

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



Here is a good news for our member exporters focusing on the CIS region. India's engineering exports to CIS recorded positive growth after three months. Engineering exports to the region grew by an impressive 40% during July 2017 over the same month last year. The growth level is the highest in the four months of the current fiscal. Meanwhile, the largest economy of the region, Russia, which imports over 75% of India's total engineering exports to CIS region, experienced weak but stable economic recovery during the first half of 2017 shrugging off the recession of the last two years. World Bank has suggested some measures for improvement in trade for the 'Europe and Central Asia' region (ECA) and one of the measures was to

improve trade with Asia. India as a large and emerging economy is expected to reap the benefit and may see substantial improvement in trade with the CIS nations as all the members belongs to ECA region.

I believe this newsletter will 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



We are just on the verge of completing two years of our publication on the CIS region and have come up with the 23rd monthly issue of our newsletter on CIS. In this issue, we have highlighted the three transitions as prescribed by the World Bank Group in their research paper on ECA region. Proper implementation of these measures would ensure deepening of trade between India and ECA that comprises all 12 members of CIS along with some other European and Asian nations.

An analysis of Indian engineering exports to CIS region for Apr - Jul of fiscal 2017-18 is also presented in this newsletter from both country-wise and DGCI&S panel-wise perspectives. Other sections include News section, upcoming events in the concerned 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

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.

Active members



Trade in Transition in Europe and Central Asia amid Signs of Economic Revival

After an economic recession and prolonged economic slowdown following the financial crisis especially in the developed regions, and debt crisis in southern European nations, the economy of Europe and Central Asia (ECA) have started witnessing a weak but steady recovery. Russia, one of the largest economies of the region, has also witnessed a pickup in economic activities in the first half of 2017 after conceding negative growth in the previous two years. The region has benefited from rising oil prices, benign global financing conditions, decent growth in the Euro Area, and generally supportive policies in several large countries in this region.

Despite the development, some headwinds still remain. In the eastern part of the region, the decline in oil prices has left the financial system in many countries in dire straits. Major changes in international specialization patterns also have implications for the region. Global competition and technological changes are shifting employment opportunities across occupations and sectors and changing the nature of labor contracts. At this juncture, trade protection seems to have become a necessity for this region.

Trade has contributed to development in the ECA region. It was critical to transition economies' success in raising living standards during, and especially after, the 1990s. Integration into global markets for energy,

agriculture, and manufactured products enabled a more efficient use of resources. Integration into the value chains of “factory Europe” led to technological catching up and the upgrading of industrial structures. The slowdown of China’s exports, which has driven the recent slowdown in global trade, has opened up new opportunities for ECA.

As trade remains a key part of their future success, many countries in the ECA region will have to navigate three important new transitions. The first is the continued shift of resources from production of commodities that is not internationally traded to production of those that compete in international markets. During the boom period, large oil revenues, large capital inflows, and substantial inflows of labor remittances allowed countries to import substantially more non-energy products than they exported. In the new normal, doing so is no longer possible; countries need to engage in a sustained shift from imports to exports.

The second transition is a reorientation toward Asia. ECA currently relies strongly on intra-regional trade and is underperforming in Asian markets. In order to achieve substantial trade growth as well as stable economic growth, a rebalancing of these trade links is very much required.

The third transition is the shift from goods to services, where most future growth opportunities lie. The share of services in global consumption is rising, and services are increasingly becoming tradable across borders. These trends are reflected in the rising share of services in exports from Western Europe, but other parts of ECA are falling behind.

All three transitions will have consequences for specialization patterns, investment patterns, and labor markets. As countries navigate these transitions, they will have to rethink not merely trade relations but the way factor markets are organized.

With Asia as the renewed focus of trade for the nations of the ECA region, emerging economies of Asia could well be benefitted with enhanced trade with this region.

Meanwhile, growth in the ECA region is projected to accelerate broadly to 2.5% in 2017 and to a higher 2.7% in 2018, supported by continued recovery among commodity exporters, unwinding of geopolitical risks and waning of domestic policy uncertainty in major economies in the region.

Source: Research paper on Europe and Central Asia entitled "Trade in Transition" by the World Bank Group. "Global Economic Prospect: Europe and Central Asia" by the World Bank

Trend Analysis of India's Engineering Export to CIS

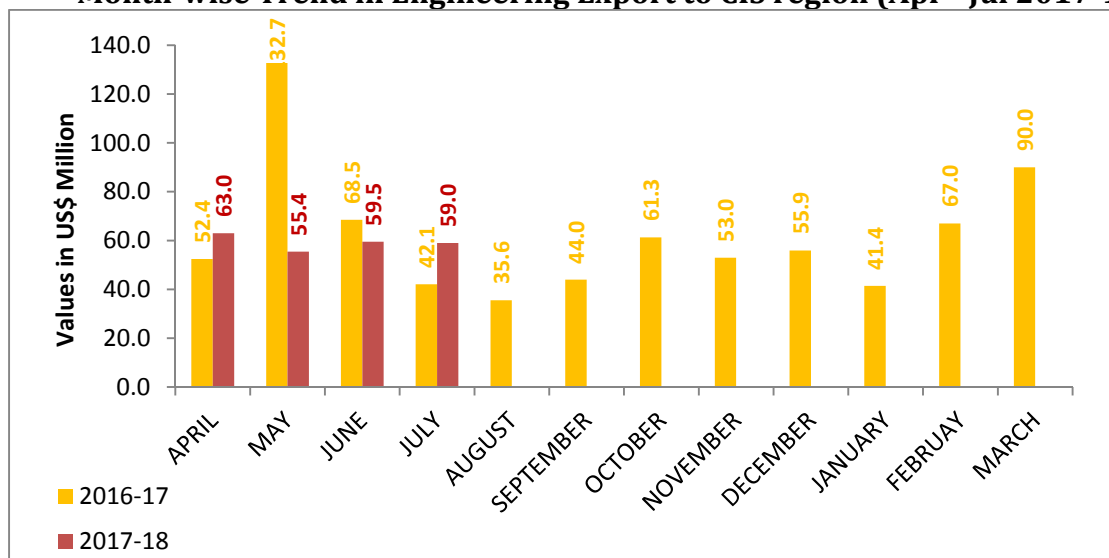
The top 5 CIS nations which had the highest demand for Indian engineering products during April - July 2017-18 are as follows (Value of Exports measured in USD Million):

| Country | Export in Jul 2016 | Export in Jul 2017 | Growth (%) | Exports in Apr-Jul 2016-17 | Exports in Apr-Jul 2017-18 | Growth (%) |
|------------|--------------------|--------------------|------------|----------------------------|----------------------------|------------|
| RUSSIA | 26.40 | 46.56 | 76.33 | 234.52 | 180.86 | -22.88 |
| UKRAINE | 3.56 | 4.84 | 35.73 | 15.65 | 22.11 | 41.23 |
| UZBEKISTAN | 2.61 | 2.59 | -0.56 | 8.27 | 15.14 | 82.97 |
| KAZAKHSTAN | 1.55 | 1.66 | 7.00 | 5.91 | 6.45 | 9.12 |
| AZERBAIJAN | 0.50 | 0.65 | 29.89 | 2.23 | 4.55 | 104.34 |

Bucking the downtrend of the previous two months, Indian engineering exports to CIS posted a solid 40.2% year-on-year growth in July 2017. Needless to mention the growth was led by Russia, the leading importer of Indian engineering products, among the CIS nations with three-fourth of the market share. Russia saw 76.3% rise in imports during Jul 2017. Second highest importer Ukraine also achieved over 35% year-on-year growth during the same month. Among the top-5 importers of Indian engineering, only Uzbekistan conceded a decline in imports during July 2017 while 6 among the 12 CIS nations joined Uzbekistan with decline in year-on-year imports from India during the month.

Cumulative engineering exports to CIS however continued to decline and during the first four months of the current fiscal, it was estimated at 20.1%. Russia was the trend setter in CIS as all top-five nations other than Russia witnessed growth in imports during Apr - Jul 2017-18. Out of the 12 CIS nations, 5 recorded lower imports during Apr - Jul 2017-18 over the same period last fiscal.

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



Source: DGCIS Data, EEPC Research

Panel-wise trend in engineering exports to CIS during Apr - Jul 2017-18

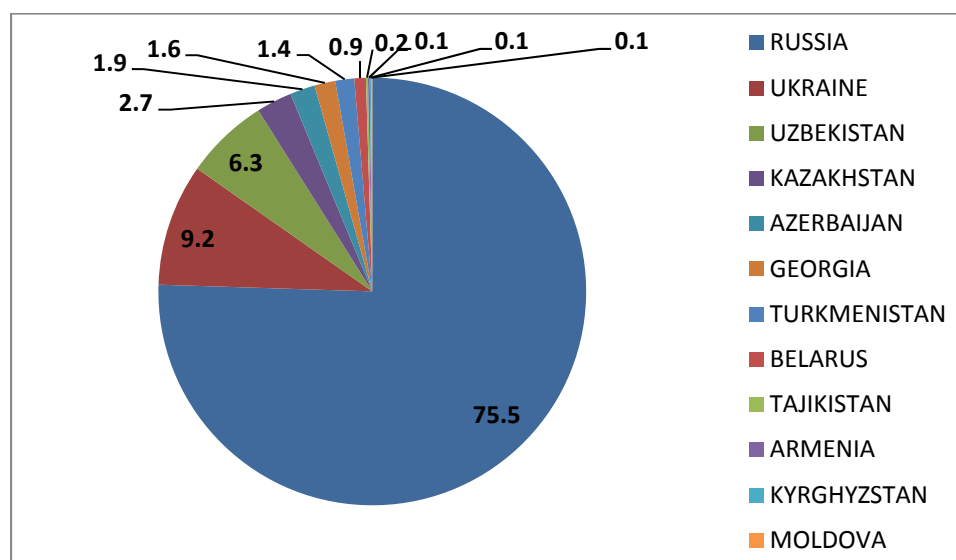
Top 10 panels exported to CIS during April - July 2017-18 are listed below (Value of Exports measured in USD Million).

| Panel | Export in Jul 2016 | Export in Jul 2017 | Growth (%) | Exports in Apr-Jul 2016-17 | Exports in Apr-Jul 2017-18 | Growth (%) |
|---|--------------------|--------------------|------------|----------------------------|----------------------------|------------|
| Iron and Steel | 3.65 | 6.35 | 74.04 | 18.60 | 32.78 | 76.24 |
| Auto Components/Parts | 7.24 | 8.24 | 13.87 | 24.64 | 31.54 | 28.00 |
| Aircrafts, Spacecrafts and Parts | 3.79 | 1.18 | -68.78 | 46.82 | 25.39 | -45.78 |
| Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc | 4.88 | 5.40 | 10.66 | 16.23 | 25.29 | 55.82 |
| Other Construction Machinery | 2.55 | 2.98 | 16.85 | 6.02 | 15.87 | 163.76 |
| Nuclear Reactors, Industrial | 0.00 | 10.10 | 312209.30 | 3.31 | 12.45 | 276.15 |

| | | | | | | |
|---|------|------|--------|-------|-------|--------|
| Boilers and Parts | | | | | | |
| Machinery for ATMs, Injecting Moulding machinery, valves, etc | 2.75 | 3.24 | 17.91 | 10.84 | 11.93 | 10.10 |
| Electric Machinery and Equipment | 1.85 | 1.85 | -0.04 | 13.49 | 11.15 | -17.38 |
| Products of Iron and Steel | 4.12 | 2.27 | -44.98 | 13.04 | 10.53 | -19.26 |
| Medical and Scientific Instruments | 2.15 | 2.92 | 35.61 | 7.61 | 8.64 | 13.47 |

'Iron & Steel' continued to be the top engineering product group exported by India to CIS region with a firm 76.2% growth during Apr - Jul 2017-18 over the same period last year while the top exporting Panel of the previous fiscal 'Aircrafts, Spacecrafts and Parts' conceded 45.8% decline during the same time period. 'Auto components/parts' was the second highest exporting engineering product to CIS during Apr - Jul 2017-18 with 28% rise in year-on-year exports. Three out of the top 10 exported product-panels conceded negative export growth on a cumulative basis during the first four months of 2017-18 while among all the 33 products panels comes under engineering, 10 experienced declines in exports to CIS during the months concerned.

India's engineering Exports to CIS: Country-wise Share (%) during April - July 2017-18



Source: DGCIS Data, EEPC Research

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

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 75.5% of India's engineering exports to CIS during Apr - Jul 2017-18

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

Ukraine:

Ukraine is the immediate follower of Russia but with a much lower share at 9.2% during the same time period.

Top exported products: Iron & Steel and products made of Iron and Steel, Industrial machinery, Aluminium & products, Hand tools & cutting tools etc.

Anti-dumping measures

Measure 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 by India against CIS member nations in relation to engineering products.

| Country Affected | Measure | Product Description | HS Code | Initiation |
|------------------|--------------|--|------------------------------|------------|
| 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 |
| 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 |

Source: <http://i-tip.wto.org/goods/Forms/TableViewDetails.aspx?mode=modify>

However, no Anti-dumping measure is in force at present against Russian Federation or Ukraine

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 |
|---------------------|----------------------------|--|---|
| CHEMMASH-PUMPS 2017 | 23-Oct-2017 to 26-Oct-2017 | Expocentr' Krasnaya Presnya Fairgrounds 14, Krasnopresnenskaya naberezhnaya Moscow 123100 Russia | http://www.eventseye.com/fairs/f-chemmash-pumps-15197-1.html |
| MASHEX 2017 | 24-oct-2017 to 26-Oct-2017 | Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road Russia | http://www.eventseye.com/fairs/f-mashex-9003-1.html |
| PCV EXPO 2017 | 24-oct-2017 to 26-Oct-2017 | Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road Russia | http://www.eventseye.com/fairs/f-pcv-expo-7778-1.html |
| TIR 2017 | 25-oct-2017 to 27-Oct-2017 | Kiev International Exhibition Center 15, Brovarsky Ave Kyiv, Ukraine | http://www.eventseye.com/fairs/f-tir-18067-1.html |
| COMMUNTECH '2017 | 07-Nov-2017 to 09-Nov-2017 | Kiev International Exhibition Center 15, Brovarsky Ave Kyiv, Ukraine | http://www.eventseye.com/fairs/f-communtech-6901-1.html |

News in Focus

Recovery finally arrives: CIS grows at fastest pace in nearly five years in Q2 of 2017

Comprehensive data revealed that economic activity surged in the Commonwealth of the Independent States (CIS) in the second quarter (Apr - Jun) of this year. Regional GDP grew a notable 2.8% year-on-year, significantly above the preliminary estimate of 2.2% reported last month and Q1's 1.1% increase.

Link: <http://www.focus-economics.com/regions/cis-countries>

Kazakh-Russian trade turnover to grow up to 40 percent this year, says Russian trade representative

Over the past eight months, commodity turnover between Kazakhstan and Russia grew 34 percent, and according to forecasts, by the end of the year will grow 35-40 percent, according to comments by Russian Trade Representative in Kazakhstan Alexander Yakovlev at a forum of the business ombudsmen, Interfax-Kazakhstan reports.

Link: <http://cis.einnews.com/article/403211683/X7u-Ligz-PENVQMI?lcf=n6akwSxISFexT6QvoahKuw%3D%3D>

Russian Chamber of Commerce President Notes Growth of Machinery Share in Exports

The structure of Russia's foreign trade has begun changing, President of the Russian Chamber of Commerce and Industry (CCI) Sergey Katyrin told Sputnik noting the increasing share of machinery and equipment in it.

Link: <https://cis.einnews.com/article/401868947/U0CsCUTMJJ4NhXpu?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=2>

Georgia's Foreign Trade up by 13% year-on-year in January-July 2017

Georgia's foreign trade turnover in the first seven months of 2017 increased by 13%, compared to the same period of last year, reaching USD 5.67 billion, according to the preliminary figures released by the state statistics office, Geostat.

Link: <http://cis.einnews.com/article/399355781/2YXNUODhF-OhLoGE?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=5>

Non-CIS Imports to Russia Up 27.4% Year-on-Year in January-July 2017

Russian imports from countries not within the Commonwealth of Independent States (CIS) during the first seven months of this year is estimated at over \$107 billion, which is a 27.4-percent growth when compared to the same period last year, Russian Federal Customs Service said in a statement.

Link: <https://cis.einnews.com/article/397164200/8hsHkePgBXsFE2EY?lcf=n6akwSxISFexT6QvoahKuw%3D%3D&pg=6>

Tender Information in CIS

Prior information Notices

| Location | Title | Deadline |
|--------------------|--|-------------|
| Russian Federation | Major Overhaul Of Power Grid Facilities, Outdoor Lighting Systems And Architectural And Artistic Lighting In The City District Star City. Estimated Cost: RUB 3,447,209 | 29-Sep-2017 |
| Kazakhstan | Services In Technical Support Of Vehicles And Special Machinery | 29-Sep-2017 |
| Belarus | Supply Of Truck. Estimated Cost: BYR 125,000 | 03-Oct-2017 |
| Russian Federation | Restoration Of Disturbed Landscaping After A Major Overhaul Of The Heating Network - Box 197.34 To Residential Buildings Dos District (large Aerodrome) Stage 1. Estimated Cost: RUB 4,076,351 | 28-Sep-2017 |
| Russian Federation | Purchase Of Cable Vbbshng (a) 4150 (n) -1,0 | 29-Sep-2017 |
| Russian Federation | Supply Of Automobile And Special Equipment | 27-Oct-2017 |

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

EEPC India CIS Territorial Newsletter

Contact: Rajarshi Sarma Sarkar

Email: rsarkar@eepcindia.net

Phone no: 033-22890651