

# 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 distinct future

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## Nuclear Power Surge: China's Game-Changing Investment in Pakistan and its Impact on India

Welcome to our eleventh edition of the newsletter, Far and Wide, where we bring a collection of interesting stories from around the world. This week's lead story is China's significant investment in Pakistan's nuclear power sector. China recently signed a momentous deal worth \$4.8 billion to build a 1,200-megawatt nuclear power plant in Pakistan, solidifying their bilateral ties and further shaping the regional dynamics. The project, named Chashma 5, is set to commence immediately in the central province of Punjab, contributing to Pakistan's transition away from fossil fuels. The implications of this massive investment in Pakistan's nuclear power sector extend beyond the borders of the country. For India, China's involvement in Pakistan's nuclear infrastructure warrants careful attention and analysis. Pakistan is not a signatory to NSG and neither has a waiver, but still China is supplying to it, which is not in accordance with NSG rules. Given the complex geopolitical relationship between India and Pakistan, this development raises concerns regarding nuclear safety, security, and regional stability. Furthermore, China's support for Pakistan's energy sector can potentially result in an increased capacity for electricity production and subsequent exports. This has the potential to impact India's own energy landscape and trade dynamics in the region. As Pakistan diversifies its energy mix, it may look to export surplus electricity to neighboring countries, including India, potentially altering the energy dynamics and posing challenges for India's own energy sector. As India strives to maintain its strategic and economic interests in the region, it becomes imperative to closely monitor the evolving energy and geopolitical landscape



### INSIDE

## Stories in Focus



### Geopolitics

China Invests \$4.8 Billion in Nuclear Power Plant Project in Pakistan

India and United States Forge Strong Partnership Across Multiple Sectors

Australian PM Albanese Highlights Bilateral Trade Importance with China



### Global Trade

European Carbon Border Adjustment Mechanism (CBAM) to Impact Indian Steel Exports: ICRA Report

India and Brazil Engage in WTO Negotiations to Resolve Sugar Subsidy Dispute

India Aims to Boost Exports with Potential Trade Deal with Southern Africa Customs Union (SACU)



## Asia

### China Invests \$4.8 Billion in Nuclear Power Plant Project in Pakistan



Pakistan and China have signed a \$4.8 billion deal to construct a 1,200-megawatt nuclear power plant, strengthening their alliance. The Chashma 5 project, located in Punjab, will help Pakistan reduce its reliance on fossil fuels. This investment demonstrates China's trust and confidence in Pakistan as a favorable investment destination. The country's total nuclear energy production capacity will increase to 1,400 MW with this project. The Chinese partners have also provided a \$100 million discount for the venture. Although it is unclear whether this investment is part of China's broader \$65 billion infrastructure commitment under the Belt and Road Initiative, the project marks an important step in Pakistan's energy development.

Source: Reuters

<https://www.reuters.com/business/energy/pakistan-china-sign-48-bln-nuclear-power-plant-deal-2023-06-20/>



## Europe

### European Carbon Border Adjustment Mechanism (CBAM) to Impact Indian Steel Exports: ICRA Report

The implementation of the European Carbon Border Adjustment Mechanism (CBAM) is expected to significantly impact India's steel exports to Europe, according to a report by the rating agency ICRA. India exports around 3-5 million tons of rolled steel to Europe annually, accounting for 15-40% of its annual steel exports. The CBAM compliance requirements, set to be implemented between 2026 and 2034, could potentially reduce the profitability of Indian steel exports to the EU by \$60-165 per ton. The higher carbon footprint of Indian steel plants compared to their EU counterparts is a key factor contributing to this impact. Discussions between the European Union and India are underway to address concerns regarding the CBAM. The British industry association UK Steel is also calling for the swift implementation of the British CBAM to prevent a potential influx of imports and protect local steelmakers.



Source: Business Standard

[https://www.business-standard.com/industry/news/cbam-framework-to-impact-india-s-15-40-of-steel-export-to-europe-icra-123062200881\\_1.html](https://www.business-standard.com/industry/news/cbam-framework-to-impact-india-s-15-40-of-steel-export-to-europe-icra-123062200881_1.html)



## North America

### India and United States Forge Strong Partnership Across Multiple Sectors

The recently issued Joint Statement by India and the United States highlighted the vision of both countries as close partners in the world. The statement emphasized the extensive partnership between the two nations, from technology to defence cooperation. Notable agreements included investments in semiconductor supply chains, critical minerals partnerships, advanced telecommunications, and collaboration in space exploration. The defence partnership featured significant initiatives such as the co-production of combat aircraft engines, procurement of armed UAVs, and agreements on the service and repair of US Navy ships. Efforts were also made to enhance people-centric initiatives, including visa and student exchanges. Cooperation in the Indo-Pacific, sustainable development, health, and counterterrorism were other key focus areas. The Joint Statement reflected the commitment of both countries to strengthen ties and address shared challenges.

Source: The IndianExpress

<https://indianexpress.com/article/explained/explained-global/us-india-joint-statement-8682496/>



## South America

### India and Brazil Engage in WTO Negotiations to Resolve Sugar Subsidy Dispute

India and Brazil are engaged in negotiations at the World Trade Organisation (WTO) to resolve a dispute concerning India's sugar subsidies. Brazil, Australia, and Guatemala have accused India of violating global trade rules with its support measures for the sugar sector. The commerce ministry in India is coordinating efforts to find a resolution and is also addressing similar complaints from other parties involved in the dispute. A WTO panel ruled in December 2021 that India's support measures were inconsistent with trade norms. In response, India appealed the ruling in January 2022. Bilateral trade between India and Brazil has seen an increase, with the trade gap favoring India. India has exported a significant amount of sugar, and there is a demand to increase the export quota. However, the functioning of the WTO appellate body is currently hindered due to disagreements among member countries. Recently, India and the United States reached an agreement to settle six major trade disputes at the WTO.



Source: Financial Express

<https://www.financialexpress.com/economy/india-in-bilateral-talks-with-brazil-to-resolve-sugar-dispute-at-wto/3141465/>

## Africa

### India Aims to Boost Exports with Potential Trade Deal with Southern Africa Customs Union (SACU)



India is actively pursuing a trade deal with the Southern African Customs Union (SACU) to boost its exports of pharmaceuticals and automobiles. SACU, comprising five countries in Southern Africa, is a major supplier of raw materials. Negotiations for an India-SACU preferential trade agreement have gained traction after initial talks in 2007 and a revival in 2020. India seeks to diversify its export destinations to reduce reliance on a few countries and mitigate external shocks. The potential deal with SACU, as a developing country union, is expected to proceed smoothly without non-trade-related obstacles. Promising sectors for growth include pharmaceuticals, iron and steel, and automobiles. Given the decline in India's exports, corrective measures are necessary to address trade imbalances.

Source: LiveMint

<https://www.livemint.com/economy/india-plans-to-revive-trade-deal-with-sacu-11687714447661.html>

## Australia

### Australian PM Albanese Highlights Bilateral Trade Importance with China

Australian Prime Minister Anthony Albanese has stated that he will determine an appropriate time for his visit to China, emphasizing the significance of bilateral trade and expressing concerns about an Australian journalist detained in Beijing. The Labor government in Australia is actively seeking to end unofficial Chinese bans and tariffs imposed on certain Australian products in 2020 during a period of strained diplomatic relations. Although Albanese did not provide a specific date for the visit, he mentioned that his next international trip would be to attend the NATO summit in Vilnius, Lithuania, in July. While he refrained from commenting on whether detained Australians would be released prior to the visit, he reiterated the call for the release of Australian journalist Cheng Lei, who has been detained in Beijing since September 2020. Albanese stressed the importance of trade between Australia and China and advocated for the removal of any obstacles to facilitate the exchange of goods between the two nations.



Source: Reuters

<https://www.reuters.com/world/asia-pacific/australian-pm-visit-china-be-locked-appropriate-time-2023-06-25/>