

June 2009

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**CII & USA: JUNE EVENTS UPDATE**

**CII CEOs MISSION TO USA: 16-19 JUNE:  
WASHINGTON DC & NEW YORK**

**Mr Venu Srinivasan**, President, CII and Chairman, TVS Motor Company led a CII CEOs Mission to USA from 16-19 June 2009 with the aim of further strengthening US - India economic engagement, exploring new avenues of collaboration and focusing on issues of global concern. With a well settled US Administration in Washington DC and the stability provided by the strong win of the Congress party recently in New Delhi, both governments are ready to advance to a new chapter in bilateral relations. This is the first time CII has led two CEOs missions to the USA in one year, endorsing its commitment to strengthen bilateral relations and collaborate on global challenges.



*Tarun Das (L) and Venu Srinivasan (R) with Hillary Clinton on 17 June in Washington DC*



*Anand Sharma releases the CII Report- 'India-USA Economic Relations: The Next Decade' with Venu Srinivasan (L) and Chandrajit Banerjee (R)*

Mission members interacted with **Ms Hillary Clinton**, US Secretary of State; **Mr Gary Locke**, US Secretary of Commerce; and **Amb Ronald Kirk**, US Trade Representative at the USIBC Synergies Summit, where Minister Sharma released a Report by the India Brand Equity Foundation on 'Contribution of Indian Industry to the US Economy'. The CII- Asia Society-USIBC Conference also saw the release of the CII report on 'India-USA Economic Relations: The Next Decade'. On the Capitol Hill, CEOs met with **Congressman Howard Berman**, Chairman, House of Representatives, Committee on Foreign Relations; **Congressman Jim McDermott**, Co-Chair, Congressional Caucus on India & Indian Americans and held meetings with senior officials at the US Treasury, USTR, Commerce and State Departments. Separate meetings were held with **Mr Michael Froman**, Deputy Assistant to the President and Deputy National Security Adviser for International Economic Affairs, The White House; **Dr Robert Zoellick**, President, The World Bank and **Dr Henry Kissinger**, former US Secretary of State

The Mission coincided with the first visit of new Indian Minister for Commerce and Industry, **Mr Anand Sharma** and the 33<sup>rd</sup> Annual Synergies Summit of the US India Business Council's. The CEOs delegation comprised of **Mr Arun Bharat Ram**, Chairman, SRF Ltd; **Mr Tejpreet Singh Chopra**, President and CEO, GE India; **Mr Tarun Das**, Chief Mentor, CII and President, Aspen Institute India; **Dr Prathap C Reddy**, Chairman, Apollo Hospitals Group; **Mr Vijay Thadani**, CEO, NIIT Ltd; **Mr Chandrajit Banerjee**, Director General, CII and **Ms Kiran Pasricha**, Deputy Director General, CII and Head - CII US Operations.



*Members of the CEOs delegation with Congressman Howard Berman on 17 June in Washington DC*

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and Chairman, Kissinger Associates. Mission members gave their perspectives on several areas of Indo-US cooperation: high – technology, trade, affordable healthcare, climate change and national security as essential mechanisms to strengthen the already well founded Indo-US partnership.

**Following were the key points presented from the US side:**

- With PM Singh’s government in place, President Obama is keen to engage with India. The visit of Secretary Clinton to India in July will mark the beginning of a “Version 3.0” relationship. Several high ranking officials will follow through the next few months as a mark of commitment to the Indo-US relationship.
- The Obama administration will not use the global downturn as an excuse to foster protectionism.
- The US’s hotly debated support of Pakistan, and its new Af-Pak relationship, will not undermine its support of India as one of its strongest allies. The US would like to see India succeed “as a model of democracy”.
- US is keen to pursue Doha negotiations and will restart the CEOs Forum. With a new US Trade Representative, Ambassador Ron Kirk, and new Minister for Commerce and Industry, Mr. Anand Sharma, there are high hopes for a successful round.
- Healthcare is on high priority. The US is eager to explore models for low cost, innovative, healthcare delivery as well as administration. India can benefit from the development of medical personnel and institutions, especially in rural areas.
- Collaboration between Indian and US institutions is likely. US Under Secretary of State Bill Burns has initiated dialogue with Minister Sibal on partnerships complementing PM Singh’s focus on education and skill development.
- On renewable energy, climate change, ‘gray water for industrial use’ and clean coal technology, the two sides agreed on the need to compromise. The US is doing its part to domestically place a ‘cap and trade’ measure that would tax high emitters.



**Panellists at the Doing Business in India 2009 Report Launch (L-R) Chandrajit Banerjee, Ajay Shankar, Penelope Brook, Rakesh Mehta and Simon Bell**

**“DOING BUSINESS WITH INDIA 2009” REPORT LAUNCH AND DISCUSSION: 30 JUNE: NEW DELHI**

*Doing Business in India 2009*, a World Bank report was launched on 30 June in New Delhi, at an event organized by CII in partnership with the Department of Industrial Policy and Promotion (DIPP) and International Finance Corporation (IFC). Dignitaries from the central **government as well as state** governments of India, diplomatic officials from foreign missions, members of the Indian industry and academic institutions made their presence

felt. **Ms Penelope Brook**, Vice President, World Bank Group presented the key findings of the report while **Mr Ajay Shankar**, Secretary, DIPP, Govt of India gave the keynote address. **Mr Simon Bell**, Sector Manager, South Asia, World Bank Group summed up the session and **Mr Rakesh Mehta**, Chief Secretary, Govt of Delhi gave the Vote of Thanks. The report compares business regulations across 17 Indian cities. The report focuses on local regulations that affect [starting a business](#), [dealing with construction permits](#), [registering property](#), [paying taxes](#), [trading across borders](#), [enforcing contracts](#), and [closing a business](#). The report shows that differences in city- and state-level regulations and practices in the implementation of national-level regulations can enhance or constrain local business activity. The first sub-national report fully dedicated to India, suggests that cities in India can learn from each other and adopt good practices already working within the country.

**Main findings of the Report:**

- Doing business is easier in Ludhiana, Hyderabad, and Bhubaneshwar; more difficult in Kochi and Kolkata.
- The number of procedures to open a business ranges from 11 to 13, 8 of which are set nationally. Starting a business is fastest in Mumbai and Noida with 30 days and slowest in Kochi with 41 days. Business start up is least expensive in Patna at 38% of income per capita, while in Mumbai, the cost is almost twice as much.
- The process to obtain construction-related permits and clearances is easiest in Bengaluru, Chennai and Hyderabad, where 15 procedures are required, but more cumbersome in Kolkata and Mumbai, where more than 30 procedures are needed. Cutting the time to the level of Hyderabad - 80 days - would put India ahead of Germany.
- Cities in India do well on the number of procedures required to register property - on average, only 5 procedures are needed. This performance ranks the average Indian city at 47th out of 181 economies.
- When compared internationally, Indian cities lag behind in the ease of enforcing contracts, closing a business and paying taxes.
- There are a lot of good local practices and cities can learn from each other. If a city in India were to adopt all best practices that already exist in the seven areas covered by the report, it would rank 67th out of 181 economies, improving India’s global ranking by 55 positions.

[Download the full report- Doing Business in India 2009](#)

**“ALL ABOUT US VISAS” INTERACTIVE SESSION WITH PETER KAESTNER, MINISTER FOR CONSULAR AFFAIRS, US EMBASSY:  
23 JUNE: NEW DELHI**

CII organized “All About US Visas”, an interactive session with **Mr Peter Kaestner**, Minister for Consular Affairs, US Embassy on 23 June in New Delhi. The session provided a valuable opportunity for members to get informed about the most updated visa processes and policies, as required by the US Embassy. The US Government is investing in expanding consul operations in India and making them more efficient. 7.56 lakh temporary visas were issued in India in 2008 and processing time is down from 2-3 months to 2-3 weeks. A new consulate has also recently been opened in Hyderabad. Mr Kaestner, who is just ending his third stint in India, spoke of the challenges surrounding the H1-B and L1 visa regime. He explained that a few companies have abused the system in the past and new regulations are only a means of preventing misuse. Additional processing is required for security reasons if certain names are on a “watch list” or the applicant is from a technical/ scientific background. Students must understand the purpose and relevance of their US study programs in their career ambitions. Members raised issues they have had to face while applying for US Visas, including delays in securing appointments and lack of clarity regarding eligibility. **Mr Josh Glazeroff**, Visa Chief, US Embassy and Mr Kaestner addressed individual queries as well. Additional information can be obtained at: [http://newdelhi.usembassy.gov/visa\\_services.html](http://newdelhi.usembassy.gov/visa_services.html) Any individual enquiries regarding US Visas can be directly sent at: [nivnd@state.gov](mailto:nivnd@state.gov)



*Josh Glazeroff; Shahnaz Husain, Chairman and MD, Shahnaz Husain Group (Member, CII); Peter Kaestner; Virendra Gupta, Senior Director, CII at the Interactive Session on US Visas*



*(L-R): Mr. V S Senthil, Minister (Economic), Embassy of India; Mr. Ron Somers, President, USIBC; Dr. Ahluwalia, Amb. Sue Esserman, Partner, Steptoe & Johnson LLP; Ms. Kiran Pasricha, Deputy Director General, CII*

**SESSION WITH DR MONTEK SINGH AHLUWALIA, DEPUTY CHAIRMAN, PLANNING COMMISSION OF INDIA:  
30 JUNE: NEW YORK**

CII, USIBC and the Manhattan Investment Roundtable jointly organized an interaction session with **Dr. Montek Singh Ahluwalia**, Deputy Chairman, Planning Commission of India on 30 June in New York. The session brought forth some of the key policies and projects that could be expected in India in the next few years. It was made clear that the intention of the Indian Government is not only to fuel growth but also focus on inclusive growth. The panic surrounding the global financial crisis seems to have ended but recovery has not yet set in. Appropriate measures will be taken to take growth back up to optimistic targets of 8-9%. Members were apprised of the massive project that the Government of India is planning to undertake, which entails issuing unique, biometric ID cards. It is also expected that retail and financial services sector

(especially banking and insurance) will be opened up to greater FDI. The session emphasized education as a high priority – to this end, the “Right to Education” bill has been introduced in the Parliament and a US India Education Forum is expected to be established during Secretary Clinton’s visit to India. Substantial progress has been made in infrastructure at the state and Centre level, which will be continued. The session also highlighted the need for tougher security action in India.

**REMARKS BY US SECRETARY OF STATE HILLARY CLINTON ON US-INDIA RELATIONS**



Addressing an august gathering at the USIBC Synergies Summit on 17 June in Washington DC, US Secretary of State, Hillary Clinton vowed to work towards a dramatic expansion of the US India agenda and make it a “personal priority”. Since the end of the Cold War era, closer cooperation was initiated by Bill Clinton, which was the first round of bilateral engagement. The

“ So four platforms of cooperation – global security, human development, economic activity, science and technology – can support us in launching this third phase of the US-India relationship. ”

relationship was then cemented by George Bush as the Civil Nuclear Deal was taken forward. In “US-India 3.0”, the new governments will officially widen

and deepen their partnership in areas of bilateral cooperation and global concern. International security and regional stability are major areas for bilateral cooperation - terrorism presents a common threat and the challenge must be met with common strategies. Clinton urged adaptation in the architecture of international institutions to reflect the growing role of India in solving global challenges. She stressed negotiating a Bilateral Investment Treaty and concluding the Doha Round under the leadership of USTR Ron Kirk and Minister Anand Sharma. She emphasized the importance of involving business community in expanding the bilateral economic relationship and identified sectors like agriculture and science and technology to be taken forward, especially in energy and climate change. She also focused on human development for US India partnership- boosting literacy, facilitating access to higher education, building women's empowerment programs, promoting micro lending and training initiatives, and addressing health challenges including nutrition and HIV/ AIDS and chronic diseases. ([More](#))

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## US-INDIA: BILATERAL UPDATE

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- **India-US Trade (January - April )** ([More](#))

Trade	Value \$ Billion
Total trade	11.53
US's exports to India	4.58
India's exports to US	6.95
India's Trade Surplus	2.37

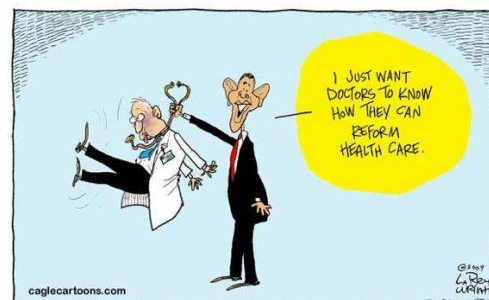
- **India-US agree on civil aviation cooperation:** India and the US have agreed to increase their level of cooperation in the aviation sector. An agreement was signed between the US Trade & Development Agency and Directorate General of Civil Aviation of India to fund projects under the US-India Aviation Cooperation Program (ACP). ([More](#))
- **US support for growing role of India in multilateral institutions:** Nicholas Burns, former Under Secretary of State for Political Affairs urged the US to support a permanent membership for India at the UN Security Council ([More](#))
- **US eases tech trade with India:** GE India has become the first company to be awarded Validated End User (VEU) authorization in India by the US Department of Commerce. GE can now enter a pre-approved, export express lane as a trusted end-user, enabling more rapid and efficient flow of sensitive technology between India and the US. ([More](#))

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## US ECONOMY / POLICY WATCH

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- **US Gross Domestic Product:** US Real GDP decreased at an annual rate of 5.5% in the first quarter of 2009, following a decrease of 6.3% in the fourth quarter of 2008. ([More](#))
- **US international trade deficit in goods and services:** The deficit in April 2009 increased 2.2% to \$29.2 billion. Exports declined 2.3% to \$121.1 billion and imports decreased 1.4% to \$150.3 billion. ([More](#))
- **US International Investment Position:** The US net international investment position at yearend 2008 was -\$3,469.2 billion. The value of foreign investments in the US continued to exceed the value of US investments abroad. ([More](#))
- **US unemployment at 9.5%:** US economy shed 467,000 jobs in June (sharply higher than economists' expectations of 365,000) and the unemployment rate rose to 9.5 percent, its highest level in 26 years. ([More](#))
- **House passes PEACE Act on Pakistan:** The US House of Representatives passed the Pakistan Enduring Assistance and Cooperation Enhancement (PEACE) Act 2009 proposing to triple non-military aid to Pakistan to \$1.5 billion per annum, while imposing accountability conditions in its fight against terrorism and nuclear non-proliferation. ([More](#))
- **Climate Bill Advances in House:** Democrats in the US House of Representatives narrowly won a key test vote on legislation designed to combat global warming and usher in a new era of cleaner energy. The Senate has yet to act and a major struggle is expected. ([More](#))
- **Obama calls for overhaul of U.S. health care system:** The US House of Representatives unveiled a blueprint for overhauling Americans' health care: the draft "Tri-Committee Health Reform Bill." If enacted, this comprehensive legislation would amount to federal control of the health care sector of the economy, with the implementation of far-reaching policies impacting doctors and patients in the public as well as the private sector. ([More](#))



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