

May 2009

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**CII & USA: MAY EVENTS UPDATE**

**SESSIONS WITH AMB ROBERT D. BLACKWILL, SENIOR FELLOW, RAND CORPORATION AND FORMER US AMBASSADOR TO INDIA:**

**"US-INDIA RELATIONS": 5 MAY: NEW DELHI**

**"LESSONS OF MUMBAI": 7 MAY: MUMBAI**

CII and Aspen Institute India jointly organised an interactive session on "US-India Relations" with **Ambassador Robert Blackwill**. The Session highlighted the need for stronger partnership between the two countries on issues relating to climate change and nuclear non-proliferation. The Instability in India's neighbourhood calls for holding frequent bilateral strategic policy dialogues to resolve geopolitical challenges. Greater defence cooperation and condemnation of the concept of good and bad Taliban being propagated by the US Administration would go a long way fighting extremism globally. Overall, US-India relations in the future look positive. CII and Aspen Institute India have been closely working on further strengthening US-India relations and the joint session encouraged the Indian business fraternity to engage proactively with the US. **Mr Chandrajit Banerjee**, Director General, CII made welcome remarks and **Mr Hari Bhartia**, Vice President, CII and Co-Chairman & MD, Jubilant Organosys chaired the session. This was followed by a session on "Lessons of Mumbai" on 7 May in Mumbai, a discussion of the RAND Report on Terrorism, which brought forth practical insights on the failure of Indian security agencies to present an image of control following the audacious 26/11 terror attacks. It highlighted the lack of emergency training and communication between Indian security agencies and local authorities. India must improve its own security apparatus or else it will remain vulnerable to similar attacks, which may be tactically different. **Mr. Naushad Forbes** and **Mr L Brooks Entwistle** also spoke of the gravity of the problem that terrorism poses.



*L to R: Mr Hari Bhartia, Amb Robert Blackwill and Mr Chandrajit Banerjee at the Session in New Delhi*



*L to R: Col. Balan Ayyar, Mr Harpal Singh, Amb Gene Christy, Mr Tarun Das, Mr Phiroz Vandrevala, Admiral Timothy J Keating, Mr Arun Bharat Ram, Mr Ashley Tellis, Mr Atul Punj, Mr Paul Hanley and Mr Virendra Gupta*

**BUSINESS LEADERS SESSION WITH ADMIRAL KEATING, COMMANDER, US PACIFIC COMMAND, US NAVY:**

**15 MAY: NEW DELHI**

A select group of Indian business leaders interacted with Admiral Keating, Commander of the US Pacific Command, US Navy and the accompanying delegation from the US on 15 May in New Delhi. Military-to-military cooperation between India and the US has become much better over the years.

The two sides now engage in joint exercises and much of the change is due to direct interaction between US Pacific Command and Indian Armed Forces. An overview of the history of economic reforms and sector-specific perspectives on India's growth from the business leaders on the Indian side, explained that economic liberalization in the 1990's had given the much needed boost to Indian telecom and IT sectors while encouraging privatization and FDI. India's strong growth in services, manufacturing and infrastructure points towards sustained growth even during the

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current economic slowdown. While raising concern over protectionism, Indian business leaders indicated their positive resolve to collaborate with the US. They urged the US to pursue defense cooperation as an economic opportunity and identified education, healthcare and R&D as major areas which could benefit from heightened partnership. The US delegation sought a 5-point agenda on India's expectations from the US. The US Delegation comprised of **Admiral Timothy J Keating**, Commander, US Pacific Command, US Navy; **Mr Ashley Tellis**, Senior Associate, Carnegie Endowment for International Peace; **Mr Paul Hanley**, Commander's Aide for Private Sector/ Industry engagement, **Amb Gene Christy**, Foreign Policy Advisor; **Col. Balan Ayyar**, Commander 305th Air Mobility Wing and Installation Commander, McGuire Airforce Base, New Jersey; and **Col. Frank Rindone**, Defense Attaché, US Embassy. The Indian Delegation included **Mr Tarun Das**, Chief Mentor, CII; **Mr Phiroz Vandrevala**, Executive Director & Head, Global Corporate Affairs, Tata Consultancy Services; **Mr Arun Bharat Ram**, Chairman, SRF Limited; **Mr Atul Punj**, Chairman, Punj Llyod Ltd; **Mr Harpal Singh**, Mentor & Chairman Emeritus, Fortis Healthcare Limited; and **Mr Virendra Gupta**, Senior Director, CII.

**BOOK LAUNCH AND PANEL DISCUSSION "NEW INDUSTRIES FROM NEW PLACES" BY NEIL GREGORY, STANLEY NOLLEN AND STOYAN TENEV:**

**26 MAY: NEW DELHI**

International Finance Corporation (IFC) of the World Bank Group and CII jointly organized a Book Launch and Panel Discussion on "New Industries from New Places". The authors present- **Prof Stanley Nollen**, Professor, Georgetown University and **Mr Neil Gregory**, Adviser to Vice President for Financial and Private Sector Development, World Bank Group, provided an extensive comparison of the factors that enabled the surge of IT software in India and hardware in China. India's software-sector policies and China's promotion of special economic zones for manufacturing suggest that well-designed sector-specific government policies can alleviate key bottlenecks (such as access to power for manufacturing and broadband access for software companies) and enable developing countries to compete globally in new industries. Members learned that innovation, managerial ability and international exposure were the most important factors that contributed to India's strong growth. Discussions also pointed to India's growing status as a manufacturing hub and China's rise in software technologies, indicating a convergence in their comparative and competitive advantages and the respective Industries would need to consistently innovate and actively sustain the factors of growth to stay competitive. **Mr Vipul Bhagat**, Manager, IFC South Asia, in his welcome remarks explained that the study was based on interviews with over 300 companies and **Dr YS Rajan**, Principal Advisor, CII observed that although IT sector invites optimism in the Indian economy, there is a significant scope for improvement at the policy level. Among the Discussants were **Mr Rakesh Basant**, Professor, Indian Institute of Management (IIM)-Ahmedabad and **Mr Rajat Kathuria**, Professor, Indian Council for Research and International Economic Relations (ICRIER).



*L to R: Mr Rakesh Basant, Mr Neil Gregory, Mr Stanley Nollen and Mr Rajat Kathuria releasing the book "New Industries from New Places"*



**PANEL DISCUSSION WITH MIT SLOAN FELLOWS:**

**21 MAY: NEW DELHI**

In an effort to further strengthen Indo – US business and academic linkages, CII organized an interactive session for 90 MIT Sloan Fellows with a diverse group of Indian business leaders and experts. The delegation of Fellows represented mid level management from 28 different countries. While this session gave the MIT delegation an astute understanding of India's integration process into the global economy and opportunities in India's financial, telecom and IT sectors, it was a unique opportunity for the Indian side to convey a strong message to build upon educational linkages. Discussions apprised the aspiring business managers of emerging opportunities in India and also highlighted differing cultural factors and business models unique to India, which demonstrated the practical application of international management strategies for the outstanding MIT Sloan Business School students. Among the key speakers were **Mr Ashish Sharma**, Vice President and Head- Strategy, Business Development and M&A, GE Capital; **Mr Mahesh Uppal**, Director, Com First (India); **Dr Rajesh Chadha**, Senior Fellow, National Council of Applied Economic Research (NCAER) and **Mr Anil Gupta**, President, Honeywell International (India). Financial Services is among the most profitable sectors in India and currently experiencing 20% growth. Trends suggest that heavy regulations in FDI in financial services are likely to be eased, foreign banks will have an increased mandate and India could take lead in micro-financing and mobile banking, all of which present new opportunities for foreign collaboration. However, there are two major hindrances to India's growth- power shortage and inadequate infrastructure- in which huge investments are overdue. Indian telecom operators have come up with creative solutions (such as sharing of a single telecom tower among various operators) to overcome barriers to growth and remain competitive.

Although the highly fragmented nature of the industry indicates an emerging consolidation, even more players are still keen on entering the market. An insight into the FDI scenario revealed that out of \$130 billion of incoming FDI received since 1991, \$100 billion have come in the last four years (in spite of a recessive economic environment). Outgoing FDI is also on the rise.



*Mr Ramesh Adige, and Dr Vijay Chandru, Chairman and CEO, Strand Life Sciences Inaugurating the India pavilion at BIO 2009*

#### **DELEGATION AND PARTICIPATION AT BIO CONVENTION:**

**18-21 MAY: ATLANTA, USA**

CII organized the "India Pavilion" at BIO 2009 in association with Department of Biotechnology, Government of India and Association of Biotechnology Led Enterprises (ABLE) at Atlanta from 18-21 May. The BIO International Convention, the world's largest annual event for the Biotechnology industry, presented a great opportunity to build key relationships, partnerships and channels for extending businesses. There were 26 exhibitors from the Biotech industry, R&D organizations, Law firms and Biotech parks. Coinciding with BIO 2009, the 8th CII Biotechnology Mission was also organized from 18-19 May. Over 40 industry and government representatives participated in the mission, led by **Mr Ramesh Adige**, President- Corporate Affairs & Global Corporate Communications, Ranbaxy Laboratories Ltd. Mission members interacted with representatives of Alabama State University and Members of Metro Atlanta Chamber of commerce and also visited R&D centres including

Georgia Tech, Center for Disease Control and Prevention, Emory Winship Cancer Centre and Emory Vaccine Centre to promote research alliances and technology transfer. At a meeting of the Indo-US High Technology Cooperation Group (HTCG), Biotechnology and Life Sciences Working Group, discussions were held regarding US Food and Drug Administration (FDA) plans to expand presence in India, improving the business climate and addressing IPR issues.

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#### **PRESIDENT OBAMA'S MESSAGE ON INDIA'S ELECTION RESULTS**

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The governing coalition led by the Indian National Congress saw a decisive victory in India's parliamentary elections. Dr Manmohan Singh, a soft-spoken economic reformer came to serve a second term as prime minister, diminishing away the prospect of political instability in the world's most populous democracy. ([More](#))

President Obama congratulates India on its historic national elections. By successfully completing the largest exercise of popular voting in the world, the elections have strengthened India's vibrant democracy and upheld the values of freedom and pluralism that make India an example for us all. While the world awaits the formation of a new government in India based on the elections result, the United States recognizes the significance of the election for the people of India, who remain the strength and foundation for India's prosperity and democracy. President Obama looks forward to continuing to work with the Indian government to enhance the warm partnership. ([More](#))

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#### **USTR 2009 SPECIAL 301 REPORT: INTELLECTUAL PROPERTY RIGHTS**

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An annual review of the global state of intellectual property rights (IPR) protection and enforcement was released by the Office of the United States Trade Representative. The Report acknowledged the positive developments measures implemented in India to address IPR regulation and enforcement, but continued to include India in its "Priority Watch List".

##### **Major positive developments in India:**

- *IPR infrastructure improved, IP offices modernized, files and records digitized, new e-filing system for trademark and patent applications introduced*
- *Drugs and Cosmetics (Amendment) Act increasing penalties for spurious/ adulterated pharmaceuticals*
- *Creation of specialized IPR police units supported by Indian ministerial committee on IPR enforcement*
- *Customs enforcement improved through implementation of 2007 IPR (Imported Goods) Enforcement Rules and seizures of unlicensed copyrighted goods intended for export.*

##### **Challenges:**

Counterfeiting in Pharmaceuticals, Digital Piracy in movies, music, games, ring tones and scanned books and Optical Disc Piracy are emerging major challenges. Nehru Place and Palika Bazaar in New Delhi, Richie Street, and Burma Bazaar in Chennai, Manish Market, Heera Panna, Lamington Road, and the Fort District in Mumbai, and Chandni Chowk in Kolkata have been recognized as notorious markets for pirated software, CDs and DVDs.

The US is keen to pursue collaborative efforts with India in combating these issues. ([More](#))

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## US-INDIA: BILATERAL UPDATE

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

Trade	Value \$ Billion
Total trade	8.49
US's exports to India	3.31
India's exports to US	5.18
India's Trade Surplus	1.87

- **Delhi allows scrutiny of religious freedom:** The Indian government has broken a long-standing policy of disallowing intrusive fact-finding visits from America and permitted the US Commission on International Religious Freedom (USCIRF), a religious vigilante state body from the US, to scrutinize the extent of India's religious freedom. ([More](#))
- **Indo-US cooperation in Green Energy:** The government-owned Indian Oil Corporation (IOC) is tying up with US-based National Renewable Energy Laboratory (NREL) for a pilot project to produce second generation biofuel. ([More](#))
- **Tim Roemer nominated US Ambassador to India:** President Obama nominated distinguished scholar and former Democratic congressman Timothy Roemer to be his envoy in India. Roemer served on the 9/11 Commission. ([More](#))

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## US-INDIA: CORPORATE WATCH

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- **Indian manufacturers eye US for electric vehicles:** Bangalore-based Reva Electric Car Company (RECC), two-wheeler maker Bajaj Auto and Tata Motors are finalizing plans to launch electric vehicles in Europe and the US to take advantage of subsidies these countries are offering as part of their environmental agendas. ([More](#))
- **US auto majors' crisis hits Indian IT vendors hard:** Chrysler and GM each annually outsource \$200-300 million (around Rs 1,000-1,500 crore) worth of projects to different vendors, which may be hit by 20-25 per cent. ([More](#))
- **WSJ starts printing in India:** Wall Street Journal has started printing in India in arrangement with Express Group. The launch of the locally printed edition follows the Indian government's decision earlier this year to allow foreign investment in the publication of facsimile editions of foreign newspapers. ([More](#))
- **REMAX enters India:** US-based realty brokerage firm REMAX has forayed into India aiming to tap potential offered by middle-class families in the country. ([More](#))
- **Pfizer ties up with Claris:** World renowned, US- based pharma firm, Pfizer announced a marketing tie-up with Rs. 800-crore Ahmedabad based company, Claris Lifesciences that specializes in injectables. ([More](#))
- **Wal-Mart makes India debut:** US retail giant Wal-Mart, in partnership with the Bharti group, opened its first store- Best Price Modern Wholesale - in Amritsar, ending years of opposition from Indian retailers. ([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 5.7% in the first quarter of 2009, following a decrease of 6.3% in the fourth quarter of 2008, primarily reflecting negative contributions from exports, equipment and software, private inventory investment, non residential structures, and residential fixed investment ([More](#))
- **US international trade deficit in goods and services:** The US international trade deficit in goods and services in March 2009 increased 5.5% from \$26.0 billion in February to \$27.6 billion. Exports declined 2.4%, to \$123.6 billion, and imports decreased 1.0%, to \$151.2 billion. ([More](#))
- **National Fuel Efficiency Policy:** President Obama proposed a mileage and pollution plan, imposing national emissions limits for vehicles and requires increased efficiency on the road, while setting the overall industry average fuel efficiency standard at 35.5 miles/gallon. Proposed changes could save 1.8 billion barrels of oil through 2016. ([More](#))

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## CII- USA FORTHCOMING EVENTS: JUNE

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- CEOs Mission to USA from 16-19 June in Washington DC and New York
- CII participation at the USIBC Annual Conference from 16-17 June in Washington DC

### CONTACT US

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

Email: [av@cii-usa.org](mailto:av@cii-usa.org)

**India Office:** The Mantosh Sondhi Centre, 23 Institutional Area, Lodi Road, New Delhi – 110 003; Phone: 91-11-24629994-7 Fax: 24626149

Email: [wikky.katyal@cii.in](mailto:wikky.katyal@cii.in)