

India-US trade and investment relations – progress and key concerns

H.E. Mr. Kenneth I. Juster, the 25th United States Ambassador to India, outlined the progress of the India-USA relations in the last 20 years and highlighted key concerns hindering this relation in his farewell speech on January 5, 2021. Mr. Juster, who was appointed as US Ambassador to India in November 2017, is completing his term at the end of this month.

In his farewell speech organised by Observer Research Foundation in New Delhi, Mr. Juster said, bilateral trade zoomed from USD 18.6 billion in 2001 to USD 146 billion by 2019. Of the USD 146 billion bilateral trade, trade in goods amounted to USD 92 billion, while trade in services was worth USD 54.1 billion. Around 16% of India's total exports are destined to USA and it is the largest trade partner of India currently. On the other hand, India the 12th largest trade partner of USA.

His Excellency highlighted the growing bilateral relations in areas such as healthcare, energy and defence. Particularly, he pointed out that more than 100 US companies have presence in India in energy-related sectors such as power, oil, gas, petrochemicals, nuclear, renewable and biofuels, to name a few. US companies have supported India's power grid modernization initiative in terms of integration of large-scale renewable energy into the grid, adoption of smart grids, smart meters and rooftop solar power projects. USA started exporting crude oil to India in 2016 and in 2019, its exports to India stood at 93 million barrels. During this period, US liquefied natural gas exports grew more than five-fold.

In the healthcare and pharmaceutical sector, India is the second largest supplier of drugs and medicinal products to USA, while many healthcare facilities in India are using medical devices manufactured in USA.

In terms of bilateral investment, USA is the largest investor in India with cumulative investment of USD 46 billion and US companies have contributed to more than five million jobs in the Indian economy. On the other hand, India's cumulative investment in USA stood at USD 16.7 billion and it generated around 70,000 jobs in America.

While India's relationship with USA has improved considerably in many areas, there are also key concerns that need to be addressed by both the countries. For instance, a recently released report by the US Congressional Research Service (CRS) raised concern about India's hike in import duty on cell phones and other telecommunication goods from 0% to 15-20%.

Similarly, it also raised concern about the imposition of tariff on aluminum (10% duty) and steel (25% duty) by USA in 2018 and its impact on bilateral relations. USA also discontinued preferential market access for Indian goods under its Generalised System of Preference (GSP) in

2019. Following this, India retaliated by imposing higher tariffs of 10%-25% on US exports of nuts, apples, chemicals, and steel.

One notable area of improving relations is defence. India and the US have signed defense contracts worth more than USD 20 billion since 2008, compared to just USD 500 million in all previous years combined. In future, India will buy from USA Integrated Air Defense Weapon System and 30 MQ-9B Sky Guardian drones, which are cumulatively worth more than USD 5 billion. However, there is a lingering threat that USA may impose sanction on India because of the latter's multibillion-dollar agreement with Russia for importing S-400 air defense system.

Notifications

PIB

Minister suggests industry to focus on quality & productivity

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1686564>

Minister reviews progress of National Infrastructure Pipeline (NIP)

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1686565>

KVIC signs MoU with ITBP for supply of cotton durries

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1686532>

CBIC

Extension of levy of Anti-Dumping duty on Melamine imported from China

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd01-2021.pdf>