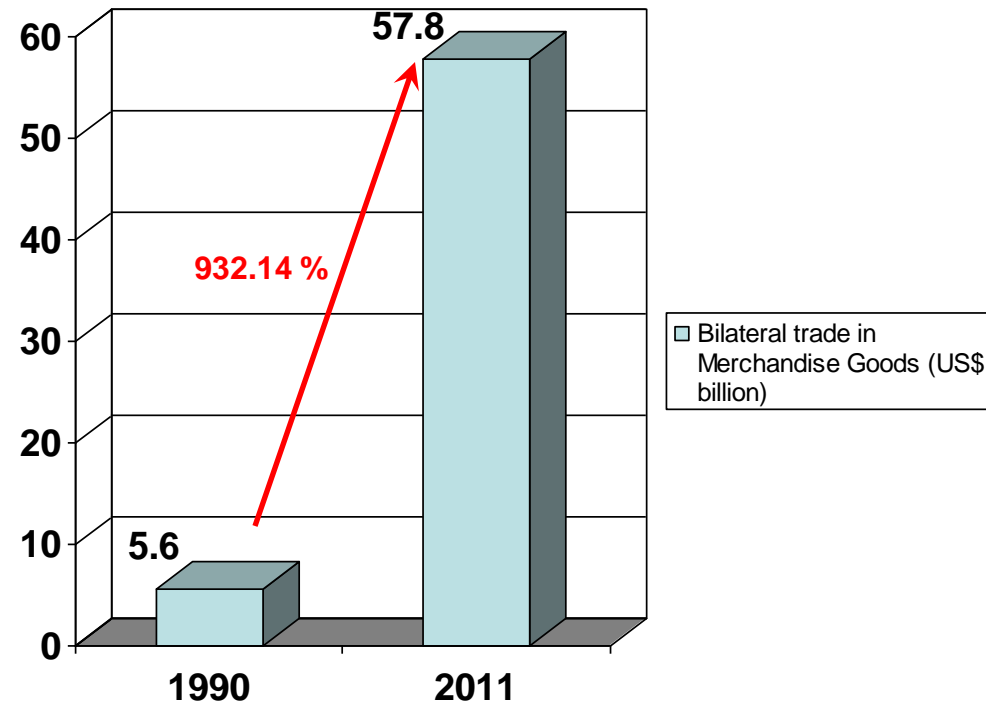


## India-U.S. Bilateral Relationship

- Areas of Cooperation: Trade and economic, defense and security, education, science and technology, high-technology, civil nuclear energy, space technology and applications, clean energy, environment and health
- Agreement on Framework for Cooperation on Trade and Investment(2010)
- Bilateral trade is expected to cross US\$100 billion this year
- Although there has been increased cooperation between the two countries- potential areas need to be tapped and developed

Bilateral trade between India and the US recorded a growth of 932.14% in a span of 21 years



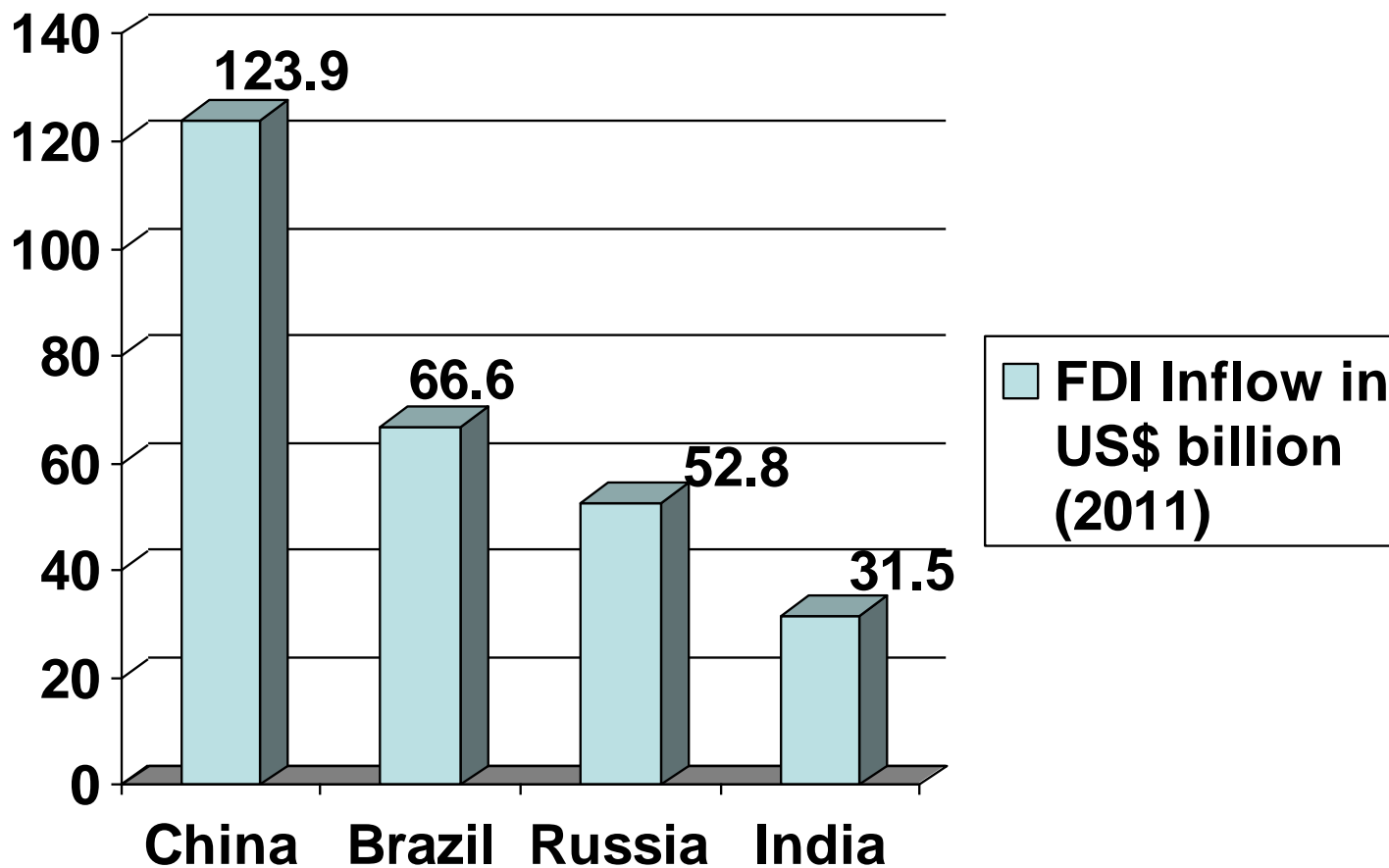
## **India's trade with the US has declined as a Proportion of India's Global Trade**

Year	India's Total Trade with US (US\$ billion)	Growth %	% share of total Trade	India's Total Trade (US\$ billion)
2004-05	20.8	25.7%	10.6%	195.1
2005-06	26.8	28.8%	10.6%	252.3
2006-07	30.6	14.2%	9.8%	312.1
2007-08	41.8	36.6%	10.1%	414.8
2008-09	39.7	-5.0%	8.1%	489.0
2009-10	36.5	-8.1%	7.8%	467.1
2010-11	45.6	24.9%	7.3%	620.9

## **US Share as Growth Rate of FDI (Equity) inflow has also declined**

Year	FDI equity Inflows from the US	Growth % (over previous FY)	Share of US inflows in Total	FDI equity Inflows from the world	Growth % (over previous FY)	US\$ Million
2004-05	668.8	85.5	20.8	3218.7	47.1	
2007-08	1089.1	27.3	4.4	24575.4	96.7	
2008-09	1801.9	65.4	5.7	31395.9	27.8	
2009-10	1943.5	7.9	7.5	25834.4	-17.7	
2010-11	1170.3	-39.8	6.0	19426.9	-24.8	

# India's Investment Position



# **BIT Agreement**

- Both countries express interest but doubts remain on both sides
- For US, India holds great potential
  - *Recent Indian Agreements:* India-Japan CEPA, India-Korea CEPA, India-Malaysia CECA, India-Singapore CECA
  - India-EU Bilateral Trade Investment Agreement (BTIA) also to be finalized soon
- For India, US association is important for its development
  - US would facilitate additional investment inflows in infrastructure and other priority areas

# **Differences in Text and Clauses**

- Pre-Investment Protection
- Performance Requirements
- Labour and environment issues
- Investor-state arbitration

*BIT maybe considered as a springboard to FTA/ CECA/ CEPA*

# Concerns among Indian Sentiments

- **IT BPO sector**
  - Visa rejections
  - Long-Pending totalization agreement
- **Legalized Profiteering:** is when international law firms make money from fuelling international investment disputes- with devastating social, environmental and budgetary impacts for sovereign states and ordinary people
- **Investor Arbitration Clause:** Implications for sovereign regulatory action and decisions by all state organs. Desirability of balancing protection with regulatory function within context of developing economy
  - Challenging Tax Laws
  - Coal Price Legislation
  - Court Decision

**THANK YOU**