

Ambassador Karan Bhatia
Deputy United States Trade Representative
Conference Call on the
US – India Trade Policy Forum
Washington, DC
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Ambassador Bhatia: Good afternoon, everybody. I think I'm here to do a little background on the US-India Trade Policy Forum. I think I've spoken with a number of you about this, but in a nutshell the President and the Prime Minister launched the Trade Policy Forum last year, almost a year ago, when the Prime Minister was visiting Washington. It's a ministerially chaired meeting that really covers the gamut of trade issues, trade policy issues between the United States and India.

The first meeting, inaugural meeting, happened in November of last year between Ambassador Portman and Minister Nath, Kamal Nath, who chairs it for the Indian side. Since that time we've had another ministerial meeting and now coming up will be the third ministerial meeting under the TPF. It is to happen here in Washington and it will be the first time it has been chaired by Susan Schwab, of course, in her new capacity as US Trade Rep. It's a one-day meeting. It probably will happen over the course of the morning on Thursday. Preceding that meeting there's been a fair amount of conversations between folks in both Washington -- Well, in Delhi and then there will be some more meetings basically at my level and below here in Washington leading into Thursday's meeting.

The topics of conversation, as I said, really run the gamut of trade issues, but we're divided into five focus group areas. Agricultural issues, industrial products, services, investment and what's called innovation and creativity which is a heavy focus on intellectual property rights.

We continue to use the mechanism to engage the pre-senior level in trying to strengthen and deepen the trade relationship. Thus far it's yielded I think a number of benefits for both US companies as well as Indian exporters. The goal of the initiative is to help achieve the goal that was set for both countries by the Ministers and endorsed by Presidents of doubling the trade relationship, doubling the trade flows over the next three years.

Thus far I think the returns are pretty good. Trade numbers look to be growing in the first quarter of this year and we're hoping to see that continue. Clearly industry is very interested in, the US industry is interested in the opportunities presented by the fast-growing Indian market, and Indian exporters and investors appear increasingly interested in the United States as well. It's the next step.

I think one thing that's notable is that this is, as I said, one of the first major bilateral meetings that our new USTR, Ambassador Schwab, will be doing. It was an important commitment, it was a date committed to by Ambassador Portman, but I think Ambassador Schwab felt that it was an important endeavor not make sure that our US-India bilateral relationship continues to grow. So she has made a high priority of making sure that that meeting and the engagement remains on her schedule.

With that I'll stop and take it over to you all for any questions you might have.

Question: Is there anything specific you're expecting to come out of this week's meeting along the lines of what we saw from the JCCT with China?

Ambassador Bhatia: I think the analogy is somewhat applicable, Mark, in that obviously we do try and use these meetings to tee up results. But it is still much earlier in the process with the Trade Policy Forum. The JCCT has existed for now 15 years or so so there's more of a rhythm to it than in the India Trade Policy Forum, but I am hopeful that we will see potentially some progress made, for instance, in addressing some issues in the area of legal services, for instance, is one area that we're hoping for at least some institution building, let's put it in that sense, that would help address issues and legal services going forward. Agriculture always remains an important set of issues for us and I think we're likely to hopefully have some progress there, as well as issues in the, I'm hoping we will obtain some progress in the regulatory areas having to do with a number of US service providers.

I would not describe it -- Will there be any headline grabbing news? Probably not. But I do think it's an opportunity for us to continue to make good progress in addressing real, on-the-ground kind of problems that both American and Indian firms face in accessing each other's market.

Question: A couple of years ago I think it's been that the Indian government expressed at least an intent to not charge their bound duties, for instance, and then force their quotas on some feed grains at times too, because they were going to need more grain, feed grains especially for an increasing poultry and livestock market. My understanding from AgriBusiness sector people is that hasn't happened. I'm wondering if your discussions up to now with the Indian government reflect their intent still to do that. Are you getting any idea that that may happen here in the next year or two?

Ambassador Bhatia: I'm sorry, the issue is feed grains?

Question: Yes, feed for cattle and poultry, et cetera.

Ambassador Bhatia: I'll be honest with you, that's not an issue that's cropped up onto my radar screen. There's a lot of discussion I know going on between our ag focus group chairs, so it may be that that's one of the issues out there, but feed grain is not, we have talked with them obviously about issues -- Well, we've talked to them about a variety of SBS kinds of issues on a number of sectors and tenders that they've put out for different kinds of grains, but not feed grains. So I apologize, I don't have anything for you on that.

Question: Thank you.

Question: I see that India's proposed two regulations related to genetically modified foods. One is a labeling requirement for Ministry of Health and Family Welfare; and then also approval required for each shipment before import out of the Ministry of Commerce.

On either of those, what are you asking India to do, and have they changed anything from their initial proposals?

Ambassador Bhatia: I think what I can tell you in that area is that these are bio-tech regs that we're well aware of. We have got these under discussion with the Indians. I don't have anything to share for you in the way of outcomes but I would say that bio-tech is a significant area of conversation that we've got with the Indians undergoing through the Trade Policy Forum.

Question: Have you asked them to present these regs before the WTO/SPS committee?

Ambassador Bhatia: We have been engaged in I'd say discussions with them as to whether the bio-tech regulations are going to serve their intended purposes and whether they could usefully be modified, let's put it that way.

Question: Has there been any talk, or would you expect there to be any talk about opening the Indian market, or loosening up the restrictions on US retailers in the Indian market? And then also if there have been any textile talks in general.

Ambassador Bhatia: Retain is obviously a subject that does come up and has come up and I think it's one of the more politically charged subjects on the Indian side. At the same stage it's an area that we believe is an important area to see progress. The Indians have moved with respect to single branded stores there at the end of last year which obviously was a move in the right direction. I think it's fair to say that we all continue to hope to see more movement.

It is more over note a topic that was addressed by this group of CEOs that you may be familiar with, it's a joint group of Indian and US CEOs that was set up also by the two Presidents. The issue of [textile] liberalization was brought up there.

With respect to textiles, that actually has not been a major topic of conversation between the two of us.

Question: A more general question, you guys talk about this goal of doubling trade within, I forget, is it three years or five --

Ambassador Bhatia: Three.

Question: Is there a particular game plan in terms of what the two sides feel they need to do in order to achieve that goal? Are there certain barriers that are present in the Indian market that we think would like to be removed and are key to getting to that goal of doubling trade within five years?

Ambassador Bhatia: I think there are, Doug. If you look at the lay of the land right now there are some key areas where I think we frankly think if the Indians, let's put it this way. If there were stronger US-Indian cooperation it could help grow trade in these sectors and that could contribute to successfully achieving the goal. Let me just list a few of them.

First of all, high technology trade is obviously an area of significance for both sides as areas that we're looking to grow. I think there continue to be latent concerns about US export control restrictions on India that frankly don't even exist in many cases any more, but there's this perception of regulatory barriers impeding trade in that area. So I think there is more that can be done to probably strengthen the confidence of the business sectors simply by pointing them to the reality of what our [inaudible] in that area. That's one.

Secondly, civil nuclear I think is a [inaudible] area here. The administration is obviously working hard there to pass that. That's not just for the sake of opening up that trade, but frankly for the confidence that it will engender in trade and the technology areas.

A third is obviously in the specific sectors that we're talking about here. So for instance agriculture, I think addressing SPS issues is important to growing our agricultural trade which has been growing in countries.

Services is obviously an enormous opportunity for both countries, both India firms competing in the United States and US firms competing in India, but there do have to be steps taken that will either address things like investment restrictions or the ability to do business on the ground there.

So I think our strategy is, frankly, to focus on the regulatory restrictions that are most impeding trade flows and work our way through them almost sector by sector. Unlike some countries with whom let's say we're engaged in comprehensive FTA discussions, this is one where I think what we're trying to do is address it sector by sector with the Indians raising concerns to us and us raising concerns to the Indians. And hopefully out of that [inaudible] address the concerns that are in fact [inaudible] discouraging investment and trade.

Question: Is the focus more on regulatory issues than reducing tariffs?

Ambassador Bhatia: Yes, I think that's fair to say. I mean tariffs do come up. There's no question that tariffs come up. What the Indians have done to some extent, they have reduced tariffs unilaterally in certain areas, and to be honest with you, I think a lot of the, well, two [points.] Obviously the issue of tariffs does [inaudible] in Doha, whatever they do there they would have to apply them on an MFN basis.

The regulatory restrictions, to some extent I think are things that some of our companies, there are certain restrictions that affect our companies or our companies are more concerned about potentially than others. There are certain sectors in which we are stronger. So we're trying to work with the Indians to address those concerns. They have raised certain concerns with our practices that we're trying to address as well.

Question: Did this meeting sort of trump the US-EU Summit as far as USTR was concerned?

Ambassador Bhatia: No, I think what's fair to say is that, well first of all, the US-EU Summit is not something that we traditionally, USTR traditionally participates in. Secondly, this has

been a commitment on the USTR's schedule since March at least when the meeting was originally set.

Question: In terms of whether USTR traditionally participates in the US-EU Summit or not, it just seems like more often than not USTR is a part of the summit.

Ambassador Bhatia: The summit is a head of state event. You look at APEC summits or other summits, typically those are presidential level events rather than cabinet member led events. So let's put it this way, I don't know of any plan to postpone that or to put off the US-India meeting for purposes of the US-EU Summit.

Question: I wanted to ask about a specific thing that India has raised in the context of these meetings. These are the continuous entry bonds on shrimp imports. We understand that USTR is talking with Customs and Border Protection about this bonding requirement. How are those efforts going?

Ambassador Bhatia: There are interagency discussions ongoing about the case that the Indians and for that matter the Thais have filed. I think I'll just, I don't have a lot to say on that front other than the fact that we remain in contact with both the Indians and interagency about the subject. I'm sorry I don't have more for you on that right now.

Question: Have you asked for them to be lifted?

Ambassador Bhatia: I'd just say that we're working on it interagency.

Voice: We just have time for one more question, if there is one.

Question: You wore us down, Karan.

Ambassador Bhatia: I can't believe I'm sufficiently boring on a Monday afternoon to -- [Laughter].

Question: It's not even Friday afternoon.

Ambassador Bhatia: Friday you guys are always up for more, I guess.

You obviously will be following this, I'm sure, and I suspect we'll be talking with you more as the week wears on. Susan, by the way, is going to be speaking at the USIDC, the US India Business Council annual meeting on Thursday afternoon, and I think her remarks will be something you guys may want to report on. We'll make sure those get out onto the web.

Question: I think I have one other thing. During your last visit to India I heard that you raised with the Indians the topic of their coffee tariffs. Was that raised in the form of a bilateral request, or did you also mention the WTO negotiations on that topic? What kind of a response did they register?

Ambassador Bhatia: There are a lot of things that are ascribed to me that in reality happen in the context, within these very large, these discussion groups. The issue of coffee was not something that I personally raised, although I believe it did come up in the TPF working groups. I think it may have been our AUSTR Ambassador Hartwick who raised it. So I don't have a read for you on what came out of that, but I do know that the subject was raised.

Question: Thank you.

Ambassador Bhatia: Thanks.

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