

Territorial NEWSLETTER CIS Countries

EEPCINDIA
ENGINEERING THE FUTURE

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Issue XIV: October 2016

Chairman's Pen



Most of the nations in the CIS region faced severe economic crisis during the year 2015 mainly due to recession in the two largest economies in the region namely Russia and Ukraine. Russia is yet to see growth in real GDP but the decline has reached its slowest pace the third quarter of 2016, since the beginning of the recession two years back. Ukraine saw its highest pace of growth in the last three years during the third quarter to draw a modest recovery path following a deep recession. This improvement in economic scenario has been reflected in its foreign trade also. Indian engineering exports to CIS region grew by 42 percent during the first six months in 2016-17 despite a slight drop in October 2016. Now, at this stage,

the opening of North South Transport Corridor will deepen the economic integration between the participating nations and regions through enhancing trade and investments. This issue is the focus of the CIS newsletter this month.

I believe our member exporters will definitely find this newsletter an informative one that will help them to take informed business decision.

Tarvinder Singh Bhasin

Committee on Trade with CIS Countries - Chairman's Note



We have already crossed one year and this is the fourteenth issue of our CIS newsletter. In this issue, we have taken North South International Corridor as our focus which is going to be operational soon and will connect India and the Eurasian region in a much better way. This corridor will reduce the transportation cost between the nations and hence, will lead to enhanced trade among them.

An analysis of India's engineering exports to CIS region for September 2016 has also been included in the newsletter focusing on major export destinations and major engineering panels. Other regular sections like news, information on exhibitions and tenders are basically informative in nature.

I believe this newsletter will certainly be beneficial for our member exporters to expand their export base in the CIS region.

Aman Chadha

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Basic Facts: CIS

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.

North South Transport Corridor will increase trade and reduce transportation cost as well

The Indian Embassy in Russia, along with the Russian Ministry of Transport and the embassies of Azerbaijan and Iran organised an international conference on the North-South International Transport Corridor on December 8, 2016 in Moscow. The objective of the quadripartite discussion was not only to concentrate on the pressing problems but also to move on to the practical implementation of the huge project, aimed not only at connecting these four countries, but also at making it a key infrastructural integration factor in the vast expanse of Eurasia.

The International North-South Transport Corridor is the ship, rail, and road route for moving freight between India, Russia, Iran, Europe and Central Asia. The route primarily involves moving freight from India, Iran, Azerbaijan and Russia via ship, rail and road. The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, Bandar Abbas, Astrakhan, Bandar Anzali, etc. The agreement establishing the North-South ITC was signed in September 2000, and entered into force on May 16, 2002, following ratification by all three countries. In later years, 11 other countries joined the project: Armenia, Azerbaijan, Belarus, Bulgaria (observer status), Kazakhstan, Kyrgyzstan, Oman, Syria, Tajikistan, Turkey and Ukraine. The importance of the project in accelerating India Russia or India-CIS trade is immense. In fact, it can become a key factor in the deepening of economic integration in the Eurasian region.

The project itself was conceived at the turn of the millennium, when Russia, India and Iran proposed a revival of the ancient transport route. The main ITC route begins in the ports on the west coast of India (particularly Mumbai), passes along the sea to the Iranian ports of Chabahar and Bandar Abbas, and from there by land to Iran's Caspian Sea coast and beyond - or across the Caspian Sea to Astrakhan, or overland to Central Asia or the Caucasus to Russia and northern Europe.

The 16 year-old project has not yet become fully operational. The first freight shipment was made along this route only this year, noted the Russian Transport Ministry representative, and it was rather a symbolic event. Once the corridor becomes operational, much like the large-scale Chinese Economic Belt initiative - the Silk Road, which also went through the same growing pains before transport volumes will begin to increase.

However, some problems are deferring the implementation of the project. Looking at the map, the shortest route to transport goods from India to Central Asia and Russia would be through Pakistan and Afghanistan,

not bothering with the sea segment. However, difficulties in relations between India and Pakistan, and the complete uncertainty about the future of Afghanistan, make this route unviable in the short and even medium terms. There are also purely logistical difficulties; because of differences in the range of goods proposed for shipment from north to south and back again, there will be a problem with the containers. Another major problem most speakers noted were difficulties in customs clearances because, when moving from India to Russia, via Iran and Azerbaijan, the cargo has to cross state borders three times.

The forthcoming accession of India and Pakistan as full members to the SCO opens up a whole series of new prospects for the expansion of integration processes in Eurasia. The ITC will play a crucial role in these processes. The SCO framework will help remove one of the main obstacles to the practical implementation of the transportation of goods, due to the complexity of customs procedures in each country. Russia, one of the four main participants in the N-S ITC, is also a founding member of the SCO. Now India will have full membership in this organization in 2017, while Iran and Azerbaijan have observer status. Iran has also been seeking full SCO membership for some time which, with removal of international sanctions, is quite possible now.

With strong possibility of removal of these problems, transportation of goods along the North South International Transport Corridor is likely to begin very soon that will lead to better economic integration of the participating regions by bringing down costs and encouraging growth prospects for trade.

Source: <https://in.rbth.com/>

Trade Trend Analysis in the CIS

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

Country	Export in Sep 2015	Export in Sep 2016	Growth (%)	Exports in Apr-Sep 2015	Exports in Apr-Sep 2016	Growth (%)
RUSSIA	52.49	32.42	-38.23	182.94	286.94	56.85
UKRAINE	3.66	4.49	22.41	26.20	24.40	-6.87
GEORGIA	3.11	3.04	-2.32	11.23	22.34	98.86
TURKMENISTAN	0.72	0.41	-43.55	7.33	13.48	84.05
UZBEKISTAN	1.40	1.60	14.21	11.70	11.18	-4.47

India's engineering exports to CIS region dropped by 35.4 percent during the month of September 2016 over the same month last year. However, on a cumulative basis, exports surged by 42 percent during the first half of 2016-17 over the same period last year. Russia remained the topmost importer of Indian engineering products in the CIS region but conceded decline in imports in September 2016. Ukraine again came as the immediate follower of Russia and also recorded a growth in imports during September 2016. On a cumulative basis however, Ukraine recorded a fall in imports of Indian engineering product in the first half of the current fiscal. Among the top five importers of Indian engineering product in the CIS regions, only Ukraine and Uzbekistan achieved growth in imports during September 2016 but surprisingly, both of them witnessed decline during the first half of fiscal 2016-17. Third and fourth highest importers in the CIS region, Georgia and Turkmenistan recorded substantial growth in imports on a cumulative basis during April - September 2016-17 however on a much lower base than that of Russia. The good sign is that engineering exports to CIS has been increasing this fiscal.

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

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

Name of the Panel	Export in Sep 2015	Export in Sep 2016	Growth (%)	Exports in Apr-Sep 2015	Exports in Apr-Sep 2016	Growth (%)
IC Engines and Parts	0.14	0.61	349.03	5.02	109.21	2077.41
Aircrafts & Spacecrafts	23.33	4.32	-81.47	46.92	49.06	4.57
Auto Components/Part	4.95	5.67	14.60	29.28	36.80	25.69
Iron and Steel	7.07	6.42	-9.13	30.17	29.69	-1.59
Industrial Machinery	5.58	3.92	-29.75	36.25	23.14	-36.17
Products of Iron & Steel	6.61	2.70	-59.15	16.44	19.06	15.91
Electric Machinery and Equipments	2.71	3.49	28.95	20.97	18.12	-13.57
Machinery for ATMs	1.34	3.24	142.52	4.20	15.67	273.35
Medical and Scientific Equipments	2.01	1.52	-24.23	8.84	11.71	32.52
Other Construction Machinery	0.36	2.62	619.33	5.68	10.16	78.71

IC Engines and parts continued to remain the panel with highest exports to CIS nations among the 33 panels classified by DGCI&S during the first six months of fiscal 2016-17 with a robust 2077.41 percent growth over the same period last fiscal. A very low import during the last fiscal basically lifted the growth. 'Aircrafts & Spacecrafts' and 'Auto Components/Parts' were the second and third highest exporting panels of Indian engineering products to the CIS region during April - September 2016-17. Only three out of the top ten panels recorded decline in exports to CIS region during the first half of the current fiscal while 13 out of the total 33 panels recorded decline in shipments to CIS region. Monthly data showed a slightly different picture where five out of the top 10 panels witnessed decline in year-on-year exports during September 2016.

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:

Upcoming exhibitions in CIS Countries

Events	Date	Venue	Link
AQUA-THERM MOSCOW 2017	7-Feb-2017 to 10-Feb-2017	Crocus-Expo IEC Krasnogorsk 65-66 km Moscow Ring Road, Russia	http://www.eventseye.com/fairs/f-aqua-therm-moscow-5440-1.html
25th International Trade Fair for Processing, Packaging and Printing	24-Jan-2017 to 27-Jan-2017	Expocentre, Moscow, Russia	https://www.jetro.go.jp/j-messe/tradefair_en/UPAKOVKA_52044
18th Specialized Exhibition of Construction Materials	24-Jan-2017 to 27-Jan-2017	Expocentre, Moscow, Russia	https://www.jetro.go.jp/j-messe/tradefair_en/OCM2017_52042
10th International Specialized Exhibition equipment and technologies for composite materials producing	28-Feb-2017 to 2-Mar-2017	Expocentre, Moscow, Russia	https://www.jetro.go.jp/j-messe/tradefair_en/CompositeExpo2017_51404

News in Focus

Ukraine's largest bank nationalised

Ukraine on Sunday, Dec 18, 2016 nationalised the country's biggest bank, PrivatBank in a bid to avert a financial meltdown in the war-scarred former Soviet state.

Link: http://world.einnews.com/article/358614470/dUkF6T_izBQ7U5_?lcf=rYJk0YUIOaKeZMOBXli3Hy2fnKk253vZsvgJEPgXFtM%3D&pg=2

Deficit of current account of Azerbaijan's payments balance Jan-Sept 2016 exceeded negative balance for 2015 by 3.6-fold

The Central Bank of Azerbaijan running payment balance statistics has reported that deficit in current account of the balance of payments for the first 3 quarters of 2016 kept, kept, but accumulation of reserves assets went on for the 2nd quarter.

Link: http://world.einnews.com/article_detail/region/russia-cis/358624270-deficit-of-current-account-of-azerbaijan-s-payments-balance-jan-sept-2016-exceeded-negative-balance-for-2015-by-3-6-fold?pg=2&vcode=kjpt

Azerbaijan seeks new economic model

Azerbaijan's economic model covering the last 10 years has proved to be valuable, Shahmar Movsumov, executive director of the State Oil Fund of Azerbaijan (SOFAZ), told reporters in Baku.

Link: <http://world.einnews.com/article/358468364/0N4nieIotWeYKrrK?lcf=rYJk0YUJOaKeZMOBXli3Hy2fnKk253vZsvgJEPgXFtM%3D&pg=29>

Fifth Meeting of the Financial Stability Board Regional Consultative Group For The Commonwealth Of Independent States Held in Moscow

Members of the RCG for the CIS were informed about the main outcomes of the FSB work in 2015. Key international financial regulatory policy frameworks have been finalised and are being implemented.

Link: <http://cis.einnews.com/article/299501067/t7PXiMZzP3kLVpZf?lcf=n6akwSxLSFexT6QvoahKuw%3D%3D&pg=6>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Russian Federation	Provision Of Services For The Examination Of The Volume Executed Engineering And Production Of Works On Repair Of The Road Network	12-Jan-2017
Russian Federation	Engineering And Technical Expertise Of The Completed Repair Of Street And Road Network Of Moscow In 2017	12-Jan-2017
Belarus	Service On The Feasibility Study For Freight W / E Transport	05-Jan-2017
Armenia	Providing Project Documentation Development And Expertise Conclusion Provision	18-Jan-2017

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

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