

Territorial NEWSLETTER CIS Countries

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



The Commonwealth of Independent States (CIS) summit held recently in Dushanbe. Head of state or government from each of the CIS member countries except Turkmenistan attended the summit. Cooperation between the CIS member nations in all spheres of activities, exploiting the full potential of intra-regional trade and transition to mutual settlement in national currencies to escape the factor of USD equivalency among others were the major issues discussed in the summit. US-China trade war opened more opportunity for CIS to trade with China. India needs to enhance its trade with CIS as it is far below the potential level.

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



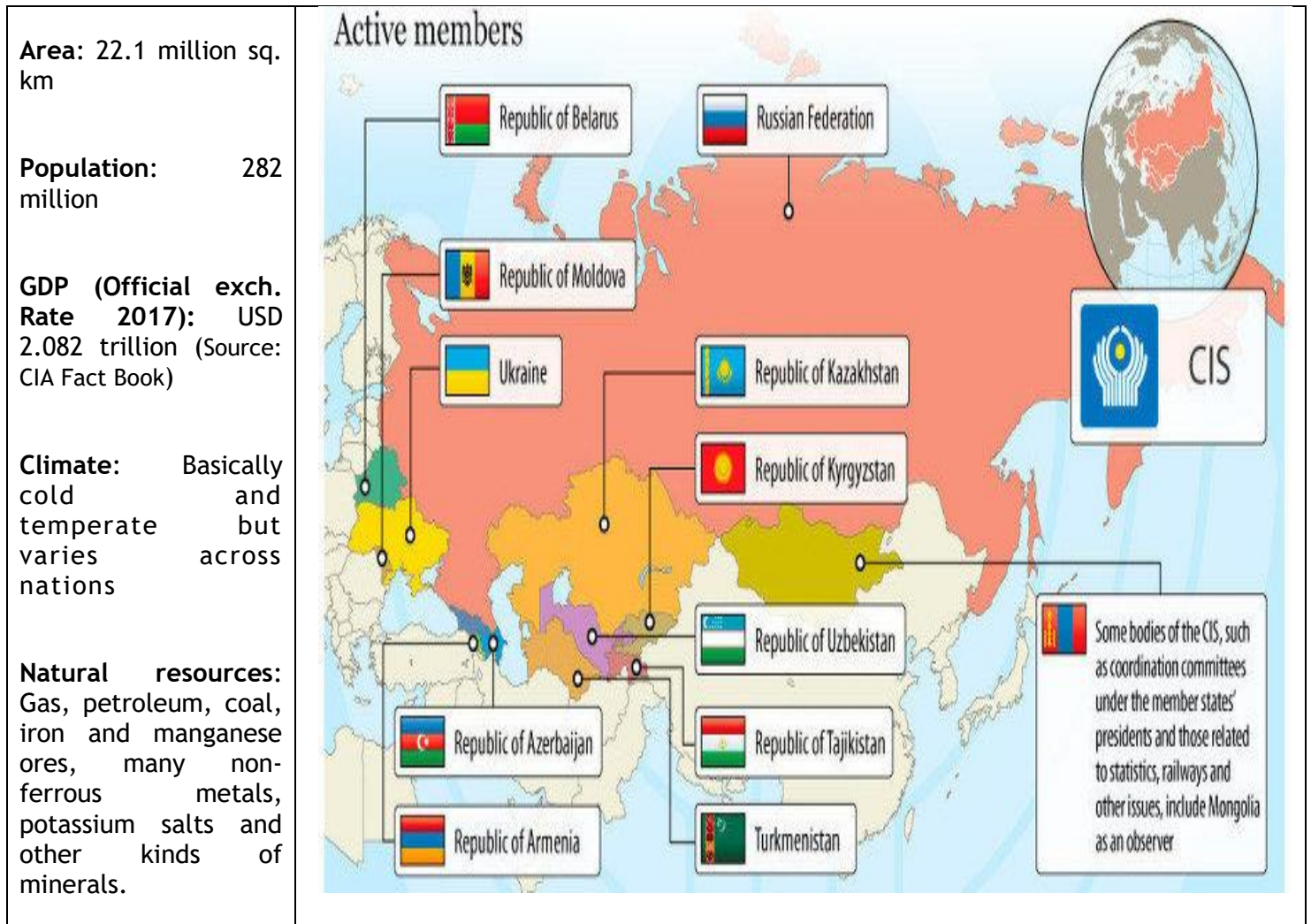
In the 38th issue of the CIS Newsletter, some major issues discussed in the recent CIS summit have been highlighted where a five-year plan was signed. Several major issues were discussed including those related to economy and trade. Mutual settlement in national currencies for the member states and expansion of intra-regional trade were the priorities while mutual cooperation in all geopolitical and economic issues were on the top of the agenda.

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

Basic Facts: CIS



Outcomes of CIS Summit at Dushanbe

The latest CIS summit, hosted by Dushanbe during Sep 2018 once again showed that cooperation is the first and foremost priority of the member nations of CIS, especially in political, socio-economic, humanitarian and law-enforcement fronts. In the summit, the member nations of CIS agreed to extend cooperation on all fronts to the maximum possible extent. Discussions were also held on several important issues like the need to transition to mutual settlement in national currencies to escape the factor of USD equivalency and maximizing the intra-regional trade potential. Coordination in foreign policy action was also urged by the Hon'ble Russian President. Kazakh president proposed removing trade barriers between member states, expanding trade deals and optimising transit routes. He also suggested more joint projects in science and space, digitisation and tourism.

Among the other issues, trade with China has been discussed, which is expected to touch USD 100 billion soon. According to news source, Russian exports to China grew primarily due to higher prices of raw material while Chinese exports are driven by e-commerce. The growth in trade was observed high prices of oil and an unsuccessful import substitution programme. Russia exports raw material while China exports finished

machinery and equipment to Russia. The US China trade war is also likely to open food exports from Russia to China.

On the sideline of the event, the Kazakh and Tajik presidents discussed aid provided by Kazakhstan and trade. Discussions with the Armenian Prime Minister noted a 60 percent increase in trade in 2017 and Armenia's interest in increasing investments in Kazakhstan.

Source:

1. The Asthana Times - <https://astanatimes.com/2018/10/nazarbayev-calls-for-cis-trade-liberalisation/>
2. Press Review of Russian News Agency TASS - <https://tass.com/pressreview/1023744>

Trend Analysis of India's Engineering Export to CIS

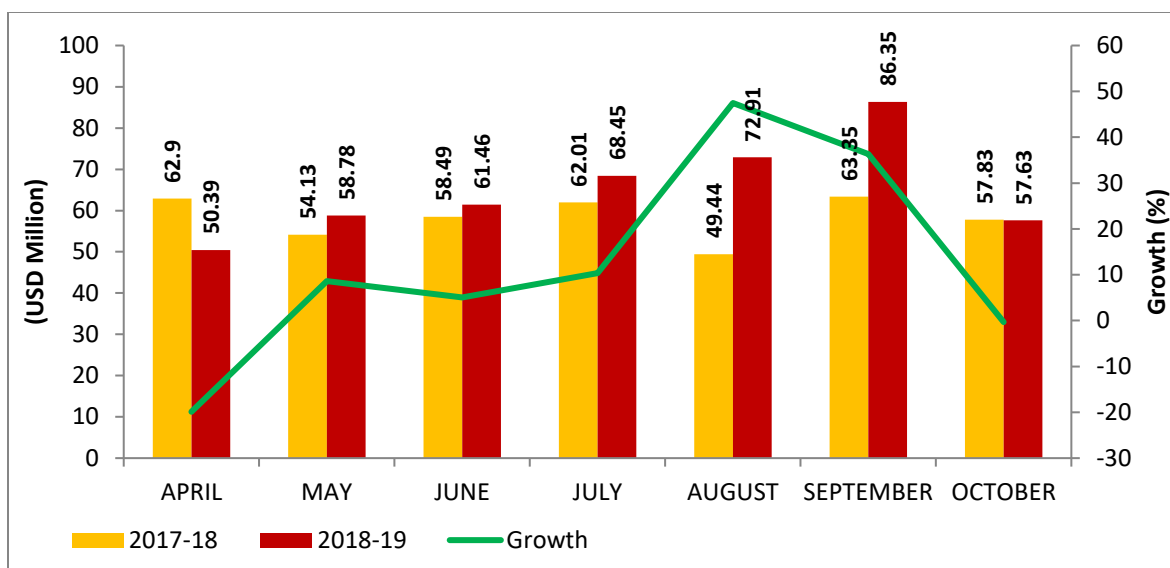
The following table described the exports of Indian engineering products to top five importers from the CIS region during Oct 2018 (Value of Exports measured in USD Million):

Country	Export in Oct 2018	Export in Oct 2019	Growth (%)	Export in Apr-Oct 2018	Export in Apr-Oct 2019	Growth (%)
RUSSIA	43.08	39.96	-7.26	307.60	315.23	2.48
UZBEKISTAN	4.44	8.74	97.12	25.48	61.54	141.54
UKRAINE	6.16	5.04	-18.16	39.39	37.55	-4.66
KAZAKHSTAN	0.63	1.43	129.43	9.66	11.34	17.32
GEORGIA	0.43	0.32	-25.91	5.87	11.33	93.12

After five months of continuous year-on-year growth, India's engineering exports to CIS declined in Oct 2018 due to decline in demand from the largest CIS importer Russia accompanied by Ukraine and Azerbaijan. Second largest importer Uzbekistan however saw almost double import in comparison to the same month last fiscal. Out of the top five destinations in CIS recorded, three recorded year-on-year decline in imports of Indian engineering while out of the twelve CIS members, six countries witnessed drop in imports during the said month.

Growth in cumulative engineering exports to CIS slowed down slightly to 11.71% year-on-year during Apr-Oct 2018-19 from a higher 13.7% growth during Apr-Sep 2018-19 over the same period last fiscal. Russia, once again was the spoilsport who managed to see only 2.5% growth. Four out of twelve CIS countries, including the third largest destination Ukraine conceded year-on-year decline in imports of engineering products from India during the first seven months of fiscal 2018-19.

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



Source: DGCIS Data, EEPC Research

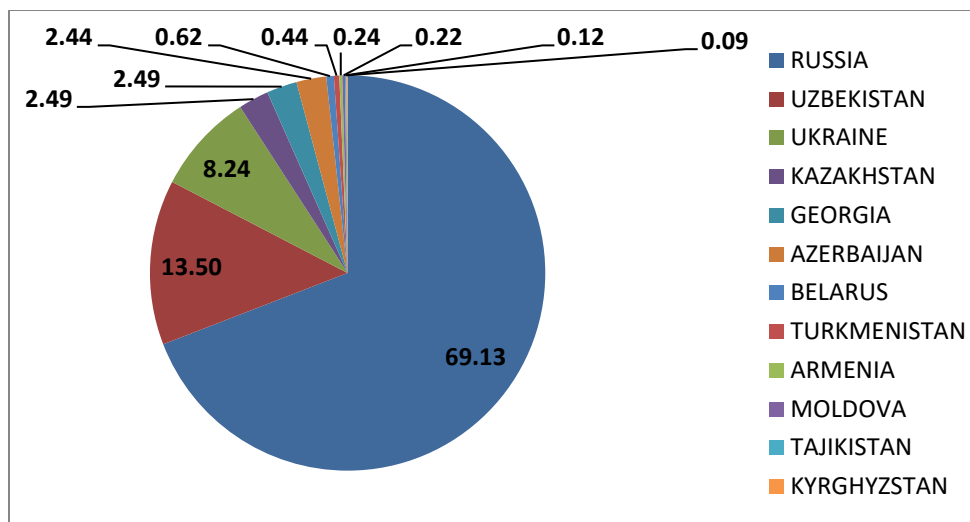
Panel-wise trend in engineering exports to CIS during Apr-Oct 2018-19

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

Panel	Export in Oct 2018	Export in Oct 2019	Growth (%)	Export in Apr-Oct 2018	Export in Apr-Oct 2019	Growth (%)
Auto Components/Parts	7.92	8.48	7.10	61.22	67.04	9.51
Industrial Machinery	6.35	9.03	42.16	43.99	66.28	50.67
Iron and Steel	7.01	7.19	2.64	58.94	59.81	1.48
Other Construction Machinery	3.76	3.72	-0.99	26.33	44.25	68.05
Electric Machinery and Equipment	6.72	2.44	-63.71	25.72	31.98	24.34
Products of Iron and Steel	1.89	2.77	47.10	17.91	22.83	27.46
Machinery for ATMs	2.34	2.31	-1.21	19.71	19.33	-1.92
Medical and Scientific Instruments	2.65	2.35	-11.30	15.50	18.69	20.57
IC Engines and Parts	2.09	3.19	52.42	10.89	14.79	35.80
Air condition and Refrigeration Machinery and Parts	1.08	3.56	228.55	8.37	14.35	71.38

'Iron & Steel' went down to the third place from the last month on a cumulative basis in terms of value of engineering product groups exported to CIS. During Apr-Oct 2018-19, 'Auto Components/Parts' topped the list of engineering product groups exported to CIS with 9.5% growth in exports. 'Industrial Machinery' was the immediate follower of 'Auto Components/Parts' with over 50% growth in exports to CIS during the first seven months of fiscal 2018-19. Out of 33 product panels, 15 saw drop in exports to CIS during Apr-Oct 2018-19.

India's Engineering Exports to CIS: Country-wise Share (%) during Apr-Oct 2018-19



Source: DGCIS Data, EEPC Research

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

Russia:

Russia is the largest importer of Indian engineering products in the CIS region sharing almost 70% of India's engineering exports to CIS during Apr-Oct 2018-19.

Top exported product: Auto components and parts; Iron & Steel; 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 around 13.5% during the first seven months of 2018-19.

Top exported products: Industrial Machinery; Auto Components/Parts, Nuclear Reactors, Industrial Boilers and 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

Mixed results for emerging Europe in new WEF Global Competitiveness Report

The World Economic Forum's (WEF) latest Global Competitiveness Report shows that much of emerging Europe continues to lag behind the rest of the continent. "The greatest disparities in the region [Europe] lie in national innovation ecosystems, with countries in Eastern Europe and the Balkans lacking basic innovation infrastructure, while countries such as Germany and Switzerland set the global standards for innovation," reads the report.

Link: <https://emerging-europe.com/news/mixed-results-for-emerging-europe-in-new-wef-global-competitiveness-report/>

New CIS development concept to focus on economy

The new revision of the concept on future development of the Commonwealth of Independent States will focus on economic affairs, BelTA learned from Andrei Grozov, Russia's permanent representative in the CIS charter bodies and other ones.

Link: <https://eng.belta.by/economics/view/new-cis-development-concept-to-focus-on-economy-115965-2018/>

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>

EEPC India CIS Territorial Newsletter

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