

# Trade Issues

*e-InfoPack*

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## U.S.— India Trade Relations



### The United States and India - Strategic and Global Partners September 27, 2013

President Barack Obama and First Lady Michelle Obama hosted Prime Minister Manmohan Singh and Mrs. Gursharan Kaur at the White House on September 27, 2013. Their visit underscored the close ties between the United States and India, underpinned by shared democratic values that have strengthened and enriched both nations. The leaders highlighted ongoing cooperation in the following areas:

- Advancing Defense and Security Cooperation
- Fostering Bilateral Trade and Investment
- Cooperating on Clean Energy, Energy Access, and Climate Change
- Expanding Opportunities in Education
- Partnership in Global Development

**Fact Sheet:**

<http://www.whitehouse.gov/the-press-office/2013/09/27/fact-sheet-united-states-and-india-strategic-and-global-partners>

**U.S.-India Joint Statement**

The White House  
Office of the Press Secretary

<http://www.whitehouse.gov/the-press-office/2013/09/27/us-india-joint-statement>

September 27, 2013

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## U.S. trade in goods with India

<b>Year</b>	<b>Export</b>	<b>Import</b>	<b>Balance</b>	<b>Total Trade</b>
TOTAL 2013 (Jan-Nov. 2013)	20,316.0	38,810.1	-18,494.1	59126.1
TOTAL 2012	22,105.5	40,514.1	-18,408.7	62619.6
TOTAL 2011	21,503.5	36,155.5	-14,652.0	57659
TOTAL 2010	19,248.9	29,532.9	-10,284.1	48781.8

Total trade with US increased from 48.78 billion in 2010 to 59.12 billion in 2013 (11 months) i.e. a growth of about 21% in four years.

India accounts for 1.7 percent of US Trade and ranks 11 among top 15 trading partners of the U.S.

**Source: U.S. Bureau of Census**

## U.S. Services Trade with India (in billions of dollars) 1994, 2000, 2005 –2011

	1994	2000	2005	2006	2007	2008	2009	2010	2011
<b>Balance</b>	0.5	0.7	0.1	-0.9	-1.1	-2.3	-2.5	-3.3	-5.3
<b>Exports</b>	1.2	2.6	5.1	6.5	8.7	10.2	9.8	10.3	11.6
<b>Imports</b>	0.8	1.9	5.0	7.4	9.8	12.5	12.4	13.7	16.9
<b>Total</b>	2.0	4.5	10.1	13.9	18.5	22.7	22.2	24	28.5

Though the two way trades in services have grown from 2 billion in 1994 to over 28 billion in 2011, there has been a trade deficit to the tune of -5.3 billion in 2011.

**Source: USTR**

## Webliography: U.S.— India Trade

### Export-Import Bank of India

<http://www.eximbankindia.in/>

### U.S. Census

<http://www.census.gov/foreign-trade/balance/c5330.html>

### United States Trade Representative - India

<http://www.ustr.gov/countries-regions/south-central-asia/india>

### U.S. Trade and Development Agency (USTDA)

#### South and Southeast Asia

<http://www.ustda.gov/program/regions/southasia/>

### US India Business Council

<http://www.usibc.com/>

## Reports: U.S.— India Trade

*Three Essays on Entrepreneurship in India and the U.S.: Policies, Social Ties and Mobility* by Elizabeth D. Brown. **RAND Corporation**, April 2013, 148 pages.

[http://www.rand.org/content/dam/rand/pubs/rgs\\_dissertations/RGSD200/RGSD297/RAND\\_RGSD297.pdf](http://www.rand.org/content/dam/rand/pubs/rgs_dissertations/RGSD200/RGSD297/RAND_RGSD297.pdf)

Across the globe, policymakers view entrepreneurship as a potential route out of poverty, even for the most disadvantaged. Many countries have developed policies to encourage business creation within this group. These dissertation papers explore the role entrepreneurship plays in the lives of the economically disadvantaged in both India and the U.S.

*Opportunities Unbound: Sustaining the Transformation in U.S.-Indian Relations* by Ashley J. Tellis. **Carnegie Endowment for International Peace**, January 2013, 50 pages.

[http://carnegieendowment.org/files/opportunities\\_unbound.pdf](http://carnegieendowment.org/files/opportunities_unbound.pdf)

Over the past decade, the United States and India have built the foundations of their nascent strategic partnership. Now both countries must address key economic and security issues to cement this crucial relationship, according to the report.

*U.S.-India Defense Trade: Opportunities for Deepening the Partnership* by S. Amer Latif and Nicholas Lombardo. **Center for Strategic & International Studies**, June 14, 2012, 22 pages.

[http://csis.org/files/publication/120614\\_Latif\\_USIndiaDefenseTrade\\_Abbreviated\\_Web.pdf](http://csis.org/files/publication/120614_Latif_USIndiaDefenseTrade_Abbreviated_Web.pdf)

Over the past decade, U.S.-India defense ties have expanded substantially, including in military sales, which have grown from virtually zero to more than \$8 billion today. Despite this progress in bilateral defense trade, there have been some setbacks as the two countries continue to learn about each other. The report examines the progress that has been made--and the challenges that currently exist in furthering U.S.-India defense trade.

## International Information Program (IIP) Pamphlet



Embassy of the United States of America

FREE TRADE

# Expanded Markets, Expanded Opportunity



A Brazilian farmer uses a machine to rake drying coffee beans inside a greenhouse, an innovative technique introduced to boost productivity. © AP Photo/Dado Galdieri

**R**egional free-trade agreements facilitate the free flow of goods and services across borders by reducing traditional trade barriers such as tariffs, quotas and bans. Establishing an environment of unrestricted, nonbiased trade fosters competition, inspires innovation and benefits all parties.

While international competition may harm some domestic industries, it ultimately results in greater economic and social stability for countries, access to new markets and increased capital for businesses, and lower prices and more choices for consumers.

### Stronger Economy

Regional free-trade agreements put countries on a shared path to prosperity. From spurring economic growth to enhancing regional security, free trade confers upon participating countries a range of economic, societal and political benefits.

The competition, innovation and knowledge transfer stimulated by free trade generate growth in developed and developing countries alike. According to the International Monetary Fund (IMF), Bhutan experienced more than a 77 percent increase in its gross domestic product (GDP) since signing the South Asian

Free Trade Area (SAFTA) agreement. Other SAFTA countries such as India and Sri Lanka have experienced similar growth.

Beyond bolstering a country's economy, free trade enhances a country's investment appeal. By

A woman arranges bananas in Tanzania. Countries that are rich in natural resources can obtain other resources through free trade. © Flickr/Abby Chicken



## Expanded Markets, Expanded Opportunity

### HOW BUSINESS BENEFITS

Free trade:

- Provides access to new markets
- Expands customer bases
- Creates new channels of capital
- Enables investment in research and development
- Encourages innovation
- Increases productivity and efficiency



A worker assembles a car at a plant in Ulsan, South Korea. Automobile exports represent one of the country's top industries and help support thousands of jobs. © AP Photo/Yonhap, Lee Sang-hyun

reducing trade restrictions and encouraging greater transparency, regional free-trade agreements create an economic predictability that eases investors' concerns and increases the likelihood of investment. According to the World Bank, for example, net inflows of foreign direct investment (FDI) to Kenya increased by more than 250 percent after it helped form the East African Community (EAC) trading bloc.

#### Improved Living Standards

Free trade produces social benefits, too. Countries that are more open to international trade boast higher employment rates, higher incomes and better living standards than countries that restrict trade.

For example, Mexico's poverty rate, defined by the World Bank as the percentage of the population living on less than \$2 a day, has decreased 63 percent since the country signed the North American Free Trade Agreement (NAFTA) in

1994. Moreover, Mexican sectors that export 60 percent or more of their products pay wages 39 percent higher than Mexican sectors that do not.

Canada has also experienced NAFTA's societal benefits; according to the World Bank, the country has seen a 23 percent drop in unemployment since signing the regional free-trade agreement.

#### Better Governance

Regional free-trade agreements also promote good governance by incorporating binding commitments to transparency, due process and public accountability. Where improved living standards remove the incentive for corruption, international commitments remove the opportunity.

For Rwanda, joining the EAC has contributed to a 220 percent reduction in corruption, according to the World Bank's Worldwide Governance Indicators (WGI).

Other countries have also reaped the political benefits of free trade. El Salvador, for example, has improved its WGI rule-of-law rating by 92 percent and its regulatory quality rating by 388 percent since joining the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA-DR). Fellow signatories Honduras and Nicaragua have made comparable improvements.

#### Enhanced Security

The political stability and personal prosperity furthered by free trade also lead to enhanced regional security and stability. When countries trade freely, they become economically engaged with one another and are less likely to go to war. For example, since forming the European Union, the continent that staged two World Wars is now home to some of the world's most peaceful countries. Simply put, the path to prosperity is also a path to peace.



## Trade Policy in the U.S.

Trade Policy and Programs (TPP), advances U.S. trade policy objectives by opening up new export opportunities for American businesses, farmers, ranchers and workers through global, regional and bilateral trade initiatives - including free trade agreements (FTAs) and the World Trade Organization (WTO). In partnership with agencies across the federal government, the more than 50 TPP professionals and staff work to maximize the benefits of open markets for global economic development, address and resolve trade disputes, strengthen intellectual property enforcement, and improve access for U.S. goods and services abroad.

TPP is composed of four offices:

- [Office of Agriculture, Biotechnology, and Textile Trade Affairs](#)
- [Office of Bilateral Trade Affairs](#)
- [Office of Intellectual Property Enforcement](#)
- [Office of Multilateral Trade Affairs](#)

**Source:** Trade Policy and Programs - <http://www.state.gov/e/eb/tpp/>

## Direct Line Program— <http://www.state.gov/e/eb/directline/>

The Direct Line program provides a unique opportunity for American businesses, particularly small- and medium-sized enterprises, to engage directly via teleconference with U.S. Ambassadors overseas. The program is open to American companies which are already in the country where the Ambassador serves or which are interested in expanding their businesses into those countries. Calls will vary in topic according to the specific needs for business in a given country. Direct Line is a free service of the U.S. Department of State.

***Financing the U.S. Trade Deficit*** by James K. Jackson, Specialist in International Trade and Finance, CRS

## Reports

Report for Congress, December 23, 2013, 19 pages.

<http://fpc.state.gov/documents/organization/219625.pdf>

This report provides an overview of the U.S. balance of payments, an explanation of the broader role of capital flows in the U.S. economy, an explanation of how the country finances its trade deficit or a trade surplus, and the implications for Congress and the country of the large inflows of capital from abroad.

### ***Foreign Direct Investment in the United States***

October 2013, 15 pages. This report was prepared by the Department of Commerce and the President's Council of Economic Advisers

[http://www.whitehouse.gov/sites/default/files/2013fdi\\_report\\_-\\_final\\_for\\_web.pdf](http://www.whitehouse.gov/sites/default/files/2013fdi_report_-_final_for_web.pdf)

The United States has been the world's largest recipient of foreign direct investment (FDI) since 2006. Every day, foreign companies establish new operations in the United States or provide additional capital to established businesses. With the world's largest consumer market, skilled and productive workers, a highly innovative environment, appropriate legal protections, a predictable regulatory environment, and a growing energy sector, the United States offers an attractive investment climate for firms across the globe.

## Reports Contd...

### ***International Trade and Finance: Key Policy Issues for the 113th Congress***

by J. F. Hornbeck, Coordinator Specialist in International Trade and Finance and Mary A. Irace, Coordinator Section Research Manager. CRS Report for Congress, April 15, 2013, 35 pages.

<https://www.fas.org/sgp/crs/misc/R41553.pdf>

This report covers up-to-date information on U.S. trade policy, trade negotiations; tariffs; nontariff barriers, worker dislocation from trade liberalization, trade remedy laws; import and export policies; international investment, economic sanctions; and the trade policy functions of the federal government.

### ***Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy.***

Congressional Research Service, Library of Congress. William H. Cooper. January 13, 2014. 27 pages.

<http://www.fas.org/sgp/crs/misc/RL33743.pdf> -

On July 1, 2007, Trade Promotion Authority (TPA--previously known as fast track) expired. TPA is the authority Congress grants to the President to enter into certain reciprocal trade agreements, and to have their implementing bills considered under expedited legislative procedures, provided the President observes certain statutory obligations. TPA defines how Congress has chosen to exercise its constitutional authority over a particular aspect of trade policy, while giving the President added leverage to negotiate trade agreements by effectively assuring U.S. trade partners that final agreements will be given timely and unamended consideration. On July 30, 2013, President Obama requested that Congress reauthorize TPA. On January 9, 2014, legislation to renew TPA--the Bipartisan Congressional Trade Priorities Act of 2014--was introduced in the House (H.R. 3830) and in the Senate (S. 1900). The legislation would reauthorize TPA for four years with the possibility of a three-year extension. Alternative bills may also be introduced.

### ***Trading Up: U.S. Trade and Investment Policy***

Council on Foreign Relations, December 2013, 16 pages

<http://www.cfr.org/trade/trading-up-us-trade-investment-policy/p31813>

The report analyses the overall health of the U.S. economy by focusing on shifts in global trade and foreign direct investment in the United States.

### ***U.S. Foreign - Trade Zones: Background and Issues for Congress***

by Mary Jane Bolle, Specialist in International Trade and Finance and Brock R. Williams, Analyst in International Trade and Finance. CRS Report for Congress, November 12, 2013, 32 pages

<http://fpc.state.gov/documents/organization/218983.pdf>

This report provides a general perspective on the U.S. Free Trade Zones (FTZ) system. It is divided into three parts. As background, the first section discusses free trade zones worldwide. The second section focuses on the U.S. FTZ program—its history administrative mechanism, structure, growth and industry concentration, and benefits and costs. The third section focuses on current issues for Congress relating to the U.S. FTZ program.

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<http://business.usa.gov/>

**Export**

<http://export.gov/>

**Export-Import Bank of the United States**

<http://www.exim.gov/>

**Office of the United States Trade Representative**

<http://www.ustr.gov/>

**2013 National Trade Estimate Report on Foreign Trade Barriers**

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2013/NTE-FTB>

**The Overseas Private Investment Corporation**

<http://www.opic.gov/>

**U.S. Census**

<http://www.census.gov/foreign-trade/index.html>

**U.S. Department of Commerce**

Assess Costs Everywhere (ACE)

<http://acetoal.commerce.gov/>

Economics & Statistics Administration

<http://www.esa.doc.gov/>

**SelectUSA**

<http://selectusa.commerce.gov>

**U.S. International Trade Administration**

<http://trade.gov/index.asp>

**U.S. Department of State— Bureau of Economic and Business Affairs,  
Trade Policy and Programs**

<http://www.state.gov/e/eb/tpp/>

**United States International Trade Commission (USITC) -**

Interactive Tariff and Trade DataWeb

<http://dataweb.usitc.gov/>

**U.S. Trade and Development Agency (USTDA)**

<http://www.ustda.gov/>

### *Organizations*

**National Foreign Trade Council (NFTC)**

<http://www.nftc.org/>

**United States Council for International Business (USCIB)**

<http://www.uscib.org/index.asp>

**World Trade Organization**

<http://www.wto.org/>

### *Think Tanks*

**Brookings Institution - Trade**

<http://www.brookings.edu/research/topics/trade>

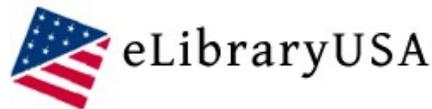
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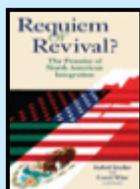


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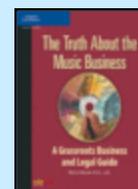


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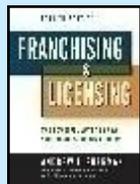


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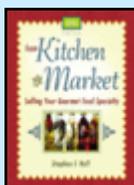


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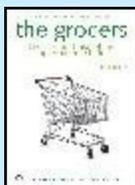
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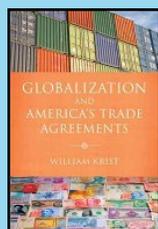
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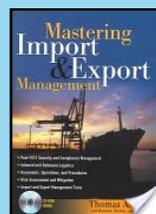


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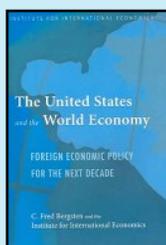
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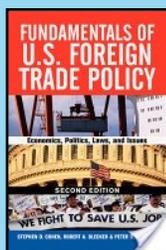
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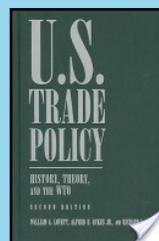
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