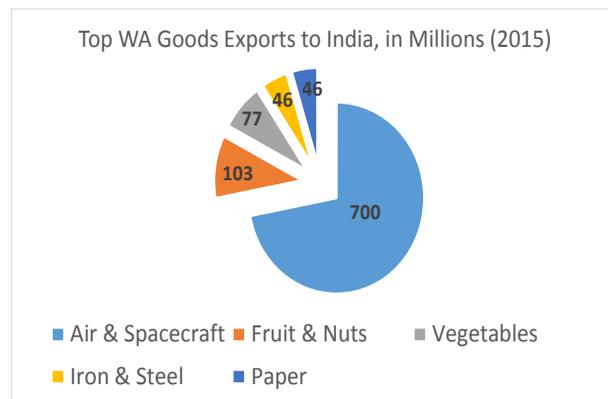


Increase U.S. Competitiveness in Trade with India

POLICY FACTSHEET

Why it matters to WASHINGTON

In 2015, Washington exported \$1.1 billion worth of goods to India. Our exports to India have grown 17% in the past 5 years.¹ Despite considerable trade barriers, many Washington goods and services - such as airplanes, IT services, agricultural products, food and beverage products, and global health and development services - are increasingly entering the Indian market. If India makes more progress in alleviating the process of entering and doing business in the country, there will be tremendous potential for Washington companies across many sectors.

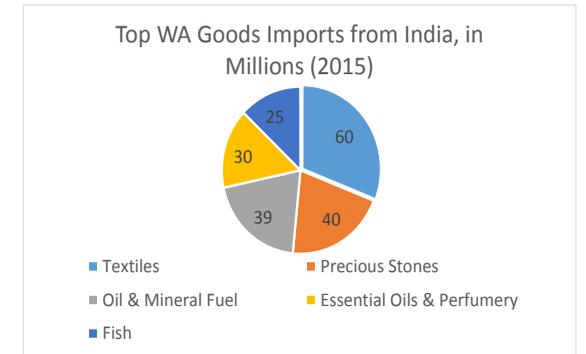


A Starbucks employee in India hands out samples

Policy Recommendations

Addressing the following issues would increase Washington employers' competitiveness in trade with India and promote mutually beneficial collaboration and investment:

- Improve Intellectual Property Protection** - IP issues have increasingly become barriers to trade with India. In fact, India scored last of eleven countries in the Global Intellectual Property Center's International IP Index, an evaluation that measures indicators such as patent protection, protection of trade secrets, protection against online piracy and legal remedies for copyright infringement.²
- Reduce Market Access Restrictions** - India has recently implemented policies that restrict market access, such as imposing local content and domestic manufacturing requirements or creating a discriminatory regulatory framework for foreign products. In addition, India imposes strict regulations on foreign direct investment (FDI) and the opening of foreign-owned brick and mortar offices and stores. These policies favor national industries in certain sectors which have been designated as localized by the government, such as ICT, aerospace, retail, some services industries, life science and real estate.
- Lower Tariffs** - India imposes high tariffs on many U.S. products. Prohibitively high tariffs on products ranging from manufactured goods to agricultural products limit U.S. companies' ability to invest in the growing Indian market. In addition, India has trade agreements with ASEAN nations, other South Asian countries, and is negotiating free trade agreements with the European Union, Korea and Canada. These agreements would put U.S. products at a competitive disadvantage if high tariffs are not addressed.
- Improve Regulatory Predictability** - Doing business in India can be difficult due to regulations that change suddenly. For example, in early 2016 India suddenly closed all but one port to the import of Washington apples. These kinds of regulation changes harm Washington exporters. India should remain committed to fostering a predictable and open business environment. This will not only benefit foreign investors who can inject the country with investments that will create jobs and grow the economy, but will also benefit local Indian businesses and Indian consumers.



Washington apple mascot passes out apples at an Indian cricket match

¹ WISER Trade, 2016 | ² Global Intellectual Property Center, US Chamber of Commerce, *Measuring Momentum, GIPC International IP Index*, December 2012 | ³ Neelam Mathews, "Boeing India Sales Forecast," *Aviation Online*, Mar. 13, 2014 | ⁴ ICT Economic and Fiscal Impact Study, Commerce WA, 2015

INDUSTRY IMPACT



AEROSPACE

In 2015 Washington's top export to India was aerospace, with \$700 million in exports.¹ Boeing estimates that India will order as many as 1,600 planes through 2031, totaling up to \$205 billion.³ There has been a 98% increase in Washington aerospace exports to India in the past 4 years.¹



AGRICULTURE

Washington state exported \$77 million worth of vegetables and \$103 million worth of fruit and nuts (an increase of 52% from the year before) to India in 2015.¹ As the India middle class grows, demand for Washington-grown foods like apples and cherries will increase.



FORESTY

In 2015, Washington exported \$46 million worth of paper and paper products (a 10% increase over the year prior) and \$14 million of wood pulp to India.¹ Paper and paper products were the fifth largest Washington export to India.



INFORMATION TECHNOLOGY

Information and Communications Technology is one of Washington's largest exports, with \$16.4 billion in exports in 2013.⁴ Washington state is a major exporter of information technology services to India, with companies like Microsoft, Tableau Software and Big Fish Games and many others selling software in the country. Since the information and communications technology (ICT) sector is one of India's fastest growing, with 1.1 billion cell phone users and an electronics market projected to reach \$400 billion by 2020, there are enormous opportunities in this industry. If this market opens to U.S. companies through improved intellectual property protections and reduced regulations and other market access restrictions, Washington ICT companies would benefit considerably.



RETAIL

Washington imported \$24 million in knit apparel and \$60 million in textiles from India in 2015.¹ These imports allow many of our state's retailers to maintain their global competitiveness, creating jobs in design, sales, marketing, and logistics here at home. Though entering the Indian market is difficult, some Washington companies like Starbucks are successfully selling their products to Indian consumers; Starbucks opened its first stores in India in fall of 2012. Amazon.com has also launched in India.



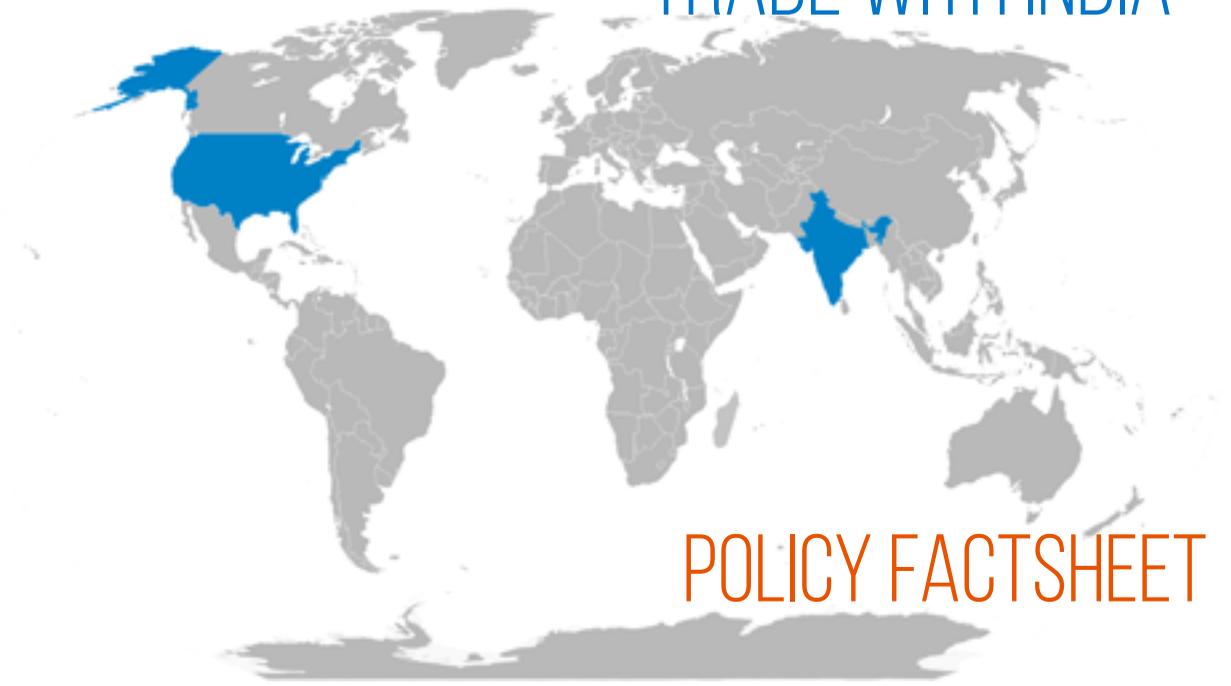
GLOBAL HEALTH AND DEVELOPMENT

Washington is home to one of the premier global health and development sectors in the world. Organizations like PATH, SightLife, the Bill & Melinda Gates Foundation and World Vision provide health care, education, economic development and a variety of other programs in India. In fact, more Washington global development organizations work in India than any other country. These organizations generate thousands of high wage jobs for Washington residents.

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INCREASE U.S. COMPETITIVENESS IN TRADE WITH INDIA



POLICY FACTSHEET

Background

The Obama Administration has highlighted U.S.-India relations as a top priority, in part due to growing U.S.-India trade. Over the last decade, U.S. exports to India have increased more than 200%, thanks in part to India's average GDP growth rate which is 7.8% and its rapidly expanding middle class. The world's largest democracy – with a population of 1.25 billion – holds great potential for U.S. companies. However, U.S.-India trade growth is limited by significant trade barriers in India, such as restrictions on foreign direct investment, domestic manufacturing and local content requirements, weak intellectual property rights, and high tariffs.