Daily Economic News Summary: 1 August 2018

1. Poultry Imports: US Not Willing To Withdraw $450-Million Retaliation Case Against India
Source: The Hindu, Business Line (Link)

The US is not yet willing to withdraw its $450-million retaliation case against India at the World Trade Organisation (WTO) for restricting import of poultry from the country. This is despite New Delhi changing its import rules as per Washington's wishes early this year and imports from the country starting in April. "The retaliation panel, which was to give its verdict on the dispute on July 20, has been asked by the US to hold its decision for another three months. The US is keeping India on tenterhooks despite all its demands being met," a government official told *BusinessLine*. Washington might be trying to ensure that consignments come in from the country worth huge commercial value before it withdraws the retaliation proposal, a Delhi-based trade economist said. "Till now, only small consignments have been imported from the US. But it is a factor of demand and import rules no longer have a role to play. The US should not keep the sword hanging on India any longer," he said. India had asked the US to withdraw its retaliation case against it at the WTO in February after it made the final set of changes in its sanitary and phytosanitary requirements for imports to bring them in line with what the country had demanded. In April, when the US sent its first consignment of poultry to India and it was cleared by the customs, New Delhi again urged Washington to withdraw the case. However, it asked the WTO to postpone the date of verdict of the retaliatory panel to July 20 and told India that it would use the time period to ensure that everything went about smoothly.

2. US Agency Signs Mou With Indian Company For 41 MW Power Project In Andhra Pradesh
Source: Financial Express (Link)

A US trade development agency on July 31 signed a memorandum of understanding with an Indian private company for the development of a 41-MW hybrid wind, solar, and energy storage power plant in Andhra Pradesh. The MoU was signed between US Trade and Development Agency (USTDA) and private sector firm IL&FS Energy Development Company Limited (IEDCL) on the sidelines of the Indo-Pacific Business Forum hosted by the US Chamber of Commerce, where US Cabinet secretaries and senior leaders from government and business discussed potential areas of collaboration in the Indo-Pacific. IEDCL has selected Black & Veatch, a Kansas-based engineering firm, to carry out the technical assistance for the project that will advance pre-implementation and pre-construction activities for the plant, which is expected to lead to a 1,040 MW installation, a media release said. This project is a follow-on to previous USTDA support that assessed the technical, financial and commercial viability of wind, solar, and energy storage hybrid power projects in Gujarat and Andhra Pradesh. Following the completion of that analysis, IEDCL and the government of Andhra Pradesh signed a Memorandum of Understanding to develop the 1,040 MW project.

3. Lok Sabha Passes Insolvency Code Amendment Bill
Source: Financial Express (Link)

The Lok Sabha on July 31 approved the Insolvency and Bankruptcy Code (Second Amendment) Bill that aims to give more power to homebuyers by recognising them as financial creditors. The Bill allows genuine promoters of micro, small and medium enterprises (MSMEs) to bid for their stressed firms and provides for the withdrawal of a case after admission by the adjudicating authority if it is approved by 90% of creditors. The Bill, which was introduced in the Lok Sabha on July 23, is meant to replace an ordinance promulgated in June, once it gets Presidential nod after being cleared by both the Houses of Parliament. The Bill also streamlines the ineligibility criteria under Section 29 A of the IBC by ensuring carve-outs for pure play financial entities like banks, to enable more players to participate in bidding for stressed assets. These financial entities would be exempted from the disqualification provision on account of holding stake in or acquiring stressed firms earlier.

4. Taiwan's CPC May Invest $6.6 Billion For Plant In Odisha
Source: The Hindu, Business Line (Link)

Taiwan's CPC Corporation sees a $6.6-billion opportunity for a greenfield cracker and downstream project in Odisha. A Taiwanese delegation led by Shun-Chin Lee, President of CPC Corporation, met Minister for Petroleum & Natural Gas Dharmendra Pradhan on July 31 for discussions on the proposed investment. Indian Oil Corporation's 15-million-tonne per annum Paradip Refinery emerged as a suitable location for the investment of $6.6 billion, according to an official release. The proposed cracker, based on different streams of feedstock, will have several downstream units for production of a diverse spectrum of petrochemical intermediates and end-products. The delegation will visit Paradip Refinery and Paradip Port for discussions with IndianOil and State government officials, an official release said.

5. India Seeks Japanese, Korean Investment In High-Grade Auto Steel: Steel Secretary
Source: The Hindu, Business Line (Link)

India has requested Japanese and South Korean steel makers to step up their investments by building new plants in the south Asian country to produce high-grade automotive steel, a senior civil servant told *Reuters*. India mainly imports the high-tensile steel from Japan and South Korea. However, demand for the auto-grade metal is rising in India as companies such as Hyundai Motor Co ramp up their production to make the country a manufacturing and export hub for small cars. The Indian government will encourage Japanese and South Korean companies to start greenfield projects in the country, Steel Secretary Aruna Sharma told *Reuters* in an interview, without giving details. "Japanese companies can come through joint ventures or independently because India is becoming an auto manufacturing hub so the requirement of auto grade steel is going to go up," Sharma said. Consultants IHS Markit have forecast that India will become the world's third-largest carmaker by 2020, up from fifth-largest currently.

6. To Combat Climate Change, India Comes Up With First State Energy Efficiency Index
Source: Livemint (Link)

In what will help India's strategy for achieving its climate change commitments, the Bureau of Energy Efficiency (BEE) has come up with the country's first state energy efficiency preparedness index. The index will help track the progress in managing the energy footprint of states and the country, encourage competition between states and help in programme implementation. Such an index assumes significance in a country that is now the biggest emitter of greenhouse gases after the US and China, and which is among the countries most vulnerable to climate change. India plans to reduce its carbon footprint by 33-35% from its 2005 levels by 2030, as part of its commitments to the United Nations Framework Convention on Climate Change adopted by 195 countries in Paris in 2015. “This is a good move and holds importance in context of our commitments made at Paris,” said a government official requesting anonymity. The energy efficiency index is based on 63 indicators in sectors such as buildings, industry, municipalities, transport, agriculture and electricity distribution companies (discoms). These indicators are based on metrics such as policy and regulation, financing mechanisms, institutional capacity, adoption of energy efficiency measures and energy savings achieved.

7. India Welcomes US Move To Grant STA-1 Status
Source: The Hindu, Business Line (Link)

India has welcomed the US government’s decision to grant it the status of a Strategic Trade Authorization-1 (STA-1) country a move that will make it eligible for exports of number of high technology products to India without the requirement of individual licences. “It is a logical culmination to India's designation as a major Defence partner of the US and a reaffirmation of India's impeccable record as a responsible member of the concerned multilateral export control regimes. This step will further facilitate India-US trade and technology collaboration in defence and high technology areas. We look forward to the US side operationalising the decision at an early date,” said Raveesh Kumar, spokesperson, Ministry of External Affairs. “India’s status as a major defence partner led to its becoming a STA Tier-1 country, comparable to our NATO allies, under the Department of Commerce’s Export Administration Regulations,” said Secretary of Commerce, Wilbur Ross, at the Indo-Pacific Business Forum in Washington on July 30.

8. Government To Withdraw FRDI Bill; Writes To Parliamentary Panel
Source: The Economic Times (Link)

The government has decided to withdraw the controversial FRDI bill and has informed about it to the Chairman of the parliamentary panel examining the proposed legislation. Trinamool Congress leader Saugata Ray said in the Lok Sabha that FinanceNSE -0.75 % Minister Piyush Goyal has written to the Chairman of the Joint Parliamentary Committee, saying the government has decided to withdraw the Financial Resolution and Deposit Insurance (FRDI) Bill. The Union Cabinet had earlier this month decided to withdraw the legislation in view of the concerns expressed by certain sections of people, including politicians, over the 'bail-in' clause, which they feared would harm the interest of depositors. "Minister Piyush Goyal has written to the Chairman of the Committee saying that the government has decided to withdraw the bill... This is a victory of the opposition," Ray said while participating in a debate on Insolvency and Bankruptcy Code (2nd Amendment) Bill in the Lok Sabha.

9. **Indian Sugar Can Enter Bangladesh, Malaysia If Prices Remain Competitive**
Source: The Economic Times (Link)

India's move to find new markets for its sugar ahead of the 2018-19 crushing season has met with partial success so far, with Bangladesh and Malaysia showing interest in importing raws from the country while Indonesia wants India to lower the import duties on palm oil before it allows import of sugar. Bangladesh, Indonesia, Malaysia, and China are the four countries that India has targeted in the first phase to export surplus raw sugar either through government-to-government deals or even otherwise. Negotiations are still on with China, and while India can potentially export 1.5-2.0 million tonnes of raw sugar to China, Beijing recently imposed a huge tariff on sugar imports, hurting any possibility of India making headway. So far, no firm deal has been signed with any potential importer. "There are a lot of limitations for Indian sugar exports to become viable and one big factor is high price of Indian sugar due to high cane cost which makes it unviable vis-à-vis other competitors and also the quality is sometimes not exactly of international standards, though this can be always be improved," Sabyasachi Majumdar, Senior Vice President and Group Head, ICRA Ltd told *Business Standard.*