

# Territorial NEWSLETTER CIS Countries

**EEPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



This issue of the Territorial Newsletter for CIS Countries has put a focus on Uzbekistan, which is a promising economy in the CIS region. CIS region has all the potential to become a major destination for India's engineering exports in future despite some barriers. At present, the trade volume between India and CIS nations are insignificant except Russia. With a view to broaden the trade and investment relation with this strategically important region, EEPC India has organized an interesting interactive seminar on 'Doing Business in Uzbekistan' during December 2015 in Delhi in presence of high level officials from both India and Uzbek govt. The session discloses several facts about Uzbek economy and it has been realized that

ample scope exists in that nation for Indian investors as well as exporters. The govt. of Uzbekistan invites investments from India in several sectors like food, pharmaceuticals, automobile etc. where India may also find its own interest to reap the fruit. Although, some NTBs has been pointed out by the Indian official, those could be removed with proper planning from both sides in the foreseeable future.

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



The January 2016 issue of 'Newsletter on CIS Countries' is published. This is the fifth issue of the newsletter. It is prepared with the objective of informing our member exporters about the current opportunities in CIS countries in order to help them taking informed decision to explore export market in the CIS region. In this issue, we have highlighted the interactive session held by EEPC on 'Doing Business in Uzbekistan' in Delhi in the third week of December 2015 that has brought some interesting facts about expanding Indian trade and business in Uzbekistan. 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.

## Interactive Session on Doing Business in Uzbekistan

EEPC India organised an interactive session on 'Doing Business in Uzbekistan' on 18th December 2015 at Hotel Royal Plaza, New Delhi. Dr. G. Mahapatra, Jt. Secretary, Ministry of Commerce, Govt. of India was present at the session from the Indian side while the Uzbek side was represented by Mr. Avaz Khodjiev, Counselor, Trade & Economic Affairs, Govt. of Uzbekistan. From EEPC, the session was inaugurated by the Chairman Mr. T. S. Vasin.

Bilateral relation between India and Uzbekistan was established since the independence of the later following the disintegration of former USSR way back in 1991. Trade relations between these two nations are controlled by an agreement signed in May 1993 called 'Agreement on Trade and Economic Cooperation' that includes mutual MFN treatment; promotion of economic, industrial, scientific and technical cooperation, including in the field of training of personnel; active participation of small and medium sized enterprises in bilateral economic cooperation, and counter-trade, etc. Besides, India and Uzbekistan also signed an Agreement on Avoidance of Double Taxation in 1993 and for Bilateral Investment Promotion and Protection in May 1999.

Total merchandise trade between India and Uzbekistan swelled up nearly three times during the last five years to US\$226.31 million in 2014-15 and export also almost trebled to US\$170.44 million during the same time period. The balance of trade remains in favour of India and increasing with time.

Mr. Khodjiev has delivered a presentation on Uzbek economy which shows that this modern market-oriented economy has been experiencing 8% average GDP growth rate for the last 10 years which is expected to be at least steady. It has a developed communication system, a steady financial sector and a demographic advantage where 65% of the population are youth. As per the presentation, macroeconomic stability is ensured in Uzbek economy with a surplus state budget and favourable BoP. Another interesting fact is the 2.5 times increase in the number of SMEs in last 14 years that has categorically raised the importance of SMEs in GDP with 56% share in 2014.

Uzbekistan is the second largest exporter of cotton and 9th largest exporter of gas and coal. Besides, food and automobile are two other important sectors contributing to exports. Export volume in Uzbekistan increased by 30 times between 1991 and 2014 while export of automobile increased by 24 times. Major industries of Uzbekistan are textile, food automobile etc. Uzbekistan is a large scale producer of auto components like engines, electrical parts, steel parts etc. and offer basic technology for producing auto and auto components.

The nation exhibits considerable investment potential as per Mr. khodjidev, with good mineral resource, cheap raw material like low cost energy, single tax payment system for industrial sector and a slew of facilities in SEZs of Uzbekistan. The nation is inviting investments from India in sectors like pharmaceuticals, food, textile, agricultural machineries, automobile, construction material etc. Automobile seems to be the most lucrative sector for Indian investors.

The official agency for Investment in Uzbekistan is UZININFOINVEST that comes under The Ministry of Foreign Economic Relation and Investment & Trade. Major traded commodities for Uzbekistan are food & Beverages, Pharmaceuticals, Chemical & petrochemical, Building material like cement, Transport & logistics, Agricultural machinery and Automobiles.

Dr. Mahapatra from the Ministry of Commerce recognized the inherent potential of Uzbekistan as a destination for trade and investments for Indian investors but has also figured out some barriers for India to trade with Uzbekistan. Difference in language is a prominent problem as Uzbekistan is a non-English speaking country. Getting Visa for Uzbekistan is also a major problem. Any sort of merchandise trade needs to be routed through EU and Russia which brings inconvenience for exporters as well as importers. However, Completion of North-South Corridor is expected to facilitate trade by reducing total time for transportation of commodities by 40%.

**Upcoming Event:** An Industrial fair will take place in Uzbekistan specially for Engineering sector on 24th March 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 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-	Exhibition centre "Korme"/ Astana/Kazakhstan	<a href="http://www.exponet.ru/exhibitions/by-id/kiaeas/kiaeas2016/index.en.html">http://www.exponet.ru/exhibitions/by-id/kiaeas/kiaeas2016/index.en.html</a>

	2016		
UzComak - 2016	02-Mar-2016 - 04-Mar-2016	OJSC NEC "Uzexpocenter"/Tashkent/ Uzbekistan	<a href="http://www.exponet.ru/exhibitions/by-id/uzcomakata/uzcomakata2016/index.en.html">http://www.exponet.ru/exhibitions/by-id/uzcomakata/uzcomakata2016/index.en.html</a>
Expo-Russia Kazakhstan - 2016	15-Jun-2016 - 17-Jun-2016	International Exhibition Multifunctional Complex "Almaty Towers" / Kazakhstan	<a href="http://www.exponet.ru/exhibitions/by-id/exorussial/exorussial2016/index.en.html">http://www.exponet.ru/exhibitions/by-id/exorussial/exorussial2016/index.en.html</a>
KyrgyzComak - 2016	30-Mar-2016 to 1-Apr-2016	International Exhibition Centre Kiev / Ukraine	<a href="http://www.iec-expo.com.ua/en/">http://www.iec-expo.com.ua/en/</a>
UzSpecTechExpo - 2016	23-Mar-2016 to 25-Mar-2016	OJSC NEC "Uzexpocenter"/ Tashkent/Uzbekistan	<a href="http://www.exponet.ru/exhibitions/by-id/technologiستا/technologiستا2016/index.en.html">http://www.exponet.ru/exhibitions/by-id/technologiستا/technologiستا2016/index.en.html</a>

## Trade Trend Analysis in the CIS

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

Country	Export in December 2014 (USD million)	Export in December 2015 (USD million)	Growth (%)
RUSSIA	149.22	44.07	-70.46
GEORGIA	2.05	4.61	125.13
KAZAKHSTAN	1.41	3.92	177.14
UKRAINE	7.56	3.39	-55.15
UZBEKISTAN	5.28	2.49	-52.91

India's engineering exports was dismal in the current fiscal that was reflected in its overseas shipment to CIS countries. The month of December 2015 saw an even dipper 65.2% fall in engineering import from India to CIS nation as against 38.4% fall in November 2015. Cumulatively, the fall was 46.1% during April - December 2015. Slowdown in economic activities in the CIS region following the recession in Russia reduced the demand from this region.

Russia remained the top importer of Indian engineering products in this fiscal but Ukraine lost its position to Georgia and Kazakhstan and went down to 4th rank. However, engineering exports to Russia declined by 70.5% during December 2015 while it was 47.11% on a cumulative basis. Georgia moved up to the second position and Kazakhstan came third. Both the nations achieved growth in exports during 2015-16. During December 2015, the growth even reached triple digit over the same month last fiscal. Ukraine on the other hand saw decline in import from India during the ongoing fiscal. Among the twelve CIS nations, eight conceded decline in engineering imports from India during April - December 2015 over the same period last year.

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

On a monthly basis, India's engineering exports to CIS region dropped for the second consecutive month to December 2015. The cumulative decline during April - December 2015 was sharper as a consequence than in April - November 2015. Cumulative engineering exports to CIS region during April - December 2015 declined to US\$409.17 million from US\$759.43 million in the same period last year.

Panel-wise analysis shows a different trend of Indian engineering exports to this region more clearly. Among the top ten engineering panels demanded most in CIS countries, only three recorded decline in December 2015 while the rest seven achieved growth. The worst hit was Auto Components segment followed by Products of Iron & Steel. Exports of Iron & Steel also declined during December 2015. Aircrafts & Spacecrafts was the highest exporting engineering products from India to CIS during the reporting month while Industrial Machinery was the second highest. However, cumulative trend is just the opposite where all of the top ten engineering product groups conceded decline in exports to CIS during the first nine of the current fiscal.

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

Name of the Panel	Export in December 2014 (USD million)	Export in December 2015 (USD million)	Growth (%)
Aircrafts & Spacecraft	9.86	19.74	100.15
Industrial Machinery	3.08	7.45	141.72
Iron and Steel	6.86	5.10	-25.64
Aluminum and products	1.07	3.69	245.12
Products of Iron and Steel	7.13	3.68	-48.42
Auto Components/Part	7.11	3.32	-53.34
Machinery for ATMs	2.45	2.55	3.91
Medical and Scientific instrument	1.84	2.03	10.25
Nuclear Reactors In	1.05	1.98	88.88
Hand Tools Cutting Tools	1.14	1.78	57.18

## News in Focus

### Top Business Leaders to Address the First CIS Global Business Forum 2016 in Dubai

The first edition of the Commonwealth of Independent States Global Business Forum (CIS GBF 2016) organised by Dubai Chamber of Commerce and Industry from February 17 to 18, 2016, will be addressed by world class business leaders as well as global investors, focusing on key topics related to the changing realities of economic cooperation in the CIS.

Link: <http://finance.yahoo.com/news/top-business-leaders-address-first-074501096.html>

### 'Russia, CIS countries great opportunity to enhance exports'

Apex industry body, PHD Chamber while apprehending about deceleration in India's exports which have been declined for the 13th month in a row stated that there is enough scope to enhance India's exports towards CIS countries of which Russia is a good opportunity at this juncture.

Link: <http://www.smetimes.in/smetimes/news/top-stories/2016/Feb/01/russia-cis-countries-great-opportunity-to-enhance-exports.html>

## Turkmenistan brings Trans Caspian pipeline on table

The Turkmen side announced on February 1 that it has activated works for supplying gas to the European market via the planned Trans-Caspian Pipeline (TCP), advocated by Azerbaijan and Turkmenistan, and backed by EU and Turkey.

Link: [http://www.azernews.az/oil\\_and\\_gas/92381.html](http://www.azernews.az/oil_and_gas/92381.html)

## EIB supports with EUR 51m upgrade of strategic transport infrastructure in Armenia

The European Investment Bank (EIB) is lending EUR 51 million to the Republic of Armenia to finance rehabilitation of the M6 interstate road, the crucial transport corridor in Armenia representing the interconnection of the country with Georgia.

Link: <http://www.eib.org/infocentre/press/releases/all/2016/2016-026-eib-supports-with-eur-51m-upgrade-of-strategic-transport-infrastructure-in-armenia.htm>

## Azerbaijan Seeks New Long-Run Equilibrium Amidst Post-Devaluation Financial Turmoil

Azerbaijan, the third largest oil producer in the Commonwealth of Independent States (CIS) after Russia and Kazakhstan, shifted to a floating exchange rate regime on December 21, 2015, triggered by a rapid fall in oil prices.

Link: [http://www.jamestown.org/single/?tx\\_ttnews%5Btt\\_news%5D=45014&tx\\_ttnews%5BbackPid%5D=7&cHash=f85551ce06bc5c3c2747337dfe82b79d#.VrCQpsZ96M-](http://www.jamestown.org/single/?tx_ttnews%5Btt_news%5D=45014&tx_ttnews%5BbackPid%5D=7&cHash=f85551ce06bc5c3c2747337dfe82b79d#.VrCQpsZ96M-)

## Tender Information in CIS

### Prior information Notices

Location	Title	Deadline
Ukraine	Electric power Quantity	16-Feb-2016
Russian Federation	Purchase of services on the repair of perimeter fencing to ensure the protection of objects of engineering training, Oil and Gas	12-Feb-2016
Georgia	Construction site preparation work	24-Feb-2016
Georgia	Supply of structural material	23-Feb-2016
Russian Federation	Maintenance, repair, overhaul, unscheduled and emergency repair of assistive technology, thermal power, electrical, mechanical, refrigeration equipment, including a member of the nuclear installation .	29-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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