

Territorial NEWSLETTER CIS Countries

EETPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Tariff barrier and lack of connectivity are the two major constraints in expanding India's economic relation with the CIS member nations. While the possibility of any FTA in force is a long-term story as negotiation has still not been initiated, eliminating the connectivity problem has been in India's focus since the last few years. India has invested sufficiently towards construction of the INSTC, and Chabahar Port in Iran that are expected to make transport of goods between India and Central Asia via Iran cheaper and less time consuming, will soon be operational. The Honourable Prime Minister of India also took a lot of initiatives in developing economic relationship between India and the CIS

region with an objective to boost 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



Developing the economic relationship with the countries of CIS region has long been on the agenda of Indian government that has intensified in the recent past. India has taken a lot of initiatives in completion of the INSTC to develop the road transport system and the Chabahar Port in Iran to facilitate trade through waterways. This issue of CIS Newsletter has highlighted the economic opportunities kept for India in Russia and the Central Asian nations.

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

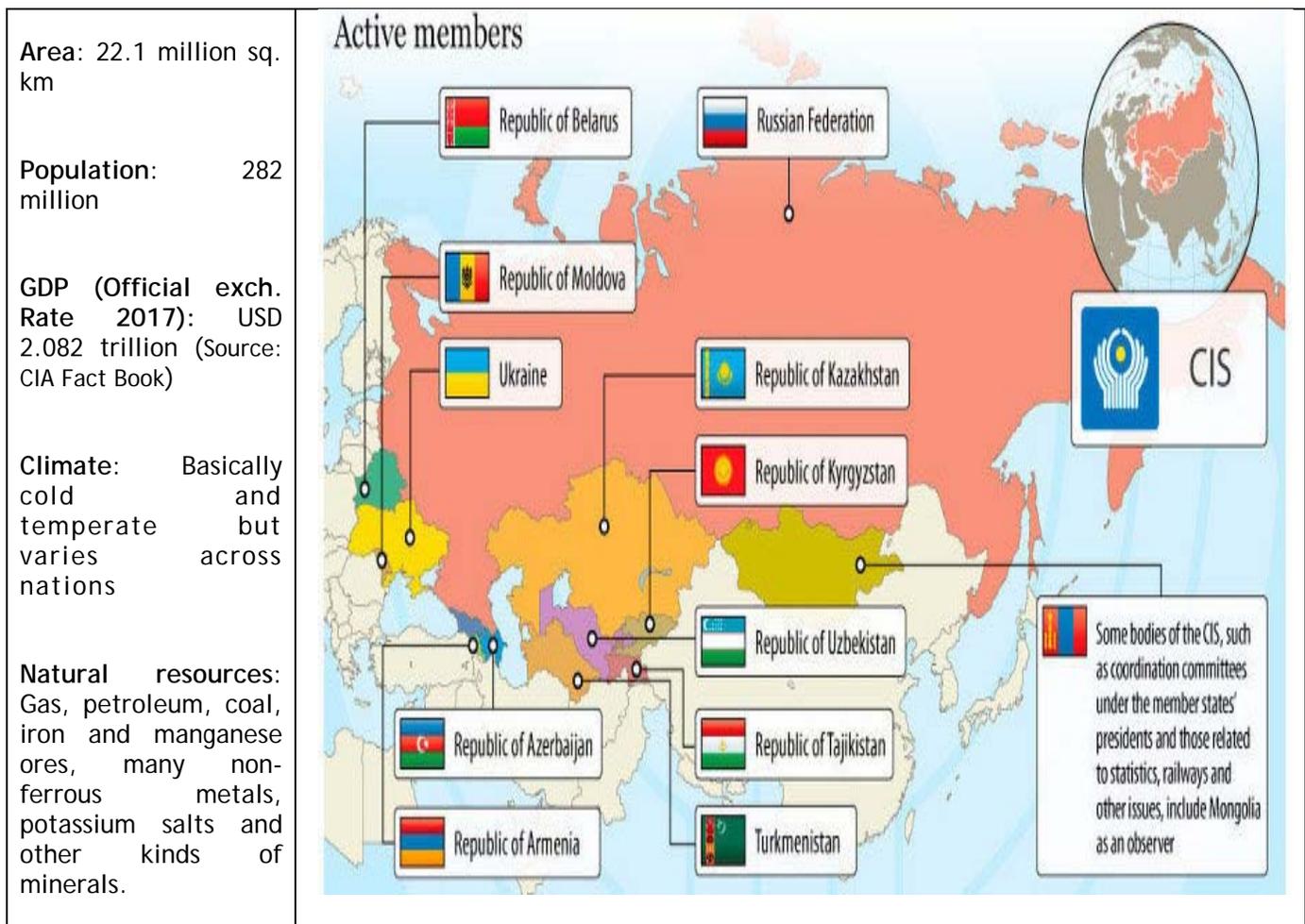
P. C. Shah

Basic Facts: CIS

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India has more opportunities to exploit in Central Asia

Economic relation between India and the CIS region has not yet grown to its full potential. In fact, it is far from reaching that level. The government of India is having a strong focus on expanding trade and investments with this region that was evident from the recent visits of the Indian Prime Minister Mr. Narendra Modi to several CIS nations including Russia and some development in India-CIS relation is expected in foreseeable future. Russia, the richest economy of the CIS region and an 'All-weather Friend' of India since the time of erstwhile USSR is the largest consumer of Indian products and nearly three-fourth of India's total merchandise trade with CIS nations is done with Russia. However, trade with Russia also remains far below the potential level till date. Moreover, other stable economies like Uzbekistan, Kazakhstan etc. are still largely untapped by India.

Tariff barrier is a major and probably the most prominent bottleneck to trade between India and the CIS region. It has been found that most of the CIS nations have been offering high tariff on several engineering products imported from India. Absence of any Free Trade Agreement (FTA) in force is the reason. Concluding the negotiation of the proposed FTA between India and the European Economic Union (EAEU), consisting Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia, is the need of the hour as that will play an instrumental role in facilitating trade and investments between India and CIS. Another nation that lies outside EAEU, Uzbekistan has also emerged as a promising destination for India's exports and investments but scope is limited due to imposition of high import tariff for Indian products. Target-oriented strategy is required from both sides to develop the relationship.

Connectivity is another major hindrance to stronger relationship between these two economic regions but that could be a matter of the past in the next couple of years once the International North South Transport Corridor (INSTC) and the Chabahar project becomes fully operational. India has invested adequately in these two projects in order to remove connectivity bottleneck and expand economic relationship especially with the central Asian region.

Full functionality of the INSTC will connect India with Russia and Europe via Iran and is expected to reduce the time taken as well as the cost of transporting goods between India and Eurasia substantially that will in turn lead to boost in economic activities between India and the resource-rich Russia as well as markets of Europe. A study, conducted by the Federation of Freight Forwarders' Associations in India has reportedly showed that INSTC will be 30% cheaper and 40% shorter than the existing routes.

Chabahar Port, on the other hand, will be a vital gateway for India to access Eurasian markets once becomes operational and optimal use of the same requires a Central Asian state joining the project as a direct stakeholder. The prospect of Uzbekistan joining the Chabahar port project through Afghanistan would bring about the biggest breakthrough in regional transport connectivity with enormous implications for the entire region.

However, India's objection in joining the 'Belt and Road Initiative' (BRI) pioneered by the Chinese Government has led to a myth prevailing in Eurasian region that India is opposed to any connectivity projects. India should formally declare that the BRI relates to the violation of India's sovereignty but India is not against the projects passing through non-disputed areas such as the Turkmenistan, Afghanistan, Pakistan and India (TAPI) pipeline project. Rather, India sincerely desires to reestablish its historic Silk Route ties with Central Asia with a hope to make an entry into the largely untapped energy potential of the region. In fact, INSTC is one of the corridors considered by India as part of connectivity initiatives parallel to China's 'One Belt One Road' strategy.

The Central Asian nations, after witnessing a noticeable slowdown in manufacturing sector, have now been increasingly getting linked to the global market for production, supply of raw material and services. Prolonged recession in Europe along with financial crisis in Russia, fall in oil prices, etc is opening new avenues of opportunities for the Central Asia-India trade partnership to grow. However, it is mention-worthy here that the Central Asian countries, including Uzbekistan, may not be key export markets or investment destinations for Indian companies as yet, but as they are fast getting linked to the global market, a strong connection with them will make other European markets more accessible for India.

Source:

1. Article by Ambassador (Prof.) P. Stobdan, Senior Fellow at Institute for Defence Studies and Analyses, New Delhi. The link for the article is as follows:
<https://idsa.in/policybrief/indias-economic-opportunities-in-central-asia-pstobdan-170918>

2. News published in The Economic Times

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 Jul 2018 (Value of Exports measured in USD Million):

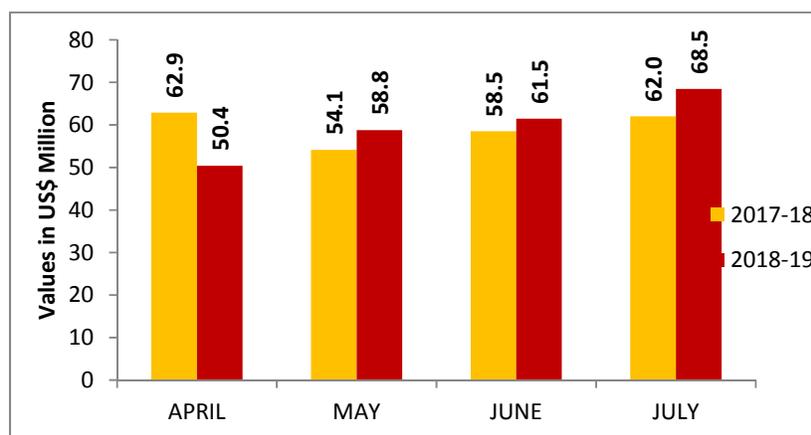
Country	Export in Jul 2017	Export in Jul 2018	Growth (%)	Export in Apr-Jul 2017	Export in Apr-Jul 2018	Growth (%)
RUSSIA	49.06	46.22	-5.78	178.77	172.96	-3.25
UZBEKISTAN	2.59	6.51	151.08	15.14	23.80	57.23
UKRAINE	5.26	5.28	0.43	22.17	19.14	-13.65

GEORGIA	0.98	4.75	386.62	3.76	9.37	149.56
KAZAKHSTAN	1.66	1.89	13.74	6.45	6.28	-2.69

India's engineering exports to CIS region witnessed year-on-year growth for the third consecutive month to Jul 2018 despite exports to the largest consumer Russia conceded a decline during the month. This time the growth accelerated to double-digit level driven by 151% rise in demand from Uzbekistan and nearly 4 times increase in exports to Georgia. Engineering exports in Jul 2018 went up by 10.39% year-on-year as against 5.08% in Jun 2018, 8.6% in May 2018 and 20% year-on-year decline in Apr 2018. Russia saw nearly 6% year-on-year decline in imports of Indian engineering product during the reporting month. Out of the top five CIS nations, all recorded year-on-year rise in imports from India other than Russia.

Cumulative engineering exports to CIS, for the first time in fiscal 2018-19 experienced year-on-year growth however marginal. Export during Apr-Jul 2018-19 was 0.62% higher over the same period last fiscal. Eight out of twelve CIS countries conceded year-on-year decline in imports of engineering products from India. Among the top importers in CIS, surge in demand from Uzbekistan and Georgia led the recovery in India's engineering exports.

Month-wise Trend in Engineering Export to CIS region (Apr - Jul 2018-19)



Source: DGCIS Data, EEPC Research

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

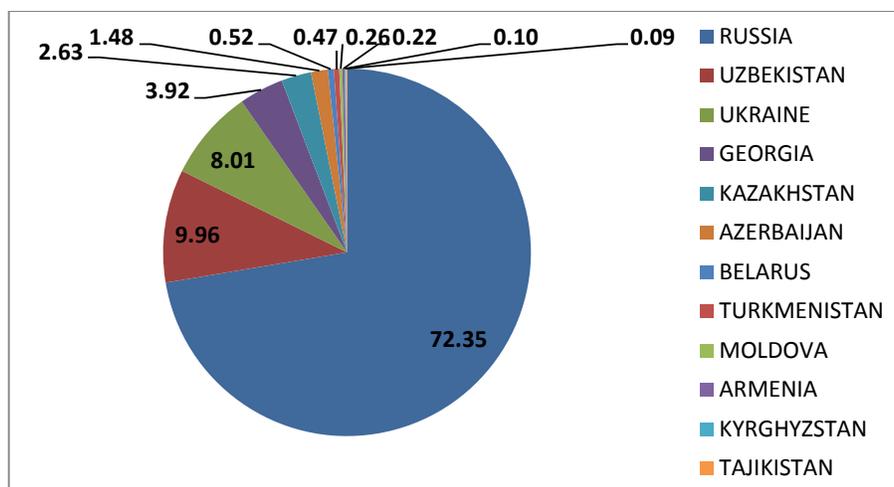
Top 10 panels exported to CIS during Apr-Jul 2018 are listed below (Value of Exports measured in USD Million).

Panel	Export in Jul 2017	Export in Jul 2018	Growth (%)	Export in Apr-Jul 2017	Export in Apr-Jul 2018	Growth (%)
Iron and Steel	7.07	9.62	36.13	33.50	34.38	2.63
Auto Components/Parts	8.97	9.82	9.38	32.27	32.84	1.75
Other Construction Machineries	3.29	8.72	164.91	16.17	27.65	70.93
Industrial Machinery	5.49	6.66	21.24	27.02	23.57	-12.76
Electric Machinery and	1.92	5.52	187.20	11.25	15.33	36.23

Equipments						
Products of Iron & Steel	2.60	3.93	51.22	10.86	13.10	20.62
Machinery for ATMs	3.86	2.55	-33.86	11.25	12.85	14.18
Nuclear Reactors	10.11	4.77	-52.77	12.45	10.45	-16.10
Aircrafts, Spacecrafts & Crafts	0.65	2.62	301.44	21.59	10.15	-53.01
Medical and Scientific Instruments	3.08	2.60	-15.74	8.81	9.88	12.15

'Iron and Steel' remained the highest exported engineering product group to CIS region during the first four months of fiscal 2018-19 followed by 'Auto components/parts'. Exports of both the product groups to CIS came back to growth path. On the other hand, 'Aircrafts, Spacecrafts and Parts', the largest engineering product group exported by India to CIS region during fiscal 2017-18 conceded 53% decline in exports over the same period last fiscal. Out of the top ten engineering product groups exported to CIS, three recorded decline in year-on-year exports while 16 out of 33 panels saw drop in exports to CIS during Apr-Jul 2018-19.

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



Source: DGCIS Data, EEPIC Research

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

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 72% of India's engineering exports to CIS during Apr-Jun 2018-19.

Top exported product: Iron & Steel; Auto components and parts; other construction machinery; 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 10% during the same quarter.

Top exported products: Industrial Machinery; Nuclear Reactors; Auto Components/Part; Other Construction 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.
- **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>

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

UPAKOVKA - UPAK ITALIA 2019	Jan. 29 - Feb. 01, 2019	Expocentr' Krasnaya Presnya Fairgrounds 14, Krasnopresnenskaya naberezhnaya Moscow 123100, Russia	https://www.eventseye.com/fairs/f-upakovka-upak-italia-2778-1.html
SIBBUILD '2019	Feb. 19 - 22, 2019	Novosibirsk Expocentre Stantsionnaya Street, 104 630071, Novosibirsk Russia	https://www.eventseye.com/fairs/f-sibbuild-2590-1.html
AQUA-THERM MOSCOW 2019	Feb. 12 - 15, 2019	Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road Russia	https://www.eventseye.com/fairs/f-aqua-therm-moscow-5440-1.html
ELECTROTECH - LIGHT MINSK 2019	March 12 - 15, 2019	Football Manege Sport Complex 20/2 Pobediteley Ave. Minsk, 220020, Belarus	https://www.eventseye.com/fairs/f-electrotech-light-minsk-9789-1.html

News in Focus

Uzbekistan to partake in development of CIS free trade zone agreement

Uzbekistan will participate in the development of the agreement on free trade zone for services between the countries of the Commonwealth of Independent States (CIS), Uzbek media reports.

Link: <https://en.trend.az/business/economy/2937842.html>

Automobile Makers Help Push “Made In Azerbaijan”

As domestic sales of brand-new cars made in Azerbaijan are increasing, producers are showing them off at an international automobile show in Moscow to help the “Made in Azerbaijan” brand go global.

Link: <https://caspiannews.com/news-detail/automobile-makers-help-push-made-in-azerbaijan-2018-8-30-25/>

Cooperation with EU is source of development for Kazakhstan

Strengthening Kazakhstan’s global authority goes hand in hand with the improvement of relations with the states forming part of the European Union. The programme, Path to Europe, initiated by Kazakh President Nursultan Nazarbayev was focused on this foreign policy vector.

Link: <https://astanatimes.com/2018/08/cooperation-with-eu-is-source-of-development-for-kazakhstan/>

Moody’s: loan concentration remain high at CIS banks, a negative for lenders

Loan books and deposit bases at banks in Russia and other members of the Commonwealth of Independent States (CIS) will continue to be highly concentrated on a small group of large corporates, says Moody's Investors Service in a report...

Link: <http://www.armbanks.am/en/2018/09/20/116151/>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Azerbaijan	Providing Spare Parts For Torch Engines, Building Materials Etc	14-Feb-2019
Azerbaijan	Providing Mechanical And Electrical Equipment For Current Repair Of Subarticle Wells And Pumping Stations. Procurement Of Construction Materials For Maintenance And Repair. Procurement Of Spare Parts For Vehicles And Vehicles	14-Feb-2019
Ukraine	Engineering Design Services; Estimated Cost: UAH 10,061,480	22-Jan-2019
Russian Federation	Supply Of Spare Parts For Pumps 20a-18x3 According To The Specification And The Technical Task.	18-Jan-2019
Russian Federation	The Development Of Project Documentation For The Installation Of High-speed Protection Against Unacceptable Changes In The Pressure Of Network Water In Return Pipelines Of The Heating Network Of Branch Of Jsc "otec" In Seversk Estimated Cost: RUB 2,192,711	18-Jan-2019

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

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