

CONSULATE GENERAL OF INDIA
SAN FRANCISCO

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Important Commercial News – May 2014

1 U.S. International Trade in Goods & Services March 2014

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that total March exports of \$193.9 billion and imports of \$234.3 billion resulted in a goods and services deficit of \$40.4 billion, down from \$41.9 billion in February, revised. March exports were \$3.9 billion more than February exports of \$190.0 billion. March imports were \$2.5 billion more than February imports of \$231.8 billion.

In March, the goods deficit decreased \$0.6 billion from February to \$60.7 billion, and the services surplus increased \$0.9 billion from February to \$20.4 billion. Exports of goods increased \$3.7 billion to \$135.1 billion, and imports of goods increased \$3.1 billion to \$195.8 billion. Exports of services increased \$0.2 billion to \$58.8 billion, and imports of services decreased \$0.7 billion to \$38.4 billion.

The goods and services deficit increased \$3.8 billion from March 2013 to March 2014. Exports were up \$9.2 billion, or 5.0 percent, and imports were up \$13.0 billion, or 5.9 percent.

2 US faces pressure to take India to WTO

The US government is coming under intense pressure from lawmakers to act against India at the World Trade Organization (WTO) for what they say are violations of patent rules. The tough stance adopted by US lawmakers raises the pressure on the new Indian government to swiftly swing into action to check against potential damage to bilateral trade ties, which have taken a knock in recent months.

The demand to move the WTO was made during a meeting of the Senate finance committee on the US administration's trade policy agenda on May 01, 2014, a day after the US Trade Representative released a report where it refused to downgrade India for its intellectual property rights (IPR) regime.

Clearly, the US senators were not satisfied with the response and attacked their government for letting several developing countries, including India, China and Brazil, steal a march. "In 1990s, India and China had limited technical capacity. Now, they can use highly technical standards to advantage their domestic firms and extract American company's intellectual property for their own use. And it's a shakedown, plain and simple," said Ron Wyden, who chairs the US Senate finance committee.

Some others went a step further and attacked India. "India's been pursuing trade policies that undermine US intellectual property to promote its own domestic industries. What they are doing seems to me to be a clear violation of their WTO obligations...enforcement action at the WTO may be the most effective tool that we have to get India to change its behaviour," said Orrin G Hatch, a Republican from Utah. Similarly, Democrat Robert Menendez pointed to specific concerns over "India's pharmaceutical patent violations".

He specially flagged two concerns, patents and compulsory licensing, issues that are of special interest to global pharmaceutical giants, which have been lobbying with the US authorities as well as with lawmakers. "We've been encouraging them to enter into a dialogue about other mechanisms for addressing legitimate concerns about healthcare in India and about access to medicines that do not violate our IPR," Froman said.

Although the Indian government has indicated that it is open to a dialogue, it wants the agenda to include other areas of interest as well. At the same time, officials have ruled out any violation of India's international commitments on IPRs, arguing that it issued a compulsory license, which means it waived a company's patent rights, over a cancer drug for affordability.

Similarly, the government maintains that denial of patents was allowed under section 3(d) of Indian Patent Act and did not violate WTO's Agreement on Trade-Related Aspects of IPR (Trips) if there was no genuine invention or discovery and there was an attempt to merely tweak an existing product to continue with the patents. Officials have also pointed out that several US companies, including Abbott, Boeing and Honeywell, have praised India's IPR regime.

3 US senators against export of natural gas to India, China

A bi-partisan group of 22 American senators have expressed reservation on the export of natural gas to Asian countries such as India and China, arguing that such a move by Obama administration would result in an increase in cost for consumers and businesses at home.

"Natural gas prices in Asia are currently three to four times higher than those in the US. Integration of US and Asian natural gas markets through US exports

could lead to further increases in prices for American consumers and businesses, which may fundamentally reverse many of the economic benefits that have led to the current surge in manufacturing job growth in the US," the senators said in a letter to Obama.

They said the "large-scale exports of natural gas to Asia could also jeopardize America's goal of achieving energy independence, a goal made more achievable by the recent increase in domestic gas production." The senators urged Obama to consider the impacts on American manufacturing and families that rely on natural gas.

"Families and businesses depend on affordable and reliable supplies of natural gas. This winter many parts of the country faced tight supplies of propane and natural gas and families were left to face high energy bills... Taking a longer-term view, the United States has benefited from rising supplies and lower prices for natural gas since 2008."

The senators said that the recent approval for export of liquefied natural gas from a sixth export facility has meant that the total approved exports now exceeds the amount of gas currently being used in every single American home and commercial business.

The exports well exceeds the high export scenario referenced by a department of energy study in 2012 that indicated prices could increase by up to 54 per cent, the senators said, adding that it would translate into more than USD 60 billion a year in higher energy costs for American consumers and businesses, they said.

4 US Company Cancer Genetics Inc buys India's genomics firm BioServe

US-based life sciences company Cancer Genetics has acquired Hyderabad's genomics services provider BioServe India for \$1.9 million (Rs 11 crore).

The firm provides genomics services like next-generation sequencing genotyping and DNA synthesis for customers such as Dr Reddy's Laboratory, Indian Institute of Science Education & Research and the Centre for Cellular and Molecular Biology.

"With BioServe, we will become better positioned to increase our global presence in personalized cancer care," said Panna Sharma, chief executive of Cancer Genetics (CGI). It provides DNA-based cancer diagnostics that personalises the clinical management of difficult-to-diagnose cancers.

"We will further improve outcomes and lower costs for cancer patients," said Sharma whose firm has research collaborations with cancer centers such as Memorial Sloan-Kettering, The Cleveland Clinic, Mayo Clinic and National Cancer Institute.

CGI plans to retain all the 33 employees of BioServe and further expand and strengthen the sales and clinical teams in India. "It's a proud moment for us," said Rama Modali, founder of BioServe.

Next-generation genomics is one of 12 disruptive technologies with potential to deliver economic value of up to \$33 trillion a year worldwide by 2025, according to McKinsey Global Institute. Startups entering the space are drawn by growing demand from consumers for such services.

In the past two years, at least half a dozen ventures, such as NutraGene, InterpretOmics and Xcode Life Sciences, have been set up. These companies offer a range of personal genomic services that predict diseases and pinpoint the right medicine for an individual.

"We are happy to see that a biotechnology company we nurtured from its early stages is graduating to the next level," said Venkatadri Bobba, general partner at Ventureast, an investor in BioServe.

5 India sends most students to America after China

The US Consulate General in Mumbai interviewed more than 1,000 F1 (academic) visa applicants on May 28—the day it will celebrate Student Visa Day. On this day, the consulate opened its doors exclusively to students applying for visas to the US.

Student Visa Day applicants were treated to refreshments in a festive, collegiate atmosphere. Staff from the consulate and the United States-India Educational Foundation was on hand to answer questions. Experts also provided tips and information on academics and campus life to ensure students' success in the United States, said Melina Gomes of the US Consulate, Mumbai. An overwhelming number of foreign students in the US who are pursuing science, technology, engineering and math are from Asia, with 24% originating from India and China.

Of the total proportion of foreign students in the US, India cements its place as the No. 2 destination after China. While 29% foreign students in the US with F (academic) and M (vocational) visas are from China, 11% come from India, says US immigration and customs enforcement report released in April.

Nearly 100,000 Indians are pursuing higher studies in the US, enriching our classrooms and campuses and building relationships that will last a lifetime, said the US Consul General in Mumbai, Mr. Peter Haas.

The US embassy in New Delhi and the consulates in Chennai, Hyderabad, Kolkata and Mumbai issued over 36,000 F1 student visas in the fiscal year that ended September 30, 2013. A record number of F1 visa seekers have applied at US consulates in Mumbai, New Delhi, Kolkata, Chennai and Hyderabad since last October, with student visa issuances up 40% compared with the same period last year.

6 18 Indian students participated at Intel's International Science and Engineering Fair 2014

Eighteen of the brightest and sharpest minds from India compete with global peers at Intel's International Science and Engineering Fair (ISEF) in Los Angeles, US. The Intel ISEF is a global science competition for students from grades 8-12 and this year's edition was held between May 11 to May 16, 2014.

"The young innovators referred to as Team India represented the country at the fair and compete against 1,600 finalists from over 70 countries across the globe,"

Intel said in a statement. This year, the highest number of entries are being sent from India in the history of the competition with 12 projects competing at the event.

Participants from India submitted projects across categories like animal science, chemistry, computer science, electrical and mechanical engineering, mathematical sciences and environmental management. Both IRIS and Intel ISEF are influential in highlighting the unique pool of creativity and innovation

that exists in India, Intel Director (Corporate Affairs Group) South Asia Ashutosh Chadha said.

"This year, with 12 projects being selected for ISEF, we had a greater opportunity to showcase the talent existing within the youngsters of the country, encouraging them to create realistic solutions, through research practices, to scientific challenges that are vital for tomorrow's progress," he added.

Intel ISEF is a program run by the Society for Science and the Public (SSP) in partnership with Intel Corporation. Participants compete for more than US \$ 4 million in awards and scholarships. The winners were selected on the basis of their creative ability and scientific thought, as well as the articulacy, skill, and clarity shown in their projects.

7 Amazon steps up US lobbying for Indian FDI

After supermarket giant Walmart, it is online retail major Amazon which appears to be lobbying hard with the US lawmakers to seek their support for facilitating its "foreign direct investment in India".

According to the latest lobbying disclosure reports filed with the US Senate, Amazon lobbied for the second straight quarter during January-March period of 2014 on issues related to FDI rules in India.

According to the Amazon's lobbying disclosure report for the first quarter of 2014, matters related to "foreign direct investment in India" figure among numerous specific lobbying issues discussed by Amazon Corporate LLC and its registered lobbyists with the US lawmakers.

Amazon, which is aggressively expanding its presence in the Indian online retail market, lobbied on issues related to Indian FDI during the October-December

quarter of 2013 also, shows the Congressional records of lobby disclosure reports. The other matters on which Amazon lobbied during the last quarter include issues related to mobile payments, unmanned aerial vehicles, free trade agreements, high-skilled immigration, online wine sales, taxes and cyber security.

8 Obama to host CEOs whose firms are investing in US

President Barack Obama hosted executives from 11 foreign and US-based companies that have chosen to open new plants or relocate overseas operations in the United States. The gathering is designed to illustrate growing interest in the United States by firms capable of creating high-paying jobs.

Obama is showcasing the effect of an improving economy on job growth during a congressional election year that finds the public still anxious about employment and financial wellbeing.

"The rest of the world is seeing the benefits of 'Made in America,' and for good reason," said Jeff Zients, a top Obama adviser and director of the National Economic Council. "Our competitive advantage is very clear."

White House advisers said an effort by Obama to streamline US outreach to foreign companies has resulted in \$18 billion in new business investments in the United States in 17 different states and territories. They said the program, called SelectUSA, has helped nearly 500 businesses since October.

The executives invited to White House round-table discussion were from Ford, chip manufacturer GlobalFoundries, toy maker K'nex, South Korea's Hankook

Tire, German airline Lufthansa, Swedish technology firm Ericsson, Danish biotechnology company Novozymes, Canadian apparel maker Richelieu, Belgian materials technology company Umicore, French high-tech company Safran and Switzerland-based Zurich Insurance Group.

Obama was to announce he will hold a SelectUSA summit next spring, with a goal of attracting more than 2,500 people from around the world to discuss job creation and the appeal of investing in the United States.

According to a report prepared by the White House and the Commerce Department, US affiliates of foreign corporations pay average compensation that is higher than the average compensation for workers in the economy as a whole.

Obama advisers point to a survey last fall by the Boston Consulting Group, a global management consulting firm, which found that 54 percent of executives of large U.S.-based manufacturing companies said they planned on or were considering moving production facilities back to the US from China. That was up from 37 percent a year earlier.

9 Pfizer, Roche end association with US-India Business Council

Tension over intellectual property rights (IPR) between the US and India has led to cracks in the US India Business Council (USIBC), a grouping of hundreds of companies present in both countries, to the extent that a section of Big Pharma has chosen to end its association with the organization seemingly in a huff.

Pfizer Inc and Roche are no longer part of the lobby group. This followed the USIBC urging US government agencies against punishing India for perceived deterioration of the IPR environment in the country, two persons with direct

knowledge of the matter told ET. Pfizer is headquartered in the US and Roche is based in Switzerland.

The pharma multinationals contended that proper USIBC board approval hadn't been obtained before the grouping's views were presented to US government agencies that were reviewing the case for India's downgrade, said one of the persons cited above. The matter was raised with the USIBC leadership by the drug companies and culminated in Pfizer and Roche disassociating themselves from the body. Pfizer held a seat on the board and was represented by executive vice president of corporate affairs Sally Susman. While USIBC confirmed the two big drug companies were no longer members, it didn't elaborate on the reasons for this.

"While most of our members choose to continue their membership with the council, some do not and this can be for a wide variety of reasons but each case is specific to that particular company," the spokesperson said, adding that it would welcome "revived associations of Roche and Pfizer".

USIBC members across sectors seem to be divided over India's intellectual property environment, whether it's a threat to US business interests and how the American government should respond to it, going by some of the individual submissions companies have made to the US Trade Representative (USTR) and the US International Trade Commission (USITC). USTR was looking at whether

Indian's IP environment had deteriorated enough to warrant a downgrade while USITC is inquiring into whether Indian policies discriminated against US trade.

For instance, Boeing and Honeywell International Inc backed India's IPR regime. Drug maker Abbott, which has the largest share of India's 75,000-crore retail drug market, said it wasn't facing any significant challenge on IPR issues. But

Pfizer and PhRMA, which represents US drug firms, were pushing for a downgrade of India's intellectual property regime. PhRMA is also a USIBC member.

10 Trade Delegations:

No trade delegation visited India from the jurisdiction of this Consulate and no trade delegation from India came in this area.

11 Commerce related delegation

Following delegations visited this area during the month of May 2014:

Mr. A.K. Bhardwaj of DGCA visited Fullerton, CA from April 27 to May 01, 2014

Mr. Pravir Pandey and Mr. H.N. Aswath of Ministry of Shipping visiting San Francisco from May 30-June 06, 2014

12 Trade enquiries

This Consulate received trade enquiries from the following companies / individuals during the month of May and appropriate replies were given to them.

- a Agilam Marketing Pvt. Ltd. Mumbai
- b Raaku Exports, Coimbatore
- c Indian Ethnic Gifts, Jaipur
- d Hi-Tech Food Ingradants, Ahmedabad
- e Ajay Syscon Pvt. Ltd. Pune
- f Sri JK Overseas, Tamil Nadu
- g Mr. Lal Momaya, Chatsworth, CA

13 Trade Disputes

Mr. Mukesh Sorathiya of Gayatri Metal Products approached this Consulate for non payment of dues from Malibu Kayaks LLC of Paramount, CA against the

goods supplied to them. We have taken up the issue with the company in California and are awaiting their response.

14 Visas Issued

During the month of May 2014 this Consulate Issued **2438** Tourist visas and **678** Business visas.

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