

# *Engaging India: Opportunities & Challenges*



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## *Introduction*

- ❁ U.S.- India political and economic relations are strong and growing
- ❁ Shift in U.S. –India relationship: from sanctions to civil nuclear cooperation
- ❁ Indian market has many opportunities for the right products and services



## *Market Overview*

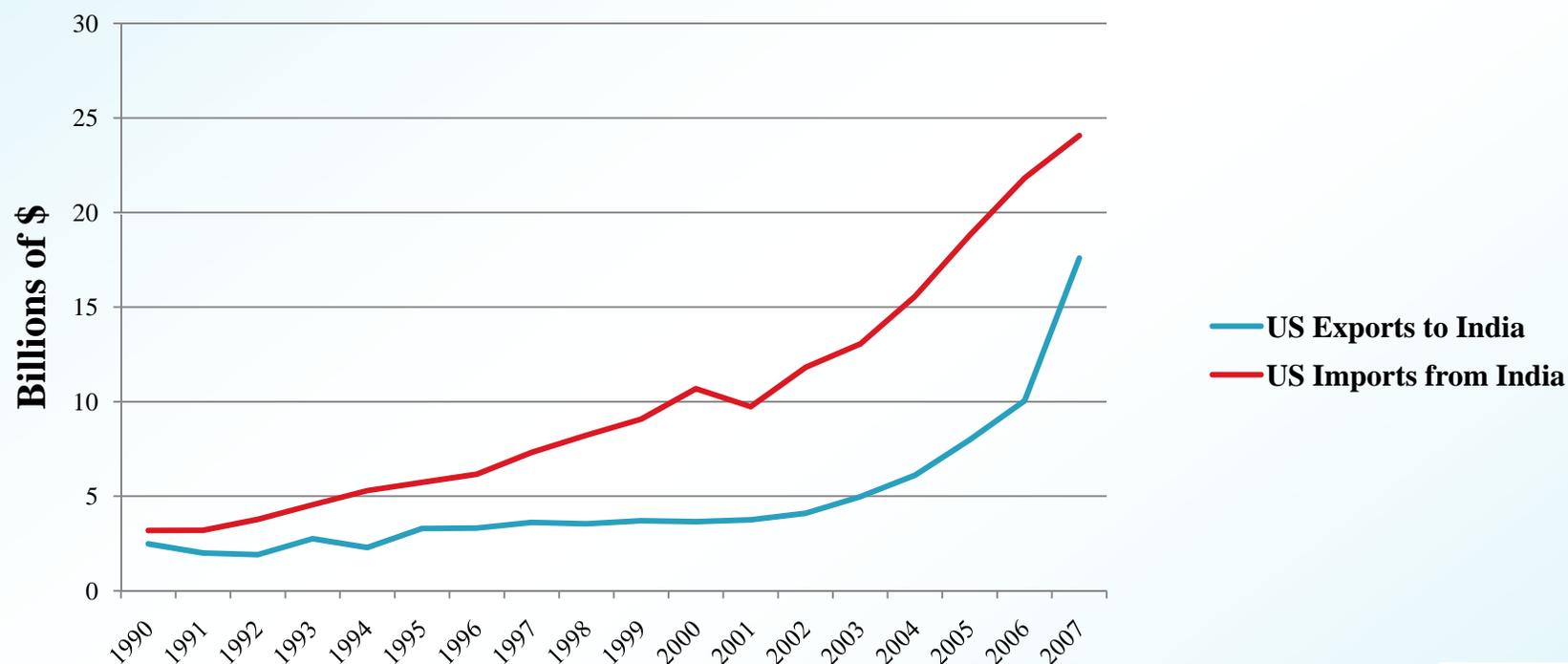
- Population of 1.1 billion
- 9% GDP growth rate last year; 7-8% in medium term
- 12th largest country by GDP and 4<sup>th</sup> largest by PPP
- Growing middle class: 180-200 million people with growing purchasing power in 2006
- Over half of Indians are under the age of 25

Source: 2007 Country Commercial Guide for India, published by the U.S. Commercial Service  
<http://www.buyusa.gov>



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## *US-India Trade in Goods, 1990-2007*

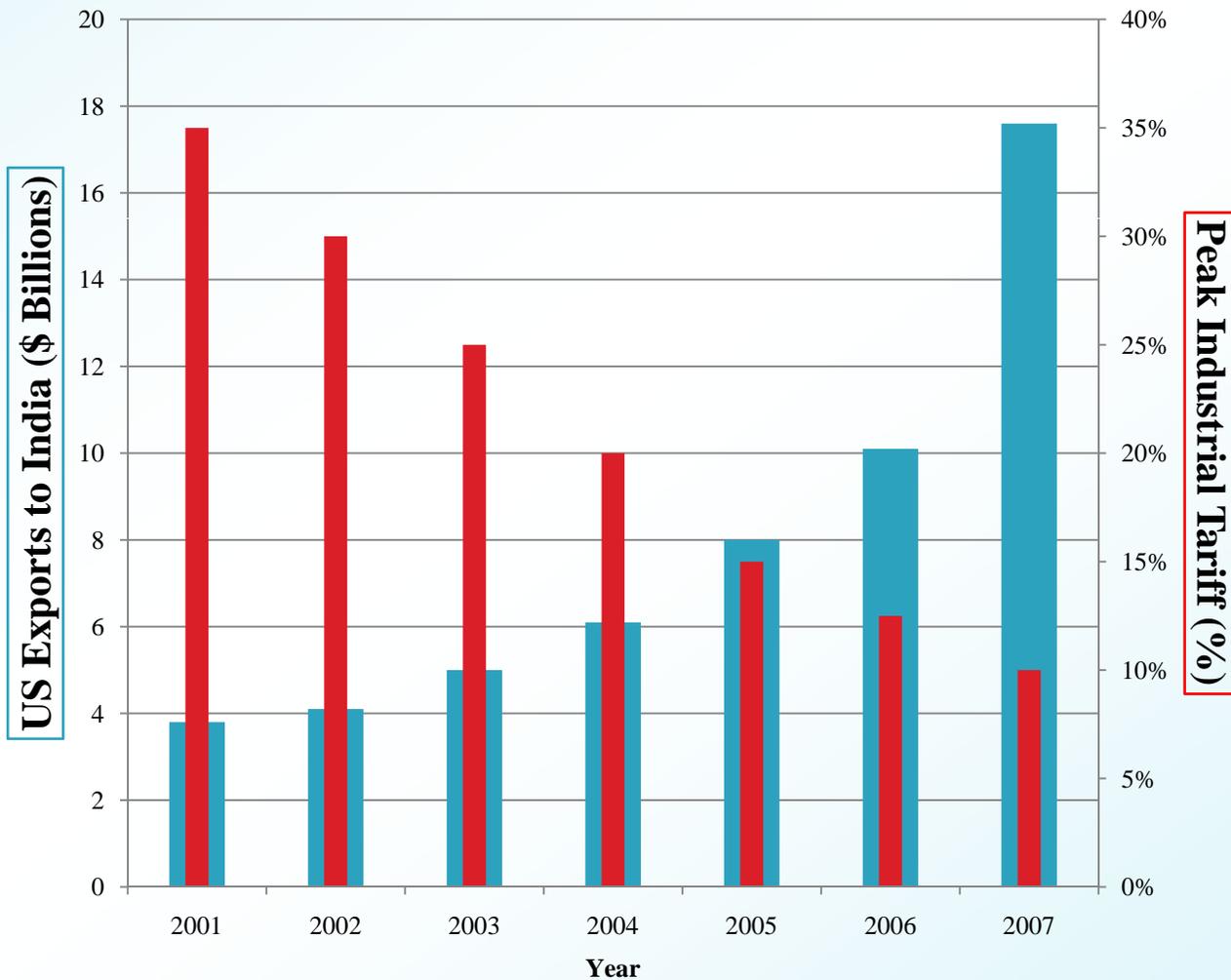


- Total bilateral trade in 2007: \$41.6 billion
- US exports to India in 2007: \$17.6 billion, a 75 % increase from '06
- US imports from India in 2006: \$24.0 billion, a 10% increase from '06



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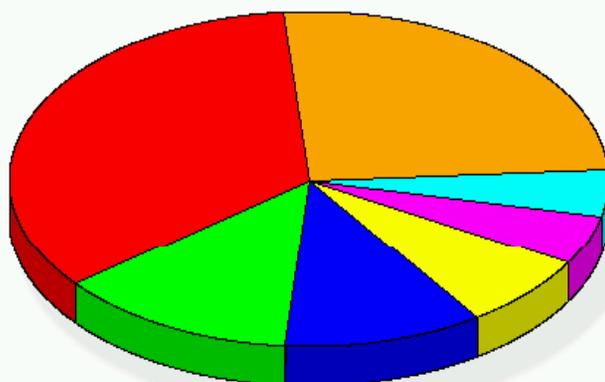
## US Exports Respond to Lower Indian Tariffs



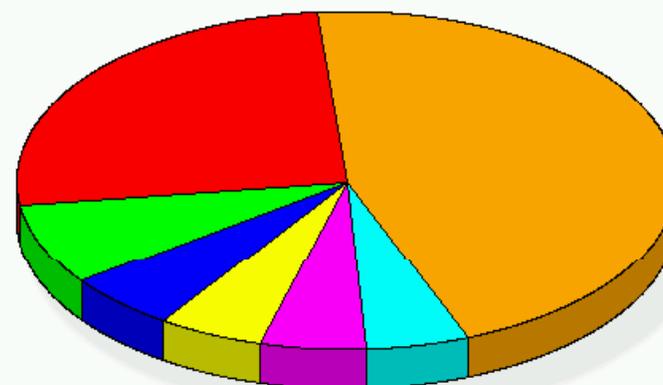
# *U.S. Merchandise Trade with India*

## *U.S. Exports*

## *U.S. Imports*



Product	Value (\$)	Percent
88--AIRCRAFT, SPACECRAFT, AND PARTS THEREOF	6,058,364,606	34.4%
84--NUCLEAR REACTORS, BOILERS, MACHINERY ETC., PARTS	2,270,057,002	12.9%
71--NAT ETC PEARLS, PREC ETC STONES, PR MET ETC; COIN	1,891,029,691	10.7%
85--ELECTRIC MACHINERY ETC; SOUND EQUIP; TV EQUIP; PTS	1,243,180,910	7.1%
90--OPTIC, PHOTO ETC, MEDIC OR SURGICAL INSTRMENTS ETC	866,933,144	4.9%
31--FERTILIZERS	778,295,292	4.4%
All Others	4,484,593,919	25.5%
<b>Grand Total</b>	<b>17,592,454,564</b>	<b>100%</b>

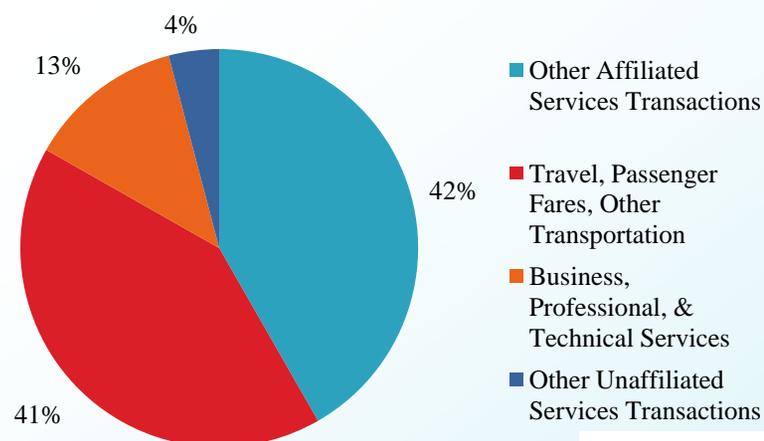
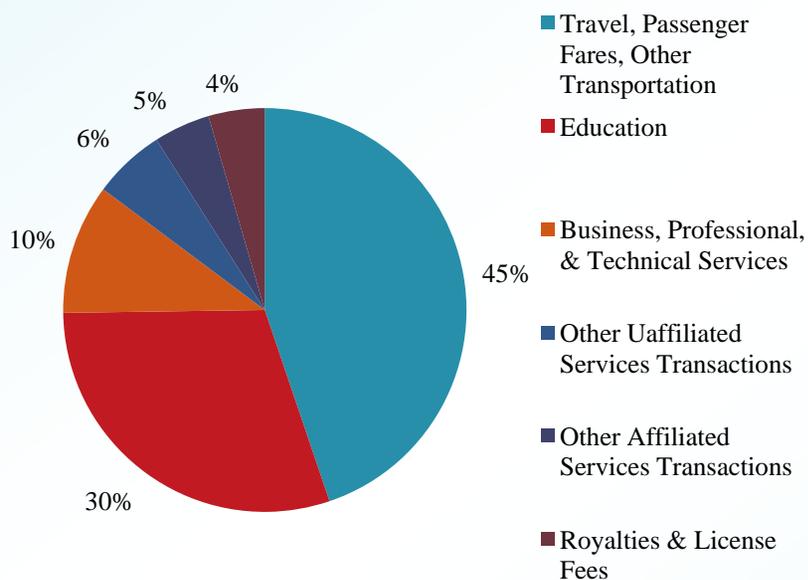


Product	Value (\$)	Percent
71--NAT ETC PEARLS, PREC ETC STONES, PR MET ETC; COIN	6,199,648,558	25.8%
62--APPAREL ARTICLES AND ACCESSORIES, NOT KNIT ETC.	1,904,377,269	7.9%
61--APPAREL ARTICLES AND ACCESSORIES, KNIT OR CROCHET	1,318,521,347	5.5%
85--ELECTRIC MACHINERY ETC; SOUND EQUIP; TV EQUIP; PTS	1,238,011,535	5.2%
73--ARTICLES OF IRON OR STEEL	1,231,974,729	5.1%
29--ORGANIC CHEMICALS	1,209,154,833	5.0%
All Others	10,922,706,037	45.5%
<b>Grand Total</b>	<b>24,024,394,308</b>	<b>100%</b>

# U.S. Services Trade with India in 2006

**US Exports – \$6.7 billion**

**US Imports – \$6.6 billion**



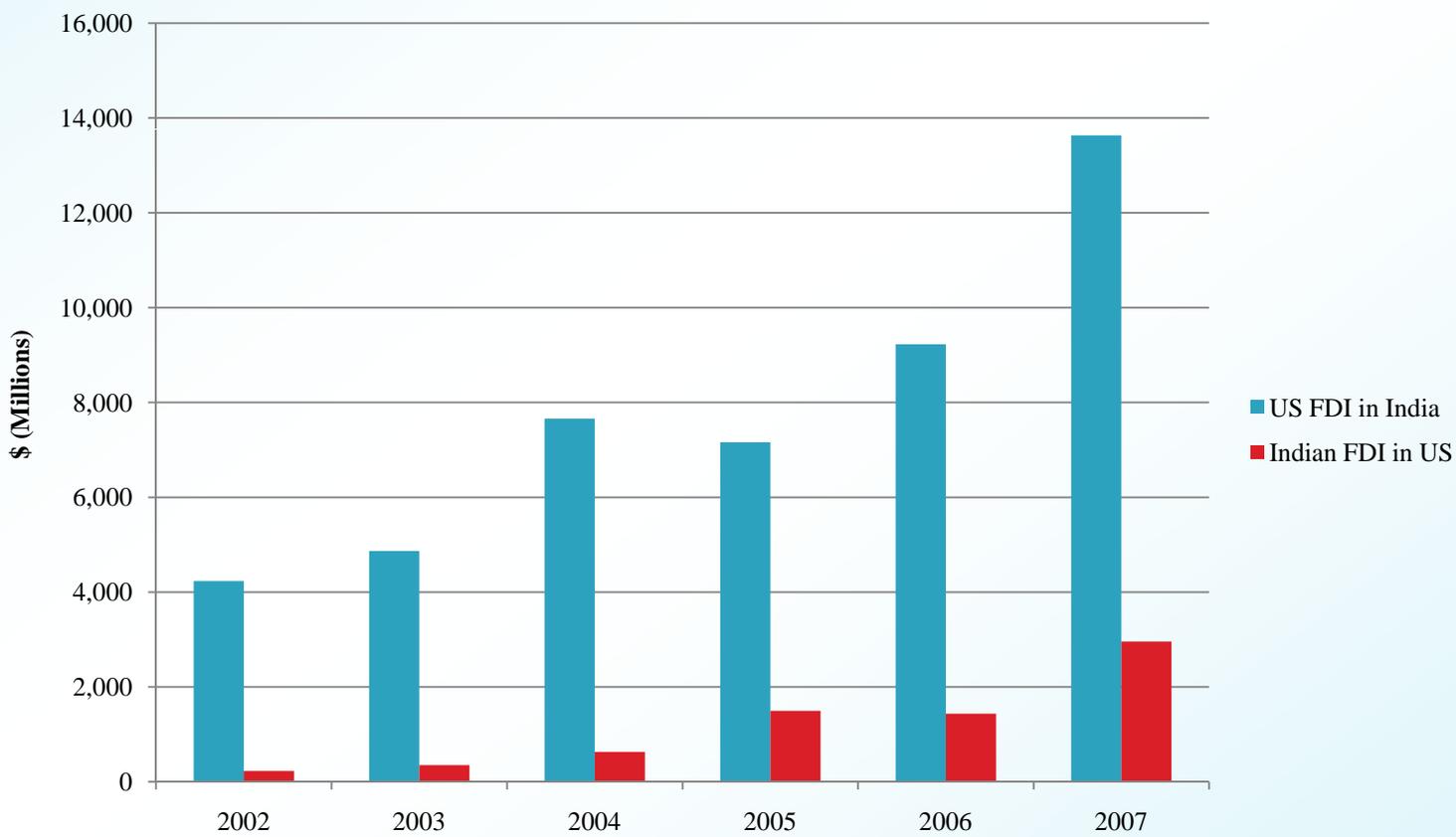
## *Foreign Direct Investment (FDI) in India*

- U.S. FDI In India in 2007 = \$13.6 billion
- Principal Foreign Investors in India (June '08):
  - Mauritius - 44% (of total inflows since Aug '91)
  - United States - 8%
  - Singapore - 7%
  - UK - 7%
  - Netherlands - 5%
  - Japan - 3%
  - Germany - 3%



## *US - India Direct Investment*

*(Historical-Cost Basis)*



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# *Challenges of the Marketplace*

## Structural Problems

-  Inadequate infrastructure: \$450 billion in need during 2008-2012
-  Poverty: over 400 million live on < \$1 per day



## *Impediments to Doing Business*

- ❁ Excessive government interference
  - ❁ World Bank “Doing Business”  
rank = 122 of 181 overall
- ❁ High tariffs and excessive indirect taxes: 10% “peak” industrial tariff, 31.7% total charge on imports
- ❁ Non-tariff barriers
- ❁ Restrictions on foreign investment



## *Impediments to Doing Business, cont...*

- ✚ Weak protection of intellectual property
- ✚ Unreliable transparency
- ✚ Corruption
  - Transparency Intl rank = 85 of 180
- ✚ State-level decisions can contradict policies of central government



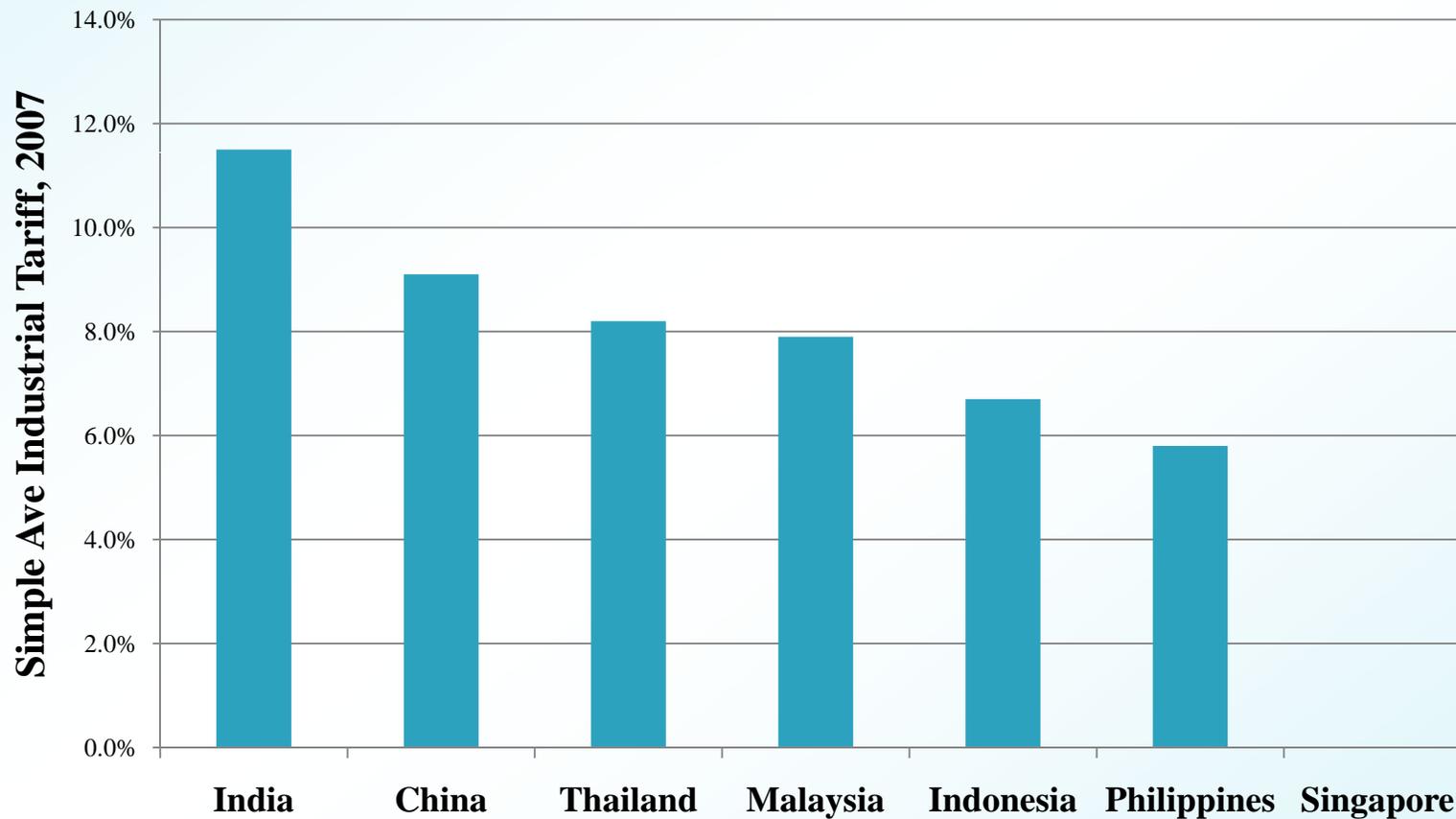
## *Reforms have been made...*

- ⊕ Unilateral tariff cuts
- ⊕ Product patent protection extended to pharmaceuticals and agricultural chemical products;
- ⊕ Bilateral open skies air services agreement
- ⊕ FDI caps raised in telecommunications and domestic airlines;
- ⊕ Restrictions on new FDI by existing foreign joint venture partners eased

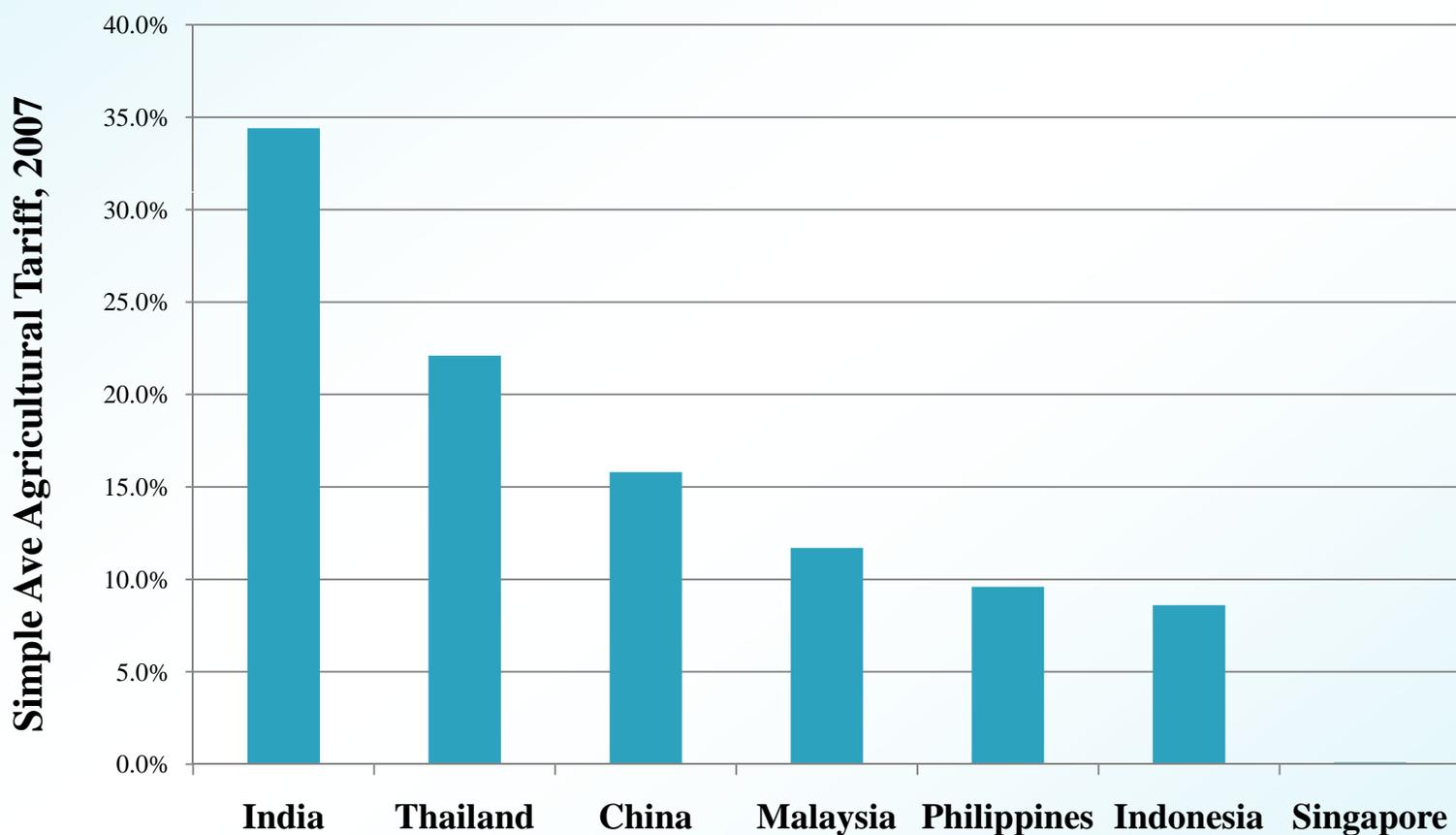
*...but the pace of reform has slowed*



## *India's Tariffs Still High for Asia (Industrial Goods)*



## *India's Tariffs Still High for Asia (Agricultural Goods)*



# *We are here to help YOU!*

✿ ITA experts offer a range of services to help you export (visit [trade.gov](https://www.trade.gov))

- Help navigate the marketplace
- Help overcome trade barriers



# INDIA BUSINESS CENTER

*http://export.gov/india*

The screenshot shows a Microsoft Internet Explorer browser window displaying the EXPORT.GOV website. The address bar shows <http://export.gov/india/>. The website header features the EXPORT.GOV logo with the tagline "Helping U.S. Companies Export" and a search bar. The main content area is titled "Exporting to India Just Got Easier!" and includes a welcome message, navigation links, and several sections: "Find Opportunities", "Find Solutions", "Contact Us", "Main Topics", and "Related Topics". A photograph of the Taj Mahal is visible at the bottom right of the main content area.

**EXPORT.GOV**  
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- ▶ Trade Events
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- ▶ International Logistics
- ▶ Regulations & Licenses
- ▶ Trade Data & Analysis
- ▶ Trade Problems

**Contact Us**

**1-800 USA TRAD(E)**

- ▶ Find a Local U.S. Office
- ▶ Find an Overseas Office

**Exporting to India Just Got Easier!**

Welcome to the India Business Center (IBC)! India is one of the world's most rapidly growing markets offering exciting trade opportunities for American companies. The India Business Center provides access to information and services, opening the Indian market for your company.

More information on the IBC

**Start Now!**

- Why Export to India?
- Doing Business in India
- Email a Question

**What's New**

- New Business Center Opens Doors to India
- Register for the India Publishing Webinar.
- Asia Smart Seminars Focus on Key Markets: India, South Korea and Vietnam
- Clean Technology: An Exporter's Guide
- Navigating India Seminar Series
- Fedex India Trade Mission, November 9 -15, 2008
- Asia Pacific Partnership Clean Energy Trade Mission, September 7 - 12, 2008 to New Delhi, Mumbai and Hyderabad

**Main Topics**

- ▶ India Home
- ▶ Doing Business in India
- ▶ India Market Research
- ▶ India Duties and Taxes
- ▶ India Trade Events
- ▶ India Trade Leads
- ▶ U.S. Gov't Resources in India

**Related Topics**

- ▶ U.S. Export Regulations
- ▶ Overview and Guides
- ▶ Trade Policy and Agreements
- ▶ Resources

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## *What is Market Access and Compliance?*

- ✿ Assist American firms facing foreign trade barriers
- ✿ Monitor other countries' compliance with trade agreements (WTO and FTAs)
- ✿ Trade Compliance Center: your one-stop shop for help with trade barriers
- ✿ Contact us if you have problems gaining foreign market access



## *Trade Compliance Center has Free Resources Online*

[\*www.export.gov/tcc\*](http://www.export.gov/tcc)

- Trade Complaint hotline (202) 482-1191
- Checklist of common trade problems
- Explains over 270 trade and related agreements
- Exporter guides
- Market access news
- Weekly "What's New" e-mail update
- Warns against new foreign technical regulations
- Tools for protecting intellectual property rights



## *Strategy Targeting Organized Piracy*



- Helps U.S. firms protect intellectual property rights abroad
- Stops fakes at America's borders
- Raises the stakes for counterfeiters & pirates
- Keeps fakes out of the global supply chain
- Dismantles criminal enterprises that steal IPR
- Cooperates internationally to block bogus goods

**1-866-999-HALT**

**[www.stopfakes.gov](http://www.stopfakes.gov)**



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## *Commerce Initiatives – The Commercial Dialogue*

- ✿ Have direct access to Indian government officials at senior and mid-levels
- ✿ Try to resolve company/sector-specific trade barriers through personal and video meetings
- ✿ Involve the private sector



## *Other Bilateral Dialogues*

### Trade Policy Forum

-  Tariff and Non-tariff Barriers
-  Services
-  IPR
-  Investment
-  Agriculture

### High Technology Cooperation Group

-  Information Technology
-  Biotechnology/Life Sciences



# *Other Resources...*

## Business Chambers

- [www.usibc.com](http://www.usibc.com)
- [www.amchamindia.com](http://www.amchamindia.com)
- [www.uschamber.com](http://www.uschamber.com)
- [www.ciionline.org](http://www.ciionline.org)
- [www.ficci.com](http://www.ficci.com)
- [www.nasscom.org](http://www.nasscom.org)

## U.S. Government

- [trade.gov](http://trade.gov)
- [www.export.gov](http://www.export.gov)
- [www.buyusa.gov](http://www.buyusa.gov)
- [newdelhi.usembassy.gov](http://newdelhi.usembassy.gov)
- [www.tda.gov](http://www.tda.gov)
- [www.exim.gov](http://www.exim.gov)
- [www.opic.gov](http://www.opic.gov)



## *Further resources...*

- Indian Ministry of Commerce and Industry
  - Department of Commerce ([commerce.nic.in](http://commerce.nic.in))
  - Department of Industrial Policy and Promotion ([dipp.nic.in](http://dipp.nic.in))
- Central Board of Excise & Customs  
([www.cbec.gov.in](http://www.cbec.gov.in))
- Indian Govt. Website Directory ([goidirectory.nic.in](http://goidirectory.nic.in))
- Credit Rating Information Service of India  
([www.crisil.com](http://www.crisil.com))



## *Further resources: Tariff information*

### ☛ Infodrive India customs duty calculator

☛ <http://www.infodriveindia.com/Indian-Customs-Duty/Default.aspx>

### ☛ BIG's Easy Reference Customs Tariff

☛ Academy of Business Studies, New Delhi

Tel (91) (11) 2328-1314, 3018-3570-73

Fax (91) (11) 3018-3574

[academy@vsnl.in](mailto:academy@vsnl.in), [studies1@eth.net](mailto:studies1@eth.net)

[www.worldtradescanner.com](http://www.worldtradescanner.com)



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***THANK YOU!***

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