

**CONSULATE GENERAL OF INDIA**  
**SAN FRANCISCO**

**MONTHLY COMMERCIAL REPORT APRIL 2016**

**Important Commercial News – Apr. 2016**

**1 U S International Trade**

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that the goods and services deficit was **\$40.4 billion** in March, down \$6.5 billion from \$47.0 billion in February, revised. March exports were **\$176.6 billion**, \$1.5 billion less than February exports. March imports were **\$217.1 billion**, \$8.1 billion less than February imports.

The March decrease in the goods and services deficit reflected a decrease in the goods deficit of \$6.0 billion to \$58.5 billion and an increase in the services surplus of \$0.5 billion to \$18.1 billion.

Year-to-date, the goods and services deficit decreased \$1.0 billion, or 0.8 percent, from the same period in 2015. Exports decreased \$30.5 billion or 5.4 percent. Imports decreased \$31.6 billion or 4.5 percent.

***Exports of goods*** decreased \$1.8 billion to \$116.8 billion in March.

***Exports of goods on a Census basis*** decreased \$1.7 billion.

- Consumer goods decreased \$1.6 billion.
  - Pharmaceutical preparations decreased \$0.8 billion.
  - Gem diamonds decreased \$0.7 billion.
- Industrial supplies and materials decreased \$0.8 billion.
  - Other petroleum products decreased \$0.5 billion.
- Capital goods increased \$1.0 billion.
  - Civilian aircraft increased \$1.3 billion.

**Imports of goods** decreased \$7.9 billion to \$175.3 billion in March.

**Imports of goods on a Census basis** decreased \$7.8 billion.

- Consumer goods decreased \$5.1 billion.
  - Toys, games, and sporting goods decreased \$1.1 billion.
  - Other textile apparel and household goods decreased \$0.6 billion.
  - Cotton apparel and household goods decreased \$0.6 billion.
- Capital goods decreased \$1.6 billion.
  - Computer accessories decreased \$0.8 billion.

## **2 US economic growth just 0.5% in first quarter**

The US economy grew at a slower-than-expected rate of just 0.5 percent in the first quarter hampered by sluggish consumer spending, the Commerce Department said Thursday.

It was the weakest growth since the first quarter of 2014, and followed a modest 1.4 percent in the final three months of 2015, painting a picture of weak momentum in the world's largest economy heading into the second quarter.

The expansion of gross domestic product, a broad measure of economic output, came in much below the 0.9 percent annual rate expected by analysts.

Consumer spending, which accounts for roughly two thirds of US economic activity, rose only 1.9 percent at the start of the year, its weakest gain since the 2015 first quarter. Purchases of goods was flat, up a bare 0.1 percent in the weakest performance in nearly five years that notably reflected low prices.

Another key brake on growth was business investment, which fell at the sharpest pace, 5.9 percent, since 2009 amid the Great Recession. Federal government spending also fell.

The housing market remained a bright spot in the stalling economy, as spending on home purchases jumped nearly 15 percent in the first quarter, the biggest advance since late 2012.

The Federal Reserve, which kept key interest rates unchanged Wednesday, noted slowing economic growth, citing in particular weak household spending and exports. But the central bank forecast that economic activity "will expand at a moderate pace."

"Looks grim, but the second quarter will be much better," said Ian Shepherdson, chief economist at Pantheon Macroeconomics.

Shepherdson pointed to the temporary depressing effect of the stock market plunge in January and persistent problems in the Commerce Department's adjustment of first-quarter data for seasonal issues, which this year included a very early Easter.

### **3 Private US firms oppose ISRO launching US satellites**

Amid the US' push to expand cooperation with India in the space sector, the country's nascent private space industry has expressed its opposition to the large scale use of low cost ISRO launch vehicles for putting American satellites into orbits.

Such a move, corporate leaders and officials of the fast-emerging American private space industry told lawmakers, would be detrimental to the future health of the private sector US space companies. They feel it would be tough for them to compete against low-cost Indian Space Research Organization (ISRO) launch vehicles, which they alleged are subsidized by the Indian government.

"I think the concern about using Indian boosters is not so much the transfer of sensitive technology to a nation that is a fellow democracy, but rather whether the Indian launches are subsidized by the government to a degree that other market actors would be priced out of the market," Elliot Holokauahi Pulham, CEO of Space Foundation, said.

Testifying before a Congressional committee, Pulham said there has been some discussion about allowing US built satellites to fly on boosters such as the Indian PSLV. Eric Stallmer, president Commercial Spaceflight Federation, opposed efforts to facilitate a government-subsidized foreign launch company.

"In this case, India, to compete with US companies. Such policy runs counter to many national priorities and undermines the work and investment that has been made by the government and industry to ensure the health of the US commercial space launch industrial base," Stallmer said.

He said the challenge right now is that the satellite manufacturers are making satellites at a quicker rate right now than the US has the launch capability. So a satellite is not making money while it's sitting on the ground, he said.

"Currently, the Indian launch vehicle PSLV has a sweet spot and has the capability of launching some of these satellites right now in a timely manner. We don't want to see US launches going overseas by any means, whether it's to India, Russia or whomever else. But right now, from the satellite, you know, producers and manufacturers, they need to get their assets up in the sky as quick as possible," Stallmer said.

Noting that the current policy with the waivers and the review is a sound policy, he said the US should stringently look at every launch that is taking place in every vehicle or every payload that the US are putting up on an Indian vehicle.

"I think it really needs to be evaluated. We hope to phase this out as a new generation of launched vehicles comes online," Stallmer said. Under the agreement signed between foreign clients and Antrix, the commercial arm of Indian Space Research Organization (ISRO), India will launch three satellites

each of Algeria and Canada, four of Germany, one each of Indonesia, Malaysia and Japan and 12 of the United States in 2016-17.

#### **4 Airbnb, Times Group in strategic partnership**

San Francisco based Airbnb, the world's leading community-driven hospitality company, has announced a strategic partnership with the Times Group. The tie-up is part of Airbnb's plans to focus on developing the Indian travel market. The Times Group will drive awareness of Airbnb accommodations, and help the San Francisco-based company create a localized presence for India, leveraging the group's vast network of media and operational resources.

This is a key partnership for Times Global Partners, an initiative from the Times Group, that supports the launch and expansion of emerging global digital companies in India. Previously, Times Global Partners has partnered with The Huffington Post, Coursera, as well as other digital companies.

Commenting on the partnership, Times Internet managing director Satyan Gajwani said, "We are excited to partner with Airbnb to transform the way Indians travel. As a personal user, I've found that Airbnb has brought a new dimension of convenience, value, and uniqueness to travel. We look forward to working closely with Airbnb to evangelize community-driven hospitality."

Nathan Blecharczyk, co-founder & chief technology officer, Airbnb, said, "We are excited about the opportunity that India presents, and to have one of the most respected partners in the Times Group. We are working on adapting our product for the Indian market so that Indian travelers can live like a local anywhere in the world."

#### **5 Donald Trump's firm to build 'iconic' office tower in Gurgaon**

The Trump Organization announced that it has tied up with real estate private equity firm, IREO, to bring to market an "iconic" office tower in Gurgaon. It will be

designed by Norman Foster-led architectural design firm, Foster + Partners. "This new tower will mark the third development in India for Trump," said a press release.

The new tower will be situated in a prime location, along the premier Golf Course Extension Road in Gurgaon, and when completed, will be the tallest of its kind in this rapidly expanding and vibrant Indian city, it said. It will also be located within the upcoming IREO City area, which is an upscale, 500-acre world class, mixed-use development that IREO is developing along the Golf Course.

"We have enjoyed tremendous success in India with our existing properties in Mumbai and Pune, and we are thrilled to add yet another incredible development to our portfolio. IREO is truly a fantastic group and we are looking forward to pushing the boundaries together to create what will soon be one of the most exciting and sought after commercial towers in India and beyond," said Donald Trump Jr., executive vice president of Development and Acquisitions. "This is the latest addition to the Trump Organization's portfolio of world-class properties further showcasing the amazing strength and demand for the Trump Brand in India and around the globe," he said.

## **6 US Trade watch list threatens access to life-saving drugs**

United States Trade Representative's 2016 'Special 301 Report' targeting countries including India, by putting these on a 'priority watch list' has been criticized by health activists, saying any change in India's patent laws will restrict the country's ability to produce affordable medicines.

India remains on the Priority Watch List, and continues to be singled out for what the USTR considers to be inadequate protection of intellectual property for its pharmaceutical industry, they say.

India is the world's principal producer and supplier of quality generic medicines, including for US-funded treatment programs like PEPFAR that support antiretroviral treatment in developing countries, while two-thirds of all drugs procured for international medical aid to treat HIV, TB and malaria come from here.

The 301 Report clearly attacks section 3(d) of the Indian Patent Act and the fact that through the application of a stricter patentability standard, a number of evergreening claims have been denied patent protection. The 301 Report states "the United States also continues to monitor India's application of its compulsory licensing law".

Yet India's laws and policies, promote generic competition and limit abusive pharmaceutical industry practices, including patent 'evergreening', are entirely compliant with WTO trade rules, international medical humanitarian agency, MSF said in a statement.

"India's stance is that the current patent regime is fully TRIPs compliant and strikes the appropriate balance between the grant of monopoly patent rights and public health imperatives", Indian Pharmaceutical Alliance director general DG Shah told TOI earlier.

In response to a parliamentary question, Union Minister commerce and industry, Ms Nirmala Sitharaman, made a statement recently regarding the USTR report, "The Special 301 Report is a unilateral measure to create pressure on countries to enhance IPR protection beyond the TRIPS agreement. Under the WTO regime, any dispute between two countries needs to be referred to the Dispute Settlement Body of the WTO and unilateral actions are not tenable under this regime. Special 301 which is an extra-territorial application of the domestic law of a country is inconsistent with the established norms of the WTO. The

Government is committed to fully utilizing all the flexibilities provided under the TRIPS agreement to protect domestic pharmaceutical sector from pressure exerted by the foreign countries."

It's clear India will keep facing intense pressure to undermine its role as 'pharmacy of the developing world', the statement adds. In June 2015, MSF launched a campaign ``Hands Off Our Meds to urge Prime Minister Narendra Modi to stand strong in the face of intensifying pressure from US to change India's laws in ways that would severely restrict the country's ability to produce affordable medicines.

Over the past two years, pressure has been built up on the agency that administers IP laws and policy - the Department of Industrial Policy & Promotion to ensure stringent IP enforcement, fast track examination of patent claims of its companies and a moratorium on compulsory licensing, the statement adds. There has also been intense US scrutiny of the Indian judiciary of its handling of patent disputes including its decisions on patentability (Novartis vs. Union of India), compulsory licensing (Bayer Corporation vs. Union of India), and finally on any failure to secure injunctions to shut down generic competition.

Many US industries, in particular the pharmaceutical industry, use the report to condemn and pressure governments which employ IP systems that do not match US intellectual property laws and practices.

The 301 report comes amidst growing criticism in the US itself of an ever-upward spiralling of drug prices for products protected by lengthy IP monopolies, which threaten people's access to treatment and sustainability of health services. Existing US intellectual property laws enable drug makers to charge exorbitant prices for medicines, such as Gilead Sciences, which charge up to \$1,000 a pill for new hepatitis C drug sofosbuvir.

## **7 Infosys invests in US-based data solution firm**

Global software major Infosys Ltd. announced investing an unspecified amount in US-based data software firm Trifacta which enables non-technical users to transform data for analysis.

"The investment will enable Trifacta provide a data wrangling solution to our information platform and other offers," Infosys said in a statement here. With the San Francisco-headquartered Trifacta, a broad range of users from business analysts to data scientists will be empowered to discover, cleanse and blend information.

"We see huge potential in self-service data preparation solutions like Trifacta to help clients unlock business value of their big data assets," Infosys vice president for corporate development Ritika Suri said in the statement. Trifacta software will also enable Infosys' global clients to introduce a stack of data management solutions, complementing its data management and automation platforms.

"Partnership with Infosys will play a key role in our global expansion, bringing the power and value of data wrangling to customers the world over," Trifacta chief executive Adam Wilson said in the statement.

## **8 Trade Delegations**

No Trade related delegation visited India from the jurisdiction of this Consulate. The following delegations visited the jurisdiction of this Consulate from India during the month:

Mr. Amitabh Kant, CEO, NITI Aayog visited Palo Alto to attend U S – India Business Council's Annual West Coast Summit from April 24 to 27, 2016. The program was also attended by Mr. John Chambers, Chairman, Cisco Systems,

Mr. Shantanu Narayen, CEO, Adobe Mr. Joseph M. DeSimone, CEO, Carbon3D. Mr. Venkatesan Ashok, Consul General of India, San Francisco. Besides the above he also had productive meetings with Governor of California and his top officials from California Energy Commission and California Environmental Protection Agency. Mr. Kant also had one to one meetings with CEOs of Varion Medical and PayPal Inc.

## 9 Trade Enquiries

The following individuals / organization approached this Consulate for various trade related queries. All of them were appropriately responded.

1	Anvin Overseas, India	Sesame Seeds
2	Panaromic Global Impex	Fresh Fruits, Spices, Chemical & Textile
3	Vanmughil Exporters	Spices & Pulses
4	CloudMosa, CA	Mobile web browser marketing
5	Mr. T. Saravanan	Red chillies
6	Venus Exports	Spices
7	K. Marimuthu	Snacks
8	RMR Global Exports	Pepper
9	Sanjay Exports	Spices
10	Mr. Rajendran S.	Nutmeg
11	Foodie Exports	Frozen foods
12	Adamas Jewellery	Diamond & Indian Jewellery
13	H.P. Ore	Manganese Oxide & Dioxide
14	Mr. Ankur Korvadia	Various bags
15	Right International	Pharmaceuticals, Surgical, hardware Building material, food products
16	High Goal Exports	Garlic
17	Hichey & Associates,, CA	Foreign investment
18	Aruna Exports	Fresh fruits

## **10 Trade Disputes**

During the month of April this Consulate was approached by M/S Bhadohi Carpets of Uttar Pradesh complaining non payment for the goods supplied to M/S Bonzatli International of Beverly Hills, CA. The matter has been taken up with the defaulter party and awaiting the outcome.

## **11 Visas issued**

During the month of April this Consulate issued **997** Business visas and **2383** Tourists visas.

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