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AECCI WEEKLY VIEWPOINT

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WEEKLY INSIGHTS

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INDIA MAY EXPORT 30 MIL MT/YEAR OF COAL TO BANGLADESH, SRI LANKA BY 2030



India can export around 30 million mt/year of coal to Bangladesh and Sri Lanka by 2030 from the mines located in the eastern part of the country, according to the draft version of the "Integrated Coal Logistics Plan" recently issued by the federal coal ministry for stakeholder consultations. "All efforts are on to further enhance production and export of thermal coal by the year 2025-26," coal minister Pralhad Joshi said recently. India currently exports around 1 million-2 million mt of coal every year to its neighboring nations of Bangladesh and Nepal with no exports to Sri Lanka. According to the document, reviewed by S&P Global Commodity Insights, coal with a 2,950- 3,850 kcal/kg GAR calorific value is well placed to replace Indonesian coal in the Bangladesh market and "create a long-term sustainable export-oriented coal market" for Indian producers. An analysis in the document found that the price of this coal on a CFR Bangladesh basis would be between Rupees 2,534-2,976/mt

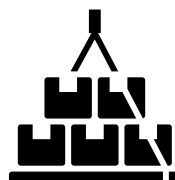
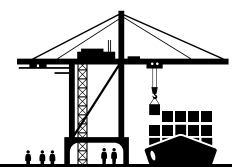
(\$30-\$36/mt).

The average price at which Bangladesh imported 5,000 kcal/kg GAR coal in the first five months of 2023 was \$106.62/mt, Platts data from S&P Global showed. Platts assessed 5,000 kcal/kg GAR thermal coal at \$97.95/mt May 26, on a CFR Bangladesh basis.

According to the report, annual thermal coal demand for power generation in import-dependent Bangladesh is forecast to rise from the present 2.3 million mt to 21 million-25 million mt by 2025 to fuel the upcoming coal-based capacities.

According to data from S&P Global Commodities at Sea, Bangladesh imported 7.5 million mt of coal in 2022, of which 6.6 million mt came from Indonesia.

Source : Hindustan Times





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INVESTORS PROTECTED UNDER INVESTMENT TREATIES

To help avoid investment disputes, it is important to be familiar with the obligations contained in investment treaties. While individual government officials are not expected to become experts on the law of investment treaties, it is important that government officials become familiar with their economy's obligations, understand how they relate to their duties, and ensure that they communicate promptly with the

relevant government advisors about any questions or concerns regarding the application of these obligations to individual investors and investments. Investment treaties protect foreign investors who are investing in or already have invested in the host economy. In some cases, an investment treaty may also protect an investor who is trying to invest in the host economy.

OBLIGATIONS UNDER INVESTMENT TREATIES

(1) THE OBLIGATION OF NON-DISCRIMINATION

Investment treaties generally contain obligations of nondiscrimination with respect to the treatment of protected investors and investments. There are two obligations of non-discrimination: "national treatment" and "most-favored-nation treatment".

NATIONAL TREATMENT The obligation of national treatment requires the host economy to give protected investments and investors treatment that is no less favorable than the treatment that it accords to national investors/investments in like circumstances.

MOST-FAVORED-NATION TREATMENT The obligation of non-discrimination also requires the host economy to give protected investments and investors treatment that is no less favorable than the treatment that it accords to the investments and investors of any third state in like circumstances.

(2) THE OBLIGATION OF "FAIR AND EQUITABLE TREATMENT."

The "fair and equitable treatment" standard establishes a minimum level of treatment to be given to protected investors and their investments. Violations of the fair and equitable treatment standard are the most common type of treaty violation committed by governments. What constitutes "fair and equitable treatment" is determined by analyzing all of the circumstances of a particular case. Not all treaties are the same, however, so the way in which fair and equitable treatment is interpreted and applied may depend upon the exact wording of the treaty. That said, it is possible to identify a few circumstances that have been considered when determining whether there has been fair and equitable treatment. These include a. whether there has been a fundamental change in the host economy's law that is

contrary to the investor's legitimate expectations; b. whether the host economy has gone back on specific representations made to the investor that the investor relied upon in making the investment decision; c. whether due process has been denied to the investor; d. whether there has been an absence of transparency in the legal process or actions of the host economy, whether there has been harassment, coercion, abuse of power or bad faith conduct by the host economy; and f. whether the actions of the host economy can be labeled as arbitrary, disproportionate, or inconsistent.

(3) THE OBLIGATION TO PROVIDE “FULL PROTECTION AND SECURITY”

The obligation to provide full protection and security generally requires the host economy to exercise vigilance and due diligence with regard to the physical protection of investments and investors, taking into account the circumstances and resources of the host economy.

(4) THE PROTECTION AGAINST ILLEGAL EXPROPRIATION

Host governments are entitled to expropriate (i.e., take ownership of) the property of foreign investors, but only where the expropriation is: a. for a public purpose; b. done in accordance with due process; c. non-discriminatory; and d. accompanied by the payment of compensation, usually “market value” compensation. An expropriation that does not meet these conditions will violate the host economy's obligations under international law

It is important to understand that “expropriation” can refer to two types of situations: A “DIRECT” EXPROPRIATION is The situation in which ownership of a protected investment is legally transferred from the investor to the government or the entities for which it is responsible

AN “INDIRECT” EXPROPRIATION The situation in which, even though legal ownership has not been transferred from the investor to the government, the government has taken measures that have the effect of depriving the investor of the economic use and enjoyment of the investment.

(5) THE OBLIGATION TO “OBSERVE UNDERTAKINGS”

Many investment treaties guarantee that the host economy will “observe undertakings” that it has assumed regarding an investment. These clauses are sometimes referred to as “umbrella clauses” because in a number of cases they have been interpreted as bringing the host economy's contractual undertakings with the investor under the treaty's protective umbrella. What this means, practically, is that in some cases when the government violates its contractual commitments regarding an investment, the violation of those contractual commitments may also amount to a violation of its umbrella clause obligation under an investment treaty.

(6) THE OBLIGATION TO ALLOW THE FREE TRANSFER OF FUNDS RELATED TO INVESTMENTS

Most investment treaties contain a general obligation that protected investors be allowed to make transfers in and out of the host economy related to an investment or in connection with an investment.

The flows to which the guarantee of free transfer generally applies, include (but are not limited to):

1. profits, interest, dividends, and other current investment income.
2. funds necessary to finance an investment.
3. proceeds from the sale or liquidation, total or partial, of an investment.
4. payments under a contract, management fees, and royalties.
5. loan payments.
6. salaries and other remuneration received by the nationals of the economy of origin of the investment and who have obtained the necessary work permits in relation to an investment.

INDIA TO RELAX IMPORT-EXPORT RULES TO ATTRACT MANUFACTURERS FOR ELECTRONICS REPAIR

India will relax its import-export rules to start a pilot project this week to establish itself as an electronics repair hub, reported Indian Express. With this the government aims to lure major electronics manufacturers in the country.

According to a report by Indian Express, the Indian government will test changes to lower the time required for necessary approvals for imports and exports to a day from as much as 10 days.

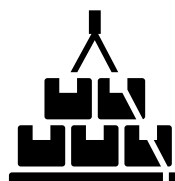
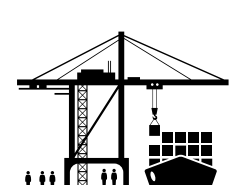
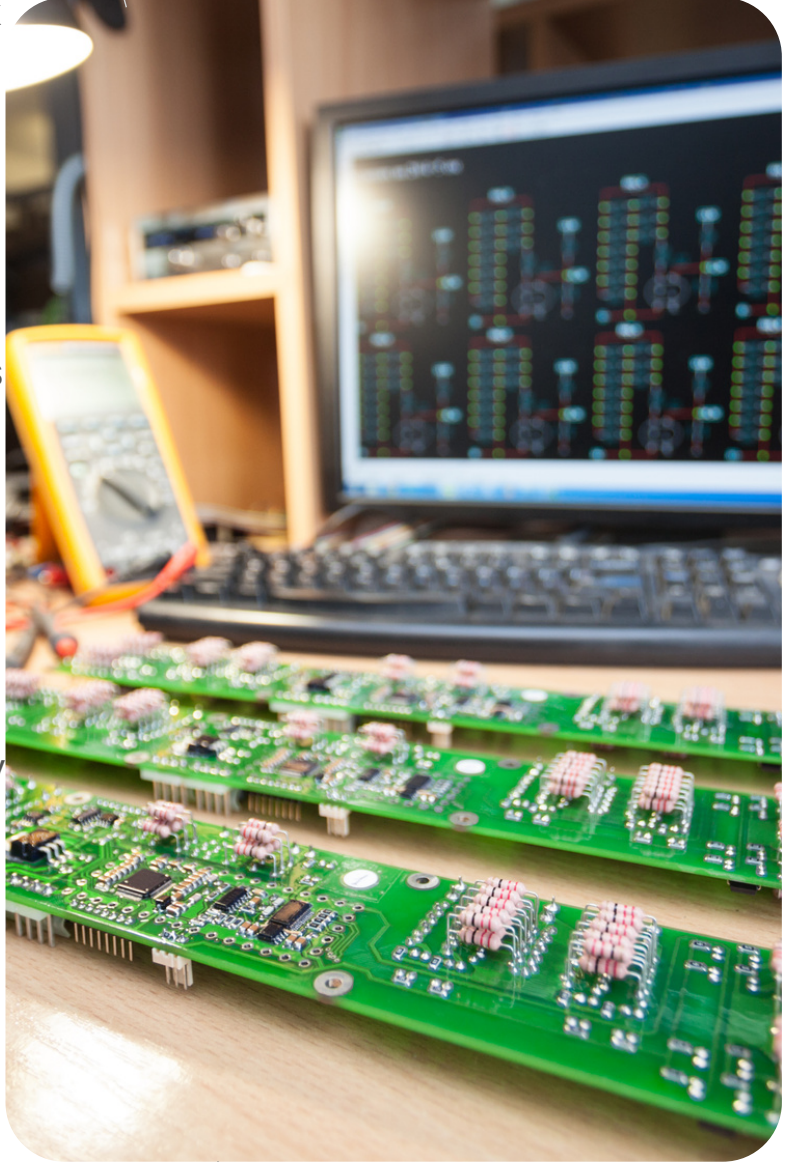
Manufacturers' Association For Information Technology (MAIT), an industry group for IT and electronics manufacturers pushed for this pilot project.

Some of the key challenges in India also include an e-waste mandate that bans companies from locally disposing non-repairable products – adding to their logistics costs as they have to be sent back.

The government will now allow recycling of 5 per cent of imported goods domestically on a trial basis. In the pilot phase, which will see participation from companies including Lenovo and Cisco, India will also permit re-export of the imported electronics goods to countries different from the original one – currently it is banned under foreign trade rules.

India will start a pilot project this week to establish itself as an electronics repair hub by relaxing cumbersome import-export rules, a move that could draw tech majors such as Flex (FLEX.O) to expand such operations in the country. Prime Minister Narendra Modi has promoted electronics manufacturing in India and attracted the likes of Apple (AAPL.O) and Xiaomi (1810.HK), but the country still lacks an industry for repair outsourcing which is estimated to be worth \$100 billion globally and currently dominated by China and Malaysia. Following a push by an industry group for IT and electronics manufacturers, MAIT, the Indian government will test changes to lower the time required for necessary approvals for imports and exports.

Source :KNN News



HEADLINES



- Clear manifestation of India's talent and the enthusiasm towards 'Make in India.' It also shows the reforms in this sector over the last few years are delivering good results.
- 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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- the investment bank BCS Global Markets (BCS GM) previously stated that the export of steel and iron ore is unprofitable for almost all Russian steel companies. In addition to sanctions, the profitability of the export of steel products and raw materials is affected by expensive logistics and the strengthening of the ruble.
- The Indian side also handed over the Solu Corridor, a 90-km, 132 kV power transmission line built at a cost of ₹200 crore under an Indian line of credit. The line will help bring electricity to several remote districts in northeastern Nepal by connecting them to the country's national grid.

ON INDIA-NEPAL BOUNDARY DISPUTE, PM MODI GIVES A CLEAR ASSURANCE

India and Nepal on Thursday unveiled initiatives to ramp up cooperation in energy, including increasing import of hydropower and allowing power exports to Bangladesh, as Prime Minister Narendra Modi assured his Nepalese counterpart Pushpa Kamal Dahal of resolving a boundary dispute in the spirit of friendship. Following a meeting of the leaders, the two countries launched several projects to improve rail connectivity for both passenger travel and trade, inaugurated a new integrated check post to boost cross-border trade, and unveiled plans to extend South Asia's first cross-border petroleum pipeline and to build a second such pipeline.

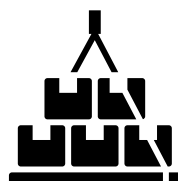
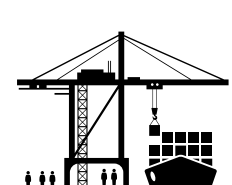
The two sides also signed seven agreements, including the revised Treaty of Transit



that will, for the first time, give Nepal access to India's inland waterways, and a memorandum of understanding (MoU) between the National Payments Corporation of India (NPCI) and the Nepal Clearing House Limited (NHCL) for faster cross-border payments that will benefit businesses, students and tourists.

The dragging border dispute figured in the talks between the two premiers, and Modi told a joint media interaction after the meeting that the issue will be resolved in keeping with the strong religious and cultural ties between the two sides and in a spirit of friendship. Dahal, also known as "Prachanda", added: "Prime Minister Modi and I discussed the boundary matter. I urged Prime Minister Modi to resolve the boundary matter through the established bilateral diplomatic mechanism."

Source : Indian Shipping News





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