Main Conclusions

1. Due to the global economic crisis, mechanical engineering output declined sharply in 2008–2009. A post-crisis increase in production, employment and operational efficiency is currently under way in the sector.

2. At the present time, some 70–90% of all mechanical engineering production is imported by the member states of the Eurasian Development Bank (EDB) from countries outside the region ("the region" is hereinafter used to refer to the member states of the EDB). This tendency is primarily caused by a gap in the levels of technical development and production efficiency within the mechanical engineering sectors. Operational efficiency in the mechanical engineering companies of the region’s republics is – on average – several times lower than it is in companies located in the world’s leading manufacturing countries.

3. Increasing dependency on imports and low market competitiveness threaten the prospects for future growth in the sector. Mechanical engineering within the region is strongly dependent on supplies of machine tool components from outside the region.

4. The profitability of many mechanical engineering companies is very low due to relatively low levels of product demand. At the same time, unstable financial conditions prevent long-term development programmes being implemented and hinder access to affordable finance.

5. Modernisation of the industry requires significant financial investment. Manufacturing engineering companies frequently find it hard to access to “affordable credit” and this hampers their development. On top of that, the financial systems of the Customs Union (CU) member states are unable to provide the support needed for the export of non-primary goods. In a range of sectors, modernisation is impossible without direct or indirect state funding.

6. Companies in the region mainly manufacture products for their own internal markets and for the markets of the other EDB member states. This confirms that there is integration in the sector.

7. The process of integration taking place within the territories of the former USSR is helping – through the reconstruction and development of common chains of production – to make better use of the technical and productive potential of the region.