

Territorial NEWSLETTER CIS Countries

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Despite having a number of bottlenecks to expand economic relation between India and Georgia, both the countries seem to be on the toe to get rid of those negatives and strengthen the bilateral relation. A study focusing on the possibilities of an FTA between the two countries is being conducted by a Joint Research Group under Georgia's Ministry of Economics and a bilateral meeting had been held on this issue.

This is surely a good news for us as we believe that commencement of an FTA will definitely deepen the economic relation between these two nations by enhancing bilateral trade and investments.

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 CIS member nation Georgia maintains a cordial diplomatic relation with India but the trade volume between India and Georgia is still below potential. The recent step by both the nations to propose an FTA between them is definitely a much needed one. We have highlighted this issue in this edition of the Newsletter. We hope both the government will work together to come up with an FTA as an instrument for enhancing bilateral trade and investments.

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



India and Georgia to start Free Trade Talk

India maintains a warm and cordial relation with the CIS member nation Georgia since its emergence as a sovereign nation after the fragmentation of the erstwhile USSR. However, trade volume between these two nations did not increase substantially due to the presence of several impediments like lack of comfortable trade routes, language problems and, of course, the absence of any trade pact between them. India's total merchandise exports to Georgia were only USD 72 million during fiscal 2017-18, while engineering exports were a mere USD 10 million. A free trade agreement between India and Georgia could enhance bilateral trade and strengthen bilateral economic relations to a large extent, and both nations appear to be interested in moving forward with this agenda.

According to Georgia's Ministry of Economics, a joint research group has been studying a free trade agreement (FTA) for the economic expediency between the two countries, and a meeting was held on the issue between the Deputy Minister of Economy and Sustainable Development of Georgia, Genadi Arveladze, and the Additional Secretary of the Ministry of Commerce and Industry of India, Bidyut Behari Swain.

The study conducted by the joint group showed that an FTA between India and Georgia would create a positive impact on the economic prosperity and bilateral trade between the two sides, and on cooperation in the field of investments and services. The future deal will also create new opportunities for business. The study has come with the recommendation of establishing a special Committee to start negotiations.

The study infers that if the FTA comes into force, export from Georgia to India will increase in the fields of metallurgical and medical products, wine and other alcoholic and non-alcoholic beverages, processed agricultural products, etc. Import from India is predicted to increase in the field of cement, ores, mineral fuels, plastics, electrical equipment and other products. Within the services segment, mutual beneficial trading potential exists in business and professional services, telecommunication, computer, tourism, audio-visual and other sectors as per the outcome of the study.

This is surely a welcome step by both the governments. The discussion is likely to start after both the governments make the relevant decisions and the research results are summarized,

Source:

1. A report by *Thea Morrison* on the website of 'Georgia Today'
 Link: <http://georgiatoday.ge/news/14058/Georgia%2C-India-to-Launch-Free-Trade-Talks>

Trend Analysis of India's Engineering Export to CIS

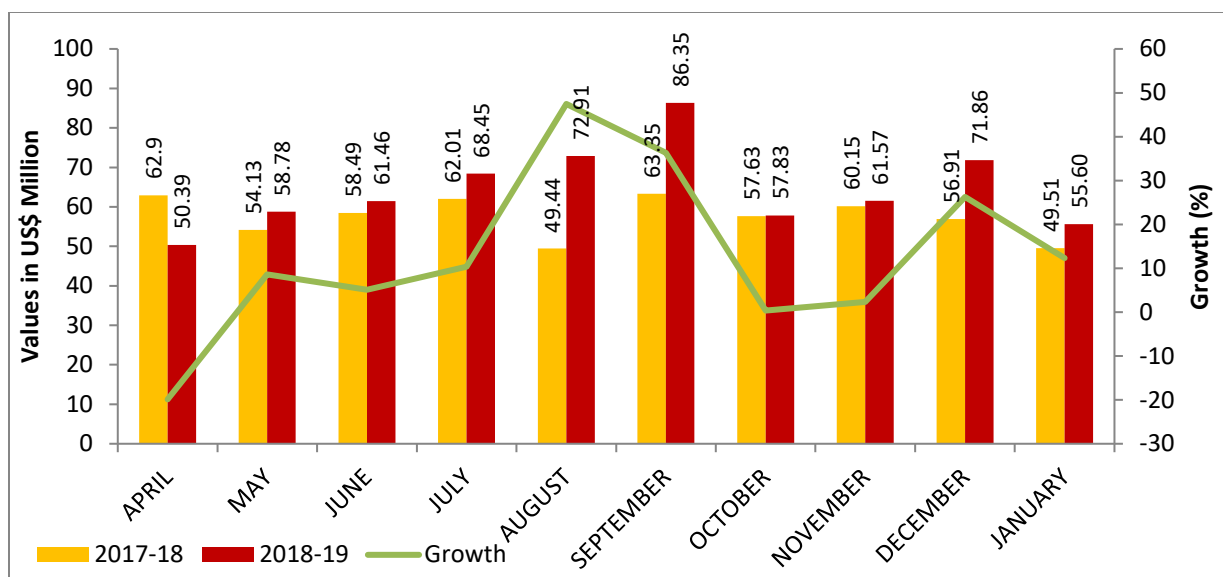
The following table described the exports of Indian engineering products to top five importers from the CIS region during Jan 2019 (Value of Exports measured in USD Million):

Country	Export in Jan 2018	Export in Jan 2019	Growth (%)	Export in Apr-Jan 2018	Export in Apr-Jan 2019	Growth (%)
RUSSIA	35.92	36.40	1.32	423.30	440.93	4.16
UZBEKISTAN	3.02	8.41	178.01	40.58	85.04	109.56
UKRAINE	5.87	5.62	-4.28	64.17	60.09	-6.36
KAZAKHSTAN	3.13	2.21	-29.55	14.68	16.74	14.04
GEORGIA	0.44	1.61	268.70	7.34	14.67	99.76

India's engineering exports to CIS region continued to witness year-on-year growth during Jan 2019 but rate of growth more than halved to 12.3% from 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 68.5% during Apr-Jan 2018-19 from around 75% a year ago. Exports to Russia managed a meagre 1.3% growth over Jan 2018 but exports to Uzbekistan, the immediate follower to Russia in receiving engineering exports from India in the CIS region, recorded 178% surge in imports of the same. Five out of twelve CIS nations recorded year-on-year decline in imports from India during the month.

Cumulative engineering exports to CIS recorded 11.7% year-on-year growth during Apr-Jan 2018-19 driven by more than double shipments to Uzbekistan while Russia only managed marginal growth in imports of Indian engineering over the same period last fiscal. Five 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 - Jan 2018-19)



Source: DGCIS Data, EEPC Research

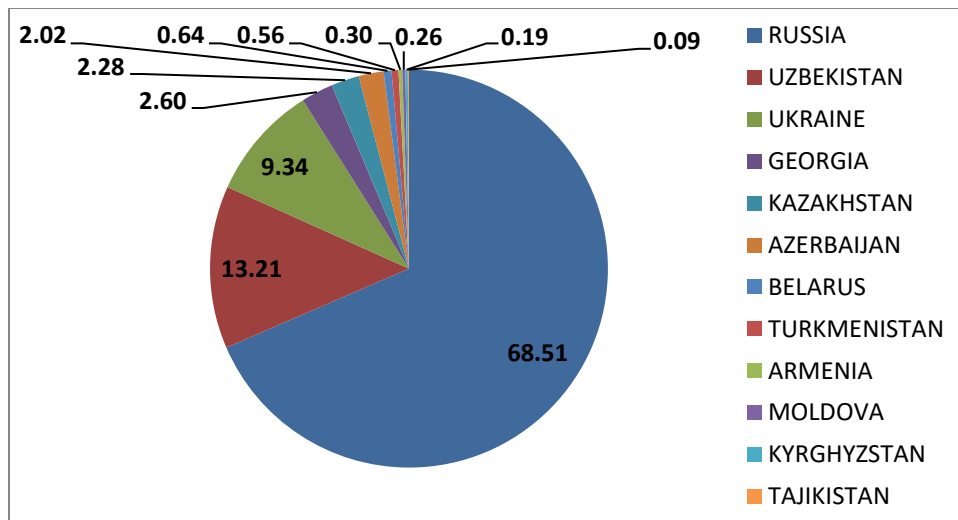
Panel-wise trend in engineering exports to CIS during Apr-Jan 2018-19

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

Panel	Export in Jan 2018	Export in Jan 2019	Growth (%)	Export in Apr-Jan 2018	Export in Apr-Jan 2019	Growth (%)
Auto Components/Parts	7.63	7.96	4.34	87.89	96.24	9.50
Industrial Machinery	7.19	9.72	35.30	66.19	93.07	40.62
Iron and Steel	9.34	7.21	-22.80	80.32	81.15	1.04
Other Construction Machinery	2.61	2.04	-21.93	35.97	57.93	61.04
Electric Machinery and Equipment	2.54	5.80	128.54	41.79	55.41	32.58
Products of Iron and Steel	2.34	3.73	59.10	26.28	33.19	26.30
Machinery for ATMs	2.97	4.13	38.96	31.41	30.73	-2.18
Medical and Scientific Instruments	1.99	2.41	21.31	21.70	25.95	19.57
IC Engines and Parts	1.88	1.67	-10.98	16.15	20.20	25.07

‘Auto component/parts’ was the highest exported engineering product group to the CIS region from India during the first ten months of fiscal 2018-19 with 9.50% 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 40.6% and 1.04% year-on-year growths respectively. Auto component/parts climbed up to become the highest exporting engineering product group from India to CIS during Apr-Jan 2018-19 by replacing ‘Iron and steel’. Out of 33 product panels, 16 saw drop in exports to CIS during Apr-Jan 2018-19.

India's Engineering Exports to CIS: Country-wise Share (%) during April-Jan 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 68.5% during Apr-Jan 2018-19 from around 75% a year ago while that of Uzbekistan increased to 13.2% 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-Jan 2018-19

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 68.5% of India's engineering exports to CIS during Apr-Jan 2018-19.

Top exported product: Iron & Steel; Auto components and parts; Iron and Steel, 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 13.2% 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

Russia's Non-CIS Imports Up 4.6% in 2018 to Almost \$212Bln - Customs Service

Russia imported almost \$212 billion worth of goods from foreign countries outside the Commonwealth of Independent States (CIS) last year, which marked a 4.6 percent increase compared to 2017, the Russian Federal Customs Service announced

Link: <https://www.urdupoint.com/en/world/russias-non-cis-imports-up-46-in-2018-to-a-527036.html>

Upper house speaker assures Western sanctions won't sway Russia's foreign policy

Russia will pursue its independent foreign policy despite the ongoing sanctions pressure on Moscow. This is what Speaker of the Federation Council, Valentina Matvienko, said on Wednesday opening the upper house's spring session.

Link: <http://tass.com/politics/1040241>

Armenia's trade with EEU member countries increased by 11.3% in 2018 to \$1.989 4 billion

Armenia's trade with the countries, which are members of the Eurasian Economic Union increased by 11.3% in 2018 to \$1.989 4 billion, according to the National Statistical Committee (NSC).

Link:

http://arka.am/en/news/economy/armenia_s_trade_with_eeu_member_countries_increased_by_11_3_in_2018_to_1_989_4_billion/

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>

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