

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

July 2024 | Issue #57



GTRI raises concerns over Revenue Loss, Industry Impact from UAE Metals Surge

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

The Global Trade Research Initiative (GTRI) has raised serious concerns over the surge in precious metals imports from the UAE under the India-UAE Comprehensive Economic Partnership Agreement (CEPA).

The GTRI's report highlights the negative impact on India's domestic jewellery industry and the potential annual revenue loss of Rs 63,375 crore due to zero tariffs on gold, silver, platinum, and diamonds. This policy is expected to shift import business from banks to private traders and favour Dubai-based suppliers.

The report also noted that CEPA's concessions hurt India's jewellery industry, with increased imports of gold jewellery and cut and polished diamonds threatening the domestic diamond industry, which currently benefits from zero duty on rough diamonds and a 5% duty on cut and polished diamonds.

GTRI emphasized the need for a review of the agreement, citing transparency issues and the potential for money laundering through Gift City. Ajay Srivastava, GTRI Founder, suggested a CAG audit to investigate pre-arranged deals and invoice manipulation.

He also highlighted problematic imports not meeting Rules of Origin conditions and tariff arbitrage on silver imports from Dubai, which are driving the surge.

Despite these concerns, the Indian Commerce Ministry has not responded to the report.

INSIDE

Stories in Focus



Policy

GTRI is concerned about precious metals imports under India-UAE trade pact

Australia seeks inputs on road map for closer cooperation with India



Global Trade & Economy

US Treasury warns India's banks about business with Russia

Piyush Goyal discusses free trade agreements with UK and EU ministers at G7 meet

India-Peru Free Trade Agreement to be finalised soon



Technology

AI in Africa: Deployment highest in 3 countries; limited datasets, computing power, data centres key barriers

Europe



Piyush Goyal discusses free trade agreements with UK and EU ministers at G7 meet



Source: Mint

[Piyush Goyal discusses free trade agreements with UK and EU ministers at G7 meet | Today News \(livemint.com\)](https://www.livemint.com/News/11995320.cms?from=mdr)

Commerce and Industry Minister Piyush Goyal participated in the G7 Trade Ministers meeting in Reggio Calabria, Italy, where he engaged in significant discussions on enhancing economic ties and FTAs with the EU and UK. The two-day event provided a platform for high-level bilateral meetings, reflecting India's dedication to fostering stronger global economic partnerships.

Goyal met with key international counterparts, including Italy's Deputy Prime Minister Antonio Tajani, European Commission Executive Vice-President Valdis Dombrovskis, New Zealand's Trade Minister Todd McClay, UK's Secretary of State for Business and Trade Jonathan Reynolds, and Germany's Federal Minister for Economic Affairs and Climate Action Robert Habeck. These meetings highlighted India's proactive approach to global trade relations and economic cooperation.

Goyal also addressed India's strategic partnerships with the US, GCC countries, and the EU, emphasizing the India-Middle East-Europe Economic Corridor (IMEC) to bolster supply chains and domestic measures to improve multimodal connectivity. Upcoming discussions on the India-EU FTA and the near completion of the India-UK FTA were also noted. He proposed collaboration among trusted partners to strengthen global supply chains in critical sectors like minerals, semiconductors, pharmaceuticals, and green energy. He advocated for public-private partnerships, investments in critical infrastructure, innovation, and consistent regulatory frameworks, emphasizing the importance of resilient supply chains for future generations, the ministry stated.

North America



US Treasury warns India's banks about business with Russia

A U.S. Treasury official has cautioned India's banks about the risk of losing access to the U.S. financial system if they engage with Russia's military-industrial complex.

Deputy Treasury Secretary Wally Adeyemo, in a letter to the Indian Banks' Association, highlighted Russia's reliance on importing sensitive goods like machine tools and microelectronics, facilitated by foreign financial institutions.

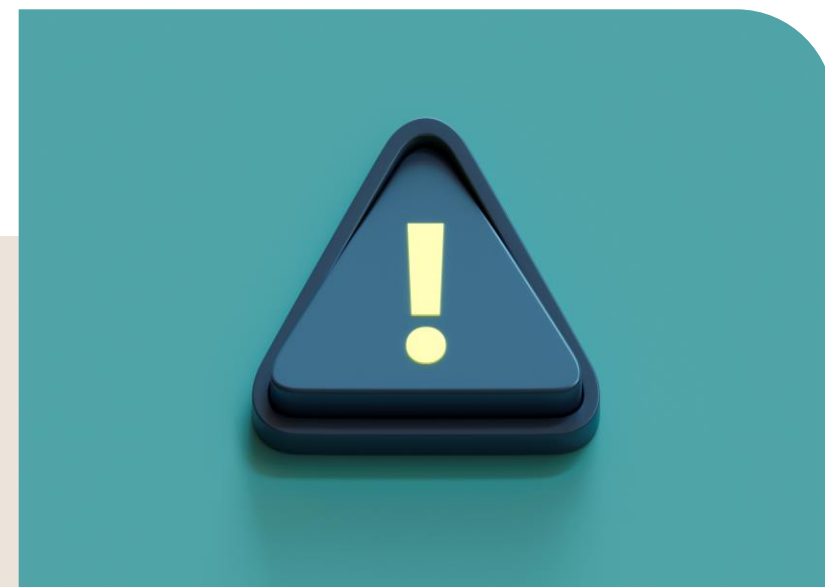
Although no specific concerns were mentioned regarding Indian banks, the warning follows India's reluctance to distance itself from Russia since the 2022 invasion of Ukraine.

The letter follows a December executive order by President Joe Biden authorizing sanctions against foreign financial institutions dealing with Russia's military sector.

Adeyemo emphasized the U.S.'s commitment to ending Russia's war through sanctions and export controls. He urged Indian banks to respond within 30 days with measures to inform companies about the executive order's implications.

Despite these tensions, Adeyemo noted the strong economic ties between the U.S. and India, with trade increasing by over 110% in the past decade.

The Indian Banks' Association was unavailable for immediate comment.



Source: Economic Times

<https://economictimes.indiatimes.com/industry/banking/finance/us-treasury-warns-indias-banks-about-business-with-russia/articleshow/111995320.cms?from=mdr>



South America

India-Peru Free Trade Agreement to be finalised soon



The growing trade relationship between India and Peru highlights significant economic exchanges and collaboration potential. In 2023, bilateral trade reached US\$3.12 billion, with India's exports to Peru valued at US\$865.91 million, including automobiles, motorcycles, and pharmaceuticals. Peru's exports to India, worth US\$2.55 billion, mainly consisted of gold and copper, according to Ambassador Javier Manuel Paulinich. Ambassador Paulinich, in an interview with FinancialExpress.com, mentioned that the proposed Free Trade Agreement (FTA) is expected to be finalized by late 2024 or early 2025, aiming to enhance trade volume and diversify economic interactions.

Between 2014 and 2023, Peru exported 357.23 tons of gold to India, with 73.65 tons going to Kundan Group companies. In 2022 alone, Peru exported gold worth US\$1.9 billion to India. This trade is vital for both economies, supporting Peru's mining industry and meeting India's demand for jewelry and investment.

Source: Financial Express

[Exclusive: India-Peru Free Trade Agreement to be finalised soonx - Defence News | The Financial Express](#)

The seventh round of FTA talks concluded in April 2024, with the next round scheduled for later this year, aiming for a year-end or early next year completion. This agreement seeks to reduce trade barriers and facilitate smoother transactions, expanding market access and diversifying trade. Peru will soon adopt an instant payment system similar to India's UPI, fostering financial inclusion and efficiency, supported by a partnership between NPCI International Payments Limited (NIPL) and Peru's Central Reserve Bank.



Asia

GTRI is concerned about precious metals imports under India-UAE trade pact

The Global Trade Research Initiative (GTRI) raised concerns about the surge in precious metals imports from the UAE under the India-UAE Comprehensive Economic Partnership Agreement (CEPA), urging an investigation due to its negative impact on India's jewellery industry and potential annual revenue loss. GTRI's report emphasized that zero tariffs on gold, silver, platinum, and diamonds under CEPA could lead to an annual revenue loss of Rs 63,375 crore, shifting import business from banks to private traders and favoring Dubai-based suppliers.

The report noted that the zero-tariff policy threatens India's domestic diamond industry, which benefits from zero duty on rough diamonds and a 5% duty on cut and polished diamonds. GTRI called for a review of CEPA, highlighting issues with transparency and the shift of silver imports to GIFT City to benefit from concessional tariffs.

GTRI Founder Ajay Srivastava suggested a CAG audit to investigate pre-arranged deals and invoice manipulation through GIFT City. He pointed out that CEPA allows duty-free imports of precious metals if they meet certain criteria, such as containing 2% platinum. Srivastava also raised concerns about the compliance of silver imports with Rules of Origin conditions, suggesting potential money laundering activities.



Source: The Economic Times

[GTRI is concerned about precious metals imports under India-UAE trade pact - The Economic Times \(indiatimes.com\)](#)



Australia

Australia seeks inputs on road map for closer cooperation with India

Recognizing India's trajectory toward becoming the world's third-largest economy by the end of the decade, Australia is developing a new roadmap to enhance engagement with New Delhi. This initiative will complement the existing Comprehensive Economic and Cooperation Agreement (CECA) and aims to foster closer bilateral economic cooperation, contributing to a more prosperous region for both nations.

The new roadmap, outlined in a discussion paper by the Australian government, seeks input from stakeholders on maintaining momentum between negotiating rounds and exploring new bilateral opportunities through public consultations. The paper highlights the opportune moment to engage with India, the world's most populous country with a rapidly growing economy. In 2023, India was Australia's fourth-largest export market and is projected to become the third-largest global economy by decade's end.

Source: The Hindu Business Line

[Australia seeks inputs on road map for closer co-operation with India - The Hindu BusinessLine](#)

The India-Australia Economic Cooperation and Trade Agreement (ECTA), implemented on December 20, 2022, eliminated tariffs on 96% of Australian goods imported to India, with a goal of 100% by 2026. India agreed to eliminate tariffs on over 85% of Australian goods, rising to 90% by 2026. The ongoing CECA negotiations aim to expand this further, covering services, digital trade, government procurement, and more. Australia's Department for Foreign Affairs and Trade (DFAT) is seeking feedback on opportunities and obstacles, regulatory changes, and strategies to enhance trade and investment. With bilateral trade valued at around \$24 billion in 2023-24, India hopes this could reach \$100 billion in the coming years as trade agreements are fully realized.



Africa

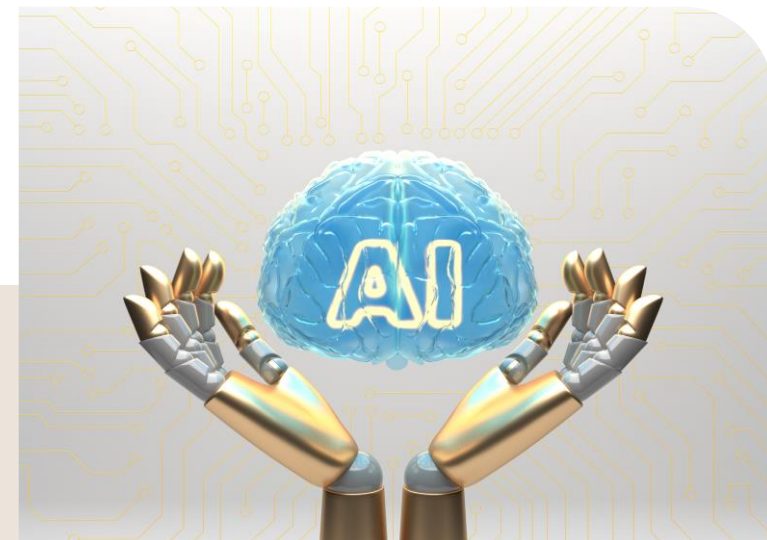
AI in Africa: Deployment highest in 3 countries; limited datasets, computing power, data centres key barriers

Kenya, Nigeria, and South Africa lead in AI deployment in Africa, with Kenya accounting for 40-49 of the 90 identified applications, Nigeria 30-39, and South Africa 20-29.

The report "AI for Africa: Use Cases Delivering Impact" highlights agriculture (49%), climate action (26%), and energy (24%) as primary AI application areas, reflecting regional priorities.

Despite Africa's AI market being \$0.4 trillion of the global \$16.5 trillion, AI could boost Africa's GDP by \$2.9 trillion. Challenges include limited local data, infrastructure, and data bias.

The report calls for more local data, talent, and doubling data centre capacity by 2030, with a focus on energy efficiency and renewable energy use.



Source: Down To Earth

[AI Deployment in Kenya, Nigeria, and South Africa Faces Barriers: Report \(downtoearth.org.in\)](#)