



INDO-US BUSINESS

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The Dawn of A Glorious New Era

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Protectionism

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The CEO Roadmap

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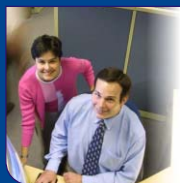
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Dear Reader,

Greetings. United States President George Bush's recent visit to India and his extensive talks with Prime Minister Manmohan Singh have redefined the dynamics of relationship between the two countries. The Joint Statement issued by President Bush and Prime Minister Singh is all encompassing in its realm, touching every aspect of collaboration between the two countries in the economic, political, educational and cultural fields. The civilian nuclear pact signed by the two leaders is a daring and path-breaking development that can meet India's long-term energy needs and propel the country's economic growth. Prime Minister Singh praised the bold stand taken by President Bush on the issue of Outsourcing, which, he said, helped cement the relations between the two countries. President Bush said the bilateral relations could be further strengthened through free and fair trade. He also reiterated the US stand against protectionism. The current issue of Indo-US Business highlights in its cover story, the enormous significance of the American President's visit and its aftermath in separate reports. The two leaders, while boosting cooperation at the highest level of their respective governments, reposed enormous confidence in the US-India CEO's Forum, set up by them during Prime Minister Singh's visit to the US in July 2005. The Forum, comprising the heads of corporate giants from both countries, has submitted a detailed report, identifying major areas of cooperation and recommending action in as many as 15 business sectors, that could open vast vistas of opportunities for the people of the two countries. The current issue's focus is on the CEO Forum's report, which we carry in detail. The health of the US economy has global ramifications. The recently released figures reveal that the American economy is on the upswing, sustaining a steady growth. In fact, more than five million jobs have been created in the US since August 2003. We carry a report. Energy is one crucial segment of the US economy on which the Bush administration has concentrated much of its efforts so that the country could achieve self-reliance. President Bush has recently announced a four-pronged strategy to ensure energy security for America. The issue carries a detailed report. India's Minister of Commerce and Industry Kamal Nath has recently announced the country's Foreign Trade Policy for the current year (2006-07), offering incentives to export-oriented industries that could provide jobs to the youth in rural areas. We carry a detailed report. One of the significant features of the current issue is the coverage of activities of the Indo-American Chamber of Commerce (IACC), the apex organization, which is dedicated to the promotion of Indo-US bilateral trade. IACC (Gujarat) conducted a national Textile Summit, which called for establishing Brand India in global markets. Addressing IACC members, Henry Jardine, US Consul General (Kolkata) stressed the significance of stepping up foreign direct investment (FDI) in retail trade, which could provide a large number of jobs besides benefiting the consumers.

Wish you happy reading



Satya Swaroop
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My Dear Fellow Members,

The last two months have proved to be momentous for both India and the US in charting a new path of cooperation. The visit of President Bush and his recognition of India as a strategic and economic partner, has paved the way for more intimate and long-term engagement between world's two great democracies.

The President's visit and his eagerness to tap the vibrancy of dynamic Indian economy wouldn't have come at more opportune time. With India fast emerging as an economic powerhouse, and the Government realigning its efforts to be a facilitator, the country has made the potential US investor to sit up and eye the Indian market with a lot of expectation.

We at IACC from its very inception have strived relentlessly to realize these cherished goals.

The zeal of American enterprises to do business with India was evident as IACC hosted four business delegations from the States of Illinois, Boston, Virginia and Indiana, USA, in the last two months.

It is indeed noteworthy that apart from ITES, in which the country has already proved its worth, the potential US investors have begun to realize that there lay immense opportunities to do business with Indian companies in the areas of life sciences, biotechnology, medicine, education, nuclear science and transportation logistics. They have begun to realize that such measures could provide them the competitive edge to help USA retain its premier status as global economic superpower.

On its part, IACC also mounted a high-powered delegation to the US, which had fruitful interaction with State officials, businessmen and other organisations in the States of Indiana, Washington, Oregon and Idaho.

Recognizing the imperatives of proactively engaging each other and the advantages that lay in such an approach, IACC signed Memorandums of Understanding with World Trade Center Tacoma and Idaho Commerce and Labour.

What was truly historic during IACC delegation's visit to the US was that the State of Washington passed a resolution recognizing the contribution made by IACC in promoting business ties between the State and India. The State of Idaho on its part recognized IACC as an equal partner in promoting two-way trade relationship and to facilitate closer economic cooperation between IACC and Idaho Commerce & Labour.

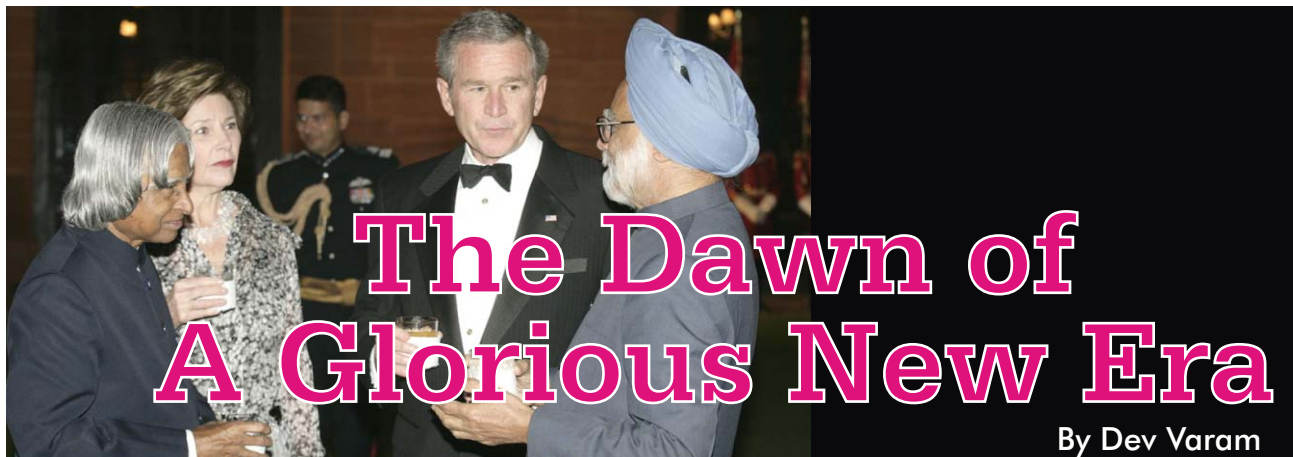
In such exciting times, to optimize the fruits of enhanced engagement and to provide an enabling platform for in-depth interaction between potential US investors and Indian policy makers, high Government officials and representatives of top Indian corporates, IACC is organizing its 3rd Indo-US Economic Summit on 13 & 14 September 2006, at New Delhi. The focus of this year's Summit would be on developing world-class infrastructure and making India a manufacturing and engineering hub in coming years. Experts on the subject and distinguished speakers and Ministers from both India and the US are expected to address the Forthcoming Summit.

I take this opportunity to formally invite our members and US friends to attend the Summit to make it a grand success.

Yours' Sincerely

B Prabhakar

National President, Indo American Chamber of Commerce



The Dawn of A Glorious New Era

By Dev Varam

It was an epoch-making visit by a Head of State. US President George Bush visited India from March 1 to 3, 2006, carrying an agenda that had been worked out in detail for months, covering a vast range of issues, from agriculture to civilian nuclear power, from science and technology to space research, as part of further strengthening the ongoing strategic partnership between India and the United States. It is very obvious that the world's richest and most powerful democracy should reach out to the world's largest democracy, which is also an emerging economic power, as a partner and ally. "India in the 21st century is a natural partner of the United States," President Bush declared, at the start of his talks with Prime Minister Manmohan Singh. Welcoming President Bush, the Indian Prime Minister pointed that the stand taken by the American leader on the issue of outsourcing cemented the relations between the two countries. But, the Prime Minister added, the farsighted approach helped America retain its edge in the global market. On his part, President Bush was fully aware of the fact that India's 300-million strong middleclass, with increasing purchasing power, provided a huge market for American products. He said the Indo-US relationship was based on the belief that free and fair trade was in the interest of the people of both countries. In a subtle way, this implied that India should further reduce its trade tariffs on its imports that include American goods and services. At a State banquet given in honour of the visiting American leader, Indian President A.P.J. Abdul Kalam referred to the knowledge revolution that began in the United States and said that it had become a powerful force of modernization in Indian society as well. "We also have 540 million youth with a potential of transforming themselves into a global human cadre of a skilled and intellectual work force," President Kalam added. Which again would be to the advantage of both countries

migration of more and more better brains to the US and increased outsourcing work to India. President Bush understood the interdependence of both countries. "The US and India, separated by half the globe are closer than ever before and the partnership between our free nations has the power to transform the world,"

After their extensive talks, President Bush and Prime Minister Singh signed a historic pact on civilian nuclear energy and issued a detailed joint statement, covering a gamut of various other areas of cooperation. But the nuclear pact, which does not hinder India's nuclear weapons production, stood out as the testimony of success, achieved against opposition from several quarters in both the countries. Another significant development was the presentation of a report by the India-US CEOs Forum, laying down the roadmap for an enduring strategic partnership between the two countries. The Forum identified six major areas of cooperation and recommended time-bound specific action in 15 key business sectors covering most economic parameters to boost the two-way trade and investment between both the countries. It was aimed at doubling the bilateral trade to \$40 billion in three years from \$20 billion as at present, and carrying it out into the future by the same mind-blowing arithmetic leaps and bounds. It is quite possible in view of the vast untapped potential that exists as India accounts for just about one percent of the US imports. President Bush was right when he said: "Our two great democracies are now united by opportunities that can lift our people." After hammering out a slew of agreements President Bush and Prime Minister Singh knew that they had created history. Standing firmly on ground, they set their sights on the distant horizon that is gathering light. They both know that a glorious new era has begun in the relations between the United States and India.

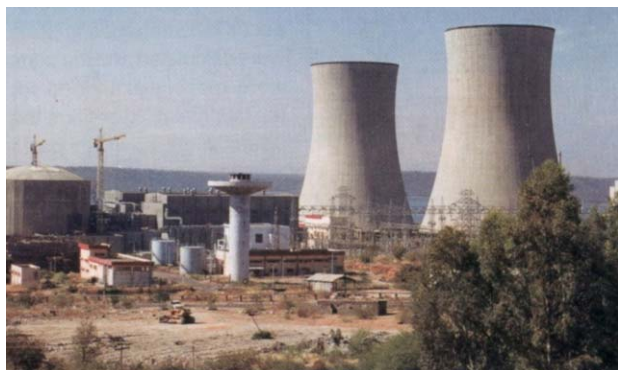


The Historic N-Pact

President Bush and Prime Minister Manmohan Singh have announced an unprecedented agreement that would provide U.S. nuclear power assistance to India without hindering the country's nuclear weapons production.

The agreement has marked a significant break from decades of U.S. nuclear policy, and highlighted the strengthening relationship between the world's most powerful democracy and its largest counterpart. Both leaders declared that Bush's visit was a success.

Under the agreement, India is to separate its civilian and military nuclear programmes over the next eight years in order to gain U.S. expertise and nuclear fuel to meet its rapidly rising energy needs. India's civilian facilities would be subject for the first time to permanent international inspections.



Bush and Singh described the deal, which has been in the works since July 2005, following Singh's visit to Washington, where the two leaders set an agenda for improving India-US cooperation in a number of areas, including Nuclear energy, as an important breakthrough in U.S.-India relations.

"What this agreement says is -- things change, times change, that leadership can make a difference," Bush said at the news conference. "I am trying to think differently, not to stay stuck in the past, and recognize that by thinking differently, particularly on nuclear power, we can achieve some important objectives." Singh said, "We have made history today."

The deal must clear two large hurdles before it can take effect. Bush must overcome concerns by lawmakers in both parties that the United States is rewarding one of only three countries that refused to sign the 1968 nuclear Non-Proliferation Treaty.

R. Nicholas Burns, the undersecretary of state for political affairs, said that India, unlike Iran and North Korea, earned special treatment from the United States with its commitment to democracy and international inspections. Burns was intensely involved in working out the details of the nuclear pact.

Burns said one of the most crucial aspects of the pact is that India would subject future civilian plants to inspections. "This is a significant gain for nonproliferation purposes and it certainly is far better than the zero influence we had before the deal," he said. India, however, won the right to classify reactors as for either military or civilian use, which could limit inspections.

Mohammed ElBaradei, head of the International Atomic Energy Agency, which would be in charge of the inspections, praised the deal. "It would also bring India closer as an important partner in the nonproliferation regime," he said in a statement issued from his office in Vienna.

For India, which faces dwindling supplies of indigenous uranium, the deal would allow it to import uranium to fuel its civilian program.

Of India's 22 nuclear plants, 14 classified for civilian use would be subject to new and permanent international inspections under the deal. The country's eight other reactors, as well as future ones designated for military use, would be off-limits.

Analysts said the pact was an important part of a White House strategy to accelerate New Delhi's rise as a global power and as a regional counterweight to China.

Bush and Singh also made progress on cementing closer economic ties, including an informal commitment to try to double bilateral trade every three years. ■



U.S-India Joint Statement

A Pledge to boost business climate, investment

President George W. Bush and Prime Minister Manmohan Singh have expressed satisfaction with the great progress the United States and India have made in advancing their strategic partnership to meet the global challenges of the 21st century. In a Joint Statement issued at the end of their talks, President Bush and Prime Minister Singh said: "Both our countries are linked by a deep commitment to freedom and democracy; a celebration of national diversity, human creativity and innovation; a quest to expand prosperity and economic opportunity worldwide; and a desire to increase mutual security against the common threats posed by intolerance, terrorism, and the spread of weapons of mass destruction. The successful transformation of the U.S.-India relationship will have a decisive and positive influence on the future international system as it evolves in this new century." Reviewing the progress made in deepening the global partnership between the United States and India since their Joint Statement of July 18, 2005, the President and the Prime Minister reaffirm their commitment to expand even further the growing ties between their two countries. Consistent with this objective, the two leaders wish to highlight efforts the United States and India are making together in the following

FOR ECONOMIC PROSPERITY

(1) Agreed to intensify efforts to develop a bilateral business climate supportive of trade and investment by:

1. Welcoming the report of the U.S.-India CEO Forum, agreeing to consider its recommendations aimed at substantially broadening our bilateral economic relations, and directing the Chairs of the Indo-U.S. Economic Dialogue to follow up expeditiously with the CEO Forum;
2. Endorsing the efforts of the U.S.-India Trade Policy Forum to reduce barriers to trade and investment with the goal of doubling bilateral trade in three years;
3. Agreeing to advance mutually beneficial bilateral trade and investment flows by holding a high-level Public-Private Investment Summit in 2006, continuing efforts to facilitate and promote foreign direct investment and eliminate impediments to it, and enhancing bilateral consultations on various issues including tariff and non-tariff barriers to trade in goods and services, and preventing the illicit use of the financial system.

(2) Sought to expand cooperation in agriculture by:

1. Launching the Knowledge Initiative on Agriculture with a three-year financial commitment to link our universities, technical institutions, and businesses to support

agriculture education, joint research, and capacity building projects including in the area of biotechnology.

2. Endorsing an agreed workplan to promote bilateral trade in agriculture through agreements that: lay out a path to open the U.S. market to Indian mangoes, recognize India as having the authority to certify that shipments of Indian products to the United States meet USDA organic standards, and provide for discussions on current regulations affecting trade in fresh fruits and vegetables, poultry and dairy, and almonds.

(3) Reaffirmed their shared commitment to completing the WTO Doha Development Agenda (DDA) before the end of 2006, and agreed to work together to help achieve this outcome.

FOR ENERGY SECURITY AND A CLEAN ENVIRONMENT

- (1) Welcomed the successful completion of discussions on India's separation plan and looked forward to the full implementation of the commitments in the July 18, 2005 Joint Statement on nuclear cooperation. This historic accomplishment will permit our countries to move forward towards our common objective of full civil nuclear energy cooperation between India and the United States and between India and the international community as a whole.



(2) Welcomed the participation of India in the ITER initiative on fusion energy as an important further step towards the common goal of full nuclear energy cooperation.

(3) Agreed on India's participation in FutureGen, an international public-private partnership to develop new, commercially viable technology for a clean coal near-zero emission power project. India will contribute funding to the project and participate in the Government Steering Committee of this initiative.

(4) Welcomed the creation of the Asia Pacific Partnership on Clean Development and Climate, which will enable India and the U.S. to work together with other countries in the region to pursue sustainable development and meet increased energy needs while addressing concerns of energy security and climate change. The Partnership will collaborate to promote the development, diffusion, deployment and transfer of cleaner, cost-effective and more efficient technologies and practices.

(5) Welcomed India's interest in the Integrated Ocean Drilling Program, an international marine research endeavor that will contribute to long-term energy solutions such as gas hydrates.

(6) Noting the positive cooperation under the Indo-U.S. Energy Dialogue, highlighted plans to hold joint conferences on topics such as energy efficiency and natural gas, to conduct study missions on renewable energy, to establish a clearing house in India for coal-bed methane/coal-mine methane, and to exchange energy market information.

FOR INNOVATION AND THE KNOWLEDGE ECONOMY

(1) Emphasizing the importance of knowledge partnerships, announced the establishment of a Bi-National Science and Technology Commission which the U.S. and India will co-fund. It will generate collaborative partnerships in science and technology and promote industrial research and development.

(2) Agreed that the United States and India would work together to promote innovation, creativity and technological advancement by providing a vibrant intellectual property rights regime, and to cooperate in the field of intellectual property rights to include capacity building activities, human resource development and public awareness programs.

(3) Agreed to continue exploring further cooperation in civil space, including areas such as space exploration, satellite navigation, and earth science. The United States and India committed to move forward with agreements that will permit the launch of U.S. satellites and satellites

containing U.S. components by Indian space launch vehicles, opening up new opportunities for commercial space cooperation between the two countries.

(4) Welcomed the inclusion of two U.S. instruments in the Indian lunar mission Chandrayaan-1. They noted that memoranda of understanding to be signed by ISRO and NASA would be significant steps forward in this area.

(5) Welcomed the U.S. Department of Commerce's plan to create a license exception for items that would otherwise require an export license to end-users in India engaged solely in civilian activities.

FOR GLOBAL SAFETY AND SECURITY

(1) Noted the enhanced counter-terrorism cooperation between the two countries and stressed that terrorism is a global scourge that must be fought and rooted out in every part of the world.

(2) Welcomed the increased cooperation between the United States and India in the defense area, since the New Framework for the U.S.-India Defence Relationship was signed on June 28, 2005, as evidenced by successful joint exercises, expanded defence cooperation and information sharing, and greater opportunities to jointly develop technologies and address security and humanitarian issues.

(3) Reaffirmed their commitment to the protection of the free flow of commerce and to the safety of navigation, and agreed to the conclusion of a Maritime Cooperation Framework to enhance security in the maritime domain, to prevent piracy and other transnational crimes at sea, carry out search and rescue operations, combat marine pollution, respond to natural disasters, address emergent threats and enhance cooperative capabilities, including through logistics support. Both sides are working to finalize a Logistics Support Agreement at the earliest.

(4) Welcomed India's intention to join the Container Security Initiative aimed at making global maritime trade and infrastructure more secure and reducing the risk of shipping containers being used to conceal weapons of mass destruction.

(5) Reiterated their commitment to international efforts to prevent the proliferation of weapons of mass destruction.

(6) Building on the July 2005 Disaster Relief Initiative, noted the important disaster management cooperation and their improved capabilities to respond to disaster situations.

(7) Recognized the importance of capacity building in cyber security and greater cooperation to secure their growing electronic interdependencies, including to protect electronic transactions and critical infrastructure from cybercrime, terrorism and other malicious threats.

DEEPENING DEMOCRACY

(1) Recalled their joint launch of the UN Democracy Fund in September 2005 and offered the experience and expertise of both Governments for capacity building, training and exchanges to third countries that request such assistance to strengthen democratic institutions.

(2) Welcomed the decision of India and the United States to designate a representative to the Government Advisory Board of the International Centre for Democratic Transition (ICDT) located in Budapest to facilitate cooperative activities with ICDT.

(3) Agreed that the Virtual Coordination and Information Centres set up in September 2005 should be further strengthened and a bilateral meeting aimed at developing a practical programme for utilization of its services be held soon.

(4) Expressed satisfaction at the expedited USFDA drug approval processes that strengthen the combat against HIV/AIDS at the global level and encourage greater corporate participation to meet this challenge, including

the establishment of the Indo-U.S. Corporate Fund for HIV/AIDS.

(5) Agreed to expand bilateral efforts and continue cooperation in the area of medical research and strengthen technical capacity in food and drug regulation in India as well as address the concern on avian influenza, including agreement to reach out to the private sector, develop regional communications strategies, and plan an in-region containment and response exercise. The President welcomed India's offer to host the International Partnership on Avian and Pandemic Influenza meeting in 2007.

(6) Welcomed India's membership in the Coalition Against Wildlife Trafficking, a partnership through which we will collaborate in the fight against illegal trade in wildlife and wildlife parts; we also welcome the opportunity to strengthen longstanding work together on the conservation of wildlife through cooperation on park management and ecotourism. ■

Trade Essential for Economic Growth

The Joint Agreement on Trade

India and the United States agree that trade is essential to promoting global economic growth, development, freedom and prosperity. In a joint statement President Bush and Prime Minister Singh said:

We fully share the goal of completing the WTO Doha Development Agenda (DDA) before the end of 2006, and agree to work in partnership to help achieve this outcome.

During our discussions, we agreed to meet the task with ambition, determination and a readiness to contribute, consistent with our roles in global trade, and to keep the development dimension in focus. The system of trading rules to which our two great democracies have contributed immensely must be strengthened. Towards this global cause, we recommit ourselves and invite all key participants to demonstrate their leadership.

We agree that a successful Round depends upon progress in all areas of the negotiations if we are to meet our goal of promoting development through trade. We are committed to a DDA result consistent with the

mandates already agreed that realize a substantial outcome in all three pillars of the agriculture negotiations (domestic support, export competition and market access); significant improvements in market opportunities in manufacturing and services; and appropriate disciplines, including transparency of regulatory practices in services. We also believe we should strengthen the rules that facilitate trade, where we have jointly made proposals. Work in all these areas must go hand in hand.

We agree to pursue an ambitious agenda for the first half of 2006, consistent with the important milestones that were set at the Hong Kong Ministerial for agriculture, manufacturing, services and other issues, and continuing to press for the goal of concluding the negotiations by the end of 2006.

We will continue to work to promote reform, respond to the concerns of developing countries, and create opportunities for growth for all. We are building the trading system of the future, where progressive liberalization and reform result in improvement in standards of living for all, in particular for the millions of poor across the developing world. ■



Partner in Progress Your stand on Outsourcing cemented our ties

-Singh

Prime Minister Manmohan Singh's address at the banquet he hosted in honour of President George Bush on March 2, 2006.

Ours has long been a two-way relationship. Long years ago, the Father of our Nation, Mahatma Gandhi, acknowledged the influence of Henry David Thoreau when he launched a movement for civil disobedience against foreign rule. In our own generation, a great son of the United States, Martin Luther King, acknowledged the influence of Gandhiji, when he launched a non-violent struggle for civil liberties and racial equality.

Close to half a century ago President Eisenhower said on a visit to India: "We who are free and who prize our freedom above all other gifts of God and nature must know each other better; trust each other more; support each other." Today those words have a new resonance. Your people and ours have come to regard democracy and peaceful political mobilization as legitimate and civilized instruments of social change. Our passionate commitment to democracy and human rights, our respect for equality of all before the law and our regard for freedom of speech and faith place us on the same side of history.

Today, in India, we are engaged in a Himalayan adventure of pursuing development, improving the quality of life and modernizing one of the world's oldest civilizations. We seek to provide a social and economic environment at home that will unleash the creativity and enterprise of every Indian, thus enabling our people to live a life of dignity, fulfillment and self-respect. The United States has long been a partner in our journey of progress. I am therefore happy that on this visit you will renew an old association between our countries in the field of agriculture. Our farmers greatly benefited from American help in the past, and they will now do so again through the knowledge initiative that you will launch.

In India, we admire the creativity and enterprise of the American people, your excellent institutions, the openness of your economy and your ready embrace of diversity. These have attracted the brightest Indian minds, thereby

creating a bridge of understanding that transcends distance and differences between us. Tomorrow, you will meet young Indians who fuel the engines of our knowledge economy. Your own country has made it possible for the talent and abilities of our people to become more visible to all.

We seek a world free of poverty, ignorance, disease and the threat of terrorism. The United States and India must work together in all possible forums to these ends. We must fight terrorism wherever it exists, because terrorism anywhere threatens democracy everywhere.

India seeks a neighbourhood of peace and prosperity. Our sub-continent of ours has been home to all the great religions of the world. It is a powerhouse of human creativity, where knowledge is worshipped as the gift of our creators. With wisdom and farsightedness, we South Asians can transform not just this region, but the whole world. In our journey of modernization and development, social change and empowerment, we see the United States as a partner, a friend and a well-wisher.

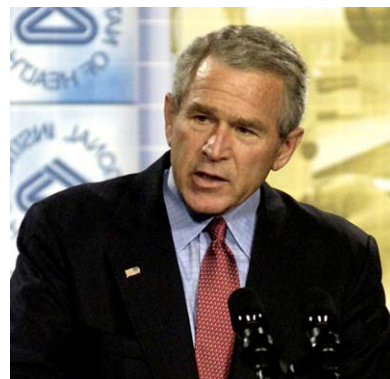
We sincerely acknowledge your deep personal commitment to a closer economic and strategic partnership between our two countries. Indeed, I recall that at our very first meeting you paid tribute to our efforts to achieve economic and social salvation in the framework of an open society and an open economy. I was deeply touched by your admiration for Indian democracy and our commitment to pluralism and modernism.

We in India greatly appreciate the firm stand you took against the upsurge of protectionist forces in your country and the farsighted approach you adopted on the issue of outsourcing. In taking this stand you have not only cemented closer relations between our two countries but also helped America retain its edge in the global market.



Free & fair trade will further forge our ties

- Bush



President Bush responds with his address.

India is home to a proud civilization. Thousands of years ago the people of this region built great cities, established trading routes with distant lands, and created wonders of art and architecture. India's reputation for wealth and wisdom attracted many brave explorers - one of them never did complete his journey and he ended up in America.

Like India, America respects faith and family and is rich in diversity. Americans are proud that our nation is home to more than two million individuals of Indian descent. Both our nations can take pride in their achievements. People from India serve with distinction in American businesses, in the sciences and the arts. The contributions of our Indian American community have made America a better nation and they've helped strengthen our ties with India.

The relationship between our two nations is strong and it rests on a firm foundation. We share common interests rooted in common belief that freedom can change lives and transform nations. Today our two democracies have formed a strategic partnership to bring the benefits of

liberty to others, to expand global prosperity through free and fair trade, and to confront the challenges of our time. As great nations, we now have an opportunity to lead, and America values the leadership of the great nation of India.

This is an historic trip. It's a chance to continue to build on the progress we made in Washington, D.C., progress being a relationship that is -- that lasts beyond our time in office. It's a relationship that is based upon our common values that every person matters, every person belongs, and everybody should be able to worship as freely as they want to, the common values of recognizing the right to people to express themselves in a peaceful way.

Our relationship is one that's important for peace and prosperity in this world. It's important that we continue to work together to battle the terrorists, to give them no quarter, and to never yield. Terrorism has no place in democracy and terrorism must be defeated for our children and grandchildren to be able to live in a peaceful world.

Our relationship is one based upon our belief that free and fair trade is in the interests of our people; that when trade moves freely and fairly, that people in our respective countries will be able to find good work and good jobs and improve their standard of living. I believe India has got a really important role to play in showing parts of the world what is possible when it comes to having people live side by side in peace. India is such a wonderful example of pluralism, of religious freedom, of human rights. This relationship of ours is a vital relationship; it's a strategic partnership. ■





President George Bush, who introduced himself as a graduate from Harvard Business School, addressed young entrepreneurs at Indian School of Business in the southern city of Hyderabad on March 3, 2006 on the opportunities the “future CEOs” could derive from the India-US strategic partnership. Following are excerpts of the President's address. It was followed by a lively question-answer session during which Bush categorically stated that his government would not follow protectionist

Yesterday I had the honor of standing on the stage with your Prime Minister, talking about a new relationship between the United States and India. I am excited about our strategic partnership. I'm equally excited about the future of India. It is in the interest of the United States to be friends with India; it's in the interest of the United States to work for free and fair trade with India; it's in the interest of the United States that an entrepreneurial class grow in this great country. It's in the interest of India that an entrepreneurial class grow in this great country, so that people can realize dreams and find good jobs.

You know, I said something really interesting, I thought interesting -- otherwise, I wouldn't have said it -- the other day in a speech I gave in Washington. There are -- the middleclass of India is 300 million people large. That's

larger than the entire United States. And when America looks at India, America ought to look at India as a strategic partner in keeping the peace, a great democracy which is capable of having people from different religions live side-by-side in peace and harmony, and a wonderful opportunity to -- with whom to trade.

One of the things that you can judge a country by is the vitality of the youth, and one of the reasons I really wanted to come to ISB was because I understand it's the center of excellence in education. It's a new school that is using innovative techniques to give people the tools necessary to succeed.

Yesterday I met with some Indian CEOs and American CEOs, kind of the old folks. Today I'm meeting with the



CEOs of tomorrow, the people that are going to help drive this great engine of economic prosperity for India -- for the good of the world, is how I view it.

And so, thanks for letting me and the Ambassador come. Ambassador, thanks for setting this up. I want to thank Chairman Gupta, a fellow Harvard Business School graduate who helped form this school. I want to thank the Dean of this school, as well as the professors and faculty, for being here, as well, and the rest of the students.

The question and answer session.

Q: I'm from the IT industry, so let me ask a question relating to that -- not just IT, I guess generally outsourcing. So India and China have experienced a lot of growth because of globalization and outsourcing, in general - IT outsourcing, in particular. And I live in the U.S. so I know that there is a lot of resistance in the media and also in the industry about outsourcing. But as entrepreneurs and as people who believe in capitalism, we feel that there's no other way to go but capitalism and globalization and outsourcing, et cetera. So does the government or -- does it have a political strategy on how to manage, do a balancing act?

A: People do lose jobs as a result of globalization, and it's painful for those who lose jobs. But the fundamental question is, how does a government or society react to that. And it's basically one of two ways. One is to say, losing jobs is painful, therefore, let's throw up protectionist walls. And the other is to say, losing jobs is painful, so let's make sure people are educated so they can find -- fill the jobs of the 21st century. And let's make sure that there's pro-growth economic policies in place. What does that mean? That means low taxes; it means less regulation; it means fewer lawsuits; it means wise energy policy.

So I've taken the position -- I've taken it as recently as my State of the Union, where I said, the United States of America will reject protectionism. We won't fear competition, we welcome competition, but we won't fear the future, either, because we intend to shape it through good policies.

And that's how you deal in a global economy. You don't retrench and pull back. You welcome competition and you understand globalization provides great opportunities. And the class opportunity for our American farmers and entrepreneurs and small businesses to understand, there's a 300-million-person market of middle-class citizens here in India, and that if we can

make a product they want, then it becomes -- at a reasonable price -- and then all of a sudden, people will be able to have a market here. And so -- and people in America should, I hope, maintain their confidence about the future.

Q: This is actually related to the point you just made about the market with 300 million people. I actually run the non-profit club and social enterprise club here at the ISB. And we're a fairly active group, which believes in what we call compassionate capitalism, through providing for venture capital funding for the small businesses and social entrepreneurs so that they can innovate and actually sustain themselves by providing affordable goods, and using a market-based model, rather than the traditional aid-based model.

So my question to you, Mr. President, is how do you feel that your government will support India in this sort of bilateral partnership whereby your investors can get a financial return, as well as create social impact in a developing country such as India?

A: Well, there're two types of investments. One is private capital, which goes to places where people think they can get a reasonable return relative to risk. And government can help assuage some concerns about risk by having transparency in policy, consistent law. One of the things you don't want to do is invest in a country, and then all of a sudden, laws change, or transparency into why people make decisions, or less bureaucratic hurdles in order to invest.

People look around at places to invest. In my country, for example, there's competition between the states. And if they see there's a lot of bureaucratic hurdles you have to get over in order to invest in one state versus another, people tend to mitigate risk in order to maximize return.

There's also public investment, and through USAID and other aspects of our State Department, we do provide micro-financing -- small loans to entrepreneurs. Today, I went over to the Agricultural Center and saw some of the benefits of not only good agricultural research, but the concept of micro loans to encourage entrepreneurship, particularly amongst women in rural India. And it's an effective program. And micro loans have worked around the world. And so one of the things we do through our State Department, ably led by Secretary Rice, I want you to know, is to encourage micro loan financing.

Q: Mr. President. My company is based in the U.S.,



and we deal mostly with electronic components, exports to India. My question is, after this nuclear deal, do you think the same thing will come in the electronics field? Like there are a lot of sanctions, export restrictions on shipping components to India. That same product they can buy at -- they pay more, but they get it from Europe where there's no export restriction.

A: We're constantly reviewing what's called the Export Control List. And I thank you for bringing that up. And obviously, as this relationship changes, as a strategic partner, the folks involved with the Export Control List will be taking that into account.

Yesterday's energy agreement was an important agreement. It's important for the United States, and it's important for India. It's important for the United States because -- in that we live in a global energy market when a fast-growing country like India consumes more fossil fuels, it causes the price of fossil fuels to go up.

not only in India, but around the world, including the United States. And therefore, the extent to which we can help nations develop civilian nuclear power is in the nation's interest.

Secondly, India has been an excellent partner in nonproliferation over the past decades, and therefore, I can tell the American people that this is an important agreement to help deal with the proliferation issue.

For India, it makes sense because it will enable India to be able to meet electricity needs in a way that doesn't pollute the air. The United States and India and China must use technologies to do our duty to not only make sure our economies expand, but also to be good stewards of the environment. And nuclear energy is a -- is a renewable source of energy in which there is zero greenhouse gases.

Yesterday was a way to put the Cold War behind us and to move forward as strategic partners. And I want to congratulate your Prime Minister and the Indian government for its -- for working with me and our government to show the world what's possible when people can come together and think strategically.

Q: My question is, India was never this important. Why has it become so important now?

A: That's a really good question. I think India has always been an important country, but the problem is, international politics made it very difficult for previous Presidents and previous Prime Ministers to reach common agreement. As I said, we're getting rid of the Cold War, and the truth of the matter is, the Cold War caused the world to become pretty well divided. And if you're on one side of the divide, it was politically difficult to work with people on the other side of the divide.

That began to change, of course. And so I wouldn't say that India was not an important country up to now, because it was. ■

Huge potential for Health Tourism from US

India and the US have agreed to cooperate in the field of public health and health tourism. Health Tourism from US to India is an area with enormous potential for collaboration. With Indian offering world-class medical care facilities at reasonable costs, the two countries could leverage Indian expertise for their economic and social benefit.

India and US would continue to work on harmonization of Indian and US healthcare systems, development of specialized medical insurance and legal packages for US patients and accreditation of Indian Health Care institutions/professionals in the US. India and US are also exploring opportunities to establish two Schools of Public Health in India.

The US supports India's plan to raise the capability of its drug approving agency to those comparable with US FDA. The introduction of Internationally accepted FDA testing standards, would lead to greater confidence and marketability of Indian drugs and foods. Since 2005, 12 ARVs and 5 APIs have received expedited FDA approval within 3 months as compared to 1-2 years earlier (10 other applications are currently under advanced stages of FDA review). With WHO granting pre-qualification to all such FDA approved Indian drugs, they can be distributed by WHO and other UN agencies in Asia and Africa where the AIDS epidemic is raging. ■



**To Attain & Sustain
'Ever Green Revolution'**

Pact on Agriculture Knowledge Initiative



India's Ministry of Agriculture, and the U.S. Department of Agriculture (USDA) have agreed to work together on an "Agriculture Knowledge Initiative (AKI)" that will help sustain the country's Green Revolution.

The new India-US knowledge initiative on agriculture covers education, research, services and commercial linkages, under which the two sides have agreed to implement a work plan.

The Work Plan includes education, learning resources, curriculum development and training, building of human and institutional capacity with the objective of preparing graduates to harness science and technology for the pursuit of attaining and sustaining the 'Evergreen Revolution'. It has been agreed that a critical mass of faculty and scientists in subject domains and need-based niche/strategic/emerging areas will be developed through post-doctoral programs, faculty exchange, trainings and workshops. These select faculty and scientists, in turn, would serve as catalysts for further change and improvement.

Mechanisms include establishing a standing Indo-US

Joint Working Group, sharing the US experience in curriculum development to benefit the ongoing curriculum revision exercise in India, identifying the number of slots for training and faculty exchange during 2006 with consideration of additional slots in the coming years and organizing a range of collaborative activities such as conferences, exchange of visits and workshops.

With regard to building institutional capacity, the focus will be on extension and outreach activities, library resources, networking and leadership development through sharing of experiences to take the knowledge initiative forward. Modalities for implementation of the training and other activities were also finalized.

Food Processing

Under food-processing and marketing, the Work Plan targets training, capacity building and joint research, including quality assurance and food safety, reduction of post harvest losses, market information systems, value addition, strengthening grades and standards, facilitation of agro-business investment, advanced processing technologies, byproduct utilization and bio-fuels from bio-mass.



Biotechnology

Under biotechnology, a strategic alliance has been envisaged for training and research on development of transgenic crops with resistance to economically important viruses, tolerance to drought, heat and salinity and micro-nutrient utilization efficiency; molecular breeding and genomics in crops and animals, molecular approaches in plants and animal health protection have been agreed.

exchange programmes, training and collaboration of scientists, will be supported by a financial commitment of the Governments of India and the US over a period of three years. About 40 premier agriculture research universities, many of whom already have US linkages, have been identified for the programmes-.

The US partners will be identified on a competitive basis by USDA with the concurrence of the government of India.

The Knowledge Initiative aims at attaining excellence in agricultural education, to enhance employability of the graduates, developing human resources to fulfill commitments towards the Millennium Development Goals, and improving quality of life through sustainable rural development including innovative agricultural extension, agri-business programmes and wider participation of women. AKI is expected to significantly re-invigorate the US-Indian partnership in agriculture and offer a win-win situation for both the countries and will trigger benefits in perpetuity.

A Framework Equivalency Plan has been signed between



Water Management

Under Water Management, research and training proposals on sustainable use of water resources, water quality management and remediation, use of modern tools in water management, integrated nutrient management and precision agriculture have been decided.

India and the US that outlines the fundamental requirements to allow bilateral trade of commodities treated by irradiation as phyto-sanitary measure. With this, the regulatory process for export of irradiated mangoes from India to the US may be initiated and hopefully completed in about a year.

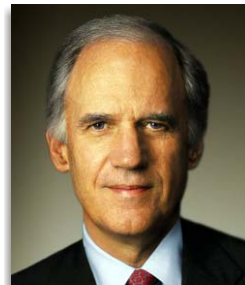
The assessment system used by APEDA for accreditation of agencies for certification of organic products has been recognized by USDA's agriculture marketing services enabling export of organic agricultural products from India with effect from February 2006 . ■

Funding

The proposed Work Plan, which includes scholarships,



Enduring India-US Strategic Partnership The CEO Roadmap



The India-US CEOs Forum has drawn up priority initiatives and identified six major areas of cooperation and recommended specific action in 15 business sectors with the potential for significantly enhancing trade and investment by policy initiatives by the two governments.

"These Areas would have the greatest impact on Economic Cooperation, as they impact multiple sectors," the Forum said in a report released during President Bush's visit to India in March 2006.

Priority Initiatives drawn up for expeditious implementation are:

- **Promotion of Trade and Industry** encompassing greater freedom to invest in services sectors, freer movement of people. Removal or reduction of tariff and non-tariff barriers and subsidies in agriculture and manufactured goods, on both sides. India and the US can partner to make the Doha Round of the WTO a success by showing leadership to support an ambitious outcome and making strong offers in all the key areas of negotiations.

- **Creation of an Infrastructure Development Fund** This could act as a vehicle for US investment into Indian infrastructure. It is proposed that a corpus of \$ 5 billion be targeted, with minority Indian Government participation, and leveraging the expertise of the World Bank/ IFC/ ADB and other financial institutions in the selection and monitoring of investments.

- **Promote Technology Exchange in Agriculture, Biotechnology and Nanotechnology** through a combination of exchange of scientists between Universities/Labs in the two countries and by setting up Centres for R&D in these fields supported by the two Governments.

- **Partner in Skills Development**, US and Indian companies could work together for joint sponsorship of select Industrial Training Institutes (ITIs) in India and/or in the setting up of new institutes.

- **Set up an Indo-US Centre for Industrial R&D** in product design and development with support from US and Indian industry and government.

- **Establish a Dispute Resolution Mechanism** - a dispute settlement mechanism that has the power and jurisdiction to resolve commercial and contractual

disputes quickly could be set up by India. Continued government focus at both center and state levels is also required to resolve legacy issues.

The Forum, Co-chaired by Ratan Tata and William Harrison, representing the CEOs of India and the US respectively, was set up jointly by President George Bush and Prime Minister Manmohan Singh, during the latter's visit to the US in July 2005. The Forum was one of the several initiatives aimed at opening a new era of closer economic cooperation and strategic partnership between the two countries at both government and industry levels.

The Forum, which was given a mandate to develop a road map for increased partnership between the two countries at a business level, identified issues to be included in the agenda that came up for consideration during the latest talks between President Bush and Prime Minister Singh.

In its report, the Forum said that the US and India shared common values based on their democratic, multicultural, multi-ethnic and multi-religious societies, as well as a strong entrepreneurial spirit, all of which supported the bilateral Strategic Partnership.

It said: "Both the US and India are committed to full exploitation of the mutual benefits of globalization, which is an irreversible process driven by technology and the development of human resources in an increasingly knowledge-based world. Through mutual harnessing of technology and human capital, the US and India can forge a unique partnership to achieve greater competitiveness and prosperity for the citizens of both nations."

The report said: "The new Economic Partnership will present the US and India with substantial opportunities to increase trade and investment activity, enhance market access for goods and services and develop greater competitiveness in both countries by leveraging their respective strengths."

It further said: "The US and Indian economies continue to show strong growth despite facing complex challenges. The new Vision of Economic Partnership is one of promise and mutual benefits combined with challenges which can be met, squarely, and overcome." The report has also suggested measures to create an "Enabling Environment". ■



Major areas of Indo-US thrust

Develop Mumbai as Regional Finance Centre

The India-US CEOs Forum has identified six major areas of thrust, where massive foreign investment is required. The Forum has recommended strong action by concerned agencies to carry out its suggestions. These include development of physical infrastructure, energy security and human resource development.

India's infrastructure needs exceed its domestic (public and private) funding capacity. The US could assist/participate in the development of India's infrastructure through technology sharing, systems design, or investment/funding.

Specific initiatives proposed in this area are:

Public private partnerships must be encouraged and the Indian government must play a lead role in fostering speed, efficiency and transparency in the bidding process for Infrastructure contracts to attract more US companies.

Action: Government of India.

The US could partner India in making Mumbai into a Regional Financial Centre. This partnership could extend from the 'softer' aspects such as an appropriate regulatory framework, to the 'hard' aspects of identification of infrastructure needs and participating in their financing.

Action: Expert Committee on the Mumbai Regional Financial Centre set-up by the Ministry of Finance.

Set up a \$5 billion plus private sector Infrastructure Fund (with minority government participation) drawing on the

resources and expertise of World Bank/ADB/IFC and other financial institutions. The fund would lend long tenor debt as well as invest in the equity of infrastructure projects.

Action: CEO Forum, Working Group of US and Indian businesses / associations, working with the MoF and RBI.

Set up large scale Special Economic Zones (SEZ's) in India, designed to serve both domestic and export markets, that comprise world-class infrastructure with integrated real estate, power and transportation facilities, single window clearance approval and administrative process, flexible, internationally-competitive labor laws and transparency/clarity of governance.

Action: A US-India private sector Task Force comprising representatives from various industry/manufacturing sectors to work with the appropriate Central and State Government agencies to expedite execution of plans to set up such SEZ's.

Wanted: Major reforms in Power Sector

India's need for reliable sources of power and energy are substantial and growing. Only 55 percent of households in India have access to electricity. Electricity supply remains a bottleneck for growth, particularly in the Indian rural/ agricultural sector. Captive and back-up power generation is costly and less efficient. An opportunity exists for US companies to be involved and invest in the power sector in India.

Specific initiatives proposed in this area are:

India should move more aggressively in reforming its power sector to ensure sanctity of contracts, encourage greater investment/ competition in generation, promote market driven tariff structure and achieve a separation of regulatory and adjudicatory authority, among other things.

Action: A US-India private sector Task Force comprising power companies to work with the Indian government and select state government agencies to facilitate on-time implementation of investments being made and resolution of legacy disputes in the Indian power sector.

Support for cost effective technologies that foster a clean environment especially in the areas of Coal, where India has large reserves, Bio-fuels, Hydrogen and Wind

energy.

Action: US Government (USG) and Gol.

In the Petroleum and Natural Gas sector an early enactment of the proposed Petroleum and Natural Gas Regulatory Board Bill ('Regulatory Bill') and draft Natural Gas Pipeline Policy ('Pipeline Policy') is recommended. The sector also needs greater transparency and market driven pricing in petroleum products and natural gas and upgrade of retail marketing practices.

Action: The government of India.

The opening up of civil nuclear technology supplies from the US to India, which is currently on a government to government track, will not only bring the prospects of energy self sufficiency to India but open up a significant flow of technology exchange and build mutual trust between the two countries.

Action: Both governments of the US and India.



Remove tariff snags, sign pact to boost trade & industry

With the objective of doubling trade every three years, promotion of trade and industry by removal of barriers needs to be a priority. The Forum would recommend that a US-India Comprehensive Economic Cooperation Agreement (CECA) which includes trade, be considered as a medium term objective.

Specific initiatives proposed in this area are:

Reduce restrictions on foreign investment, especially:

Expedite the decision to allow FDI in the Indian Retail Sector beyond the limited opening up of the sector provided currently (as an immediate first step, Gol could

permit FDI in Retail in all SEZs and/ or permit joint ventures in retail with minority foreign investment)

Accelerate the timetable to raise FDI caps in the Indian Insurance sector and allow foreign FDI in Indian private sector banks as well as an accelerated approval of foreign bank applications for branches in India.

Remove restrictions on expansion/ new branches by Indian banks in the US.





Intensify collaboration in technology, R&D

Across all sectors Technology and R&D are key determinants of business prosperity and national competitiveness. India and the US are already cooperating in Technology and R&D. Based on a special effort to evolve closer ties in technology. The future could witness an explosion of such activity.

In addition, India is a major buyer of high technology equipment from defense to avionics to engineering components/systems. It needs however, reliable, long-term sources of supply and simple and rational export licensing measures that carry a guarantee of stability and continuity. These will ensure that the US companies are not competitively disadvantaged in the Indian marketplace. Regulations permitting the export of technology sensitive items will mean that US companies can export to India or partner Indian companies to significantly accelerate various science and technology programs.

India, on its part, needs to create the appropriate policy and regulatory climate to encourage adoption of technology in sectors of national importance such as "green environment", "safety and security" and "energy efficiency". Specific incentives (lower taxes and/ or import tariffs) could be geared toward fostering increased use of such technologies.

Specific initiatives proposed in this area are:

The Forum supports the excellent progress made by the US-India High Technology Cooperation Group (HTCG) in simplifying US export licensing policies and procedures. These should continue to be supported, especially by legislative action where required, to:

- Further relax restrictions on transfer to India of high technology and equipment e.g. extension of COMSAT rules to India/ ISRO
- Accelerate transfer of dual use items/categories including material sciences, advanced electronics, semiconductor technology, aviation related technology, key

software systems and equipment

Action: The governments of both the US and India

Removal of restrictions on R&D collaborations by the US and encouragement for establishing product design and development centers that would forge stronger and mutually beneficial ties between the two countries in this area. The setting up of an India-US R&D center for Industrial R&D is recommended.

Action: US Government, R&D Center by US and Indian businesses and their associations working with both governments.

Promote technology exchange in agriculture and commodity markets by setting up an Indo-U.S. R&D center for Agricultural R&D and encouraging collaborations and exchange of scientists in agricultural research by leveraging the capability of US agriculture universities. This could be part of the "US-India Knowledge Initiative on Agricultural Education, Teaching, Research, Service and Commercial Linkages"

Action: Governments of US and India.

Partner in Biotechnology by jointly developing a regulatory pathway to ensure regulations surrounding the sector are based on sound science, are transparent and supportive of policies that encourage investment in and commercialization of biotechnology, and promote trade in biotech goods and services. Both countries (i.e. US FDA working with the Indian FDA) should harmonize legislation to provide opportunities and protection for US as well as Indian companies in biotech related IPR.

Extend the scope of the US-India R&D partnership to Nano-technology as well.

Action: USG and GoI. For Biotechnology - US FDA and Indian FDA.

Foster HRD through institutional tie-ups

Human Resources are the drivers of competitiveness and innovation and a strong foundation on which the Strategic Economic Partnership can be built.

India needs to improve the quality of education to its broad mass of people, outside of the few Indian Institutes of Technology (IITs) or equivalent universities. Unmet education needs extend from primary school to advanced research, but the greatest benefits would possibly come from relationships between leading US institutes and Indian institutions (with special emphasis on PhDs) in advanced research.

Sponsored participation in establishing institutions of higher education for research and PhD programs with leading US institutes like MIT, Lincoln Labs, Bell Labs, John Hopkins and Carnegie Mellon could become focal points of excellence in high technology. The intellectual capital developed and exchange of talent and ideas would benefit both countries.

Action: The governments of both US and India and the Knowledge Commission.

India needs to encourage the setting up of new institutions of higher learning and give private educational institutions a free

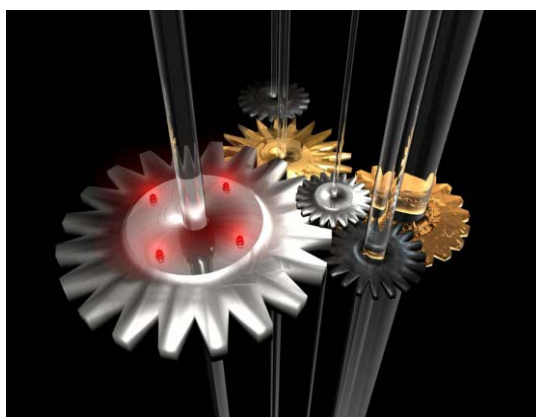


hand in terms of fees, course structure and affiliations.

Action: The Indian government / Knowledge Commission.

India's Industrial Training Institutes (ITIs) need to be upgraded and their curricula continuously made relevant and current. US companies could work with Indian companies to promote this skill building for industry and could also partner in the setting up of new institutes.

Action: US and Indian businesses and their associations.



A dispute settlement mechanism that has the power and jurisdiction to resolve commercial and contractual disputes quickly could be set up by India. An independent tribunal formed through the Arbitration and Conciliation Act 1996 should be a forum for dispute resolution. Specific focus on resolving legacy issues such as those impacting Dow/ Bhopal tragedy of

Set up a dispute settlement mechanism

1984 and the Tamil Nadu IPPs would send a strong positive signal to US investors.

In addition, India could undertake to strengthen and reform the judicial system to address the large backlog of cases and the time taken to complete legal proceedings. The issues of no limit on the number of adjournments, too few judges/ too many vacancies, large number of court holidays and poor physical infrastructure, need to be addressed on an urgent basis.

Action: Task Force on Judicial Reform recommended comprising representatives from Law Ministry, Gol, Supreme Court and CEO Forum members. Task Force to submit their recommendations in 3 months (possibly to the Law Commission that could assess/ approve these recommendations).

Intellectual Property Rights (IPR) protection has separated and divided US and Indian businesses in the past but there is an increasing convergence in the approach to IPR and supporting legislation. There is now a mutual, agreed agenda to frame laws, rules and processes to sustain the highest standards of protection to the inventor or the organization, which invests in IP.

The next ten years can witness a new surge in partnership in IPR between the U.S. and India which includes mutual cooperation in IPR implementation and enforcement as well as building a "patents" culture.

Specific initiatives proposed in this area are:

National coordination of IPR enforcement efforts in India must be stepped up. Today, enforcement is handled on the state level, and the results vary dramatically. Many of the specialized police units set up by the states are barely active and lack training, manpower and resources. Actions by the Ministries of Information and Broadcasting and Human Resources Development (HRD) to co-ordinate state enforcement efforts are important first steps.

The goal should be a national unit dedicated to IPR

Joint initiative on IPR vital

enforcement and with powers to enforce across state borders. As a first step, a single centralized body should be designated to coordinate IPR enforcement efforts, identify and publicize best enforcement practices at the state level, and direct national resources to IPR enforcement.

Action: The Indian government.

Specialized intellectual property courts should be established to handle both civil and criminal matters. Establishing such courts is a practical first step toward whittling down the huge backlog of cases and making the enforcement system functional. To handle the piracy docket efficiently, judges, prosecutors, and other court personnel need specialized training. Specialized IP court divisions could also adopt their own rules to expedite the handling of cases. This approach, which has proven successful for several other countries in the region, such as Thailand, should be initiated in India. Pilot projects in select state court systems could be the first step.

Action: Ministry of Law and Justice, India.

A national initiative to crack down on piracy in the educational and research sectors should be initiated. The Ministry of Human Resource Development (and other relevant ministries, such as Health, for medical schools) could issue directives to all public and private educational and research institutions to stop using unauthorized photocopies of books and journals; take action against on-campus copyshops engaged in illegal activity; and report periodically to the Ministry on what steps have been taken. This data would form the basis for more targeted efforts in the future.

Action: Ministry of Human Resource Development, India.

Agreement should be reached between India and the US on cyber security to include data privacy, IPR etc. Create universal standards in data privacy to build confidence in Indian IT providers.

Action: Governments of both the US and India.





India is entering the regulatory age with regulatory bodies being established at the center and state levels. India has already put in place world-class regulatory agencies in insurance, financial markets and telecommunications. But the requirements are escalating for high quality, trained regulators, research on regulatory practices and “library facilities” to house international and Indian regulatory experience. India will be well served by establishing an Indian Institute of Regulation which would meet these purposes and would be funded from the fees which flow to India's existing and to be established regulatory bodies.

Global and domestic market developments overtake regulations and policies. It is imperative that regulations take the lead rather than react to the

Need for Indian Institute of Regulation

market. An independent institute which develops into a think-tank with a strong research base will provide an excellent platform for development of regulatory practices. If India took an initiative of this nature, it would endow itself with training and expertise which is hard to find anywhere else in the world. The signal to international investors would be clear: India is determined to offer its foreign and domestic business communities world class regulation. The advantages to American businesses are equally clear: first rate regulation at the center and in the states, covering the diverse fields of infrastructure; financial markets; insurance and pension; telecommunications; biotechnology; etc. would create a stable and attractive framework for investors -both direct and indirect.

India and the US can collaborate on this initiative. The strong presence of Indians in the US and their engagement in research of sectors covering financial markets/insurance, energy and environment will be advantageous. Talent pool from India and the US will be readily available. The CEO Forum can rally support of the industry on both sides of the initiative. Multilateral agencies such as the World Bank may also show interest in providing seed capital/financial support.

Opportunities in defence



The US should treat approved Indian defense contractors on par with those of other strategic allies such as UK. Indian IT firms should be permitted to bid for US technology programs after receiving appropriate clearances.

India's could adopt an “indirect” defense offset regime

by including areas such as commercial space, R&D, etc. The offset program could be based on a review of global best practices adapted to India's needs in defense and high technology.

Action: the governments of US & India.



Trade and Investment: 20 pc annual growth seen

Scope Unlimited: Key Sectors & Action Plan

In their report, the CEOs have said that there is limitless potential for business cooperation between the US and India, across numerous sectors. Following is a brief account of 15 select priority sectors.

Indo-US Bilateral trade is relatively small. It was less than \$ 40 billion (2004) including products and services (China/US: \$ 235 billion). And, yet, the US is India's largest trading partner.

The US is also a major source of FDI, about \$ 4 billion (over 10 percent of total FDI) in India with major sectors being energy, telecom and electrical equipment.

An annual growth rate in trade of over 20 per cent per annum is achievable given the right impetus from both sides, including greater market access, IP protection, acceptance of WTO rulings, tariff cuts, removal of non-tariff barriers (NTBs) and eased licensing by the US Government on export of high technology items.

There is clarity on issues to be addressed and measured steps are being taken by the Indian government to promote foreign investment. The principal challenge is to overcome the deficit of confidence that foreign companies harbor about the processes and regulations of doing business in India. Policy stability, transparency and uniformity of interpretation would help address these

concerns especially in relation to the bilateral Tax Treaty and treatment of dividends.

A small beginning has also been made with regard to Indian investment in the US; this trend is likely to grow over the coming years, given supportive US regulatory practices.

Resolution of litigation and contractual disputes, sanctity of contracts, establishment of a speedy dispute settlement mechanism and judicial reforms would greatly enhance confidence in investing in India. The regulatory framework also needs to be clear, consistent and legally enforceable.

Regarding FDI policy, the CEOs Forum recognizes the recent limited opening of the Retail sector in India and seeks early and further policy liberalization. Similarly, the Real Estate Sector needs to be fully open and FDI caps on print media, broadcasting, cable and satellite systems and e-commerce need to be removed. Finally, the Indian Companies Act provisions relating to privately-held companies (as many US companies are) need review.

Infrastructure: Need for \$5 bn private sector fund

The key recommendation is to work jointly to turn Mumbai into a Regional Financial Centre and cooperation would include all aspects, soft and hard, from regulatory issues to infrastructure, financing etc.

A second major recommendation is to create a \$ 5 billion plus private sector Infrastructure Fund, supported by World Bank/IBRD, IFC, and ADB to promote infrastructure investments in India.

The US industry, given the right policies, could participate in highways/bridges, rail/ mass transit, townships, SEZs, airports, seaports, energy/power, environment, water, etc, all of which are key to India's development and growth.

As part of the initiatives aimed at airport modernization and expansion, the government should explore options to implement state of the art electronic safety aids, such as those designed to help avoid runway incursions between planes, and should also participate in international programs such as the US government-led Next Generation Air Transportation System (NGATS), to optimize utilization and safety of the Indian airspace.



Additionally, the need for in-country Maintenance Repair & Overhaul (MRO) presence is growing. Today most private airlines send repair and maintenance work overseas. If the government creates incentives for MRO facilities to set up in India via a set of tax and fiscal benefits it will not only generate employment opportunities in India, but will also lead to the migration of desirable technology into India. This will help position India advantageously to capture a greater share of Asian MRO activity. Signing of a Bilateral Agreement with FAA would help new MROs in India to be FAA-certified, increasing their potential revenue scope.



Financial Services: Expand Investor Base, Ease Rules

maturity of greater than 3-years to discourage interest rate arbitrage flows. Establish municipal bond markets to facilitate resource mobilization. Allow selling short bonds in a phased manner.

Deepen the equity markets by broadening the investor base through encouraging participation from a wider class of investors including hedge funds.

Limits affecting foreign institutional investor holdings in stock and bond investments should be eliminated and voting rights should be aligned with economic holdings in all industries. Expand the derivatives markets with products like exchange traded futures and interest rate options.

Removal of any ambiguity on taxation on investments made by entities domiciled in countries having double taxation avoidance treaties with India. Continuity of the taxation policy in this regard should be assured to remove uncertainties and anxieties about any adverse changes in the future, especially on investments already made in the country.

Netting legislation is critical to reduce counterparty risk and regulators should introduce laws permitting the same.

There are a number of issues which need to be addressed so that India's capital markets could become catalysts for economic growth by attracting foreign, especially US investment.

Permit foreign investors to transact in debt instruments with residual

Banking: Early Infusion of Foreign capital vital

The Reserve Bank of India (RBI) should advance its roadmap for foreign bank ownership of Indian private banks from its current timeline of 2009 to sooner. This will accelerate the infusion of capital, increase competition and enhance product and systems technology in the Indian banking sector.

RBI should specify clear guidelines based on compliance and prudential regulations for permitting or rejecting foreign bank applications for new branches. Rather than setting a target for the number of applications to be approved, RBI should specify clear guidelines based on compliance and prudential regulations, for permitting or



rejecting foreign bank applications for new branches.

Corporate governance among banks should be improved, giving more independence and accountability to their boards. The Government should accelerate greater consolidation among state banks, encouraging rationalizing and redeployment of their workforce. RBI should review regulations on priority sector lending.



It is a matter of urgency to raise foreign ownership cap in insurance to 49 percent.

Pension reform should include an open and transparent licensing system, and an integrated model with the insurance sector rather than creating a separate regulator, which will burden the industry. Tax concessions comparable with other financial investment instruments available in the market need to be considered.

Foreign investment in insurance and pension should be allowed to own their businesses and distribute products to all potential customers in a free market. As India adopts pension reforms, the government will want to be sure that the rules governing market entry are

Insurance: Raise foreign ownership Cap to 49 pc, reform pension rules

sufficiently encouraging to attract foreign investors.

Electronic Payment System

In banking, there is need to bring about an efficient electronic payments system to increase credit, debit and prepaid card usage and acceptance which will enhance the velocity of economic activity and bring efficiency in resource allocation.

Sound legal base and institutional/regulatory framework

Robust technology (acceptance networks like point-of-sale terminals, ATMs, bank branches that are technologically sound, Internet access) and telecommunications infrastructure.

All the above relate to India. With regard to the US, there is need to provide greater access to Indian banks into the US market through removal of restrictions on expansion/ new branches.



Private Equity: Facilitate higher FDI inflow

of companies (FDI) from the security of shares and loans to stock market traders in issuing guidelines related to leverage.

In addition, the rules related to purchasing secondary shares in public companies must change. Currently, any purchase of secondary shares amounting to greater than 15 percent of total equity triggers a clause to offer to purchaser an additional 20 percent shares from the public. This creates a huge barrier, since the stock price gets pushed up as the information leaks out, making the transaction unviable.

Delisting of the companies should be made easier. Currently, taking companies private is a very lengthy and tedious process. Indian companies in general tend to go public much sooner than they do in the US. As many companies gear up to become scale/global players, they need to be restructured with several corporate actions which are best done when private.

Indian promoters hold in excess of 60 percent of the equities in public companies today. Significant FDI enhancement can take place if the rules and regulations for the buyout of secondary shares are more in line with international norms.

The government must distinguish between long-term strategic acquirers

US needs to modify patent laws for Indian pharma firms

With regard to Pharma, further action is required in India to ensure IP protection and enforcement, review of the pharma price controls policy, faster clearances at customs for finished products and cold storage facilities to handle sensitive products.

The report just issued by the task force under the Chairmanship of Dr. Pronab Sen has recommended that price controls be expanded to every medicine on India's "Essential Drug List". This should be reviewed since there is absolutely no evidence to suggest that extending price controls will increase access to these medicines.

At the US end, the action required is: Indian companies need to be able to get FDA and other accreditation/approvals for items manufactured in India and exported.

Special focus on modifying US legislation that allows extension/ever-greening of patents by US pharma majors and restricts growth of the Indian generics market. HIV/AIDS

The US and India are already cooperating in dealing with the HIV-AIDS pandemic. Advocacy, awareness building, provision of equipment and medicines, setting up of ART Centres, etc. are some of the ways in which companies are working individually and collectively. In this effort, USAID



has played, and continues to play, an important part. Whilst this is not a "Business Development" issue, it is a "Business Protection" issue which needs to figure in the Economic Partnership agenda and the cooperation between US and Indian businesses has to be enhanced to mutual benefit.

Defence: New avenues for private sector seen

With the opening of defense supplies from the US to India, there are new opportunities emerging for private sector defence cooperation, including co-production and co-development, in due course. A joint Private Sector Task Force is already in dialogue as an adjunct to the bilateral government level High Technology group.

One issue which is to be addressed and resolved is the Offset Policy of the Indian government and its implementation process. This could be framed taking into account global best practice, including ways of permitting "indirect" offsets in other high technology areas of importance to India such as the commercial space industry.



Another issue is the US licensing regime and the need to address Indian concerns regarding multi-layer licensing, delays and denials.

Integrating Indian private sector companies into the global supply chain of US defense manufacturers, combined with co-production, will help remove insecurity about the reliability of US defense supplies.



There are four issues for action by the Indian government. It is imperative that Parliament enact the proposed Petroleum and Natural Gas Regulatory Board Bill ('Regulatory Bill') which has been submitted by the Ministry of Petroleum and Natural Gas in conjunction with all sectors of the

Oil & Gas: Need for Law to improve investment climate

industry.

We encourage the subsequent enactment of the draft Natural Gas Pipeline Policy ('Pipeline Policy') which will functionally serve as companion regulations to the framework 'Regulatory Bill'.

Greater transparency and market driven pricing are needed in petroleum products and natural gas. Upgrade retail marketing practices. The government should support cost effective technologies that foster a clean environment.

Lack of an independent regulator complicates the investment climate. The current draft of the 'Regulatory Bill' is an important step forward. However, under this draft, the regulator is directed to act in accordance with directives from the government. Since the Government is also the largest shareholder in the industry, the potential for biased regulation is a cause for great discomfort for international investors. To alleviate this concern, the government should ensure that regulators are truly independent and staffed with the most qualified professionals available from both the private and public sector.



Food and Agribiz: More fiscal incentives needed to boost FDI

The key recommendations include: Open the food-processing sector in India to participants of all sizes to encourage economies of scale and to allow for significant investment in an important sector with excellent growth potential.

Consider fiscal incentives for domestic and international investors to accelerate the development of the food processing sector and to establish a secure "cold storage chain" for fresh produce. Provide for unlimited movement of domestic and imported agricultural products across district and state boundaries.

Review the Agricultural Produce Market Committee Act, which prevents buyers and processors of agricultural produce from participating meaningfully and dis-intermediating non-value added costs.

Replace any remaining agricultural sector subsidies with direct payments that are in the line of sight to the farmer. Indirect subsidies should be avoided as they distort and obfuscate sectoral investment and do not reach the intended beneficiaries.

Liberalize import policies and tariffs around oilseeds, feed grains, and vegetable oils, which serve as inputs into further processed products.

Review the range of technical barriers (TBT) and phytosanitary (SPS) measures imposed by India, which pose significant obstacles for U.S. agricultural exports.

Focus on improving the regulatory approval process for agri-chemicals. To support increased yields and production, reform license application process, including allowing for annual renewals without requiring a new application each year. Increase transparency and reduce unnecessary delays that can impact the growing cycle.

Eliminate policies that discriminate against foreign investors in the

food and agricultural sector such as the discriminatory special excise duty on carbonated drinks and deflect unreasonable allegations made against the beverage industry by establishing internationally accepted, science-based safety standards for the entire food and beverage sector.

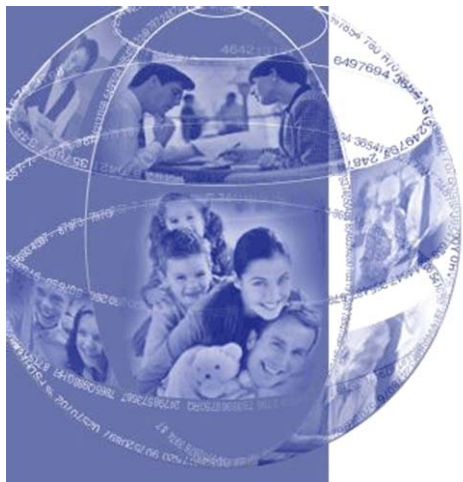
Reduction in Agricultural subsidies in the US so as to give India a chance to develop export markets for agricultural produce. Encourage collaborative research, leveraging the capability of U.S. agriculture universities.

Set up an Indo-U.S. R&D center for Agricultural R&D and encourage collaborations in agricultural research as part of the "US-India Knowledge Initiative on Agricultural Education, Teaching, Research, Service and Commercial Linkages"

Grant FDA accreditation approvals to exports of Indian processed foods to the United States. Reduce tariff and non-tariff barriers to export of agricultural produce and seafood to the US. Review restrictions on exports of agricultural products from India, such as tobacco, to the United States.

On biotechnology, United States and India should jointly develop regulatory pathway to ensure regulations surrounding the sector are based on sound science, transparent, and supportive of policies that encourage investment in and commercialization of biotechnology, and promote trade in biotech goods and services.

Both countries (i.e. US FDA working with the Indian FDA) should harmonize legislation to provide opportunities and protection for US as well as Indian companies in biotech related IPR.



Manufacturing: States must set up “Investment Regions”

Manufacturing is the traditional area of US-India industrial cooperation and, in the current and future context of globalisation, global supply chains and competitive pressures, offers new potential for partnership.

Some specific suggestions are: The government could encourage states to set up “Investment Regions” with the primary focus of attracting FDI and local investment designed to serve both domestic and export markets (i.e. not just SEZs). The Investment Regions would also be a model for world-class

infrastructure that could be emulated in other states. Among other attributes, the Regions would offer:

Flexible, internationally-competitive labor laws. Coordinated infrastructure investments of related real estate, power, connectivity, ports and airports developed in conjunction with the site. Single-window clearance one stop approval and administrative process.

Dedicated courts located within the Region, to ensure rapid local access to legal recourse.

Align vocational and educational training in sectors. Fewer sites, but of a size (about 2500 acres) sufficient to achieve critical mass.

Reduction of Import duties on certain products, such as Steel (where duties can be as high as 30 percent on some items) and Textiles (over 20 percent on some items)

Remove Anti-dumping and safeguard legislation / anti-dumping duties on items such as steel. Lower/ remove non-tariff barriers and technical barriers - Sanitary & phyto-sanitary standards legislation to be unbiased and equal on both sides

FDA related issues easier accreditation/ approvals for pharmaceutical items manufactured in India and exported to the US.

Biotech: Set up a national fund to promote joint ventures

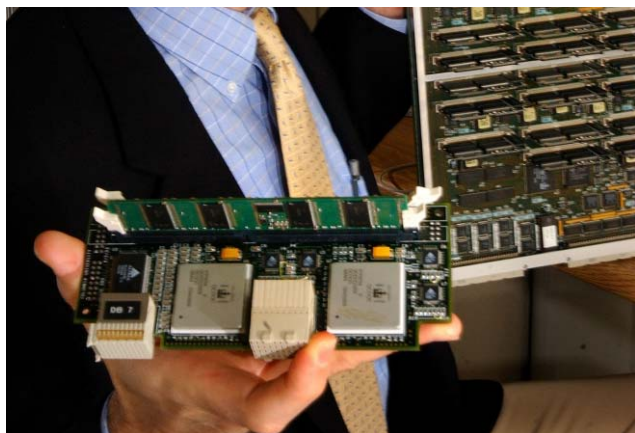
The High Technology Cooperation Group (HTCG), at its meeting on 1 February 2006 has agreed to: Establish a private sector task force/ joint working group on biotechnology to keep the agenda moving faster.

Agree on products and guidelines for conducting clinical trials to expedite USFDA's approval (for development of Clinical Research Organisations).

Create a bi-national fund (with DBT on Indian side and appropriate body on US side) for supporting early stage risk ventures in biotechnology. Set up an Indian-US innovation promotion center.



Put a plan in place for capacity building and training of Indian personnel to better implement the Patent Protection Act of India passed in 2005. Establish a pilot project in one of the port/ airports in India for employing best practices in supply chain integrity of biotech products. These need to be followed through with speed.



This is a sector which reflects a unique partnership between US and India, which can be furthered given some additional steps. Foreign ownership caps in Information and Knowledge based sectors such as print media, broadcasting, cable/satellite systems, and e-commerce should be reviewed and relaxed, if not eliminated.

Licensing requirements/regulations in Information/Knowledge based industry should be reviewed. Requirements to obtain licenses for certain information sector products and services that support business activities (for example, new periodical publications) should be reviewed in light of current conditions. The goal should be to eliminate the requirements where possible, and expedite action on license applications in any sectors where such requirements remain.

Restrictions on licensees' business practices (for example, bans on exclusive licensing of distribution of content) should also be relaxed to the extent possible, thus increasing the attractiveness of further investment in sectors subject to licensing regulation.

National coordination of enforcement efforts must be stepped up. As a first step, a single centralized body should be designated to coordinate IPR enforcement

IT & ITeS:

efforts, identify and publicize best enforcement practices at the state level, and direct national resources to IPR enforcement.

Specialized intellectual property courts should be established to handle both civil and criminal matters. A national initiative to crack down on piracy in the educational and research sectors should begin now.

India and the US must reach agreement on Cyber Security to include data privacy, IPR, etc. and create universal standards in data privacy to build confidence in Indian IT providers.

R&D

Further cooperation between the US and India in R&D would be enhanced if the following were addressed. Removal of restrictions on R&D collaborations by the US and establishing product design and development centers would forge stronger and mutually beneficial ties between the two countries in this area.

Set up an India-US R&D center for Industrial R&D.

Relationships between leading US institutes and Indian institutions (with special emphasis on PhDs) in advanced research.

Sponsored participation in establishing institutions of higher education for research and PhD programs with leading US institutes could become focal points of excellence in high technology.

At the same time, India needs to encourage the setting up of new institutions of higher learning and give private educational institutions a free hand in terms of fees, course structure and affiliations.

Need for India-US healthcare partnership

This sector could be a major area of USIndia cooperation recognizing the rising costs in the US, India's talent pool of doctors, nurses and paramedics; the scope for FDI by the US in India (Healthcare could be given "Infrastructure" status for the tax incentives and access to funding), collaboration in capacity building and upgrading hospital standards; provision of a variety of services by India to the US, e.g. clinical trials, other R&D services and outsourcing. A US-India Healthcare Partnership has real potential for mutual benefit.



Telecom:



This is a sector which has attracted significant FDI and technology and has resulted in huge benefits to the Indian development process. Telecom development can be expedited, with consequential benefits to India, if the following issues could be addressed:

The Government must pursue transparent and truly technology-neutral policies that allow the full range of private telcos and the Public Sector (Government owned) telcos to compete fairly and fully.

Adequate spectrum in useable frequency bands advocated by the ITU must be allocated to wireless service providers for their growth.

The government further needs to ensure low regulatory, if at all, restrictions over new services such as Push-to-talk, IP-enabled services, particularly Voice-Over IP (VoIP), and various kinds of 3G services, while simultaneously ensuring a level playing field and no worse-off position for existing license holders.

Duties on imported telecommunications and related equipment must be reduced to zero in order to promote competition in International Private Leased Circuits (IPLC) in India.

In the past, the global manufacturers of products that form the core of telecommunications networking infrastructure have viewed India as a low-cost engineering resource to be developed to serve global markets. With the consumption-led rise of the Indian economy and the trend towards the small/medium sized businesses to build their linkages into the bigger supply chain, the technology multinationals are aiming to build substantial business mostly in consumer end user device segments like mobile, handset, PC's and networking product manufacturing. With the right policies, this trend could bring about a significant employment boost in its wake.

Allow 74 percent FDI under the "automatic route." Remove condition that senior management should be resident Indian nationals. Investor rights to be in proportion to shareholding levels

There are four recommendations for consideration to boost investment. Creation of a Regulatory Body for Real Estate. NBFCs/ other lenders to be notified lenders under SRAFESI Act. Single Window Clearance facility. Revisiting the FSI (Floor Space Index) Calculation.

US industry strongly encourages a change in policy that will allow foreign companies to purchase and own existing (versus only development) real estate assets. The benefits of such a policy change are manifold and include:

The sale of existing assets would allow India to directly monetize its existing assets for full, fair market value, creating a deep and liquid sale-leaseback market, such as the ones that exist in the US and Europe. Providing exit strategies (capital) to existing developers who, in turn, can re-deploy such funds into new commercial, residential and infrastructure projects, and creating a competitive, liquid real estate market which would effectively lower the cost of capital for developers who should pass along a portion of such savings to Indian corporations and MNCs.

Real Estate: Ease ownership laws to allow US investment





US should liberalize the visa regime for businessmen, professionals and service providers in fields ranging from IT (H1B/L1) to Nursing staff (EB3) where the US is facing a shortage of trained personnel. As in goods, progressively ease quantitative restrictions/yearly quotas of such visas. Further impediments on the grant of H1B/L1 visas such as attestation requirements, reduction of periods of stay and prescriptive wage levels need to be dispensed with.

For select countries/ strategic partners, such as the US, India should provide visas for up to five years and remove Foreigners Registration Office (FRO/ FRRO) requirements to report in physically once a year.

U.S. service and manufacturing companies need the US authorities to institute a new business facilitation program for two reasons. First, existing programs do not work in today's fast-paced international business environment. And second, progress in bilateral and multilateral trade negotiations in all service sectors is dependent on the willingness of the United States to discuss business travel facilitation at the same time.

The tourist flows between India and the US, though small at present, hold great potential given the strong linkages that India has with the US in trade, education and entertainment and leveraging off the "Open Skies"

agreement signed between the two countries in 2005. Both countries would benefit by making tourist visas easier to obtain.

A more efficient business visa grant process for travel by Indian business persons to the US is required, to extend to government/public sector companies personal traveling on official business. US firms need a new and more efficient system to facilitate business travel to the United States and reciprocal systems in foreign countries, including India.

Employees need ongoing training to maintain their performance and to qualify for promotions and increased compensation. Customers need training on how to use products and services. Businesses need to bring global management teams together on a regular basis. Sales representatives need to meet with potential customers.

Investors need to evaluate opportunities. Consultants need to be on site to adequately and effectively perform the services contracted for.

A new category for entry into the United States should be established for "Travel for Business Purposes" (TBP). This would be truly temporary, and not in any way related to immigration under existing visa categories.



To attain self-reliance in
oil and slash imports

Bush Initiates 4-Pronged Strategy

US President George Bush has initiated a four-pronged strategy to tackle rising prices of gasoline and to make his country less dependent on oil imports. The President's plan includes making sure consumers and taxpayers are treated fairly, promoting greater fuel efficiency, boosting US oil and gasoline supplies, and investing aggressively in alternatives to gasoline. In order to give a concrete shape to these measures, Bush has sought the support of the US Congress.

During a recent meeting with members of Congress, Bush said: "The prices of gasoline should serve as a wake-up call to all of us involved in public office, that we have got an energy security problem and a national security problem, and now is the time to deal with it in a forceful way. And I am heartened by the fact that we were able to have such a constructive dialogue, and that there's a commitment to get good legislation out of the Congress."

Bush said the US could eliminate the root cause of high gas prices by diversifying away from oil in the longer term.

America is addicted to oil

He said: "America is addicted to oil, And an increasing amount of the oil we need comes from foreign countries.

Some of the nations we rely on for oil have unstable governments or agendas hostile to the United States. These countries know we need their oil, and that reduces our influence. We must not allow America to be put at risk by the unfriendly leaders of foreign countries.

It Is Important To Understand Why Gas Prices Are High. The market for oil is global, and America is not the only large consumer. Countries like China and India are consuming more and more oil, so global demand for oil is rising faster than global supply. As a result, oil prices are rising around the world, which leads to higher gas prices in America. America's gasoline demand is projected to increase this summer, and our refining capacity is stretched tight, making it difficult for supply to keep pace with demand. To compound the problem, we are undergoing a rapid change in our fuel mix - a transition from MTBE to ethanol in certain fuel blends, and that transition is temporarily pushing up gas prices even more."

The first objective of the President's four-part plan is to ensure that American Consumers Are Treated Fairly At The Gas Pump.



The Federal Trade Commission (FTC) is investigating whether the price of gasoline has been unfairly manipulated since last year's hurricanes. The President is also directing the Department of Justice to work with the FTC and the Department of Energy to conduct inquiries into cheating or illegal manipulation related to current gasoline prices. The FTC and Attorney General are contacting all 50 state attorneys general to offer technical assistance and to urge them to aggressively investigate illegal price manipulation within their jurisdictions.

With oil prices at record levels, energy companies have large cash flows - and energy companies should reinvest their profits into expanding refining capacity, researching alternative energy sources, developing new technologies, and expanding production. Record oil prices and large cash flows also mean that energy companies do not need unnecessary tax breaks like the "geological and geophysical expenditure" depreciation acceleration provision in the Energy Policy Act of 2005. This unnecessary tax break allows energy companies to rapidly depreciate costs related to oil exploration. The President also calls on Congress to repeal the Energy Policy Act provision subsidizing energy companies' research into deepwater drilling. The President is looking forward to Congress taking about \$2 billion of these tax breaks out of the budget over a 10-year period of time.

The second step in President Bush's strategy is to promote greater fuel efficiency. An immediate way for drivers to get more miles out of each gallon is to choose a highly efficient hybrid or clean diesel vehicle. Hybrid vehicles run on the combination of a traditional engine and an electric battery. These twin sources of power allow hybrid cars and trucks to travel about twice as far on a gallon of fuel as gasoline-only vehicles. Clean diesel vehicles take advantage of advances in diesel technology to run on 30 percent less fuel than gasoline vehicles. More than 200,000 hybrid and clean diesel vehicles were sold in the United States last year - the highest sales

in history. The Energy Policy Act President Bush signed into law expanded the tax credit for purchasers of hybrid and clean diesel vehicles to as much as \$3,400, but these tax credits apply to only a limited number of hybrid and clean diesel vehicles for each manufacturer.

A proven way to conserve gasoline is to reform corporate average fuel economy (CAFE) standards. The Administration has reformed the way the CAFE programme determines standards for light trucks by emphasizing the size of the vehicle. CAFE standards for light trucks have been increased from 20.7 miles per gallon when the President took office to 24 miles per gallon in 2011. The President's reforms bring CAFE standards for light trucks to the highest level in the history of the program - and they are helping American drivers save money at the pump.

The third measure in the President's plan is boosting US supplies of crude oil and gasoline. The President supports halting deposits to the Strategic Petroleum Reserve for a short period of time. Bush has directed the Department of Energy to defer filling the Reserve this summer.

"Our Strategic Reserve is sufficiently large to guard against any major supply disruption over the next few months. Deferring deposits until the fall will leave a little more oil on the market - and when supplies are tight, every little bit counts" he said.

Under Federal air quality laws, some areas of the country





are required to use a fuel blend called reformulated gasoline. This year, we are undergoing a rapid transition in the primary ingredient in reformulated gas - from MTBE to ethanol. State and local officials in the Northeast and in Texas worry that supplies could run low. To ensure that there are not needless restrictions to get gasoline to the pump, the EPA should be able to meet the request of officials seeking to waive local fuel requirements on a temporary basis.

The President is also directing authorities to bring together governors to form a new task force to confront the larger problem of too many localized fuel blends (Boutique Fuels). America's uncoordinated and overly complex set of fuel mixes raises the risk of painful local price increases, even during only minor supply disruptions.

The President has also called on Congress to simplify and speed up the permitting process for refinery construction and expansion. The President has asked Congress to cut through the red tape and guarantee that refinery construction permits will be processed within a single year.

"To boost America's gasoline supply on a large scale, we need to expand our oil refining capacity. There has not been a new refinery built in America in 30 years. As a result, America now imports about a million barrels of gasoline every day - that means that about one of every ten gallons of gas Americans get at the pump is refined in a foreign country. Part of the reason for this is that the refinery permitting process in the United States is extremely complicated.

Congress needs to send the President a bill this year authorizing arctic National Wildlife Refuge (ANWR) Exploration. America has the ability to explore for oil in environmentally responsible ways, and we should make use of the ability. The administration has taken steps to increase access to offshore oil, and Congress should allow environmentally sensitive oil exploration in ANWR."

The AEI is focused on three of the most promising ways to reduce gas consumption: increasing our use of ethanol, improving hybrid vehicles, and developing hydrogen technology. The AEI will strengthen our economy, our energy supply, and our national security.

Renewable Fuels Producers Are Using One Of The World's Oldest Industries - Agriculture - To Power

Some Of The World's Newest Technology. While the price of oil continues to go up, advances in technology are bringing the price of alternative fuels down. Years of investment in fuels like ethanol have put us on the threshold of major breakthroughs. With a bold investment in alternative energy technologies, we can reduce our dependence on foreign oil.

Ethanol

The fourth plank in the President's strategy for self-reliance in oil is through promoting other alternatives to regular gasoline. President Bush has supported ethanol more strongly than any President before him.

Since Bush took office, the government has extended the 51-cent-per-gallon tax credit for ethanol suppliers; created a new 10-cent-per-gallon tax credit to provide extra help to small ethanol producers and farmers; provided about \$85 million in loans or grants for ethanol business ventures; and signed into law a Renewable Fuels





Standard that will nearly double the amount of ethanol in our fuel supply over the next six years.

Ethanol has tremendous potential for growth as an alternative to gasoline. Any vehicle on the road can run on a fuel blend that includes 10 percent ethanol. And with minor modifications, cars and trucks can become "flex fuel vehicles" that run on a fuel blend called E85 - a mix of 85 percent ethanol and 15 percent gasoline. About 40 percent of America's gasoline now includes some amount of ethanol - and that number is going to keep growing in the years ahead.

Ethanol is good for farmers because it provides a new market for their products. Ethanol is good for rural communities because new biorefinery construction creates jobs and local tax revenue. Ethanol is good for the environment because it burns cleaner than gasoline and produces less air pollution and greenhouse gas emissions. Ethanol is good for drivers because it replaces gasoline consumption. And ethanol is good for our whole Nation because every time we use homegrown ethanol, we support American farmers and refiners - not foreign oil producers.

The Ethanol Industry Is Booming. Last year, America used a record 4 billion gallons of ethanol - more than double the level when the President took office. There are now 97 ethanol refineries in our country. Nine of those are expanding, and 35 more are under construction.

Researchers Are Pioneering Ways To Make A New Form Of "Cellulosic Ethanol" from natural materials like wood chips, stalks, and switch grass. The President has proposed \$150 million in next year's budget for research into advanced forms of ethanol - a 65-percent increase over current levels. The US goal is to make cellulosic ethanol affordable within six years - and allow millions more drivers to put ethanol in the tank.

Biodiesel

Biodiesel fuel can substitute for regular diesel in cars, trucks, buses, and farm equipment. Like ethanol, biodiesel is renewable, fully domestic, and a good way to support farmers and the rural economy. The President signed into law the first-ever Federal tax credit for biodiesel producers. Biodiesel refiners now receive 50 cents for every gallon of biodiesel they blend.

Engineers are also designing a new type of "Plug-In Hybrid" that can be recharged through a standard electrical outlet. These hybrids will have fully charged



batteries as soon as you start the car, which will allow them to travel much farther on electricity alone. Plug-in hybrids could make it possible to drive 40 miles on electricity alone - and that means millions of Americans could make their daily commute without a drop of gasoline. The President's budget for next year provides \$31 million to speed up research into advanced battery technologies - a 27-percent increase over current levels.

Since 2003, The Administration Has Made Hydrogen And Fuel Cell Technology A High Priority. When hydrogen is used in a device called a fuel cell, it can deliver enough electricity to power a car that emits pure water instead of exhaust fumes. The Administration has dedicated \$1.2 billion over five years to the research and development needed to get hydrogen cars into the showroom. ■



Thrust on job creation in rural areas

India's Exim Policy Targets Higher Share in Global exports



India's Foreign Trade Policy for 2006-07 (April/March) is aimed at stepping up the country's share in global trade at the same time providing a large number of jobs in rural areas.

This year's document, an annual supplement to the Five-Year Foreign Trade Policy ((2004-09), was announced by Commerce and Industry Minister Kamal Nath on April 7, 2006, laying emphasis on exports of items such as handicrafts and handlooms in view of their

potential to provide a large number of jobs in villages and rural areas.

With India's merchandise exports touching \$101 billion in 2005-06, the government is bullish on improving the country's share in global exports to 1.5 percent. With trade in services estimated at around \$100 billion and merchandise import of \$140 billion, India's foreign trade is now around \$340 billion. The government wants to use this \$340-billion trade muscle to create more jobs.

Focus on Africa

This year's Exim Policy provides additional incentives to exporters who focus on emerging markets like Africa, CIS nations and Latin America and aims at broad-basing the country's exports and ensure their faster growth.

Identifying Africa as the new focus market in view of its huge potential, India is intensifying its efforts to further boost exports to that vibrant continent. The Government is planning to pump Rs 600 crore (\$133 million) to push up exports to Africa. The two crucial economic ministries - Commerce and Industry and Finance - had worked out the special package for Africa, which was announced as part of the current year's Exim Policy.

The focus on emerging markets would be a big boost to those focusing on non-traditional markets. The strategy would help in reaping long-term benefits.

Services Sector

For the urban youth - skilled or semi-skilled - the government is targeting new employment opportunities in the services sector.

Service sector companies will be allowed to transfer accumulated import entitlement under the 'Served from India' scheme and rupee payments by foreign tourists will be taken into account for calculating foreign exchange earnings of hotels and tour operators.

Auto Components

To promote India as an auto component hub, the government will allow import of cars for R&D purposes without going



through expensive homologation. This will enable import of new model cars for testing components.

Handicrafts & Handlooms

Apart from the focus on emerging markets such as Africa, additional incentives will be



available to export of fish, marine products, leather, leather products, processed food, handicrafts, handlooms, sports goods, fireworks and stationery.

How the common man must benefit from trade was the underlying theme of the Exim Policy with leather, fish, gems and jewellery, khadi items, fireworks and stationery chosen for special incentives.

The common thread linking sops to these products is their employment-generation potential, with Kamal Nath emphasizing that two million new jobs will be created in 2006-07 through 20 percent growth in exports. The rural thrust is expected to cost Rs 2,500 crore in terms of revenue foregone.

A recent study has shown that exports supported nearly nine million jobs in 2004-05. In addition, nearly seven million jobs were supported indirectly as exports during the year touched \$80 billion..

While the focus on handicrafts and handlooms is expected to boost rural jobs, the government is banking on services and gems & jewellery for the urban and semi-urban centres.

Exporters have also been promised exemption from service tax and fringe benefit tax. While



the export-oriented unit (EOU) scheme has been made more flexible to benefit agri-export zones, the popular duty entitlement promotion scheme (DEPB) has

been retained in its existing form.

The export promotion capital goods (EPCG) scheme has also been made more flexible with additional time for fulfilling export obligation. To reduce transaction costs, Kamal Nath has promised to shift all licensing work of the Directorate General of Foreign Trade (DGFT) to the online mode.

Exporters will be in a position to get their clearances through the electronic data interchange (EDI) system. The government has also promised interest payment on delayed refunds.

GM Crop Imports

The government would lay down clear guidelines on imports of genetically modified (GM) crop varieties, Kamal Nath said.

Precious metals, stones & jewellery

India will make imports of precious metals and stones easier in order to promote gems and jewellery exports, Kamal Nath said, adding Mumbai has to match Dubai and Tel Aviv in gems and jewellery trade.

There are a number of unutilised gems and jewellery manufacturing



units, which need to be revived, he said, Tax benefits would be extended only to inputs and not for finished jewellery products.

Persisting with its efforts to promote India as a gems and jewellery hub, the government has reduced the value-addition criteria for exporters from this sector to 4.0 percent as compared to earlier level of 7.5 percent.

Import of used jewellery and scrap of precious metals has been allowed, and exporters can bring back export jewellery and ship their exports on consignment basis.

The idea behind these steps is to prevent India's gems & jewellery business from shifting to Dubai. Boosting the gems & jewellery sector would create more jobs in smaller centres like Surat.

Aviation fuel supplies



With a view to making India an aviation refueling hub, Kamal Nath announced that jet fuel supplies to long-distance flights of international carriers would be treated as exports, which would enable oil firms offer



fuel at competitive rates.

Export status to aviation turbine fuel (ATF) supplied to international airlines would help oil firms claim duty drawback or rebate on duty chargeable on imported crude oil used in the manufacture of such fuel. This would essentially translate into lowering of fuel prices.

"In order to tap the business opportunity in supplies of stores (food, beverages and other supplies) and refueling of long distance flights, it has been decided to treat such supplies on an equal footing with other exports, making them eligible for benefits under various export promotion schemes," the Minister said. .

This would enable India offer competitive fuel prices and

attract mid-route stops of international flights, he said.

Currently, most airlines on this route replenish supplies or refuel at Thailand, Malaysia or Singapore. Since these supplies were not treated as exports in India and suppliers could not obtain the duty neutralization benefits available to other export products, the store supplies from India became largely uncompetitive.

Now such supplies are being brought on equal footing with other exports and supplies of stores on board of the foreign going vessel/aircraft shall be treated as exports for the purpose of availing benefits under various Export Promotion Schemes. ■

Exports boom to create 20 million jobs by '09-10



India's booming exports will not just earn valuable foreign exchange, but could also generate more than 20 million jobs by 2009-10 across the country.

According to a study by Research & Information System for Developing Countries, released by Commerce Minister Kamal Nath, if India achieves \$150 billion exports target by 2009-10, total additional jobs created would be 13.6 million..

Of this, 8.1.5 million jobs would be direct incremental employment, while 5.4.6 million jobs would be in indirect jobs created through backward linkages and in logistics.

However, if exports cross \$165 billion by 2009-10, 20.1 million incremental jobs could be created. This would include 12.4 million direct jobs and 8.63 million indirect jobs in export-related sectors, the RIS study projected.

The total employment in export sectors by 2009-10 would jump to 29.5 million or 36.9 million depending upon whether exports touch 150 billion dollar or \$165 billion.

"It is only with a multi-pronged, multi-dimensional efforts that we can address the massive challenge of finding jobs for millions of our unemployed youth. Export-oriented production has a huge potential for generating jobs," Kamal Nath, who released the report while announcing the Foreign Trade Policy said.

India's exports have already crossed 100 billion dollars in 2005-06 and the government has set a target of 120 billion dollars in 2006-07. With an annual growth rate of about 25 per cent, the country's exports may well cross this target. ■



FDI most welcome in any sector, from any country

- W. Bengal's Industry & Commerce Secretary Sabyasachi Sen

The industrial scenario of West Bengal has undergone positive changes, especially in the last few years. The state government's proactive policies facilitating investment, its openness to foreign direct investment (FDI), concentration on improving infrastructure and most importantly a constant endeavour to project West Bengal as an investor-friendly destination, have contributed to these changes. The negative perception of West Bengal as a Communist-run state has been erased. The State's Industry & Commerce Secretary, Sabyasachi Sen, who is involved in his government's policy decisions, spoke to Indo-US Business on a variety of issues related to industrial development in West Bengal. Foreign Direct Investment (FDI) is one area that has found much favour with the state government, which is welcoming it with open hands. Excerpts.

The industrial scenario of West Bengal has undergone radical changes within a very short span of time. How did it all happen? What, according to you are the key enablers?

This is a combination of several factors. First of all, there was a negative perception sticking to West Bengal, earlier. But the state has been able to shake off that perception and itself into an investor friendly destination. The approach of the government has undergone changes, especially in the last few years and it has been playing a very proactive role in facilitating investments. One instance of investment attracts other investors to set up units in the state.

There was talk about the labour problem in the state. But, this has also been sorted out to a large extent by the state government. Though, I think basically the tea and the jute industries were beset with the problem of labour unrest. As regards the manufacturing industry, there was no such problem. There are a number of manufacturing units that are doing well and they don't have any problem of this sort.

The abolition of the licensing system has also accelerated the process of investment in the state. These apart, the location advantage, a ready market, availability of power and good human resources are some of the key enablers making the state an investor friendly destination.

Is it possible that West Bengal will regain its past glory as the first industrial state of the country? If yes,

what is the time frame you are looking at for that?

Our objective is not to be the first industrial state of the country. But definitely we want to be on the path of industrial growth. Every state is growing and we want to match that growth and definitely to do better than them. Our goal is to be a leading industrial state in the country.

The IT and the real estate sectors have received a lot of investment. The manufacturing sector has also started to turn around. But some traditional industries like jute and tea still remain ailing. What is the government's plan for pushing them up?

There is no denying the fact that we need more investment in the manufacturing sector and we are working towards that objective. But at the same time I do agree that the tea and jute industries need to do better since these are important sectors for the state.

The tea industry had gone through ups and down for a long time in the past. But it has started doing better especially in the last couple of years. The Union Government has taken up the issue and it has allocated a Rs. 100- crore package for re-plantation and rejuvenation of the tea gardens. I think this will give the tea industry a fillip.

Similarly the jute industry has been passing through a critical phase for a long time. The jute industry is losing ground to synthetic fibres. That's why food grains and sugar packaging have to be made compulsorily with jute bags and we have to continue the scheme for quite some



time. At the same time we have to focus on diversification of jute products. We have to find out newer uses of jute.

Some policy initiatives have been taken up by the Central Government that include setting up of a 'Jute Technology Mission'. On our part, we are also concentrating on a superior quality of jute cultivation. So, there are constant initiatives from the state government and I think if the policy initiatives are there, we will be able to get over of the problem.

What is the present state of the public sector units?

It is very difficult for me to speak specifically about their status. Some are doing well and some are not. We are following a very clear policy as regards restructuring these state-owned units. In the cases where restructuring is not viable, we will close down the units. If a unit could be



revamped with some investment, we will try to facilitate that with a private partner's equity participation or assistance from the state government. Private partners will have a maximum of 74 percent equity participation if the units are turned around through joint ventures.

What is the state government's stand on Foreign Direct Investment (FDI) in the retail sector?

Whether or not FDI should be allowed in the retail sector is an issue with the Central government. It does not fall within the ambit of the state government's policy. But, definitely, the state government will support the investments in this sector since it is a large employer.

As regards chasing FDI, will the state welcome FDI from any country in any sector? Or are there some restrictions?

We have not been able to attract foreign investment as much as we could have. Some other states have really gone ahead of us in this regard. So definitely we want more foreign investment. We don't have preference for any sector or any country. The state is open to FDI in any sector from any country. But definitely we are pushing the manufacturing sector up for more investment.

The industrial infrastructure of the state, allegedly, is still not up to the mark. What initiatives has the state government undertaken to upgrade it to the level of satisfaction?

Yes, I agree that the industrial infrastructure is still not very satisfactory. But the onus is not only on the state government. There are certain things that fall within the jurisdiction of the Central government. We are happy that the Centre has taken up some mega policy initiatives relating to upgradation of infrastructure in the state. The modernization of the Kolkata airport project will see the light of the day soon. This apart, setting up of some non-metro airports in West Bengal is also under consideration. The Centre has also agreed to conduct a

feasibility study for the proposed deep-sea port in the state. The proposed dedicated freight corridor will connect Kolkata and Haldia. We are also happy with the performance of National Highway Development Authority.

On our side, we are trying to improve the power transmission system. The other area, where we lagged for some time, is that of setting up an integrated ready infrastructure for the industries. Now we are giving attention to this area. We need to continue to do this. Good infrastructure will bring more investment to the state. ■



Bengal Peerless Unveils Sonar Taree II Living with Nature at Shantiniketan

Bengal Peerless Housing Development Company Ltd, a joint venture between the state government, the Peerless Group and a well-known real estate company based in West Bengal recently unveiled the phase-II of 'Sonar Taree', a housing complex conceptualized and executed at Shantiniketan in the district of Birbhum.

Spread over an area of eight acres, the housing complex offers three different categories of flats. The Type-A accommodation measures 636 sq ft of area along with a garden of almost the same size. The Type-B segment has a built-up space of 889 sq ft and garden of 1484 sq ft and the Type-C offers a living space of 1295 sq ft and an adjoining garden of 1969 sq ft. All the three types of flats are available at a price ranging between 6.35 lakh and 14.45 lakhs.

K S Bagchi, Managing Director of Bengal Peerless said: "We have utilized only 15 percent of the entire land for construction in order to make way for more greenery and to maintain the ecological balance of the place. The residents would enjoy the tranquility of the ambiance and feel they are in the lap of nature." The company had put up all the duplex flats instead of erecting a few

multistoried buildings at Santiniketan so that it did not take away from the eminence of the great poet Rabindranath Tagore, he added.

"Sonar Taree is like a poem mingling its rhythm with nature's, merging itself with the spirit of the environment. The architecture is universal. Wherever these buildings are placed in the world, their architectural beauty shall match the surroundings", Bagchi said.

According to Bagchi, 'Sonar Taree' is all white except for a few touches of colour and has its own aestheticism, which is primarily the beauty of a hidden strength, of a deeply felt attitude, of conviction, relevance and values.

In the opinion of Sonar Taree's developer, the beauty of the complex lies in its self-effacement. No sign of arrogance is to be found anywhere in its structure. It does not attempt to stand out and announce itself. It serenely mingles with the ambiance. Architecturally what is striking and extremely meaningful is its bold minimalism. It has eschewed ornamental frill of any kind. Its attitude is one of genuflection and humility.

Bengal Peerless & China's NJDZ to put up industrial zone at Rajarhat

Bengal Peerless has recently signed a Memorandum of Understanding (MoU) with Nanjing New & Hi-Tech Development Zone based in China for developing a hi-tech industrial zone in Kolkata. Speaking about the agreement, Bengal Peerless Managing Director, K S Banghi said: "We have signed an agreement with NJDZ in order to cooperate with each other in setting up the infrastructure for a hi-tech industrial zone at Rajarhat, the upcoming satellite township near Kolkata.

He said the project, when completed, would offer a built-up space of at least not less than 10 lakh sq ft area with required infrastructure at an estimated cost of around Rs. 540 crore.

According to Bagchi, work on the project is expected to

begin towards the end of the current calendar year. Nanjing, itself will take a considerable chunk of space for doing IT business in the proposed industrial zone.

The agreement also states that both the companies will organize a regular delegation of IT companies from India to visit NJDZ for advice and vice versa so that cooperation between IT companies from India and Nanjing becomes accelerated.

Another major upcoming project of Bengal Peerless is developing a commercial complex called 'Axis' in Siliguri. Already the company is doing a similar project at Rajarhat. "It will almost be a replica of the Kolkata project. But only the built up space will be less than what we would have at Kolkata Axis", Bagchi said. ■



Indiana Venture Centre looks for promising Indian Ideas



What is the goal and objective of the Indiana Venture Centre and your visit to India?

Indiana Venture Centre's goal is to assist companies, which have potential for high growth in the Midwestern United States. We have come to India because we think there are a lot of opportunities for the Indian and American companies to work together so that the economies of both India and the US could benefit from such joint ventures. While visiting the educational institutions, we will have a better understanding of what is going on the area of technology in India, which is applicable to the United States. In India we will be visiting a number of people from IITs and other institutions. We will also be meeting government officials so that we can get an understanding of political, legal and accounting environment. We will be meeting entrepreneurial companies in Bangalore.

The overall goal of the Venture Centre is to really accelerate the growth of the US companies and leverage it up by working with Indian companies. In the Venture Capital Centre, we have five partners, which are leading universities in the United States. These are Purdue University, Indiana University, Ball State University, University of Notre Dame and Rose-Hulman Institute of Technology. So our secondary goal is to closely work with these universities. Now we would like to interact with universities in India as well. We are meeting with leading universities in Mumbai, Delhi and Bangalore.

The goal is to create interaction between universities of both the US and India to help commercialize the ideas and technologies developed by them. We want to take those new ideas out of the IITs and develop them.. It could be in India or in the US. We also represent Beck Venture Partners, a venture capital fund in the US to invest

Steven J. Beck, President & CEO of Indiana Venture Centre and Scott Prince, Partner, Beck Venture Partners, visited India - Mumbai, New Delhi and Bangalore - recently for a week to explore opportunities to facilitate investment in Indo-US joint ventures, especially in the areas of promising technologies with an international perspective. Veerendra Bhargava caught up with both Beck and Prince at the start of their visit in Mumbai to talk about what the Indiana Venture Capital Centre has been doing, specifically at the university level in helping the ideas to take commercial shape. The Center has partnered with five of Indiana's best universities and is looking for suitable partners among the Indian Institutes of Technology (IITs) and venture capital investment agencies for potential Indo-US joint ventures. Excerpts

in the Midwestern United States and we believe in synergy with India. It might be investing in local companies or to initiate opportunities between companies.

Here in India we have met with ICICI's venture capital arm, Tata Investments and are planning to meet with other investment organizations, to learn about what is going on in the local marketplace, and how we can interact together for the betterment of both economies. The reason why are focusing on early stage companies is we think there is the highest potential for growth in those new ideas.

You are going to concentrate more on SMEs, that is small and medium enterprises?

Correct. We may be concentrating on companies at the moment, which may be nothing more than an idea. So we assist that company in validating that idea on a commercial basis and help develop marketing strategy. One of the key things that we will be focusing on is their international perspective. We will not assist any company which does not have a plan on international basis. Maybe because of our existing relationship with a lot of Indian companies and Indian businessmen, we thought, this is a great place to start.

Are you looking for a specific sector?

At this point, the focus is on alternative energy, transportation logistics, life-buying, biomedical and medical devices, and Information Technology as it related to those categories.

What is the range of financial assistance?

Probably the smallest investment would be \$200,000 and the upper end would be \$3-4 million. However, with the process we have, we will be bringing in other venture capital funds. In various joint ventures we could be investing from \$20 million to \$40 million. ■



'FDI in retail sector will provide jobs, benefit consumers'



Henry V Jardine, US Consul-General, Kolkata, has said that direct foreign investment (FDI) in India's retail sector can provide the economy of scale and benefit the consumer.

Addressing members of the Kolkata Chapter of the Indo-American Chambers of Commerce (IACC) recently, Jardine said the retail sector had the capacity to address some of the concerns about value addition and employment in agriculture.

"So far, domestic investment in retail, at best, has been able to create a limited number of low-paid jobs and one of the reasons for this is the small scale of investment. Entry of foreign capital in retail will deliver economy of scale both to the retail and the consumer," he said.

Pointing out that West Bengal and Bihar had a comparative advantage in agriculture, Jardine said the two states stood to gain from the recently signed India-US knowledge initiative in agriculture.

"It is important for agriculture in these states to move up the value chain by integrating seamlessly into agri-business and retail," he said, adding, "the mineral-rich and fertile land of Eastern India has always been the natural choice of industry and commerce. Removal of policies that robbed this region of its comparative advantage is allowing industries to come back to where they belonged. At the same time, the digital explosion has opened up new opportunities here."

Jardine said agriculture experts from the two countries had successfully addressed a number of sanitary/phytosanitary (SPS) issues, including signing an agreement that will eventually permit export of Indian mangoes to the US, a recognition of India's Agriculture and Processed Food Products Export Development Authority (APEDA) as eligible to certify Indian products as compliant with USDA organic standards. So our two countries are now actively building institutions and putting in place systems that will sustain this relationship in the long run.

"The prospect of Indian and West Bengal's mangoes being sold in the US, I think, is a symbol of the new opportunities in the whole sector of agro-business," he said.

Jardine said that in addition to agriculture, there were a number of interesting elements in the US-India joint declaration that could benefit Eastern India. The agreement to develop a clearinghouse for coal-bed methane has great potential since two of the 16 virgin CBM beds located in India belong to the West Bengal-Jharkhand region. Clearly, there is scope for joint effort in this area between US and Indian companies.

"As you are well aware, the US-India Civil Nuclear Cooperation Initiative has seen a lot of attention as a result of President Bush's visit. The initiative reflects U.S. confidence in India as a global strategic partner. This nuclear deal is about to herald a chance in India's own legislation that gives the Indian private sector, hopefully along with possibilities of FDI, the opportunity to participate in civilian nuclear energy generation," he said.

Jardine said the latest CMIE (Center for Monitoring Indian Economy) data indicated that West Bengal was no longer an agro-industrial state and that it had become a service economy with 54 percent of its domestic product coming from the services sector.

Jardine said the two countries had entered a new era in the Indo-US trade relationship and the Indo-American Chamber of Commerce had made a great contribution to bring about this new era.

"Your efforts at promoting dialogue, business linkages and policy reforms have all been critical to laying the foundation for the great progress we have seen just in the past year," he said.

Jardine said trade formed a significant part of the overall U.S.-India bilateral relationship. And the two-way trade



between the two countries in 2004-05 stood at USD 20 billion."

"We aim at doubling bilateral trade to USD 40 billion within three years," he said, adding, "the U.S.-India Trade Policy Forum has been carrying out extensive discussions on trade issues and priorities and five focus groups on agriculture, tariff and non-tariff barriers (NBT) in industrial products, services, investment and innovation and creativity and are looking into various aspects of our relationship."

Jardine said the US had been India's largest trading partner and foremost export destination and accounted for 16.48 percent of India's exports and around 6.26

percent of imports.

"India accounts for only about 1.06 percent of the US total trade. There is, therefore, a huge untapped potential to increase bilateral trade," he said.

He said Indo-U.S. relations first began with the arrival of Benjamin Joy in 1792 and 200

years later, the work of IACC had become instrumental in moving our economic relations into a new era of opportunity and growth.

"I am happy that IACC has acknowledged this new optimism in India's Eastern region and decided to hold its National Executive in Kolkata," Jardine said. ■

Henry V Jardine, US Consul General, Kolkata, addressing the IACC members and guests at the seminar held on 8th April 2006 at Taj Bengal, Kolkata.

(Seated from left to right: R.K. Chopra, Secretary General, IACC; Rupen Roy, Senior Director, Price Waterhouse Cooper; Dr. G.D. Gautama, IAS, Principal Secretary, IT; B. Prabhakar, National President, IACC & Mr. Vikram Swarup, Regional President, EIC)



Sutanu Ghosh, Regional Vice President IACC (EIC), addressing the members at a seminar held on the occasion of the Executive Committee meeting. On dias R.K. Chopra, Vikram Swarup, Sunil Kumar Mitra, B. Prabhakar, Henry V. Jardine & Ranjit Sen



IACC's SME Business Delegation storms US, gets leads to many deals

Indo-American Chamber of Commerce (IACC) took a business delegation to the United States from February 25 to March 11, 2006 to explore investment opportunities under the theme, "India as a Strategic Partner in Trade & Business - A New Horizon."

IACC described the delegation's visit as a "grand success" in terms of outreach, networking and business opportunities and leads received by the participating companies.

Led by Hemant Sonawala, Chairman, Hinditron Group of Companies and former IACC President, the 15-member delegation visited the states of Indiana, Washington, Idaho and Oregon during their stay in the US.

The delegates were drawn from various Indian companies, a majority of them being small and medium sized, representing the following sectors.

- IT, telecom and electronics equipment
- Nano & biotechnology, healthcare, medical and hospital equipment and services
- Infrastructure - ports, roads, airports

The visit of the delegation was very successful in terms of meeting the objectives of the chamber:

- a) Assisting SME's and guiding them to do business with USA
- b) Understanding the opportunities available in the USA



- c) Meeting with governments of various states and private sector organizations in the United States thus informing them of the opportunities available for investing in India
- d) Learning from the latest technologies and processes used by US companies through plant visits
- e) Networking with multiplier organizations etc.

One-to-one meetings were held with several Industrialists, small & medium enterprises, entrepreneurs & professionals who would be interested in investments, buying or selling their products and services to India and participate in India's growing economy

The delegation met the respective state and Federal Government officials including Sam Reed, Secretary of State, Washington, Dirk Kempthorne, Governor, State of Idaho, Michael S. Maurer, Secretary of Commerce, State of Indiana besides several Congressmen and senators.

Plant visits were organized for the delegates to Boeing, Fluke Corporation and Motive Power, Wabtec Company and visits to Port of Tacoma and Port of Seattle.

Visits were also organized to Purdue University - Discovery Park and Nano Technology Center, Indiana State University and Boise State University.

Seminars were held with the





West Lafayette Chamber of Commerce, World Trade Center of Portland, Oregon, Trade Development Alliance of Greater Seattle, Indiana Economic Development Corporation, Indianapolis where the delegation made presentations on IACC and India the Land of Opportunities.

Special breakfast and dinner meetings were hosted by the Indian community in the US as a gesture of welcoming the delegation in the respective cities. This provided another perfect opportunity for the delegates to interact with the local business community.

Cocktail receptions and dinners were hosted by The Commerce Bank, Fluke Corporation, ICE Miller Up, DHL and AMI Semiconductor Inc.

During the course of the delegation visit, delegation leader Hemant Sonawala and IACC President B. Prabhakar were interviewed by newspapers and local radio and TV channels.

The highlight of the visit was that MOU's were signed between IACC and two organizations to facilitate closer economic cooperation. The MOU's were signed with:

1. World Trade Center Tacoma in the presence of Sam Reed, Secretary of State, Washington State and
2. Idaho Commerce & Labor (State of Idaho) in the presence of Soumen Bagchi, Consul, Consulate of India, San Francisco.

The other event which can be stated as the peak point of the delegation visit was when the Delegation was welcomed and given official recognition by the House of Representatives on March 4, 2006 in Washington State thereby adopting a resolution as also on March 9 by the State of Idaho. SME's like Emco Meditek; BBI Consultants; SVL Infotech (Pvt.) Ltd.; SRA Systems Ltd. and Swagatika Impex P. Ltd. have already started doing business with US companies, while others are still in the negotiation stage.

As follow-up, Delegations from World Trade Center Tacoma, Trade Development Alliance of Greater Seattle, States of Oregon and Idaho are all bringing business delegations to India in the later part of the year. ■

Interactive meeting on US Visa



The Indo-American Chamber of Commerce (IACC) recently organized an interactive meeting with William Bartlett, Minister Counselor for Consular Affairs, the Embassy of the United States, in New Delhi on various issues and guidelines concerning the Visas to the US.

The meeting, chaired by Asoke Laha, Chairman, Visa Committee, IACC, drew good participation from both IACC members and non- members.

Bartlett briefed the participants on the appointment process, immigration and the BEP programme. He said the US Embassy was taking a lot of measures such as extra manpower, technology, facilities and other new procedures to expedite the process of issuing visas. He also answered many queries.

Vikram Madhok, immediate Past President, IACC, thanked Bartlett and the participants present at the meeting. ■



Post-Bush Visit: Multi-level Agenda

Gets ready to boost Indo-US ties Dr S Jaishankar, Joint Secretary, (Americas) Ministry of External affairs, said that the Indo-US relations, which had improved significantly in recent years, had never been better than they were today.

Addressing an interactive meeting on 'Post President Bush's visit: The Agenda Ahead, organized by the Indo-American Chamber of Commerce in New Delhi on April

- Global issues - It is important for countries today to collaborate with other countries on issues like HIV/AIDS, avian flu, piracy-issues which affect all irrespective of national boundaries.

Dr Jaishankar, said there were many steps taken by both India and US- Post 2004 onwards, which radically transformed Indo-US relations. The steps included solving of Dabhol issue, flight connectivity, tsunami cooperation, etc.



In his opening remarks, IACC Regional President Baljit Sobti said: "The historic visit of US President George Bush is yet a step further towards enhancing the trade relations between the two nations. We are confident that the Economic Dialogue between the Indian Prime Minister and the US President would further strengthen institutional structure of bilateral economic relations."

5, 2006, Dr S Jaishankar, said that there had been an engagement between both the countries on a variety of levels and on a broad range of areas including defense, nuclear, education, IPR and health.

Dr Jaishankar is involved in policymaking on key issues concerning the United States and is the principal negotiator from the Indian side in the "Next Step in the Strategic Partnership (NSPP) with the US. He identified the Indo-US relations on three levels:

- Economic growth - Indo-US relations are in fact related to the Indian economic growth. The improvement in the relationship is due to the 15 years of reform process which India initiated from 1991 onwards.
- India's global aspirations- We are functioning in a power structure started in 1945. India has a growing aspiration to be a permanent member of the UN Security Council. This is only possible when India has relations with US which is the pre- eminent power.

IACC Executive Vice President Deepak Pahwa said the chamber would focus on manufacturing and infrastructure for growth as two major themes during the third Indo-US Economic Summit being held on September 13 and 14, 2006 in New Delhi.

He said that the high tech manufacturing industry was at a take-off stage in India. The Market Research Firm IDC estimated that by 2007, the total market potential for the hardware manufacturing sector in India would be worth more than \$150 billion.

Dr. Prasad Medury, IACC Regional Vice President, gave a US perspective to 'Post President Bush's visit: The Agenda Ahead'. He said that the US companies had many options for investments in South Asia and South East Asia, and India, being only one of those countries. The Indian government should make the investment climate lucrative by not only improving the infrastructure but also reducing transactional costs and all those procedures that inhibit investments in India. ■



VC Seminar: India emerging as engine of wealth creation

About 100 entrepreneurs, including corporate heads and members of the Indo-American Chambers of Commerce discussed at length venture capital (VC) and private equity at a seminar held recently in Bangalore, organized by IACC's Karnataka Branch.

Bigwigs of the corporate sector delved into the latest VC trends, challenges faced by a VC-funded firm and innovative finance ventures to invest at the seminar, sponsored by Webex Communications India Pvt Ltd.

Speaking on "What do VC's look for when they make investments" Inventus Capital Partners Managing Director Samir Kumar said that big financial returns were the aim of any VC. "This is possible only through a good team, visible exit opportunities and the right type of market," he said.

Kumar said that most start-up companies were not able to challenge the established and existing companies, adding, "The market should be large, on a global scale and should exhibit rapid growth." To him, the challenges in raising venture capital are building relationships and utilizing networking forums." VCs also need impeccable references and challenges and lone rangers are rarely funded," he said.

Sanjay Nayak, Tejas Networks Co-founder, referred to opportunities and challenges for product companies in India and said India was a tough market having international standards.

According to Nayak, the ingredients for a successful product company were proximity to a fast growing technology driven market, access to a talent pool, strong domain expertise, sustainable competitive advantage, environment for entrepreneurship and ability to go global.

Venture Intelligence India CEO, Arun Natarajan provided an overview of the latest private equity and venture capital, analyzing how the current VC landscape was likely to change in 2006.

Mindtree Consulting Chairman and Managing Director Ashok Soota talked on 'the Future is India.' "With its immense growth potential and widely acclaimed intellect, India is gearing to become a world power. Liberalization

has brought in new avenues for funding and growth," he said, adding, "India, being one of the fastest growing economies in the world, is transforming into a potential wealth creation engine for Venture Capital and private equity."

IACC Executive Committee Meet

The Executive Committee meeting was held at the Taj Residency Hotel and was chaired by IACC National President B. Prabhakar. Executive vice presidents Deepak Pahwa and Farokh Balsara were also present along with Executive Committee Members, Regional Presidents, past presidents and branch chairmen of various IACC branches.

Seminar on Due Diligence

The Indo-American Chamber Of Commerce, Karnataka Branch, organized a seminar on Due Diligence - Relevance and the Process in Bangalore recently.

Vivek Chandy, Partner, AZB & Partners, talked about "Legal Due Diligence and Negotiation for M&A Transactions" and pointed out that every company should have a structured approach towards the due diligence process.

"The legal documents relevant to the business should be identified and areas where potential risk and liabilities lie, should be highlighted. Any legal claims pending against the organization, legal claims made by the organization, status of the organization and any liability involved should be reviewed," Chandy said.

B.S. Arun Kumar of Price Water House Coopers, spoke on "Financial Due Diligence," Which he said, "helps analyze and validate all the financial, as well as valuation of assets & liabilities and strategic assumptions the buyer has made." It also helps confirm that there are no 'back holes' or skeletons in the cupboard, he added.

Ravindran, CFO, Gokaldas Images, shared an overview as to how a company should prepare itself for a Due Diligence, which involved sharing of confidential information, verification of financial and legal records. The availability of timely information was of utmost



importance and records and documentation for verification should be easily accessible, he added.

Illinois Trade Mission

The Indo American Chamber of Commerce (IACC), Karnataka, presented its members a unique opportunity to meet with an elite group of US companies from Illinois, who were visiting Bangalore with the intention of finding business opportunities in the southern Indian city.

The delegation, comprising six companies, was led by Managing Director, Office of Trade & Investment, State of Illinois, Rajinder Bedi and was accompanied by Norman Li, Managing Director, State of Illinois Far East Office. The

delegation represented the following industrial sectors

Instrumentation products

- Consulting services • Childcare products
- Carbonation-free beverages • Petro-free cleaning solutions/absorbents • Commercial kitchen ventilation / engineering firms

A number of IACC members showed keen interest in meeting with the delegates on one-to-one basis, which the chamber organized to facilitate promotion of business opportunities.



On dias B.Prabhakar, Priya Chetty Rajagopal, Samir Kumar, R.K. Chopra, Sanjay Nayak, Arun Natarajan during the seminar on the changing landscape of venture capital in India today



Ashok Soota addressing the members on "The Future is India"

IACC Hosts Virginia Trade Mission to India

Indo-American Chamber of Commerce (IACC) joined hands with Universal Technologies Inc. from the Virginia State of the United States, to host the Virginia Trade Mission to India from April 24 to 28, 2006. Members of the delegation representing six companies from Virginia visited Chennai, Bangalore and Mumbai, where IACC set up one-to-one meetings with Indian businessmen.

IACC, Mumbai set up 45 meetings for the Virginia companies based on their business interests. Plant visits were also arranged for a few of them. There was active participation from Pune and Gujarat based companies apart from Mumbai based companies.

The Virginia delegates represented sectors such as automotive; processor controlled products, captive power generation, engineered plastics, polymers, commercial acquisitions and consultancy services. The objective of the visiting companies was to have a strategic alliance in the form of joint ventures and partnering with Indian companies. They were also interested in meeting with prospective agents and representatives. The delegates informed that the meetings were useful and negotiations were in process for future alliances between these companies.



Indo-US Textile Summit's Call to Industry & Export Trade

Establish “Brand India” In Global Markets

The Indo-US Textile Summit, held recently at Ahmedabad has called upon all concerned agencies to make efforts to establish “Brand India” as a dominant force in the global textiles market.



Organized by the Indo-American Chamber of Commerce, Gujarat Branch, the Summit addressed various issues and concerns vital to the sustained growth of the textile sector, highlighted success stories, policies of both Gujarat and Central governments, infrastructure support and incentives, role of design in textiles, importance of R&D, competition from China and competitive advantages that India enjoyed.

The Summit, inaugurated by Union Minister for Textiles Shankersinh Vaghela, was attended by delegates from leading industrial houses and financial institutions, including Reliance, Chiripal, Welspun, Alok, Nike, State Bank of India, GSPC etc.

Minister for Industry, Mines & Civil Aviation Anilbhai Patel was the chief guest on the second day of the Summit, which was also addressed by J N Singh, Textile Commissioner, in the Ministry of Textiles and Nayan Parikh, Chairman, National Committee on Textiles.

The salient features of the summit were:

- Involvement of Large scale & SME players of Textile sectors.
- Distinguished speakers from Industry to showcase the

case studies and discuss success stories

- Involvement of elite institutions like ATMA, ATIRA, IIM-A, NID, NIFT, etc.
- The addressing of crucial concerns of finance, technology up gradation and outsourcing.
- Upgradation of syllabi in the technical institutions for generating employment and also retraining of textile workers for skill upgradation to meet the challenges thrown up by new dynamics of the textile market. These challenges would be mainly of huge demand for technically skilled labour if India was to compete effectively in the global market.
- Development of synergy between educational institutions and Industry
- Evolving and more importantly, establishing Brand



India as a dominant force in global textiles market

- Exploring markets and promoting handicrafts, traditional textiles, etc...
- Usage and application of IT, new technologies like smart fabrics, technical developments due to the focus on research & development, etc...
- Intensive discussions upon the policy measures, market forces and other infrastructural/financial/technical inputs needed to make the Indian Textile scenario competitive.
- Examining the China factor and how to address it. ■



LECTURE ON CURRENT TRENDS IN INDO-US RELATIONS

The Indo-American Chamber of Commerce, Kerala branch organized a lecture on 'Current Trends in Indo-US Relations' in Cochin on 10th March, 06, addressed by Mr. David T. Hopper, Consul General, U.S. Consulate, Chennai.

In his address the Consul General said that the U.S. and India are getting closer and both the democracies will be able to assist countries which are in transition towards democracy

The programme was well attended by IACC members and other participants from corporate houses and also members of the press. Mr. David Hopper answered numerous questions on a variety of issues. Mr. Satish Murthi, Chairman-IACC-Kerala welcomed the guest and Mr. Vijay Narayan Govind, Vice-Chairman-IACC-Kerala gave the vote of thanks.



Mr. David T. Hopper, Consul

General, U.S. Consulate, Chennai addressing the audience on 'current Trends in Indo-US Relations' On the Dais - Ms. Susan W. Hopper, Mr. Satish Murthi, Chairman-IACC-Kerala

IACC, Asia Society hold meet on India's New Priorities

Indo-American Chambers of Commerce (IACC) joined hands with Asia Society to bring 16th Asian Corporate Conference titled "Driving Global Business: India's New Priorities, Asia's New Realities" which was held in Mumbai from March 18 - 20, 2006. It was co-organized by the Wall Street Journal along with other institutions. The conference drew nearly 1,100 delegates from 25 countries and received widespread coverage in both the local and international media.

Prime Minister Manmohan Singh delivered the inaugural keynote address and inaugurated the Asia Society's new India Centre at the same time. Two full days of conference sessions followed and included keynote addresses from Montek Singh Ahluwalia, Deputy Chairman, the Planning Commission, Bo Xilai, Minister of Commerce, China; and Ashwani Kumar, Minister of State for Industry, India. Conference sessions dealt with topics such as India's

financial markets, infrastructure development, Bollywood's boom, investment climate and education reform among others.

IACC members were able to attend the conference at 25 percent discount compared to non-members and 24 members from across India took advantage of this opportunity. IACC used this platform to create awareness of the chamber activities among the conference delegates. IACC set up a stall at the conference venue displaying its banner, Indo-US Business magazine and membership form. This helped in creating awareness and a brand name amongst national and international participants. IACC was able to make its presence felt and promote its activities. The chamber is expecting good response from the visitors to the stall in terms of membership inquiries and for membership directory.



WIC Hosts Illinois Business Delegation

Indo-American Chamber of Commerce (Western India Chapter) had the pleasure of working with the delegation from the United States during the mid of March this year. The delegation, from the State of Illinois of the United States, was in Mumbai on the 20th and 21st of March.

The Illinois delegation included businessmen looking for opportunity in the following areas: Global Branding Consulting Specialists; Baby Products; Commercial Kitchen and Ventilation equipment; Fire Protection; HVAC Industries; Engineering; Petro-Free Absorbent; and Instrumentation Products - Data Loggers & Recorders.

IACC-WIC hosted a breakfast briefing for the delegates in the CJ's Room at the ITC Grand Central Hotel, Parel, Mumbai on March 20. IACC Secretary General R. K. Chopra welcomed the Illinois delegation and briefed them on the IACC activities followed by a briefing on the general business climate in India by IACC Regional President Ashank Desai, which was supported by a presentation on "India-Land of Opportunities".

IACC along with Norman Li, Managing Director, State of the Illinois, Far East Office; Rajinder Bedi, Managing Director, Office of Trade & Investment, State of Illinois and members of his delegation hosted a networking cocktail and dinner on March 20, 2006 at 7.00 p.m at the CJ's Room, ITC Grand Central, Mumbai.

Michael Owen, US Consul General in Mumbai, offered valuable suggestions to delegates to explore

opportunities in India and establish working relations with Indian companies. IACC Patron members, IACC Executive Committee Members and representatives of various other business industry attended and interacted with the Illinois business delegates.

IACC had set up one-to-one meetings for Indian companies with the Illinois delegates according to each of their business interests. As many as 55 meetings were arranged during the two days (March 20-21).

This was an excellent opportunity for Indian companies to interact with the Illinois delegates on a one-to-one basis.

Li and Bedi also met V. K. Jairath, Secretary - Industries, Government of Maharashtra and Sanjay Khandare, Jt. CEO, Maharashtra Industrial Development Corporation (MIDC).

Chopra also informed that the State of Maharashtra proposed to Bedi of the State of Illinois to sign a MOU to work together in various industry sectors such as food processing, Biotechnology, etc.

He said that Kapil Sibal, Minister of State for Science and Technology, would be leading a delegation to the State of Illinois in the Biotechnology Sector.

Achievements:

- M/S. Hi Tech Engineers is closing a deal with Dickson Co.
- M/S. Premsons is finalizing a deal with Aligna Inc.



Cooperation in knowledge & high-tech sectors

Economies of India & US complementary to each other

- Ambassador Hartwick



Ambassador Douglas A. Hartwick, Assistant U.S. Trade Representative for South & Southwest Asia, has said that cooperation and collaboration between the United States and India in various fields, especially, knowledge-based and high-technology areas, made their economies complementary to each other.

Ambassador Hartwick was speaking at an interactive breakfast meeting with members of

the Indo-American Chamber of Commerce (IACC) organized by the Chamber on April 19, 2006 at the Taj President Hotel, Mumbai. U.S. Consul General Michael Owen accompanied Ambassador Hartwick.

The points that Ambassador Hartwick put forth during his talk and interaction with IACC members include:

- President Bush's visit to India has changed the relation between the two nations. The new relationship between India and the US was based on trust.
- The last four or five years gave new push to Indo-US relations. US being a knowledge-based economy will make the relation between the two countries complimentary.
- Indo-US cooperation in high technology will strengthen and bind the two economies
- Defense trade should open up between the two would expand bilateral trade further.
- Five working groups have been established to facilitate expansion of trade. One of them being Agriculture. India had lot of barriers for US agricultural exports to India. Many items were not permitted at all. So there was need for interaction in this area.
- There was great scope for cooperation between small & medium enterprises of India and the US.
- USTR's role was to mainly frame policies, which will facilitate trade and create conducive environment for business between US and South Asian countries.

Earlier, Ashank Desai, IACC Regional President, welcomed Ambassador Hartwick talked about his insight into various issues relating to Indian business environment.

Referring to the Indian Intellectual property laws, Desai said these were among the best in the world. "But the problem is the implementation - the enforcement machinery is inadequate," he added. The 15 IACC members, who attended the meeting, had a good interactive session with Ambassador Hartwick.

Dr. V. Rangaraj, Past President, IACC gave a vote of thanks and commended the Ambassador's efforts in improving bilateral trade between India and the United States.



Varanasi Branch

IACC Varanasi Branch along with PHD Chamber of Commerce & Industry, New Delhi and Conrad Adenauer Foundation, Germany organised an interactive meeting on New Exim Policy and its Compatibility with WTO. On dias (L-R) Debashis Mukerjee, C.M. Krishna, Puneet Raman, Anurag Chandra & Vinay Kumar





LifeCell may start research in July

said S. Abhaya Kumar, Vice-Chairman and Chief Executive Officer of Asia Cryo-cell Pvt Ltd.

Having tied-up recently with Saneron CCell, a stem cell research company, Kumar said research would be kicked-off in segments such as stroke and spinal cord injuries in July.

Cord-blood banking firm LifeCell expects to commence clinical research in July, when its exclusive stem-cell transplant centre becomes operational in Chennai,

The studies would be phase IIa trials, where targeted trials are done on a larger sample size of people with the illness. Regulatory clearances have been received, he said. LifeCell's Chennai stem-cell transplant centre is an estimated Rs 15-crore project, he added.

Tonira Pharma to supply APIs to US-based firms

Vadodara-based Tonira Pharma (TPL), manufacturers and exporter of bulk drugs, has signed a contract to supply four different Active Pharmaceutical Ingredients (API) drugs to the world's top two generic companies in the US.

According to sources, TPL has tied-up with US-based Apotex Corporation and Teva Pharmaceutical to supply four API drugs for a period of five years.

Mahesh Shah, TPL's CEO & MD, said: "If both the contracts are clubbed then the total amount of the contract is worth Rs 22 crore." The company will be exporting API of anti ulcer, anti-inflammatory, antihistamine and anti-allergic drugs to both of these



companies. TPL has already applied for Drug Master Files for all the four drugs with the US Food and Drugs Administration (USFDA).

In 2005, the company had set up its second manufacturing unit at Nandesari GIDC, Vadodara to cater to the USA market. The second unit has been designed in order to comply with the USFDA specification. It will be the first entry for the company in the US market after setting up USFDA specification manufacturing unit.

India's DD channels in New York from May



India's state-owned Prasar Bharati is planning to launch Doordarshan channels in New York tentatively during the last week of May 2006, besides enhancing the number of channels on its DTH bouquet to 50 from the existing 33 channels soon, K S Sarma, CEO of Prasar Bharati, said.

The move is aimed at catering to a huge population of Indian origin and non-resident Indians living in the American city, who, according to him, are looking forward to viewing the DD channels.

Sarma said that private channels had been coming forward to join the DTH platform of Prasar Bharati. Quoting its viewer survey, he said over eight million set-top boxes using the DTH platform of Prasar Bharati had been sold so far in the country. The survey had also established the strong viewership and reach enjoyed by DD channels in rural areas, encouraging other channels to join the DTH bandwagon, he said



IACC's 3rd Indo-US Economic Summit: Sept 2006

Accelerating Growth: Focus on Infrastructure & Manufacturing

The Indo-American Chamber of Commerce (IACC) is organizing its **3rd Indo-US Economic Summit: Accelerating Growth on September 13 & 14, 2006** at Hotel Le Meridien in New Delhi. IACC, the only bilateral Chamber, exclusively dedicated to facilitating trade, investment and technology flows between India and the US, held its first two summits successfully in 2004 & 2005 in Mumbai & New Delhi respectively.

The impressive growth story of recent years has made India one of the world's fastest growing economies. The economy recorded an unprecedented average growth of 8.0 percent during the last three years. The underlying drivers of growth are robust and capable of sustaining the momentum. To achieve a growth of over 8.0 percent over the next five years, India needs an investment of US\$ 1.5 trillion, which should include foreign direct investment (FDI) of over US\$ 70 billion.

To attract FDI, the Indian Government is constantly liberalizing its FDI policy. Currently, 100 percent foreign investment is allowed in most sectors including the service sector under the automatic route.

India has the potential to be the fastest growing large economy between 2005 and

2050, according to a PriceWaterHouseCoopers study - The World in 2050.

Indo-US relations are now on a new trajectory. President Bush's visit to India early this year has been truly historic. Besides the nuclear cooperation, a number of

agreements have been reached on trade & investment, agriculture & biotechnology,

thus, establishing a strategic relationship between the two countries.

It is in these exiting times that IACC is holding its 3rd Indo-US Economic Summit: Accelerating Growth, 2006.

The Summit Objectives are:

To share ideas and explore opportunities for:

- Expanding Indo-US trade relations
- Enhancing Indo-US business collaborations and joint ventures
- Investment opportunities in India and investment opportunities in the US
- Establishing one to one business contacts

Summit Focus

Sound & efficient infrastructure is the key to growth. The Indian Government is giving highest priority to development of infrastructure. On the other hand, liberalization & globalization have provided unprecedented opportunities for the growth & expansion of the Industry in general and the manufacturing sector in particular. India is developing as a "manufacturing hub" for a number of products. In view of the above, the summit will focus on "infrastructure for growth" and "India as a manufacturing hub".

1. Infrastructure for Growth

- a. Opportunities, Learning and Recommendations in Roads & Ports Sectors
- b. Indo-US Cooperation for growth of India's Civil Aviation Sector
- c. Real Estate, Construction & Retail

2. India as a Manufacturing Hub

- a. Advantage India; Participating in India's manufacturing growth partnering with US SMEs for investment & technology transfer; India's investment in the US; Opportunities for Indo-US trade in Manufactures
- b. Outsourcing of manufactured products- Automobile components; Manufacturing services (Engineering, R & D and KPO); Consumer Durables and IT Hardware.

Participants to the Summit

Senior functionaries & representatives from:

- Indian & US Administrations
- Multilateral & Bilateral Bodies
- CEOs of Indian & American Corporates
- Banks & Financial Institutions, Public Sector Undertakings,
- Consultants and Policy makers

Benefits to Participants

- Establish one to one business contacts
- Opportunity to network with business leaders and policy makers
- Discuss and debate bilateral business and economic issues
- Enhance understanding of business opportunities between India and the US



Agriculture Knowledge Initiative to sustain green revolution



India's Ministry of Agriculture, and the U.S. Department of Agriculture (USDA) have agreed to work together on an "Agriculture Knowledge Initiative (AKI)" that will help sustain the country's Green Revolution.

The new IndiaUS knowledge initiative on agriculture covers education, research, services and commercial linkages, under which the two sides have agreed to implement a work plan.

The Work Plan includes

Under education, learning resources, curriculum development and training, building of human and institutional capacity with the objective of preparing graduates to harness science and technology for the pursuit of attaining and sustaining the 'Evergreen Revolution'. It has been agreed that a critical mass of faculty and scientists in subject domains and need-based niche/strategic/emerging areas will be developed through post-doctoral programs, faculty exchange, trainings and workshops. These select faculty and scientists, in turn, would serve as catalysts for further change and improvement.

Mechanisms include establishing a standing Indo-US

Joint Working Group, sharing the US experience in curriculum development to benefit the ongoing curriculum revision exercise in India, identifying the number of slots for training and faculty exchange during 2006 with consideration of additional slots in the coming years and organizing a range of collaborative activities such as conferences, exchange of visits and workshops.

With regard to building institutional capacity, the focus will be on extension and outreach activities, library resources, networking and leadership development through sharing of experiences to take the knowledge initiative forward. Modalities for implementation of the training and other activities were also finalized.

Food Processing

Under food-processing and marketing, the Work Plan targets training, capacity building and joint research, including quality assurance and food safety, reduction of post harvest losses, market information systems, value addition, strengthening grades and standards, facilitation of agro-business investment, advanced processing technologies, byproduct utilization and bio-fuels from bio-mass.



Biotechnology

Under biotechnology, a strategic alliance has been envisaged for training and research on development of transgenic crops with resistance to economically important viruses, tolerance to drought, heat and salinity and micro-nutrient utilization efficiency; molecular breeding and genomics in crops and animals, molecular approaches in plants and animal health protection have been agreed.

exchange programmes, training and collaboration of scientists, will be supported by a financial commitment of the Governments of India and the US over a period of three years. About 40 premier agriculture research universities, many of whom already have US linkages, have been identified for the programmes-.

The US partners will be identified on a competitive basis by USDA with the concurrence of the government of India.

The Knowledge Initiative aims at attaining excellence in agricultural education, to enhance employability of the graduates, developing human resources to fulfill commitments towards the Millennium Development Goals, and improving quality of life through sustainable rural development including innovative agricultural extension, agri-business programmes and wider participation of women. AKI is expected to significantly re-invigorate the US-Indian partnership in agriculture and offer a win-win situation for both the countries and will trigger benefits in perpetuity.

A Framework Equivalency Plan has been signed between



Water Management

Under Water Management, research and training proposals on sustainable use of water resources, water quality management and remediation, use of modern tools in water management, integrated nutrient management and precision agriculture have been decided.

India and the US that outlines the fundamental requirements to allow bilateral trade of commodities treated by irradiation as phyto-sanitary measure. With this, the regulatory process for export of irradiated mangoes from India to the US may be initiated and hopefully completed in about a year.

The assessment system used by APEDA for accreditation of agencies for certification of organic products has been recognized by USDA's agriculture marketing services enabling export of organic agricultural products from India with effect from February 2006 .

Funding

The proposed Work Plan, which includes scholarships,



U.S-India Joint Statement

A Pledge to boost business climate, investment

President George W. Bush and Prime Minister Manmohan Singh have expressed satisfaction with the great progress the United States and India have made in

advancing their strategic partnership to meet the global challenges of the 21st century. Both our countries are linked by a deep commitment to freedom and democracy; a celebration of national diversity, human creativity and innovation; a quest to expand prosperity and economic opportunity worldwide; and a desire to increase mutual security against the common threats posed by intolerance, terrorism, and the spread of weapons of mass destruction. The successful transformation of the U.S.-India relationship will have a decisive and positive influence on the future international system as it evolves in this new century. Reviewing the progress made in deepening the global partnership between the United States and India since their Joint Statement of July 18, 2005, the President and the Prime Minister reaffirm their commitment to expand even further the growing ties between their two countries. Consistent with this objective, the two leaders wish to highlight efforts the United States and India are making together in the following areas, where they have:

FOR ECONOMIC PROSPERITY

(1) Agreed to intensify efforts to develop a bilateral business climate supportive of trade and investment by:

1. Welcoming the report of the U.S.-India CEO Forum, agreeing to consider its recommendations aimed at substantially broadening our bilateral economic relations, and directing the Chairs of the Indo-U.S. Economic Dialogue to follow up expeditiously with the CEO Forum;
2. Endorsing the efforts of the U.S.-India Trade Policy Forum to reduce barriers to trade and investment with the goal of doubling bilateral trade in three years;
3. Agreeing to advance mutually beneficial bilateral trade

and investment flows by holding a high-level public-private investment summit in 2006, continuing efforts to facilitate and promote foreign direct investment and eliminate impediments to it, and enhancing bilateral consultations on various issues including tariff and non-tariff barriers to trade in goods and services, and preventing the illicit use of the financial system.

(2) Sought to expand cooperation in agriculture by:

1. Launching the Knowledge Initiative on Agriculture with a three-year financial commitment to link our universities, technical institutions, and businesses to support agriculture education, joint research, and capacity building projects including in the area of biotechnology.
2. Endorsing an agreed workplan to promote bilateral trade in agriculture through agreements that: lay out a



path to open the U.S. market to Indian mangoes, recognize India as having the authority to certify that shipments of Indian products to the United States meet USDA organic standards, and provide for discussions on current regulations affecting trade in fresh fruits and vegetables, poultry and dairy, and almonds.

(3) Reaffirmed their shared commitment to completing the WTO Doha Development Agenda (DDA) before the end of 2006, and agreed to work together to help achieve this outcome.

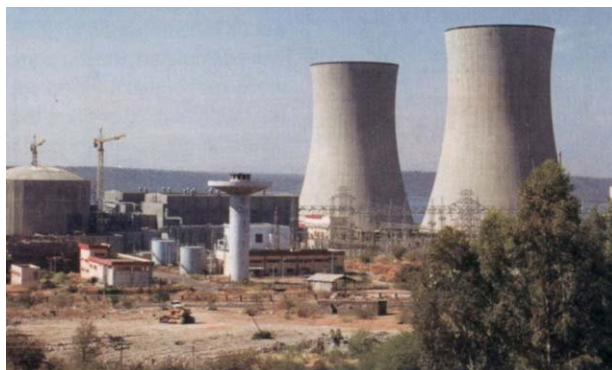
FOR ENERGY SECURITY AND A CLEAN ENVIRONMENT

(1) Welcomed the successful completion of discussions on India's separation plan and looked forward to the full implementation of the commitments in the July 18, 2005 Joint Statement on nuclear cooperation. This historic accomplishment will permit our countries to move forward towards our common objective of full civil nuclear energy cooperation between India and the United States and between India and the international community as a whole.

(2) Welcomed the participation of India in the ITER initiative on fusion energy as an important further step towards the common goal of full nuclear energy cooperation.

(3) Agreed on India's participation in FutureGen, an international public-private partnership to develop new, commercially viable technology for a clean coal near-zero emission power project. India will contribute funding to the project and participate in the Government Steering Committee of this initiative.

(4) Welcomed the creation of the Asia Pacific Partnership on Clean Development and Climate, which will enable India and the U.S. to work together with other countries in



the region to pursue sustainable development and meet increased energy needs while addressing concerns of energy security and climate change. The Partnership will collaborate to promote the development, diffusion, deployment and transfer of cleaner, cost-effective and more efficient technologies and practices.

(5) Welcomed India's interest in the Integrated Ocean Drilling Program, an international marine research endeavor that will contribute to long-term energy solutions such as gas hydrates.

(6) Noting the positive cooperation under the Indo-U.S. Energy Dialogue, highlighted plans to hold joint conferences on topics such as energy efficiency and natural gas, to conduct study missions on renewable energy, to establish a clearing house in India for coal-bed methane/coal-mine methane, and to exchange energy market information.

FOR INNOVATION AND THE KNOWLEDGE ECONOMY

(1) Emphasizing the importance of knowledge partnerships, announced the establishment of a Bi-National Science and Technology Commission which the U.S. and India will co-fund. It will generate collaborative partnerships in science and technology and promote industrial research and development.

(2) Agreed that the United States and India would work together to promote innovation, creativity and technological advancement by providing a vibrant intellectual property rights regime, and to cooperate in the field of intellectual property rights to include capacity building activities, human resource development and public awareness programs.

(3) Agreed to continue exploring further cooperation in civil space, including areas such as space exploration, satellite navigation, and earth science. The United States and India committed to move forward with agreements that will permit the launch of U.S. satellites and satellites containing U.S. components by Indian space launch vehicles, opening up new opportunities for commercial space cooperation between the two countries.

(4) Welcomed the inclusion of two U.S. instruments in the Indian lunar mission Chandrayaan-1. They noted that memoranda of understanding to be signed by ISRO and NASA would be significant steps forward in this area.

(5) Welcomed the U.S. Department of Commerce's plan to create a license exception for items that would otherwise require an export license to end-users in India engaged solely in civilian activities.

FOR GLOBAL SAFETY AND SECURITY

(1) Noted the enhanced counter-terrorism cooperation between the two countries and stressed that terrorism is a global scourge that must be fought and rooted out in every part of the world.

(2) Welcomed the increased cooperation between the United States and India in the defense area, since the New Framework for the U.S.-India Defence Relationship was signed on June 28, 2005, as evidenced by successful joint exercises, expanded defence cooperation and information sharing, and greater opportunities to jointly develop technologies and address security and humanitarian issues.

(3) Reaffirmed their commitment to the protection of the free flow of commerce and to the safety of navigation, and agreed to the conclusion of a Maritime Cooperation Framework to enhance security in the maritime domain, to prevent piracy and other transnational crimes at sea, carry out search and rescue operations, combat marine pollution, respond to natural disasters, address emergent threats and enhance cooperative capabilities, including through logistics support. Both sides are working to finalize a Logistics Support Agreement at the earliest.

(4) Welcomed India's intention to join the Container Security Initiative aimed at making global maritime trade and infrastructure more secure and reducing the risk of shipping containers being used to conceal weapons of mass destruction.

(5) Reiterated their commitment to international efforts to

prevent the proliferation of weapons of mass destruction.

(6) Building on the July 2005 Disaster Relief Initiative, noted the important disaster management cooperation and their improved capabilities to respond to disaster situations.

(7) Recognized the importance of capacity building in cyber security and greater cooperation to secure their growing electronic interdependencies, including to protect electronic transactions and critical infrastructure from cybercrime, terrorism and other malicious threats.

DEEPENING DEMOCRACY

(1) Recalled their joint launch of the UN Democracy Fund in September 2005 and offered the experience and expertise of both Governments for capacity building, training and exchanges to third countries that request such assistance to strengthen democratic institutions.

(2) Welcomed the decision of India and the United States to designate a representative to the Government Advisory Board of the International Centre for Democratic Transition (ICDT) located in Budapest to facilitate cooperative activities with ICDT.

(3) Agreed that the Virtual Coordination and Information Centres set up in September 2005 should be further strengthened and a bilateral meeting aimed at developing a practical programme for utilization of its services be held soon.

(4) Expressed satisfaction at the expedited USFDA drug approval processes that strengthen the combat against HIV/AIDS at the global level and encourage greater corporate participation to meet this challenge, including the establishment of the Indo-U.S. Corporate Fund for HIV/AIDS.

(5) Agreed to expand bilateral efforts and continue cooperation in the area of medical research and strengthen technical capacity in food and drug regulation in India as well as address the concern on avian influenza, including agreement to reach out to the private sector, develop regional communications strategies, and plan an in-region containment and response exercise. The President welcomed India's offer to host the International Partnership on Avian and Pandemic Influenza meeting in 2007.

(6) Welcomed India's membership in the Coalition Against Wildlife Trafficking, a partnership through which we will collaborate in the fight against illegal trade in wildlife and wildlife parts; we also welcome the opportunity to strengthen longstanding work together on the conservation of wildlife through cooperation on park management and ecotourism. ■



Trade Essential for Economic Growth



India and the United States agree that trade is essential to promoting global economic growth, development, freedom and prosperity. In a joint statement President Bush and Prime Minister Singh said:

We fully share the goal of completing the WTO Doha Development Agenda (DDA) before the end of 2006, and agree to work in partnership to help achieve this outcome.

During our discussions, we agreed to meet the task with ambition, determination and a readiness to contribute, consistent with our roles in global trade, and to keep the development dimension in focus. The system of trading rules to which our two great democracies have contributed immensely must be strengthened. Towards this global cause, we recommit ourselves and invite all key participants to demonstrate their leadership.

We agree that a successful Round depends upon progress in all areas of the negotiations if we are to meet our goal of promoting development through trade. We are committed to a DDA result consistent with the mandates already agreed that realize a substantial outcome in all three pillars of the agriculture negotiations (domestic support, export competition and market access); significant improvements in market opportunities in manufacturing and services; and appropriate disciplines, including transparency of regulatory practices

in services. We also believe we should strengthen the rules that facilitate trade, where we have jointly made proposals. Work in all these areas must go hand in hand.

We agree to pursue an ambitious agenda for the first half of 2006, consistent with the important milestones that were set at the Hong Kong Ministerial for

agriculture, manufacturing, services and other issues, and continuing to press for the goal of concluding the negotiations by the end of 2006.

We will continue to work to promote reform, respond to the concerns of developing countries, and create opportunities for growth for all. We are building the trading system of the future, where progressive liberalization and reform result in improvement in standards of living for all, in particular for the millions of poor across the developing world.

While working for a successful Doha Round, we also reaffirm our commitment to strengthen and deepen bilateral trading ties. We note with satisfaction the successful implementation of our initiative to create the U.S.-India Trade Policy Forum and the CEO Forum to this end, and in particular the achievements in the areas of agricultural trade, investment, trade in services, the reduction of tariff and non-tariff barriers to trade, and spurring innovation and creativity. We agree to promote innovation, creativity and technological advancement by providing a vibrant intellectual property rights regime. As two dynamic economies with many complementary interests, the U.S. and India will seek to enhance bilateral trade and investment ties by expanding private sector contacts, dismantling barriers to trade, building trade capacities and strengthening trade-promoting institutions. ■

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