

# Far and Wide

Every week we share selection of six news from six continents that we believe will impact our world in the near or distant future

October 2024 | Issue #67



## India-Nepal-Bangladesh Signs Trilateral Agreement: Nepal to Export 40 MW Electricity to Bangladesh via India

Welcome to the latest edition of Far and Wide, where we embark on a journey to explore intriguing stories and global developments.

In a landmark agreement signed on October 3, 2024, Nepal, India, and Bangladesh initiated a trilateral deal that allows Nepal to export 40 MW of electricity to Bangladesh through India's power grid. This marks Nepal's first international energy trade beyond India. The deal was signed by key officials from Nepal Electricity Authority, NTPC Vidyut Vyapar Nigam (India), and Bangladesh Power Development Board.

Nepal and Bangladesh have finalized the deal six years after they reached an understanding on energy cooperation. The agreement also paves the way for the collaborative development of the Sunkoshi-3 hydropower project and a feasibility study on direct energy trade between Nepal and Bangladesh.

Nepal is estimated to sell 144,000 MWh of electricity in five months- from mid-June to mid-November- at the rate of 6.4 US cents a unit, through the 400KV Dhalkebar-Muzaffarpur cross-border transmission line before India transmits the equivalent to Bangladesh. The Nepal Electricity Authority (NEA) estimates to generate approximately \$9.2 million annually through this sale and export.

For Bangladesh, this landmark agreement is a major milestone in energy cooperation in South Asia. Since Bangladesh was already working to add renewable energy in its energy system, hydroelectricity to be imported from Nepal will be vital for them. In the energy mix of Bangladesh, hydropower has a very nominal portion.

For India, this trilateral agreement solidifies its role as a key player in regional energy cooperation, positioning the country as a crucial energy conduit between Nepal and Bangladesh. By facilitating the transmission of power through its grid, India strengthens diplomatic ties and enhances its leadership in South Asia's renewable energy transition.

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## Europe

### EU Extends Deforestation Regulation, Impacting \$1.3 Billion in Indian Exports

India The European Union has proposed the extension of the implementation of the Deforestation Regulation (EUDR) by one year to December 2025 and offering a relief to approximately \$1.3 billion worth of Indian exports. The mandate of the EUDR is to ensure that firms exporting to EU must take care of the fact that products should come from land not deforested after December 31, 2020. Non-compliance of this mandate could result in penalties up to 4% of the annual turnover of such firms and confiscation of goods. The decision of the EUDR is yet to be approved by the European Parliament and Council which will give global suppliers, including India, more time to meet the regulation's complex compliance requirements. In comparison to larger firms having a time extension until December 2025, small and micro-enterprises must comply by June 2026.

Source : The Economic Times

[https://economictimes.indiatimes.com/news/economy/foreign-trade/eu-proposes-deforestation-law-delay-1-3-billion-indian-exports-get-relief/articleshow/113885759.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=ppst](https://economictimes.indiatimes.com/news/economy/foreign-trade/eu-proposes-deforestation-law-delay-1-3-billion-indian-exports-get-relief/articleshow/113885759.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=ppst)

India, The mandate shall impact Indian exports of coffee, cocoa, soya, wood, rubber, and leather products. It is noted by market experts that the stringent rules of EU Experts note are designed to increase import costs and protect its own producers. India may face challenges in export of items to EU, which was valued at USD 75.9 billion in in financial year of 2024, particularly the \$1.3 billion in at-risk products. The EU also plans to expand the list of regulated goods, posing further compliance hurdles for Indian exporters.

## North America



### India and US Sign MOU to Strengthen Cooperation on Critical Battery Mineral Supply Chains

India and the United States have signed a memorandum of understanding (MOU) to strengthen cooperation in critical battery mineral supply chains, focusing on lithium, cobalt, and other minerals essential for electric vehicles and clean energy. The agreement was signed by India's Commerce Minister Piyush Goyal and U.S. Commerce Secretary Gina Raimondo during Goyal's visit to Washington. The MOU aims to enhance resilience in supply chains and support the exploration, extraction, and processing of critical minerals in both countries.

The U.S. Commerce Department emphasized that the partnership will prioritize areas like equipment, services, and policies to facilitate mutually beneficial commercial development. It also includes recycling and recovery efforts for critical minerals, which are vital for advancing green energy goals. Goyal described the agreement as a multi-dimensional partnership that will promote open supply chains, technology development, and investment in clean energy.

Minister Piyush Goyal further highlighted the need for India and the U.S. to collaborate with mineral-rich nations, especially in Africa and South America, to broaden the scope of the partnership. However, the MOU stops short of a full trade deal that would allow India to access the U.S. electric vehicle tax credit.



Source: The Indian Express

<https://indianexpress.com/article/world/india-us-sign-mou-to-cooperate-on-critical-battery-mineral-supply-chains-9602712/>

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## South America

### Indian IT Companies Leverage Latin America as a Global Strategic Hub



The successful expansion of Indian IT companies into Latin America, has positioned the region as a major strategic hub for other global operations. The proximity of the region to the USA and Canada makes it ideal for nearshoring, allowing Indian firms to reduce communication delays and transportation costs. Nearshoring also enables Indian companies to bridge the gap between their domestic market and the North American market which is a key source of revenue for India. Latin America also offers a growing pool of skilled IT professionals, with investments in education and technology producing talent proficient in programming, data analytics, and cloud computing. Indian companies can leverage this talent to induce better talent in their teams and deliver better services. Additionally, knowledge hubs in Mexico, Brazil, and Chile provide opportunities for collaboration with local talent, giving rise to innovation and research.

Source: Financial Express

<https://www.financialexpress.com/business/industry/latin-america-a-strategic-hub-for-indian-it-companies/3624659/>

The region's economic growth which is currently driven by urbanization, rising consumer spending, and technological advancements, presents manifold opportunities for Indian IT firms to expand their client base, especially in areas like digital transformation and cloud computing. Despite challenges such as political instability in some areas and limitations in infrastructure growth, considering the global experience of India, it would be easy to navigate these risks.

## Asia



### India-Nepal-Bangladesh Signs Trilateral Agreement: Nepal to Export 40 MW Electricity to Bangladesh via India

On October 3, 2024, Nepal, India, and Bangladesh signed a historic trilateral agreement allowing Nepal to export 40 MW of electricity to Bangladesh via India's power grid. This deal, signed by the Nepal Electricity Authority, NTPC Vidyut Vyapar Nigam (India), and Bangladesh Power Development Board, marks Nepal's first international energy trade beyond India. It also includes provisions for developing the Sunkoshi-3 hydropower project and exploring direct energy trade between Nepal and Bangladesh.

Nepal will export 144,000 MWh of electricity from mid-June to mid-November, priced at 6.4 US cents per unit, via the Dhalkebar-Muzaffarpur transmission line. The Nepal Electricity Authority expects to earn around \$9.2 million annually from this deal. For Bangladesh, the agreement is a crucial step towards enhancing its renewable energy capacity, as hydropower currently makes up just 1 percent of its total energy generation.

India's role in facilitating this power trade strengthens its position as a regional energy leader, fostering closer diplomatic ties with its neighbors. By acting as the transmission link, India not only bolsters its influence in regional energy cooperation but also advances its commitment to renewable energy integration across South Asia.



Source: ANI , Kathmandu Post

<https://aninews.in/news/world/asia/india-nepal-bangladesh-sign-trilateral-agreement-to-facilitate-power-export-from-nepal-to-bangladesh2024100322114/>

<https://kathmandupost.com/national/2024/10/03/nepal-india-and-bangladesh-sign-trilateral-electricity-trade-deal>

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## Australia

### Australia's SARIC Initiative: Strengthening South Asia's Connectivity and Infrastructure

Australia's engagement in the Indian Ocean Region (IOR) has expanded beyond defense to include infrastructure and connectivity efforts, highlighted by the South Asia Regional Infrastructure Connectivity (SARIC) framework. Launched in 2020, SARIC is a \$32 million initiative aimed at enhancing transport and energy infrastructure across South Asia, including Bangladesh, Bhutan, India, Nepal, Maldives, and Sri Lanka. The program, in collaboration with the World Bank and the International Finance Corporation (IFC), focuses on building project pipelines and fostering cross-border cooperation through capacity-building initiatives. Following a mid-term review in 2024, the program is set to be extended for another five years.

Source : USSC

<https://www.ussc.edu.au/australias-south-asia-connectivity-and-infrastructure-engagement-progress-update>

SARIC targets regional infrastructure deficits that hinder economic potential and regional integration, with the aim of supporting sustainable growth. It complements initiatives by key partners like the US, Japan, and India, contributing to regional stability and growth. Around 60% of SARIC projects are concentrated in Bangladesh, such as the InfraLEAP Temperature Controlled Logistics project, which created the country's first National Logistics Development and Coordination Committee.

Although SARIC has strengthened Australia's strategic presence, its implementation has been slow, with significant unspent funds. To remain competitive against initiatives like China's Belt and Road, SARIC could expand its engagement to include civil society, ensuring inclusivity and broader benefits to the population.

## Africa



### India and South Africa Oppose Investment Facilitation Proposal at WTO MC13

The inclusion of Investment Facilitation for Development proposal in the outcome document of the 13th World Trade Organization (WTO) Ministerial Conference (MC13) in Abu Dhabi has been opposed by South Africa and India. The IFD proposal which is supported by 123 WTO members led by China, aims to increase transparency in investment regulations and attract both foreign and domestic investors. The China-led group wants the proposal to be adopted through Annexure-4 of the WTO, making it binding for signatory countries while exempting those who oppose it. However, the potential negative impact of the agreement poses as a concern for India, which has led to its opposition in the MC13 discussions. The initiative was launched in 2017 by the developing and least-developed WTO members, seeking to simplify investment processes and promote cross-border investments. Despite this, the proposal has faced criticism for possibly benefiting countries dependent on Chinese investments and wealth funds.

India has raised concerns about the proposed IFD agreement, emphasizing its reservations over the impact of the same on its national interests, leading to its firm stance against including the proposal in the conference's final document.



Source: LiveMint

<https://www.livemint.com/economy/india-s-africa-oppose-ifd-proposal-at-wto-meet-moved-by-china-led-group-11709209416592.html>