

U.S. AND INDIA WORKING TO BUILD ON GAINS FROM TRADE FORUM

Relevant for: International Relations | Topic: International Treaties & Agreements, and other important organizations

The trade talks last year helped take Indian mangoes to the U.S. market.

With the reappearance of Indian mangoes in the U.S. market, after the November 2021 U.S. India Trade Policy Forum (TPF) helped overcome a pandemic-induced hiatus in mango trade, officials are looking at what can be achieved in this year's TPF session, likely to be held in November.

For the U.S., exporting ethanol and an associated animal feed ingredient, called DDGS (Distillers' Dried Grains with Solubles) to India in the agricultural goods category is important, a U.S. government official told *The Hindu*.

As far as ethanol trade is concerned, the U.S. official said they were aware that India had "some sensitives" given it has domestic ethanol producers, and that the U.S. could find a way to supplement these sources, to help with renewable energy goals, even if that meant not fully liberalising the market for ethanol. India amended the National Policy on Biofuels in May to advance the 20% ethanol blending target in petrol by five years, to 2025-26. The amended policy also allows the greater use of feedstock for biofuels.

For India, the export of carabeef (water buffalo meat) to the U.S., as well as table grapes are among the agricultural trade priorities currently under discussion, the official said.

The resumption of Indian wild caught shrimp exports to the U.S. is also an agricultural priority area being discussed. U.S. law prohibits the import of wild caught shrimp and its derivative products if protected sea turtle species are harmed in the process. One way around this is to use Turtle Excluder Devices (TEDs) while fishing for shrimp; India views this as a technical barrier to trade.

In conversations with *The Hindu*, officials on both sides, emphasized that there are priority items in each working group at this stage, cautious not to emphasize any one good or service as having overarching priority across groups. The TPF goes beyond agri-trade to include goods and services in other sectors — and items on these other lists are also of importance, as working groups negotiate on subjects that fall in their respective areas.

Inter-sessional meeting

The Hindu has learned that the two sides are expected to take part in an inter-sessional meeting sometime in July. That is when notes across working groups are compared — and negotiations across goods and service categories begin. Four working groups were identified during the TPF — agricultural goods, non-agricultural goods, services and investment (includes digital trade), and intellectual property (IP).

On the U.S. side, greater access to the Indian market for medical devices, as well as digital trade, remain priorities, the U.S. official said. India wants to be reinstated as a beneficiary of the U.S.'s preferential market access programme — the Generalized System of Preferences (GSP).

India was taken out of the GSP programme by former U.S. President Donald Trump, in June 2019, for not opening up its markets enough (as per Mr Trump). The programme itself expired on December 31, 2020, and has to first be renewed before India is re-admitted to it. About \$5.6 billion of Indian exports to the U.S. were covered by the programme, although the tax savings for these products amounted to less — about \$190 million.

Higher bar

The renewal of GSP is featured in the House of Representatives' America Competes Act (2022), and the Senate's U.S. Innovation and Competition Act, 2021, (USICA).

The two pieces of legislation have passed their respective chambers and are currently being reconciled with each other, so they can be sent to President Joe Biden for his assent. The process could carry on through the end of August.

The new House and the Senate language on GSP require beneficiary countries to meet standards on internationally recognized human rights.

They include provisions to ensure beneficiaries are following their own environmental laws and international commitments.

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