

# Territorial NEWSLETTER CIS Countries

**EPCINDIA**  
ENGINEERING THE FUTURE

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Issue XXIX: January 2018

## Chairman's Pen



After two years of negative economic growth, the Russian economy saw a reversal of trend with improved economic activities in 2017 driven by rising oil prices and fresh investments in infrastructure development related to in FIFA world Cup 2018. Feeble growth has been observed in 2017 and the economy is expected to see weak but steady growth at least in the first half of 2018. Foreign trade situation turned better with rising exports due to rise in oil prices and imports also rose in 2017 following the rise in demand for World cup related infrastructure. Although, Indian engineering exports to Russia lost ground in Jan 2018 after showing impressive growth in the previous four months, it is likely to recover going forward.

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.

Tarvinder Singh Bhasin

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



After achieving substantial growth in the last few months, Indian engineering exports to Russia recorded just 0.01 percent growth in January 2018 over the same month last year. Growth receded from as high as 80% year-on-year in Sep 2017. However, this will not signify any reversal of trend as mere one month's data cannot set a trend. The Russian economy witnessed improvement in business environment in 2017 as infrastructural works due to FIFA World Cup 2018 increased demand to a large extent and rising oil price brought some relief for Russia as a major oil exporting nation. The sudden downturn in engineering exports to Russia therefore is unlikely to persist and growth is expected to be decent.

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

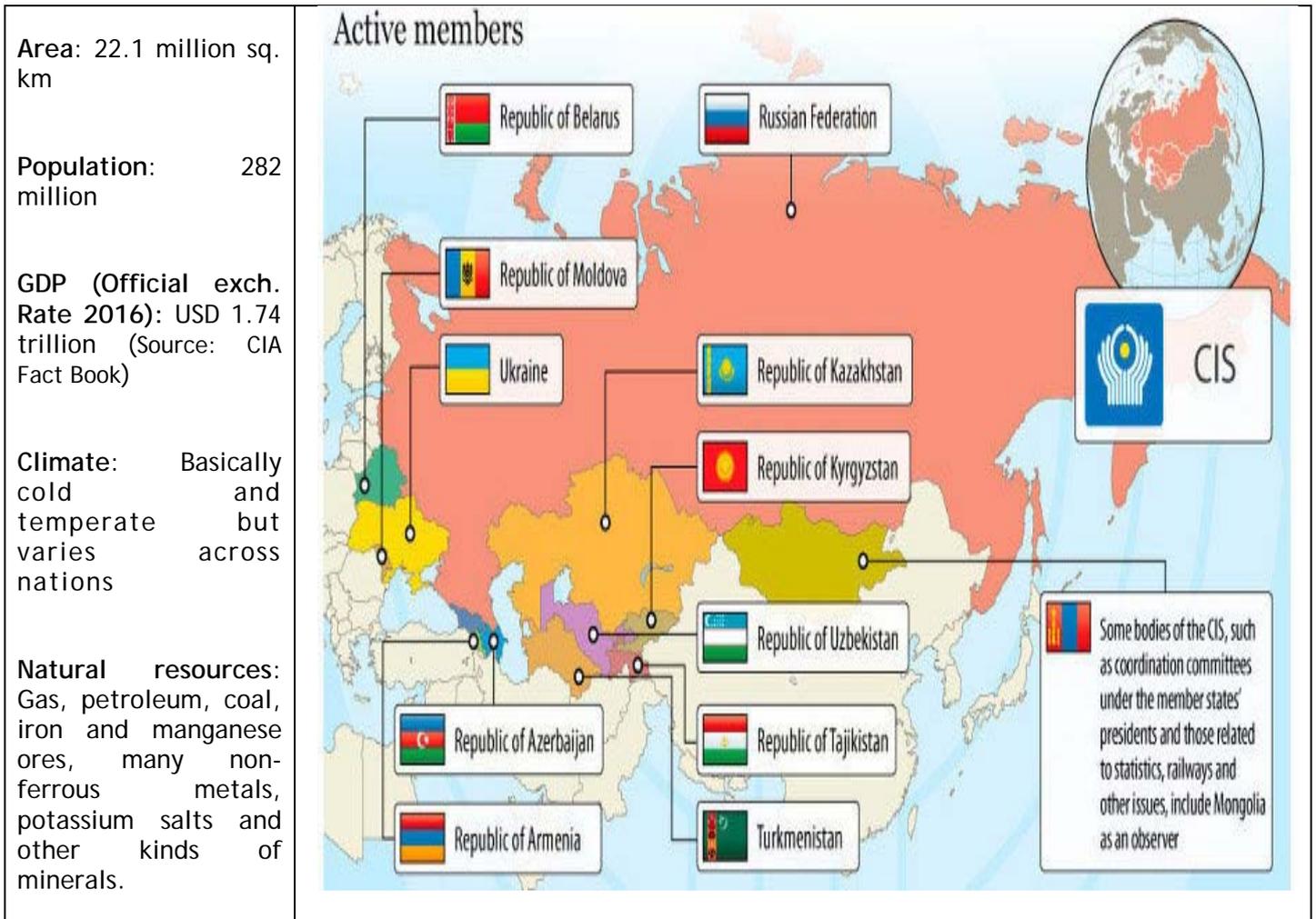
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## Basic Facts: CIS



## As Economy Revived, Russia saw higher Non-CIS Imports in 2017

After substantial slowdown in economic activities in the last two completed years, the richest economy of the CIS region came back to growth path driven by turnaround in oil prices and infrastructural development related to FIFA world Cup 2018 which is going to be held in Russia. Growth, however marginal was seen after noticeable fall in the last couple of years. In this regard, it is to mention that Crude oil, petroleum products and natural gas comprise roughly 58% of total exports of Russia.

With an upturn in economic activities, business environment has also been improving of late and so do foreign trade. Russian imports from non-CIS nation witnessed significant increase in 2017. Here a detail analysis of Russia's non-CIS import in 2017 is presented which was published on the website of 'Russia Briefing' ([www.russia-briefing.com](http://www.russia-briefing.com)) during Jan 2018.

Russia witnessed increase in its import of goods from non-CIS countries in 2017 by 24.3 percent on a year-on-year basis to US\$ 202.3 billion, as per the statement of Russian Federal Customs Service.

The total import of goods from non-CIS countries rose 11.3 percent, month-on-month to US\$ 20.7 billion in December 2017.

This is good news for businesses based in Europe and Asia, as it shows that the Russian economy is both expanding and developing pent-up demand for purchasing following the Western imposition of sanctions. CIS countries are the nations of the Commonwealth of Independent States, and include Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan. The CIS nations have their own trading status, and some are also part of the Eurasian Economic Union. Trade among EAEU members has also significantly increased as witnessed in 2017.

Since having sanctions imposed by the West, Russia has been developing sourcing and procurement alternatives elsewhere, including in Asia. This has resulted in a surge of Russian bilateral trade with countries such as China, Singapore, Hong Kong, and most ASEAN nations.

In detail, the major commodities traded were as follows:

- Imports of textiles and footwear surged 27 percent in December 2017 to US\$1.1 billion.
- Imports of food products and raw materials for their production grew by 16.6 percent to US\$2.5 billion and products of the engineering industry grew by 12.3 percent to US\$11.3 billion.
- Imports of chemical products rose by 4.5%, to US\$3.5 billion.
- Imports rose 1.7 times for vegetables, 1.5 times for tobacco, 46.2 percent for vegetable oil, 45.1 percent for grain crops, 39.8 percent for fruits, 27.6 percent for fish, 23.3 percent for dairy products, and 22.2 percent for meat and byproducts.
- Imports of strong and soft drinks dropped by 15.4 percent and sugar imports declined by 1.6 percent in value terms.
- Imports of chemicals grew on account of the rising procurement of organic and non-organic chemicals by 15.1 percent and pharmaceuticals by 5.5 percent. Import declined in value terms by 2.5 percent for polymers and rubber and by 1.9 percent for soap and synthetic detergents. Imports of perfumery and cosmetics stayed flat in December 2017 on the monthly basis.
- Procurement rose by 22.5 percent for textile garments, 1.8 times for footwear, 14.5 percent for knitted wear, 9.7 percent for knitted fabric, 6.7 percent for cotton, 3.9 percent for ready textile items, and 3.7 percent for textile materials. Imports declined by 8.5 percent for chemical fibers and stayed flat for chemical yarn.
- Purchases grew 2.3 times for vessels and watercraft, 27.4 percent for aircraft, 21.5 percent for optical tools and devices, 20.7 percent for locomotive parts, and 19.5 percent for mechanical equipment. Electrical equipment imports dropped 6.5 percent and overland transport vehicle imports stayed flat.

According to market experts: "The latest Russian customs figures illustrate that the Russian economy is purchasing, and that opportunities are there for companies to sell to the Russian market. Asian based manufacturers should be examining double tax and other trade agreements with Russia and looking at how to establish a sales presence in the country. This trend will only increase once countries such as China, India, and Singapore have completed their free trade negotiations with the Eurasian Economic Union. The trade dynamics and fundamentals are there."

Source:

Article published in 'Russia Briefing' entitled "Russian Non-CIS Imports Rise by 24.3 Percent in 2017"  
<https://www.russia-briefing.com/news/russian-non-cis-imports-rise-24-3-2017.html/>

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

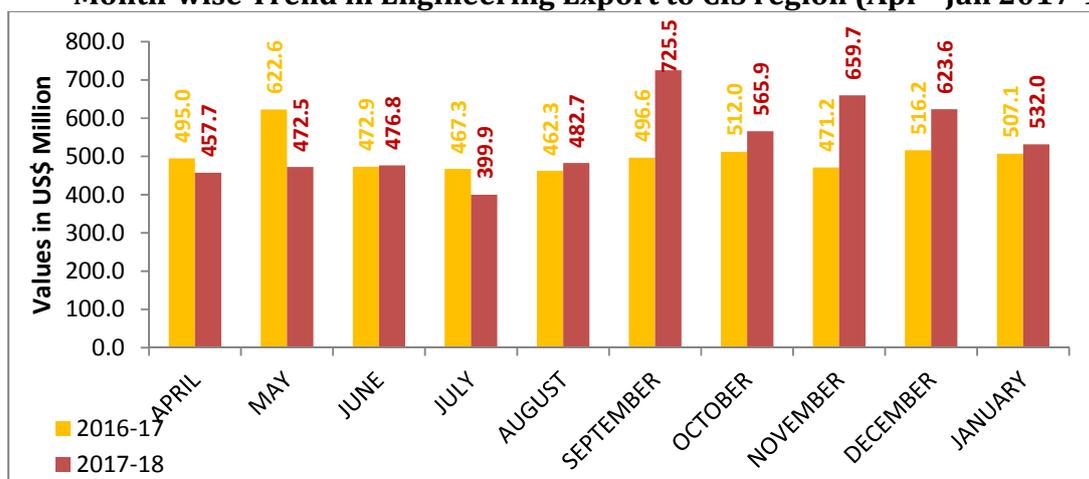
The following table described the exports of Indian engineering products to top five importers from the CIS region during January 2018 as well as during April - January 2017-18 (Value of Exports measured in USD Million):

Country	Export in Jan 2016	Export in Jan 2017	Growth (%)	Exports in Apr-Jan 2016-17	Exports in Apr-Jan 2017-18	Growth (%)
RUSSIA	35.92	35.92	0.01	448.96	423.25	-5.73
UKRAINE	5.4	5.87	8.77	51.18	64.17	25.37
UZBEKISTAN	2.41	3.02	25.63	21.55	40.58	88.34
KAZAKHSTAN	0.97	3.13	224.43	12.14	14.68	20.95
AZERBAIJAN	2.27	0.23	-89.79	13.3	10.66	-19.83

After achieving handsome year-on-year growth in the previous six months in a row, Indian engineering exports to CIS was largely flat in Jan 2018 as compared to the same period last year. Growth decelerated noticeably to just a feeble 0.41% in Jan 2018 as against 15.5% in Dec 2017, 54% in Nov 2017 and 29.8% in Oct 2017. The paces of growth were 63.5% in Sep 2017, 47.1% in Aug 2017 and 40.2% in Jul 2017. Russia, the trendsetter for Indian engineering exports to CIS with around 75% share recorded almost no growth during the reporting month after witnessing 17.6%, 41.6%, 63.7%, and 80.1% year-on-year in the previous four months. Second highest importer Ukraine however portrayed 8.8% growth over Jan 2018 and exports to Uzbekistan recorded over 25% growth. Out of the top-5 CIS importers of Indian engineering products during Jan 2018, only Azerbaijan conceded year-on-year decline in engineering imports from India. Out of 12 CIS nations, 6 conceded year-on-year decline in Jan 2018 while only 3 faced the same in Dec 2017.

Cumulative engineering exports to CIS declined by 3.7% during Apr - Jan 2017-18 as against a decent 11.1% growth in Apr - Dec 2017-18 and 10.6% growth during Apr - Nov 2017-18. Leading exporter Russia once again set the trend with 5.7% decline in imports of Indian engineering during the first ten months. Engineering exports to Ukraine was recorded at 25.4% during this time period and that to Uzbekistan was around 90% over the same period last fiscal. Out of 12 CIS nations, 5 recorded year-on-year decline in imports from India during Apr - Jan 2017-18.

### Month-wise Trend in Engineering Export to CIS region (Apr - Jan 2017-18)



Source: DGCIS Data, EEPC Research

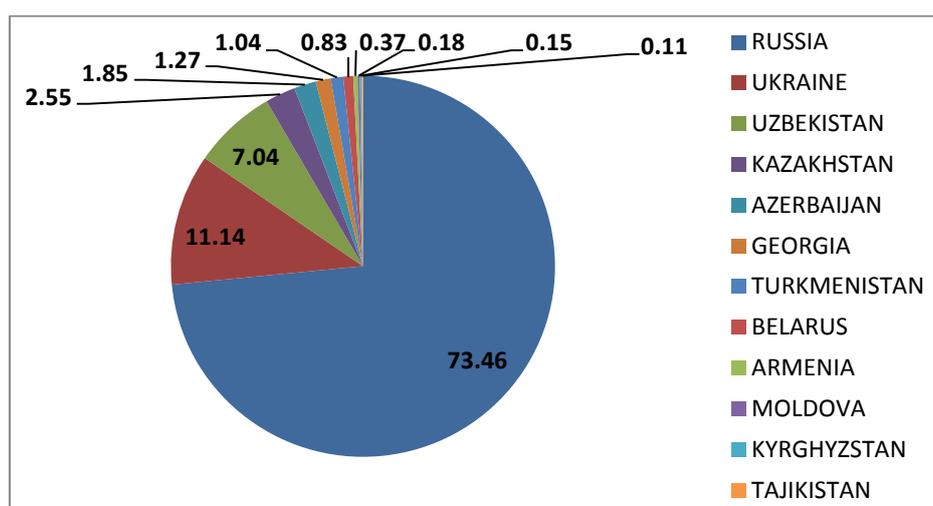
## Panel-wise trend in engineering exports to CIS during April - January 2017-18

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

Panel	Export in Jan 2017	Export in Jan 2018	Growth (%)	Exports in Apr-Jan 2016-17	Exports in Apr-Jan 2017-18	Growth (%)
Aircrafts Spacecrafts & parts	2.13	0.75	-64.88	96.21	104.59	8.71
Auto Components/Parts	5.48	7.63	39.33	62.43	87.89	40.78
Iron and Steel	6.58	9.34	41.93	52.62	80.32	52.63
Industrial Machinery	4.70	7.18	52.81	40.90	66.18	61.80
Electric Machinery and Equipments	1.62	2.54	56.41	25.47	41.79	64.06
Other Construction Machinery	2.49	2.61	4.90	21.71	35.97	65.68
Machinery for ATMs	1.69	2.97	76.22	23.94	31.41	31.24
Products of Iron and Steel	3.52	2.34	-33.53	31.21	26.28	-15.79
Medical and Scientific Equipments	2.28	1.99	-12.85	21.30	21.66	1.67
Hand Tools Cutting Tools	1.65	2.20	33.66	14.38	19.81	37.80

'Aircrafts, Spacecrafts and Parts' continued to be the largest engineering product group exported by India to CIS region during Apr - Jan of 2017-18 but with a slowdown in the year-on-year rate of growth at 8.71% as against a higher 10.6% during Apr - Dec and 17.3% during Apr - Nov 2017-18 driven by 64.9% decline in imports during Jan 2018. 'Auto components/parts' was the second highest exporting engineering product to CIS during Apr - Jan 2017-18 with 40.8% increase in year-on-year exports. 'Iron and Steel' dropped to third place in this fiscal but achieved an impressive 52.6% growth in exports to CIS during the same time period. However, 'IC Engines and Parts' and 'Products of Iron and Steel' conceded decline in export on a cumulative basis during the first ten months of 2017-18 among the top 10 product panels exported to CIS. Out of the 33 product groups, 8 witnessed declines in exports to CIS during the period concerned.

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



Source: DGCIS Data, EEPIC Research

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

### Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 73.5% of India's engineering exports to CIS during Apr - Jan 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 11.1% during the same time period.

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

## 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
MEDIMA KRASNODAR 2018	May 23 - 25, 2018	Expograd Yug ul. The congress 1350005, Krasnodar Russia	<a href="https://www.eventseye.com/fairs/f-medima-krasnodar-18350-1.html">https://www.eventseye.com/fairs/f-medima-krasnodar-18350-1.html</a>
ENERGY EFFICIENCY. HOUSING AND PUBLIC UTILITIES 2018	May 23 - 26, 2018	Sibexpocentre, Irkutsk, Russia	<a href="https://www.eventseye.com/fairs/f-energy-efficiency.-housing-and-public-utilities-25383-1.html">https://www.eventseye.com/fairs/f-energy-efficiency.-housing-and-public-utilities-25383-1.html</a>
AUTOSIB 2018	May 23 - 26, 2018	Novosibirsk Expocentre Stantsionnaya Street, 104 630071, Novosibirsk Russia	<a href="https://www.eventseye.com/fairs/f-autosib-4782-1.html">https://www.eventseye.com/fairs/f-autosib-4782-1.html</a>
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>
WOODPROCESSING UKRAINE 2018	May 22 - 25, 2018	Palace of Sport 'Spartak' Melnyka Str. 18 Lviv 79044, Ukraine	<a href="https://www.eventseye.com/fairs/f-woodprocessing-ukraine-5671-1.html">https://www.eventseye.com/fairs/f-woodprocessing-ukraine-5671-1.html</a>

## News in Focus

### S&P raises Russia's ratings to 'BBB-' with stable outlook

S&P Global Ratings has raised its credit ratings for Russia to 'BBB-' from 'BB+' with a stable outlook, the company said in a statement.

Link: <http://tass.com/economy/991408>

### Geopolitical situation won't affect inflow of foreign investments to Russia, watchdog says

The current geopolitical situation won't affect the inflow of foreign investments to Russia, Deputy head of the Federal Antimonopoly Service (FAS) Andrei Tsyganov told reporters

Link: <http://tass.com/economy/996695>

### Russian Envoy: Ukraine to Lose Large Export Market after CIS Exit

Ukraine will lose access to a large market that accounts for more than 15 percent of its exports if it were to leave the CIS bloc of ex-Soviet nations, the Russian envoy said in an interview

Link: <https://cis.einnews.com/article/437207249?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=3>

### Moldova's Foreign Trade Rose Sharply in 2017

The volume of Moldova's foreign trade increased by almost 20 per cent in 2017, with both imports and exports increasing, according to the National Institute of Statistics. Last year, the former Soviet republic exported goods worth 2.42 billion US dollars - 18.6 per cent more than in 2016.

Link: <http://cis.einnews.com/article/432447049?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=6>

## Tender Information in CIS

### Prior information Notices

Location	Title	Deadline
Kyrgyzstan	Purchase Of Spare Parts. Estimated Cost: KGS 567,000	25-Apr-2018
Belarus	Purchase Of Services For Maintenance Of Agricultural Machinery; maintenance Services For Tractors Mtz-3022	18-Apr-2018
Russian Federation	Development Of Design Documentation Of The Structure, Cond. Units. Estimated Cost: RUB 891,061	25-Apr-2018
Ukraine	Machines For Food Processing, Beverage Production And Processing Of Tobacco (convection Oven For Frozen Products, Coal Oven, Electric Oven). Estimated Cost: UAH 655,000	20-Apr-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

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