LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

8th April 2024

News Highlights

NATIONAL

PMO asks commerce min to examine model text of bilateral investment treaty

The Prime Minister's Office (PMO) has asked the commerce ministry to examine the model text of the bilateral investment treaty (BIT) and suggest modifications to further improve the ease of doing business, according to sources.

The exercise assumes significance as only seven countries have accepted the existing model text treaty, and most of the developed nations have expressed their reservations on the text with regard to provisions like the resolution of disputes.

These investment treaties help in protecting and promoting investments in each other's countries.

These pacts are important as India has earlier lost two international arbitration cases against British telecom giant Vodafone and Cairn Energy plc of the UK over the retrospective levy of taxes.

Sources said an internal discussion will be held on the model text of the treaty on Monday in the commerce ministry with experts and lawyers.

"There will be a presentation in the meeting. We are having an internal discussion on the issue. The PMO is looking into it and has asked the commerce ministry to provide a third-party perspective on the model text," they said.

Although BIT is the subject matter of the finance ministry, the commerce ministry will try to elicit the views of the third party and suggest ways for consideration to higher authorities.

Investment facilitation is one of the chapters in the free trade agreement being negotiated by the commerce ministry.

The treaty is a key sticking point between India and the UK, as both countries are negotiating a free trade agreement and BIT.

According to experts, the four-European nation bloc EFTA (Iceland, Liechtenstein, Norway, and Switzerland) would also demand BIT.

India and the European Free Trade Association (EFTA) on March 10 signed a free trade agreement under which New Delhi received an investment commitment of USD 100 billion in 15 years from the grouping while allowing several products, such as Swiss watches, chocolates and cut and polished diamonds at lower or zero duties.

Economic think tank GTRI (Global Trade Research Initiative) has stated that as India aims to become the third-largest economy, it needs to align its treaties with global investment practices, address the negative perception caused by the mass treaty cancellations and reflect on its negotiation skills.

It has said India has cancelled 77 of its over 80 BITs by 2016, as they didn't align with its interests.

"Now, it is renegotiating with 37 countries using the restrictive 2016 Model BIT, which may lead to protracted negotiations due to its narrow 'investment' definition, vague terms, omission of principles like 'fair and equitable treatment', and Most-Favoured Nation status," GTRI co-founder Ajay Srivastava has said.

According to Srivastava, the model BIT demands investors seek local solutions for at least five years before arbitration, making new BITs challenging for other countries.

Finance Minister Nirmala Sitharaman, in her interim Budget speech on February 1, has said that India is negotiating bilateral investment treaties with different countries.

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Europe is the saving grace for declining Indian exports in 2023

Read more at : Europe is the saving grace for declining Indian exports in 2023 | Economy & Policy News - Business Standard (business-standard.com)

India targets $600 billion textile exports by 2047, aims to create $1.8 trillion domestic market

Read more at : India targets $600 billion textile exports by 2047, aims to create $1.8 trillion domestic market - The Economic Times (indiatimes.com)

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Bilateral trade between India-Singapore reaches to $35.6 bln in FY 2022-23

The bilateral trade between Singapore and India surged to USD 35.6 billion in the fiscal year 2022-23, marking an 18.2 percent increase compared to the previous year, a senior diplomat at the Indian High Commission here said on Saturday.

Singapore ranks as the sixth-largest export destination for India globally, while also serving as the eighth-largest source of imports for India during the same period.

T Prabakar, the First Secretary (Commerce) at the high commission said that Singapore is India's eighth largest trade partner (2022-23), with a share of 3.1 per cent of India's overall trade.

Addressing the Institute of Company Secretaries of India (ICSI) Third International Conference being held in Singapore from April 5-6. He said that trade between Singapore and India saw a growth of 18.2 per cent in the year and rose to USD 35.6 billion in 2022-23.

"Our imports from Singapore in FY 22-23 were USD 23.6 billion, a growth of 24.4 per cent, and exports to the city-state totalled USD 12 billion, up 7.6 billion in the previous financial year,'' he told some 100 delegates at the conference.

In terms of India's exports, Singapore is the sixth largest export destination in the world, and in terms of imports, the city-state is the eighth largest source for India globally during 2022-23.

It is not only in merchandise trade that India-Singapore ties are growing, Prabakar said, adding that FDI (foreign direct investment) equity inflows into India from Singapore during 2022-23 stood at USD 17.2 billion.

The cumulative FDI inflows from Singapore to India stood at USD 155.612 billion from April 2000 to December 2023, accounting for 23 per cent of the total FDI flows into India, he said.

Giving an overview of India-Singapore relations, Prabakar pointed out that Singapore is also amongst India's largest sources of External Commercial borrowings.

He also highlighted a wide range of strategic cooperation between the two nations in new fields, such as technologies, AI and green energy.

The two-day conference discussed a wide range of trade and technology issues, with ICSI members seeking insights into Singapore's law related to businesses that can be complementary to corporate and small enterprises in India.

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India, Oman conclude trade talks; to sign deal after elections

Negotiations for a free trade agreement (FTA) between India and Oman have concluded, and it's likely to be signed after the formation of a new central government in the coming months, two people aware of the matter said.
The pact, officially known as the Comprehensive Economic Partnership Agreement (CEPA), will boost Indian exports to the West Asian country by eliminating duties, especially on petroleum products, textiles, electronics, pharmaceuticals, machinery, and iron and steel.

"All issues have been sorted out. We are looking at good benefits in services. The deal with Oman will help us in building a holistic ecosystem for a green energy-efficient manufacturing base," said one of the persons mentioned above, who asked not to be named.
"Strategically, the deal is very important. It will allow Indian companies to set up manufacturing plants in Oman to export green products," the person added.
The general elections start on 19 April and counting of votes starts on 4 June.
Oman is India's third-largest export destination among Gulf Cooperation Council (GCC) countries with bilateral trade standing at $12.39 billion in FY2023, up from $5 billion in FY2019.
India's exports to Oman have increased from $2.25 billion in FY2019 to $4.48 billion in FY2023.
However, at present, over 80% of Indian exports to Oman attract an average 5% import duty.
Oman's import duties range from 0% to 100%, along with other specific duties. A 100% duty applies to specific meats, wines, and tobacco products.

After the signing of the deal, India aims to substantially increase its exports to the West Asian country.

Issues related to labour mobility have also been covered under the agreement.

"Investments will go both ways. We expect significant growth across 7,000 trade lines (products) that currently attract 5% duty in Oman," the person added.

There are plans for Indian companies to process aluminium and steel in Oman, before exporting them to third countries, due to lower energy costs in the West Asian country.

"After the FTA, big Indian business conglomerates will set up their units and export green goods to European markets," the person mentioned above added.

"The presence of over 6,000 India-Oman joint ventures, with substantial Indian investment in Oman's Sohar and Salalah Free Zones, underscores the depth of economic engagement. Moreover, the FTA serves as a strategic lever for India to expand its influence and strengthen relationships within the broader Middle Eastern region," said Ajay Srivastava, founder of the economic think tank Global Trade Research Initiative (GTRI).

"This agreement will not only boost trade and investment opportunities but also contribute to India's geopolitical objectives, offering a balanced approach to its trade relations with Oman," Srivastava added.

The FTA is also expected to help Oman diversify its economy away from its reliance on oil exports. By granting preferential access to Indian goods and services, Oman will benefit from India's expertise in various industries.

India's merchandise imports from Oman were valued at $7.9 billion, while service services imports stood at $0.6 billion during FY23.

India is a major importer of petroleum products, Liquified Natural Gas (LNG), gaseous hydrocarbons, and chemical fertilizers from Oman.

Spokespersons of the commerce ministry, the commerce secretary and the Oman embassy didn't respond to emailed queries.

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Indian merchandise exports have European silver lining

Read more at : Indian merchandise exports have European silver lining (magzter.com)

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GLOBAL

Organisations From Ghana, Kenya Sign Multiple Pacts To Boost Trade

Several organisations from Ghana and Kenya recently signed multiple agreements in Accra as part of steps taken by both countries to consolidate bilateral trade as they seek to lead Africa's economic renaissance.

The cooperation, initiated at the instance of Ghana's President Nana Addo Dankwa Akufo-Addo, is being worked out within the purview and objectives of the African Continental Free Trade Area (AfCFTA) agreement. Visiting Kenyan President William Ruto and Akufo-Addo witnessed the signing ceremony.

The agreements were signed by the Ghana Investment Promotion Centre, the Kenyan Investment Authority, the Association of Ghana Industries, the Kenya Association of Manufacturers, the Ghana National Chamber of Commerce and Industry, the Kenya National Chamber of Commerce and Industry and the Ghana Institute of Management and Public Administration.

The business community is responsible for raising intra-Africa trade, leveraging the opportunities within AfCFTA, the continent's financial resources and technological advancement, the Ghanian president was cited as saying by a domestic news agency.

In the last 26 years, the exports of Ghana to Kenya have increased at an annualised rate of 18.2 per cent, while the exports of Kenya to Ghana have increased at an annualised rate of 14.2 per cent.

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Expedite MMF Apparel Production In Bangladesh To Boost Exports: Study

Bangladesh should expedite garment production from man-made fibre (MMF) as global exports of such apparel is estimated to rise from 50 per cent in 2022 to 60 per cent in 2030, a recent study by PwC revealed.
Global export of garments will rise from $953 billion in 2022 to $1,121 billion by 2030, the study projected.

PwC shared the findings of the study at a press conference held at the office of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The study was commissioned by BGMEA as Bangladesh aims to export apparel worth $100 billion by 2030.

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Ghana Study To Identify Circular Biz Opportunities In Textile-Apparel

Ghana has initiated a feasibility study of the textiles and apparel value chain to identify circular business opportunities, Patrick Nomo, chief director of the ministry of environment, science, technology and innovation (MESTI) recently said.

He said this at the opening ceremony of an office of the Korea Environmental Industry and Technology Institute (KEITI) in Accra.

The project, being undertaken in collaboration with KEITI, will help revamp the sector and address the environmental and health impact of imported second-hand apparel (mitumba), he was cited as saying by a domestic news agency.

Apparel production in the country had nearly doubled in the last 15 years, while the number of times a garment is worn before being discarded had decreased by about 36 per cent, he said.

The government targets a more sustainable and circular trade of used textiles by forging partnerships with industry, trading partners, development partners and other stakeholders, he said.

KEITI president Heung Jin Choi said the primary purpose of the office in Accra is to expand the cooperation that existed between Ghana and South Korea in the field of environment.

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