



Trade Facts

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U.S. and India Issue Joint Statement on Trade

President Bush and Indian Prime Minister Singh jointly issued a statement on trade today during the President's visit to India. The joint statement reaffirms the increasingly close cooperation between the United States and India on international trade in both multilateral and bilateral fora.

Multilateral. Whereas the United States and India once could find little common ground in multilateral trade negotiations, we are now working together in pursuit of a successful and ambitious global trade liberalizing agreement.

- President Bush and Prime Minister Singh reaffirmed their shared commitment to completing the WTO Doha Development Agenda (DDA) before the end of 2006, and agreed to work in partnership to help achieve this outcome.
- The Leaders agreed to meet the task with ambition, determination and a willingness to contribute to the outcome, and to keep the development dimension in focus. This is an important signal from India which both sides hope will be matched by others.
- Recognizing the most immediate task of having a breakthrough in the negotiations, the leaders agreed on the need to have a substantial outcome in all three pillars of the agriculture negotiations (domestic support, export competition and market access); and significant improvements in market opportunities in manufacturing and services, including transparency of regulatory practices in services.
- As evidenced by the discussions, including with the CEO forum, both sides agreed that Doha presents a once in a generation opportunity to create new market access opportunities that will benefit both our countries and contribute significantly to development, poverty reduction and global growth.

Bilateral. The two leaders have also reaffirmed their commitment to strengthen and deepen bilateral trade ties between the two countries. The U.S.-India trade relationship has grown substantially over the past five years – with total two-way trade in goods increasing from \$14 billion to over \$26 billion. However, potential trade and investment flows between our two dynamic, growing economies could be far greater.

To enhance trade and investment flows, the two leaders created in July 2005, the Trade Policy Forum – a standing bilateral committee chaired by Indian Commerce Secretary Kamal Nath and U.S. Trade Representative Rob Portman, to increase trade and investment flows. India is only one of three countries with which the United States has such a cabinet-level chaired trade forum. On the U.S. side, it involves representatives of the Office of the U.S. Trade Representative; the Departments of Agriculture, Commerce, State and Treasury; U.S. Customs & Border Protection; and the Small Business Administration.

Inaugurated in the fall of 2005 with the goal of doubling bilateral trade in three years, the US-India Trade Policy Forum has created five “focus groups” – chaired by senior economic officials in the US and India – that have already successfully resolved a number of outstanding trade irritants and established detailed work plans to address outstanding issues and opportunities to grow bilateral trade and investment:

- Trade in agricultural products. Under the TPF, agricultural authorities in the two countries have successfully addressed a number of sanitary/phytosanitary (SPS) issues, including: signing an agreement that, upon completion of various steps, will permit export of Indian mangoes to the United States; recognition of India’s Agricultural and Processed Food Products Export Development Authority (APEDA) as eligible to certify Indian products as compliant with USDA organic standards; and the initiation of Indian regulatory processes for the approval of two edible waxes on fresh fruits. Going forward, the two sides have agreed to continue consulting with respect to fumigation treatments, poultry, dairy, almonds, wheat, and additional edible wax approval, and also to explore possible joint initiatives in the area of biotechnology.
- Tariffs and non-tariff barriers. Under the TPF, India has acted to ensure that insecticides produced by a US company can be sold throughout India, while the United States has addressed a long-standing Indian concern through the repeal of the Byrd Amendment. India has also committed to eliminate special duties on carbonated beverages, to reduce duties on life-saving drugs, and in general to lower duties on most non-agricultural imports. Going forward, both sides have agreed to consult with respect to potential initiatives to enhance the transparency of tariff regimes, government procurement issues (including India’s procurement preference policies and a pending cellular telecommunications tender); Indian regulatory requirements, subsidies, and/or tariffs affecting for US exports of boric acid, fertilizer, large motorcycles, and refurbished computer parts; the continuation of US trade preferences; and US rules governing gems/jewelry exports, and bonding requirements for antidumping duty orders.
- Services. Under the TPF, the United States and India have addressed concerns regarding market access and recognition for accountants, new Indian conditions for international telecom licenses, and new Indian media and broadcasting-related

policies by facilitating a dialogue between the relevant boards, authorities, or companies of both countries. The two governments have also agreed to exchange information on mutual recognition for various professional services, continue discussions on equity limitations in various service sectors, explore market access issues in the area of legal services, and to continue discussions on Indian regulations in the telecom and broadcasting/media sectors, the movement of persons, and market access for financial services in the U.S.

- Investment. Since the creation of the TPF, India has liberalized its restrictions governing foreign direct investment in the retail sector (allowing 51% FDI in retail trade for single brand products), and removed an approval requirement for 100% FDI in wholesale stores. Going forward, the two governments have agreed to continue under the TPF a dialogue on investment restrictions, especially in the retail, financial services, and insurance sectors, and to seek to identify potential sector-specific investment joint initiatives (*e.g.*, transportation, agroprocessing).

Further, the U.S. and India have agreed to work jointly to promote initiatives in support of small businesses in both countries, such as small business trade delegations, exchanges of technical expertise, and joint trade promotion programs.

- Innovation and Creativity. With strong knowledge-based industries and work forces, the U.S. and India share a common interest in – as stated by the leaders – “promot[ing] innovation, creativity, and technological advancement by providing a vibrant intellectual property rights regime.” Under the TPF, the two countries have agreed to explore capacity building activities, human resource development and awareness creation strategies, designed to strengthen and enhance intellectual property protections.