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India makes a \$10 billion bet to woo chip makers at home

The ₹76,000 crore (\$10 billion) semiconductor PLI scheme is aimed at setting up an entire ecosystem of chipset manufacturing in India.

The government has also announced a programme to create a workforce of 85,000 highly qualified engineers over the next 20 years.

In total, the Indian government has earmarked over ₹2,30,000 crore towards various PLI schemes for electronics manufacturing.

The Indian government announced on Wednesday an ambitious production-linked incentive (PLI) scheme worth ₹76,000 crore (around \$10 billion at current rates) for establishing a semiconductor ecosystem in the country as it seeks to capitalise on the China Plus One sentiment that has been gathering steam in the post-pandemic world.

China Plus One refers to reducing dependency on supply chains only in China, and diversifying business into other countries.

The announcement was made at a press conference by Union Ministers Anurag Thakur, Ashwini Vaishnaw and Gajendra Singh Shekhawat. The ministers also revealed finer details of the scheme, in addition to the fact that 85,000 engineers would be supported over the course of next 20 years, with Vaishnaw quipping that they are the “brains behind the chipsets”.

Semiconductor chipsets are used across a wide range of consumer electronics, including smartphones, laptops, computers, cars, smart home appliances like lights, fans and many other things.

“Going forward, any country which does not learn how to make wafers [semiconductors] will be left behind,” Vaishnaw added, underlining the importance of achieving self-reliance in this highly critical sector.

The timing of the semiconductor PLI scheme is also crucial, when companies across the world have been suffering a semiconductor shortage that has been going on for several months now.

This is not the first time that the government has announced a PLI scheme for the electronics industry. Earlier last year, a ₹50,000 crore PLI scheme was announced to woo electronics manufacturing, including smartphones.

Earlier in November, media reports suggested that the government was working on the finer details of the semiconductor PLI scheme, and a month later, the economy got some good news to cheer.

Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels
Tel+Fax: 3224692677, 02-8402800 Web : www.europeindia.eu E-mail: info@europeindia.eu

Editor: **Secretary General**

Highlights of the ₹76,000 crore semiconductor PLI scheme

Semiconductor fabs and display fabs: Financial support of up to 50% of project cost for eligible applicants.

Semi-conductor laboratory: The electronics ministry will take the required steps for modernisation of the semiconductor laboratory.

Compound semiconductor units: Financial support of up to 30% of capital expenditure.

Semiconductor design companies: Design-linked incentives of up to 50% of eligible expenditure.

(Business Insider, 15/12/2021)

India, EU decide to expand clean energy cooperation

Various aspects of deepening clean energy cooperation were discussed at a meeting of the India-EU Energy Panel on Wednesday.

India and the European Union have vowed to scale up cooperation in areas of clean energy with a focus on offshore wind, green hydrogen and solar power besides deciding to encourage investments in the field of energy efficiency. Various aspects of deepening clean energy cooperation were discussed at a meeting of the India-EU Energy Panel on Wednesday.

The Ministry of External Affairs (MEA) said the panel agreed on a detailed work programme until 2023 to implement clean energy and climate partnership that was agreed in 2016. Some of the areas identified for cooperation included ensuring nearly zero energy buildings and renewable energy sources, including solar and offshore wind.

At the meeting, the two sides also agreed to expand cooperation in areas of green hydrogen, grid integration, including smart grids, storage, power market design and sustainable financing for clean energy projects, according to the MEA. The two sides agreed to jointly host an India-EU offshore wind business and investment summit in the first half of next year, with an exhibition of European and Indian companies. They also decided to organise an India-EU high-level platform on smart grid replication, identifying possible opportunities and barriers for replicating and upscaling smart grid projects in India, the MEA said. It said both sides will also host an India-EU Hydrogen Forum with a focus on exchanging best practices and policies on the role of hydrogen in energy systems.

The two sides also decided to host an India-EU Financing Investment in Clean Energy Platform, aiming at encouraging investment in the field of energy efficiency and renewable energy, the MEA said. In a statement, the MEA said the EU also expressed its support for the close cooperation between India and the International Energy Agency and that the two sides also agreed to cooperate on clean energy under the framework of the G20.

The MEA said the panel welcomed the fact that more and more EU member states are joining the International Solar Alliance (ISA). "The EU recently funded an approximately 1 million Euro project, with an aim to further strengthen the engagement of EU, its member states, and its academic, business and financial communities with the International Solar Alliance," it said.

The panel agreed to explore further avenues to strengthen India-EU cooperation within the context of the International Solar Alliance. “In this respect, India underlined the importance of ISA’s One Sun One World One Grid Initiative,” it said. The meeting of the energy panel was co-chaired by Reenat Sandhu, Secretary (West) in the MEA and Mechthild Wörsdörfer, Deputy Director-General for Energy, European Commission.

(Financial Express, 2/12/2021)

India-US Trade Policy Forum has key role in deepening understanding of each other’s positions: former Obama admin official

During her maiden visit to India last month, United States Trade Representative (USTR) Katherine Tai had her first Trade Policy Forum (TPF) meeting with Commerce Minister Piyush Goyal.

The India-US Trade Policy Forum has a key role to play in deepening the understanding of each other’s positions in a non-negotiating, non-transaction-oriented setting, according to a former top commerce official in the Obama administration, who welcomed the revival of the key platform to further enhance bilateral trade ties.

During her maiden visit to India last month, United States Trade Representative (USTR) Katherine Tai had her first Trade Policy Forum (TPF) meeting with Commerce Minister Piyush Goyal. The meeting was held after a gap of four years. “I see the engagement as positive. It was important that face-to-face ministerial level conversations were held between the two governments,” said Arun Kumar, who is at the end of his five-year term as Chairman and CEO of KPMG India, an assignment he took on after completing his tenure as Assistant Secretary of Commerce for Global Markets and Director General of the US and Foreign Commercial Service in the Obama administration.

“The Trade Policy Forum met after four years. I had the privilege of participating in the Forum when I served in the Obama administration. I believe it is a valuable platform for constructive discussion. It has a key role to play in deepening understanding of each other’s positions in a non-negotiating, non-transaction oriented setting,” Kumar told PTI in a recent interview.

Kumar, who was in Washington DC on a personal visit, said an important aspect of the talks this time is that it recognised the importance of labour and environmental standards. “Such topics are today seen as essential elements of high quality trade agreements. With regard to more specific issues, progress was made on market access for farm products in both directions, mangoes and pomegranates to the US, and cherries, alfalfa and pork products to India,” he said.

Responding to a question on the 11-month of the Biden administration, Kumar said the good news is that trade and commerce between the US and India continue to grow. The US is India’s largest trade partner today, Kumar noted. Foreign Direct Investment (FDI) from the US into India has been robust and growing. On the government-to-government front, talk of a ‘mini-deal’ receded even as the Biden administration was expectedly focused on domestic priorities, he said.

The visit of Ambassador Katherine Tie should be seen as a step towards creating forward movement on the policy front. The visit follows the meeting of President (Joe) Biden and Prime Minister (Narendra)

Modi at the White House in September that, alongside the Quad leaders meeting, focused on security, global health and climate change.

“The engagement on trade, coming within two months of the leaders’ meeting, is a signal of the importance of the economic partnership,” Kumar said.

According to Kumar, there are several areas of contention ranging from GSP (Generalised System of Preferences) to issues related to digital trade and data.

“Most important, in my view, is to address issues relating to the digital economy as the world moves at an increasing pace towards e-commerce including digital payments. Getting to the right answers will mean much for both economies, through enabling access to larger markets and creating more jobs,” he said.

GSP is the largest and oldest US trade preference programme, which promotes economic development by eliminating duties on thousands of products when imported from one of 119 designated beneficiary countries and territories. Kumar, in response to a question, suggested greater business-to-business engagement, providing as much priority to export promotion as on policy advances that are government-led.

“Such engagement should be energised at the sub-national level, with US state governors and Indian chief ministers taking the lead. We have successful examples in both countries where a dynamic state leader has made demonstrable differences through their initiatives and focused engagement,” he said.

“Both the US and India have federal structures where the states need to be the engines that drive growth. My recommendation to both the governments would be to prioritise such engagement between states with business leaders working alongside,” Kumar added.

Observing that the topography of world trade has moved in many ways over the last five years, he said the world will hopefully emerge from the isolationist trends marked by Brexit and the Trump administration’s postures.

“We are seeing regional multilateral groupings, the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) making progress — even though unevenly. Modern supply chains snake through multiple countries; increasing the importance of multilateral approaches,” Kumar said. “The importance of supply chain resilience was brought into focus by the US- China trade issues and then exacerbated by the pandemic. Over-reliance on a single geographic area is clearly unwise. In addition, as countries and corporations aim to become carbon neutral or carbon negative, the quality and monitoring of supply chains for their environmental impact assume even greater importance,” he added.

The US and India are both bystanders with regard to the Regional Comprehensive Economic Partnership (RCEP) and CPTPP, for different reasons. While RCEP is a China-led configuration, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is relatively a high standard agreement modelled on the Trans-Pacific Partnership (TPP), Kumar noted.

“It has been suggested that both the US and India should actively consider entry into the CPTPP. As a step in that direction, it makes conceptual sense to directionally consider a US-India Free Trade

Agreement. The North American Free Trade Agreement (NAFTA) was a stepping stone to the erstwhile TPP and then the CPTPP. NAFTA was of course superseded by the US-Mexico Canada Agreement (USMCA) as NAFTA, after over 25 years, was in need of updating," he said.

"Trade agreements are not easy to do. They are politically very difficult in democracies; while the goal is for the overall economy to benefit, there will be local losers who would need to be assisted," Kumar said. While the Quad is in concept a security oriented grouping, it is encouraging to see it also become a platform for conversation in areas spanning healthcare, technology and financing, he said.

Known as the "Quadrilateral Security Dialogue", Quad is a four-nation bloc comprising India, the US, Australia and Japan that strives to keep the critical sea routes in the Indo-Pacific free of any influence.

"Studies have shown there is a compelling case for broader economic collaboration among the Quad countries in tariff reduction and market access. Equally, a structure like the CPTPP would be more comprehensive and worthy of consideration to address the goals of a larger free trade area to expand economic growth and jobs in all the countries," Kumar said.

(Financial Express, 7/12/2021)

India-UAE to conclude trade pact talks next month: Piyush Goyal

Synopsis

Addressing the India Global Forum, UAE-2021, he also said that the agreement will be a mutually beneficial win-win solution for both countries, and that some of the elements of the agreement are "first of its kind". "Hopefully by the end of this month or next month, we hope to conclude them (the negotiations) so that this would probably be one of the fastest trade agreement between two countries ever made," he said.

Commerce and industry minister Piyush Goyal on Monday said that India and the UAE will wrap up the talks for a Comprehensive Economic Partnership Agreement (CEPA) by next month.

Addressing the India Global Forum, UAE-2021, he also said that the agreement will be a mutually beneficial win-win solution for both countries, and that some of the elements of the agreement are "first of its kind".

"Hopefully by the end of this month or next month, we hope to conclude them (the negotiations) so that this would probably be one of the fastest trade agreement between two countries ever made," he said.

The two sides began the first round of the negotiations on the CEPA in September.

As per a statement issued by the commerce and industry ministry, Goyal said the agreement will be a mutually beneficial win-win solution for both countries, "provide market access to each other. Some of the elements of the agreement are the first of its kind, particularly for both countries."

Goyal also said that this year the Indian economy has been able to "largely recover" from what it had contracted last year due to the "very severe lockdown" that was imposed to tackle the Covid.

“We have been able to look at very attractive growth rates,” he was quoted saying adding that investments are at an all-time high and the country is getting some of the highest FDI or FPI in recent months.

At a separate event, he said that India plans to produce 5 billion doses of Covid vaccines next year.

“We have been exporting in the past, we continue to export and we have offered to all the countries in the world that we will be willing to supply as many vaccines as other countries would require to ensure equitable availability at affordable prices for vaccines for all the countries in the world,” Goyal said at the CII Partnership Summit 2021.

He also said the country is confident of increasing its non-fossil energy capacity to 500 gigawatts by 2030 and meeting 50 per cent of the energy requirement from renewable energy.

(Economic Times, 14/12/2021)

India needs to actively pursue FTAs to push apparel exports, suggests RBI

India has traditionally enjoyed a comparative advantage in the textile sector, including apparels, and they constitute a major chunk of India’s export basket.

India needs to actively pursue free-trade agreements (FTAs) with major export destinations like the EU and the US to push apparel shipments amid increasing competition from Bangladesh and Cambodia that enjoy tariff concessions, an RBI article said on Wednesday.

India has traditionally enjoyed a comparative advantage in the textile sector, including apparels, and they constitute a major chunk of India’s export basket.

“However, over the past few years, near stagnation in India’s textile exports, particularly in apparel exports, has been witnessed,” said the article in its analysis of the role of tariff regimes of the destination country in directing the exports of apparels from major suppliers including India.

The article published in the RBI Bulletin said India’s apparel exports to the EU, which is the largest market for apparel exports, have stagnated in the last decade while other countries like Bangladesh, Vietnam and Cambodia have witnessed robust growth.

Preferential tariff treatments in the form of EBA (Everything But Arms) have been a major contributory factor for the rapid growth of apparel exports from Bangladesh and Cambodia, especially after the relaxation of input sourcing norms in 2011.

“Robust growth of apparel exports by Vietnam to EU despite facing similar tariff structure reflects some underlying issues being faced by the apparel exporters in India,” said the article written by RBI officials.

The RBI, however, added that the views expressed in the article are those of the authors and do not represent the views of the Reserve Bank of India.

The US, the EU, UAE, Canada and Saudi Arabia are among the major markets for Indian apparels.

“India needs to actively pursue free-trade agreements with its major export destinations – EU, US – to prevent competitive disadvantage it currently faces due to tariff-free access to its competitors,” the article said.

With Vietnam having signed an FTA with the EU in 2019, the competition is only expected to intensify for India, it added. According to the authors, the recently introduced production-linked incentive (PLI) scheme for textiles, specifically aimed at boosting the production of man-made fibre (MMF) fabric, MMF apparel and technical textiles is a step in the right direction.

High transportation cost owing to wider geographical spread, high inland transportation cost and major production areas situated inland also contribute to the higher cost of Indian apparel exports vis-à-vis competitors. The PM-MITRA (Mega Integrated Textile Region and Apparel) parks scheme, under which seven integrated textile parks are to be set up in the country, will help develop the integrated textile value chain, the article said

(Press Trust of India, 16/12/2021)

Investment proposals worth \$121 bn in the pipeline

India reported a record FDI inflow of \$82 billion in FY21 despite the pandemic. FDI inflows in the last seven financial years (2014-21) stood at \$440 billion, about 58% of the total FDI inflow in the last 21 financial years.

As many as 863 proposals involving total investment of \$121 billion are under consideration of the project development cells (PDCs) of various ministries, the commerce and industry ministry said on Thursday.

These proposals include 272 “highly probable” (more than 90% probability of fruition) ones with envisaged investments of \$41 billion; 279 “moderately probable” (51-90% probability) proposals with potential investments of \$69 billion; and long-term (less than 50% probability) projects involving \$11 billion in investments, it said. PDCs have been set up by the government in 29 ministries.

Investments remain critical to the country’s economic resurgence, as private consumption has been badly bruised by income losses in the aftermath of the pandemic. Gross fixed capital formation grew 11% in the September quarter, although it was aided by a conducive base (it was -8.6% a year before). Earlier this month, chief economic advisor Krishnamurthy V Subramanian told FE that private investment is gathering pace and would see a spurt once pandemic-induced uncertainties subside.

The commerce and industry ministry said the high number of investment proposals, coupled with sustained inflows of record foreign direct investments in recent years, are the culmination of several investor-friendly policies adopted by the government. These include a cut in the corporate tax rate, easing liquidity problems of NBFCs and banks, improving ease of doing business and FDI policy reforms, reduction in compliance burden and production-linked incentive schemes.

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To facilitate investments, measures such as India Industrial Land Bank, Industrial Park Rating System, soft launch of the National Single Window System, and National Infrastructure Pipeline and National Monetisation Pipeline have also been put in place, the ministry said.

(Financial Express, 17/12/2021)

India, France push blue economy & investment partnership

Synopsis

India's trade with France has witnessed a steady rise in the last decade reaching USD 10.75 billion in 2020. Despite the pandemic, it is estimated that bilateral trade between the two countries in 2021 has reached USD 8.85 billion.

François Delattre, Secretary-General, Ministry for Europe and Foreign Affairs of France, is on an official visit to India from December 20-22. The visit comes on the heels of the Annual Defence Dialogue held on December 17 in New Delhi between Rajnath Singh, Defence Minister and Florence Parly, French Minister for Armed Forces.

Foreign Secretary, Harsh Vardhan Shringla, had bilateral talks with the Secretary-General on December 21. Both sides took stock of the bilateral relationship and discussed the potential for cooperation in sectors such as defence and security, space, cybersecurity and the digital economy, blue economy, education and people-to-people contacts, energy, health and climate change. Ambassadors of India and France joined the talks.

India's trade with France has witnessed a steady rise in the last decade reaching USD 10.75 billion in 2020. Despite the pandemic, it is estimated that bilateral trade between the two countries in 2021 has reached USD 8.85 billion. To tap the full potential of bilateral trade and economic relations, both sides reiterated their commitment to restarting negotiations on the India-EU Free Trade Agreement.

France has emerged as a major source of FDI for India with more than 1,000 French establishments already present in India. France is the 11th largest foreign investor in India with a cumulative investment of USD 9.86 billion from April 2000 to June 2021 which represents 1.80% of the total FDI inflows into India. Most big French groups have their subsidiaries in India such as BNP Paribas, Capgemini, Airbus, Dassault, Arkema, L'Oréal, Sanofi, Total, etc. There are around 200 subsidiaries of Indian businesses established in France, which employ more than 6,000 people. Among Indian investments in France, majority are in IT services, pharmaceuticals/biotechnologies and hospitality sectors.

Reaffirming their shared commitment to a multipolar world and faith in multilateralism, the Foreign Secretary and the Secretary-General also held discussions on a number of regional and global issues of mutual interest, including cooperation in the European Union in view of the forthcoming French Presidency, Indo-Pacific, UNSC, situation in Afghanistan, among others, according to officials.

Delattre will be visiting Mumbai on December 21-22, where he will meet other Indian officials.

(Economic Times, 22/12/2021)

With FTA between India and UK on the horizon, 2021 winds up on a promising note

The comprehensive aspect of the partnership was on display at the COP26 climate conference in Glasgow hosted by Britain, where Prime Ministers Narendra Modi and Boris Johnson enhanced their International Solar Alliance (ISA) collaboration with the launch of a pioneering Green Grids Initiative.

A comprehensive strategic partnership backed up by an ambitious Roadmap 2030 for closer cooperation over the next 10 years were the highlights for India-UK relations this year, which closes with the promise of free trade agreement (FTA) talks scheduled to kick-start in January 2022.

The comprehensive aspect of the partnership was on display at the COP26 climate conference in Glasgow hosted by Britain, where Prime Ministers Narendra Modi and Boris Johnson enhanced their International Solar Alliance (ISA) collaboration with the launch of a pioneering Green Grids Initiative.

However, the year started with pandemic-induced travel disruption as Johnson cancelled his India visit – where he was to be the Chief Guest at the Republic Day celebrations. There were further cancelled travel plans as the Delta variant took hold around the world and took the proposed Johnson-Modi meeting virtual in May, when they launched the Enhanced Trade Partnership (ETP). It set the clock ticking on a full-fledged FTA as part of Roadmap 2030, with the intention to at least double bilateral trade from the current GBP 24 billion a year in 10 years' time.

“India is, of course, one of our most significant export markets, and I look forward to launching our trade talks soon with them,” UK International Trade Secretary Anne Marie-Trevelyan said recently, as the minister set to lead the FTA charge.

The Department for International Trade (DIT) has confirmed that talks are set to kick-start early in 2022, with plans for early harvest agreements also in play.

“We look forward to launching negotiations early next year. India is projected to become the world’s third largest economy by 2050, and a trade deal will open huge opportunities for UK businesses to trade with India’s GBP 2 trillion economy,” a UK government spokesperson said.

The India-UK FTA marks a significant goal for the Johnson-led British government, which assumed power in December 2019 with a very defined mission to “get Brexit done” and then open up Global Britain for trade with allies in the strategically important Indo-Pacific region.

The UK used its presidency of the Group of Seven (G7) countries – Canada, France, Germany, Italy, Japan, US and UK as well as the European Union (EU) – to send out a clear message by inviting India to the Leaders’ Summit held in Cornwall in June.

Once again COVID played havoc with travel plans, this time for Modi’s proposed G7 visit to the UK – which was to materialise only later in the year for COP26, when India set out an ambitious renewable energy agenda. At the G7, Foreign Secretary S. Jaishankar stepped in to attend the Foreign Ministers’ segment of the multilateral forum and also used his UK visit to formalise an “unprecedented” India-UK Migration and Mobility Partnership with UK Home Secretary Priti Patel.

The bespoke plan, which envisages around 3,000 young students and professionals a year access new work experience benefits in either country, is expected to be up and running by April 2022. It marked

another post-Brexit pledge – to open up Britain to talent with a fairer visa and migration regime – with extradition also within the ambit.

Patel reiterated her goal to facilitate the return of economic offenders wanted in India, even as businessman Vijay Mallya's case continues to remain shrouded in an asylum application protocol secrecy and diamond merchant Nirav Modi's High Court appeal expected to conclude in the New Year. This sits alongside Patel's another flagship mission, to have the Graduate Route visas allowing post-study work up and running for international students. The scheme has already resulted in a staggering jump in Indian student visa grants, a figure expected to keep its upward trend in 2022.

While Brexit had technically been done last year, it was only in January this year that the Brexit transition period came to an official end – paving the way for the UK to start delivering on its Global Britain agenda. However, the pressure on the UK prime minister remains at its peak, with the birth of a daughter overshadowed by a major rebellion with nearly 100 of his parliamentarians voting against the government's COVID restrictions in Parliament. This was also a protest vote against reports of lockdown-breaching parties within Downing Street from last year.

The high drama in the corridors of political power went hand in hand with some royal drama as Prince Harry and wife Meghan Markle gave an explosive television interview with American talk show host Oprah Winfrey, implying racism within the ranks of Britain's royals. It came in a year of great mourning for Queen Elizabeth II as she lost her husband of 73 years, Prince Philip – the Duke of Edinburgh, who passed away peacefully at his residence in Windsor Castle on April 9.

The Queen has since maintained a pretty busy schedule but was forced to rest on the advice of her medics after spending a night in hospital back in October. The 95-year-old monarch is all set for a bumper year in 2022 – which marks the Platinum Jubilee of her 70-year reign with a series of celebrations and special events.

The year 2021 is bowing out on a disturbingly similar note of uncertainty as 2020, with the new Omicron variant of COVID-19 taking the UK's daily infection rates to their highest levels since the very start of the pandemic. The focus remains on a boosted booster vaccine campaign for all adults before the New Year.

(Financial Express, 23/12/2021)

India-UK FTA negotiations likely to start next month: Goyal

Synopsis

Commerce Minister Piyush Goyal on Friday exuded confidence that negotiations for a free trade agreement between India and the UK would be launched next month and with Canada by March-April. He was speaking at the 94th Annual Convention of industry body FICCI.

Commerce Minister Piyush Goyal on Friday exuded confidence that negotiations for a free trade agreement between India and the UK would be launched next month and with Canada by March-April. He was speaking at the 94th Annual Convention of industry body FICCI.

Goyal said he will be in Mumbai on Saturday and engaging with exporters and the retail industry to examine the benefits of the free trade pact with the UAE.

"Along with that we are looking at other engagements with the UAE, which will be announced shortly, but we are still working to see whether we can have something like a large India Mart in Dubai where a huge number of stores can come up to display Indian products, a huge amount of warehousing can be picked up at affordable prices," he added.

The minister said such a mart will help Indian exporters to increase their presence all across Africa, the Middle East and other parts of the world.

He said India is in discussions with other countries and regions too for free trade pacts.

"So, we are looking at new ideas along with the FTA with the UAE. We are also simultaneously in discussion with Australia...UK, we launch possibly next month. Canada we may launch by about March or April," he said.

Goyal, who also holds the textiles portfolio, said a "trillion-dollar opportunity" is waiting for the textiles industry, which is the largest job-creating sector in the country after farming.

The proposed FTA between India and UK is expected to unlock extraordinary business opportunities and generate jobs.

Goyal said most of the industries in the country are doing reasonably well, but still, there are few sectors that are under stress.

He also said a USD 400 billion of merchandise exports in the current fiscal looks to be a reality.

(Economic Times, 18/12/2021)

FTA talks with Canada next year; GCC wants trade pact with India: Piyush Goyal

Synopsis

At the 94th Annual Convention of the Federation of Indian Chambers of Commerce and Industry (FICCI), he also said that India's services exports are likely to grow to \$150-160 billion this year. "Now all the GCC countries have approached us to start negotiations on behalf of the entire GCC grouping, opportunities will come in a big way. We will have to be more ambitious. We'll have to look at grasping these opportunities," Goyal said.

Commerce and industry minister Piyush Goyal on Friday said that India will launch talks for a free trade agreement with Canada next March or April and that all countries of the Gulf Cooperation Council have approached New Delhi to begin negotiations on behalf of the grouping.

At the 94th Annual Convention of the Federation of Indian Chambers of Commerce and Industry (FICCI), he also said that India's services exports are likely to grow at a fast pace this year.

"Now all the GCC countries have approached us to start negotiations on behalf of the entire GCC grouping, opportunities will come in a big way. We will have to be more ambitious. We'll have to look at grasping these opportunities," Goyal said.

Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE are part of the GCC.

He said work is happening on almost six FTAs and one or two more could be added in the next few days.

 Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels
 Tel+Fax: 3224692677, 02-8402800 Web : www.europeindia.eu E-mail: info@europeindia.eu

Editor: **Secretary General**

Goyal said that India is looking at new ideas along with the FTA with the UAE and the country is simultaneously in discussion for an FTA with Australia and at an advanced stage of talks with the UK, which could possibly be launched next month.

"Canada (FTA) will be launched by about March or April. The EU has already been launched. We'll start getting down onto the drawing board now. We've launched with Israel, a lot of things are happening," he said.

On textiles, he said there is a trillion dollar opportunity waiting for India in the world market and the potential in technical textiles and man made fibre is "tremendous".

"Almost two thirds of that market is in those sectors. It's the largest job creating sector in Indian textiles after farming," he said.

Goyal said that the government has either reduced or totally eliminated 22,000 compliances in less than a year.

(Economic Times, 18/12/2021)

India, Australia expected to complete talks for interim FTA soon

Synopsis

The pact covers areas such as goods, services, investment, rules of origin, customs facilitation, legal and institutional issues. "India-Australia CECA negotiations are at an advanced stage. Both countries are expected to complete negotiations for the interim agreement soon," it said.

India and Australia are expected to complete negotiations for an interim free trade agreement (FTA) soon, a move aimed at boosting economic ties between the two countries, the commerce ministry said on Thursday. It said that the final agreement, which is officially dubbed as Comprehensive Economic Cooperation Agreement (CECA), is expected to be completed by the end of 2022.

The pact covers areas such as goods, services, investment, rules of origin, customs facilitation, legal and institutional issues.

"India-Australia CECA negotiations are at an advanced stage. Both countries are expected to complete negotiations for the interim agreement soon," it said.

The ministry also said that a similar agreement with the UAE is likely to be signed in March 2022.

"This new strategic economic agreement is expected to increase bilateral trade in goods to USD 100 billion within five years of the signed agreement and increase trade in services to USD 15 billion," it added.

On the export target of USD 400 billion for this fiscal year, it said India's merchandise exports have reached 65.89 per cent of the target till November.

"For monthly monitoring of achievement of targets, an Export Monitoring Desk under Statistics Division of DGFT has been set up," it added.

It also said the India Pavilion at the Dubai Expo has attracted six lakh visitors in 83 days of its opening.

 Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels
 Tel+Fax: 3224692677, 02-8402800 Web : www.europeindia.eu E-mail: info@europeindia.eu

Editor: **Secretary General**

Further, the ministry informed in its year-end review that at the Government e-Marketplace (GeM), total 31.8 lakh vendors have been onboarded.

"GeM has created a Unified Procurement System for the country in line with the vision of the government, by bringing the functionalities of the Defence Public Procurement Portal, the Central Public Procurement Portal and its sub-portals onto GeM to provide a single user experience," it said.

The system will consolidate the scattered vendor bases on publishing portals onto GeM leading to advantages of economies of scale, better price discovery and dissemination of best practices in procurement.

On National Logistics Policy, it said that the policy has been developed after wide consultations with all ministries.

"A 75-point National Logistics Reform Action Plan has also been prepared with specific actionable items on the policy. Revised policy is in its final stages of approval. It targets to reduce the cost of logistics by about 5 per cent over the next 5 years, achieving a ranking in top 25 of major global logistics-related performance indices," it added.

The ministry said that during 2021-22 till December 8, new projects with a total Trade Infrastructure for Export Scheme (TIES) fund of Rs 113 crore have been approved by an empowered committee.

About Rubber Board initiatives, it said that board is conducting nationwide census on rubber by using digitised mobile application, 'RUBAC', developed in association with Digital University, Kerala, with a view to ascertaining the area under rubber, new-planted area, re-planted area, the age profile of trees, discarded area over the years, level of adoption of new clones, size of holdings and details of tappers.

(Economic Times, 31/12/2021)

India, Taiwan holding talks on free-trade agreement, looking at setting up semiconductor hub

Synopsis

The volume of bilateral trade has grown nearly six-fold from USD 1.19 billion in 2001 to almost USD 7.05 billion in 2018 and India ranks as Taiwan's 14th largest export destination and 18th largest source of imports, according to official data.

India and Taiwan have started negotiations for a free-trade agreement and the setting up of a semiconductor manufacturing facility by a Taiwanese firm in India, in a significant step signalling their resolve to broad-base the overall bilateral economic engagement. If the move to set up the semiconductor manufacturing plant succeeds, then it will be the second such facility to be set up by a Taiwanese company in a foreign country after a similar hub in the United States, people familiar with the development said.

The Indian government has already proposed a number of sites for the facility and one of Taiwan's leading semiconductor producers, including the Taiwan Semiconductor Manufacturing Company (TSMC) and the United Microelectronics Corporation (UMC), may implement the mega project, they said.

The move to set up the facility comes amid increasing demands for chips in India by automakers and technology companies, among others, when there is a global shortage of chips.

The people said the proposal to set up the semiconductor hub is largely driven by the strategic significance of the ties between India and Taiwan, rather than the commercial aspect of it.

(Economic Times, 20/12/20210)

Trade Talk: Interim trade deal soon ahead of India-Australia FTA

“The ministers look forward to a balanced trade agreement that encourages benefit to both the economies and their people, and that reflects their shared commitment to a rules-based international trading system,” the ministry said.

India and Australia have decided to expedite the pace of negotiations to clinch an interim trade deal, which will be followed up with a broader free trade agreement (FTA). Commerce and industry minister Piyush Goyal and Australian minister for trade, tourism and investment Dan Tehan held a virtual meeting on Tuesday and reviewed the progress made in various rounds of talks between the chief negotiators of both the sides.

Earlier this year, both the countries had aimed at clinching an FTA, formally called bilateral Comprehensive Economic Cooperation Agreement, by December 2022. However, an early-harvest deal was to be clinched by this Christmas. The FTA will cover goods, services, investments, government procurement, logistics, standards and rules of origin, among others. While bilateral goods trade stood at \$12.3 billion in FY21, India had a deficit of \$4.2 billion with Australia, as it shipped out merchandise worth just over \$4 billion.

Major traded items include mineral fuels, pharmaceutical products, organic chemicals and gems & jewellery.

“The ministers appreciated the progress made in various rounds of talks between the chief negotiators of both the sides and discussed the way forward for an early conclusion of interim agreement,” the commerce ministry said in a statement. Both Goyal and Tehan decided to “deepen the engagement and directed the officials to speed up the negotiations to pave the way for a comprehensive agreement”.

“The ministers look forward to a balanced trade agreement that encourages benefit to both the economies and their people, and that reflects their shared commitment to a rules-based international trading system,” the ministry said.

Although talks for an FTA with Australia have been going on since 2011, the reluctance of Indian industry to offer greater access in farm and dairy products and Australia’s unwillingness to further open up its services sector for the free movement of skilled Indian professionals have delayed the outcome of the negotiations. However, in the past two years, the talks have gained momentum.

The negotiations with Australia are a part of India’s broader strategy to forge “fair and balanced” trade agreements with key economies and revamp existing pacts to boost trade. The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019.

Earlier this month, India and its third-largest export market, the UAE, held the last round of formal negotiations for a “mutually-beneficial” comprehensive economic partnership agreement (CEPA). New Delhi and Abu Dhabi aim to sign the deal by March 2022 after the completion of necessary ratification processes. If all goes as planned, it would be the first FTA to be signed by India in just over a decade.

Balanced FTAs are expected to also enable the country to achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of \$400 billion for FY22, against \$291 billion in FY21.

(Financial Express, 24/12/2021)

India ‘poor and very unequal’, top 1% of population holds 22% of national income: Inequality Report

The report pointed out that in 2021, after three decades of trade and financial globalisation, global inequalities remain extremely pronounced.

Highlighting that India is a “poor and very unequal country, with an affluent elite”, the latest World Inequality Report 2022 has revealed that top 10 per cent of the population holds 57 per cent of the total national income while the bottom 50 per cent’s share is just 13 per cent in 2021. It also pointed out that the top 1 per cent of the population holding more than one-fifth of the total national income in 2021.

According to the report, India’s middle class is relatively poor with an average wealth of only Rs 7,23,930 or 29.5 per cent of the total national income, as compared with the top 10 per cent and 1 per cent who own 65 per cent (Rs 63,54,070) and 33 per cent (Rs 3,24,49,360), respectively.

It further stated that the average national income of the Indian adult population is Rs 204,200. While the bottom 50 per cent earns Rs 53,610, the top 10 per cent earns more than 20 times (Rs 1,166,520). According to the report, average household wealth in India stands at Rs 983,010.

It observed that the deregulation and liberalisation policies implemented since the mid-1980s have led to “one of the most extreme increases in income and wealth inequality observed in the world”. It also said gender inequalities in India are very high.

“The female labor income share is equal to 18 per cent. This is significantly lower than the average in Asia (21 per cent, excluding China),” the report said, adding that this value is one of the lowest in the world, slightly higher than the average share in Middle East (15 per cent).

The world map of inequalities reveals that national average income levels are poor predictors of inequality — among high-income countries, some are very unequal (such as the US), while other are relatively equal (Sweden).

“The same is true among low- and middle-income countries, with some exhibiting extreme inequality (Brazil and India), somewhat high levels (China) and moderate to relatively low levels (Malaysia, Uruguay),” it said.

The report noted that income and wealth inequalities have been on the rise nearly everywhere since the 1980s, following a series of deregulation and liberalisation programs which took different forms in different countries.

“The rise has not been uniform: certain countries have experienced spectacular increases in inequality (including the US, Russia and India) while others (European countries and China) have experienced relatively smaller rises,” it said.

The report pointed out that in 2021, after three decades of trade and financial globalisation, global inequalities remain extremely pronounced. “They are about as great today as they were at the peak of Western imperialism in the early 20th century,” it said.

Lucas Chancel, lead author of the report, said the COVID crisis has exacerbated inequalities between the very wealthy and the rest of the population. “Yet, in rich countries, government intervention prevented a massive rise in poverty, this was not the case in poor countries. This shows the importance of social states in the fight against poverty,” he said.

(Press Trust of India, 8/12/2021)
