

# Territorial NEWSLETTER CIS Countries

**EPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



India and his 'all weather friend' Russia are celebrating the 70th year of their bilateral relationship. A series of agreements/MoUs have been signed and some targets have been set to develop several areas including trade and investment. Russia is the largest trade partner of India in the CIS region for obvious reason with a share of over three-fourth of India's total trade with CIS nations. The share remains the same for engineering trade also. However, in case of engineering trade it has been observed that most of the products traded are of 'Intermediate' type while a few are 'capital goods'. Share of finished product or 'consumption goods' is negligible. There is a need to increase share of capital goods and final products in

indo-Russian engineering trade. Problem of limited diversification in case of engineering exports also needs to be addressed in order to enhance overseas shipment.

I believe this newsletter will help our member exporters to take informed decision to set up or expand their businesses in the CIS region.

Tarvinder Singh Bhasin

## Committee on Trade with CIS Countries - Chairman's Note



Our 26th issue of newsletter on CIS has just been published and we have presented an analysis of engineering trade between India and Russia to find out the products that dominate the engineering trade. It has been found that diversification is a major that needs immediate attention from the policymakers. For both countries, top 20 engineering exports constitutes 65% - 70% of total engineering trade out of around 1500 products. Share of 'consumption goods' in total engineering exports by India also needs to be increased.

The newsletter also include analysis of Indian engineering exports to CIS region for Apr - Oct of fiscal 2017-18 from both country-wise and DGCI&S panel-wise perspectives. Other sections include News section, upcoming events in the concerned regions and tenders.

I believe this newsletter will be beneficial for our member exporters to and help them in understanding the emerging opportunities in the CIS region.

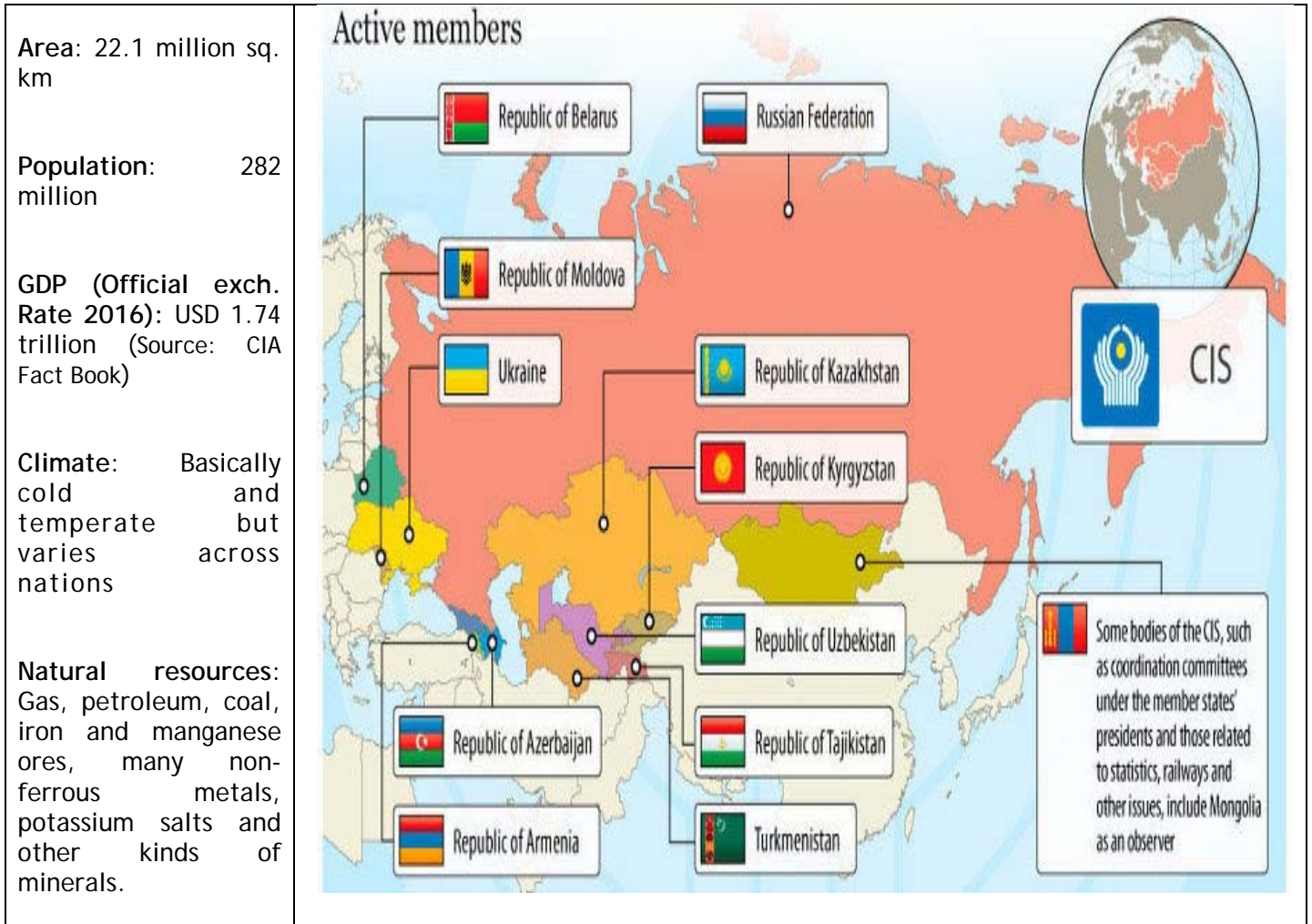
Aman Chadha

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## Basic Facts: CIS



## Iron and Steel Dominates Indo-Russian Engineering Trade in Fiscal 2017-18

In each of our newsletter, we analyze the trend of engineering exports to CIS region according to panels as classified by DGCI&S. In this article, we focus on engineering imports from the richest economy of the CIS region, Russia. Around 75% - 80% of India's engineering shipments are directed to Russia. On the other hand, Russia is the largest supplier of India's engineering demand among the CIS nations. Russia is the trend setter for India-CIS trade and analysis of India-Russia engineering trade largely reflects the trend of engineering trade between India and CIS.

### Panel-wise analysis

**Analysis of Import:** Let us start with India's import. The following table showed that 'Iron and Steel' was the highest importing engineering product group from Russia that constituted around half of the total engineering imports from that country which was US\$245 million during Apr - Sep 2017-18. Second highest importing panel Nickel and its product shared only 13.4% during that time period.

**Table 1: India's Engineering Imports from Russia (US\$ Million)**

<b>Engineering Panel (As classified by DGCI&amp;S)</b>	<b>Apr-Sep 2017-18</b>
Iron and Steel	119.71
Nickel and products made of Nickel	32.89
Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc	14.17
Products of Iron and Steel	9.46
Medical and Scientific Instruments	8.33
Other Non Ferrous Metals and their products	7.06
Machine Tools	5.93
Aluminium and products made of Aluminium	5.60
Other Construction Machinery	4.43
IC Engines and Parts	4.27

Source: Ministry of Commerce, Govt. of India; EEPC India Analysis

Product-wise analysis showed that top-imported engineering products from Russia were mostly from 'Intermediate' category while a few of them were 'Capital Goods'.

**Analysis of exports:** Let's now take a look at India's engineering exports to Russia for the first half of the ongoing fiscal. Exports to Russia at US\$304.3 million exceeded imports from that nation during the first half of the current fiscal. The analysis revealed that 'Aircrafts, Spacecrafts and Parts' was the highest exporting engineering product group to Russia with 18.2% share while 'Iron and Steel' came next to Aircrafts with 14.5% share in total engineering exports to Russia. 'Auto Components and Parts' was also a major item in the engineering commodity basket shipped to Russia.

<b>Table 2: India's Engineering Exports to Russia (US\$ Million)</b>	
<b>Engineering Panel (As classified by DGCI&amp;S)</b>	<b>Apr-Sep 2017-18</b>
Aircrafts, Spacecrafts and Parts	55.51
Iron and Steel	44.00
Auto Components/Parts	40.92
Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc	18.9
Other Construction Machinery	16.22
Electric Machinery and Equipment	14.81
Nuclear Reactors, Industrial Boilers and Parts	10.95
IC Engines and Parts	10.42
Other Non Ferrous Metals and their products	8.89
Pumps of all types	8.78

Source: Ministry of Commerce, Govt. of India; EEPC India Analysis

### Top Traded Engineering Products

It is evident from the tables above that some of the major exporting and importing panels are same. Category of the products is also same in both cases. The difference actually lies in the product itself which will be reflected in the following two tables that included 10 Top-traded engineering products between India and Russia:

**Table 3: Top 10 Engineering Products Exported to Russia (US\$ Million)**

HS Code (6 digit)	Item Description	DGCI&S Panel Group	Product Category	Apr-Sep 2017-18
880330	OTHR PRTS OF AEROPLANES/HELICOPTERS	Aircrafts, Spacecrafts and Parts	Intermediate	44.34
870899	OTHER	Auto Components/Parts	Intermediate	25.14
870830	MOUNTED BRAKE LININGS	OTHER MISITEMS	Intermediate	12.18
870850	DRIVE AXLES WITH DIFFERENTIAL W/N PROVIDED WITH OTHER TRANSMISSION COMPONENTS	Auto Components/Parts	Intermediate	11.16
841950	SHELL AND TUBE TYPE HEAT EXCHANGE UNIT	Nuclear Reactors, Industrial Boilers and Parts	Capital goods	10.79
880390	OTHR PARTS OF GOODS OF HDG 8801 OR 8802	Aircrafts, Spacecrafts and Parts	Intermediate	8.97
842959	OTHER MCHNCL SHOVL,EXCVTRS & SHOVL LOADRS	Other Construction Machinery	Capital goods	8.58
721990	SHEETS & PLATES>4.75 MM IN THCKNS, WRKD	Iron and Steel	Intermediate	8.27
848180	TAPS,COCKS ETC OF IRON/STEEL	Other Non Ferrous Metals and their products	Intermediate	7.61
722220	BARS & RODS , COLD-FORMED OR COLD FINISHED OF OTHR TYPE	Iron and Steel	Intermediate	7.57

**Table 4: Top 10 Engineering Products Imported from Russia (US\$ Million)**

HS Code (6 digit)	Item Description	DGCI&S Panel Group	Product Category	Apr-Sep 2017-18
722511	FLT-RLD PRDCTS OF SILICON ELCTRCL STL GRAIN ORIENTED	Iron and Steel	Intermediate	42.87
750210	NICKEL,NOT ALLOYED	Nickel and products made of Nickel	Intermediate	32.39
720839	PLATES OF FLAT-ROLLED PRDCTS IN COILS OF A THCKNS< 3 MM HOT-RLD,EXCL.PICKL	Iron and Steel	Intermediate	22.06
848350	PULLEYS,POWER TRANSMISSION	OTHER MISITEMS	Intermediate	18.24
720249	OTHER FERRO-CHROMIUM	Iron and Steel	Intermediate	11.68
720990	OTHER FLAT ROLLED PRODUCTS N.E.S.	Iron and Steel	Intermediate	9.32
720241	FERRO-CHROMIUM CARBON CONTNG>4% BY WT	Iron and Steel	Intermediate	7.15
841989	PRESSURE VESSELS REACTORS,COLUMNS/TOWERS OR CHEMICAL STORAGE TANKS	Industrial Machinery for dairy, agriculture, food processing, textiles, paper, chemicals, etc	Capital goods	6.78
720221	FERRO-SILICON CONTNG>55% OF SILICON	Iron and Steel	Intermediate	6.69
720890	OTHR FLAT ROLLED PRODUCTS, N.E.S.	Iron and Steel	Intermediate	6.08

Source: Ministry of Commerce, Govt. of India; EEPIC India Analysis

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

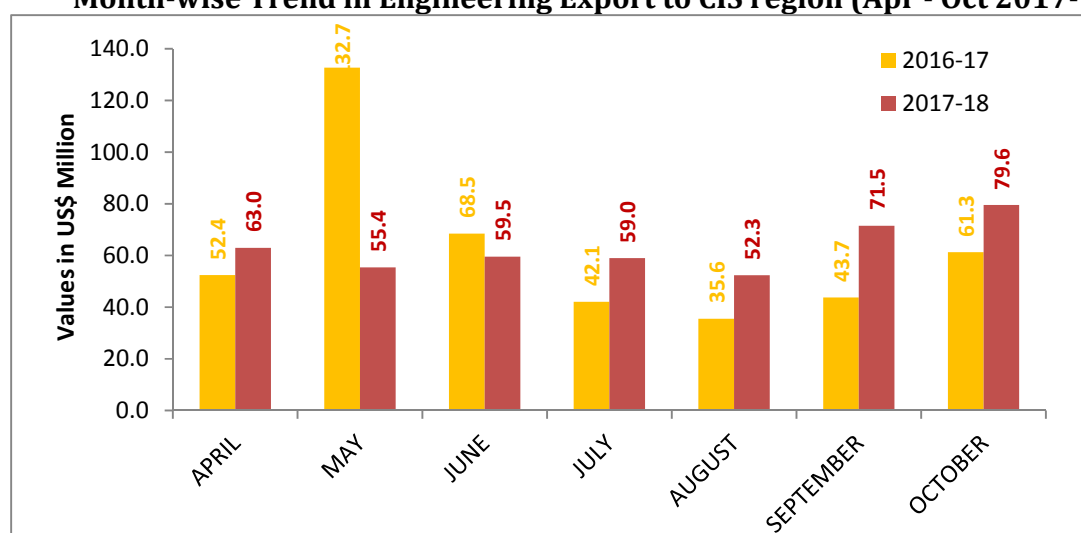
The following table described the exports of Indian engineering products to top five importers from the CIS region during October 2017 as well as during April - October 2017-18 (Value of Exports measured in USD Million):

Country	Export in Oct 2016	Export in Oct 2017	Growth (%)	Exports in Apr-Oct 2016-17	Exports in Apr-Oct 2017-18	Growth (%)
RUSSIA	39.60	64.81	63.66	330.21	363.03	9.94
UKRAINE	11.27	6.16	-45.33	35.20	39.94	13.46
UZBEKISTAN	3.72	4.44	19.39	14.88	25.48	71.18
KAZAKHSTAN	0.95	0.63	-34.07	8.85	9.66	9.26
AZERBAIJAN	2.50	2.15	-13.92	5.96	9.66	62.12

Indian engineering exports to CIS continued to see year-on-year growth for the last four months to October 2017. The growth number however shrunk to 29.8% in October 2017 as against 63.5% in September 2017, 47.1% in August 2017 and 40.2% in July 2017. Russia, the largest importer of Indian engineering products among the CIS nations witnessed a slower 63.7% year-on-year in imports of Indian engineering products in October 2017 as against 80.1% in September. Second highest importer Ukraine conceded a decline in imports of the same at 45.3% during the month concerned as against 33.8% growth in September 2017. Out of the top-5 CIS importers of Indian engineering products, 3 conceded year-on-year decline during October 2017 while 8 of the 12 CIS nations faced the same.

Cumulative engineering exports to CIS continued to see year-on-year increase during the first seven months of fiscal 2017-18 and this time the growth was higher at 5.43%. Leading exporter Russia saw around 10% increase in import of Indian engineering products over the same period last year while engineering exports to Ukraine went up by 13.5% during Apr - Oct 2017. Georgia, Turkmenistan and Armenia were the 3 CIS nations recorded year-on-year decline in cumulative imports during the reporting period.

### Month-wise Trend in Engineering Export to CIS region (Apr - Oct 2017-18)



Source: DGCIS Data, EEPIC Research

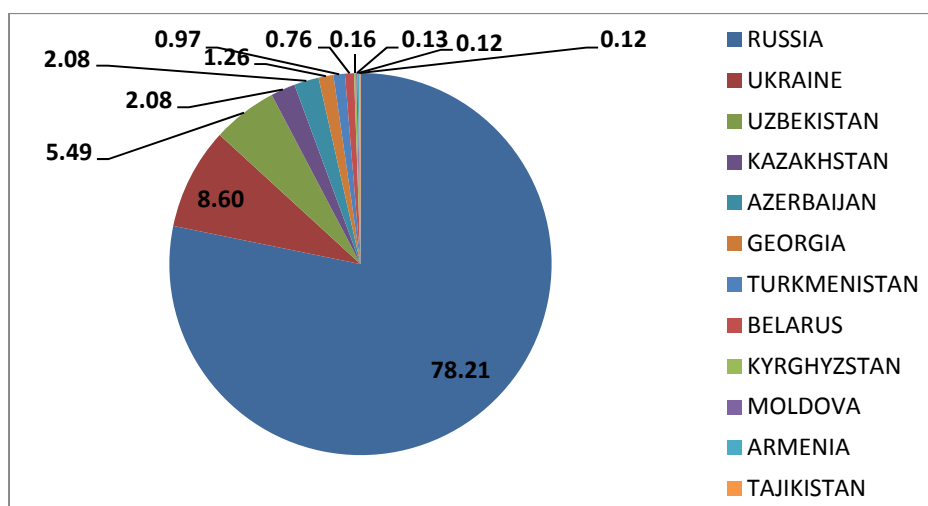
## Panel-wise trend in engineering exports to CIS during Apr - Oct 2017-18

Top 10 panels exported to CIS during April - October 2017-18 are listed below (Value of Exports measured in USD Million).

Panel	Export in Oct 2016	Export in Oct 2017	Growth (%)	Exports in Apr-Oct 2016-17	Exports in Apr-Oct 2017-18	Growth (%)
Aircrafts, Spacecrafts and Parts	9.48	24.08	153.93	62.48	79.76	27.66
Auto Components/Parts	6.36	7.92	24.53	43.16	61.22	41.85
Iron and Steel	5.95	7.01	17.84	35.64	58.94	65.41
Industrial Machinery	5.11	6.35	24.26	28.24	42.29	49.74
Other Construction Machinery	3.46	3.75	8.41	13.62	26.33	93.32
Electric Machinery and Equipments	3.53	4.77	35.15	21.65	23.77	9.75
Machinery for ATMs	1.91	2.34	22.28	17.42	21.01	20.59
Products of Iron and Steel	2.63	3.04	15.62	21.52	19.06	-11.41
Medical and Scientific Instruments	3.11	2.65	-14.98	14.85	15.50	4.42

'Aircrafts, Spacecrafts and Parts' remained the top engineering product group exported by India to CIS region during Apr - Oct of 2017-18 and this time the cumulative year-on-year growth of exports was much higher at 27.66% driven by a robust 154% growth in Oct 2017. 'Auto components/parts' was the second highest exporting engineering product to CIS during Apr - Sep 2017-18 with 41.9% rise in year-on-year exports. 'Iron and Steel' dropped to third place in this fiscal but achieved an impressive 65.4% growth in exports to CIS during the same time period. Only 'Products of Iron and Steel' conceded negative export growth on a cumulative basis during the first seven months of 2017-18 out of the top 10 exported product panels while 7 among all the 33 product panels witnessed declines in exports to CIS during the period concerned.

## India's engineering Exports to CIS: Country-wise Share (%) during April - October 2017-18



Source: DGCIS Data, EEPC Research

## Major Importers of Indian Engineering Products in the CIS Region during April - October 2017-18

### Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing 78.2% of India's engineering exports to CIS during Apr - Oct 2017-18

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

### Ukraine:

Ukraine is the immediate follower of Russia but with a much lower share at 8.6% during the same time period.

Top exported products: Iron & Steel; Aluminium & products; Products of Iron and Steel; Hand tools & cutting tools; Industrial machinery.

## 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.

**Measure taken by India:** The following table shows anti-dumping investigation initiated by India against CIS member nations in relation to engineering products.

Country Affected	Measure	Product Description	HS Code	Initiation
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
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

Source: <http://i-tip.wto.org/goods/Forms/TableViewDetails.aspx?mode=modify>

However, no Anti-dumping measure is in force at present against Russian Federation or Ukraine.

## 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
TECHSTROYEXPO. ROADS 2018	23-Jan-2018 to 26-Jan-2018	Siberia International Exhibition Business Centre 19, Aviatorov Street, Krasnoyarsk city, Russia	<a href="https://www.eventseye.com/fairs/f-techstroyexpo.-roads-25167-1.html">https://www.eventseye.com/fairs/f-techstroyexpo.-roads-25167-1.html</a>
METALWORK AND WELDING SHOW 2018	31-Jan-2018 to 02-Feb-2018	Siberia International Exhibition Business Centre 19, Aviatorov Street Krasnoyarsk city, Russia	<a href="https://www.eventseye.com/fairs/f-metalwork-and-welding-show-14558-1.html">https://www.eventseye.com/fairs/f-metalwork-and-welding-show-14558-1.html</a>
EXPO TECHMASH 2018	Feb-2018	KievExpoPlaza Exhibition Center, Salyutna str., 2B Kiev, 04111, Ukraine	<a href="https://www.eventseye.com/fairs/f-expo-techmash-6112-1.html">https://www.eventseye.com/fairs/f-expo-techmash-6112-1.html</a>
BELLEGMASH 2018	21-Feb-2018 To 23-Feb-2018	Belexpo - 27, Yanka Kupala str. 27, Yanka Kupala str Minsk, 220035, Belarus	<a href="https://www.eventseye.com/fairs/f-bellegmash-272-1.html">https://www.eventseye.com/fairs/f-bellegmash-272-1.html</a>

### News in Focus

#### Russia urges WTO to make global trade free from sanctions

Economic sanctions are one of the worst forms of protectionism, according to Russian Economy Minister Maksim Oreshkin. He has called on the World Trade Organization (WTO) to put an end to what he called a “degrading phenomenon.”

Link: <https://www.rt.com/business/412836-russia-wto-sanctions-trade/>

#### Trade between Russia & India up 22% this year

India's President Ram Nath Kovind announced recently that his country's trade with Russia has increased by almost a quarter in the first six months of this year. “The early operationalization of the International North South Transport Corridor can play a significant role in achieving our bilateral trade targets,” the government press release said.

Link: <https://www.rt.com/business/412718-russia-india-trade-growth/>



## Kazakhstan considers Azerbaijan main economic and strategic partner in Caucasus

Azerbaijan is the main economic and strategic partner of Kazakhstan in the Caucasus. Ambassador of Kazakhstan to Azerbaijan Beybit Isabayev made the remark at an event dedicated to the 26th anniversary of Kazakhstan's independence on December 13.

Link: <https://www.azernews.az/nation/123952.html>

## Iran opens first phase of Chahabar port

Iran has opened the first phase of Shahid Beheshti Port in the south-eastern city of Chabahar, a media report said.

Link: [http://www.tradearabia.com/news/IND\\_333747.html](http://www.tradearabia.com/news/IND_333747.html)

## Tender Information in CIS

### Prior information Notices

Location	Title	Deadline
Ukraine	Supply For Compressor Stations Estimated Cost: UAH 384,300	27-Dec-2017
Ukraine	Supply For Electric Winches Estimated Cost: UAH 1,960,400	27-Dec-2017
Russian Federation	Supply Of Spare Parts For Crushing Equipment Estimated Cost: RUB 3,462,902	28-Dec-2017
Russian Federation	Maintenance Of Elevators, Elevator Dispatch Communication System (Idss) And Current Repairs Of Elevator Equipment	28-Dec-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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