

# Territorial NEWSLETTER CIS Countries

**EEPCINDIA**

ENGINEERING THE FUTURE

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## Chairman's Pen



In order to enhance our trade with the CIS region, we need to look beyond Russia, who is our largest trading partner in that region. The Armenian economy, despite of witnessing a slight slowdown in the short term, have promise to grow over 5% on a sustainable basis over the medium term. The sound banking system of Armenia have been contributing heavily in the process of economic development of the nation. Such an economy can definitely be considered by Indian businesses for penetration especially when it is largely unexplored till date.

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



In this 43<sup>rd</sup> issue of our CIS newsletter, we have briefly highlighted the economic prospect of Armenia, a member of CIS with some promise to grow on a sustained basis in the medium term. The country is endowed with a sound banking system that led the economic reform of that nation. While India's trade with CIS remains much below the potential level, tapping these small nations for businesses may be a fruitful idea for Indian firms.

The newsletter also includes brief analysis of Indian engineering exports to the countries of the CIS region for fiscal 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

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NEWSLETTER – CIS Countries

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## Basic Facts: CIS

**Area:** 22.1 million sq. km

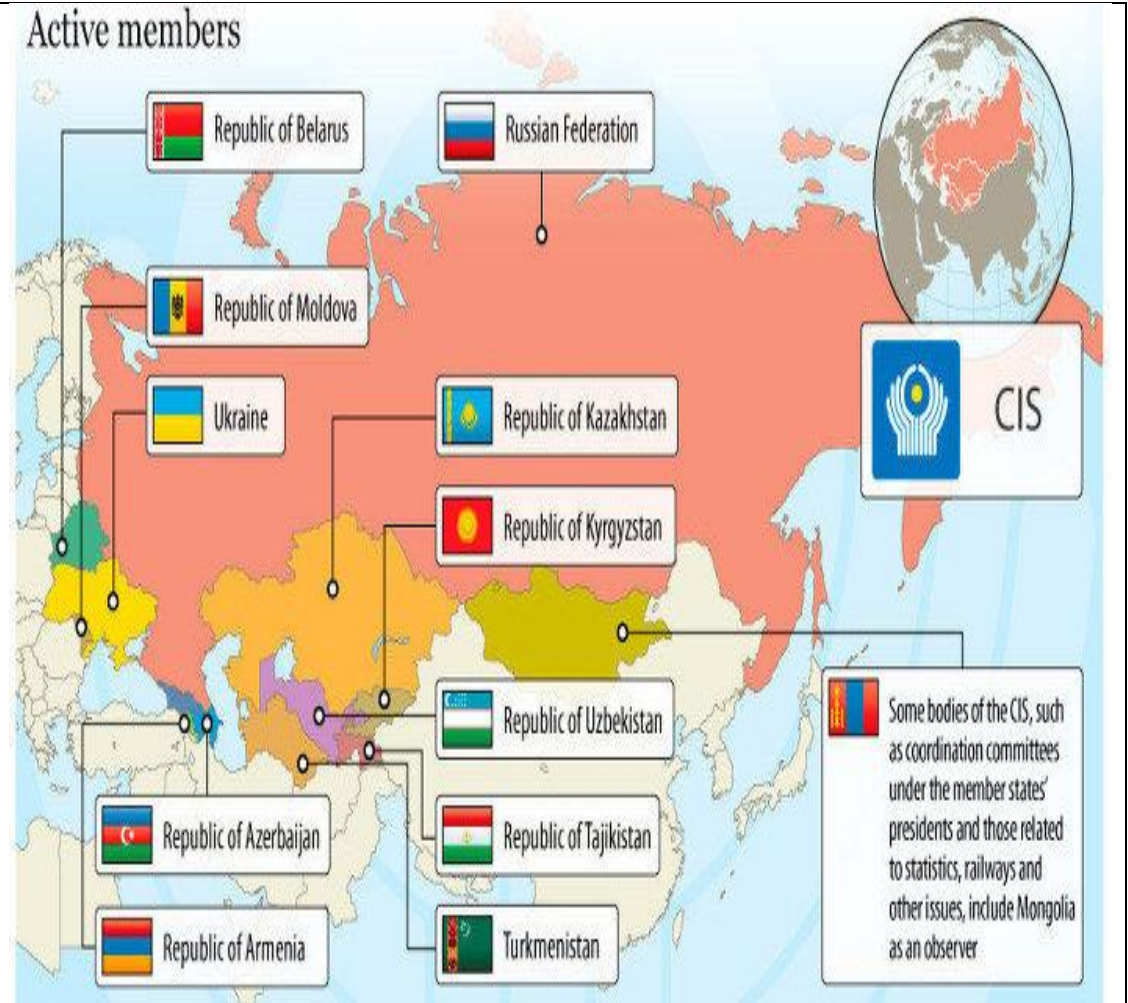
**Population:** 282 million

**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



## Armenian Economy and Banking Sector

Armenia is a prominent member of CIS but size of the economy is smaller in relation to majority of the CIS nations. Recently the government's emphasis on banking sector may accelerate the process of economic development going forward. Banks have already been playing an instrumental role in the economic development of the nation and now have started playing a bigger role to accelerate the development

The ratio of loans to GDP has increased by 3 times in the past ten years to 2018 which was recorded at over 51% by the end of 2018. It is one of the highest among all CIS nations and at the historic high in Armenia. In fact, banking sector in Armenia is the largest investor in the country's economy due to insolvency of other financial players in the system. Another reason was below expected FDI inflow in the recent times. It was at around US\$ 250 million as against US\$ 1 billion 10 years back according to the World Bank. However, lending by Armenian banks accounted for over US\$ 6 billion.

There are at present 17 banks in Armenia among which Ameria Bank is the largest investor in the process of economic growth in the country. Lending from this this bank amounted to around 18% of total lending

facilitated by all the 17 banks of Armenia together. This lending is spread across all types of firms starting from large enterprises to SMEs.

Contribution from these banks helped the economy to grow by 5.2% in 2018. Despite some downside risks, growth is likely to be around 5% in 2019 and then may accelerate gradually to 5% in the medium term.

**Source:**

1. World Bank
2. [http://arka.am/en/news/business/armenia\\_s\\_banking\\_sector\\_and\\_economic\\_revolution/](http://arka.am/en/news/business/armenia_s_banking_sector_and_economic_revolution/)

### Trend Analysis of India's Engineering Export to CIS

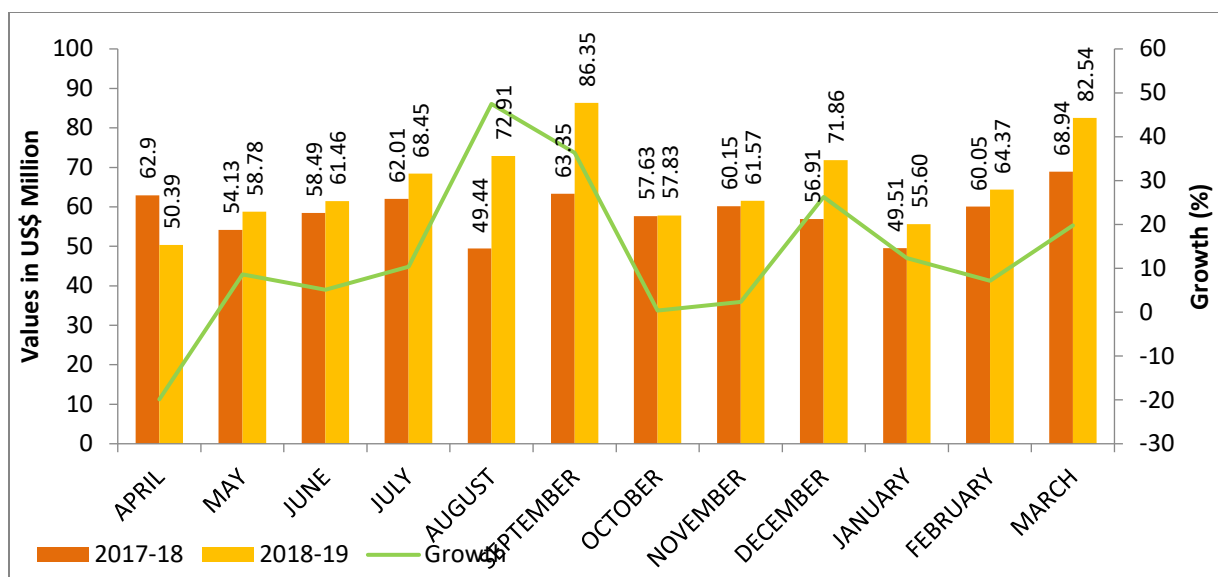
The following table described the exports of Indian engineering products to top five importers from the CIS region during Mar 2019 (Value of Exports measured in USD Million):

Country	Export in Mar 2018	Export in Mar 2019	Growth (%)	Export in Apr-Mar 2018	Export in Apr-Mar 2019	Growth (%)
<b>RUSSIA</b>	48.00	61.25	27.59	511.11	544.78	6.59
<b>UZBEKISTAN</b>	6.76	7.74	14.45	53.18	100.72	89.38
<b>UKRAINE</b>	8.52	6.50	-23.74	77.80	71.96	-7.51
<b>KAZAKHSTAN</b>	1.62	1.46	-9.77	23.72	21.49	-9.42
<b>GEORGIA</b>	2.16	2.39	10.91	10.34	18.07	74.72

India's engineering exports to CIS region grew at a much higher pace in Mar 2019 in comparison to the previous month. Year-on-year growth during Mar 2019 stood at 19.7% as against 7.18% in Feb, 12.3% in Jan 2019 and 26.3% in Dec 2018. Russia, the largest export destination for Indian engineering exports among all CIS nations led the growth with 27.6% increase in engineering import from India during Mar 2019. Exports to Uzbekistan, the immediate follower to Russia in receiving engineering exports from India in the CIS region, recorded a slower 14.4% growth in Mar 2019 as against 36.8% in Feb 2019 from 178% in Jan 2019. Four out of twelve CIS nations recorded year-on-year decline in imports from India during the month.

Cumulative engineering exports to CIS recorded at 12.08% year-on-year during the entire fiscal 2018-19 which was slightly higher than that of during Apr-Feb 2018-19. This growth was laid mainly by Uzbekistan who for the first time saw US\$ 100 million engineering exports from India. Russia also managed decent growth in imports of Indian engineering over the previous fiscal. Six 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 - Mar 2018-19)



Source: DGCIS Data, EEPC Research

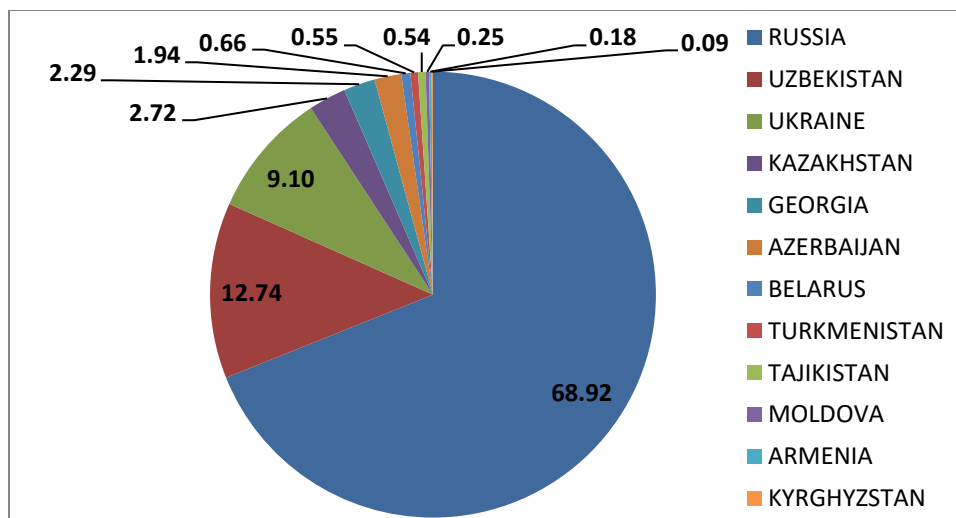
### Panel-wise trend in engineering exports to CIS during Apr-Mar 2018-19

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

Product Group/Panel	Export in Mar 2018	Export in Mar 2019	Growth (%)	Export in Apr-Mar 2018	Export in Apr-Mar 2019	Growth (%)
<b>Auto Components/Parts</b>	12.61	10.51	-16.68	110.69	115.16	4.04
<b>Industrial Machinery</b>	7.37	10.66	44.70	80.28	113.02	40.80
<b>Iron and Steel</b>	5.37	10.03	86.84	90.99	100.05	9.95
<b>Electric Machinery and Equipment</b>	9.69	7.78	-19.70	54.89	70.77	28.95
<b>Other Construction Machinery</b>	7.05	8.92	26.56	48.27	70.77	46.60
<b>Machinery for ATMs</b>	2.47	5.82	135.17	36.28	42.10	16.05
<b>Products of Iron and Steel</b>	3.89	3.90	0.18	34.61	41.00	18.47
<b>Medical and Scientific Instruments</b>	2.52	4.52	79.19	26.48	33.73	27.37
<b>IC Engines and Parts</b>	1.77	3.30	86.67	19.65	25.94	32.02
<b>Hand Tools Cutting Tools</b>	2.78	3.13	12.87	24.59	23.94	-2.68

'Auto component/parts' was the highest exported engineering product group to the CIS region from India during the fiscal 2018-19 with 4.4% growth in exports over the same period last fiscal. 'Industrial machinery' and 'Iron and Steel' were the other two product groups reached US\$ 100 million exports to CIS during 2018-19 registering 40.8% and 9.95% year-on-year growths respectively. Top four engineering product groups (as shown in the table above) exported to CIS constituted around half of the engineering product basket exported to CIS from India. Out of 33 product panels, 15 saw drop in exports to CIS during 2018-19.

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



Source: DGCIS Data, EEPC Research

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

### Russia:

Russia is still the largest importer of Indian engineering products in the CIS region sharing 68.9% of India's engineering exports to CIS during Apr-Mar 2018-19.

Top exported product: Iron & Steel; Auto components and parts; 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 12.74% during the fiscal.

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
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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

### Russian exports rise but subsidies in doubt

Information from Russia's Industry and Trade Ministry indicates that the majority of export sales remain within the Commonwealth of Independent States (CIS), and only 32% of exports went to other countries last year. The main markets for vehicle exports from Russia were Belarus, Kazakhstan, Ukraine, Uzbekistan and Azerbaijan (all CIS), followed by Algeria, Czech Republic, Cuba and Latvia.

Link: <https://www.automotive-logistics.media/37674.article>

### Russian Official Urges Iran's Active Role in Central Asia, Caucasia

First deputy chairman of the committee of Russia's State Duma for the Commonwealth of Independent States (CIS) and relations with Russian nationals abroad, Konstantin Fyodorovich Zatulin, hailed Iran as an important country with a major role in regional developments, calling for the Islamic Republic's stronger presence in Central Asia and the Caucasus.

Link: <https://www.tasnimnews.com/en/news/2019/02/28/1958258/russian-official-urges-iran-s-active-role-in-central-asia-caucasia>

### Interest in Eurasian Economic Union Growing Amid Anti-Russia Sanctions - Official

The interest in cooperating with the Eurasian Economic Union is increasing amid existing sanctions imposed on Russia, Eurasian Economic Commission Assistant Minister for Integration and Macroeconomics Fedor Chernitsyn told reporters at a business conference.

Link: <https://www.urdupoint.com/en/world/interest-in-eurasian-economic-union-growing-a-574381.html>

## 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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