

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

January 2024 | Issue #35



India, Russia to step up discussions on an investment pact, multiple connectivity routes

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

India will begin trade negotiations with the **Eurasian Economic Union (EEU)** bloc of countries for a free trade deal in January, said **External Affairs Minister S Jaishankar**, in Moscow. While addressing a press conference with his Russian counterpart Sergey Lavrov, both representatives had an extensive discussion as part of the annual India-Russia bilateral engagements. The EEU is an economic union of **five post-Soviet states** – Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia – with an integrated single market. Coming into force in 2015, the EEU currently consists of **183 million people** and a **gross domestic product of over \$2.4 trillion**. An agreement with the bloc aims to grant Indian goods access to the **Central Asian consumer market** and strengthen the presence of Indian products in Russia.

Talks also covered **mutual investments, long-term arrangements for fertilizers** and coking coal flows, and plans to expand oil and gas investments in Russia. Both countries **signed amendments for future power-generating units** at the Kudankulam nuclear power project. Jaishankar highlighted that both sides had **discussed proposals** to increase connectivity between Western India and Russia through the **International North-South Transport Corridor (INSTC)**. He mentioned, that the INSTC was India's grand plan to cut short the time taken for **trade shipments to reach Russia and Europe** and enter the Central Asian markets. It **incorporates thousands of kilometres of all-weather highways** from the Iranian port of Chabahar in the south, through Azerbaijan in the north, and **onwards to Russia and Europe**.

Despite ties coming under intense scrutiny after the Ukraine war when the United States and Western nations criticized India over its continuing bilateral engagement with Russia, Jaishankar **emphasized the steady and strong bilateral ties** between India and Russia, based on **strategic convergence and mutual benefits**.

INSIDE

Stories in Focus



Policy

The future of the US economy is in the South

Ethiopia and 4 other countries have joined the BRICS group



Global Trade & Economy

Looking to diversify, Europe seeks Venezuelan oil

India to begin FTA talks with Russia-led economic bloc in Jan: Jaishankar

Indo-Australia trade deal boosts engineering exports, despite import surge



Technology

Chinese EV makers are planning factories in Mexico—and the U.S. is worried it's a 'back door' to undercutting the Big 3 carmakers



Europe

Looking to diversify, Europe seeks Venezuelan oil

Amid recent adjustments **in legal and trade agreements**, the United States has eased sanctions on Venezuela, global powers are thus eying Venezuelan crude wealth. Disputes regarding the **PDVSA Venezuelan crude company** are getting resolved, with promises of revitalizing the crude and gas industry and **potentially feeding hungry** European markets. The **government-run Venezuelan crude company** has formalized deals with several major international partners to bolster investments in the energy sector and support new markets.

An anticipated key partner in the coming weeks is **the Italian Eni Company**, establishing a **significant link** with the European market. **Despite Venezuela possessing** one of the world's largest crude reserves, political and economic constraints have hindered its effective utilization thus far. Europe, seeking to **diminish reliance on Russian influence**, has a keen interest in securing fresh energy supplies, making Venezuela a potential stable source of **oil imports for EU markets** and a contributor to energy security on the continent.

Source: [Economies.com](https://economies.com)

[Looking to diversify, Europe seeks Venezuelan oil \(economies.com\)](https://economies.com)

Venezuela's estimated crude reserves stand at **an impressive 303.8 billion barrels**, surpassing even those of Saudi Arabia. Pre-sanctions and unrest, the country produced **2.4 million barrels** per day (bpd), and there is considerable potential for a substantial increase in **production rates**. In 2021, **Europe depended on Russia for 27% of its oil supplies**. Substituting a portion of this reliance with Venezuelan crude becomes crucial for **enhancing energy security in the region**.



North America

Chinese EV makers are planning factories in Mexico—and the U.S. is worried it's a 'back door' to undercutting the Big 3 carmakers

Electric vehicles made in China—boosted by large government subsidies—are rapidly being adopted globally. **The New York Times reported** in October 2023, about an **export jump of 851% in the past three years**, for China's electric vehicles. Despite facing tariffs in the U.S. that hinder competition with domestically produced or friendly-imported vehicles, **Chinese EV makers** are strategically turning their attention to the thriving Mexican market. According to the **Mexican Association of Automotive Distributors**, Mexico's imports of Chinese cars (both EVs and traditional ones), **increased 62.6% during the first eight months** of this year compared to the same period last year. Several Chinese EV manufacturers, **including BYD, Chery, and MG**, are planning to establish **factories in Mexico**, taking advantage of the **free trade agreement (USMCA) between Mexico, the U.S., and Canada**.

Earlier this month, **the U.S. government**, intent on building up the domestic EV supply chain, released new rules making it harder for vehicles with battery components made by a **"foreign entity of concern"**—meaning companies in China, Russia, Iran, or North Korea—to qualify for a **\$7,500 tax break granted to EV buyers** under the Inflation Reduction Act. While Chinese-made EVs in the U.S. **face a 25% tariff**, manufacturing in Mexico could alter the competitive landscape.

The development has raised concerns **in Detroit and Washington**, the lawmakers **argued that existing tariffs** on made-in-China cars should be **maintained and even increased**, also warned about a **"coming wave" of Chinese vehicles** that "will be exported from our other trading partners, such as Mexico." This strategic shift by **Chinese automakers highlights** their intent to **leverage free trade agreements**, with Mexico and potentially other markets, to gain a foothold in the U.S. and **global automobile markets**. The situation underscores the evolving dynamics in the **global electric vehicle market**, with the potential for Chinese EVs to make a **significant impact in regions beyond the U.S.**



Source: [Fortune](https://fortune.com)

[Chinese EV makers' Mexico plans spark fears in U.S. | Fortune](https://fortune.com)



South America

The future of the US economy is in the South



Source: Business Insider India

[The future of the US economy is in the South \(businessinsider.in\)](https://www.businessinsider.in)

The Southern region of the US is poised to play a larger role in the American economy. The US population is clustering in the South, and economic growth has followed. According to a report published by **Bank of America in December 2023**, the Southern region of the United States is experiencing **significant population growth**, making it a key driver of economic expansion. The report **compared population and economic trends** across the Northeast, Midwest, West, and Southern regions of the United States. **The 16 Southern states account for 39% of the entire U.S. population as of 2022 and have contributed nearly half of the country's population increase since 1960.**

According to BofA, the South has the **highest job openings** and the **lowest unemployment rate** of any region. This region is also seen to have the **largest uptick in credit card spending**. If these trends persist, **economic and societal power could shift away from colossal coastal cities** such as New York and San Francisco **to cities like Houston, Dallas, Nashville, and Miami**. Houston's energy economy, Miami's proximity to Latin America and growing financial industry, Dallas's blossoming environment of diversified business behemoths, and Nashville's status as a healthcare and tech hub could position each of these Southern **cities to potentially thrive.**

Despite these positive trends, challenges such as high housing costs and **vulnerability to climate change may impact** the region's future. A BofA survey indicates **Southern respondents are optimistic** about future financial improvement but express current pessimism about their finances. Overall, if the positive economic trends in the South persist, residents may experience long-term benefits.



Asia

India to begin FTA talks with Russia-led economic bloc in Jan: Jaishankar

India's **External Affairs Minister, S Jaishankar**, stated that trade negotiations for a free trade deal **with the Eurasian Economic Union (EEU)** will commence in January. While addressing a press conference with his Russian counterpart Sergey Lavrov, both representatives had an extensive discussion as part of the annual India-Russia bilateral engagements. The EEU is an economic union of **five post-Soviet states** – Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia – **with an integrated single market**. Coming into force in 2015, the **EEU currently consists of 183 million people and a gross domestic product of over \$2.4 trillion**. An agreement with the bloc aims to grant Indian goods access to the **Central Asian consumer market** and strengthen the **presence of Indian products** in Russia.

Talks also covered **mutual investments, long-term arrangements for fertilizers and coking coal flows, and plans to expand oil and gas investments in Russia**. Both countries signed amendments for **future power-generating units** at the **Kudankulam nuclear power project**. Jaishankar highlighted that both sides had discussed proposals to increase **connectivity between Western India and Russia** through the **International North-South Transport Corridor (INSTC)**.

Despite scrutiny post-Ukraine war, Jaishankar emphasized the **steady and strong bilateral ties** between India and Russia, based on **strategic convergence and mutual benefits**. Both sides also discussed connectivity from eastern India, **from Chennai to Vladivostok**, and the polar route. Related areas where **India's polar capabilities could be enhanced in collaboration** with Moscow were also discussed. The minister also focused on **increasing Russian tourism in India** along with the strategic situations, **including conflicts in Ukraine and Gaza, Indo-Pacific affairs, ASEAN, and Afghanistan.**



Source: Business Standard

[India to begin FTA talks with Russia-led economic bloc in Jan: Jaishankar \(business-standard.com\)](https://www.business-standard.com)



Australia

Indo-Australia trade deal boosts engineering exports, despite import surge

One year after the **India-Australia Economic and Trade Cooperation Agreement (ETCA)** came into effect, engineering exports to Australia reached **USD 944 million** in April-November 2023-24, a **3 per cent increase**. However, imports from Australia also saw a significant 30 per cent upswing during the same period with India's engineering imports reaching **USD 355.02 million**. EEPIC India Chairman Arun K Garodia stated his optimism towards a positive **engineering trade balance of USD 471 million** between April and October 2023-24, highlighting the resilience and competitiveness of India's engineering sector. He added that this could attract them to other countries like India under the free trade agreement, particularly as they become accustomed to importing from diverse sources with the **"China plus one" strategy**.

Source: The Financial Express

[Indo-Australia trade deal boosts engineering exports, despite import surge - Economy News | The Financial Express](#)

EEPIC Chairman anticipated the potential of **doubling engineering exports** from India to Australia within a year (2024) while stating that the share of India's engineering exports in its total merchandise exports to Australia **increased to 15.1%** which indicates the growing significance of the engineering sector in the bilateral trade **dynamics between the two nations**. The significance of the ETCA outcome was also highlighted while introducing the new tariff lines for **various engineering products** which is expected to boost further trade by **diversifying the range of exported goods**.



Africa

Ethiopia and 4 other countries have joined the BRICS group

On January 1 2024, **Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates** formally **joined the BRICS group** as announced by Russian President Vladimir Putin on his country taking over **the presidency of the group**. The new members and Argentina were **officially invited** to join BRICS as full members during **its August summit in Johannesburg**, South Africa. Members of the **expanded BRICS bloc have declared** to work for multilateral regimes and multipolarity **against the attempts to create** hegemony and dominance in world politics. Assuming the **rotating presidency of BRICS for 2024**. The stronger and expanded BRICS are also expected to strengthen the existing global regimes and curb unilateral policies followed by the US and others in violation of international norms.

Together with **the inclusion of new members**, BRICS now represents **over 40% of the world's total population** and **almost 36% of global GDP in terms of PPP** surpassing the combined total of G7 countries. Russia has hinted that out of **over 30 countries** which have expressed their desire to **join the grouping**, some from **Latin America**, may be offered **membership by the next summit scheduled in Kazan in October**. Simultaneously, the United States **has officially struck off Uganda and three other African countries** as beneficiaries of the African Growth and Opportunity Act (Agoa), effectively **ending Kampala's ability to export certain commodities to the US duty-free**.



Source: RT Russia

[Putin outlines objectives for Russia's BRICS presidency — RT Russia & Former Soviet Union](#)