

Territorial NEWSLETTER CIS Countries

EPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Despite some improvement in economic relations between India and Russia in the last two years, the 70 year-old formal bilateral relationship between these two nations has become a bit vulnerable due to Russia's growing tie ups with China and Pakistan, India's improved relation with the US and the sanction on Russia imposed by the US. However, a big relief for the policymakers of both the states has come after the meeting between the heads of both the states in an informal summit held in Kochi. The discussion between both the leaders on various concerns was an attempt from both sides to revitalize the long-standing relationship where expansion of the relationship was also focused along with restoration of the existing

one. It was indeed a welcoming step by the Indian government and a reason to cheer for the Indian exporting community focusing on CIS region.

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



Our 34th issue has highlighted the latest development in bilateral relationship between India and the richest economy of CIS, Russia followed by a meeting between the Russian President and the Indian Prime Minister in Sochi, Russia. Sensitive issues of the existing relationship were addressed by the heads of both the states and sincere attempt by both sides was made to upgrade the relationship to a "special privileged strategic partnership."

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

Aman Chadha

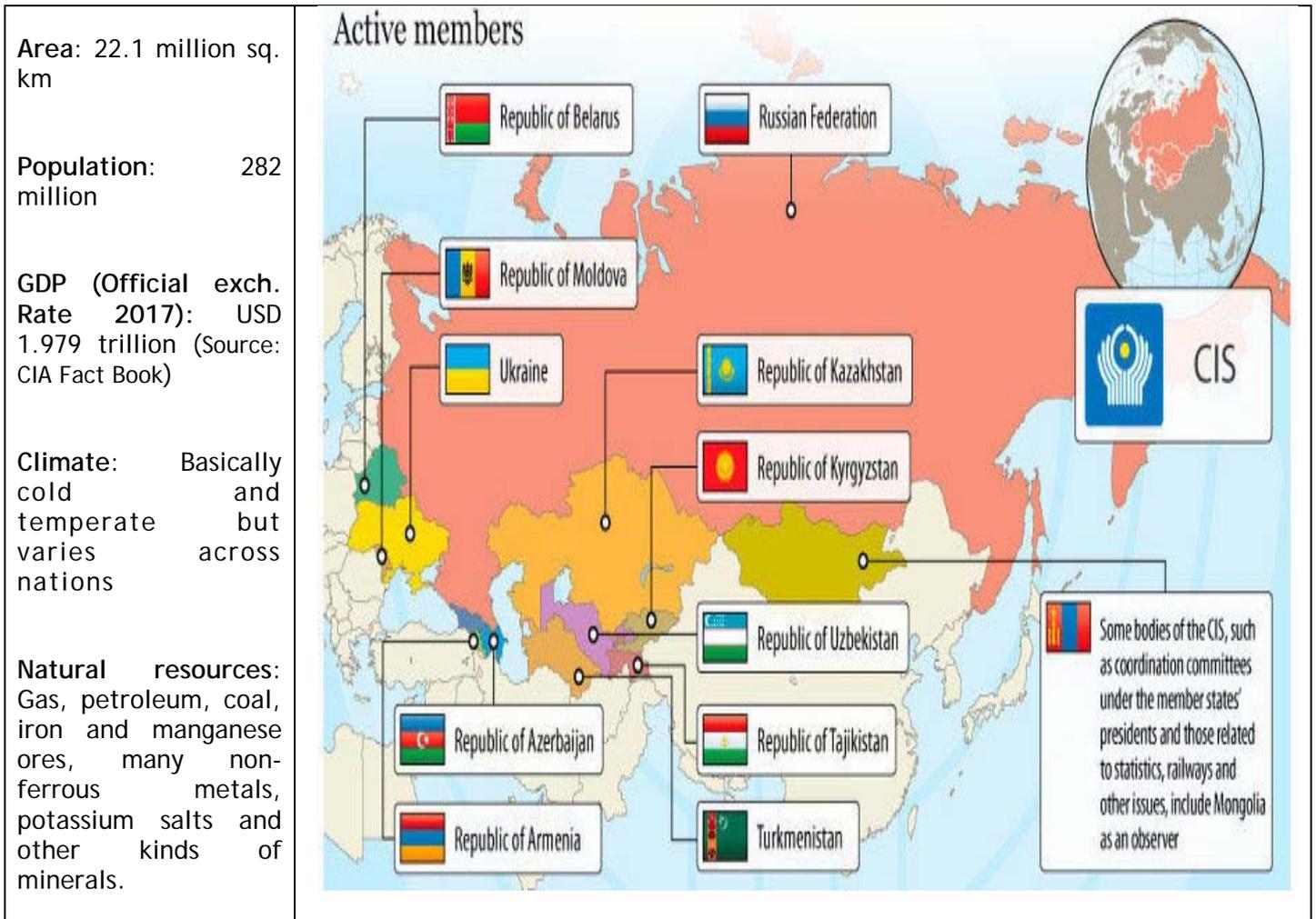
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Basic Facts: CIS



India-Russia bilateral relationship - the Way Forward

The first informal summit between the Indian Prime Minister Mr. Narendra Modi and Russian President Mr. Vladimir Putin was held during May 2018 in Sochi, Russia. Over the past few years, India has developed or expanded its bilateral and strategic relationships with countries that have been considered by Russia as inimical to its interests. On the other hand, Russia's closer ties with Beijing and Islamabad left India uncomfortable. At this juncture, the Sochi summit has been an attempt from both sides to reaffirm the long standing relationship where the heads of both the states upgraded this traditionally close relationship to a "special privileged strategic partnership."

Traditionally the India-Russia bilateral relationship has been based on multiple pillars of common interest. Both India and Russia share a similar worldview, based on a multipolar order. They have also had a strong economic relationship in the past. When the Soviet Union collapsed in 1991, it was India's biggest trading partner and supplier of defence technology. There were also strong people-to-people exchanges, with many young Indian professionals being educated in Russia.

However, the relationship has been under some strain in the last few years. There was a growing perception in the Russian establishment that India was getting closer to the United States, but Russia's problems with Europe and the United States pushed Moscow to look towards east for allies. Through this effort, Prime Minister Modi has signaled that India's relationship with Russia is independent of its relationship with the rest of the world, and vice versa.

On the other hand, India too has concerns about Russia's growing relationships with China and Pakistan, and its contentious relationship with Washington. Despite these strains, a strong India-Russia relationship is important because it gives extra manoeuvring space for both countries vis-a-vis other actors. Consequently, both India and Russia need to explore other avenues of cooperation, beyond defence technical cooperation to strengthen this relationship.

From the Indian perspective, there is scope for improvement in trade between Russia and India if the international North-South corridor through Iran, and the Vladivostok-Chennai sea route can be operationalised. India can benefit from hi-tech cooperation with Russia in the fields of artificial intelligence, robotics, biotechnology, outer space and nanotechnology. It can also cooperate with Russia on upgrading its basic research and education facilities. There is scope for growth in the energy sector, beyond mutual investments. Mutual benefits in trade of natural resources such as timber, and agriculture can also be harnessed.

On the other hand, there seems to be a realisation in Russia about its over-dependence on China. This is particularly difficult because of the large Chinese market, not just for Russian energy exports, but also for Russian military exports. However, Russia has made a conscious attempt to energise his relationship with Japan and has also been trying to develop ties with Vietnam and other Southeast Asian countries through the East Asia Summit and ASEAN. Given India's long-term association with these countries, India can help Russia in navigating these relationships.

In the Sochi summit, heads of both the states have focused on the role that their respective countries can together play to ensure global peace and stability. Expanding co-operation in energy sector particularly on gas, identifying possible synergies in trade and investment was another important point of this summit. Both leaders have reiterated their commitment to the longstanding military, security and nuclear energy partnerships between the two countries. The Sochi informal summit was about redefining the bilateral relationship and recasting it for the future.

Source:

1. Article published in the website of "Brookings Institution", a nonprofit public policy organization based in Washington, DC.

<https://www.brookings.edu/blog/up-front/2018/07/02/future-of-the-india-russia-relationship-post-sochi-summit/>

2. Article Published in the Economic Times

<https://economictimes.indiatimes.com/opinion/et-view/et-view-can-the-sochi-summit-map-the-future-of-indias-relationship-with-russia/articleshow/64271746.cms>

Trend Analysis of India's Engineering Export to CIS

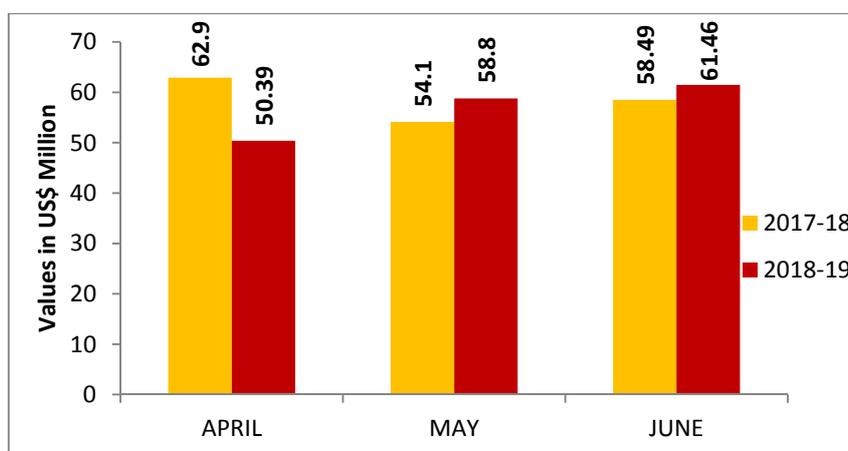
The following table described the exports of Indian engineering products to top five importers from the CIS region during Jun 2018 (Value of Exports measured in USD Million):

Country	Export in Jun 2017	Export in Jun 2018	Growth (%)	Export in Apr-Jun 2017	Export in Apr-Jun 2018	Growth (%)
RUSSIA	41.40	43.59	5.29	129.71	126.62	-2.38
UZBEKISTAN	5.11	7.35	43.84	12.54	17.29	37.88
UKRAINE	7.09	5.78	-18.48	16.91	14.10	-16.62
GEORGIA	1.36	0.97	-28.68	2.78	4.62	66.19
KAZAKHSTAN	1.55	2.31	49.03	4.79	4.40	-8.14

India's engineering exports to CIS region witnessed year-on-year growth for the second consecutive month to Jun 2018 driven by higher demand from the largest consumer Russia and the second largest importer Uzbekistan. Engineering exports this time increased by 5.08% as against 8.6% in May 2018 and 20% year-on-year decline in Apr 2018. Russia saw 5.3% year-on-year rise in imports of Indian engineering product during the reporting month while Uzbekistan recorded 44% rise in year-on-year import on its way to become the second largest destination in CIS for Indian engineering by replacing Ukraine. Out of the top five CIS nations, two witnessed declines in exports while out of the 12 CIS nations, four conceded declines in engineering imports from India during Jun 2018.

Cumulative exports however continued to decline in the first quarter of 2018-19 due to substantial decline in exports in Apr 2018. However, the pace of decline moderated over the month. As much as seven countries conceded year-on-year decline in imports of engineering products in India including Russia and Ukraine while for two of them, imports remained stagnant. Among the top importers in CIS, Uzbekistan saw a sizeable increase during the period concerned.

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



Source: DGCIS Data, EEPIC Research

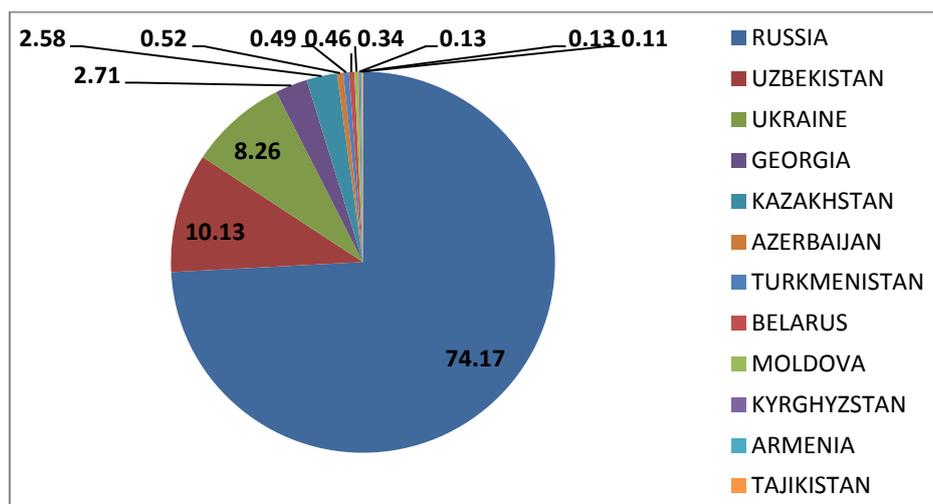
Panel-wise trend in engineering exports to CIS during Jun 2018

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

Panel	Export in Jun 2017	Export in Jun 2018	Growth (%)	Export in Apr-Jun 2017	Export in Apr-Jun 2018	Growth (%)
Iron and Steel	8.20	8.50	3.57	26.43	24.76	-6.33
Auto Components/Parts	8.71	7.30	-16.15	23.30	23.02	-1.19
Other Construction Machinery	2.80	7.09	153.49	12.88	18.92	46.90
Industrial Machinery	9.05	5.08	-43.85	21.53	17.20	-20.12
Machinery for ATMs	2.48	5.31	114.46	7.39	10.29	39.30
Electric Machinery and Equipments	3.63	5.99	65.09	9.33	9.80	5.10
Products of Iron and Steel	3.86	2.45	-36.58	8.27	9.18	11.02
Aircrafts Spacecrafts	3.46	1.57	-54.78	20.94	7.52	-64.07
Medical and Scientific Equipments	2.23	2.56	14.82	5.72	7.14	24.71
Air condition and Refrigeration Machinery	1.58	2.04	28.90	4.65	6.41	37.74

'Iron and Steel' came up as the highest exported engineering product group to CIS region during the first quarter of fiscal 2018-19 pushing 'Auto components/parts' down to second place. However, exports of both 'Auto components/parts' and 'Iron and Steel' to CIS declined during this time period. Aircrafts, Spacecrafts and Parts', the largest engineering product group exported by India to CIS region during fiscal 2017-18 conceded 64% decline in exports during Apr-Jun 2018 over the same month last year. Out of the top ten engineering product groups exported to CIS, four recorded decline in year-on-year exports while 17 out of 33 panels saw drop in exports to CIS during the reporting quarter.

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



Source: DGCIS Data, EEPIC Research

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

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 74% 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; Auto Components/Part; Other Construction Machinery; Nuclear Reactors; Air condition and Refrigeration Machinery and 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>

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
INTERNATIONAL CONSTRUCTION FORUM 2018	19-Sep-2018 To 21-Sep-2018	Kazanskaya Yarmarka Exhibition Centre 8, Orenburgsky Trakt Kazan, 420059, Russia	https://www.eventseye.com/fairs/f-international-construction-forum-21648-1.html
PURE WATER. KAZAN 2018	19-Sep-2018 To 21-Sep-2018	Kazanskaya Yarmarka Exhibition Centre 8, Orenburgsky Trakt Kazan, 420059, Russia	https://www.eventseye.com/fairs/f-pure-water.-kazan-15129-1.html
MOTOR EXPO SHOW 2018	19-Sep-2018 To 23-Sep-2018	Siberia International Exhibition Business Centre 19, Aviatorov Street Krasnoyarsk city, Russia	https://www.eventseye.com/fairs/f-motorexposhow-14568-1.html
LITEX 2018	10-Oct-2018 To 12-Oct-2018	Meteor Expo Center Makarova Street, 27-A 49008, Dnipropetrovsk Ukraine	https://www.eventseye.com/fairs/f-litex-16070-1.html

News in Focus

CIS FLAT STEEL: Market frozen on low demand in Turkey

The export market for hot-rolled coil (HRC) and cold-rolled coil (CRC) from the Commonwealth of Independent States was frozen because buyers - mostly in Turkey, which is the largest outlet market - preferred to postpone their bookings.

Link: <https://www.metalbulletin.com/Article/3821133/CIS-FLAT-STEEL-Market-frozen-on-low-demand-in-Turkey.html>

Moody's: Demographic trends will weigh on CIS growth & fiscal sustainability

Moody's Investors Service says that the demographic outlook remains adverse for countries in the Commonwealth of Independent States (CIS), which have experienced a significant deceleration in economic growth over the last decade as working-age populations have contracted.

Link: <http://georgiatoday.ge/news/11197/Moody%27s%3A-Demographic-Trends-Will-Weigh-on-CIS-Growth-%26-Fiscal-Sustainability>

Russia's car exports fail to meet forecasts

Russian vehicle exports are behind government expectations, despite being up 3% on last year's figures. The country exported 34,200 finished vehicles between January and May this year, according to the country's Federal Custom Service...

Link: <https://automotive-logistics.media/news/russias-car-exports-fail-to-meet-forecasts>

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/>

Jan-July 2018: Georgia's external trade up 24.4%

Georgia's external trade grew by 24.4 percent in January-July 2018 and reached \$7.05 billion, says the National Statistics Office of Georgia (Geostat).

Link: <http://agenda.ge/en/news/2018/1699>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Russian Federation	Determination Of The Contractor For Design And Survey Work, Design Supervision For The Title: Modernization Of The Emergency Registration Systems At The Substations Of The Wind Farm: Substation # 602 Borovoye, Substation # 477 Brusky, Substation # 157 Gor. Estimated Cost: RUB 5,442,375	05-Sep-2018
Russian Federation	Development Of Design And Estimate Documentation For The Sections: "individual Steel-and-steel Span Structures In The Axes Of Poles No.1-3 Of Overpass # 1 And 2, In The Axes Of Poles # 5-8 Of Overpass # 1 And 2", "special Auxiliary Structures And Devices Estimated Cost: RUB 17,698,389	10-Sep-2018

Location	Title	Deadline
Russian Federation	The Right To Enter Into Framework Agreements For The Supply Of 6-35 Kv Voltage Transformers (the Donation Of Participants To Procedure No.1047257) To Support The Production Programs Of Oao Idgc Of Urals. (1082265)	20-Sep-2018
Uzbekistan	Purchase Of Spare Parts For Rapiskan 627 Xr Conveyor Belt, 950x8160 Mm,driving Drum 3-phase 230v / 0.37kw,driving Drum 3-phase 230v / 0.37kw Etc.	10-Sep-2018
Belarus	Selection Of The General Contracting Organization For The Survey, Design Works And Supervision Of The Object Reconstruction Of A Part Of The Isolated Premises Of The Garage-boiler House Of The Vysoke-litovsk Military Unit Of The Military Unit 2187 With Th	14-Sep-2018

For more contract notices, Please register with Tenderinfo and follow the link:

<http://www.tendersinfo.com> and search for CIS.

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