



Confederation of Indian Industry

Strengthening the US-India Economic Partnership

A Collaborative Agenda





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Published by Confederation of Indian Industry (CII), The Mantosh Sondhi Centre; 23, Institutional Area, Lodi Road, New Delhi-110003 (INDIA), Tel: +91-11-24629994-7, Fax: +91-11-24626149; Email: info@cii.in; Web: www.cii.in

A Collaborative Agenda

CII congratulates President Joseph R. Biden Jr. and Vice President Kamala D. Harris of the United States of America on their historic election victory. Their Administration has assumed charge at a challenging period in global history as the Coronavirus pandemic continues to impact lives and livelihoods around the world.

President Biden's ambitious vision to "Build Back Better" and priorities for the US' rebuilding efforts, economic recovery and strategic re-set present a renewed opportunity to further catalyze the US-India economic partnership and approach trade and economic matters with a fresh perspective as strategic, long-term imperatives. In 2006, President Biden's dream was for India and the US to be the two closest nations in the world in 2020. Our friendship and strategic partnership has flourished, and CII sees President Biden's incoming administration as a opportunity to propel the relationship further.

The US and India must set their sights on a higher trajectory of growth towards the bilateral trade goal of \$500 billion, and seek complementarity for business collaboration and investment. Looking ahead, CII has compiled the following collaborative agenda for US-India economic engagement to infuse fresh ideas into our bilateral conversations.

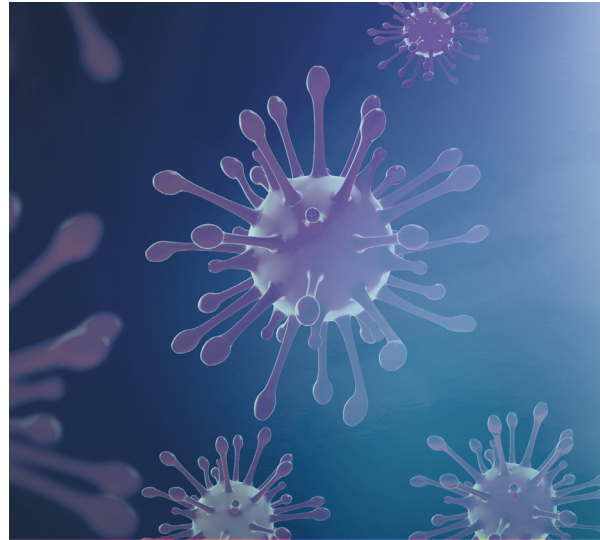
Coordinate on Pandemic Response and Enhance Healthcare Collaboration

The US and India are among the worst affected countries of the COVID-19 pandemic, but are also the two most effective partners to lead and coordinate a global pandemic vaccine response. With the two nations already producing the first coronavirus vaccines, the time is now for further collaboration in the pharmaceutical and healthcare space.

- The US and India should continue close collaboration in drug discovery, clinical trials, and facilitating the vaccine supply chain via coordinated shipping, distribution and last mile connectivity to support a resilient pandemic response.
- The US-India Health Dialogue should be reviewed to include policy-level issues that will be critical in a post-pandemic world. The Dialogue should include industry participation to enable practical and outcome-based discussion on various aspects of health collaboration between our governments and private sector institutions.
- The US Food and Drug Administration (FDA) and the Government of India's Central Drugs Standard Control Organisation (CDSCO) must consider an agreement on

mutual recognition to enable increased trust for more seamless collaborations.

- The Indian healthcare market will be \$372 billion by 2022 with the largest being the provider segment. Currently, health insurance penetration in India is around only 20% resulting in a largely out-of-pocket market with huge potential for services.
- India is experiencing exponential growth across internet users, online payments and data usage. The Digital health market comprises of online medicine delivery (e Pharmacy), home diagnostics (e-Diagnostics), online appointment booking and online consultation (e-Consultation) - should be a focus for private sector led discussions for India-US collaboration in digital health services.
- India remains a hub for offering holistic care that includes world class allopathic and tertiary care treatments in Ayurveda and other holistic healing practices. A forum for discussion on holistic healing would add another dimension to healthcare cooperation.



Focus on US-India Trade Matters

The US and India have differing views on agricultural products, duties and market access. Moving forward on resolving the 'low-hanging fruit' in the trade partnership is now ripe for action, building on current positions. Strengthening the macro trade architecture between the US and India by next negotiating a broad trade agreement is the best way to avoid future market access contentions.

- Reviving the US-India Trade Policy Forum (TPF) meetings (last held in 2017) would create a strong foundation for discussion of a Free Trade Agreement (FTA). A working group under the aegis of the TPF is the ideal vehicle to begin a good faith attempt at a comprehensive FTA plan.
- A cross-sector Track II Group constituted of Industry and Think Tank experts could support TPF discussions through the design of a FTA roadmap derived from a full cost-benefit analysis. If needed, the Track-II process could also help in bringing convergence on issues where US and India have a diverging stance.

- The COVID-inflicted crisis has adversely impacted international trade, and strong leadership at the World Trade Organization (WTO) is critical to break the current gridlock. India has been a constructive and consistent champion of multilateral trading system under the WTO, and the US can collaborate closely with India in leading reform of the 164-member world trade body to provide the necessary impetus to revive global trade.



Ensure Smooth Professional Labor Mobility

Free and fair movement of skilled professionals remains a matter of high priority for both Indian industry and US companies to build and retain talent, innovation and competitiveness in a global economy.

- The US government should review recent regulations on a wide array of immigration policy that have impacted labor mobility, including the temporary ban on the entry of green card applicants as well as nonimmigrants seeking entry in the H-1B, L-1, J-1, and H-2B visa categories, and consider immigration reform that clears employment-based visa backlogs, reduces lengthy wait times and eliminates unnecessary hurdles, providing necessary stability to high-skill immigration regime. To encourage greater US foreign direct investment (FDI) from Indian companies, reducing the denials of H1B petitions, as well as escalating Requests for Evidence (RFEs), would remove the strain recent regulations have placed on the smooth mobility of the skilled and talented workforce necessary to rebuild the US economy. The governments of the US and India must also consider a working group to handle ease of mobility for highly-skilled professionals.



Engage on Labor and Employment Matters

A US-India Memorandum of Understanding on Labor Cooperation in 2011 established a framework for dialogue and activity on related issues including skills development, youth employment, and occupation safety and health.

- With steady progress on labor regulatory environment in India, a fresh MoU could be considered. A delegation led by the US Department of Labor to interact with industry in India would provide first-hand experience of the country's improved ecosystem and foster new collaborations.



Strengthen the CEO Forum Under the Aegis of the India-US Commercial Dialogue

The CEO Forum is the most effective mechanism for private sector inputs to the governmental dialogue. To strengthen its impact, key public and private sector participants from both nations must extend their high-level, broad-based engagement throughout the year via working groups and digital video conferences (DVCs).

- Industry associations from both countries remain an untapped resource for sustaining momentum within the US-India CEO Forum. With the structure they can provide, streamlined discussions will become outcome-based and an implementation mechanism agreed-upon to facilitate recommendations from the Forum.
- The US-India Commercial Dialogue must also be led at the highest level, by the US Secretary of Commerce and India's Minister of Commerce for significant outcomes.



Enhance Defense Industry Ties

The enabling agreements bolstering today's US-India strategic and defense partnership have set a new level of cooperation. These foundational agreements – LEMOA, COMCASA, BECA, and India's STA-1 Trade Authorization – must be carefully cultivated.

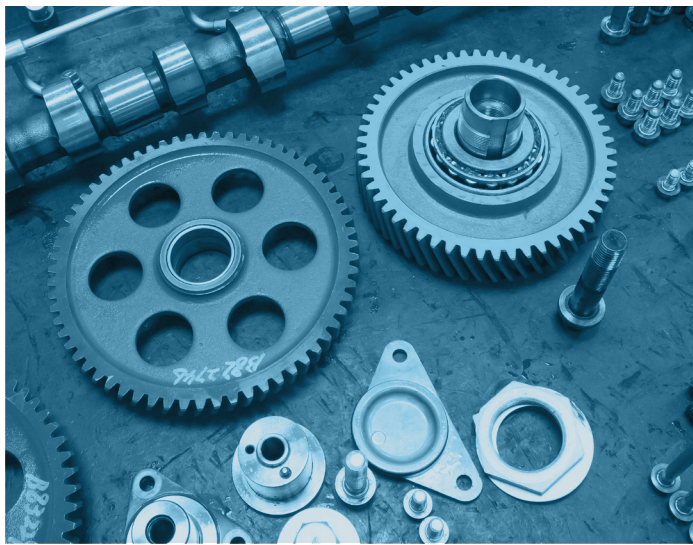
- In coordination with industry, the most critical products where US technology and expertise could come together with Indian manufacturing capabilities for co-production and co-development need to be identified, at price points that are feasible for India. Jump-starting India's Defense Technology and Trade Initiative (DTTI) or leveraging the US Department of Defense' Defense Innovation Units (DIU) platform should be undertaken.



- The development of a formal defense dialogue involving the private sector could provide an avenue of engagement for defense and aerospace companies with relevant government officials in both countries.
- If co-production and co-development is to happen in a meaningful way, the private sectors of both countries must have the opportunity to network and become familiar with each other's systems and processes. A formal dialogue mechanism, such as an Industry Innovation Forum, structured for the private sector to enable this engagement would be invaluable. An India-US Startup and Innovation Forum specifically focusing on defense and aerospace could be considered as a deliverable under this initiative. This could be led by CII and the Society of Indian Defense Manufacturers (SIDM) on the India-side.

Involve SMEs

In the current global economic climate, SMEs are both critical engines of industry and in dire need for avenues of engagement. Presently, the major dialogues between the US and India only provide a platform for the perspectives of the largest private sector players.



SMEs in both countries will benefit from the ongoing regional shifts in the trade landscape as alternative investment and sourcing destinations

in Asia become more accessible, particularly the Indian market. An outreach effort could help ‘demystify’ the Indian market for smaller US companies while providing a boost to the two-way flow of trade.

- The constitution of a US-India SME CEOs Forum or sectoral SME working groups would be a strong addition to engaging stakeholders in the SME landscape.
- An agreement of common agenda for cooperation between the US Small Business Administration (SBA) and India’s Ministry of Micro, Small and Medium Enterprises (MSME) would help spur greater cooperation with the support of an industry association like CII.

Expand Clean Energy and Climate Change Cooperation

The US and India worked closely towards the Paris Climate Agreement to address global climate concerns. President Biden’s recommitment to the agreement as one of his administration’s first actions accords both nations with the opportunity to collaborate towards building a green economy and a clean energy future. Modern climate technologies will enable the US and India to build upon our green legacy and create more prosperous and sustainable opportunities for future generations.

- Pivot the U.S.-India Strategic Energy Partnership with a clear energy focus. India today has one of the fastest growing renewable energy sectors in the world with an ambitious target of 450 gigawatts by 2030. The partnership should include under its umbrella relaunched partnership programs as well as new initiatives such as joint investments in cost-shared demonstration projects in India and the

U.S. These could focus on areas like industrial decarbonization, carbon dioxide removal, and green hydrogen.

- Relaunch the Partnership to Advance Clean Energy Research (PACE-R), Partnership to Advance Clean Energy Deployment (PACE-D) and the Promoting Energy Access through Clean Energy (PEACE) programs.
- Relaunch the ministerial U.S.-India Joint Working Group on Combating Climate Change, and expand the U.S.-India Partnership for Climate Resilience.
- Create a Global Green Hydrogen Alliance, as a complement to the International Solar Alliance, spearheaded by India and the U.S., to galvanize global attention towards breakthrough technology-transforming industrial production processes.
- Strengthen cooperation on finance mobilization, including an expansion or relaunch of the U.S.-India Clean Energy Finance program, the U.S.-India Clean Energy Finance Task Force, the India Innovation Lab for Green Finance, and the U.S.-India Catalytic Solar Finance Program. With US support, CII established the Green Business Centre in Andhra Pradesh in 2000, and since then, has transformed the country into becoming the second largest after the US in terms of registered green buildings in the world. New initiatives in enhancing green buildings and green financing across the Indo-Pacific region with US and India's leadership would not only be a significant business opportunity, but a strategic collaboration as well.



Establish a Digital Economy Partnership

New frontiers of business and trade are opening up in the knowledge economy and high technology areas such as robotics and automation, space, artificial intelligence, and electric and self-driven vehicles will see dramatic future growth.

- A high-level Dialogue with a focus on private sector-led discussions for India-US collaboration with a shared institute or platform would provide a forum to resolve

digital services issues as they develop and our economies become even more international and digitized.

- The US and India should consider establishing a joint institute on Artificial Intelligence (AI) and its related applications for mutual business and development goals. AI applications in Agriculture, Healthcare, Education, Skills, Manufacturing, and Tourism could be considered as priority areas for the institute.



Build Confidence in India's IPR Regime

Increased information sharing is critical for US companies and government officials to understand the progress being made in India's IP ecosystem. Over the last few years, India has greatly strengthened its IP legal framework and enforcement mechanisms without US recognition.

- Exchanging information and evidence of India's IPR improvements should refine the nation's standing on the US Trade Representative's IPR Priority Watchlist. The two countries together can work to ensure that India is no longer on the list.
- Awareness-building workshops with the support of both Governments could be conducted for US companies, as spotlighting relevant developments could further help shift perspectives and bring comfort to US stakeholders.



Ratify a Totalization Agreement

Due to the temporary nature of high-skill visas averaging 3-6 years, Indian citizens working in the US contribute approximately \$1 billion annually to the US Social Security Administration, despite not having access to the benefits of their funds with less than 10 years of US employment. Over the last decade, the US has maintained that a Totalization Agreement is implausible due to its incompatibility with India’s social security systems,



notwithstanding that both nations have bilateral agreements with 19 mutual countries including: Australia, Austria, Belgium, Brazil, Canada, Czech Republic, Denmark, Finland, France, Germany, Hungary, Japan, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, and South Korea. A resolution agreement should be considered to ensure that the US is able to continue attracting the world’s best high-skill talent.

- A working group spearheaded by the US Treasury and India’s Ministry of Finance could begin an attempt to discuss a social security agreement (SSA).
- A detailed study must analyze the barriers and solutions for a US-India Totalization Agreement.

Facilitate Educational Exchanges

The new National Education Policy (NEP) of India, announced in 2020, creates a pathway for greater international collaboration in higher education, enabling select leading global universities to operate in India. The US has been a strong partner for India in higher education. Through long-standing frameworks including the US-India Educational Foundation (USIEF) and institutional mechanisms such as annual bilateral





dialogues, Indian academics have been closely interacting with their US counterparts over the years. Building on the strong foundation, cooperation in various aspects of higher education could now be strengthened.

- Reinstating the annual US-India Higher Education Dialogue, with involvement of education and technology-based private sector as well as academia will boost cooperation in this sector.
- Taking advantage of the increased acceptance of virtual classes, institutions on both sides could create more joint educational programs with joint student projects.
- Two-way exchange of faculty would aid knowledge sharing and exchange of best practices
- To enhance US students' exposure to India, the US launched a Passport to India program in 2016 and more recently launched the Partnership 2020 initiative.
- A boost to joint research projects, such as through the Indo-US Science and Technology Forum and US-India 21st Century Knowledge Initiative would help link education with STEM-based research, which is an important priority for both countries.
- The Prime Minister's Fellowship Scheme for Doctoral Research is a public-private partnership (PPP) between Science & Engineering Research Board (SERB), under the Department of Science and Technology (DST), Government of India, and Confederation of Indian Industry (CII). This fellowship encourages talented and result-oriented scholars to take up industry-relevant research. US institutions could partner with CII in this initiative.

Deepening Agriculture Trade and Technology Cooperation

The US and India have complementary needs and strengths in the agriculture and food sector. India as the top fastest-growing economies in the world offers huge market potential and a promising investment destination, while the US offers a rich knowledge and technology ecosystem for agriculture productivity, food processing, as well as storage and delivery infrastructure.

- The India-US Agriculture Dialogue should be revived with a heavy focus on private sector engagement to facilitate trade, investment, business and technology collaboration. The Dialogue should encompass discussions on enhanced trade, value addition as well as cold chain and warehousing infrastructure with the objective of deepening engagement between government and industry for action-oriented outcomes.

- US and India could support the creation of a Cold Chain Working Group within the overarching Agriculture Dialogue, where businesses from US may help in upgrading the refrigeration transport sector in India by putting more emphasis on creation of integrated logistics management for storage, transportation and distribution.



- The US–India Science & Technology Endowment Fund (USISTEF), established for the promotion of joint activities towards innovation and entrepreneurship, should be leveraged and promoted to include advanced on and off farm technology solutions in Indian agriculture. Advanced on farm technology solutions like precision agriculture, Artificial Intelligence, and robotics are some of the areas that could be explored for partnership. Off-farm side collaboration could be facilitated in blockchain, and traceability solutions. Rising Indian start-ups enhance the scope of engagement on digital applications in agriculture.
- India and US can establish collaborative training programs for upgrading the quality and food safety. Further a regulatory forum between the two countries could be constituted to create an on-going dialogue and address emerging issues.

Leverage State-level Opportunities for Economic Growth

It is important to continue supporting state-level linkages to further two-way trade and investment. Both Indian and US states create and enact policies to attract investment and job creation to their locales. Investors from both countries need consolidated and up-to-date information on states’ legislative priorities and incentives for economic growth that is currently unavailable.





- Virtual state missions and business engagement with State leadership over online platform must be encouraged to sustain momentum in business ties. US states and Indian states with similar or complementary ecosystems should be connected to further explore business opportunities.
- State-by-state investment and startup guides for both India and the US should be created. The reports, disseminated through industry bodies will ensure increased bilateral economic engagement by enabling informed business decisions and highlighting opportunities available for foreign direct investment. These guides will not only boost private investment, but will support state-level partnerships with synergistic economies and strengthen critical supply chains.

Indian companies have reaffirmed their commitment to the US market through their rising and continued investment in technology, pharmaceutical, manufacturing and engineering, and other sectors, as well as through increasing generation of local jobs, with their presence spanning across the 50 states plus DC. Under President Biden and Prime Minister Modi's leadership, CII would be pleased to partner with both Governments to support initiatives that continue strengthening our business and economic engagement. Indeed, through consultative process, the US and India can together create constructive collaborations needed to strengthen our bilateral partnership, and through that, the global economy, supporting livelihoods around the world.



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government and civil society, through advisory and consultative processes.

For 125 years, CII has been working on shaping India's development journey and, this year, more than ever before, it will continue to proactively transform Indian industry's engagement in national development.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with about 9100 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 288 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

With the Theme for 2020-21 as *Building India for a New World: Lives, Livelihood, Growth*, CII will work with Government and industry to bring back growth to the economy and mitigate the enormous human cost of the pandemic by protecting jobs and livelihoods.

With 68 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

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The Mantosh Sondhi Centre

23, Institutional Area, Lodi Road, New Delhi – 110 003 (India)

T: +91 11 45771000 / 24629994-7

E: info@cii.in • W: www.cii.in

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Reach us via our Membership Helpline Number: +91-99104 46244
CII Helpline Toll Free Number: 1800-103-1244