RV VeKommunicate

September 2022 | VOL. 28

POLICY PULSE

A MONTHLY NEWSLETTER

In This Volume

Economic Snapshot

Regulations Watch: Notifications of the WTO

WTO Updates

Free Trade Agreements/ Bilateral Discussions

Policy – Regulatory Brief

Opinion Column

IN THIS ISSUE

ECONOMIC SNAPSHOT

GLOBAL ECONOMY

Conference Board, in its recent economy projections said that despite weakening growth prospects across multiple economies, the global economy is currently not in recession. Jobs in many economies are plentiful and business and household balance sheets are generally in good shape. Global trade and industrial production were still expanding well above average growth rates seen over the previous decade. And despite quarterly GDP contractions in China and the US, GDP reports elsewhere continue to beat expectations.

Real GDP Growth Rate (Average Annual Percent Change)					
	2021	**2022**	**2023**	**2022-2026**	**2027-2031**
United States	5.7	1.3	0.2	2.1	1.8
Euro Area	5.1	3	0.4	1	0.9
Germany	2.6	1.6	-0.2	0.8	0.7
Italy	6.6	3.5	0.6	0.5	0.2
France	6.8	2.6	0.6	1.2	1.2
United Kingdom	7.4	3.6	-0.6	1.1	0.9
Japan	1.7	1.6	1.3	0.8	0.8
China	8	2	3	3.7	3.3
India	8.3	7.4	4.6	4	4.1
Latin America	6.8	2.6	0.7	1.6	1.7
Brazil	4.9	1.5	0.6	1.7	1.7
Mexico	5	2	0.9	1.4	1.4
Middle East & North Africa	4.4	3.6	2.5	2.6	2.9
Gulf region	2.5	6	2.9	2.9	2.9
Sub-Saharan Africa	4.6	3.5	3	3.4	3.8
Russia	4.8	-5.2	-2.6	1.6	1.8
Ukraine	3.4	-25	9.2	2.4	2.8
World	**6**	**2.7**	**1.7**	**2.5**	**2.4**

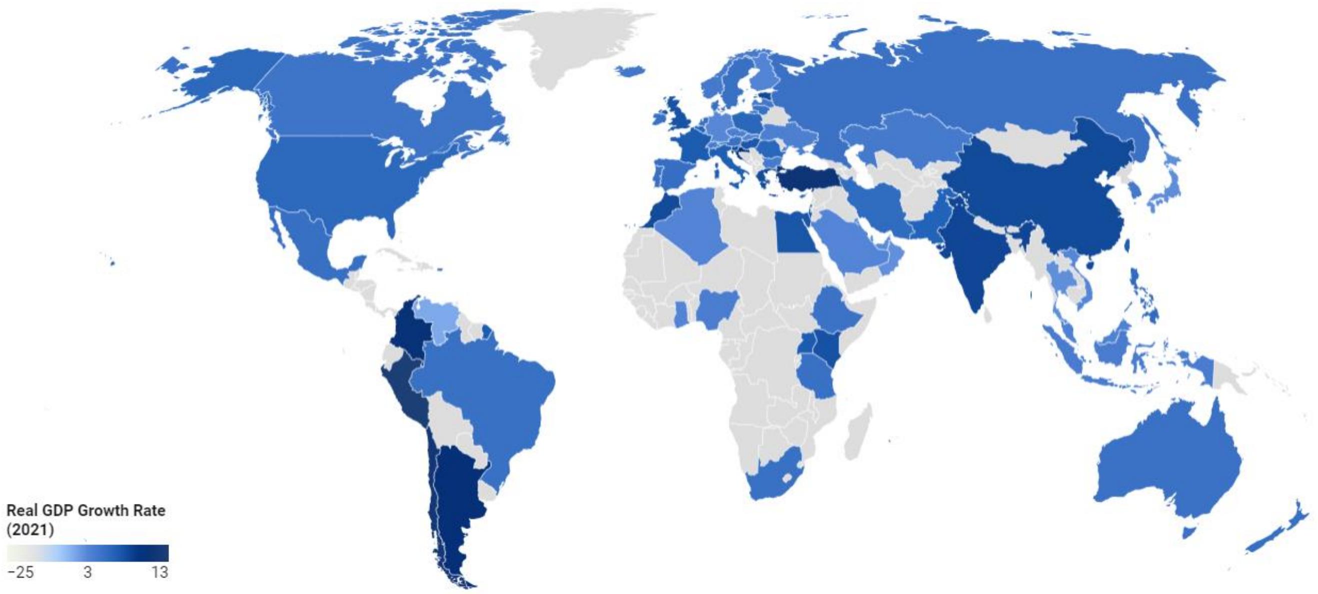
Source: Conference Board

Euromonitor International, in its recent report, stated that the outlook for the global economy remains challenging as the war in Ukraine lingers and private consumption shows signs of weakening amid intensified inflationary pressures and rising uncertainty. Global real GDP growth is expected to slow significantly from a strong recovery of 6.2% in 2021 to 3.0% in 2022 and 2.9% in 2023 in Euromonitor International's Q3 2022 baseline forecasts. Inflation is projected to surge further in many key economies as a result of ongoing increases in food and energy prices, curbing real incomes and consumer spending and further dampening the global growth outlook. The risk of global stagflation remains significant.

Moody's Investors Service has reduced growth forecasts for G-20 economies and now expects real GDP to rise 2.5% in 2022, down from a May projection of 3.1%, while its forecast for 2023 has been cut to 2.1% from 2.9%. For G-20 advanced economies, Moody's forecasts 2.1% growth in 2022, and 1.1% in 2023. For G-20 emerging market countries, it projects 3.3% growth in 2022 and 3.8% in 2023. Although the global outlook is decidedly negative, high-frequency data point to nascent stabilization after negative macroeconomic surprises caused intense financial market volatility in the first half of 2022. Global trade in durable goods and commodity prices are set to soften. A pullback in goods demand is underway. Supply-chain problems are easing and global auto production is picking up. Producer price inflation, which is a broad measure of supply-side inflation, appears to have peaked in several countries. Importantly, inflation expectations remain anchored over the medium term. Labor markets remain tight in advanced economies.

The invasion of Ukraine remains central to the larger macroeconomic picture. While Moody's believes it is unlikely the conflict will broaden beyond Ukraine's borders, such an event would mark a significant escalation. Further, the risk of further energy shocks remains high. As for monetary policy, it will be tricky for central banks to navigate to an equilibrium where inflation falls but economic activity does not slip into a deep recession. China's low tolerance for COVID-19 outbreaks and weakness in its property sector pose risks to its growth outlook.

Regional Growth



Source: Conference Board

US: Notwithstanding two consecutive quarters of negative GDP growth, economists do not believe the US economy is currently in recession given strength across a number of sectors and the extremely tight labor market. However, economists do expect that a broad downturn is on its way. This outlook is associated with persistent inflation and rising hawkishness by the Federal Reserve. Economists forecast that 2022 real GDP growth will come in at 1.3 per cent year-over-year and that 2023 growth will slow to 0.2 per cent year-over-year.

Euro Area: Given stronger-than-expected Q2 data and upward revisions to Q1, forecasts for the full year 2022 are revised upward for the Euro Area. But as headwinds are intensifying, economists lowered the 2023 GDP growth estimates, assuming a technical recession is likely to occur later this year.

China: The full-year 2022 GDP growth projection for China was downgraded by 0.3 percentage points to account for a weaker-than-expected services recovery in the second half of the year. The change partly reflects renewed surges in COVID-19 infections over July and August that are dampening consumption. Still, another month-long full-city lockdown, which occurred in Shanghai in the second quarter, is not the base case. The annual growth forecast for official Chinese GDP for 2022 is currently at 3.7 per cent, while the 2023 forecast is unchanged at 5.3 per cent.

Emerging Markets: Weakening demand and faster policy tightening in the US and Europe are negatively affecting other major emerging economies, but there are important differences among them. Russia has likely entered recessionary territory, and Turkey and Brazil are expected to experience severe weakening in growth over the second half of the year. However, economic prospects for India, as well as other developing Asia, and economies in the Gulf Region are relative bright spots in an otherwise somber outlook.

INDIAN ECONOMY

Moody's Investors Service slashed India's GDP growth by a whopping 1.1 percentage points citing dampening of economic momentum in coming quarters on rising interest rates, uneven monsoon, and slowing global growth. The sharp cut has now lowered India's GDP forecast to 7.7 per cent, as compared to the earlier forecast of 8.8 per cent in May. This comes a day after the data shared by the government showed that the Indian economy grew 13.5 per cent year-on-year in the April-June quarter. However, economists said that this expansion is likely to lose momentum in the upcoming quarters on rising interest rates among other reasons. Inflation remains a challenge with the RBI having to balance growth and inflation, while also containing the impact of imported inflation from the year-to-date depreciation of the Indian rupee against the US dollar of around 7 per cent.

In its Monetary Policy meeting in August 2022, the RBI retained its projection for GDP at 7.2 per cent for the current fiscal. Its growth projections for other quarters are Q2 at 6.2 per cent, Q3 at 4.1 per cent; and Q4 at 4.0 per cent, with risks broadly balanced. For the first quarter of next fiscal year (2023-24), it has projected the real GDP growth rate to be around 6.7 per cent. The central bank has added that there could be heightened risks due to ongoing geopolitical tensions, and high volatility in the global financial market, which can lead to strict financial conditions. All these factors could weigh down on India's GDP numbers in the coming quarters.

In its report Ecowrap, SBI has said India's GDP is expected to be much higher in the first quarter of FY23. The growth is expected to be around 15.7 per cent, with a possibility of an upswing in several indicators as many sectors have shown good progress.

Performance of Key Indicators

India's eight core industries recorded a growth of 4.5% in July against 9.9% recorded in the same month last year, according to data released by the Ministry of Commerce & Industry. Apart from crude oil and natural gas, all other six industries recorded an expansion in July 2022. The production of coal, refinery products, fertilisers, steel, electricity and cement industries increased in July 2022 over the corresponding period of last year. The growth rate of Index of Core Industries (ICI) during April-July 2022-23 was 11.5 per cent (provisional) as compared to the corresponding period of last financial year. The eight core industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP). The production of crude oil and natural gas declined by 3.8 per cent and 0.3 per cent in July 2022, as compared to the figures of July 2021. On the other hand, last month the production of petroleum refinery products went up by 6.2 per cent, fertilisers by 6.2 per cent, steel by 5.7 per cent, cement by 2.1 per cent and electricity generation by 2.2 per cent, over the figures logged during July 2021.

According to the Ministry of Commerce & Industry, the growth of India's industrial production, measured by the Index of Industrial Production (IIP), declined to 12.3 per cent in June as compared to 19.6 per cent in the previous month. The manufacturing sector, which constitutes 77.63 per cent of the IIP, posted a growth of 12.5 per cent in June, sharply lower than 20.6 per cent growth recorded in the previous month. The growth of electricity sector declined to 16.4 per cent in June as compared to 23.5 per cent recorded in May 2022. Mining sector, which has 14.37 per cent weight in the IIP, posted a growth of 7.5 per cent in June.

As per Ministry of Finance, the gross GST revenue collected in August 2022 stood at Rs 1,43,612 crore of which Central GST is Rs 24,710 crore, State GST is Rs 30,951 crore, Integrated GST is Rs 77,782 crore (including Rs 42,067 crore collected on import of goods) and cess is Rs 10,168 crore (including Rs 1,018 crore collected on import of goods). The revenues for the month of August 2022, registered 28 per cent increase than the GST revenues of Rs 1,12,020 crore collected in August 2021.

According to data released by the Ministry of Commerce and Industry, India has achieved merchandise export of USD 33.0 billion in August 2022, almost at similar levels of USD 33.38 billion in August 2021. Value of non-petroleum exports in August 2022 was 28.09 USD billion, registering a negative growth of only 2.22% over non-petroleum exports of USD 28.73 billion in August 2021. The value of non-petroleum exports in April -August 2022-23 was USD 152.29 billion, an increase of 7.97% over USD 141.05 billion in April -August 2021-22.

Value of non-petroleum and non-gems and jewellery exports in August 2022 was USD 24.8 billion, registering a negative growth of 1.96% over non-petroleum and non-gems and jewellery exports of USD 25.29 billion in August 2021. The cumulative value of non-petroleum and non-gems and jewellery exports in April -August 2022-23was USD 135.49 billion, an increase of 8.4% over cumulative value of non-petroleum and non-gems and jewellery exports of USD 124.99 billion in April -August 2021-22.

Amongst the major products, exports of Electronic goods (50.68%), Rice (42.32%), Organic and Inorganic chemicals (13.35%) registered impressive growth during August 2022. India's merchandise import in August 2022 was USD 61.68 billion, an increase of 36.78% over USD 45.09 billion in August 2021. India's merchandise imports in April -August 2022-23 was USD 317.81 billion with an increase of 45.64% over USD 218.22 billion in April -August 2021-22.

Value of non-petroleum imports was USD 44.07 billion in August 2022 with a positive growth of 23.63% over non-petroleum imports of USD 35.65 billion in August 2021. The cumulative value of non-petroleum imports in April -August 2022-23 was USD 218.44 billion, showing an increase of 32.02% compared to non-oil imports of USD 165.46 billion in April -August 2021-22.

Value of non-oil, non-GJ (gold, silver & Precious metals) imports was USD 37.46 billion in August 2022 with a positive growth of 40.37%over non-oil and non-GJ imports of USD 26.69 billion in August 2021.Non-oil, non-GJ (Gold, Silver & Precious Metals) imports in April -August 2022-23 was USD 184.98 billion, recording a positive growth of 37.59%, as compared to non-oil and non-GJ imports of USD 134.44 billion in April -August 2021-22.

The import surge reflects the strong demand of the domestic economy due to robust growth and strong fundamentals of the Indian economy. In value terms, the surge in imports is due to a combination of quantity and price factors. High increase in import values in August 2022 have been witnessed in the following major commodity groups Coal, Coke & Briquettes, etc. (133.64%), Petroleum, Crude & products (86.44%), Organic & Inorganic Chemicals (42.73%), Vegetable Oil (41.55%).

WTO UPDATES

WTO panel confirms Türkiye adopted a discriminatory measure to affect pharma imports

A WTO panel confirmed that Türkiye adopted a discriminatory measure to affect the supply of pharmaceutical products imports. It found that the country provided reimbursement under the Turkish social security scheme, only to those companies that move their production base to Türkiye which affected trade of other countries. European Union (EU), in particular, raised the issue and initiated dispute proceedings. Following the report of the WTO panel, Türkiye declared that it intends to implement the recommendations and rulings of the arbitrators and the panel. However, Türkiye requested to get a reasonable period of time to ensure implementation which the EU agreed to discuss.

Reform of WTO Dispute Settlement System

One of the outcomes of WTO's 12th Ministerial Conference was the commitment by members to engage in discussions aimed at securing a fully functioning dispute settlement system by 2024. Recently, WTO members discussed the importance of the WTO's two-tiered dispute settlement system for ensuring stability and predictability of the multilateral trading system. The United States recommended that the aim of such discussion should be to ensure that WTO dispute settlement reflects the real interests of members. However, Mexico questioned the impairment and disruption of the work of the Dispute Settlement Board (DSB) and dispute settlement in general, by the current blocking of the selection processes, under the pretext of reforming the Dispute Settlement System and supporting demands for its restoration.

FREE TRADE AGREEMENTS/ BILATERAL DISCUSSIONS

INDIA

India-UK

UK and India completed the fifth round of negotiations towards a free trade agreement (FTA), on July 29. The two sides completed discussions on 17 of the 26 chapters under the proposed FTA. About 15 policy areas were covered in 85 separate sessions of the fifth negotiation round. A new cross-party UK parliamentary panel – 'India (Trade and Investment) All Party Parliamentary Group (APPG)' has been set up to promote trade, investments and people-to-people ties. Baroness Sandy Verma, the President of APPG stated that, "This APPG will be the conduit which not only connects UK and Indian policymakers but connects businesses and entrepreneurs to drive growth. The APPG will ensure that dialogue and engagement will cut across all levels of business, particularly encouraging a wider lens on female led business and start-ups."

India-UK FTA is likely to be completed by August 31 and signed latest by the end of October. India is expecting to gain greater market access for its textiles, food and beverages, tobacco, leather and footwear, and agricultural items like rice. Meanwhile, UK is hoping to increase its export of transport equipment, electrical equipment, medical devices, chemicals, motor vehicles and parts, wines and spirits, some fruits and vegetables – to India. Further, the two countries have set up committees to discuss a totalization agreement to provide social security compliance burden ease to Indian IT companies and to remove dual social security taxation.

India – Australia

Australia will likely ratify an interim trade deal with India by November 18, which was signed on April 2 but is yet to come into force due to a delay in endorsement by Australian Parliament, following a change in government. Labour intensive sectors of India such as machinery, electrical goods, gems & jewellery, textiles & garments, leather, footwear and furniture will benefit from preferential market access in Australia. The pact will also boost exports of Indian food & farm products, engineering products, medical devices and automobiles. Similarly, Australia will gain greater access to the Indian market for its raw materials such as coal, aluminum and premium wines.

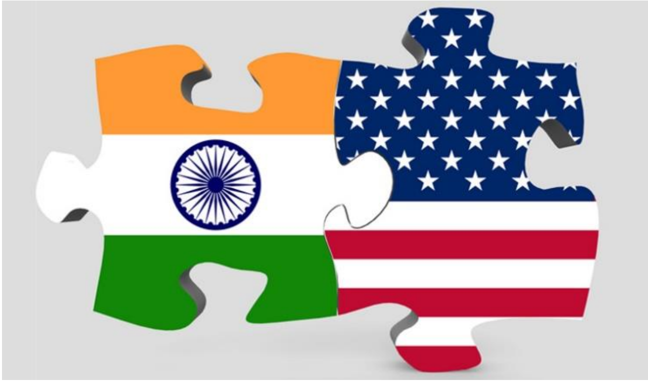
Recently, Australia's Group of Eight (Go8), an alliance of leading research-intensive universities recommended that the India-Australia FTA negotiations shall aim at enhancing cooperation on changing climate, the rise of new diseases, antibiotic resistance, food and water security, geopolitical tensions, artificial intelligence and machine learning. The group has commented that, "the role of innovation and commercialisation, which will underpin the productivity gains and economic prosperity of both nations be acknowledged in the AI-ECTA (Australia-India Economic Cooperation and Trade Agreement).

India – EU

India and the EU are likely to start second round of negotiations in Brussels in September or early October. While the EU has already shared its draft text for negotiations, New Delhi is expected to share its negotiating text to the EU in the next round of discussions. The two countries are likely to discuss about 18 policy areas. The EU has proposed several areas for negotiations including trade in goods, small and medium-sized enterprises, energy and raw materials, good regulatory practices, sustainable food systems, dispute settlement, anti-fraud and mutual administrative assistance in customs matters, etc. EU wants India to open its public procurement market and enable transparency and non-discrimination practices through effective remedy procedures. It also wants India to resolve market access issues both across governance levels and sectors, e.g. pharmaceuticals, sanitary and phytosanitary irritants, and non-tariff barriers such as quality control orders. It has specifically requested India to remove any existing technical barriers to trade measures for ICT products, medical devices, toys, alcoholic beverages, polished diamonds, agricultural products, food and steel, etc.

India-USA

Talks on a free trade agreement (FTA) between India and US are likely to gain momentum in early 2023. The main issues that keep on lingering in the talks are US demand for increasing market access for American dairy products, which is a sensitive issue for India.



U.S has also been reluctant to expedite the talks, as it wants India to adopt a more liberal data privacy policy regime under the agreement, which India may not like to pursue as its policy objective. While India has proposed to offer, "a step-by-step reduction of import duties on high-value US agricultural products, a trade margin policy for medical devices, and a promise to continue talks on reducing price restrictions on American technology goods." US has indicated that it would likely offer restoration of trade benefits to India under its Generalized System of Preferences (GSP).

OTHERS

UK-GCC FTA

United Kingdom (UK) and Gulf Cooperation Council (GCC) launched first round of negotiations for a free trade agreement on August 22. According to an analysis by UK Government, a deal with the GCC is expected to increase trade by at least 16 per cent, whilst a highly ambitious deal could boost trade by up to 30 per cent. Investments is likely to be a major component of the negotiations, as the two sides are looking to increase foreign direct investment (FDI) flows. The other areas that are likely to be a focus of the trade negotiations are renewable energy, manufacturing, logistics, tourism, mining, fisheries and education. The deal is expected to significantly reduce tariffs on U.K food and drink exports to GCC countries, especially on chocolates, baking products, biscuits, etc. Further, the two sides are looking to increase their cooperation in area of 'green innovation' which will help GCC countries to diversify their economies away from a reliance on oil.

Pakistan-Iran FTA

Pakistan and Iran have decided to conclude and sign a free trade agreement within six months. The two countries signed three MoUs in the areas of maritime, museum, and information broadcasting on the second day of the 21st session of the Pak-Iran Joint Economic Commission (JEC). The two sides are expected to establish mechanisms to reduce non-tariff barriers, absence of a mutual recognition agreement, and lack of banking facilities, infrastructure bottlenecks and trade through informal channels.

PARLIAMENT: MONSOON SESSION

The Monsoon session of Parliament was scheduled to be held from 18th July 2022 to 12th August 2022. The Parliament adjourned sine die on 8th August 2022. The Session provided 16 sittings spread over a period of 22 days.

Bills passed by both Houses

The Family Courts (Amendment) Bill, 2022 seeks to amend the parent Act to provide for the establishment of Family Courts in the State of Himachal Pradesh with effect from the 15th February 2019 and in the State of Nagaland with effect from the 12th September 2008; and for insertion of a new section, 3A to retrospectively validate all actions under the parent Act taken by the State Governments of Himachal Pradesh and Nagaland.

The Indian Antarctica Bill, 2022 provides for the national measures for protecting the Antarctic environment and dependent and associated ecosystems and gives effect to the Antarctic Treaty, the Convention on the Conservation of Antarctic Marine Living Resources and to the Protocol on Environmental Protection to the Antarctic Treaty and for matters connected therewith or incidental thereto.

The National Anti-Doping Bill, 2021 provides for the constitution of the National Anti-Doping Agency for regulating anti-doping activities in sports and to give effect to the United Nations Educational, Scientific and Cultural Organisation International Convention against doping in sport, and compliance of such other obligations and commitments thereunder and for matters connected therewith or incidental thereto.

The Central Universities (Amendment) Bill, 2022 seeks to amend the Central Universities Act, 2009, inter alia, to provide for the establishment of Gati Shakti Vishwavidyalaya as a corporate body. The bill provides that Gati Shakti Vishwavidayalaya will take measures to provide quality teaching, research and skill development in disciplines related to transportation, technology and management. Speaking about the Bill, Shri Ashwini Vaishnaw, Railways Minister emphasised its significance, stating that the transportation industry is critical to the economy. He stated that railways, highways, and waterways infrastructure would be prioritised under the Gati Shakti master plan. According to the Minister, a skilled, well-trained, and focused cadre is required to promote PM Gati Shakti's agenda.

Bill which is only passed in Lok Sabha

The Energy Conversation (Amendment) Bill 2022

The bill is introduced, discussed and passed. The Bill seeks to amend the Energy Conservation Act, 2001. The Act promotes energy efficiency and conservation. It provides for the regulation of energy consumption by equipment, appliances, buildings, and industries.

The Energy Conservation (Amendment) Bill, 2022, seeks to—

a) mandate the use of non-fossil sources, including Green Hydrogen, Green Ammonia, Biomass and Ethanol for energy and feedstock;

b) establish Carbon Markets;

c) bring large residential buildings within the fold of the Energy Conservation regime;

d) enhance the scope of the Energy Conservation Building Code;

e) amend penalty provisions;

f) increase members in the Governing Council of the Bureau of Energy Efficiency;

g) empower the State Electricity Regulatory Commissions to make regulations for smooth discharge of its functions.

Bill introduced in Lok Sabha

The Electricity (Amendment) Bill 2022

The Electricity (Amendment) Bill 2022, was introduced in Lok Sabha on 8th August 2022. The Bill amends the Electricity Act, 2003. The Act regulates the electricity sector in India. It sets up the Central and State Electricity Regulatory Commissions (CERC and SERCs) to regulate inter-state and intra-state matters, respectively. The Bill is sent to Parliamentary Standing Committee on Energy for examination.

POLICY – REGULATORY BRIEF

INDIA

Battery Waste Management Rules 2022

The rules' function is based on the concept of Extended Producer Responsibility (EPR), where the producers (including importers) of batteries are responsible for the collection and recycling/refurbishment of waste batteries and the use of recovered materials from wastes into new batteries. By introducing these rules, the government promotes a circular economy for Battery waste.

Key Points

- These rules apply to –(i) Producer, dealer, consumer, and entities involved in the collection, segregation, transportation, refurbishment and recycling of Waste Batteries and all types of batteries regardless of chemistry, shape, volume, weight, material composition and use.
- Producer: Under the EPR, producers are responsible for collecting the battery waste and shall be sent for recycling or refurbishing and shall not be sent for landfilling or incineration. The producer shall meet the collection, recycling, and refurbishment targets mentioned in Schedule II for Batteries made available in the market. They shall provide an EPR plan in Form 1(C) to Central Pollution Control Board by 30th June of every year for the Battery manufactured in the preceding financial year.
- Public Waste Management Authorities: The Authorities will hand over the waste battery to producers or their entities for recycling or refurbishment.
- Recyclers & Refurbishers must ensure that recycling or refurbishing processes and facilities for Waste Batteries comply with the standards, guidelines, or regulations prescribed by Central Pollution Control Board. Such as Solid Waste Management Rules, 2016; Plastic Waste Management Rules, 2016 and E-waste (Management) Rules, 2016.
- Central Pollution Control Board (CPCB)
    - To issue guidelines for environmentally sound procedures of collection, storage, transportation, refurbishment, and recycling of Waste Battery.
    - To constitute an Implementation Committee for effectively implementing these rules and make recommendations for making them robust. The Committee shall meet once in six months to submit its report and recommendations to the Ministry of Environment, Forest and Climate Change.
    - To issue guidelines, technologies and standards for refurbishment and recycling of Waste Battery.
    - CPCB will recommend to the Ministry of Environment, Forest and Climate Change about the Battery material recovery from recycling based on technological and commercial viabilities.
- These rules will mandate the minimum percentage of materials recovery from waste batteries, bringing new technologies and investment in the recycling and refurbishment industry and creating new business opportunities.

Climate Risk and Sustainable Finance

Reserve Bank of India (RBI) released the 'Discussion Paper on Climate Risk and Sustainable Finance' on July 27. RBI suggested that Registered Entities (REs) may integrate climate-related risk indicators (consisting of objective and measurable metrics) in their risk appetite framework. It also suggested that such entities ensure that the Board and Senior Management have a sufficient understanding of climate-related financial risks and senior management is equipped with the suitable capabilities and experience to deal with these risks. Following are some of the other important recommendations made by RBI on climate change-related risk management by Registered Entities (REs):

- A climate-related policy has been suggested to be formed by taking into consideration material physical and transition risks. The policy will likely help in providing a clear definition and assignment of responsibilities.

- REs has also been suggested to develop a model/framework, for example, a heat map to identify which activities are exposed to climate-related physical and transition risks. This mapping may be segmented across sectors depending on the nature of the risks.

- A method may also be prepared to assess the correlation between the carbon footprint of customers and the associated climate-related risks. This method may be evolved for unique CO2 / GHG-intensive sectors.

- Entities are also recommended to geographically scatter/locate their critical functions (e.g., centralised processing centres, data centres, servers, etc.) across various regions keeping in view flood, earthquake and other climate-related and environmental dangers identified with their operations. This may be a part of the REs' Business Continuity Plan.

- REs may develop climate scenarios to identify emerging risks in the short, medium and long term. These scenarios can cover the conventional business planning cycle (3-5 years) and longer-term horizons (5+ years). The results of these scenario analyses may be used in strategic decision-making.

- REs may also develop a committee / sub-committee at the Board level comprising sustainability and risk domain experts for better risk management.

USTR Team in New Delhi to Discuss the Trade Policy Forum

United States Trade Representative (USTR) team led by Assistant USTR for Central and South Asian Affairs Christopher Wilson and Assistant USTR for Agricultural Affairs Julie Callahan visited New Delhi this week in advance of the 13th edition of the U.S.-India Trade Policy Forum (TPF) Ministerial expected to be held November in Washington, D.C. Both sides are expected to explore the possibility of enhanced market access for additional identified agricultural products and engage on concerns regarding regulatory approvals for the Distillers' Dried Grains with Solubles, an animal feed ingredient.

Draft Uttar Pradesh Solar Energy Policy-2022

Uttar Pradesh unveiled the draft of its Solar Energy Policy-2022, which suggests that the State will target the generation of 16,000 Mega Watts of renewable power by 2026-27.

The policy was released by the Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA), the State's nodal agency for renewable energy. The government has proposed to meet the ambitious 16,000 MW target by generating 4,000 MW from solar rooftop projects, 2,000 MW from distributed solar generation and the rest (10,000 MW) from utility/grid-scale solar projects and solar parks.

The policy aims to develop solar parks, promote small decentralized grid-connected solar power, encourage solar installations along expressways and railway tracks and strengthen the transmission network for evacuation of solar projects by developing Green Energy Corridor in the Bundelkhand region.

The draft policy states that the state that the government will facilitate the installation of rooftop solar systems across the state. It will encourage net metering in residential, Government and government-owned public sector Institutions and all educational institutions. The policy also proposes to establish ‘solar cities across the states with an emphasis on rooftop solar and other allied off-grid solar installations. MSMEs will be promoted for the installation of rooftop systems.

Under the proposed policy, the government will develop 20 solar cities covering 10 lakh households with rooftop installations. The cities to be developed as ‘solar cities’ include Meerut, Varanasi, Bareilly, Moradabad, Saharanpur, Firozabad, Mirzapur, Kanpur, Lucknow, Agra, Ghaziabad, Jhansi, Muzaffarnagar, Mathura, Azamgarh, Ayodhya and Aligarh. The proposed draft policy may get the Cabinet nod as soon as the 2017 solar policy completes its five-year term.

The policy proposes benefits such as a banking facility and payment of surplus energy by DISCOMS under the net metering scheme will be applicable to Govt offices/schools/ colleges/ Hospitals/ other buildings notified by State Government. Installation of Rooftop through a third-party renewable energy service company (RESCO) model will be encouraged.

Uttar Pradesh will promote the setting up of solar power projects to sell power to DISCOMs on the tariff discovered through a competitive bidding process.

Telangana Medical Equipment Policy

On 13th August 2022, during the Telangana State Medical Services Infrastructure Development Corporation (TSMSIDC) press conference, T. Harish Rao, Telangana Health Minister, officially launched this policy.

The policy aims at ensuring vital health care infrastructure in Government hospitals across Telangana is maintained, and repairs are taken up quickly, without making patients end up incurring out-of-pocket expenditure on private diagnostic services.

The Annual Maintenance Contract is the budget allocated nearly Rs 17 crores for all government medical equipment in Telangana. The aim is to ensure that expensive medical equipment is serviced within a few hours, just like in private hospitals.

T. Harish Rao pointed out that there are a total of 1,032 pieces of medical equipment in government hospitals that cost more than Rs.5 lakh each. There is a need to maintain such high-end medical equipment frequently. The medical equipment policy will go a long way in ensuring that maintenance and repairs of such medical equipment are done without wasting time.

Further, special care is being taken to ensure lifesaving drugs are available at Government hospitals.

Odisha IT Policy 2022

The Government of Odisha has been at the forefront in adopting emerging technologies in IT to drive and transform governance in the state to positively impact the lives of its citizens in consonance with the 5T principles of good governance (Teamwork, Technology, Transparency, Time, Transformation).

The vision of this policy is to transform Odisha into a leading destination of investment for Information Technology in the country and position it prominently on the global map as a preferred IT outsourcing destination propelling employment opportunities and inclusive growth.

Highlights:

1. Specific incentive for IT parks:

25% of fixed capital investment will be provided as a capital subsidy limited to Rs. 20 crores. 15% of the cost of developing a solar power plant subject to a maximum of Rs 25 lakhs will be reimbursed. Greenfield IT Parks shall be eligible for 100% reimbursement of Stamp Duty/Registration Feel Conversion Fee

2. Capital investment subsidy:

30% of fixed capital investment in buildings and infrastructure, excluding land cost subject to a maximum of Rs 3 crore, will be accorded to eligible IT units.

3. Interest Subsidy:

Eligible IT units will be entitled to get an interest subsidy at 5% per year on term loans availed from recognized financial institutions and banks, subject to a maximum of Rs 10 crore per year for five years from the date of commencement of commercial operation.

4. SGST reimbursement:

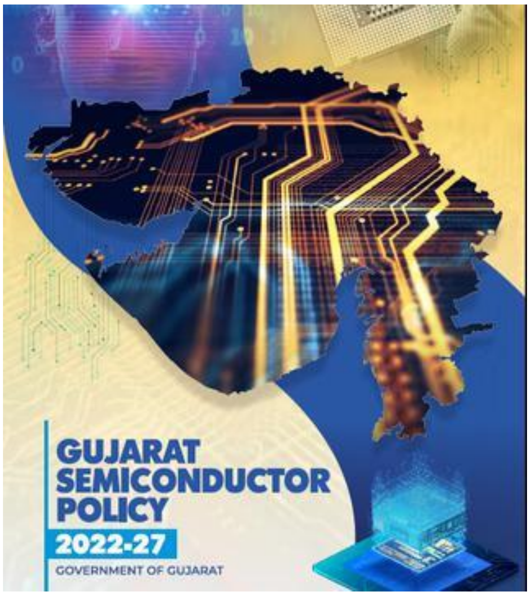
Reimbursement of 100% state component of GST (SGST) for five years in the Bhubaneswar Development Authority (BDA) area and seven years in the non-BDA area subject to 100% of their Fixed Capital Investment (FCI).

5. Research and Development Incentive

To encourage IT product development, Government shall reimburse 50% of R&D expenses (including manpower cost), limited to Rs. 1 crore per annum on the successful development of a software product/successful completion of any R&D activity.

An Apex Committee will be formed to monitor the policy implementation and for approval of incentives. This committee would meet quarterly to note the policy's implementation concerning its goals and objectives. This committee would also have members from other stakeholder Departments and organizations in the IT Policy implementation.

Gujarat Semiconductor Policy 2022-27



The Indian semiconductor market stood at US$15 Bn in 2020 and is estimated to reach US$ 63 Bn by 2026. The Ministry of Electronics and IT (MeitY) launched the 'India Semiconductor Mission' in 2021, with a total financial outlay of Rs 76,000 crore. The mission aims to provide financial support to companies that invest in semiconductors, design ecosystems and display manufacturing.

In line with the Mission, Gujarat Government announced a dedicated 'Gujarat Semiconductor Policy 2022-27'. The policy aims to create at least 2,00,000 new employment opportunities over five years. Gujarat is the first state in India to release a dedicated semiconductor policy. The government has also proposed to develop a special 'Semicon City' as a part of the Dholera Special Investment Region (SIR).

The policy offers a range of subsidies for entrepreneurs and investors in the electronics system design and manufacturing (ESDM) sector – on land, power, and water tariffs. It aims to speed up project execution besides establishing a semiconductor and display fabrication (FAB) manufacturing base in the state.

Under the policy, the Gujarat government shall constitute a High-Powered Committee (HPC) for approving assistance to display FAB projects, semiconductor FAB projects, and projects with a proposed investment of INR 10 billion or more. A State-Level Empowered Committee (SLEC) shall be constituted to approve assistance for projects with a proposed investment of less than INR 10 billion.

The policy will facilitate eligible projects during the land allotment stage, expedite approvals processes, improve access to utilities like power, water, and gas besides industrial infrastructure, and offer a support package of fiscal incentives.

Incentives

All eligible projects will get a 75% subsidy on the first 200 acres of land purchase and 50% on additional land required for fab projects upstream/ downstream and other projects approved under ISM.

All eligible projects will be provided with quality water at the rate of Rs. 12 per cubic meter for the first five years, and for the subsequent five years, it shall be increased at the rate of 10% on a year-on-year basis. A power tariff subsidy of Rs 2 per unit has been provided. All eligible projects are exempted from paying electricity duty per the provision laid down under the Gujarat electricity duty act 1958.

Further, provisions have been made for a one-time refund of 100% stamp duty and registration fee paid to the government for the project's lease/ sale/ transfer of land.

WORLD

China plans to stabilize its economy

On 31st May 2022, China's State Council released a set of 33 measures document titled 'Policy Measure Package to Stabilize the Economy', covering many mechanisms to boost the economy. The plan aims to promote high-quality development and effectively coordinate epidemic control and economic development to protect people's life and health and mitigate the negative impact of the COVID-19 pandemic.

On top of delivering the policy package for stabilizing the economy, China will adopt additional follow-up policies.

- The government will provide more than 300 billion yuan in additional funding for a program that gave state policy banks the tools to finance infrastructure projects, doubling the scale of a plan announced at the end of June.

- Local governments are urged to use up more than 500 billion yuan in existing special bond ceiling limits by the end of October.

- Local governments will be permitted to use city-specific credit policies flexibly and reasonably to support the demand for first homes and better housing.

- Local governments will be encouraged to set up risk compensation funds for loans to micro, small and medium-sized companies and individual business owners.

- A batch of infrastructure projects will be approved to start construction. The projects must make a profit, their quality must be ensured, and the funds should be prevented from being used for other purposes.

- Central government-run power generation companies will be supported to sell 200 billion yuan in special debt to ensure energy supply.

- Measures to help private company development and investment will be introduced, and the healthy and sustainable growth of the platform economy will be promoted.

- The government will make it more convenient for business people to travel in and out of the country.

- Companies will be allowed to delay the payment of their administrative fees by one quarter.

- Some 10 billion yuan in agricultural material subsidies will be granted in addition to the 30 billion yuan already given this year.

- Government agencies are urged to "quickly" release specific details for implementing the policies, and local authorities should introduce supporting measures.

- The State Council will send supervision and working groups to regions; teams led by heads of central government agencies will be dispatched to economically strong provinces to improve project approvals' efficiency and accelerate the measures' implementation.

- The work of local officials to stabilize the economy will be supervised by the State Council inspectors, who will also provide necessary aid for executing the task.

OPINION COLUMN

Smart Manufacturing
Akriti Kumari

Robotics

As the manufacturing tasks become more individualized and more flexible, the machines in the smart factory are required to do variable tasks collaboratively without reprogramming. The future manufacturing industry also requires that the system could dynamically schedule the tasks for these machines according to their work loads and the received tasks. This feature of doing various tasks utilizing collaboration of distributed devices shares common ideas with the ubiquitous robotic technology, which is mainly applied in service robot's domain. In this perspective, the novel industrial manufacturing system could take advantage of the ubiquitous robotic technology.

Robotic equipment has been playing a central role since the proposal of smart manufacturing. Since the beginning of the first integration of industrial robots into production lines, industrial robots have enhanced productivity and relieved humans from heavy workloads significantly. Beginning with the first integration of industrial robots into production lines, robots like industrial manipulators, collaborative robots, automated guided vehicles (AGVs) and even unmanned aerial vehicles (UAVs) have been employed to beef up the manufacturing systems from one generation to another.

The smart factory takes advantage of innovative technologies to improve productivity, streamline processes, and provide more flexibility in day-to-day operations. Traditionally, robots have been limited to the assembly line. While their degree of autonomy and ability to carry out delicate tasks has improved in recent years, the need for truly smart robots has grown.

There are many types of robots in use in modern industry, and they all differ according to their type, technology, application, and structure. These include fixed robots, AMRs, and cobots. Choosing the right robot for a task depends on several factors, such as location, individual needs, production focus, automation level, and ease of integration with technologies such as AI or image processing.

To assert themselves in the connected world of the Industrial Internet of Things (IIoT) and Industry 4.0 manufacturing machines have to do three things above all: do their job as efficiently as possible, adapt quickly to new conditions - and share knowledge data with other systems.

Integrating sensors and machine learning technologies into robots improve their intelligence and allows them to work with a degree of independence from human operators. An example of a smart robot changing the face of manufacturing is the autonomous guided vehicle (AGV). These help to improve logistics by autonomously moving goods around the factory floor.

The main advantage of smart robotics and automation is lower production costs, less waste, and fewer product errors. However, some challenges affect the uptake of innovative technology that must be addressed. These include initial cost, changing production processes, a lack of technological expertise and space, and the unsuitability of current programming techniques for frequent changes in highly customized products produced in small batches.

The future of industrial manufacturing is more connected, data-driven and will use emerging technologies such as AI, machine learning, and robotics. Although there is vast potential in the smart factory concept for reducing costs, improving safety, and streamlining processes, companies, especially SMEs, are reluctant to implement changes due to economic and technical challenges. These challenges must be addressed as industry moves toward a more connected, sustainable future.

(The writer is a Senior Research Analyst at VeKommunicate)

Anjali Mahto

Climate Change & Plastics Trade

Role of Plastics Trade in Climate Change

Climate Change is possibly the biggest threat that the world faces today. Scientists and climate change activists have been warning of serious repercussions, if the issues related to the current climate change exigencies are not addressed by the countries through timely response and intervention. Due to the growing clamour by Climate Change Activists and the global advocacy efforts for Climate Change Mitigation, the issue has taken a predominant stage in the global world politics. Climate Change has now become a crucial aspect of International Diplomacy. Governments across the globe are expected to be more vigilant on the issue, following the commitments they made at COP26 to reduce the intensity of climate change.

Cooperation on trade is also very critical to global efforts to tackle climate change. This is because, global trade has provided a mechanism for high plastic consuming countries to continue their production and consumption of virgin plastics by escaping the geo-political and environmental implications of their plastic waste after exporting it to less advantageous countries. Moreover, cooperation on trade policy is also required to create enablers for wider circulation of plastics reprocessing and plastics alternatives products in market, in order to fight climate change.

Trade Negotiations and Plastics

According to UNCTAD, countries can approach trade negotiations/agreements in the following manner to meet the objective of reducing plastic pollution:

- Trade negotiations should contribute to incrementally phase out fuel subsidies that drive low primary plastic prices, leading to more traction to natural material alternatives.

- The negotiations should promote environmental services liberalization, minimum regulatory harmonization and investment facilitation in solid waste management and recycling.

- Flexible trade-related intellectual property rules can enable temporary protection of relevant inventions while facilitating access and transfer of relevant technologies for circular production and waste management systems.

- The multilateral trading system’s response to the plastic pollution challenge must be malleable, useful and adaptable.

Current State of Play

Recently, on May 30, the UN organized an ad hoc meeting to lay the ground work to develop an international legally binding instrument/treaty on plastic pollution. The proposed treaty will encourage international collaboration to facilitate access to technology, capacity building and scientific and technical cooperation to fight plastic pollution. It is also likely to create clear and strong global standards and targets related to fight plastic pollution which will provide a level-playing field and incentives to countries to abide by common rules and regulations.

(The writer is an Account Executive at VeKommunicate)

Environment Equity

Saloni Goyal

Preparatory steps towards COP27

In July 2022, environment ministers of 40 countries met in Bonn, Germany, for the Petersberg Climate ialogue to lay the groundwork for this year's annual UN climate summit. The Conference of the Parties (COP27) for 2022 will be held in Egypt from 7th -18th November.

This was the first meeting countries had met since COP 26 in Glasgow. Parties committed to creating a work plan to accelerate emissions reductions in this decade before 2030 to reduce the increasing global average temperature to below 1.5 degrees Celsius. Parties began work in Bonn on new financing solutions for underdeveloped nations and communities, attempting to "avert, mitigate, and remedy loss and damage" brought on by the effects of climate change. The "new collective quantifiable target" for climate financing, which will take the place of the present goal of US$100 billion yearly from 2020 to 2025, is still being worked on.

While addressing the 13th Petersberg Climate Dialogue, UN Secretary-General Guterres called for stronger cooperation: "What troubles me most is that, in facing this global crisis, we are failing to work together as a multilateral community. Nations continue to play the blame game instead of taking responsibility for our collective future. We need to demonstrate at COP27 that a renewables revolution is underway".

The biggest CO2 emitters like the US, China, India, and other severely affected nations are at the negotiation table. The agenda includes financial support to deal with damage and losses brought on by climate change, a long-standing demand of several governments disproportionately afflicted by the climate issue. Other prospects discussed during the dialogue are the impacts of the Russian-Ukraine war as its global repercussions that tie up all attention; the crisis also shows energy transition and how world Russia's gas supplies dominated the world; new heatwaves all around the world. Presently, the fight against global warming needs a new actionable plan as it is important for the future of the Planet.

Further, the Parties undertook the technical dialogue of the Global Stocktake (GST) for the first time. 'Global Stocktake' refers to a proposed five-yearly review of the impact of countries' climate change actions. GST will take place at COP28 in 2023 in the United Arab Emirates. The GST is intended to drive the Paris Agreement's ambition cycle, providing the foundation for the next round of Parties' emission reduction targets for 2035 and 2040, as well as new efforts to adapt to the impacts of climate change and raise financial and technical resources to assist developing countries.

In conclusion, developed and developing countries must cooperate and work towards their commitments. COP 27 agenda to be set as the actionable & achievable targets keeping given scenario nationally as well as globally. International Climate Director, World Resources Institute, David Waskow, said: "This UN meeting elevated the severe losses and damages that vulnerable countries face from climate change higher than any negotiations have before but failed to clarify how to address the problem. While developed countries acknowledged the need to address such damages, they rebuffed requests from vulnerable nations to work toward establishing a new funding mechanism."

(The writer is an Account Executive at VeKommunicate)

Global Business Communication Partners in Advocacy & PR, Reputation & Crisis Management, Research & Economic Data Analysis, with-in depth knowledge of Legal, Trade, and Regulatory Affairs, specializing in various industries such as Agriculture, Automotive, Consumer Affairs, Processed Food, Manufacturing, Mining, Pharma & Healthcare, and Tourism.

RV VeKommunicate
Work Junction, B-92, South City-I,
Sector-30, Gurugam,
Haryana – 122001

For Further Information, Please Contact:

Deepak Sahoo **Senior Regulatory Director** **Mobile; +91 9953834771**	**Saloni Goyal** **Account Executive** **Mobile: +91 8588035912**	**Anjali Mahto** **Account Executive** **Mobile: +91 9910232717**

Email: info@vekommunicate.com
Website: www.vekommunicate.com