

Territorial NEWSLETTER CIS Countries

EEPCINDIA
ENGINEERING THE FUTURE

Vanijya Bhavan (1st Floor)
International Trade Facilitation
Centre (ITFC)
1/1 Wood Street,
Kolkata - 700016
www.eepcindia.org



Issue II: October 2015

Chairman's Pen



The CIS region has been facing a tough time due to economic downturn in their two biggest economies, Russia and Ukraine. Financial crunch in the countries of CIS region, geo-political tension and instability on the global financial front are also responsible for the ongoing crisis. The outlook of the CIS economy for the current year and the next are looking quite gloomy. As a consequence, engineering trade also witnessed a downturn during the first six months of the current fiscal.

However, not all the nations suffered from the downturn and exports in some of the CIS member nations exhibited decent growth during the first half of the fiscal. Moreover, the scope for bilateral trade, I believe is far below the potential level. Some initiatives are expected to be taken from both India and CIS nations to remove the trade barriers, enhancing investments and to facilitate trade. Recent visit of our Prime Minister Mr. Narendra Modi to some of the CIS member nations including Russia has pointed towards this. The golden days of Indo-CIS relationship does not seem to be far away.

I believe this newsletter will be very effective and useful for our member exporters.

Anupam Shah

Committee on Trade with CIS Countries - Chairman's Note



The second issue of our 'Newsletter on CIS Countries' has analyzed the economic situation of the CIS countries to help our members to get the right information about those nations. Despite the fact that the CIS nations have been passing through a economic crisis, there is every scope for improving the trade and investment relations between India and CIS nations and the recent visit of our Prime Minister Mr. Narendra Modi to six CIS nations including Russia has emphasized on this. In this issue of our newsletter, we focus on the ongoing crisis in CIS nations and its prospects. The newsletter has also discussed the trend of India's engineering trade with CIS region by focusing on top exporting products from India.

I believe this newsletter will help our member exporters to take informed decision in their businesses.

Shri K. R. Pandian

Territorial
NEWSLETTER – CIS Countries

EEPCINDIA
ENGINEERING THE FUTURE
www.eepcindia.org



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 growth prospect in the CIS region looks gloomy for this year and next

The economics of the 12 nations that forms the Commonwealth of Independent States (CIS) has been passing through a very tough time at present. Russia, the biggest country by GDP in the region saw its worst recession in last six years resulting from a financial crisis. This spread among the other CIS member nations and led to weak confidence in the region. The downturn in Russian economy was also accompanied by the ongoing macroeconomic readjustment in Ukraine, the second richest CIS member nation and geopolitical tension in major part of the region that dampened the business and consumer confidence to a great extent. As a consequence, the economy of The CIS region contracted by 3.1% annually during Apr - Jun (Q2) of 2015, which was more than double the 1.2% decrease observed in the previous quarter. Russia's economy shrank 4.6% in Q2 and marked the sharpest plunge since the global financial crisis hit the economy in 2009.

Currency crisis also came along with the recession. Russia is one of the largest exporters of oil and a drop in global commodity prices, led by sharp fall in oil prices weakened the Russian currency that in turn affected the currencies of other nations. Prolonged instability in the global financial market also added to the negative sentiment. Russian ruble hit a multi-year low in August 2015 and appreciated only marginally in the next two months. Other relatively poorer economies came under strong pressure following the sharp depreciation of ruble and some of the countries ended up with a drastic change in their currency system - from fixed to floating exchange rate system. Belarus and Kazakhstan are in the list. The monetary authority of Azerbaijan took a move to devalue their currency to help export competitiveness. Exchange rates in Armenia and Georgia have both weakened considerably as well. Should a recovery in prices for oil and other commodities fail to materialize in the coming months and continue going forward, a further correction in exchange rates in the region might be needed in order to rebalance the economies.

Growth prospect - No silver lining is seen in the CIS countries so far as the growth prospect is in concern. The next year is also likely to remain depressing for the CIS economies as a consequence of the reason discussed above. Some economists and analysts expect that the GDP of the CIS region to contract by 2.6% in 2015 and it would be the first contraction in economic activities since the global recession in 2009. However, the economy may grow by a feeble 0.7% in 2016. In case of Russia, economy is likely to contract by 3.8% in 2015 followed by a mild 0.1% growth in 2016.

The crisis-hit Ukraine seems to have come back to recovery path after a one-and-a-half-year long economic downturn as contraction in GDP decelerated in the second quarter of 2015 at 14.6% from 17.2% a quarter ago. The economy was forecast to decline by 11% during 2015 as the crisis is still impacting investment and private consumption. However, a bounce back is predicted in 2016 with a soft 1.5% expansion.

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
6th International Trade Fair RoadTechExpo'2015	10-Nov-2015 to 13-Nov-2015	International Exhibition Centre in Kiev, Ykraine	http://www.iec-expo.com.ua/en/roadtechexpo-2015.html
International Exhibition for Equipment, Instruments and Tools for the Metalworking Industry	23-May-2016 to 27-May-2016	Expocentre Moscow / Russia	http://www.metobr-expo.ru/
3rd 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
8th International Trade Fair Energy Efficiency Renewable Energy 2015	10-Nov-2015 to 13-Nov-2015	International Exhibition Centre Kiev / Ukraine	http://www.iec-expo.com.ua/en/energy-efficiency-2015.html
24th International Trade Fair for Processing, Packaging and Printing	26-Jan-2016 to 29-Jan-2016	Expocentre Moscow / Russia	http://upakovka.messe-duesseldorf.de/

Trade Trend Analysis in the CIS

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

Country	Export in September 2015 (USD million)	Export in September 2014 (USD million)	Growth (%)
Russia	52.45	37.26	40.78
Azerbaijan	5.66	0.27	2029.46
Ukraine	3.66	13.04	-71.92
Georgia	3.12	2.52	23.87
Uzbekistan	1.51	3.74	-59.64

Russia retained the rank of top export destination for Indian engineering products among CIS nations. Surprisingly, Azerbaijan came up to second position replacing Kazakhstan while Ukraine was elevated up to the third position despite around 72% decrease in import led by severe economic downturn therein. However, cumulative engineering exports figure during Apr - Sep 2015 put Ukraine in the second position preceded only by Russia.

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

Engineering exports to CIS declined by nearly 45% during the first half of fiscal 2015-16. Overseas shipment of engineering products to CIS region declined to US\$ 260.89 million during the first six months of 2015-16 from US\$ 473.97 million during the same period last year. However, a 12% growth in exports to CIS during Sep 2015 reduced the cumulative decline from over 50% during Apr - Jul 2015.

Among the twelve CIS nations, seven recorded negative growth during Sep 2015 over the same month last year. Azerbaijan recorded a miraculous 2029% growth during Sep 2015 due to very low base while the top destination Russia achieved 40% growth in export during the month concerned. Ukraine conceded 71% decline in exports during Sep 2015 over the same month last year.

Panel-wise analysis shows that among the top ten engineering panels demanded most in CIS countries, five recorded decline in Sep 2015 over the same month last year. The worst hit was Iron & Steel followed by Aluminum products.

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

Name of the Panel	Export in September 2015 (USD million)	Export in September 2014 (USD million)	Growth (%)
"Aircrafts & Spacecraft"	23.03	4.29	436.31
Iron and Steel	7.07	12.22	-42.17
Products of Iron & Steel	6.61	4.80	37.90
Industrial Machinery	5.53	3.66	50.91
Auto Components/Part	4.95	6.88	-28.06
Electric Machinery and Equipments	2.71	3.87	-29.97
"Nuclear Reactors In"	2.41	1.68	44.09
Medical and Scientific Instruments	2.13	2.42	-11.99
Air condition and Refrigeration Machinery and Parts	1.78	1.18	50.28
Aluminum and products	1.42	2.40	-40.59

News in Focus

Russia Holds Benchmark Rate for Second Month on Inflation

Russia's central bank left its benchmark interest rate unchanged at a second consecutive policy meeting after the monetary authority warned that inflation expectations have continued to increase.

Link: http://world.einnews.com/article_detail/region/russia-cis/294317185-russia-holds-benchmark-rate-for-second-month-on-inflation?vcode=kJpt

EU and US to ease Belarus sanctions

The EU is to suspend most of its sanctions against Belarus including an asset freeze and travel ban on President Alexander Lukashenko.

Link: http://world.einnews.com/article_detail/region/russia-cis/294254137-eu-and-us-to-ease-belarus-sanctions?vcode=kJpt

Putin wants to ax dollar from Russian trade

Russian President Vladimir Putin blasted the government for turning a blind eye on US dollar payments in the domestic oil trade.

Link: <https://www.rt.com/business/319938-putin-dollar-oil-trade/>

Economic issues top agenda at CIS summit in Kazakhstan

Summit of the Commonwealth of Independent States (CIS), was held in Kazakhstan on Friday, 16 October, with the participation of Russian president Vladimir Putin and other Heads of State and Government from the member states. Economic issues dominated the agenda.

Link: <http://commonsplace.eu/eng/news/6/id3390>

Azerbaijan calls for closer cooperation within CIS

Azerbaijan is searching for new forms of economic cooperation with countries of the region under the current world economic crisis. In the current situation, joint efforts by countries have become more important to reduce the impact of the crisis.

Link: <http://www.azernews.az/business/88878.html>

Tender Information in CIS

Prior information Notices

Location	Title	Deadline
Georgia	Engineering services; archaeological services	19-Nov-2015
Russian Federation	Implementation of works on completion of construction of the facility perinatal center	19-Nov-2015
Russian Federation	Designing of water supply and sanitation at krasnogorsk, kirov pereuok	22-Nov-2015
Russian Federation	Provision of services for the design of plane parking	20-Nov-2015
Ukraine	The machine for word processingQuantity:1 PC	06-Nov-2015
Belarus	Polotsk Waste water Project - PIU Support Including Engineering, Design And Contracts Supervision	13-Nov-2015
Russian Federation	Construction supervision for the project: overhaul of the road m-7 volga moscow - vladimir - nizhny novgorod - kazan - ufa (the entrance to the city of Ivanovo)	19-Nov-2015

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

Contact: Rajarshi Sarma Sarkar

Email: rsarkar@eepcindia.net

Phone no: 033-2289 0651