May 2015

|Embassy of India-Washington DC| Commerce Wing

Monthly Commercial Report

India – U.S. Trade Analysis

India's merchandise exports to the U.S. grew by 0.64% from $ 15.06 billion during the period January - April 2014 to $ 15.16 billion during the period January - April 2015. US exports of merchandise to India grew by 14.1% from $ 6.07 billion during the period January - April 2014 to $ 6.92 billion during the period January - April 2015. India - U.S. bilateral merchandise trade during the period January - April 2015 was $ 22.08 billion.

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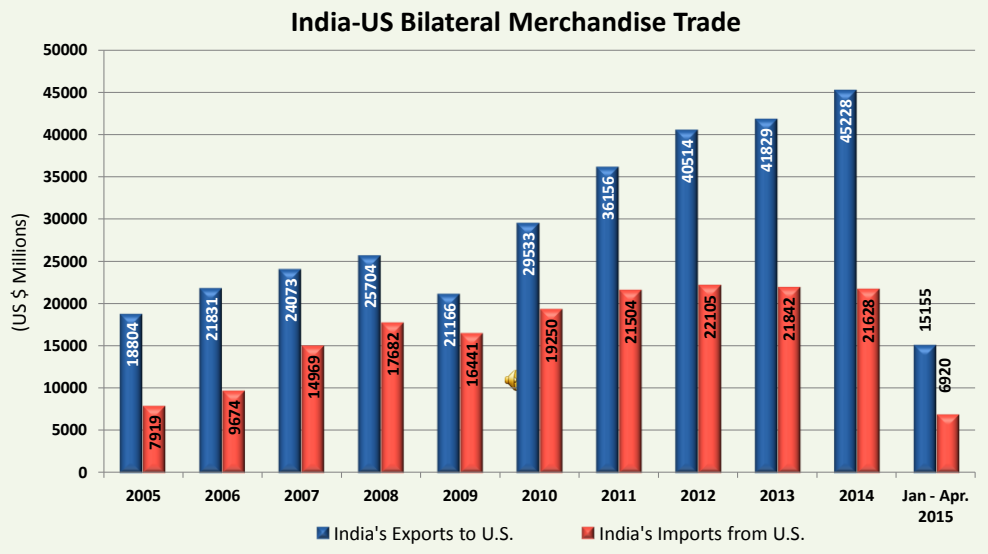


(US $ Millions)

	2012	2013	2014	Jan- Apr. 2015
India's Exports to US	40514 (12.06)	41829 (3.25)	45228 (8.08)	15155 (0.64)
India's Imports from US	22105 (2.8)	21842 (-1.19)	21628 (-0.98)	6920 (14.1)
Total Trade	62619 (8.6)	63687 (1.71)	66856 (4.98)	22075 (4.5)

Percentage change over previous period, mentioned in parenthesis

Source: US Department of Commerce, US Census Bureau

Bilateral Trade during the period January to April 2015 (US $ Millions)

	US Exports	US Imports	US Total Trade	Growth% Exports over previous period	Growth% Imports over previous period
US Total Global Trade	501515	727655	1229170	-4.89	-2.74
US Trade with India	6920	15155	22075	14.10	0.64
India's share in US Trade (%)	1.38	2.08	1.80		

Source: US Department of Commerce, US Census Bureau

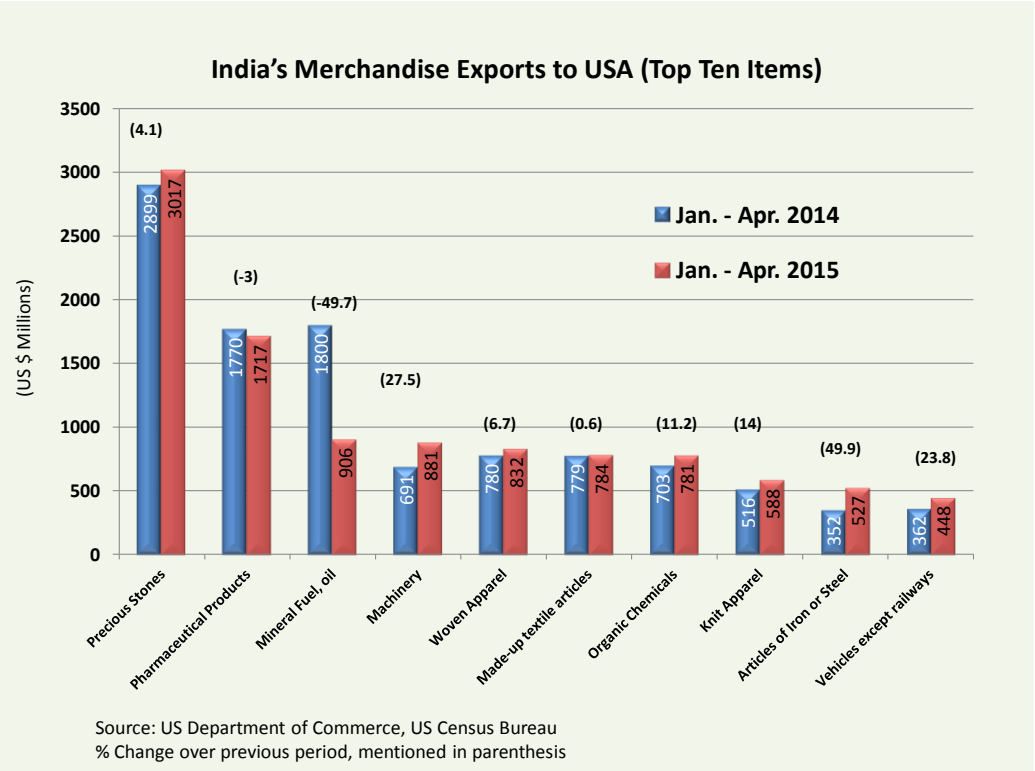
India-U.S. Bilateral Merchandise Trade (US $ Millions)

Description	2012	2013	2014	% Change 2014/ 2013	Jan. - Apr. 2014	Jan. - Apr. 2015	% Change 2015/ 2014
India's Exports to U.S.	40514	41845	45228	8.08	15059	15155	0.64
U.S. Exports to India	22105	21842	21628	-0.98	6065	6920	14.1
Total Bilateral Trade	62619	63687	66856	4.98	21124	22075	4.5
Balance of Trade in India's favor	18182	20003	23600		8994	8235	(-8.44)
Percentage change in Balance of Trade over previous period	24.09	10.01	17.98				

Source: US Department of Commerce, US Census Bureau

Trends of Bilateral Trade of Major Items
April 2015

Top ten items of India's exports to US



Trends in the top 10 items of India's Exports to the U.S.:

During the period January - April 2015, exports of Cut and polished diamonds and jewelry exports amounted to $ 3017 million as compared to $ 2899 million during the period January - April 2014 which is an increase of 4.1%; Pharmaceutical products exports fell by 3% to $ 1717 million, from $ 1770 million; Mineral Fuel oil exports fell by 49.7% to $ 906 million from $ 1800 million; Machinery exports increased by 27.5% from $ 691 million to $ 881 million; Woven apparel exports increased by 6.7% from $ 780 million to $ 832 million; Organic Chemicals exports grew by 0.6% accounting for $ 784 million compared to $ 779 million; Miscellaneous Textile articles grew by 11.2% from $ 703 million to $ 781 million; Exports of Knitted apparel exports increased by 14% to $ 588 million from $ 516 million; Articles of Iron and Steel grew by 49.9% to $ 527 million from $ 352 million and Vehicles except railway exports grew by 23.8% to $ 448 million from $ 362 million.

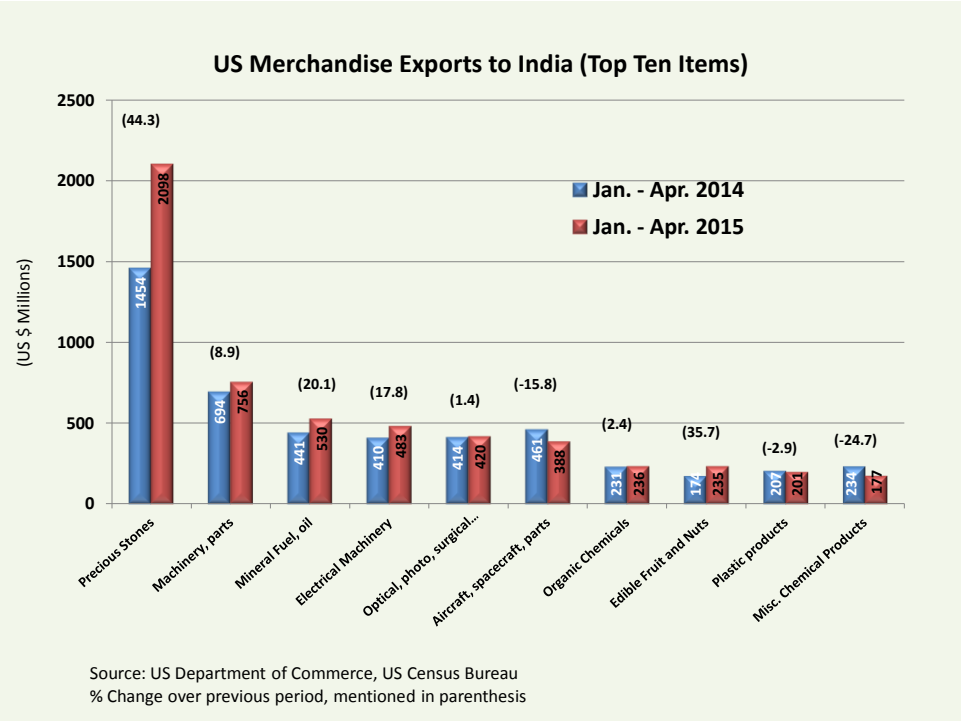
Top 10 items of India's Exports to US

Table II

Year To Date: January – April 2015				
HS Code	**Description**	**US $ Million**	**% Share**	**% Change 2015/2014**
71	Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin	3017	19.91	4.08
30	Pharmaceutical Products	1717	11.33	-2.98
27	Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	906	5.98	-49.67
84	Nuclear Reactors, Boilers, Machinery Etc.; Parts	881	5.81	27.51
62	Apparel Articles And Accessories, Not Knit Etc.	832	5.49	6.73
29	Organic Chemicals	784	5.17	0.6
63	Textile Art Nesoi; Needlecraft Sets; Worn Text Art	781	5.15	11.19
61	Apparel Articles And Accessories, Knit Or Crochet	588	3.88	13.96
73	Articles Of Iron Or Steel	527	3.48	49.87
87	Vehicles, Except Railway Or Tramway, And Parts Etc	448	2.96	23.77

Source: US Department of Commerce, US Census Bureau

Top 10 items of U.S. Exports to India



Trends in the top 10 items of US exports to India :

During the period January - April 2015 exports of Cut and polished diamonds and jewelry exports amounted to $ 2098 million as compared to $ 1454 million during the period January - April 2014 which is a growth of 44.3%; Machinery exports grew by 8.9% from $ 694 million to $ 765 million; Mineral Fuel, oil grew by 20.1% to $ 530 million from $ 441 million; Electrical Machinery exports grew by 17.8% to $ 483 million from $ 410 million; Optical & Medical Instruments exports grew by 1.4%, accounting for $ 420 million from $ 414 million; Aircraft and parts exports fell by 15.8% to $ 388 million from $ 461 million; Organic Chemicals exports grew by 2.4% from $ 231 million to $ 236 million; Edible fruits and nuts exports grew by 35.7% to $ 235 million from $ 174 million ; exports of Plastic Products decreased by 2.9% from $ 207 million to $ 201 million and Miscellaneous Chemical products exports fell by 24.7% to $ 177 million from $234 million.

Top 10 items of U.S. Exports to India

Table IV

Year To Date: January – April 2015				
HS Code	**Description**	**US $ Million**	**% Share**	**% Change 2015/2014**
71	Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin	2098	30.32	44.27
84	Nuclear Reactors, Boilers, Machinery Etc.; Parts	756	10.92	8.85
27	Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	530	7.66	20.13
85	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	483	6.98	17.8
90	Optic, Photo Etc, Medic Or Surgical Instrments Etc	420	6.07	1.39
88	Aircraft, Spacecraft, And Parts Thereof	388	5.61	-15.75
29	Organic Chemicals	236	3.42	2.42
08	Edible Fruit & Nuts; Citrus Fruit Or Melon Peel	235	3.4	35.67
39	Plastics And Articles Thereof	201	2.91	-2.94
38	Miscellaneous Chemical Products	177	2.55	-24.7

Source: US Department of Commerce, US Census Bureau

TRENDS IN US GLOBAL TRADE

Top Ten Items of U.S. Global Imports

Table VI

Year To Date: January – April 2015				
HS Code	**Description**	**US $ Million**	**% Share**	**% Change 2015/ 2014**
84	Nuclear Reactors, Boilers, Machinery Etc.; Parts	105308	14.47	4.18
85	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	99634	13.69	5.97
87	Vehicles, Except Railway Or Tramway, And Parts Etc	87964	12.09	7.3
27	Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	68324	9.39	-44.17
30	Pharmaceutical Products	27346	3.76	21.55
90	Optic, Photo Etc, Medic Or Surgical Instrments Etc	25145	3.46	6.67
71	Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin	19369	2.66	-7.37
94	Furniture; Bedding Etc; Lamps Nesoi Etc; Prefab Bd	17868	2.46	8.87
29	Organic Chemicals	17569	2.41	-7.27
39	Plastics And Articles Thereof	15933	2.19	4.79

Source: US Department of Commerce, US Census Bureau

Top Ten Items of U.S. Exports to the World

Table VIII

Year To Date: January – April 2015				
HS Code	**Description**	**US $ Million**	**% Share**	**% Change 2015/ 2014**
84	Nuclear Reactors, Boilers, Machinery Etc.; Parts	69825	13.92	-2.24
85	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	55740	11.11	1.27
88	Aircraft, Spacecraft, And Parts Thereof	41391	8.25	12.64
87	Vehicles, Except Railway Or Tramway, And Parts Etc	40499	8.08	-5.81
27	Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax	36245	7.23	-30.18
90	Optic, Photo Etc, Medic Or Surgical Instrments Etc	27671	5.52	-0.19
71	Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin	20271	4.04	-9.87
39	Plastics And Articles Thereof	20125	4.01	-2.87
30	Pharmaceutical Products	15167	3.02	13.22
29	Organic Chemicals	13966	2.78	-1.4

Source: US Department of Commerce, US Census Bureau

Top 5 competitors of India's top 5 exports to U.S.

Serial Number	Commodity	Competitors by rank
1	Commodity: 71, Natural Or Cultured Pearls, Precious Or Semiprecious Stones, Precious Metals; Precious Metal Clad Metals, Articles Thereof; Imitation Jewelry; Coin	Israel Mexico Canada Belgium China
2	Commodity: 30, Pharmaceutical Products	Germany Ireland Switzerland Israel United Kingdom
3	Commodity: 27, Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes	Canada Saudi Arabia Venezuela Mexico Russia
4	Commodity: 84, Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof	China Mexico Japan Germany Canada
5	Commodity: 62, Articles Of Apparel And Clothing Accessories, Not Knitted Or Crocheted	China Bangladesh Vietnam Indonesia Mexico

Source: US Department of Commerce, US Census Bureau

Top 5 competitors of India's top 5 imports from U.S.

Serial Number	Commodity	Competitors by rank
1	Commodity: 71, Natural Or Cultured Pearls, Precious Or Semiprecious Stones, Precious Metals; Precious Metal Clad Metals, Articles Thereof; Imitation Jewelry; Coin	Switzerland Hong Kong Israel United Kingdom Canada
2	Commodity: 84, Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof	Canada Mexico China Korea South Japan
3	Commodity: 27, Mineral Fuels, Mineral Oils And Products Of Their Distillation; Bituminous Substances; Mineral Waxes	Canada Mexico Netherlands Brazil Chile
4	Commodity: 85, Electrical Machinery And Equipment And Parts Thereof; Sound Recorders And Reproducers, Television Recorders And Reproducers, Parts And Accessories	Mexico Canada China Hong Kong Malaysia
5	Commodity: 90, Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical Or Surgical Instruments And Apparatus; Parts And Accessories Thereof	Canada Japan China Mexico Netherlands

Source: US Department of Commerce, US Census Bureau

WHAT'S MAKING NEWS

Policy Changes; Bilateral Talks, Agreements; Notices etc. that can have an impact on India

(sources: taken from various media sources)

BILATERAL

On visit to India, U.S. Transportation Secretary Anthony Foxx announces India's upgrade to FAA Category 1 status; signs Memorandum of Cooperation (MoC) to strengthen India's transportation system

On April 8, U.S. Transportation Secretary Anthony Foxx, announced that India now complies with international safety standards set by the International Civil Aviation Organization (ICAO) and has therefore been granted a Category 1 rating under the FAA's International Aviation Safety Assessment (IASA) program. The announcement was made during a meeting between Secretary Foxx and Minister of Civil Aviation, Ashok Gajapathi Raju, in New Delhi. A Category 1 rating permits India's air carriers to add flights to the United States using their own aircraft and carry the code of U.S. carriers on their operations.

On April 9, U.S. Transportation Secretary Anthony Foxx, signed a Memorandum of Cooperation (MoC) with India's Minister of Road Transport, Highways, and Shipping, Nitin Gadkari. The memorandum outlines ways to ensure that all the agencies cooperate to strengthen India's transportation system. The MoC proposes an inter-ministerial working group that would address in a "holistic" manner the transportation elements of Smart Cities such as: livability, multi-modal planning, safety, ITS, and financing. Under this agreement, both countries also agreed to cooperate on vehicle fuel efficiency standards and the promotion of dedicated freight corridors to facilitate the movement of goods from India's ports to major cities of the region.

India on the Priority Watch List in the 2015 Special 301 Report; USTR will not conduct out of cycle review

On April 30, the Office of the U.S. Trade Representative released the 2015 Special 301 Report. The report keeps India on the Priority Watch List and the USTR has decided not to conduct another Out-of-Cycle review. The USTR will monitor progress made to address some of the concerns listed in the report. In a departure from previous years the Special 301 report does not name a priority foreign country. In regards to India, the Special 301 Report acknowledges the positive steps taken under the current government which include the creation of an IPR think tank and India's continued engagement with the United States through the establishment of the High Level Working Group on Intellectual Property under the auspices of the U.S.-India Trade Policy Forum.

The USTR commended India for undertaking the effort in drafting a National IPR Policy and for opening it up for public comments in December 2014. The United States itself submitted comments in January 2015. Given the many inputs the Indian government has received, the report calls for India to solicit another round of inputs and hold consultations for the next version of its IPR policy. The report maintains that despite the positive steps taken challenges remain.

As stated in the report these challenges pertain to copyright and piracy; patents and regulatory data protection; trade secrets; trademarks and counterfeiting. Among the challenges listed, patents as a challenge has been greatly emphasized, with Section 3(d) and compulsory licenses listed as troubling aspects

of India's patent regime. On Section 3(d), the report states that as it is interpreted, Section 3(d) "limits the patentability of potentially beneficial innovations." Regarding compulsory licenses, the report calls for India to clarify the decision making process when it comes to compulsory licenses with respect to U.S. stakeholders. The United States also calls for greater cooperation and bilateral engagement to address these concerns utilizing the IPR Working Group.

After the release of the 2015 Special 301 Report, Senator Orrin Hatch (R-Utah) in a statement says Obama Administration has again failed to recognize India's IP violations

In a statement issued after the release of the 2015 Special Report on April 30, Senate Finance Committee Chairman Orrin Hatch said that the Administration after failing to "crack down" on India's IP violations in the OCR review last year, has once again failed to recognize India's IP abuses in this year's Special 301 report. Adding that the least that could be done was to keep India "under a microscope" with another investigation. India was listed on the Priority Watch List this year with the USTR opting not to conduct another Out of Cycle Review.

Senator Hatch has long been a proponent of strong IP standards in the international trading system. This year, Hatch introduced the Trade Facilitation and Trade Enforcement Act of 2015 which has measures to enhance the effectiveness of the Special 301 report, and includes a measure to establish a Chief Innovation and IP Negotiator at USTR, ito elevate the importance of IP protection at USTR and enhance USTR's accountability to Congress.

U.S. International Trade Commission (USITC) holds hearing on India's Trade and Investment Policies

On May 5, the USITC held a hearing on India's Trade and Investment Policies. The hearings comprised of two panels. Those testifying in the first panel were Richard Rossow (Center for Strategic and International Studies-CSIS), Michael Schlesinger (International IP Alliance), Steven Simchak (American Insurance Association), Linda Dempsey (National Association of Manufacturers), Vince Suneja (TwoFour Insights Group), Robert Atkinson (Information Technology and Innovation Foundation-ITIF). All of the panelists acknowledged the positive developments under the current government, but cited concerns. Richard Rossow offered one of the more balanced testimonies, equally highlighting the reforms that the current government has undertaken and the concerns, which include lack of movement on patents and forced compulsory manufacturing. Linda Dempsey offered one of the more critical testimonies on India citing concerns on the complex and non-transparent tariff regime, the IP environment, forced localization in the solar telecommunications sector, and substantial barriers to investment.

The witnesses testifying in the second panel were Mukesh Aghi (President, USIBC), Brian Pomper (Alliance for Fair Trade with India-AFTI), Lila Feisee (Biotechnology Industry Organization - BIO), Amiee Aloi (Pharmaceutical Research and Manufacturers of America-PhRMA) and Patrick Kilbride (Global Intellectual Property Center-GIPC). Since three of the five witnesses of this panel either came from IP focused organizations (GIPC) or have cited IP as a major concern for their organization (PhRMA and BIO), this panel focused much of its time on IP related concerns vis-a-vis India. In this panel as well, the witnesses acknowledged the positive steps the government has undertaken. Mukesh Aghi in his testimony identified the concerns of USIBC member companies and also spoke of the engagement that the USIBC has had with

the Indian government on issues such as retrospective tax issues, IP and pharma related pricing issues. Brian Pomper's (AFTI) testimony was rather critical of India saying that the status quo has been maintained in discriminatory policies and practices in the ICT space, and also when it comes to patents and the practice of forced transfer of technology. A noteworthy comment from Lila Feisee (BIO) was that no compulsory licences were issued in 2014 unlike 2013. Feisee also argued that IP concerns are used by politicians in India as an excuse for healthcare in India being out of reach, with India spending only 1% of its GDP on health. Amiee Aloi (PhRMA) highlighted IP concerns when it comes to the pharmaceutical sector. Patrick Kilbride (GIPC) citing India's second to last ranking on the GIPC index spoke of India's IP environment being well below international standards, adding that during the previous government the IP standards were deteriorating, however under the current government it has stabilized but it has not reached an inflection point.

U.S. EXECUTIVE BRANCH

White House releases report on the economic benefits of trade

On May 1, the White House released a report entitled "The Economic Benefits of Trade." The report argues that domestic policies that help the American middle class are critical to help the U.S. economy take advantage of the benefits of trade and so are measures to counter its potential negative side effects. The report highlights the rise of services trade and a rebound in manufacturing over the years. In 2014, U.S. services exports amounted to $710 billion (30% of total U.S. exports) and services imports were about $480 billion (17% of total U.S. imports). Since 1980, services exports have grown at a 5.6% average annual rate. The report counters the argument of critics who say that international trade and trade agreements put U.S. manufacturing jobs at risk, by showing that decline in manufacturing employment has been due to periods of economic recession. Manufacturing growth, the report says has been a critical part of the economic recovery since the 2009 recession. Since 2009, manufacturing output has increased by rates that were unseen in all of the other recent U.S. recessions.

The report emphasizes the role of trade agreements such as TPP and TTIP in the removal of trade barriers for U.S, exports. The TPP, this report says is a "comprehensive and high standard" FTA which will liberalize regional trade and investment and strengthen economic ties between the 12 TPP partner countries. The TTIP will further strengthen already strong economic relationships with European Union member countries. Since tariff barriers are already relatively low, the TTIP will strive to increase market access by also addressing NTB. The report praised the role of the WTO in reining in unfair trade practices and emphasizes the high standard trade agreements that the Obama Administration is pursuing to enhance market access and advocate measures that would enhance environmental and labor standards. The entire report may be viewed here: https://www.whitehouse.gov/sites/default/files/docs/cea_trade_report_final_non-embargoed_v2.pdf

President Obama makes case for TPP in speech at Nike headquarters; calls out critics

In a speech at Nike headquarters in Oregon on May 8, President Obama highlighted the merits of the TPP and called out the critics of the trade agreement. President Obama said that passing this trade agreement is important because it helps American small businesses create new jobs, opens markets abroad and levels the playing field for American business competing in a global market place. The president reiterated his

argument that the TPP will allow the United States to make the rules for trade, if the U.S. doesn't, Obama said, China will set the rules giving Chinese workers and businesses an upper hand over American workers and businesses.

On critics of trade deals, the President said critics a number of whom are from his own party are "just wrong" and that they are simply "making stuff up." Mr. Obama rebutted a number of arguments made by his critics. Regarding the assertion made by critics that the TPP will cost jobs, the President said that these assertions are made based on the experience of past agreements when jobs were lost, this trade agreement is entirely different and emphasizes high-skilled manufacturing. The President also argued that unlike what critics have said, this trade deal is not being conducted in secrecy, because it will be made available 60 days before he signs it. President Obama added that this trade deal will not force the United States from changing its laws, it will prevent discrimination of American businesses abroad. Currency manipulation, the President said, should not be part of the TPP because engagement with China for instance has led to an appreciation of 30% in its currency since he took office. Regarding those critics who oppose the TPP on principle, the President said they "must be satisfied with the status quo," which has not worked.

USITC releases annual report on U.S. trade in services

The U.S. International Trade Commission (USITC) in its annual review of U.S. trade in services has found that the United States is the largest services market worldwide and was the leading exporter and importer of services in 2013. The report stated that U.S. services exports totaled $662 billion, or 14% of global service exports. China was the fifth-largest services exporter (after France), and India ranked sixth (up from seventh in 2012). The top 10 exporting countries accounted for 52% of global cross-border services exports. The U.S. had the world's largest cross border service imports with $431.5 billion and accounted for 10 percent of global imports. China has become the second-largest importer in 2013 with $329.4 billion (8 percent) and India was the ninth largest services importer (down from seventh in 2013). The top 10 importing countries accounted for 48 % of global commercial services imports in 2013. The U.S. cross border exports of private sector services was $662.9 billion and imports were $436.8 billion. The report also touches on the deficit in computer services. This is due to the off shoring of these services particularly to India. The United States imported $9.7 billion in computer services from India in 2013, a 2 percent increase over the previous year.

This report is largely focused on distribution services: logistic services, maritime transport services and retail services. In 2013, the United States was the largest global provider of third-party logistics (3PL) services, accounting for nearly 21 percent of global logistics revenue. China was ranked second with revenues totaling $127.4 billion and India was ranked ninth with revenues of $17.4 billion. China recorded the largest revenue increase in 2013 at 7.6 percent, followed by India (4.8 percent) and the United States (3.2 percent). India along with China and Brazil had the most inefficient logistics market.

In 2013, the United States posted a cross-border trade deficit in maritime transport services, largely due to the prevalence of foreign-based shipping firms. Developing countries ranked among the top 20 countries by fleet size, although their share of global maritime capacity was considerably smaller than that of developed countries. India ranked 16th less than 1.3% of global maritime tonnage. India's maritime cargo is estimated to grow at an annual rate of 8% through 2017.

The United States was the leading retail services market in 2014 and home to the largest global retailing firms, with revenues totaling $3.7 trillion, or 18.7 percent of the global total. U.S. global market share remained unchanged during 2010-2014, however market share of BRIC countries grew to 27 percent of the global total in 2014, up from 22.6 percent in 2010. The report also highlights the growth of e-commerce in the U.S. and other global markets. China accounted for 60% of online sales with strong growth in India and Indonesia. Mobile devices have been transforming the relationship between consumers and retailers. In India, the report states that according to Snapdeal, 30 percent of orders in 2013 were placed using smart phones, a 10-fold increase from the previous year.

The entire report may be viewed here: http://www.usitc.gov/publications/332/pub4526.pdf

U.S. CONGRESS

Senators Dick Durbin (D-Illinois) and Jeff Sessions (R-Alabama) call for investigation into abuses within H-1B visa program

On April 9, in a letter to three federal agencies - Department of Justice, Department of Homeland Security and the Department of Labor- Senators Dick Durbin and Jeff Sessions have called for an investigation into abuses within the H-1B visa program. The letter was cosigned by Senators Richard Blumenthal (D-Connecticut), Chuck Grassley (R-Iowa), Sherrod Brown (D-Ohio), David Vitter (R-Louisiana), Claire McCaskill (D-Missouri), Bill Cassidy (R-Louisiana), Bernie Sanders (I-Vermont), and Jim Inhofe (R-Oklahoma). The call for investigations into the H-1B visa program comes just two days after the H-1B visa cap was reached. In their letter, the Senators claim that thousands of American workers have been laid off and are being replaced with H-1B visa workers. Referencing the Southern California Edison (SCE) case, where according to a Los Angeles Times article 500 workers are being laid off and are being replaced with H-1B visa holders from Infosys and TCS, the Senators have asked the three federal agencies to investigate companies like SCE who they claim are violating the law.

H-1B visa reform has become an issue of concern for many of the Senators as was evidenced during a Senate Judiciary Committee hearing on March 17. During the hearing both Senators Durbin and Sessions joined Senate Judiciary Committee Chairman Chuck Grassley in a call to bring an end to the abuse of the H-1B visa program.

THINK TANKS & BUSINESS GROUPS

At events organized by Center for Strategic and International Studies (CSIS) and the Peterson Institute for International Economics, Finance Minister Arun Jaitley highlights government initiatives and speaks on tax reforms in India

At an April 15 event on "Deepening the U.S.-India Commercial Partnership" hosted by the Center for Strategic and International Studies (CSIS), the Finance Minister Arun Jaitley highlighted the growing working population in India making it incumbent on the government to generate jobs which will require India to register double digit growth. In its bid to achieve this goal, Jaitley said, the government is keen on strengthening state governments, which was reflected in the budget that allows states to keep a larger

share of the revenue to invest in programs at the state level. This is cooperative federalism in action, he said.

During an April 17 event at the Peterson Institute for International Economics, Finance Minister Arun Jaitley expressed the government's commitment for a transparent and predictable tax regime assuring foreign investors against any retrospective actions, and added that taxpayers will be seen as "partners and not potential hostages or victims." On the subject of the retrospective taxes, the Finance Minister stressed that the government has taken several steps including instructing authorities to not file "frivolous appeals," which was reflected in the government's decision not to appeal the high court's orders that went in favor of Vodafone and Shell.

At U.S.-India Business Council (USIBC) event Deputy USTR Holleyman says things going well with India but concerns persist

At an April 13 event hosted by the USIBC at the U.S. Chamber of Commerce, Deputy USTR Robert Holleyman said that things are going well with India but concerns persist because of trade barriers and localization requirements for foreign investors. Holleyman attributed the "good feeling" between the United States and India to the restarted Trade Policy Forum (TPF). Holleyman added that since the visits of Prime Minister Modi to Washington and President Obama to New Delhi, four different working streams under the TPF have focused on common priorities with 20 'engagements already occurring. The Deputy USTR highlighted five recent developments that have reinvigorated U.S.-India economic ties:

- An inter-sessional U.S.-India group created last December to address issues faced by U.S. investors in India
- The publication of a draft IPR law for review and comments
- The release of a model Bilateral Investment Treaty (BIT) in March
- The issuance of a draft procurement policy in March
- Passage in Parliament of a law raising FDI cap in the insurance sector

Holleyman also commended the release of India's new Foreign Trade Policy, saying that it will lead to long needed rules based reforms and was also encouraged by statements from India committing to the implementation of the World Trade Organization's Trade Facilitation Agreement. As for next steps to build on the positive trajectory of U.S.- India economic ties, Holleyman said that the resumption of the long stalled investment treaty negotiations would be a good step as it would allow for U.S. investments in India's infrastructure projects.

At Carnegie Endowment event, Arvind Panagariya highlights economic progress and outlines reforms and initiatives undertaken by current government

At an event held at the Carnegie Endowment on April 28, Arvind Panagariya (Vice Chair, NITI Aayog) highlighted the progress made since the current government took office in May 2014 and outlined the reforms undertaken since the government took office. Panagariya spoke of the economy not being in the best shape when the government assumed office, but soon thereafter with decisions on clearances happening quickly and the bureaucracy started moving faster. Dr. Panagriya said that the GDP for 2014-2015

was 7.4% and explained that the reason behind the newly revised GDP numbers is the methodology used to estimate GDP growth.

Panagariya outlined a series of reforms and initiatives that have been initiated by the current government. These reforms and initiatives include the Make in India campaign; the Shram Suvidha portal to cut down on the inspector raj when it comes to labor related issues; a major push to improve ease of business; an accelerated skilled development program; GST; labor law reforms in Rajasthan and Madhya Pradesh; an emphasis on accelerated infrastructure development; FDI liberalization in various sectors (defense, railway, insurance); the development of industrial corridors and smart cities. Dr. Panagariya also emphasized the leveraging of JAM (Jan Dhan- Aadhar and Mobile) to cut down on leakages, and mentioned initiatives such as the Swaccha Bharat Campaign to clean India by 2019 and elimination of poverty by 2022. In conclusion, Dr. Panagriya said that the present government has done more in its first year than any other previous government has in its first year.

At Washington International Trade Association (WITA) event Assistant USTR and lead TPP negotiator, Barbara Wiesel provides an off the record update on TPP

At an event organized by WITA on May 11, Assistant USTR and lead TPP negotiator, Barbara Weisel provided an off the record update on the TPP. Wiesel said that the TPP chief negotiators would be meeting in Guam for a ten-day meeting. Regarding the TPA, Wiesel said that it is important because it provides negotiators with a set of objectives and guidelines to conduct negotiations. On currency manipulation and TPP, Wiesel stressed that TPP countries will object to currency manipulations provisions in the TPP and the USTR will work with Congress and trading partners to come up with a solution on the currency provision in the TPA bill. Wiesel added that no decision has been made on holding a ministerial that is tentatively scheduled for May 26-28. When asked about adding new members to the TPP, Wiesel said that the candidate country would have to conduct consultations with member countries to ensure that a candidate country meets the high standards of the TPP and like the United States each member would have to conduct its own domestic processes.

In a panel after the Assistant USTR delivered her remarks, Celeste Drake, a trade and globalization policy specialist at the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), came out strongly against the TPP. Drake argued that if the TPP is the most progressive trade agreement, it should not be shrouded in secrecy. Increase in trade has led to increase in inequalities and this is something that has been noted by Nobel Prize winning economists, Drake added. Rules that lead to gains in labor and not gains to capital are needed. To get better rules, it is necessary that TPP not be secretive. TPP is almost done, how is it possible that TPA can provide guidance when 1/3 of the TPP chapters are done, Drake asked. Drake concluded saying that AFL-CIO recommends that Congress not grant TPA to the President, so that it can retains its leverage and get things in the TPP that are good for workers.

Brookings Institution holds event to assess first year of the Modi government

The Brookings Institution held an event on May 20 to assess the first year of the Modi government. Those speaking at the event were Vikram Singh Mehta (Brookings India), Diane Farrell (U.S.-India Business Council), Tanvi Madan (Brookings) and Milan Vaishnav (Carnegie Endowment). In his remarks Vikram Singh Mehta emphasized the initiatives undertaken by the government during its first year in office and the concerns it

has generated. Dianne Farrell in her comments provided an upbeat assessment of the investment environment in India under the current government.

Focusing on the politics of India a year after the Modi government took charge, Milan Vaishnav said that what is now become evident is that the BJP is the central pole around which politics revolves in India. Tanvi Madan from Brookings focused on the foreign policy aspect of the Modi government, arguing that the Prime Minister's foreign visits are geared towards boosting stability, foreign capital and investment and enhancing the role of India on the world stage. She added that the government has used a diversification strategy by engaging multiple partners abroad and has utilized both hard and soft power.

In Foreign Affairs article "Modinomics at One," American Enterprise Institute's (AEI) Derek Scissors assesses India's economy, one year into Modi government

In a *Foreign Affairs* article "Modinomics at One: Lower Expectations for India's Economic Future," published in late May, Derek Scissors (Resident Scholar at the American Enterprise Institute) provides an assessment of India's economy one year into the Modi government. In the article, Scissors points out that while the government has made some progress, it has not followed the "best economic course" limiting India's economic potential. Regarding the progress made, Scissors highlights the goods and services tax (GST) and measures like cutting the number of government certifications needed to start and operate a business. However, Scissors highlighting the government's anticipated budget deficits says that some of the government's plans are "fundamentally inadequate."

On the government's anticipated GDP growth of 7% or more and budget deficits of over 3% of the GDP, Scissors says that there is no justification for large budget deficits in what has been claimed to be a strong growth period. This in Scissors opinion could be because GDP gains have not helped in boosting prosperity or the budget deficit represents excessive state intervention in the economy, or it could be both which does not reflect well on the Modi government. Scissors says that while increase in GDP growth and a better business environment signal progress, further progress is only possible if the government changes course. Scissors proposes policies and reforms that lead to full private ownership of land, a liberalized manufacturing labor market, and a shrinking state role in the form of fewer subsidies, the privatization of some banks, and an improved bankruptcy law.

The entire article may be viewed here: https://www.foreignaffairs.com/articles/india/2015-05-24/modinomics-one

Carnegie Endowment for International Peace (CEIP) releases report marking Modi government's first year in office

To mark the Modi government's first year in office and also to mark the one year since the Carnegie Endowment published "Getting India Back on Track: An Action Agenda for Reform", a collection of memoranda from leading experts on India edited by Bibek Debroy and Carnegie's Ashley J. Tellis and Reece Trevor, the Carnegie Endowment released a series of short essays from the contributors of the volume on May 26. The contributors in their essays provided their assessment of the changes that India has gone through over the past year and the near term challenges. These essays may be viewed here: http://carnegieendowment.org/2015/05/26/modi-s-first-year/i8td

National Bureau of Asian Research (NBR) publishes interview on India's IP regime

On May 20, the National Bureau of Asian Research, a Washington based think tank, published an interview with Ashish Bharadwaj (Jindal Global Law School) on "India's IP Regime: Renewed Reform Efforts and Ongoing Challenges." In the interview Mr. Bharadwaj highlighted the various changes that India's IP regime has witnessed which include the U.S.-India High Level Working Group on IP. Mr. Bharadwaj also highlighted the deficiencies when it comes to India's IP regime mentioning the need for India to do more to curb online piracy and for the National Pharmaceutical Pricing Authority to work in a "more predictable manner"

Mr. Bharadwaj also critiques India's draft national IP policy saying that the draft falls short of expectations and more needs to be done, adding that the draft national IP policy is comprehensive but provides minimal empirical evidence and there is no scholarly opinion in support of its recommendations. He also says that the backlog of IP cases and the judge to population ratio in India requires attention. The entire interview may be viewed here: http://nbr.org/downloads/pdfs/Outreach/NBR_IndiaCaucus_May2015.pdf

INTERNATIONAL TRADE DEVELOPMENTS

TPP negotiating round in Guam wraps up

The chief negotiators of TPP countries wrapped up the latest round of negotiations in Guam on May 27, without setting a date for the ministerial round. The United States had suggested that the ministerial round be held in late June, but the other TPP countries were reluctant to accept this offer given the uncertainty surrounding the passage of the TPA bill in the House. During the talks some progress was made in some areas such as labor, e-commerce and protection of domestic producers. The negotiators failed to narrow gaps on intellectual property and a decision on the data exclusivity period on the development of new drugs was postponed.

WTO chief says TPP deal if reached will have a positive impact on WTO's global trade talks

Speaking at a seminar organized by the S Rajaratnam School of International Studies in Singapore on May 25, WTO chief Roberto Azevedo said that while some suggest that agreements like the TPP will "undermine" efforts to build a stronger multilateral system, he disagrees with that assessment. Azevedo added that the TPP and other free trade agreements "can solve problems bilaterally or in a regional agreement, that may help the negotiations multilaterally." Speaking to reporters later on, Azevedo said that the problem isn't that the TPP negotiations are advancing but rather "that the WTO is not advancing with it," alluding to the slow pace of progress of the WTO's Doha Round talks.

European Parliament's International Trade (INTA) Committee passes TTIP resolution

On May 28, by a vote of 28-13, the European Parliament passed a resolution that outlines the priorities of the Trans-Atlantic Trade and Investment Partnership (TTIP). Among the amendments that were included in the resolution was an amendment that called on the EU and the United States to establish a permanent solution to disputes between investors and states, thereby allowing the inclusion of ISDS. ISDS has been one of the main points of contentions and has stalled TTIP negotiations. The TTIP deal, which would account for

half of the world's economy and a third of global trade, has been stalled because EU lawmakers worry that U.S. multinationals may challenge laws in Europe on the grounds that these laws restrict free commerce.

VISITS FROM INDIA

1). Visit of Mr. V. Somasundaram, Secretary (Civil Aviation) to Washington, DC; Stratford, CT; Wichita, KS, Seattle, WA; and Chicago. IL from 12 - 18 April, 2015 for Industry visits.

2). Visit of Prof. S.V. Raghavan, Scientific Secretary to Principal Scientific Advisor leading a delegation of 3 other officers from DeitY, NIC to attend the INTERNET2 Global Summit and sign an MoU between NKM and INTERNET2 - 26 - 30 April, 2015

Trade Inquiries

Fifty eight trade inquiries were received during the period and relevant details were provided on them to the business houses / individuals seeking information.

Visa Facilitation for Business Travelers

The Commerce Wing of the Embassy of India in Washington, DC facilitates, whenever approached, grant of business visa to business travelers from the US to India. It also examines and clears grant of visa to US Government officials from relevant Departments in the US Government travelling on official visits to India. The number of **Business visas** issued by EoI, Washington, DC in April, 2015 were **507** and in May 2015 were **376**. During the same period **53** and **20 employment visas** were also issued respectively from this Mission.

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