

Territorial NEWSLETTER CIS Countries

EEPCINDIA

ENGINEERING THE FUTURE

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Chairman's Pen



Along with a rise in engineering exports to CIS, India also witnessed a decline in imports of engineering products from that region, especially from Central Asia in the last completed fiscal. In fact, balance of trade remained in India's favour for most of the engineering product groups. However, 'Iron and Steel' was the product group where India conceded substantial deficit in trade with CIS. On the other hand, India's dominance in trade was prominent in Auto components and Industrial machinery among others.

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



This edition of our CIS Newsletter portrayed a detail analysis of India's engineering imports from the CIS region during the last two completed fiscals. It was found that combined engineering imports from the CIS nations dipped in 2018-19 over the previous fiscal mainly due to lower imports of some metals and metal products like Nickel and Aluminium, and Aircrafts and related products. Although, India enjoyed trade surpluses with CIS in case of most of the engineering product groups, Iron and Steel was one segment where India conceded substantial trade deficit due to voluminous import from Russia. Russia accounted for around 70 percent of engineering exports to India from the CIS region.

The newsletter also includes brief analysis of Indian engineering exports to the countries of the CIS region for April-May 2019-20 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

Territorial
NEWSLETTER – CIS Countries

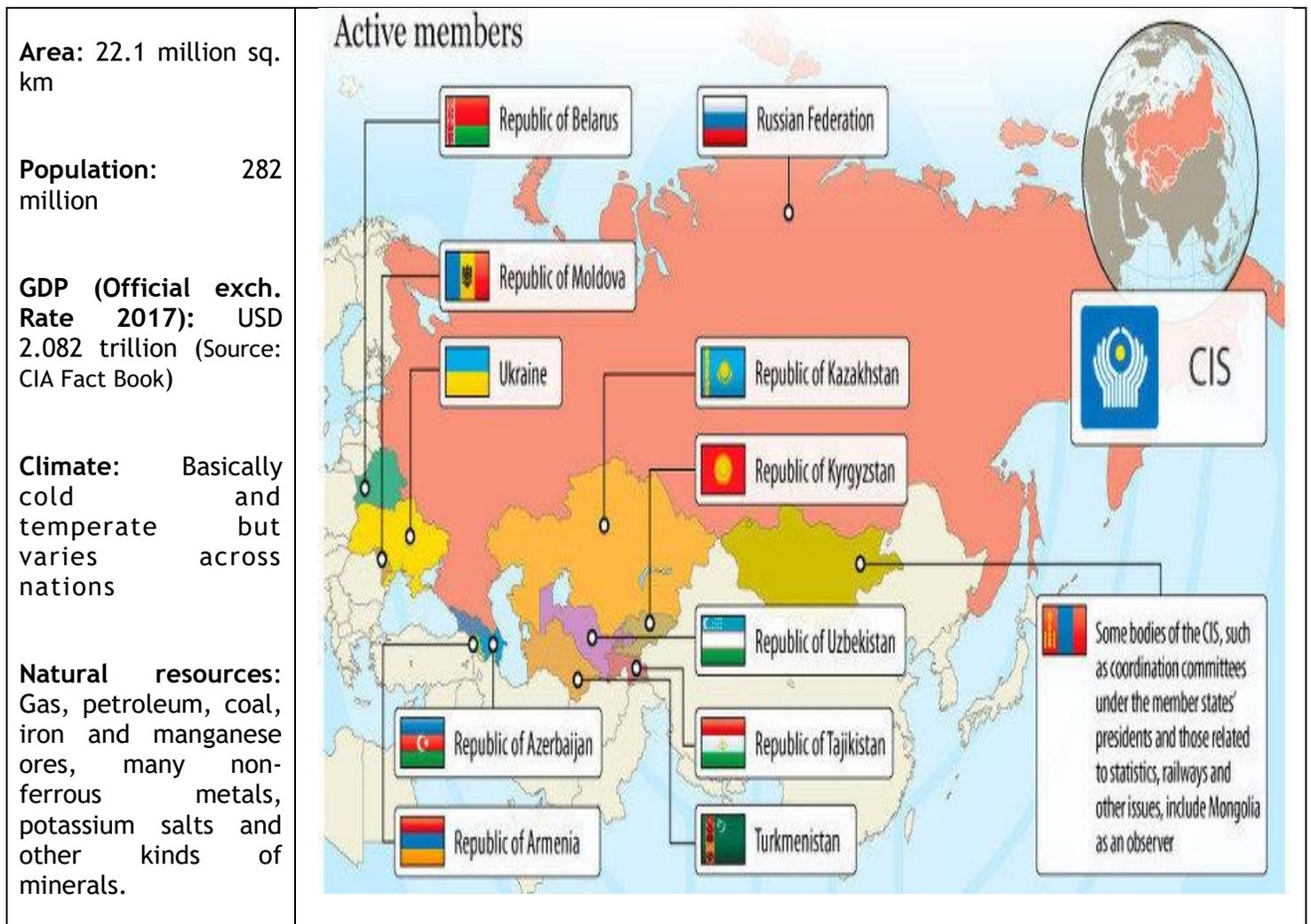
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Basic Facts: CIS



India's Engineering Imports from CIS dropped in 2018-19

Exports: In the March 2019 issue of our newsletter, we saw that India's engineering exports to CIS was at USD 760.40 million during 2019-20 and Russia was the top exporting destination of India's engineering exports in this region with nearly 69% share and 6.5% growth over the previous fiscal. Auto Components/Parts, Industrial Machinery, Iron and Steel, Electric Machinery and Equipment and Other Construction Machinery were the top engineering product groups (as defined by DGCIS) exported to CIS during the last completed fiscal.

Imports: Now, let's turn to the other side of the trade - Exports of engineering products from the CIS region directed towards India. While our engineering shipment to CIS increased by 12% in 2018-19 over the previous fiscal, engineering imports from CIS declined by 18.7% due to drop in imports of Nickel and products, Aluminium and products, Aircrafts and spacecrafts, Products of Iron and Steel, and Medical and Scientific Instruments among others. The decline was basically led by the steep fall in imports from the Central Asian Countries that witnessed around 93% drop in engineering exports to India. Engineering imports from CIS was USD 513.5 million in 2018-19 as against USD 631.54 million in the previous fiscal.

The following table shows product group wise imports of engineering products from CIS region during the last two completed fiscals. The product groups with at least USD 10 million of exports in any of the two fiscals has been considered here.

Top Engineering Product Groups Imported from CIS (in USD Million)			
Engineering Product Groups/Panels	2017-2018	2018-2019	Growth (%)
Iron and Steel	265.73	298.07	12.17
Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc.	29.98	31.66	5.60
Nickel and products made of Nickel	61.44	27.48	-55.27
Ships, Boats and Floating Structures	21.92	22.14	1.00
Electric Machinery and Equipment	13.27	13.87	4.52
Other Non-Ferrous Metals and their products	17.84	11.98	-32.85
Aluminium and products made of Aluminium	53.90	11.81	-78.09
Aircrafts, Spacecrafts and Parts	35.62	9.40	-73.61
Zinc and products made of zinc	17.60	8.61	-51.08
Products of Iron and Steel	20.53	8.21	-60.01
Medical and Scientific Instruments	21.23	7.87	-62.93

‘Iron and steel’ dominates the import basket of engineering product with 58% share in total engineering imports from CIS. The next was ‘Industrial machinery’ but with a much lower share of 7.5%. Decline in total engineering imports despite a rise in imports of ‘Iron and steel’ indicated drop in imports in several other product group spread over different segments of engineering. Some of them are mentioned earlier. Russia as no surprise, is the largest exporter of engineering products to India among all CIS nations with around 70% share during the last completed fiscal.

Balance of Trade: India enjoys trade surplus in engineering trade with CIS. In most of the product groups of engineering, India is the net exporter. ‘Auto components/parts’ brought highest trade surplus for India in 2018-19 among all engineering product groups while India saw largest deficit in trade of ‘Iron and steel’ during the same fiscal.

Source: DGCIIS, Ministry of Commerce, Government of India; EEPC research

Trend Analysis of India's Engineering Export to CIS

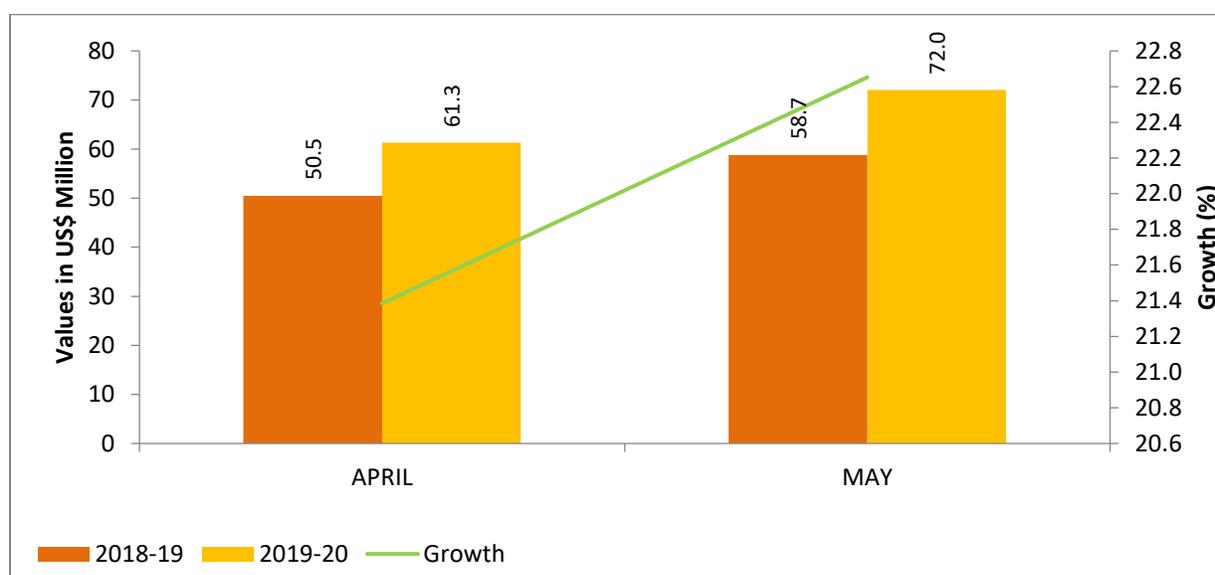
The following table described the exports of Indian engineering products to top five importers from the CIS region during May 2019-20 as well as Apr-May 2019-20 (Value of Exports measured in USD Million):

Country	Export in May 2018	Export in May 2019	Growth (%)	Export in Apr-May 2019	Export in Apr-May 2019	Growth (%)
RUSSIA	44.20	50.75	14.82	83.03	95.20	14.66
UKRAINE	4.47	7.65	71.14	8.32	15.96	91.71
UZBEKISTAN	5.91	4.41	-25.31	9.90	8.62	-12.87
KAZAKHSTAN	1.09	2.62	140.14	2.09	4.77	128.51
AZERBAIJAN	0.24	4.20	1682.51	0.52	4.75	814.27

India's engineering exports recorded an even higher year-on-year growth during May 2019 at 22.65% as compared to 21.4% in Apr 2019. Year-on-year growth stood at 19.7% in Mar 2019, 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 14.8% increase in engineering import from India during the reporting month. Ukraine replaced Uzbekistan to become the second largest importer of Indian engineering products once again with 71.1% growth in imports during May 2018. Uzbekistan rather recorded a decline during May 2019 to become the only nation to witness decline in year-on-year import of Indian engineering among the top five CIS importers during May 2019. Out of the twelve CIS nations, four recorded year-on-year decline in imports from India during the month.

Cumulative engineering exports to CIS during Apr-May 2019-20 recorded 22.07% year-on-year growth. The ranking of top five importers were the same as May 2019. Uzbekistan was the only hit on a cumulative basis among the top five, while six out of twelve CIS nations conceded decline in engineering imports from India.

Month-wise Trend in Engineering Export to CIS region (Apr-May 2019-20)



Source: DGCIS Data, EEPC Research

Panel-wise trend in engineering exports to CIS during May 2019-20 as well as Apr-May 2019-20

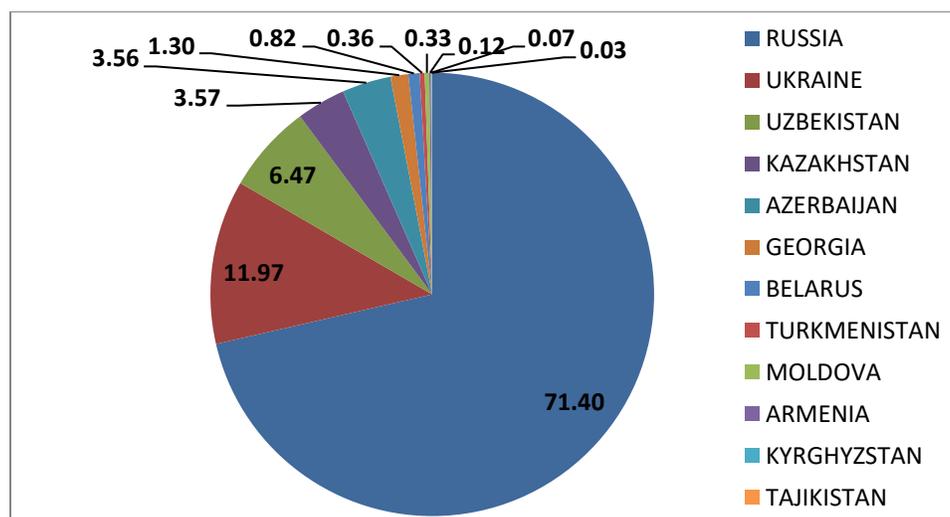
Top 10 panels exported to CIS during May 2019 as well as Apr-May 2019-20 are listed below (Value of Exports measured in USD Million).

Product Group/Panel	Export in May 2018	Export in May 2019	Growth (%)	Export in Apr-May 2019	Export in Apr-May 2019	Growth (%)
Iron and Steel	10.14	13.22	30.41	16.26	22.18	36.39
Industrial Machinery	5.92	9.28	56.83	12.11	20.87	72.34
Other Construction Machinery	5.93	7.06	19.16	11.84	14.08	18.97
Auto Components/Parts	8.59	5.87	-31.63	15.72	12.07	-23.21
Electric Machinery and Equipment	2.42	3.26	34.50	3.81	8.57	124.88
Medical and Scientific Instruments	2.40	6.15	156.15	4.54	8.47	86.60
Machinery for ATMs	2.52	5.45	115.84	4.98	8.41	68.82

Products of Iron and Steel	3.29	3.07	-6.73	6.73	4.79	-28.86
Hand Tools Cutting Tools	2.33	2.69	15.49	4.33	4.23	-2.51
Aircrafts Spacecraft and Parts	1.94	2.62	34.57	5.96	3.69	-38.05

'Iron and Steel' was the highest exported engineering product group by India to the CIS region with 36.4% year-on-year growth during the first two months of fiscal 2019-20. 'Industrial Machinery' and 'Other Construction Machinery' were the immediate followers of 'Iron and Steel' with noticeable growth in exports to CIS during the said time period. 'Auto component/parts', the highest exported product group in fiscal 2019-20 slipped to 4th place with substantial drop in exports. Exports of ten out of 33 engineering product panels (as defined by DGCIS) declined during the first two months of 2019-20 on a cumulative basis.

India's Engineering Exports to CIS: Country-wise Share (%) during Apr-May 2019-20



Source: DGCIS Data, EEPC Research

Major Importers of Indian Engineering Products in the CIS Region during Apr-May 2019-20

Russia:

Russia remained the largest importer of Indian engineering products in the CIS region sharing 71.4% of India's engineering exports to CIS during Apr-May 2019-20.

Top exported product: Iron & Steel; Industrial Machinery; Auto components and parts; Other construction machinery; Electric machinery and equipment.

Ukraine:

Ukraine once again is back to the second position among 12 CIS nations in terms of import of engineering products from India by replacing Uzbekistan. However, with a much lower share of around 12% during the same period.

Top exported products: Iron & Steel; Industrial Machinery; Electric machinery and equipment;

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>

Upcoming exhibitions in CIS Countries

Events	Date	Venue	Link
AGRORUS 2019	Aug. 24 - Sept. 01, 2019	ExpoForum Convention and Exhibition Centre Petersburg highway St. Petersburg, Russia	https://www.eventseye.com/fairs/f-agrorus-6416-1.html
AUTOMECHANIKA MOSCOW 2019	Aug. 26 - 29, 2019	Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road Russia	https://www.eventseye.com/fairs/f-automechanika-moscow-9688-1.html
MIMS - MOSCOW INTERNATIONAL MOTOR SHOW 2019	Aug. 26 - 29, 2019	Expocentr' Krasnaya Presnya Fairgrounds 14, Krasnopresnenskaya naberezhnaya Moscow 123100, Russia	https://www.eventseye.com/fairs/f-mims-moscow-international-motor-show-207-1.html
ARMENIA EXPO 2019	Sept 12 - 14, 2019	Yerevan Expo 3, H. Hakob Hakobyan St Yerevan 0033 Armenia	https://www.eventseye.com/fairs/f-armenia-expo-22941-1.html

Kazakh small, medium businesses embrace digitisation and automation

Economic studies show small and medium-sized businesses (SMEs) will be the main drivers of national economies in the coming years. While digital transformation and automation is on everyone's lips, the topic is not usually addressed regarding SMEs and the implementation speed in this sector has been lagging. The Astana Times talked to Lyaila Uzakova, an expert in business digitisation, to discuss the main trends in Kazakh business.

Link: <https://astanatimes.com/2019/05/kazakh-small-medium-businesses-embrace-digitisation-and-automation/>

Bangladesh now depends less on India for cotton

African nations have surpassed India to become the largest source of cotton for Bangladesh as local spinners and millers look to cut down their dependence on a single source for their vital raw material.

Link: <https://www.thedailystar.net/business/news/bangladesh-now-depends-less-india-cotton-1743343>

Russia successfully gets rid of US dollar

Over the past five years, the Russian government has made certain progress in its struggle against the dependence of the Russian economy on the US dollar. The share of the US dollar in the structure of Russia's currency operations decreased from 79.6 to 67.3 percent from 2013 to 2018, a recent report conducted by audit and consulting company FinExpertiza said.

Link: http://www.pravdareport.com/news/russia/142392-russia_us_dollar/

Iran now permanent member of CIS

Iran is now the permanent member of Commonwealth of Independent States (CIS), Iranian Deputy Transport Minister Saieed Rasouli announced. According to Rasouli, who is also the head of public relations department at Railways of The Islamic Republic of Iran, the membership, ratified during the 70th meeting of CIS in Helsinki, can reinforce Iran's railway transit ties with Middle-Asian counties and facilitate transit at International North-South Transport Corridor.

Link: <https://en.mehrnews.com/news/145399/Iran-now-permanent-member-of-CIS>

Kazakh and Indian govts to intensify economic diplomacy

On June 9, Kazakhstan will hold a presidential election. This is a most important moment, not least because a head of state can take the country in a particular direction and set tasks and priorities for government

that can have an impact on the country and beyond. It is also the first time in almost thirty years that a new President of the Republic of Kazakhstan will be elected.

Link: <https://economictimes.indiatimes.com/blogs/et-commentary/kazakh-and-indian-govts-to-intensify-economic-diplomacy/>

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>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline	Link
Russian Federation	Open Auction In Electronic Form For The Right To Enter Into An Agreement For The Supply Of Equipment (boiler Equipment). Estimated Cost: RUB 2,987,640	25-Jul-2019	http://www.tendersinfo.com/details/445533616
Russian Federation	Design, Supply And Installation Of Three Condensate Electric Pump Units. Estimated Cost: RUB 23,360,541	24-Jul-2019	http://www.tendersinfo.com/details/445533400
Ukraine	Spare Parts For Craft Engines Estimated Cost: UAH 400,000	24-Jul-2019	http://www.tendersinfo.com/details/445534369
Uzbekistan	Supply Of Equipment And Vehicles, screw Lathe	31-Jul-2019	http://www.tendersinfo.com/details/445532180
Russian Federation	Disposable Injection Needles Insulin, Sterile, Color-coded Protective Cap For Safety. Estimated Cost: RUB 12,000,000	24-Jul-2019	http://www.tendersinfo.com/details/445530856

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

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