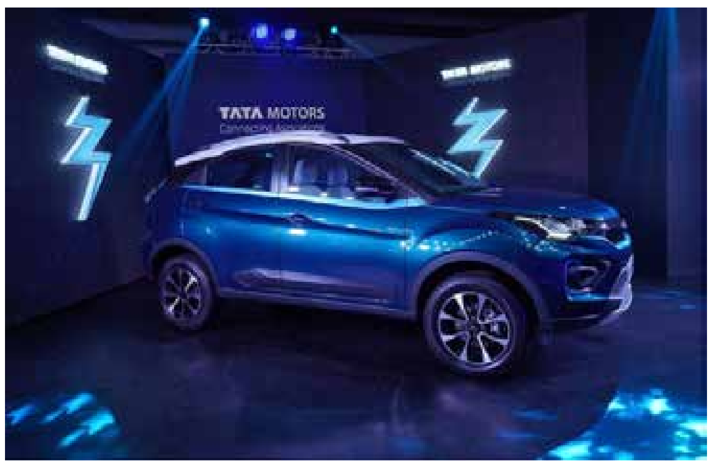
India plans $4.6 billion in incentives for battery makers

- Proposal drafted by NITI Aayog
- Cash and infrastructure incentives of 9 billion rupees ($122 million) in the next financial year
- The policy could benefit battery makers such as South Korea's LG Chem and Japan's Panasonic Corp



Tata Motors' electric sport-utility vehicle (SUV) Nexon EV is displayed during its launch in Mumbai

Reuters | New Delhi

India plans to offer $4.6 billion in incentives to companies setting up advanced battery manufacturing facilities as it seeks to promote the use of electric vehicles and cut down its dependence on oil, according to a government proposal.

A proposal drafted by NITI Aayog, a federal think tank chaired by Prime Minister Narendra Modi, said India could slash its oil import bills by as much as $40 billion by 2030 if electric vehicles were widely adopted. The proposal is likely to be reviewed by Modi's cabinet in the coming weeks, said a senior government official, who was not authorised to comment on the matter and declined to be identified. NITI Aayog and the Indian government did not respond to requests for comment.

2030
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>
> THE PROPOSAL

The think tank recommended incentives of $4.6 billion by 2030 for companies manufacturing advanced batteries, starting with cash and infrastructure incentives of 9 billion rupees ($122 million) in the next financial year which would then be ratcheted up annually.

"Currently, the battery energy storage industry is at a very nascent stage in India with investors being a little apprehensive to invest in a sunrise industry," the proposal said.

India plans to retain its import tax rate of 5 per cent for certain types of batteries, including batteries for electric vehicles, until 2022, but will increase it to 15pc thereafter to promote local manufacturing, the document said.

Though keen to reduce its oil dependence and cut down on pollution, India's efforts to promote electric vehicles have been stymied by a lack of investment in manufacturing and infrastructure such as charging stations. Just 3,400 electric cars were sold in the world's second-most populous nation during the last business year, compared to sales of 1.7 million conventional passenger cars.

The policy could benefit battery makers such as South Korea's LG Chem and Japan's Panasonic Corp as well as automakers which have started building EVs in India such as Tata Motors and Mahindra & Mahindra.

YOU DON'T MISS IT

While China accounts for 80pc of the world's lithium-ion cell production, India has introduced stricter investment rules for Chinese companies. It has also slowed down the approval processs for some proposals after a deadly border clash between the two countries in June.

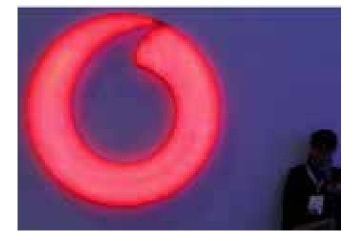
The draft proposal said annual domestic demand for battery storage and market size - currently less than 50 gigawatt hours and worth just over to $2 billion - could grow to 230 gigawatt hours and more than $14 billion in ten years time.

It did not offer an estimate of how many electric cars it expected to be on the road by 2030. The proposal estimates it would cost firms some $6 billion over five years to set up manufacturing facilities with the support of government subsidies.

NITI Aayog has been the driver of several key India government policies including the planned privatisations of a swathe of state-owned companies.

Vodafone wins international arbitration

Reuters | New Delhi



A man checks his mobile phone next to a Vodafone logo

Vodafone Group Plc has won an international arbitration case against the Indian government in a $2 billion tax dispute, two sources with direct knowledge of the matter said.

An international arbitration tribunal in The Hague ruled that India's imposition of a tax liability on Vodafone, as well as interest and penalties, were in a breach of an investment treaty agreement between India and the Netherlands, one of the sources said.

The tribunal, in its ruling, said the government must cease seeking the dues from Vodafone and should also pay 4.3 million pounds ($5.47 m) to the company as partial compensation for its legal costs, the source said.

Vodafone and India's finance ministry did not immediately respond to a request for comment.

The tax dispute stems from Vodafone's acquisition of the Indian mobile assets from Hutchison Whampoa in 2007.

The government said Vodafone was liable to pay taxes on the acquisition, which the company contested.

In 2012, India's top court ruled in favour of the telecom provider but the government later that year changed the rules to enable it to tax deals that had already been concluded.

In April 2014, Vodafone initiated arbitration proceedings against India.

India is entangled in more than a dozen international arbitration cases against companies, including Cairn Energy over retrospective tax claims and cancellation of contracts. The exchequer could end up paying billions of dollars in damages if it loses.

IATA cancels annual meeting

Reuters | Paris

Major airlines pushing back against coronavirus quarantines have been forced to replace the main gathering of their own global body IATA with a virtual event, the organisation said.

The International Air Transport Association, which had already postponed its annual general meeting from June to November, said late on Thursday it had cancelled the accompanying "World Air Transport Summit" meeting.

IATA, which said the decision to scrap the Amsterdam meeting had "not been taken lightly", has urged governments to drop quarantines that it views as disproportionate to health risks. The industry is also pressing for airport COVID-19 tests for departing international passengers.

"When we postponed this year's AGM from June until November, it was with the expectation that government restrictions on travel would have been sufficiently eased to enable a physical meeting," IATA said. "That now seems unlikely."

Huawei research lab in southern China catches fire: state media

- The fire is currently being extinguished

Reuters | Shanghai

A research lab belonging to Chinese tech giant Huawei Technologies in the southern city of Dongguan caught fire yesterday and firefighters are currently at the scene, Chinese state media reported citing local authorities.

Picture courtesy of CNTech post

The fire is currently being extinguished and there are currently no casualties, state broadcaster CCTV said on its official Weibo account.

Huawei did not immediately respond to a request for comment.

The lab in the city's Songshan Lake area is a steel structure and the main material burning is sound-absorbing cotton, Dongguan city fire rescue department said in a statement.

The lab mainly conducts research into materials as well as testing for 4G and 5G antennas related to Huawei's base station business, a source familiar with the matter said.

It is part of a larger Huawei manufacturing facility. The company has another sprawling European-themed campus close by, which has offices for 25,000 employees.

Videos posted on Chinese social media said to be of the Huawei research lab showed giant plumes of dark gray smoke billowing from the building.

US imports surge as retailers stockpile

Reuters | Los Angeles

A container ship is seen as hundreds of shipping containers are seen stacked at a pier at the Port of New York and New Jersey in Elizabeth, New Jersey

The Los Angeles-based maker of Exploding Kittens and Throw Throw Burrito board games ordered 1 million extra units from its factory in China with the hope of preventing coronavirus from ruining its Christmas sales.

The move from the company, which sells product through Target, Walmart, and Amazon.com comes as US suppliers and retailers have been rebuilding depleted inventories and battling uncertainty by stockpiling pandemic sellers such as toys, refrigerators, home furnishings and booze.

In the last few months, "I started getting the games out of China as fast as possible," said Carly McGinnis, chief operating officer at Exploding Kittens.

US imports leapt 5.9pc to a record in August, the first year-over-year rise since September 2019, according Panjiva, the supply chain research unit of S&P Global Market Intelligence. It said imports of household appliances jumped 79.7pc, and furniture imports increased 38.1pc, fueled by orders from retailers like IKEA and Target.

The Port of Los Angeles, the nation's busiest seaport, unloaded thousands of containers from seven unscheduled cargo ships in August.

President Donald Trump's trade war with China makes many imports costlier, but retailers said they don't want to risk running out of merchandise if COVID-19 infections upend supply chains again.

5.9pc
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Chicago-area retailer Abt Electronics is snapping up brand-name refrigerators from suppliers in countries like South Korea and building reserves of flat-screen TVs.

Appliance makers are still catching up from factory closures earlier this year, said co-President Mike Abt, who is carrying about 20pc more of those items than last year.

"My inventory is up, finally, in appliances but my business is up more" because stay-at-home recommendations mean refrigerators, stoves, and washing machines get more use, Abt said.

The family-owned retailer also has 27pc more flat-screen TVs in stock.

"What if we have another spike in COVID cases and things lock back down again this fall?" said Tim Jordan, who sells home decor products on Amazon. He is trying to get six months' worth of inventory, versus his typical three.

At the port serving the greater New York area, shipments linked to IKEA soared 380pc, while those for spirits maker Diageo DGE.L and cosmetics group L'Oreal OREP.PA rose 91pc and 25.5pc, respectively, Panjiva said. IKEA, Target, Diageo and L'Oreal, did not immediately respond to requests for comment.

The holiday lineup at Walmart includes evergreen products for homebound shoppers: loungewear, outdoor grills, pet beds, laptop computers, and exercise equipment. The world's biggest retailer did not immediately respond to a question about details of import strategy.

Many large retailers are starting holiday promotions before Halloween as a hedge against upheavals that could cause consumers to snap wallets shut.