

February 1, 2017

Speaker Paul D. Ryan
United States House of Representatives
Washington, D.C. 20515

Majority Leader Mitch McConnell
United States Senate
Washington, D.C. 20510

Democratic Leader Nancy Pelosi
United States House of Representatives
Washington, D.C. 20515

Democratic Leader Charles E. Schumer
United States Senate
Washington, D.C. 20510

Dear Speaker Ryan, Leader McConnell, Leader Pelosi, and Leader Schumer:

As a new Congress and administration take office, we write to you as business leaders from across the U.S. economy to urge your continued efforts to ensure a more robust and reciprocal U.S.-India economic relationship. Such work must address ongoing challenges that have negatively impacted U.S. jobs and boost a relationship that has long underperformed its significant potential.

The deep and long-standing relationship between the United States and India is bound together by common values, shared interests, and economic potential for the world's largest economy and the world's fastest growing emerging economy. In a recent sign of the growing relationship between the two countries, Prime Minister Narendra Modi accepted Congress's invitation to address a joint session last June, where he noted that the "threads of freedom and liberty form a strong bond between our two democracies."

The strengthening U.S.-India relationship would be enhanced by improving economic ties across a broad range of areas to ensure fair competition for foreign and domestic companies, support innovation and intellectual property rights, and promote foreign direct investment. In the beginning of his administration, Prime Minister Modi set out to institute reforms to improve the general environment for doing business in India that would make progress toward achieving those ends, a laudable goal that the U.S. business community broadly supported.

Since 2014, the U.S. government has invested significant government resources to help the Indian government achieve those promises, using diplomatic platforms such as the U.S.-India Strategic and Commercial Dialogue (S&CD), U.S.-India Trade Policy Forum (TPF), U.S.-India CEO Forum, U.S.-India Defense Technology and Trade Initiative (DTTI), and the U.S.-India Partnership to Advance Clean Energy (PACE) to engage at senior levels. Such dialogues have been an invaluable platform to discuss key issues, and have significantly broadened the ability of the United States to engage the Indian government on issues of concern and to generate opportunities for U.S. companies and workers in various sectors, including defense, transportation, and energy. While there have been several steps in the right direction over the past two and a half years since Prime Minister Modi's election, including foreign investment openings in a few sectors, fossil fuel and energy efficiency policy initiatives, efforts to address infrastructure project permitting and licensing challenges, and passage of legislation related to bankruptcy and tax reforms, concrete and lasting policy changes to address a number of other longstanding issues comprehensively remain elusive.

As a result, the economic relationship between the United States and India remains unbalanced and significantly underperforming its potential. The U.S. market is largely open to India and has become the second-largest destination for Indian exports worldwide. India is the single largest beneficiary of the U.S. Generalized System of Preferences (GSP) program, which allows most Indian imports to enter the United States duty free. In contrast, U.S. exports to India lack reciprocal access, facing high tariff and non-tariff barriers, and India imports less from the United States than from much smaller economies like Singapore (whose economy is less than one-seventh of India's size) and the United Arab Emirates (less than one-fifth).

Businesses in the United States continue to face an evolving array of tariff and non-tariff barriers, both longstanding and new, which impede businesses and manufacturers in the United States from competing fairly in India and creating jobs here at home. These barriers include forced localization measures; high tariffs, including some contrary to India's WTO commitments; foreign ownership restrictions in a number of sectors, including Business to Consumer (B2C) retail; insufficient protection of intellectual property rights; long and inconsistent government approvals and licenses; and unique and onerous standards and testing procedures. These barriers only serve to discourage globally competitive industries in the United States from participating fully in India's economy and create unfair competitive challenges for U.S. companies.

To reach its economic potential and grow as an export destination for U.S. goods, India needs to improve significantly – a fact recognized not only by the United States but also by international organizations. India remains on Office of the U.S. Trade Representative's Special 301 "priority watch list" based on its record of intellectual property rights protection. India's economy ranks 66th out of 128 countries in the World Intellectual Property Organization's Global Innovation Index, and 130th out of 190 countries (and last among G20 economies) in the World Bank's most recent Doing Business report. Prime Minister Modi has set a goal of breaking into the top 50 countries by the 2018 Doing Business Report, an ambitious goal that could enable Indian and American business leaders alike reach new customers, sell new products, and create more jobs for more workers – but that would require a significant acceleration in domestic reforms.

The U.S. government, including Congress, should use all available channels to ensure fair play for businesses, investors, and entrepreneurs across the United States, and to support Indian efforts that align with these goals. In particular, it is critical for the United States to use actively both existing and new platforms and tools to raise and resolve longstanding issues. The S&CD and TPF, for example, have been valuable opportunities for senior level exchanges between our two governments. In the hands of a new administration, and with robust oversight and encouragement from leaders in Congress as well as greater private sector participation, the S&CD and TPF can be improved and serve as opportunities to address concretely areas of mutual economic interest that deepen the U.S.-Indian commercial relationship. Similarly, where appropriate, WTO dispute settlement has played and should continue to play a key role in ensuring that India follows through on its international commitments.

Our organizations stand ready to support greater effort in the year ahead to establish a more robust and fair U.S.-India commercial relationship that supports American jobs and economic growth.

Sincerely,

Advanced Medical Technology Association (AdvaMed)
American Business Conference (ABC)
American Chemistry Council (ACC)
American Foundry Society (AFS)
Association of Equipment Manufacturers (AEM)
Biotechnology Innovation Organization (BIO)
Business Council of New York State
CropLife America
Distilled Spirits Council of the United States (DISCUS)
Illinois Manufacturers' Association
INDA, Association of the Nonwoven Fabrics Industry
Motion Picture Association of America (MPAA)
National Association of Manufacturers (NAM)
National Foreign Trade Council (NFTC)
New Jersey Business & Industry Association
Pennsylvania Manufacturers' Association
Pharmaceutical Research and Manufacturers of America (PhRMA)
Recording Industry Association of America (RIAA)
Society of Chemical Manufacturers & Affiliates (SOCMA)
The Vinyl Institute
U.S. Chamber of Commerce (USCC)
U.S. Council for International Business (USCIB)