

Territorial NEWSLETTER CIS Countries

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



EEPC India participation in INNIOPROM in July 2016 at Yekatrinnburg was a huge success, with a large number of Indian companies participating in it. Bilateral trade and economic relation with Russia are expected to be further strengthened as a result. Russia is the richest economy, and it is also India's biggest trade partner in the CIS region. A well established relationship with Russia may help India to penetrate the market of other nations in the region. This newsletter has done a brief analysis on the current state of Indo-Russian relationship. It is observed that, notwithstanding so many commotions in world economy and politics in the last 10 years or so, the relationship did not change. Concern on decline in trade is diluted

as this fiscal (2016-17) Indian exporters have been able to export more to the CIS region. Major countries in the region realized increased exports, especially of engineering products, from India. India's relation with Russia and the CIS region as a whole is most likely to see a new era in the coming years.

I believe this newsletter will help our member exporters to consider CIS as a prospective region for exports.

Tarvinder Singh Bhasin

Committee on Trade with CIS Countries - Chairman's Note



This is the tenth issue of our CIS newsletter. In this issue, we have taken the present status of Indo-Russian relationship as our key point of discussion as the success of INNOPROM 2016 is likely to help India to penetrate the Russian as well as CIS market more than before. Rise in trade volume between India and the CIS during fiscal 2016-17 is also considered as a good sign for a stronger bilateral relation.

We have also analyzed India's engineering exports to CIS region for May 2016 and presented the study both country-wise and product panel wise like previous issues. Other regular sections like news, information on exhibitions and tenders are basically informative in nature.

I believe this newsletter will be helpful for our member exporters to take more informed business decisions.

Aman Chadha

Basic Facts: CIS

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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.

Current State of India-Russia Relation and Future Prospect

Russia is the richest economy in the CIS region accounting for nearly 72% of total GDP of CIS region in 2015 (at official exchange rate). Russia is also India's biggest trade partner among the 12 CIS nations with an average share of 62.2% in India's total exports to CIS during the last five calendar years. Therefore, bilateral relation with Russia is vital for India. It is also vital in order to penetrate the CIS market. India has just successfully participated in Russia's largest industrial trade fair INNOPROM 2016 as a 'Partner Country' and another exhibition on Tools called MITEX will be held in Nov 2016. In this write up, we have analyzed some aspects of the present Indo-Russian relationship and have also tried to throw some lights on the future of the relationship.

India's relationship with Russia is already in a very strong despite so many political and economic changes in the world during the last ten years; the Indo-Russian tie remained by and large unchanged. However, as the features of world economy had been changing with time, the relationship needed to be broadened as well as modernized. The positive relationship between the head of these two states opened a new horizon for both Indian and Russia. Russia is universally regarded as the all weather friend for India and it has a tremendous goodwill across all political parties.

The latest milestone in the relationship was added in Aug 2016 when a 1,000 Megawatt nuclear power plant was made operational, the agreement for which was signed several years ago. The second unit also became operational from late Aug 2016. In December 2014, Moscow and New Delhi signed a document on strategic vision of serial construction of nuclear power units in India by using Russian technologies. India also wanted Russia to participate in the process of India's economic development and cooperate in India's infrastructural development.

One of the most important areas of Indo-Russian relationship is defense and military cooperation which is wide-ranging. India's deep faith on Russia was reflected by the fact that the subject of modernizing India's military, air force and navy was seriously discussed with the Russian side. Both the nations have been in discussion and close to signing an agreement on technological development of fifth generation jet fighters (FGFA) and Russia also wants to increase the licensed production of T-90 tanks and Su-30MKI jet fighters in India.

Russia was the first country to take the initiative under the "Make in India" programme in the two key strategic sectors of civil nuclear energy and military-technical cooperation.

For deepening of trade relation with India, Russia has decided to set up a trading house as a branch of the Russian Export Centre (REC) in India before the end of 2016.

Meanwhile, the 22nd session of the Indo-Russian Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC), a critical institutional mechanism to promote and strengthen India's strategic partnership with Russia will be held in New Delhi on September 13. These series of meetings are expected to raise the India-Russia "special, privileged strategic partnership" to a new level across different fields of cooperation; in trade and economic affairs, defense, civil nuclear energy and hydrocarbons.

Trade Trend Analysis in the CIS

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

Country	Export in May 2015	Export in May 2016	Growth (%)	Exports in Apr-May 2015	Exports in Apr-May 2016	Growth (%)
RUSSIA	14.48	121.86	741.56	46.42	154.33	232.48
GEORGIA	0.97	3.50	261.99	2.58	11.62	349.60
UKRAINE	3.17	4.01	26.37	7.09	8.15	14.90
TURKMENISTAN	0.45	1.95	331.42	1.16	5.52	375.86
UZBEKISTAN	1.55	2.44	57.72	7.62	3.20	-57.95

After starting the new fiscal year in a positive note, engineering exports to CIS in May 2016 registered a robust 491.2% year-on-year growth driven by USD 136.64 million of overseas shipment. Russia continued to be the top export destination for Indian engineering in the CIS region and Ukraine again moved up to second position by replacing Georgia. However, cumulative figure for the first two months of fiscal 2016-17 kept Georgia in the second position just above Ukraine with 349.6% growth in engineering imports from India. All the top five exporting destinations for Indian engineering products in the CIS region recorded exorbitant growth in May 2016 over the same month last year. Among the top 5 importers of Indian engineering products in the CIS region, only Uzbekistan conceded a year-on-year decline in exports during the first two months of the ongoing fiscal due to very weak demand in Apr 2016.

Panel-wise trend in engineering exports to CIS during May 2016

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

Name of the Panel	Export in May 2015	Export in May 2016	Growth (%)	Exports in Apr-May 2015	Exports in Apr-May 2016	Growth (%)
IC Engines and Parts	0.20	94.70	46679.22	0.52	95.33	18206.98
Aircrafts & Spacecrafts	0.32	6.86	2030.74	12.64	21.73	71.86
Iron and Steel	2.35	5.44	131.75	6.38	10.20	59.77
Auto Components/Part	2.58	6.12	137.15	7.89	9.98	26.45
Industrial Machinery	4.97	4.04	-18.78	9.98	8.48	-15.09
Electric Machinery and Apparatus	2.54	4.23	66.64	8.76	8.42	-3.90
Machinery for ATMs	0.40	1.84	360.88	1.11	6.43	477.61
Products of Iron & Steel	2.29	2.49	8.55	5.01	5.86	16.98
Medical and Scientific instruments	1.45	1.83	26.66	2.64	3.49	32.17
Nuclear Reactors, Industrial Boilers & Parts	0.65	0.44	-32.31	1.55	3.30	113.66

Panel wise data for engineering products showed that ' IC Engines and Parts' recorded an anomalous growth in exports to CIS during May 2016 that placed it as the top exported product during the first two months of the current fiscal. 'Aircrafts & Spacecrafts' went down to second place but with much lower overseas shipment to the CIS than as compared to the top exported product. Among the top ten engineering product group exported to CIS region, only 'Industrial Machinery' conceded a decline in exports during May 2016 while 'Electrical Machinery' accompanied it to register decline in exports when cumulative figures were considered. Other than the top two panels, only 'Iron & Steel' reached double digit exports during the first two months.

Upcoming exhibitions in CIS Countries

Events	Date	Venue	Link
AQUA-THERM BAKU 2016	19 Oct - 22 Oct 2016	Heydar Aliyev Sports and Exhibition Complex Baku, Azerbaijan	http://www.eventseye.com/fairs/f-aqua-therm-baku-11321-1.html
ELCOMM CAUCASUS 2016	Nov 09 - Nov 11, 2016	Expo Georgia Exhibition Center Tbilisi, Georgia	http://www.eventseye.com/fairs/f-elcomm-caucasus-3155-1.html
BUDEXPO 2016	Oct 04 - Oct 07, 2016	Palace of Sport 'Spartak' Lviv, Ukraine	http://www.eventseye.com/fairs/f-budexpo-5670-1.html
LESDREVMASH 2016	Oct 24 - Oct 27, 2016	Expocentr' Krasnaya Moscow, Russia	http://www.eventseye.com/fairs/f-lesdrevmash-15049-1.html

News in Focus

Russian President Vladimir Putin will meet other heads of CIS states in Kyrgyzstan

On September 16 Vladimir Putin will take part in the CIS Council of Heads of States in Bishkek. The CIS heads of state will summarize the activities of the interstate association in the context of the 25th anniversary of the CIS, and will exchange views on key issues of further development of the commonwealth

Link: <https://cis.einnews.com/article/344669526/ldw9eMaZSPVQ4z7o>

Tajikistan: The Eurasian Economic Union's Next Member?

Tajikistan appears to be inching toward joining the Eurasian Economic Union. With Dushanbe long suggested to be considering membership, this news ought to be taken with a grain of salt.

Link: <http://cis.einnews.com/article/335839054/CLCFig71U-9OPjgZ>

Russians, EU Residents See Sanctions Hurting Their Economies

As European Union and U.S.-imposed economic sanctions on Russia near the two-year mark, Gallup surveys show many Russians (43%) see the sanctions as negatively affecting their economy.

Link: http://cis.einnews.com/article/323633985/LUxurYe6_7TwArW-

Kazakhstan Unexpectedly Cuts Rates as Inflation Seen Peaking

Kazakhstan's central bank unexpectedly cut its key interest rate for the second time since introducing it last year, saying the risks of inflation accelerating further are "minimal" after it soared for 10 months to the fastest since 2008.

Link: http://cis.einnews.com/article/334529375/fp_LCI4RKm3lebAp

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Belarus	Selection Of A General Contractor For Design And Survey Work On The Project: \"residential Building Efficiency On The Street. 1st Proletarian In Vitebsk \"	12-Oct-2016
Belarus	Purchase Of Engineering Services For The Complete Overhaul Of Inspection Objects	26-Sep-2016
Russian Federation	Development Of Design Estimates For The Device Mounted Facade Systems With Thermal Insulation Of The Walls At The Following Address: Moscow, Ul.dorozhnaya, 3, Building 3 And Ul.dorozhnaya, 3, Building 3, Page 2	29-Sep-2016
Armenia	Design Of The Heating System By Electric Convection Heaters And Provision Of The Electric Convection Heaters For The Un House, Yerevan, Armenia	25-Sep-2016

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

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