

Territorial NEWSLETTER CIS Countries

EEPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



Our Prime Minister Mr. Narendra Modi flew to Russia to attend the sixteenth India-Russia Annual Summit during 23-24 Dec 2016. Bilateral talks on several issues were held between Indian Prime Minister and the President of Russia, Mr. Vladimir Putin. It is quite optimistic that sixteen agreements/MoUs were signed between these two nations on cooperation on geo-political issues, economic cooperation, energy sector, etc. It is noteworthy to mention that under one agreement, 226 Kamov helicopters will be manufactured in India that would be the first major defense project under the 'Make in India' initiative.

The summit between two state heads was quite fruitful for both the nations and these culminated in several agreements. From India's point of view, it was needed for its energy security as Russia was one of the biggest source of oil and natural gas reserve to meet its energy demands while for Russia, a fresh big market like India was very much required to boost its economic activities due to restriction imposed on Russian imports by the EU and US after its dispute with Ukraine that made its economy crippled.

I believe this informative newsletter will be very much beneficial for our member exporters.

Tarvinder Singh Bhasin

Committee on Trade with CIS Countries - Chairman's Note



This December 2015 issue of our 'Newsletter on CIS Countries' is the fourth of its kind. It is prepared with the objective of informing our members about the current opportunities in CIS countries that will help them to take decision to explore export market in the CIS region. This issue has captured the development in Indo-Russian relationship resulting from the latest India-Russia Annual Summit held in Russia during the last week of December 2015 in the presence of the heads of both the nations. The newsletter has also discussed the trend of India's engineering trade with CIS region by

focusing on top exporting products from India and top nations of CIS region, importing India's engineering products.

I believe this newsletter will help our member exporters taking informed business decisions.

Aman Chadha

Basic Facts: CIS

Area: 22.1 million sq. km

Population: 282 million

GDP: USD 1.352 trillion

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.

16th India-Russia Annual Summit Yielded 16 Agreements

Indian Prime Minister Mr. Narendra Modi attended the 16th India-Russia Annual Summit during 23-24 Dec 2015 at the invitation of the President of Russia. The major issues that were on the agenda during this meet included signing of big defense deals, expanding economic ties and talks on terrorism. Various global and regional issues apart from cooperation in the field of Nuclear energy, Trade and Defense were also discussed in the summit. During the visit, a total of 16 agreements/ Memorandum of Understandings (MoU's) were signed by the two countries.

Traditionally, the Indo-Russian strategic partnership covered the areas of cooperation in defense, civil nuclear energy, anti-terrorism and Space. The latest dimension that has been added now is economic cooperation.

Other than Japan, Russia is the only nation to have a mechanism for annual ministerial-level defense reviews with India. Considering India's growing need for energy security, it is essential that India aligns with Russia for its energy needs, which has abundance of oil and natural gas reserves and can share resources and technology for civil nuclear energy to meet India's energy demands.

On the other hand, Russian economy has been crippled because of US-EU sanctions post the Ukraine crisis, falling price of oil, which is Russia's major source of income, and the impact of fast depreciating Russian currency, leading to outward capital flight. That is what driving Russia towards exploring new markets for its energy and trade relationships in Asia.

A total of 16 agreements/ Memorandum of Understandings (MoU's) were signed by the two countries during the summit. Significant agreements included the following areas of cooperation:

Geo-political Cooperation: India and Russia discussed a host of global geo-political issues, including the situation in Syria and looked at ways to tackle global terrorism.

Economic cooperation: a number of important agreements in diverse fields of bilateral cooperation, including several commercial agreements between Russian and Indian companies, were signed during the visit. The two countries signed memorandums of understanding (MOU) on technical cooperation in the railway sector, building solar energy plants in India, investment cooperation in Russia's Far East. Enhancement of bilateral trade through the International North South Corridor Project (INSTC) by freight forwarders and exporters to facilitate trade, especially in Agriculture and Food Processing was also

discussed. The priority areas of cooperation between two countries include hydrocarbons, coking coal, fertilizers, mining, civil aviation, infrastructure and trade in rough diamonds.

Cooperation in Energy Sector: Cooperation in energy sector is one of the key issues that have brought both countries together to further harmonize relationships.

Defense cooperation: Indo-Russia defense agreements were also rebooted. There are many ongoing flagship commitments also like joint annual military exercises, licensed production of Russian Sukoi-30 aircrafts and T-90 tanks in India, etc.

Cooperation in Diamond Industry: Decision to directly supply rough diamonds to India was favorably discussed during the previous Annual Summit and it was proposed to build a diamond hub in Mumbai, which will increase bilateral trade turnover by 4-5 billion dollars.

Steps were also taken towards facilitating visa processing with an aim to promote tourism and to improve the quality of service provided to Indian citizens looking to visit Russia.

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 was established in 1986 with the objective of promoting, developing and extending commerce, trade and industry between India and 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
KIAE supported by Automechanika - 2016	01-Mar-2016 - 03-Mar-2016	Exhibition centre "Korme"/ Astana/Kazakhstan	http://www.exponet.ru/exhibitions/by-id/kiaeas/kiaeas2016/index.en.html
UzComak - 2016	02-Mar-2016 - 04-Mar-2016	OJSC NEC "Uzexpocenter"/Tashkent/ Uzbekistan	http://www.exponet.ru/exhibitions/by-id/uzcomakata/uzcomakata2016/index.en.html
Expo-Russia	15-Jun-	International Exhibition	http://www.exponet.ru/exhibitions/by-

Kazakhstan - 2016	2016 - 17-Jun- 2016	Multifunctional Complex "Almaty Towers" / Kazakhstan	id/exorussial/exorussial2016/index.en.html
KyrgyzComak - 2016	30-Mar- 2016 to 1-Apr- 2016	International Exhibition Centre Kiev / Ukraine	http://www.iec-expo.com.ua/en/
UzSpecTechExpo - 2016	23-Mar- 2016 to 25-Mar- 2016	OJSC NEC "Uzexpocenter"/ Tashkent/Uzbekistan	http://www.exponet.ru/exhibitions/by-id/technologiستا/technologiستا2016/index.en.html

Trade Trend Analysis in the CIS

The top 5 CIS nations which had the highest demand for Indian engineering products during November 2015 are as follows:

Country	Export in November 2014 (USD million)	Export in November 2015 (USD million)	Growth (%)
RUSSIA	51.78	34.19	-33.97
UKRAINE	6.30	4.91	-22.10
KAZAKHSTAN	1.25	1.94	55.46
GEORGIA	3.06	1.48	-51.44
UZBEKISTAN	6.54	1.60	-75.59

India's engineering exports to CIS countries continued to fall in the current fiscal. The month of November 2015 saw 38.4% drop in engineering import from India while cumulatively it was 40% during the first 8 months of the ongoing fiscal. Economic slowdown in most of the CIS nations led to slump in demand causing lower shipment of Indian engineering products towards this region.

Russia remained the top export destination for Indian engineering manufacturers during November 2015 despite around 34% decline in exports. Cumulatively the decline was around 38% during April - November 2015. Ukraine was the immediate follower of Russia keeping the trend intact with 22.1% fall in import of the same from India during Nov 2015. Cumulatively, Ukraine's engineering imports from India tumbled by 62.5% over the same period last year. Among the top five destinations of India's engineering exports to CIS region, only Kazakhstan recorded 55% growth in import during November 2015 while cumulatively, both Kazakhstan and Georgia witnessed higher engineering imports from India over the same period last year.

Some Trends in engineering exports to CIS between April - November 2015

After a growth in the month of October 2015, India's engineering exports to CIS region dropped again in November that also increased the cumulative decline during April - November 2015 that declined to US\$353.51 million from US\$589.44 million during the same period of the previous fiscal. During November 2015, it dropped to US\$45.17 million from US\$73.37 million in the same month last year.

Panel-wise analysis shows a much gloomy picture in comparison to the previous month. Among the top ten engineering panels demanded most in CIS countries, eight recorded decline in November 2015 as against five during the same month last year. The worst hit was Iron & Steel followed by Auto components & parts. 'IC Engines and Parts' was the top engineering product exported to CIS during November 2015. On a cumulative

basis also it remained at the top with US\$71.6 million of engineering imports from India during April - November 2015, Industrial machinery and 'Iron & Steel' hold the second and third positions respectively.

Top 10 panels exported to CIS during November 2015 are listed below

Name of the Panel	Export in November 2014 (USD million)	Export in November 2015 (USD million)	Growth (%)
IC Engines and Parts	0.11	10.70	9698.38
Aircrafts and Spacecraft	17.67	10.02	-43.26
Industrial Machinery	4.66	5.55	19.12
Products of Iron and steel	5.90	4.21	-28.65
Auto Components/Part	10.82	3.29	-69.54
Iron and Steel	8.85	1.78	-79.90
Machinery for ATMs	5.36	1.70	-68.39
Electric Machinery a	2.45	1.39	-43.15
Medical and Scientific Instruments	2.37	1.12	-52.59
Hand Tools and Cutting Tools	1.10	1.10	-0.04

News in Focus

Standard & Poor's warns of more sovereign downgrades than upgrades in 2016

The deterioration was most pronounced in West Asia, the Commonwealth of Independent States (CIS) and Africa, where the negative balance doubled to (-)12, an all-time regional low.

Link: <http://cis.einnews.com/article/305201041/i1RP9RJJYlgnfL07>

Trade between Kazakhstan and Ukraine Just Got More Difficult

Russia says all Kazakhstan-bound Ukrainian cargo travelling via Russia must go through Belarus first.

Link: <http://cis.einnews.com/article/305193891/KPt9wH8DBCyahbS9>

Ukraine Economy Ministry Proposes Embargo on Range of Goods From Russia

The embargo may include vodka, beer, chocolate, meat, fish, cigarettes, as well as dog and cat food and a number of other products.

Link: <http://cis.einnews.com/article/303886785/nAR-4WOnW9zzSJUO>

Russia Approves Law Suspending Free Trade Zone Agreement With Ukraine

Russia's Federation Council on Friday approved a law on Friday that suspends the free trade zone agreement with Ukraine beginning January 1, 2016.

Link: <http://cis.einnews.com/article/303410876/Q-FFcgcR6CXR6MR>

Russian Economy to Grow by 1.3% in 2017 - World Bank

According to a report by World Bank, the Russian economy may see a 1.3 percent growth in 2017 after shrinking by 0.7 percent in 2016.

Link: <http://world.einnews.com/article/305057260/IU15i1YapMheGj42>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Ukraine	For Electric Power	27-Jan-2016
Ukraine	Electricity distribution and related services	27-Jan-2016
Kazakhstan	Special transport services	21-Jan-2016
Kazakhstan	(tszhs) Tender at otp purchasing batteries, insulators, cabinets, automation devices, power supply, communication and protection	10-Feb-2016

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

EEPC India CIS Territorial Newsletter

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