a href="http://www.eventseye.com/fairs/f-cemms-7817-1.html">http://www.eventseye.com/fairs/f-cemms-7817-1.html</a>

## News in Focus

### Armenia's foreign trade in 2016 grows by 7.4 percent to about \$5 billion

Armenia's foreign trade turnover in 2016 amounted to about \$5.075.3 billion, an increase of 7.4% from the previous year, the National Statistical Service (NSS) said. Exports are said to have increased by 20% to about \$1.782.9 billion, while imports grew by 1.6%, to \$3.292.4 billion. The resulting foreign trade deficit stood at \$1.509.5 billion. According to preliminary data, the trade deficit in FOB prices stood at about \$1.002 5 billion.

Link: [http://arka.am/en/news/business/armenia\\_s\\_foreign\\_trade\\_in\\_2016\\_grows\\_by\\_7\\_4\\_percent\\_to\\_about\\_5\\_billion/](http://arka.am/en/news/business/armenia_s_foreign_trade_in_2016_grows_by_7_4_percent_to_about_5_billion/)

### Flare-up of aggression between Armenia and Azerbaijan to weigh on CIS economies

The stabilization of oil prices has eased the direct and indirect economic and fiscal pressures on the nine rated sovereigns in the Commonwealth of Independent States (CIS) region. Still, the region's overall credit outlook for 2017 is negative, driven by subdued economic recovery, external vulnerabilities in those countries with high foreign currency debt and the likelihood that political considerations will delay structural reforms that would bolster potential growth, Moody's Investors Service said in a report.

Link: <http://cis.einnews.com/article/361648221/tYV9gYtKI0-t3f4J?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=4>

### Oil Price Recovery Bolstered CIS Economies in 2016- Moody's

Moody's rating agency said that the 2016 upswing in oil prices has eased fiscal problems faced by the Commonwealth of Independent States countries and has propelled the region toward economic recovery in 2017.

Link: [https://cis.einnews.com/article/361477901/S22YpBZI3qQddN\\_B?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=4](https://cis.einnews.com/article/361477901/S22YpBZI3qQddN_B?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=4)

### World Bank Vice President Visits Kazakhstan, Discusses 25 Year Partnership and New Opportunities to Benefit People

The World Bank Vice President for Europe and Central Asia, Cyril Muller, and the new Executive Director for Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan Mr. Werner Gruber, visited Astana to discuss with the Government the progress made during the 25-year partnership, as well as new avenues for continued cooperation for the benefit of the people of Kazakhstan.

Link: <http://www.worldbank.org/en/news/press-release/2017/01/16/world-bank-vice-president-visits-kazakhstan-discusses-25-year-partnership-and-new-opportunities-to-benefit-people>

## Tender Information in CIS

### *Prior information Notices*

Location	Title	Deadline
Kazakhstan	Work On The Design Engineering Of Buildings / Structures / Areas / Objects And Their Systems And Related Work	24-Feb-2017
Kyrgyzstan	Update Of Detailed Engineering Designs And Safeguards Documentation And supervision Of Civil Works Contract For Road Section	27-Feb-2017
Russian Federation	The Development And Approval In Due Course Of Environmental And Natural Resource Documentation To Ensure The Environmental Safety Of Kalinin Npp	27-Feb-2017
Russian Federation	Design Work On The Complex Landscaping Of Streets And Public Spaces	07-Mar-2017

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

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