

Territorial NEWSLETTER CIS Countries

EPCINDIA

ENGINEERING THE FUTURE

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Issue XXXIII: May 2018

Chairman's Pen



Exporters to CIS region have probably got a smile on their face with the release of engineering export figures for May 2018. After several months of declining trend, engineering exports to this region witnessed 8.6% year-on-year increase during the said month. Uzbekistan came up as the immediate follower of Russia in terms of consumption of Indian engineering products. In fact, Uzbekistan is one of the fastest growing economies of CIS showing decent growth even if during the days of recession in that region. The country, of late has stressed on economic reforms after decade long stagnation. Kazakhstan is another member nation of CIS that has been rapidly emerging as a prospective economy for investments. India has ample

scope to widen its presence in the CIS region through trade and investments and these two nations may provide us the required room for that.

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 33rd issue of our CIS Newsletter, we have highlighted the economic conditions of two emerging economies of the CIS region, Uzbekistan and Kazakhstan. Both the nations have adopted business-friendly reform measures with a focus on investment-driven growth across sectors. It is the right time for India to think of deepening trade and investments relation with these two nations as India's trade with them lies far below the potential level.

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

Territorial
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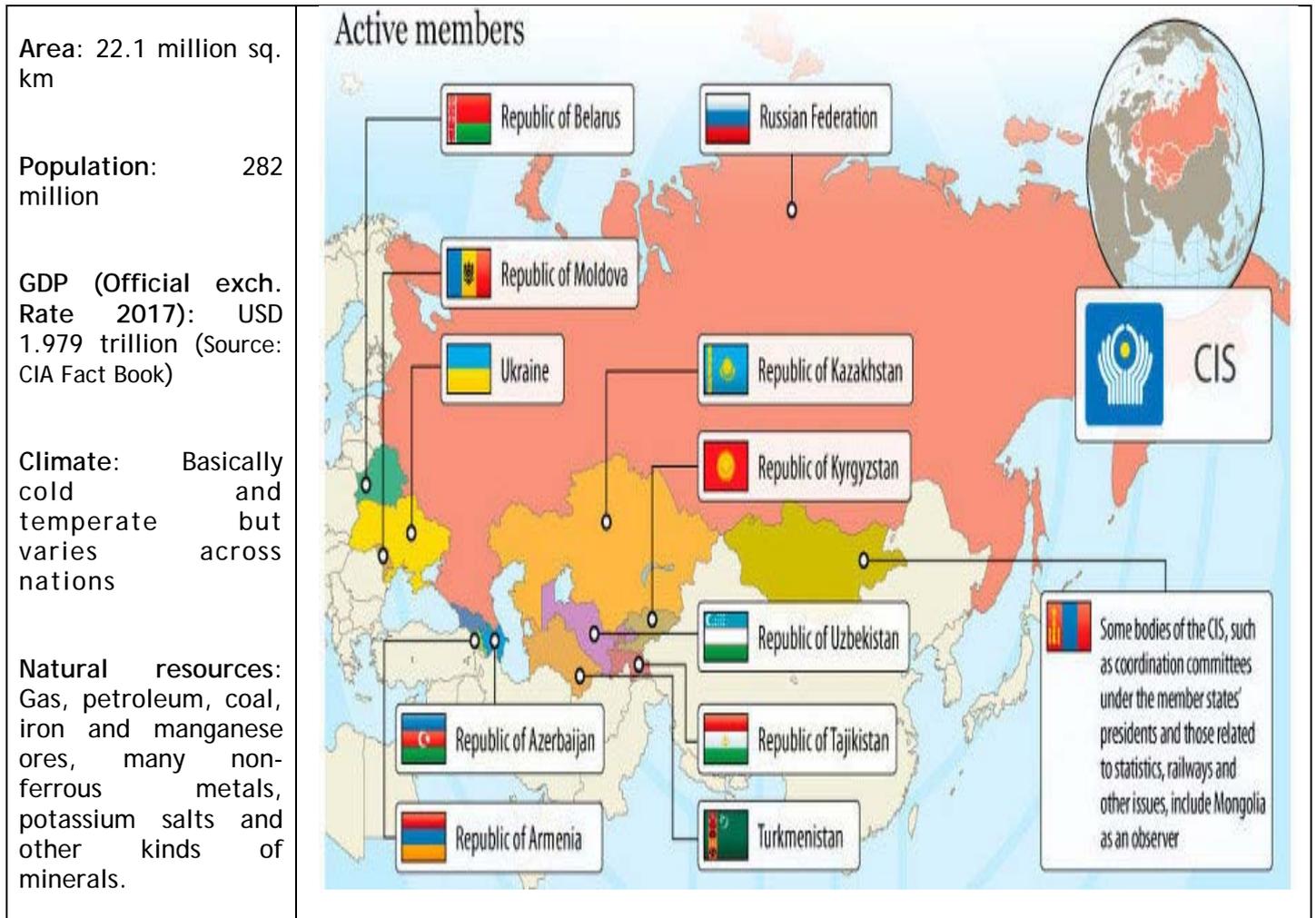
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Basic Facts: CIS



Uzbekistan and Kazakhstan - Two Emerging Economies of CIS Region

Although, Russia is the largest economy in the CIS region and India's bilateral trade with Russia constitute around three-fourth of its total bilateral trade with the CIS region, economies like Kazakhstan and Uzbekistan have been emerging as lands of opportunities for the global investors. Both the nations have just reached a pivotal point in their economic development showing immense potential to shape up as trade and investment hubs in the Central Asia. Uzbekistan has already replaced Ukraine to become the second largest importer of Indian engineering product in the first three months of fiscal 2018-19. This may be the prime time for India to look for deepening its economic relationship with these two nations of CIS region and look beyond Russia to enhance its exports in that very region.

Development in Kazakhstan started after its bifurcation from the erstwhile Soviet Union way back in 1991, driven by large scale investments in its Oil and Gas sector. Later on the development spread into construction, real estate and other major industries with sizeable amount of investments. Production of coal, nickel and other minerals surged rapidly and then, an advanced baking sector led by adequate and timely reforms by the government took hold of the development and turned it into an economic boom. Global traders as well as investors started considering Kazakhstan as one of the most open and competitive

Central Asian economies. In fact, it was among the first post-Soviet countries to conduct fundamental economic reforms. Liberal economic policies by the government with minimum intervention of the state led to inflows of debt and private equity financing from companies in the U.S., Europe and China.

Uzbekistan, however, in sharp contrast to Kazakhstan, had the sole focus on economic stability immediately after the break-up with Soviet and did not intend to move along the road to economic reform. Despite somewhat liberalization in some sectors like food processing, textile etc, control of the state over the banking and financial sector was proved as a bottleneck to development of the economy by deterring foreign investments across all sectors.

Liberalization in Uzbekistan actually started with the change in governance during 2016 after remaining unreformed and under-invested for more than a decade. The reforms virtually kicked off with removal of currency exchange restrictions in 2017, a primary obstacle to investment in the Uzbek economy restraining investors from moving money out of the country. Since late 2017, the government has been working on a new tax code in cooperation with several international organizations including the World Bank and the European Bank for Reconstruction and Development. An integral part of this process will be the continuation of the already started privatization of cotton-producing land, an initiative supported by the frontline international financial organizations. Despite having many obstacles to a balanced development, the newly formed government seems committed enough to transform the economy.

The Way Forward

Both the economies saw their goals are just partially realized. The attainability of these goals will depend mostly on the willingness of the countries' governments to tackle questions which have long stifled their growth.

Some of the greatest opportunities in Kazakhstan are privatization of its most valuable companies, the modernization of its mining sector and the diversification of the economy. Other than fundamental sectors, renewable energy also remains at the core of the diversification policy of the incumbent government. Mining is a potential sector in Uzbekistan too along with other fundamental areas. However, the most prominent bottleneck to attract investments is the fear of repetition of the past policy of the govt. Once it becomes clear that the new government will no way compromise aggressive reform, optimism will start rising and opportunities will start flowing.

Source:

Article published in "The Diplomat" entitled "Seizing Economic Opportunities in Kazakhstan and Uzbekistan"
<https://thediplomat.com/2018/05/seizing-economic-opportunities-in-kazakhstan-and-uzbekistan/>

Trend Analysis of India's Engineering Export to CIS

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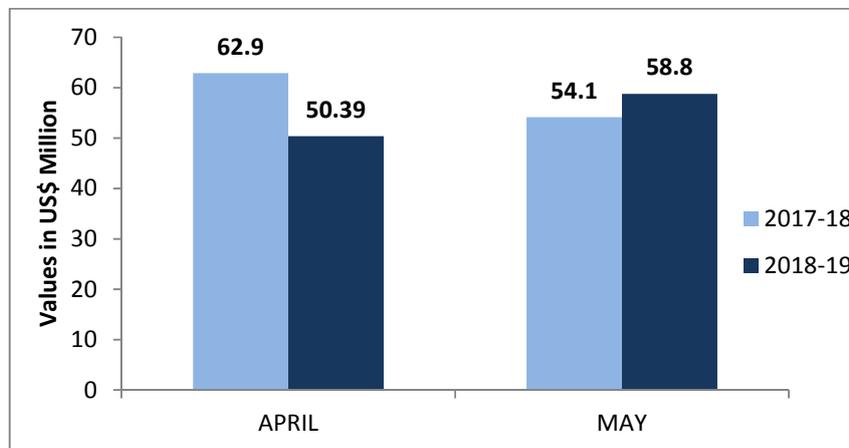
The following table described the exports of Indian engineering products to top five importers from the CIS region during May 2018 (Value of Exports measured in USD Million):

Country	Export in May 2017	Export in May 2018	Growth (%)	Export in Apr-May 2017	Export in Apr-May 2018	Growth (%)
RUSSIA	37.99	44.2	16.33	88.31	83.03	-5.98
UZBEKISTAN	3.46	5.94	71.80	7.44	9.93	33.56
UKRAINE	5.89	4.47	-24.10	9.82	8.32	-15.26
GEORGIA	0.55	2.01	268.05	1.42	3.65	157.42
KAZAKHSTAN	2.44	1.09	-55.15	3.24	2.09	-35.5

After several months, India's engineering exports to CIS region witnessed year-on-year growth during May 2018 driven by higher imports by largest consumer Russia and the second largest Uzbekistan. Engineering exports this time increased by 8.6% as against a 20% year-on-year decline in the previous month. Russia saw nearly 17% year-on-year rise in imports of Indian engineering product during the reporting month while Uzbekistan recorded 71% rise in year-on-year import. Out of the top 5 CIS nations, 2 witnessed declines in exports while out of the 12 CIS nations, 6 saw declines in engineering imports from India during May 2018.

Cumulative exports however continued to decline in the first two months in 2018-19 due to substantial decline in exports in Apr 2018. As much as 9 countries conceded year-on-year decline in imports of engineering products in India including Russia and Ukraine. Among the top exports, Uzbekistan saw a sizeable rise in imports from India over the same period last year.

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



Source: DGCIS Data, EEPC Research

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

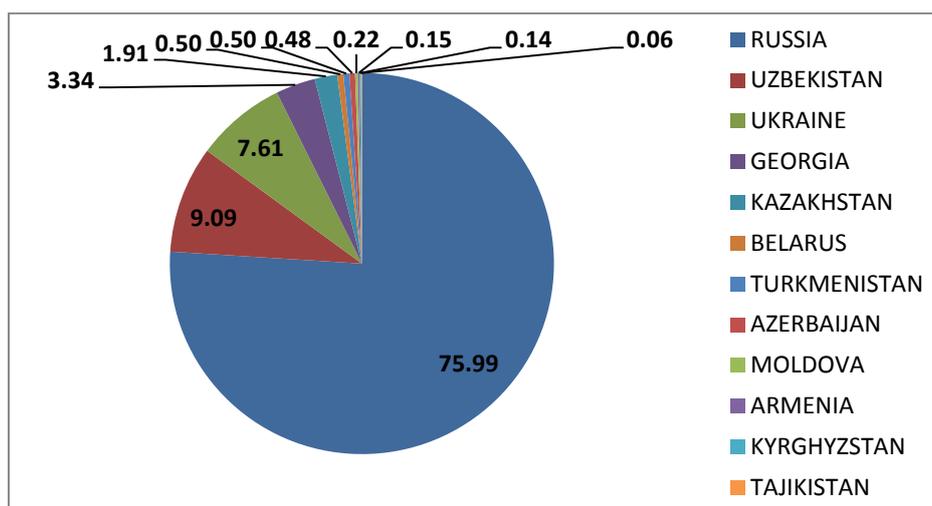
Top 10 panels exported to CIS during May 2018 are listed below (Value of Exports measured in USD Million).

Panel	Export in May 2017	Export in May 2018	Growth (%)	Export in Apr-May 2017	Export in Apr-May 2018	Growth (%)
Iron and Steel	9.52	10.14	6.50	18.23	16.26	-10.79
Auto Components/Parts	6.85	8.59	25.40	14.59	15.72	7.74

Industrial Machinery	7.63	5.94	-22.21	12.47	12.13	-2.75
Other Construction Machinery	3.63	5.92	63.33	10.09	11.83	17.32
Products of Iron and Steel	1.84	3.29	79.04	4.41	6.73	52.79
Aircrafts Spacecrafts and parts	2.90	1.94	-33.04	17.47	5.96	-65.91
Machinery for ATMs	2.66	2.51	-5.78	4.91	4.97	1.16
Medical and Scientific Equipments	1.41	2.44	72.37	3.49	4.57	31.00
Air condition and Refrigeration Machinery	2.57	2.70	5.08	3.07	4.37	42.29
Hand Tools Cutting Tools	1.61	2.33	45.04	3.81	4.34	13.75

'Iron and Steel' came up as the highest exported engineering product group to CIS region during the first two months of fiscal 2018-19 pushing 'Auto components/parts' down to second place. However, exports of 'Iron and Steel' to CIS declined by 10.8% during this time period. Aircrafts, Spacecrafts and Parts', the largest engineering product group exported by India to CIS region during fiscal 2017-18 conceded 65.9% decline in exports during May 2018 over the same month last year. Out of the top 10 engineering product groups exported to CIS, 4 recorded decline in year-on-year exports to CIS during May 2018 while 18 out of 33 panels saw drop in exports to CIS during this period.

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



Source: DGCIS Data, EEPIC Research

Major Importers of Indian Engineering Products in the CIS Region during May 2018

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 76% of India's engineering exports to CIS during.

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

Uzbekistan:

Uzbekistan is now the second largest export destination for Indian engineering products among all CIS nation but with a much lower share at 9.1% during the same month.

Top exported products: Industrial Machinery; Air condition and Refrigeration Machinery and Parts; Other Construction Machinery; Products of Iron and Steel.

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
CAITME - 2018 Exhibition on Textile Machinery	11 - 13 Sep, 2018	Republic of Uzbekistan Tashkent, 100084 107, Amir Temur street "Uzexpocentre" NEC	https://www.jetro.go.jp/j-messe/tradefair_en/CAITME2018_60377
AGRORUS 2018	18 - 26 Aug, 2018	ExpoForum Convention and Exhibition Centre Petersburg highway St. Petersburg, Russia	https://www.eventseye.com/fairs/f-agrorus-6416-1.html
AUTOMECHANIKA MOSCOW 2018	27 - 30 Aug, 2018	Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road Russia	https://www.eventseye.com/fairs/f-automechanika-moscow-9688-1.html
KYIV FASHION 2018	5 - 7 Sep, 2018	Kiev International Exhibition Center 15, Brovarsky Ave, Kyiv, Ukraine	https://www.eventseye.com/fairs/f-kyiv-fashion-6113-1.html

News in Focus

Georgia's trade with EU worth \$1.34 billion in Jan-May 2018

Georgia is strengthening its trade relations with the European Union (EU), the Commonwealth of Independent States (CIS) and other countries.

Link: <http://agenda.ge/news/102651/eng>

India trying to complete Chabahar port by 2019: Gadkari

India is making efforts to operationalise the Chabahar port in Iran by 2019 which would make the Commonwealth of Independent States (CIS) region more accessible, Transport Minister Nitin Gadkari has said.

Link: <https://auto.economictimes.indiatimes.com/news/industry/india-trying-to-complete-chabahar-port-by-2019-gadkari/64698455>

Iran's non-oil trade with CIS declines sharply

Iran's non-oil trade with the nine members of the Commonwealth of Independent States (CIS) declined by 31 percent over the past Iranian year ending in March, 2018, local media reported.

Link: http://www.xinhuanet.com/english/2018-07/03/c_137299300.htm

GLOBAL SLAB OUTLOOK: CIS prices set to rise on short supply

But slab prices are expected to rise in the Commonwealth of Independent States (CIS) amid increasing prices for finished flat steel products and an expected reduction in supply.

Link: <https://www.fastmarkets.com/article/3818868/global-slab-outlook-cis-prices-set-to-rise-on-short-supply>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Russian Federation	Delivery Of The Cnc Engraving-milling Machine In The Amount Of 1 (one) Set. Estimated Cost: RUB 3,797,120	15-Aug-2018
Belarus	Provision Of Engineering Services For The Integrated Management Of Construction Activities With The Fulfillment Of The Functions Of The Customer And The Obligatory Provision Of Technical Supervision Services	10-Aug-2018
Ukraine	Mechanical Spare Parts, Except Engines And Engine Parts Estimated Cost: UAH 394,003	12-Aug-2018
Ukraine	Modernization Of Motor Vehicles With Engine Replacement For More Economical. Estimated Cost: UAH 1,160,000	13-Aug-2018
Azerbaijan	Purchase of 6 (six) Small Commercial Cargo Vehicles Delivered To The Us Embassy Of Baku, Azerbaijan	13-Aug-2018
Russian Federation	Correction Of Design And Working Documentation For The Project "reconstruction Of The Water Supply System In The City Of Dolinsk." The Fourth Launch Complex". Estimated Cost: RUB 19,085,740	20-Aug-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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