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AECCI WEEKLY VIEWPOINT

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UPDATES OF THE WEEK

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RUSSIAN SEABORNE CRUDE EXPORTS HIT POST-WAR HIGH ON INDIAN BUYING SPREE



Russian seaborne crude exports rose to a post-war high in May, according to tanker tracking data, as Moscow continues to find willing buyers for its discounted oil in India, China and Turkey amid an EU import ban and G7 shipping restrictions.

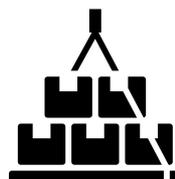
A slowdown in Russian oil product flows exports due to seasonal refinery maintenance, however, saw total Russian oil exports dip for a second consecutive month, according to S&P Global Commodities at Sea data.

Russia-origin seaborne crude exports averaged 3.87 million b/d in May, the highest since Russia invaded Ukraine in February 2022. Russia's seaborne crude loadings have now increased each month since February 2023 and stand 25% above average pre-war levels of 3.1 million b/d, the CAS data shows. The rise comes despite Russian pledges to extend its 500,000 b/d OPEC+ output cuts to the end of the year from May.

India imported 2 million b/d of Russian crude in the month, the data shows, a 14% jump on April

levels and a fresh record high for Russian crude flows into the country. Exports to China to dipped while flows to Turkey recovered sharply to a seven-month high, edging out South Korea as Russia's third-largest crude export destination. Exports of Russia's main export grade Urals rose to 2.3 million b/d in May, up from 2.2 million b/d in March and April, the data shows, as the medium sour grade remains in strong demand among Asian markets. With Russia's formerly main crude export markets in Europe shunning its oil, more than 90% of Russia's seaborne crude reports are now headed to Asia, including Turkey, up from pre-war levels of 34%, the data shows. Incentives to buy cheap Russian crude remain underpinned by deep discounts of Russia's main crude export grade Urals.

Source : Shipping News



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Maritime Arbitration

The word Maritime brings to our mind the seas, and the ships. However it is not only these, but Maritime covers everything related to them, for example, the goods in transit, the insurance, the damages etc. So as soon as people start dealing across borders on water, the need for a dispute resolution system to address this, becomes evident under Maritime Law. The United Nations Convention on the Law of Sea defines the Territorial Sea as the belt of 12 nautical miles of coastal waters extending from the baseline of a coastal state. While there is explicit permission required to travel the internal waters, the Territorial Sea is the sovereign territory of the State. The contiguous zone is a belt of 24 nautical miles from the baseline, over which the state has limited control for eg. Punishing for infringement of customs, immigrations or sanitary laws. An exclusive economic zone is an area of 200 nautical miles from the baseline, where in the State has exclusive control over all economic resources in that zone, for eg. Fishing, mining, oil exploration, etc.

Thus we see that States fight for their boundaries, for any offence which takes place in their territorial zone, or on a vessel which is originated in their country, any pollution done, or customs violation or damage to goods coming within their territory, etc.

Other than States, individuals also face a lot of disputes under the Maritime arena. The main issues which arise under the Maritime domain include inter alia, damages to the goods which are attributed either to the supplier or the transporter, damages to other goods on the ship, lay days and demurrage, late entry to port or delayed access to the quay, maritime insurance, salvage at sea, or non payment of charter fees, interpretation of charter party, contract of affreightment or bills of lading and damages due to Acts of God, ship finance, construction and repairs, ship deployment, collusion, towage of vessels, grounding, ownership and mortgage of vessels, etc. In such cases, it becomes difficult for the parties to seek which court, or to state the jurisdiction of the Court under which they have to file their suit/claims. Many times, it becomes too expensive and time consuming and the parties are left with no choice but to keep sending emails and demand notices, without any concrete response in hand. All this leads to losses and tremendous frustration in international business.

It is in this background with the growing use of sea transport for commercial transportation of cargo and business transactions, that a need was felt for the use of an alternate mode of dispute resolution, which would work in a fast yet cost effective manner. And so came into picture the Maritime Arbitration, drawn up from the International Commercial Arbitration.

The First reference to Maritime Arbitration seems to be found in a document dated 1229, in Venice, in the Capitolaro Navium of the Republica Serenissima (Maritime Code of the Republic of Venice). The International Maritime Organization (IMO), which was set up by the United Nations, has issued numerous conventions which can be enforced by the concerned State authorities. The IMO is the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships.

There are a few among many Conventions which can be listed here.

1. The United Nations Convention on the Carriage of Goods by Sea of March 30, 1978 ("Hamburg Rules") – provides for Arbitration.
2. United Nations' Convention on the Law of the Sea (UNCLOS), 1982
3. The International Convention on Salvage of April 28, 1989 ("London Convention") also provides for Arbitration in cases of Salvage.
4. Montego bay Convention Etc.

Whenever a Dispute arises, parties can either choose :

1. Ad hoc Arbitration,
2. International Tribunal for the law of the Sea (ITLOS)
3. International Court of Justice (ICJ)
4. Special Arbitral Tribunal set up for specific types of Disputes.
5. International Court of Maritime Law Etc.

Now let us see a few interesting cases :

1. The Italian Republic Vs. The Republic of India Permanent Court of Arbitration, 21 May, 2020.

The facts of the case were that 2 fishermen on board an Indian fishing vessel were shot by two Italian marines aboard an oil tanker. The death of the two caused the arrest of the Italian men. The Arbitral Tribunal decided that the law to be applied in this case was Article 293 of the United Nations Convention on the Law of the Sea. While Italy insisted that the incident occurred outside the Territorial waters of India and hence Indian Courts had no jurisdiction, India on the other hand, according to Sec. 7.7 (a) of the Maritimes Zones Act, insisted that Government can extend its restriction as it sees fit but must publish in an official gazette. The PCA on 2nd July 2020, ruled that India had not breached any of the grounds mentioned in Articles 87 and 90 of the UNCLOS. It further ruled that India had the right to sue for damages for the captain's and crew's physical, emotional and moral anguish.

This case brings out the necessity to have a more exact and accurate jurisdictional demarcation or delineation.

2. Dispute between Bangladesh and India Bangladesh had sought arbitration over the issue of delimitation of Maritime Boundary under the UNCLOS. The verdict was delivered in Hague on 18th December 2013, where in the main issues considered were delimitation of the territorial seas, exclusive economic zone, and continental shelf within and beyond 20 nautical miles. In a landmark judgment, the Hague-based Permanent Court of Attribution (PCA) has awarded Bangladesh an area of 19,467 sq km, four-fifth of the total area of 25,602 sq km disputed maritime boundary in the Bay of Bengal with India on July 7. The UN Tribunal's award has clearly delineated the course of maritime boundary line between India and Bangladesh in the territorial sea, Exclusive Economic Zone (EEZ) and continental shelf within and beyond 200 nautical miles.

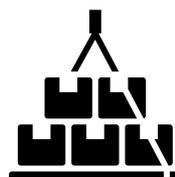
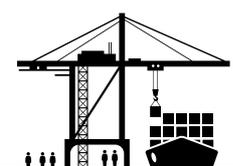
3. CAMP n° 1217. Transport of refrigerated containers Two refrigerated containers, one packed with boxes of frozen chickens and the other with boxes of frozen meat, were loaded in Brazil on different vessels bound for Asia. On arrival, a partial thawing was observed due to obstruction of cold air supply inside the containers caused by the collapse of piles of boxes. The arbitrators considered that for the shipper to pile up boxes inside a container omitting to provide proper dunnage in empty spaces was tantamount to professional misconduct. To no avail, the shipper pleaded the carrier's assumption of liability since it was clear for the arbitrators that the shipper's misconduct was the certain and sole cause of the damages. On the ground of Art. 4-2.i of HR, the carrier was exempted of any liability. Thus we see that International Maritime Arbitration is a fast growing field, which if resorted to by the charter parties/traders, will definitely help to reduce litigation time and cost, and shall bring out cost effective and quicker resolutions to everyday business problems in the Maritime world.

SL AND INDIA FOCUSES ON EXPANSION OF MARITIME AND AVIATION SERVICES BETWEEN THE TWO COUNTRIES

The Indian Ocean is the third largest water body, covering an area of 70.5 million square kilometers and holds approximately 20% of the water on the earth's surface. It is located at the geopolitical crossroad of international trade connecting the Middle East, Africa and East Asia with Europe and America (www.cia.gov, 2020). Moreover, the world's most important checkpoints such as the Straits of Hormuz and Malacca are located in this region. About 18% of the United State's oil supply from the Middle East passes through the Straits of Hormuz. Apart from being a hub for international trades, the region provides valuable economic sources for fishing and natural resources. It gives opportunities for economic development within the rim of the Ocean region, particularly to the smaller Island who are economically insecure. The geopolitical location becomes a deciding factor for China's bigger interest in commercial expansion connection with Europe and Africa. The Indian Ocean countries divide themselves into several sub-regions such as Australasia, Southeast Asia, South Asia, West Asia and Eastern and Southern Africa having their regional groups like SAARC, ASIAN, GCC,

IORA and SADC (mea.gov.in, 2020). However, all the regional countries come together under the umbrella of the Indian Ocean Region (IORA) comprising forty-eight countries including India and Sri Lanka. Indo-Sri Lanka Position in the Indian Ocean India and Sri Lanka are divided by a landmass called the Palk Bay, a narrow strip of water separating the State of Tamil Nadu in India and the Northern Province of Sri Lanka. Since ancient times the area provided fertile fishing ground for fishermen from both sides. People of this area mostly comprised of Tamil communities with similar ancestry where frequent inter-visit had taken place between them. The two countries also still share a very similar culture; India is the birthplace of Buddhism, the dominant religion of Sri Lanka and

Source :KNN News



HEADLINES



- The Indian Ocean still does not have a nodal point for the transfer of goods and services, people and ideas. But as much as many on the island may dislike this truth, the success or failure of Sri Lanka's hub plans is inextricably predicated on becoming the gateway to India.
- In India, officials took extra steps this month to insulate domestic mills. Regulators added two months to a program imposing minimum import prices.

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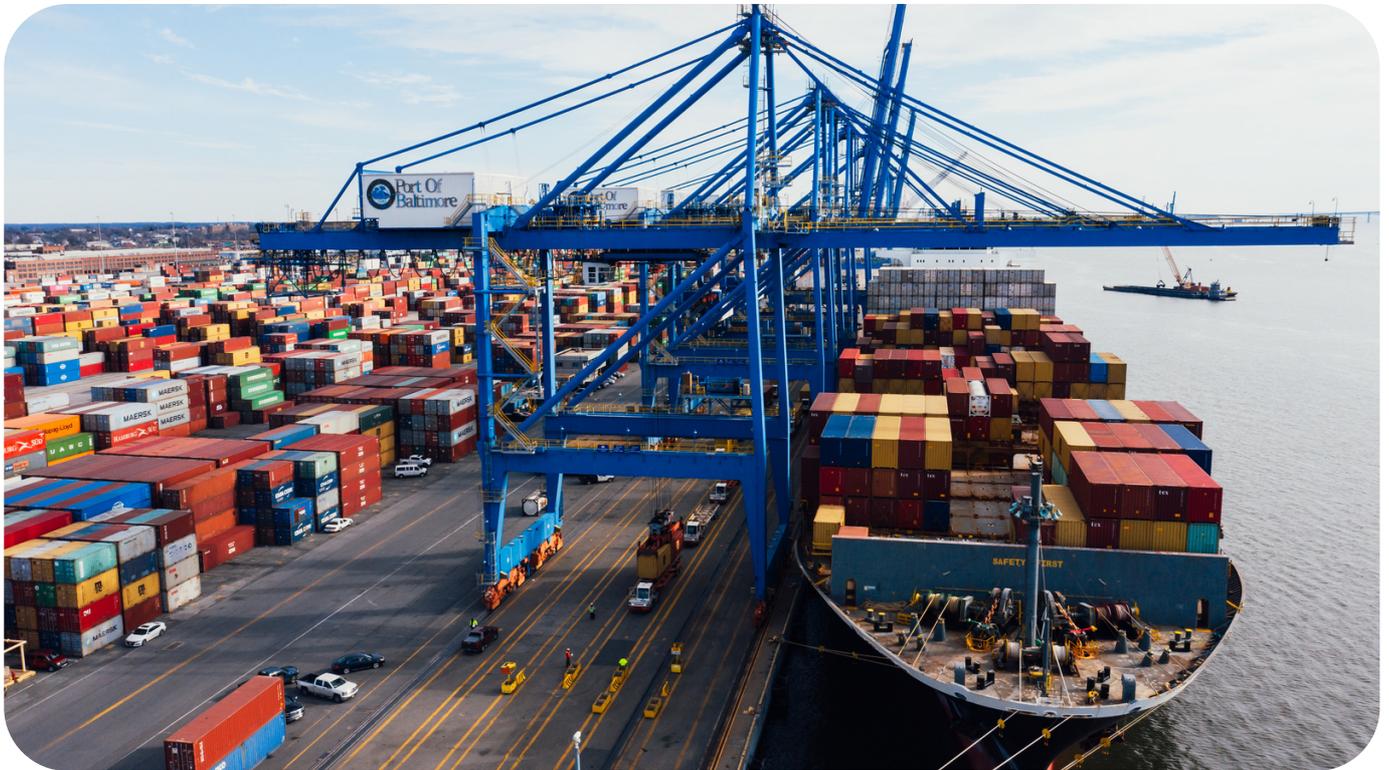
ASIAN EXPORTERS' CHAMBER OF COMMERCE & INDUSTRY, 604 | 6TH FLOOR | HILTON CENTER | PLOT NO.66 | SECTOR NO.11 | CBD BELAPUR | NAVI MUMBAI-400614 | MAHARASHTRA-INDIA

- Over the last decades, India has improved relationships with the Indian Ocean states. India extends cooperation with mutual respect and understanding while China materializes fatty loans and infrastructural projects with the objective of territorial expansion.
- India Business News: Buoyed by the services sector, India's exports rose 14% to a record \$770 billion during the last financial year
- Milk and cereals prices have kept food inflation from cooling, making it harder for the government to bring overall price growth

EXPORT PROMOTION COUNCIL TO COME UP IN SECTOR 28 OF YEIDA REGION

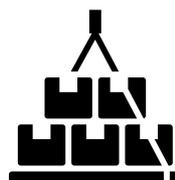
For the convenience of industries, the Export Promotion Council's office will be set up in Sector 28 of the Yamuna Expressway Industrial Development Authority (YEIDA) region and is currently under construction.

The work has begun on 5 acres of land. The Department of Commerce and Industries decided to set up an Export Promotion Council in this location considering the development of different clusters, Medical Park and units in the YEIDA) region. This will majorly benefit Micro, Small and Medium Enterprises (MSMEs) of Noida, Greater Noida and adjoining regions. Its apex office will be in Greater Noida and regional offices will be across India, as per media reports. The aim of these offices is to give industries an easier access to work associated to government as they would not have to travel to Delhi for it.



Even as the Union Cabinet on Wednesday (26 April) approved the National Medical Devices Policy, 2023, the Yamuna Expressway Industrial Development Authority (YEIDA) has fast tracked its upcoming Medical Device Park at Sector 28. This comes in the backdrop of the Authority clearing the decks for 26 land allottees to set up their production units at Medical Device Park by handing them over land parcels. Spread across an area of 350 acres, the Medical Device Park (MDP) will be northern India's largest such facility. It's aimed at attracting an investment of Rs 15,000 crore and creating employment opportunities for 7,000 people. Located in Sector 28 of YEIDA region, the Medical Device Park is situated barely 3 km from the upcoming Noida International Airport (NIA) at Jewar in Greater Noida and is well connected with the neighbouring cities of Delhi-NCR by excellent road network.

Source : KNN News





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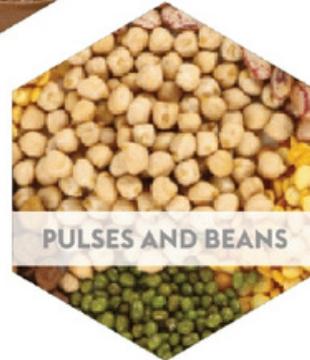
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