



India's Trade Policy and Global Trade Initiatives

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Highlights of India's 2015-2020
Foreign Trade Policy
and US-India Trade Relations



India's 2015-2020 Foreign Trade Policy

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- Prime Minister Modi's recently-released foreign trade policy aims to, among other things:
 - Nearly double exports of merchandise and services from \$465.9 billion in 2013-14 to \$900 billion by 2019-20.
 - Increase India's share of world trade from 2% to 3.5%.
 - Incentivize Special Economic Zones.
 - Boost "Make In India."
 - Support services exports.
 - Increase trade facilitation efforts.



**Department of Commerce
Ministry of Commerce and Industry
Government of India**

Image: Government of India

2014 US-India Trade Data



- Trade in Goods:
 - The US exported \$21.6 billion in goods to India in 2014, making India its 18th largest export market.
 - India exported \$45.2 billion in goods to the US during that time period.
- Trade in Services:
 - The US exported \$13.5 billion in services to India in 2013, while imports from India totaled \$19.0 billion.
- US Foreign Direct Investment in India totaled \$24.3 billion in 2013.
- Despite this robust exchange, barriers to US-India trade remain.

Source: USTR's 2015 National Trade Estimate Report on Foreign Trade Barriers

US National Trade Estimate Report on Foreign Trade Barriers

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- The “NTE” is an annual report required under US law that highlights significant foreign barriers to US exports.
- The NTE dedicates 14 pages to its discussion of foreign trade barriers in India, making it one of the top five longest country profiles of 62 total.
- The NTE highlights several categories of barriers, including, but not limited to:
 - Technical Barriers to Trade and Sanitary and Phytosanitary Barriers;
 - Tariff and Nontariff Barriers to Trade;
 - Intellectual Property Rights Protections;
 - Export Subsidies;
 - Barriers to Services; and
 - Investment Barriers.





Ongoing Trade Negotiations and Pending US Legislation



Ongoing Trade Negotiations and Pending US Legislation



- US Trade Promotion Authority (TPA)
- Trans-Pacific Partnership (TPP)
- Transatlantic Trade and Investment Partnership (TTIP)
- Generalized System of Preferences (GSP)
- Trade Facilitation Agreement (TFA)
- Environmental Goods Agreement (EGA)
- African Growth and Opportunity Act (AGOA)

US Trade Promotion Authority



- Trade Promotion Authority (TPA) gives the President the ability to negotiate agreements and bring them back to Congress for a simple up-or-down vote, without amendment.
- In return, Congress sets out detailed negotiating objectives in TPA, and the Administration is required to consult closely with Congress as it negotiates these trade agreements.
- TPA is not required for trade negotiations to proceed. However, supporters argue that it allows negotiators to secure the best possible trade agreements with a guarantee that it will not be amended by any one of the 535 Members of Congress.
- US lawmakers are currently negotiating draft TPA legislation for introduction as early as this week.

Trans-Pacific Partnership



- The Trans-Pacific Partnership (TPP) aims to be a comprehensive, high-standards trade agreement between twelve countries: Brunei, Chile, New Zealand, Singapore, US, Australia, Peru, Vietnam, Malaysia, Mexico, Canada, and Japan. It would be the largest agreement since the World Trade Organization's (WTO) founding.
- TPP hopes to liberalize trade across virtually all goods and services, and includes rules-based commitments beyond WTO obligations. It encompasses 20 chapters on topics including labor, government procurement, Intellectual Property, and market access, among others.
- TPP would cover 40 percent of global GDP and a third of world trade, and include the fastest growing consumer population in the world.

Transatlantic Trade and Investment Partnership



Image: The Economist

- Once completed, TTIP will be the biggest bilateral trade deal ever negotiated, totaling nearly \$1 trillion a year and eclipsing even the TPP.
- The agreement sets high standards for harmonizing regulatory requirements, increasing transparency, and maintaining robust health, safety, and environmental protections.
- The US and EU have participated in eight rounds of formal negotiations, dividing time between the Washington area and Brussels.
- Negotiations are ongoing, and likely will not conclude before the end of 2015 at the earliest.
 - Many on both sides of the Atlantic caution that the TTIP must be concluded by early 2016, before US presidential election campaigning begins in earnest.

Generalized System of Preferences



- GSP is a non-reciprocal trade preference program that provides duty-free treatment for imports of specific products from designated countries, including India.
- India was the biggest beneficiary of GSP in 2012, the last full year of its implementation.
 - \$4.46 billion in GSP duty-free imports
 - \$40.10 billion in total imports
- GSP expired in 2013 and has not yet been renewed.
 - GSP renewal could be included as part of TPA legislation, or could proceed as part of a larger trade bill later this year.

TFA, EGA, and AGOA



■ Trade Facilitation Agreement (TFA)

- The TFA aims to expedite the movement of goods across borders and includes provisions for technical assistance and capacity-building.
- It will enter into force once two-thirds of WTO members have ratified the agreement, which supporters hope will take place by the WTO's 10th Ministerial Conference in December 2015.

■ Environmental Goods Agreement (EGA)

- The EGA will liberalize trade in environmental goods, a market estimated at nearly \$1 trillion annually, lowering the cost of environmental protection and supporting related innovation.
- India is not currently a party to the EGA negotiations.

■ African Growth and Opportunity Act (AGOA)

- AGOA is a non-reciprocal trade preference program that provides duty-free treatment for imports of specific products from eligible countries in Sub-Saharan Africa to the United States.
- AGOA was first enacted in 2000. Current authorization for AGOA will expire on September 30, 2015. There is strong support in Congress for its renewal.

Trade Agreements. . .

Trade agreements...

. . . Open new markets to
exported goods and services . . .

. . . Promote job creation and
industrial sector expansion . . .

. . . Ease the movement of goods
and services across borders. . .

. . . And increase economic
interdependence, reducing
conflict.



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