

Territorial NEWSLETTER CIS Countries

EEPCINDIA

ENGINEERING THE FUTURE

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Issue III: November 2015

Chairman's Pen



Most of the nations in the CIS region have been passing through a severe economic downturn. For some, it has taken the form of a recession which has been discussed in our previous issue of the newsletter on CIS. However, some of the nations have started showing some silver lines indicating that the worst of economic activities are probably behind them. Leading nations of the CIS region like Russia and Ukraine have of late seems to have crossed their worst phase as indicated by the latest economic data.

A few of the nations also shows decent economic growth over the year negating the effects of lower global commodity prices, economic recession in Russia, geopolitical commotion in the region and downturn in global economy. India's engineering exports with the CIS region has inevitably shown a decline during the current fiscal but growth in engineering exports has been witnessed for the last few months when a monthly data has been considered. This of course is a good sign and brings the time to bridge up the gaps acting as a deterrent to trade between India and the CIS nations.

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

Shri Tarvinder Singh Bhasin

Committee on Trade with CIS Countries - Chairman's Note



This issue of our 'Newsletter on CIS Countries' is our third attempt to provide our member exporters an updated information on socio-economic scenario in the CIS region. This newsletter has analyzed the economic outlook of the CIS countries to help our members to get the right information about those nations. In our last issue, we have tried to capture the current economic situation in the CIS nations and in this issue we have tried to find out the outlook of the CIS region by analyzing the recent economic data. 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 importing India's engineering products.

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

Shri 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.

Economic activities might have bottomed out in the CIS region

In our last issue, we discussed that the economic prospect of the CIS region looked gloomy and majority of the nations had been suffering from recession or slowdown. The economic data for the first and second quarter established the fact and no prominent sign of revival was seen till then. The majority of CIS economies continue to face several challenges like difficult financial conditions, persistently-low global commodities prices and the negative spillovers from the recession in its largest economy, Russia.

Now, a feeble silver-line is probably at sight as indicated by the recent economic data. The economy of the CIS region contracted by 3.1% during the second quarter (Apr - Jun) of 2015, which was deterioration compared to the 1.2% decline in the previous quarter. However, in the third quarter (Jul - Sep) the contraction was 3.0% suggesting that the region's recession might hit the bottom in mid-2015. We may now have a country-wise picture of the major economies of this region to get a more distinct picture.

Russia: Economy was probably bottomed-out in the second quarter of 2015. During that quarter, the Russian economy contracted by 4.6%, the worst in last six years driven by lower crude oil prices in the international market, decline in real wages followed by lower commodity prices, the weakening of the ruble and the impact from external economic factors. The pace of economic contraction softened in the third quarter when GDP declined by 4.1% over the same quarter last year. However, only one month's data is not sufficient to reach any conclusion unless it becomes a trend. The factors mentioned above are likely to weigh on the economic activities along with the recent geopolitical tension.

Ukraine: Economic contraction in Ukraine came down to single digit during the third quarter of 2015. In fact, decline in GDP softened for the second quarter in a row and improved to 7% in the third quarter. Industrial production also continued to improve for the sixteenth straight month to Oct 2015. Some signs of stabilization were seen although the economy remained far from growth path. Despite an improved outlook, some challenges are still to be faced like passing of austerity budget and tax reform package by the govt. to fulfill its commitments to the IMF while a looming debt with Russia needs to be settled.

Kazakhstan: Kazakhstan is not drowned in recession but the economy has been passing through a definite slowdown driven by the Russian recession and factors stated above. A deceleration in China, Kazakh's main trading partners, has also been taking a heavy toll on the economy. Kazakhstan's GDP increased only 1.0% annually during the first nine months of 2015, marking the slowest growth pace since 2009. Industrial production also dropped for the fourth straight month to Oct 2015. These indicate that any bounce back of economic activity is not likely in the next quarter.

Georgia: Economic growth slowed down during the second quarter of 2015 largely due to an adverse external environment. Slowdowns in the country's main trading partners led the exports to fall by almost a quarter in the first ten months of the year and remittances from Russia were almost halved in the second quarter. Meanwhile, in November, 'Standard and Poor' reaffirmed stable outlook for the country backed by strong foreign direct investment inflows but also warned about a number of external challenges.

Uzbekistan: This is one economy in the CIS region that has been moving against the trend. Economy grew strongly in the first three quarters of the year, supported by high public investment. However, the country is not immune to adverse external environment like many other CIS nations. Remittances from Russia fell by over 40% annually in the second quarter and low commodity price environment is expected to be limiting export revenues. As a result, the government presented a budget with a fiscal deficit amounting to 1.0% of GDP For the first time in years.

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
17 th Specialized Exhibition for Construction Material	26-Jan-2016 to 29-Jan-2016	Expocentre Moscow / Russia	https://www.jetro.go.jp/j-messe/tradefair_en/OCM2016_48337
24 th International Trade Fair for Processing, Packaging and Printing	26-Jan-2016 to 29-Jan-2016	Expocentre Fairground/Moscow / Russia	https://www.jetro.go.jp/j-messe/tradefair_en/UPAKOVKA_48339
3 rd International Trade Fair Kyiv Technical Fair 2016	29-Mar-2016 to 31-Mar-2016	International Exhibition Centre Kiev / Ukraine	http://www.iec-expo.com.ua/en/ktf-2016.html
VIII International Trade Fair METALWORKING. TOOLS. PLASTICS '2016	29-Mar-2016 to 31-Mar-2016	International Exhibition Centre Kiev / Ukraine	http://www.iec-expo.com.ua/en/
24 th International Trade Fair	26-Jan-2016	Expocentre	http://upakovka.messe-

Trade Trend Analysis in the CIS

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

Country	Export in October 2014 (USD million)	Export in October 2015 (USD million)	Growth (%)
RUSSIA	34.94	39.74	13.74
UKRAINE	6.36	3.13	-50.71
KAZAKHSTAN	0.88	2.07	133.69
GEORGIA	1.11	2.54	129.28
UZBEKISTAN	4.91	1.71	-65.26

Russia remained India's top export destination for engineering products and despite 38.5% fall in cumulative exports for Apr - Oct 2015 over the same period last year, engineering exports to Russia increased in Oct 2015 over the same month last year. Ukraine was elevated up to the second position despite around 66% decrease in import of Indian engineering product led by severe economic downturn therein. Only the top 5 CIS nation crossed US\$1 billion of engineering exports from India and only Kazakhstan and Georgia saw higher Indian engineering imports during Apr - Oct 2015 over the same period last year among the top five.

So far as engineering imports from India is concerned, seven among the twelve CIS nations recorded negative growth during Oct 2015 over the same month last year. Moldova recorded over 600% growth but that is due to very low exports.

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

Engineering exports to CIS declined by nearly 40% during the first seven months of fiscal 2015-16 to US\$ 308.22 million during Apr - Oct 2015 from US\$ 516.07 million during the same period last year. However, it increased marginally in Oct 2015 that reduced the cumulative decline from 45% during Apr - Sep 2015.

Panel-wise analysis shows that among the top ten engineering panels demanded most in CIS countries, five recorded decline in Oct 2015 over the same month last year. The worst hit was Auto components & parts chased by Iron & Steel. 'Machinery for ATMs' was the top engineering product exported to CIS during Oct 2015. However, on a cumulative basis, it stood seventh while 'Aircrafts & Spacecrafts', Industrial machinery and 'Iron & Steel' hold the top three positions.

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

Name of the Panel	Export in October 2014 (USD million)	Export in October 2015 (USD million)	Growth (%)
Machinery for ATMs	1.46	14.72	905.08
Aircrafts and Spacecrafts	4.18	5.79	38.66
Iron and Steel	11.74	5.34	-54.55
Auto Components/Parts	9.90	4.37	-55.86

Industrial Machinery	3.65	3.83	4.73
Products of Iron & Steel	3.72	3.38	-9.17
Air condition and Refrigeration Machinery and Parts	0.72	1.76	144.80
Pumps of all types	0.40	1.69	322.45
Medical and Scientific Instruments	1.80	1.67	-7.60
Hand Tools & Cutting Tools	2.34	1.63	-30.44

News in Focus

China to sign nuclear, aviation deals with Russia next week

China and Russia will sign nuclear energy, aviation and space deals next week during a visit to China by Russian Prime Minister Dmitry Medvedev, a senior Chinese diplomat said on Tuesday.

Link: http://world.einnews.com/article_detail/region/russia-cis/300779634-china-to-sign-nuclear-aviation-deals-with-russia-next-week?vcode=kJpt

Russians Actually Think Oil Prices Will Hit \$50 By Summer 2016

“Beginning in the second half of next year, there is a high probability oil prices will return to positive dynamics with lower volatility,” said Russian Economic Development Minister Alexei Ulyukayev.

Link: <http://www.forbes.com/sites/kenrapoza/2015/12/07/russians-actually-think-oil-prices-will-hit-50-by-summer-2016/>

Kazakhstan creating int’l finance center

Kazakhstan’s President Nursultan Nazarbayev signed a law to create the Astana International Finance Center.

Link: <https://world.einnews.com/article/300765724/VxFyfvzdcYvebLk1>

Unpredictable lawmaking in Russia is a cause for concern

Unpredictable lawmaking is undermining Russia’s ability to attract foreign investors

Link: <http://cismarkets.com/en/cis/>

IMF sees risk in further bankrolling Kiev

The International Monetary Fund considers further funding of Ukraine through the Extended Fund Facility program risky, according to its representative Jerome Vacher. If Kiev fails to live up to its agreement with IMF, financial aid to Ukraine could end.

Link: <http://www.cis-countries.com/imf-sees-risk-in-further-bankrolling-kiev/>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Russian Federation	Lot 1316-15-PIR (1293) -84 Engineering surveys and working documentation for the project: "Overhaul of pipelines and Northern Vakhskoye fields" (code 4209); "Overhaul of pipelines and afternoon Soviet.	22-Dec-2015
Kazakhstan	Maintenance of locomotives services.	14-Dec-2015
Azerbaijan	Purchase of Spare Parts for Mechanical and Electric Equipment, Stage 2 - the Purchase of Building Materials.	21-Jan-2016
Russian Federation	Purchase of electrical equipment and electrical equipment	14-Dec-2015
Ukraine	Machinery and mechanical prystosovannya that perform certain functions, for mixing, stirring, chopping, grinding, screening, sifting, homogenizing, emulsifying or stirring	14-Dec-2015
Georgia	Provision of Engineering services	11-Dec-2015

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

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