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Commerce Department Announces New Program to Increase Secure High-Tech Trade with India

WASHINGTON - U.S. Commerce Secretary Carlos M. Gutierrez today announced the establishment of the Validated End-User (VEU) program for India, which will help facilitate and increase bilateral high technology trade while maintaining a secure U.S. export control system. The VEU program for India will make transactions easier, faster and more reliable with customers that meet the security requirements of an interagency review process, and help U.S. exporters remain competitive in one of the fastest-growing markets for American companies.

As the world's largest democracy and a strategic partner, India's growth has created new opportunities for U.S. businesses and workers. VEU will enable U.S. companies to capitalize on those opportunities by eliminating individual license requirements on exports of U.S.-controlled items to certain customers in India with a track record of responsible use of such items.

"American exporters benefit from access to India's market, and the Validated End-User builds upon the enormous progress made over the last six years in facilitating secure high-technology trade and investment while strengthening our cooperation on export controls," said Secretary Gutierrez. "This common-sense approach will make it easier for U.S. companies to sell American products to pre-screened customers in India, while maintaining vigilance over U.S. technologies."

Announced by President Bush in March 2006 and previewed by Secretary Gutierrez at the U.S.-India CEO Forum this past week, the VEU program will increase U.S. high-tech exports to India and further align the economic and commercial ties between the world's oldest and largest democracies. U.S. exports to India have increased by 66 percent since 2004. The VEU program could facilitate millions of dollars in additional U.S. high-tech exports to India in such sectors as electronics, avionics, aerospace, and life sciences.

As India has taken significant steps to strengthen its non-proliferation regime – including the passage of the landmark Weapons of Mass Destruction Bill creating an export control system – the U.S. has updated its policies towards India to reflect this progress. The percentage of total U.S. exports to India requiring a Commerce Department license has plummeted to less than one percent from 24 percent in 1999.

"The VEU program is a result of India's progress in developing an effective export control system, and will ensure American companies are able to compete while giving companies in India enhanced access to U.S. products," Gutierrez added.

VEU for India was implemented through an update to the Export Administration Regulations in the Federal Register. India's eligibility for this program was facilitated through consultations with the Government of India at such fora as the U.S.-India High Technology Cooperation Group. While U.S. controls on exports to India have been eased over the past several years through such bilateral cooperation, VEU goes further by enabling license-free exports to authorized companies in India with a record of responsibly using sensitive U.S. technology.

Companies in India will apply for VEU status through the Commerce Department. Commerce will continue to work with the Government of India and private-sector groups to effectively implement the VEU program for maximum benefit to both countries.

Background

Led by Under Secretary Mario Mancuso, the Commerce Department's Bureau of Industry and Security (BIS) promotes continued U.S. strategic technology leadership and advances national security, foreign policy and economic objectives by ensuring an effective dual-use export control and treaty compliance system. Dual-use items have commercial uses, but also have conventional military and weapons of mass destruction applications.

While U.S. export controls on many items have been removed in recent years, certain technologies such as advanced electronics still require an individual export license for sale to India. Under the VEU program, such technologies would not require an individual license if exported to a company approved as a "Validated End-User." Any end-user in India is eligible to apply for this program. In addition, U.S. exporters may propose end-users for VEU status.

The U.S.-India High Technology Cooperation Group (HTCG) was initiated in November 2002 as a result of a commitment between President Bush and the Prime Minister of India to stimulate high-technology commerce between the two countries. The HTCG is co-chaired by U.S. Under Secretary of Commerce Mario Mancuso and Indian Foreign Secretary Shivshankar Menon and consists of senior representatives from each government. The HTCG seeks to identify steps to create a favorable environment for high-technology trade and collaboration, while enhancing the security related to such trade.

For more information on the application process and benefits of the program, visit www.bis.doc.gov

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