

January 2009

CII & USA: JANUARY 2009 EVENTS UPDATE

INSIDE:

CII AND USA:
JANUARY 2009
EVENTS UPDATES

BUY AMERICAN

US-INDIA:
BILATERAL
UPDATE

US ECONOMIC
WATCH

FAREWELL LUNCHEON FOR AMBASSADOR DAVID CAMPBELL MULFORD: 9 JANUARY: NEW DELHI

CII organised a Farewell Luncheon in honour of **H E Dr. David C. Mulford**, US Ambassador to India. Ambassador Mulford began his keynote remarks by mentioning that he would continue being US Ambassador with the new Administration until his successor arrives. Extending his remarks, as prepared for delivery, he said that the transformation in the relationship between India & the US comes from well established shared values and growing common interests, and is widely understood and welcomed in both countries. He stated that this relationship will



L – R: Mr. Hari S Bhartia, Co-Chairman and Managing Director, Jubilant Organosys Ltd., Dr. David C. Mulford, US Ambassador to India and Mr. Tarun Das, Chief Mentor, Confederation of Indian Industry

further deepen and will yield rich and abiding benefits. He highlighted that millions of Indian & US citizens are pursuing ties of a more personal nature in the areas of commerce, education, science and countless other endeavours. These are factors that are driving and shaping the relationship as both the Americans and Indians benefit from the shared values of freedom, democracy, diversity, entrepreneurship, education and opportunity. Dr. Mulford also stated that India has to liberalize and put its huge savings into the system. Moderating the session, **Mr. Tarun Das**, Chief Mentor, Confederation of Indian Industry (CII), appreciated the Ambassador's efforts in bringing both the countries closer and for his leadership in creating and sustaining an environment of trust, friendship and partnership. Delivering the opening remarks, **Mr. Hari S Bhartia**, Co-Chairman and Managing Director, Jubilant Organosys Ltd., said that the civil nuclear agreement has really been a strong move forward for India to be self-sufficient in energy. He further added that a number of partnership collaborations have grown between both countries in the last decade.

FUTURE DIRECTION OF US RELATIONS WITH INDIA AND THE REGION: 29 JANUARY: NEW DELHI



L – R: Ambassador Karl F. Inderfurth, Former US Assistant Secretary of State for South Asian Affairs; Mr. John Brandon, Director, India Programs, The Asia Foundation; Prof C Raja Mohan, Professor, S Rajaratnam School of International Studies, Nanyang Technological University, Singapore; Ambassador Naresh Chandra, Former Indian Ambassador to the United States; Ambassador Rajendra Abhyankar, Director, India Programs, The Asia Foundation and Mr. Tarun Das, Chief Mentor, Confederation of Indian Industry.

CII, in association with California based The Asia Foundation, organised a Session on "Future Direction of US Relations with India and the Region" in New Delhi. Speaking at the session, Ambassador Karl F. Inderfurth, Former US Assistant State for South Asian

Affairs, said that the future of the US is tied to the future of Asia, which is a reflection of the economic and strategic weight that the region carries. To further US-India ties, Ambassador Inderfurth recommended a seven-point agenda to the US Administration, which included: strengthening strategic ties; deepening economic ties; pursuing a broader nuclear dialogue; collaborating in higher education; supporting India's United Nations bid; collaborating in the neighbourhood and promoting a US-India-China cooperative triangle. Releasing The Asia Foundation's report on "America's Role in Asia: Asian and American Views" report, **Ambassador Naresh Chandra**, Former Indian Ambassador to the United States, hoped that the recommendations contained in the report would serve as a useful guide for advancing India-US ties. Delivering the Luncheon Keynote address, Former National Security Adviser, **Mr. Brajesh Mishra**, said that the US has a global agenda while India, despite its recently acquired nuclear status and an enviable economic performance, has a regional agenda. The difference in strategic objectives could give rise to divergence of interests, but India and the US must continue to work together in the areas where their interests converge. Amongst the key Indian and American speakers who addressed the gathering were **Ambassador S K Lambah**, Special Envoy to the Prime Minister; **Mr. John Brandon**, Director, India Programs, The Asia Foundation; **Mr. Steven J White**, Deputy Chief of Mission, US Embassy; **Ambassador G Parathasarathy**, Visiting Professor, Centre for Policy Research; **Prof C Raja Mohan**, Professor, S Rajaratnam School of International Studies, Nanyang Technological University, Singapore; **Mr. Pramit Pal Choudhury**, Senior Editor, Hindustan Times; **Mr. T N Ninan**, Chairman and Managing Director & Editor, Business Standard Ltd.; and **Ambassador Rajendra Abhyankar**, Director, India Programs, The Asia Foundation.



L – R: Mr. Siddharth Shriram, Chairman, Honda, SIEL Power Products; Mr. James Michael Poterba, President, NBER and Prof. Abhijeet Banerjee, of MIT

US ECONOMY: CHALLENGES & OUTLOOK: 9 JANUARY: NEW DELHI

CII organized a session with **Mr. James Michael Poterba**, President, National Bureau of Economic Research and Mitsui Professor of Economics at Massachusetts Institute of Technology (MIT), on **US Economy: Challenges & Outlook**. Presenting his views on the short-term and long-term challenges to US fiscal policy, Mr. Poterba said that over the longer term, the challenge would be to manage unsustainable spending on items such as social security and health insurance. But in the short term, US policy makers need to set the contours of a stimulus package that will help revive the economy. Speaking about US President Obama's economic revival programme, he said that it is hard to predict the policies being put together, but stated that tax increases were unlikely. **Mr Siddharth Shriram**, Chairman, Honda Siel, Products Ltd., delivered the welcome remarks and **Prof.**

Abhijeet Banerjee, Ford Foundation International, Professor of Economics, Massachusetts Institute of Technology (MIT) moderated the session.

US COMMERCIAL NUCLEAR MISSION TO INDIA: 12-16 JANUARY: NEW DELHI AND MUMBAI

The Confederation of Indian Industry (CII) and the US India Business Council (USIBC) organised a Task Force meeting with the visiting U.S. Commercial Nuclear Mission in New Delhi on 12 January. The US Commercial Mission visited India (New Delhi and Mumbai) from the 12-16 January.

Nuclear Energy Institute & the US Department of Commerce supported the Mission which was led by **Mr. Steve Hucik** of GE Hitachi Nuclear Energy. With more than 60 senior executives representing around 30 of the world's leading commercial nuclear companies, the Mission was the first commercial nuclear trade mission to visit India since the Nuclear Suppliers Group (NSG) approved India for global commercial nuclear trade. At a press conference organised by CII, Mr. Steve Hucik said that they have seen very positive signs from the Indian Government and also the Indian Industry in partnering together to develop the nuclear reactors in India. He also highlighted the tremendous potential for business opportunities in the Nuclear Power



sector in India for the US Commercial Nuclear Industry. **Mr V K Chaturvedi**, Co-Chairman, CII – USIBC Joint Task Force on Nuclear Power, briefed the Mission on the key deliberations of the Joint Task Force. He stated that the Joint Task Force had identified policy issues on both sides which required attention in order for India to move towards its ambitious goals for expanding its nuclear generating capacity. He stated that in order to enable Indian and U.S. private sector companies to take part in the expansion, issues relating to nuclear liability and intellectual property protection, among others, need attention in India.



L – R: Senator Di Nino, Chair of Senate Foreign Relations Committee; Mr Jean-Pierre Hamel, Consul & Senior Trade Commissioner, Consulate of Canada, Chennai, Ms Asha Luthra, President, Indo-Canadian Chamber of Commerce, Hon'ble Deepak Obhrai, Parliamentary Secretary to the Minister of Foreign Affairs, Mr Pradipta K Mohapatra, Immediate Past Chairman, CII-Southern Region

INDO-CANADA CHAMBER OF COMMERCE ROUNDTABLE: 7 JANUARY: CHENNAI

CII, jointly with Indo-Canada Chamber of Commerce (ICCC), organized a Roundtable discussion on Indo-Canadian Trade and Economic exchanges with a special focus on sectors such as energy, pharma, higher education, and biotechnology. The session was organized in conjunction with the Pravasi Bharatiya Divas 2009. Some of the suggestions for strengthening Indo-Canadian ties included the exchange of technology in solar energy, increased trade in nuclear energy, enhancing awareness programmes on tourism, and orientation sessions on Indian culture for the younger diaspora.

Deliberations relating to educational exchanges included the need for promoting and branding Canadian institutions to broaden exchange of students,

simplification of visa procedures, and exchange of professionals in order to encourage the transfer of knowledge between the two countries. In his keynote address, **Senator Consiglio Di Nino**, Chair of Senate, Foreign Relations Committee, highlighted the need for both countries to enter into a Comprehensive Strategic Partnership to create a path for stronger relations. He said that although trade between India and Canada is as low as US\$4 Billion, Canada is now aggressively pursuing increased trade and investment with India. The Roundtable was also addressed by **Mr. Deepak Obhrai**, Parliamentary Secretary to the Minister of Foreign Affairs, **Ms Asha Luthra**, President, Indo-Canadian Chamber of Commerce and **Mr Pradipta K Mohapatra**, Immediate Past Chairman, CII Southern Region, among others.

“BUY AMERICAN”

On 28 January 2009, the US House of Representatives passed an economic stimulus package of US\$819 Billion. The bulk of the stimulus package is targeted towards the funding of infrastructure projects such as highways, public works construction and public transportation. The Appropriations Committee of the House has added a provision sought by domestic steel producers that would expand existing “Buy American” laws to require the use of US-made steel in any projects included in the stimulus package.

The stimulus package’s “Buy American” provision is essentially the same as is applied under the current Buy America Act. The standard for steel requires exclusive use of steel “produced” in the United States, which means that all essential steelmaking operations must have occurred in the United States. Current law allows a waiver of these requirements on three possible grounds: the first, vague but rarely invoked, is that the public interest requires it; the second applies when U.S. steel is not timely available in sufficient quantities for the project; the third, price differential, may be invoked if using domestic steel rather than a less expensive foreign alternative would increase the total cost of the entire project by at least 25 percent.

The new bill would apply these “Buy American” standards with a few additions. One significant change to “Buy American” is mandating new procedural requirements for granting waivers to the “Buy American” rules on steel in covered projects. For instance, when a waiver is considered under any of the three grounds outlined above, the agency concerned would be required to publish a “detailed written justification” in the Federal Register and allow “reasonable time” for public comment.

Many countries have expressed their concern over the inclusion of the “Buy American” clause, stating that this might cause global trade to shrink.

US-INDIA: BILATERAL UPDATE

Some of the key updates on the bilateral front during the month of January are as below:

- **India-US Trade (January-November 2008)**

Trade	Value \$ Billion
Total trade	41.40
US's exports to India	17.60
India's exports to US	23.90
India's Trade Surplus	6.3

[\(More\)](#)

- **Warner Brothers Pictures India**, a subsidiary of the US-based Time Warner Inc, is set to invest Rs 200 crore (US\$ 40.68 million) in film production in 2009. [\(More\)](#)
- **Piramal Healthcare, has acquired outstanding capital stock of US-based RxElite Holdings** for \$4.2 million. This acquisition gives Piramal ownership of RxElite Holdings' sales and distribution network in the US. [\(More\)](#)
- **US-India Strategic Partnership on Laser-Based Missile Defense.** United States and India have increased bilateral cooperation in a range of defense, counterterrorism, and homeland security areas. This cooperation is helping increase trust and confidence between the two nations while fostering security, stability, and prosperity in Asia. [\(More\)](#)
- Greeting India on the occasion of the country's 60th Republic Day, US President Barack Obama said Indians has no better friend and partner than the United States. [\(More\)](#)
- The FDA has opened two offices in India, as a part of an overseas expansion strategy aimed at monitoring the export of drugs into the United States. [\(More\)](#)

US ECONOMIC WATCH

- **US Financial Account:** The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--decreased to \$174.1 billion (preliminary) in the third quarter of 2008 from \$180.9 billion in the second quarter. [\(More\)](#)
- **Gross Domestic Product:** GDP decreased at an annual rate of 0.5% in the third quarter of 2008, from the second quarter. In the second quarter, GDP increased by 2.8 %. [\(More\)](#)
- **The U.S. international trade deficit** The Nation's international deficit in goods and services increased to \$57.2 billion in October from \$56.6 billion (revised) in September, as exports decreased more than imports [\(More\)](#).
- In the wake of ongoing economic recession in the United States, several major US companies announced layoffs. Almost 200,000 job cuts have been announced in the month of January. Adding to the discouragement, labor market experts said that more layoffs are likely in the near term. The U.S. economy lost 2.6 million jobs in 2008. [\(More\)](#)
- The 2009 Index of Economic Freedom published by the Heritage Foundation and the Wall Street Journal shows that the United States dropped to sixth place in this year's index from 5th place a year ago. [\(More\)](#)
- **US's Foreign Trade (January-November 2008)**

Trade	Value (\$ Billion)
Total Trade	3172.6
Exports	1210.7
Imports	1961.9
Trade Deficit	751.2

CONTACT US

US Office: 1700 North Moore Street, Suite 1928, Arlington VA, 22209; Phone: 703 807 0310, Fax: 703 807 0315

Email: sreekumar.nair@cii-usa.org

India Office: The Mantosh Sondhi Centre, 23 Institutional Area, Lodi Road, New Delhi – 110 003

Ph: 91-11-24629994-7 Fax: 24626149

Email: shruti.bhatia@cii.in