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FROM THE DESK OF CONSUL GENERAL



Dear friends,

As we present the May edition of our commercial newsletter, daily life in Germany seems to be coming back to normal with lifting of most of the Covid pandemic related restrictions and resumption of commercial activities. Even in India, after the severe outbreak of the second wave of the Covid pandemic last month, which was devastating, gradually life seems to be limping back to normal. Many states have partly eased the restrictions and economic activities are being resumed in a phased manner.

Some of the main attractions of the previous month included the India-EU Summit- the first of its kind- as Prime Minister Modi interacted with the leaders from the 27 EU member states along with the President of the European Council and the European Commission and Union Minister for Commerce & Industry Shri Piyush Goyal addressed the World Economic Forum's Global Trade Outlook Session.

On the commercial front, one of the important developments include announcement of the Production Linked Incentive Scheme on Advanced Chemistry Cell (ACC) Battery Storage.

I would like to convey my gratitude to Mr. Oliver Schwebel, CEO of the Frankfurt Economic Development GmbH, who has shared his views on investment potential in the Frankfurt region and scope for India-Germany cooperation in the Economic and commercial sphere. I hope you will enjoy this edition of the newsletter. We welcome your feedback which may be sent on com1.frankfurt@mea.gov.in.

Yours sincerely,
Amit Telang

<https://cgifrankfurt.gov.in/>



The German Government approves Climate bill

The German cabinet approved draft legislation for more ambitious CO2 reduction targets, which also includes being carbon neutral by 2045. According to the draft, emissions in Germany are to fall by 65 percent by 2030 and by 88 percent by 2040 compared to 1990 levels.

Environment Minister Svenja Schulze said, "With this law, we are creating more fairness between generations, more planning security and protecting the climate in a way that doesn't stifle the economy, but rebuilds and modernizes it,"

The draft legislation will go to parliament for approval and the government is working on specific measures to reach the goals.

Source: <https://www.reuters.com/>

The Euro-Area Inflation Rate at 2% for the first time since 2018

The Inflation in the euro area climbed to the highest level in more than two years. Inflation in the eurozone rose sharply last month to 2%, just above the European Central Bank's target. Germany, Spain and Italy, three of the four largest euro-zone economies, all reported increases.

The European Central Bank has stressed that price increases will likely be transitory, and that it is still premature to talk about an unwinding of monetary support. While inflation is now at the level, policy makers aim to achieve over the medium term, much of the rise can be explained by temporary factors or energy.

The inflation rate in Germany rose to 2.5 percent in May. In the previous year, inflation rates in Germany had been negative and prices had fallen on average. This year the inflation rate rose to 1 percent in January, 1.3 percent in February, 1.7 percent in March and 2.0 percent in April.

Source: <https://www.bloomberg.com/> & <https://www.faz.net/>

The German cabinet passes the Fast Charging Act

The "Act on the Provision of a Nationwide Fast-Charging Infrastructure for Pure Battery Electric Vehicles" or the "Fast Charging Act" is passed by the German Cabinet. The Federal Ministry of Transport and Digital Infrastructure (BMVI) is creating the legal framework for the targeted expansion of a Germany-wide network of fast-charging points. With around 1,000 additional fast-charging hubs, a close-knit fast-charging infrastructure network is to be created.

A tendering process, which will be based on the Fast Charging Act, will be employed in the future to ensure the efficient development of the planned fast-charging network for long-distance and medium-distance mobility. The concept of the tender will be presented to the German Bundestag shortly.

Source: <https://www.now-gmbh.de/>

Prime Minister Shri Narendra Modi participates in the India-EU Leaders' Meeting



Prime Minister Shri Narendra Modi during the India-EU Leader's Meeting

At the invitation of the President of the European Council Mr. Charles Michel, Prime Minister Shri Narendra Modi participated in the India-EU Leaders' Meeting. The meeting was held in a hybrid format with the participation of leaders of all the 27 EU Member States as well as the President of the European Council and the European Commission.

During the meeting, the leaders expressed their desire to further strengthen the India-EU Strategic Partnership based on a shared commitment to democracy, fundamental freedoms, rule of law and multilateralism. They exchanged views on three key thematic areas: i) foreign policy and security; ii) COVID-19, climate and environment; and iii) trade, connectivity and technology.

The leaders welcomed the decision to resume negotiations for balanced and comprehensive free trade and investment agreements. Negotiations on both the Trade and Investment Agreements will be pursued on parallel tracks with an intention to achieve early conclusion of both agreements together.

India and the EU launched an ambitious and comprehensive 'Connectivity Partnership' which is focused on enhancing digital, energy, transport and people-to-people connectivity. The Partnership is based on the shared principles of social, economic, fiscal, climate and environmental sustainability, and respect for international law and commitments. The Partnership will catalyse private and public financing for connectivity projects. It will also foster new synergies for supporting connectivity initiatives in third countries, including in the Indo-Pacific.

Union Minister Shri Piyush Goyal speaks at World Economic Forum's Global Trade Outlook Session



Minister Shri Piyush Goyal during WEF's Global Trade Outlook Session

Speaking at World Economic Forum's Global Trade Outlook Session, Minister of Commerce & Industry, Shri Piyush Goyal said that India feels much more comfortable in launching negotiations for a Balanced, Ambitious, Comprehensive, and Mutually Beneficial Agreement on Trade & Investment Protection.

Shri Goyal said that the country is looking forward to the trade and investment negotiations & the potential they hold for economic growth & prosperity for the people of India, UK & the countries of the EU. The Minister said that India resonates with the countries and entities like the UK, EU, Australia, Canada and the US, in terms of democracy, transparency, rule of law, independence of courts, investment rules, etc. Moreover, Indian trade with them is by and large balanced.

The Government of India approved Production Linked Incentive Scheme 'National Programme on Advanced Chemistry Cell (ACC) Battery Storage'

The Indian Government approved the Production Linked Incentive (PLI) Scheme 'National Programme on Advanced Chemistry Cell (ACC) Battery Storage' for achieving manufacturing capacity of Fifty (50) Giga Watt Hour (GWh) of ACC and 5 GWh of "Niche" ACC with an outlay of Rs.18,100 crore.

ACCs are the new generation of advanced storage technologies that can store electric energy either as electrochemical or as chemical energy and convert it back to electric energy as and when required. The consumer electronics, electric vehicles, advanced electricity grids, solar rooftop etc. which are major battery consuming sectors are expected to achieve robust growth in the coming years. It is expected that the dominant battery technologies will control some of the world's largest growth sectors.

ACC battery Storage manufacturers will be selected through a transparent competitive bidding process. The manufacturing facility would have to be commissioned within a period of two years. The incentive will be disbursed thereafter over a period of five years. The incentive amount will increase with increased specific energy density & cycles and increased local value addition. Each selected ACC battery Storage manufacturer would have to commit to set-up an ACC manufacturing facility of minimum five (5) GWh capacity and ensure a minimum 60% domestic value addition at the Project level within five years. Furthermore, the beneficiary firms have to achieve a domestic value addition of atleast 25% and incur the mandatory investment Rs.225 crore /GWh within 2 Years (at the Mother Unit Level) and raise it to 60% domestic value addition within 5 Years, either at Mother Unit, in-case of an Integrated Unit, or at the Project Level, in-case of "Hub & Spoke" structure.

The Indian Government allocated more funds to boost Horticulture sector

Keeping in view the huge potential and role of the horticulture sector in increasing farmer's income, the Government of India has allocated Rs. 2250 Crore for development of horticulture sector during 2021-22.

To further promote and for holistic growth of the horticulture sector in the country, the Ministry of Agriculture and Farmers Welfare has provided an enhanced allocation of Rs. 2250 Crore for the year 2021-22 for 'Mission for Integrated Development of Horticulture' (MIDH), a centrally sponsored scheme. The Ministry is implementing MIDH with effect from 2014-15, for realizing the potential of the horticulture sector covering fruits, vegetables, root and tuber crops, mushrooms, spices, flowers, aromatic plants, coconut, cashew and cocoa. Area and production during the years 2014 – 15 to 2019 – 20 has increased by 9% and 14% respectively. Moreover, the mission has boosted best practices to be followed in farms which have significantly improved the quality of produce and productivity of farmland.

Mr. Oliver Schwebel, CEO, Frankfurt Economic Development GmbH

Mr. Oliver Schwebel
CEO, Frankfurt Economic Development
GmbH

Mr. Schwebel was born 1969 in Kronberg/Taunus, is banker by education and has his background in leading areas of the financial industry, such as BfG Bank AG, LBBW, DZ Bank, SIX Financial Information, as well as within the political environment. Furthermore, due to his continuous involvement in the political environment over many years, Mr. Schwebel was able to acquire a broad expertise in day-to-day politics in the Rhine-Main-Area.

Mr. Schwebel has been working for Frankfurt Economic Development GmbH since 2010 and became the Managing Director on May 1, 2015. At the same time, he was assigned as the Managing Director of the FRM GmbH. In this role, he led the regional trade fair presentation and the future project FRM 2030 and resigned from his office in May 2018, after a successful completion of his projects.

Interview

How does Frankfurt Economic Development GmbH support the companies interested in investing in Frankfurt?

The Frankfurt Economic Development GmbH is a hundred percent subsidiary of Frankfurt's municipal government. We serve as an interface and a communication channel between business and politics in the city.

Based on the needs of the investors and companies which plan to settle down or to expand their business in Frankfurt am Main, we offer free and tailor-made services. Our services include:

- information provision about the location
- briefing companies about the possible choices of legal entities and the procedure of incorporating a company
- property search
- supporting senior managers for their applications of the residence and work permits
- facilitating the establishment of business networks, including with relevant business associations and services providers such as lawyers, tax consultants, personnel agencies, banks and insurance companies etc.

At the end, our goal is to make, the setting up of and expansion of businesses in Frankfurt am Main, as easy as possible. We believe that the provision of the best possible business environment will facilitate continuous economic growth of our city.

What are the sectors which have a huge potential in the future, especially in the context of Indo-German trade?

In the era of digitalization and innovation, there is a great potential for those international companies and start-ups that specialized in IT and AI services working in Germany. Their services can be well applied in the areas of the medicine and treatment development, automobile industry, financial industry and so on.

What is your experience with the Indian companies present in Frankfurt and also those exploring opportunities to set up their businesses in Frankfurt?

Thanks to our international mindset and connection, we are glad that Frankfurt am Main tends to be the first choice for many Indian companies which plan to gain a foothold in Europe.

Around 200 Indian enterprises settled in town are run by highly qualified Indian citizens. They devote themselves in diverse sectors ranging from IT and software development, banking services, legal services to trade. Because of their contribution, India plays an important role in Frankfurt's dynamic economic growth.

To serve and better understand the needs of our Indian community, we have regular exchanges with the Consulate General of India, Frankfurt. Also, we regularly launch an event "India meets Frankfurt Rhein Main" with various partners, so as to keep our dialogue with Indian companies in our city.

What are the challenges and opportunities to the businesses due to the COVID 19 pandemic?

Since COVID-19 pandemic started in early 2020, companies face extraordinary challenges which we have never come across. Temporary stop of air travel, entry restriction, social distancing, delay in semi-product or raw materials supply, compulsory lockdown and so on, do shift consumer and business behaviors. The pandemic brings about lot of uncertainties to our enterprises.

Nevertheless, challenges create opportunities. Resulted from lockdown, retail shops and restaurants have studied and applied various e-commerce-based business models. To make teaching in the universities and schools possible during the lockdown, some IT companies investigate how they can help by providing different E-learning platforms. This pandemic therefore challenges companies to think out of the box, to be more flexible, to establish an online presence and to speed up digitalization process of many business.

THANK YOU

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