

## The India-US Trade Policy Forum

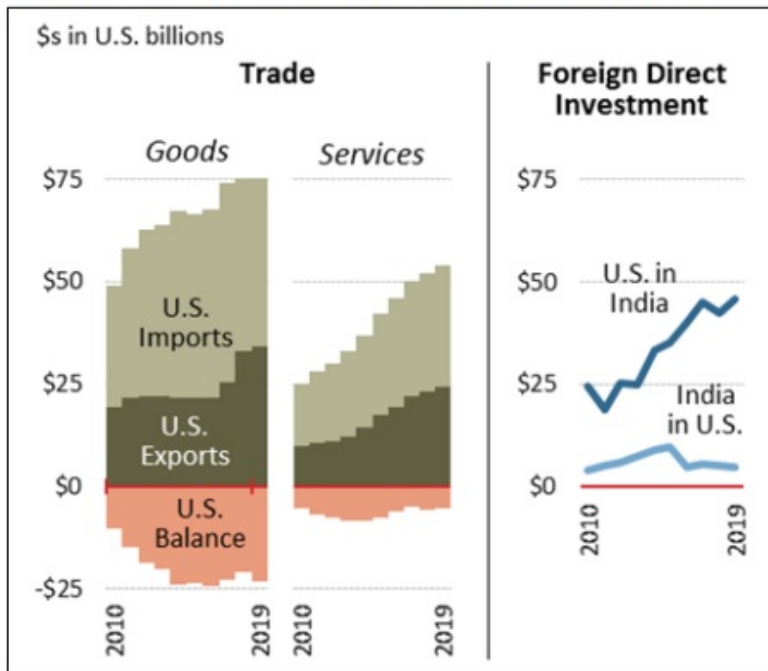
### Why in news?

The Trade Policy Forum (TPF), a premier forum to resolve trade and investment issues between India and the United States has been re-launched after four long years.

### What is the status of India-US bilateral trade?

- The US remained India's **biggest trading partner and largest export market** and the bilateral trade exploded from approximately 20 billion dollars in 2001 to over 145 billion dollars in 2019.
- The US investment in India amounts to 46 billion dollars.
- Over 2,000 US companies are located in India, including every major Fortune 500 companies.
- Over 200 Indian companies created about 125,000 jobs in United States across all states.
- The US is one of the few countries with which India has a **trade surplus** with India's exports exceeding the imports.
- The top traded goods include pearls and precious stones, pharmaceuticals, machinery, electronics, clothing, vehicles, chemicals and fish products, optical, photo, medical apparatus and aluminium.

**Figure I. U.S. Trade and Investment with India**



Source: CRS analysis, Bureau of Economic Analysis (BEA) data.

## What are the key issues in the bilateral trade relations?

### • Issues for the US

- Tariff barriers such as high import duties
- Market access restrictions
- Unpredictable regulatory norms
- Intellectual Property Rights issue
- The trade deficit with India
- India's digital tax
- Restricted digital trade

### • Issues for India

- Withdrawal of Generalized System of Preferences (GSP)
- Removal of India from the “**developing countries**” list
- High import tariffs on steel and aluminium
- Visa restrictions

*The GSP is the largest and oldest United States trade preference programme intended to promote economic development by eliminating duties on some products it imports from the 120 countries designated as beneficiaries.*

## What is the US-India Trade Policy Forum?

- The India-US Trade policy Forum (TPF) was established in July 2005 to

discuss about trade and investment issues.

- The objective of the forum is to
  - Facilitate trade and investment flows between the two countries
  - Develop and implement trade policies through transparent procedures that comply with international obligations
  - Foster a conducive environment for technological collaboration and innovation
  - Promote inclusive economic growth and job creation in India and the US.
- The Minister of Commerce and Industry for India and the United States Trade Representative of the USA are the co-chairs of the Trade Policy Forum.
- The India-US Trade Policy Forum has five focus groups.
  1. Agriculture
  2. Investment
  3. Innovation and Creativity (intellectual property rights)
  4. Services
  5. Tariff and Non-tariff barriers

### **What is the significance of the relaunch of this forum?**

- The relaunch is a fresh reset chance back from the Donald Trump administration days indicating US's interest in engaging with India in significant spheres.
- The TPF statement also outlines the sectors and goods and services that need quick attention.
- India should look into its trade posture and work for a more open approach towards a market that will remain the most critical, irrespective of the trade deals it is seeking with other nations.
- India must seize this fresh initiative with the U.S. to cement its place in the new supply chains being envisaged.
- For starters, it must pro-actively move away from the protectionism that is leading the globalised world adrift.

### **Reference**

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