

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

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Important Commercial News – January 2015

1 U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES

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 **\$46.6 billion** in December, up \$6.8 billion from \$39.8 billion in November, revised. December exports were **\$194.9 billion**, down \$1.5 billion from November. December imports were **\$241.4 billion**, up \$5.3 billion from November.

The December increase in the goods and services deficit reflected an increase in the goods deficit of \$6.9 billion to \$66.0 billion and an increase in the services surplus of \$0.1 billion to \$19.5 billion. For 2014, the goods and services deficit was \$505.0 billion, up \$28.7 billion or 6.0 percent from 2013. Exports were \$2,345.4 billion, up \$65.2 billion or 2.9 percent. Imports were \$2,850.5 billion, up \$93.9 billion or 3.4 percent.

2 Google ready to help India implement PM Modi's "Digital India" initiative

Google is ready to help India implement Prime Minister Narendra Modi's "Digital India" initiative, and the government has a well laid out plan to realize it, said Google's Chief Internet Evangelist Vinton G. Cerf.

Cerf was speaking at a seminar organised by Federation of Indian Chambers of Commerce and Industry (FICCI). "It is very clear that the private sector is going

to have to play a major role, but it won't work unless basic infrastructure that government proposes to bring in is put into place," he said, adding that Google was in "early stage of discussion" to discuss ways to increase Internet penetration in the country.

Digital India is a Rs 1.13-lakh crore government initiative that seeks to transform the country into a connected economy, attract investment in electronics manufacturing, and create millions of jobs and support trade.

Cerf, a computer scientist widely known as one of the fathers of the Internet, said the new Indian government and its initiatives such as Digital India were "very refreshing and exciting".

He appreciated the government's plans to improve Internet infrastructure, especially its plans to expand Internet penetration in the villages.

"My impression after two days discussions is you (the government) already have a well laid out plan. Now you have to execute. The passion is clearly there, the energy is clearly there," he said. The senior Google executive also met some officers of the Department of Electronics and IT, and said they were convinced about making Digital India a reality.

Cerf also stressed the need for IT professionals to constantly upgrade their skills in order to remain relevant in the fast changing world of technology.

3 Apple brings distribution giant Brightstar to India

Electronics giant Apple, the maker of iPhones and iPad, has decided to rope in global retail major Brightstar to sell its devices in India. Apple is looking to increase sales from 1 million units achieved in the fiscal year ending September 30, 2014, to as many as 7 million units by 2018.

The US-headquartered Brightstar, controlled by Japanese telecom and internet giant Softbank, distributes mobile phones and other devices to more than 200 carriers in over 50 countries and has revenues of around \$11 billion. It had

recently bought a 51% stake in (Bharti Enterprises chairman) Sunil Mittal's Beetle Teletech.

"Brightstar will soon start distributing Apple devices in India and is expected to emerge as one of the most aggressive players in the market," top industry sources told TOI.

The Cupertino-based Apple, which is the world's most valuable electronics maker, currently operates in India through two main distributors — Redington and Ingram, who in turn supply the products to regional distributors, multi-product trade channels and Apple Premium Re-seller stores and Apple Authorized Reseller outlets. Redington is one of the biggest partners for Apple in India and is believed to account for nearly 70% of its sales.

Sources said that Brightstar has decided to adopt an aggressive stance for its India foray and has managed to poach Redington's top official who is in charge of the Apple business unit. Puneet Narang, a telecom industry veteran who heads Redington's iComm Strategic Business Unit, will lead the charge for the Brightstar business, the sources said.

"Narang and some key officials from Redington will be moving over to lead Brightstar's India business," one of the sources said, adding that the shift will happen in the coming weeks. The addition of Brightstar to Apple's list of India distributors is expected to put pressure on Redington's business, which so far enjoys a near-monopoly. US-headquartered Brightstar, controlled by Softbank, distributes mobile phones & other devices in over 50 countries and has \$11bn revenue.

4 Obama Promises \$4 Billion Investments in India

President Barack Obama promised \$4 billion in loans and investments to India on January 26 after he attended the country's 66th annual Republic Day celebrations. He was the guest of honor at the event.

Untapped potential

Obama told a cluster of American and Indian business leaders that both the nations must do better in moving forward an economic relationship which is defined by a large base of untapped potential. About \$2 billion will be committed by the US Trade and Development Agency towards India's efforts to tap renewable energy. About \$1 billion each is also scheduled to be pledged for financing the Indian rural business and the "Made in America" exports respectively.

While the yearly bilateral trade has touched \$100 billion, it is less than one-fifth of the trade with China, India's neighbor. Obama pointed out that American exports to India at present is a measly one percent of the country's total exports, and Indian exports constitute only two percent of its total exports. The President of the United States also announced that both the US and Indian governments have responded positively to the resumption of talks related to the bilateral investment treaty that was proposed.

Proposed areas for bilateral growth

Obama highlighted the important areas where the both American and Indian businesses can concentrate. This includes easier business activities in America, a new Indian government panel to support investments and foreign trade, especially from the United States and also technological development by American businesses to help Indian infrastructural development in railways and roads. Smart cities and broadband have also found mention. Obama stressed that the economic growth in both the nations must be sustainable and inclusive.

The US President also noted that there is considerable interest from American companies to find clarity, simplicity and consistency in the Indian tax and regulatory environment. The strategic and commercial dialog between the two nations will come after the talks between President Obama and Prime Minister Narendra Modi to monitor implementation of the announcements.

Narendra Modi also underlined the requirement for better clarity and more policy stability. He expressed the hope that there will be less inter-state variation in the policies and also in the decisions which were being taken post bringing the states on the same page. Prime Minister Modi said that it would assist in the economic growth. He also promised a tax regime which will be uniformly stable.

5 Statement from U.S. Commerce Secretary Penny Pritzker on U.S.-India Strategic and Commercial Dialogue

U.S. Secretary of Commerce Penny Pritzker made the following statement on the elevation of the U.S.-India Strategic Dialogue to a Strategic and Commercial Dialogue, reflecting the two countries' commitment to strengthening commercial and economic ties. Secretary Pritzker chaired the new Commercial components of the Dialogue.

Secretary Pritzker was part of the U.S. delegation in India with President Obama. In addition to accompanying President Obama for his official meetings, Secretary Pritzker met with senior Indian officials to discuss the business and investment climate in India and focus on the opportunities for U.S.-India cooperation on a wide range of commercial and economic issues. She participated in a meeting with U.S. and Indian business leaders focused on deepening commercial and economic ties between the two countries. Secretary Pritzker chaired a SelectUSA discussion with Indian CEOs interested in increasing their investments in the United States.

“Our relationship with India has been a central component of America’s rebalance to Asia, and as the last two days have demonstrated, over the years India and the United States have systematically forged an indispensable partnership that is about shared values and shared interests,” said Secretary Pritzker.

“But we have a lot of work still to do, and we have committed to confronting these political and economic challenges together. In particular, Prime Minister Modi and President Obama recognize the importance of deepening the economic and commercial ties that bind the people of our two great nations together.

“To mark this moment of renewed partnership, the United States and India are expanding the U.S-India Strategic Dialogue, which will now become the U.S.-India Strategic and Commercial Dialogue, or S&CD. This agreement establishes a framework that will strengthen our relationship and create new avenues of cooperation between our governments, our businesses and our peoples. The new commercial element of our most important bilateral dialogue will focus on our shared priorities of growing our economies, creating good jobs, and strengthening our middle class and I look forward to leading this renewed effort with Secretary of State John Kerry.

“While we use this dialogue to produce concrete results, we will also use the dialogue to ensure that the United States and Indian businesses – small, medium and large – are in a position to capitalize on abundant opportunities that exist in both of our countries. We’ll also use the dialogue to promote more trade and investment between our two nations and to identify new opportunities for economic and commercial cooperation that will improve the lives of both our peoples. And we’ll continue to use this dialogue to address the many strategic and political challenges that the U.S. and India must face together in the years ahead.”

6 Invest in the U.S.A - The 2015 SelectUSA Summit Agenda

President Obama is hosting the second SelectUSA Investment Summit on March 23-24, more than 2,500 people from around the world and every corner of the United States will gather in Washington to explore opportunities to grow their businesses. More than 1,200 people from 70 international markets have already registered, and it is anticipated that the event will be filled to capacity well in advance of the Summit.

The United States offers an unprecedented investment climate for foreign investors of all sizes, a skilled and productive workforce, an unmatched higher education system, strong intellectual property protections, a serious commitment to innovation, and an abundant and stable energy supply.

The U.S. domestic market remains the world's most attractive for foreign investment. Real GDP grew at a 5.0 percent annual rate in the third quarter of 2014, and businesses have added 11.2 million jobs during a record 58 straight months of private-sector job growth. U.S.-based companies offer access to millions of global consumers through high quality Free Trade Agreements. More than ever, the U.S. market is driving global competitiveness.

The SelectUSA Investment Summit offers participants the practical tools, information, and connections they need to move investments forward. The trade show floor and online matchmaking will showcase **diverse investment opportunities** available throughout the United States.

Investors and economic developers will have the chance to learn about and discuss critical important investment topics through a variety of sessions featuring high-profile business leaders and government officials. Topics include:

- Innovation, R&D, intellectual property, and university partnerships
- Manufacturing, infrastructure, and agriculture investment in rural America
- Infrastructure and public-private partnerships
- Supply chains, including advanced manufacturing
- Tax policy and implications for foreign investors
- Project finance and incentives
- Workforce development
- The new energy economy
- Startups and opportunities for small and medium-sized businesses
- Foreign Trade Zones
- Capital markets and economic growth
- The U.S. immigration system

Additionally, first-time investors and economic development organizations can learn the basics of investing in the United States at the SelectUSA Academy. This pre-conference session will be held on Sunday, March 22, 2015.

At the first SelectUSA Investment Summit in 2013, President Barack Obama sent a strong message to investors in the room and around the world: "We want to be your partner in helping to write the next chapter in our history. We want you to join the generations of immigrants and entrepreneurs and foreign investors who

have discovered exactly what it means when we say we are the land of opportunity.”

7 Fast-Paced Foreign Direct Investment from India

India is now the **fourth fastest-growing source of FDI** into the United States, with a stock of \$11 billion in investments as of 2013. As the latest available data show, FDI from India provides:

- **Jobs:** U.S. subsidiaries of Indian firms employed more than 43,800 workers in the United States in 2012, with an average yearly compensation of \$69,800, well above the national average.
- **Innovative R&D:** In 2011, U.S. subsidiaries of Indian firms invested \$46 million in research and development in the United States.
- **U.S. Exports:** U.S. subsidiaries of Indian firms exported goods worth more than \$2 billion from the United States in 2012.

These figures from the U.S. Bureau of Economic Analysis represent real stories of thriving businesses creating real jobs. SelectUSA, the U.S. government-wide program created to facilitate investment in the United States, has assisted several Indian companies as they sought to set up operations locally.

For example, Shri Govindaraja Textiles, or SG Mills, is a third-generation, family-owned business. The group is the largest spinner in India with a total workforce of 30,000 employees. Last year, SelectUSA and the U.S. Commercial Service office in New Delhi, helped company management develop and execute a work plan as they considered investing in the United States. Recently, SG Mills opened its first U.S.-based operation in Eden, North Carolina, and announced plans to invest more than \$40 million during the next two years.

Maqdoom Brothers, a clothing designer and manufacturer based in Hyderabad, has been around for more than 100 years. A company representative attended a SelectUSA roundtable in Hyderabad, and then came to our 2013 Investment Summit in Washington. After meeting with representatives from the state of Illinois, the company opened an office in Joliet, as its first step to what company management anticipates will be a much larger manufacturing investment.

At this event, FICCI and Ernst & Young introduced a report titled “Direct investments in the US by Indian enterprises: Setting the new agenda” that focused on why the United States continues to be an attractive investment destination and why Indian businesses are bullish about expanding operations in our country. Major factors described in the report include:

- **Strong Indo-American relationship.** The United States and India continue to strengthen our ties and strategic partnership. Bilateral cooperation is strong and mutual support for business investments is at an unprecedented high level.
- **High rate of innovation.** The United States is a leader in technology and innovation with an expanding R&D sector. Indian businesses looking to operate in the United States can leverage American innovation for global business success.
- **Robust consumer market.** The U.S. economy continues to rally and the outlook for sustained growth is positive, with low unemployment rates as well as notable improvements in manufacturing, domestic consumption, and the housing sector.

On March 23-24, 2015, SelectUSA will host its second Investment Summit in the Washington, D.C. area. They expect to see a strong Indian delegation there, ready to foster new partnerships and are looking forward to hearing many more success stories from Indian business leaders and investors, and share their confidence for continued growth in the United States.

8 Trade Delegation

No Trade delegation visited India from the jurisdiction of this Post. No Trade delegation from India visited the West Coast during the month.

9 Trade Enquiries

The following organizations / individuals approached this Consulate for various queries and all their queries were answered.

- a S S Exports & Imports – Textile, Handicraft, Food items, Leather products
- b Mr. Aman Agarwal - Crops & Vegetables
- c Chennai Tradex, Chennai- Organic food, Spices, Herbs, Alovera & Amla juice
- d HBK International, Jamnagar- Fasteners, Electric components, sanitary fittings, Builders & Furniture hardware

- e Mars Impex, Chennai- Stainless Steel insulated Casserole, Pulses
- f ALS Exports- Tamil Nadu- All kind of Bags (Canvas, cotton, jute, leather)
- g Harish Exports- Papads
- h Vairakireedam Modren Rice Mill, Tamil Nadu- Non- Basmati Rice
- I Agilam Jeyabalen, Madurai- Wax Candles
- J Raizan Overseas- Spices, Textile, Jewellery, Handicrafts, Ceramic, Oil, Animal feed, Scrap

10 Visa issued

During the month this Post issued **1488** Business visas and **4849** Tourists visas.

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