

Jay Timmons' Remarks, "Improving U.S.–India Trade Relations"

June 4, 2014

As Prepared for Delivery

Thank you, Bill, for that introduction and thanks to all of you for joining the National Association of Manufacturers and *The Weekly Standard* as we discuss ways to improve U.S.–India trade relations.

Today, manufacturing is increasingly a global enterprise.

As one of the most open markets in the world, the United States has long participated in the global economy. Manufacturers in the United States sell overseas, purchase inputs from overseas and partner and compete with businesses around the world.

While trade and foreign investment have posed challenges for manufacturers, they have also produced a manufacturing sector that is more productive, innovative and ultimately larger than ever before. Last year, manufacturing in the United States reached its highest level ever, contributing more than \$2 trillion to the economy. U.S.-manufactured exports helped propel this growth—manufacturers produced a record of nearly \$1.4 trillion in exports. So did U.S. investment overseas and foreign investment in the United States. America's economic openness is a strength and one that we are trying to expand through new agreements with Europe and the Pacific Rim.

While manufacturers in the United States, Europe and elsewhere have participated in the global economy, unfortunately, India has increasingly moved away from engagement. In the past few years, India's much lauded reforms of the early 1990s became retrenchment that has not only undermined U.S.–India commercial relations, but also India's own manufacturing economy and its ability to grow economic partnerships around the world. India has been out of step not only with America, but also with much of the rest of the world.

India's recent elections, however, offer hope that the world's largest democracy may embark on a new era of reform and economic openness. The election of Prime Minister Narendra Modi is a significant victory, one that may very well provide India its best chance to prosper in more than half a century and put India on the path of realizing its potential and that of its 1.2 billion people.

With an outright majority in parliament, Modi and his cabinet have an unprecedented opportunity to promote reform and growth throughout India. Winning an outright majority in India is no small feat, especially when you consider that India's 814 million voters had candidates from some 1,600 political parties from which to choose.

If the new government seizes the momentum its election has created and implements needed economic reforms—reforms with respect to trade, investment and innovation—both Indians and

Americans will win. Already, Prime Minister Modi has shown his action orientation, issuing a 10-point plan for reform and seeking 100-day agendas from each of his cabinet colleagues.

Manufacturers in the United States are optimistic that we have before us an important opportunity to put the U.S.–India economic relationship back on track.

During his campaign, India's new prime minister focused on the need to grow India's economy, adopt pro-investment reforms to attract business activity and, importantly, limit corruption. In fact, increasing investment in manufacturing is a key component of his agenda.

Manufacturing has raised the standard of living in the United States by producing high-paying jobs that revitalize communities, and the same can be done in India.

Prime Minister Modi's record demonstrates that he understands the importance of attracting investment and promoting business-led economic growth. His tenure as chief minister of the Indian state of Gujarat displayed his concrete and effective perseverance in putting in place policies that fostered economic competition and investment, education and skills development of its workers—all issues we are dealing with here in the United States.

And while much of the new government's focus will be on the domestic economy, Prime Minister Modi's victory is a vital moment for U.S. and Indian leadership to chart a new path forward in our bilateral relationship.

For example, it is critical that we see a serious and timely resumption of constructive economic dialogues between the United States and India. The U.S.–India Trade Policy Forum has not met since 2010. The next meeting needs to take place soon and engage economic leaders from both of our countries. This is a key signal that can easily be undertaken by the Modi government. We and our trading partners around the world will be watching to see if the new Indian government truly wants a more constructive path going forward.

Of course, India and the United States won't see eye to eye on every issue. That's not unusual. It must, however, become normal in the U.S.–India relationship to talk about those differences and work through them, not avoid or ignore them.

If India chooses the path of dialogue, reform and full engagement with the global economy, there are many areas where manufacturers believe that collaboration is possible.

Manufacturers throughout the United States want to see a stronger and more robust Indian economy and to work with businesses in India on a range of issues, from growing innovation and skills to improving participation in global supply chains. By working together on trade, investment and other issues, we can grow both our economies in a fast-paced and globally connected world economy.

The NAM stands ready to work together with the Indian government and the Indian business community to share our experiences and best practices, as well as work with our own Congress and trade representatives. We also recognize we can learn from India. But for this partnership to succeed, India needs to be prepared to embrace this opportunity for constructive dialogue and develop a business climate that promotes competitiveness and innovation.

The coming weeks and months will be pivotal to India's path and the direction of our bilateral relationship. Today, we have a panel of experts who will examine both the opportunities and challenges in advancing a more robust and mutually beneficial U.S.–India economic and commercial relationship.

I appreciate having the opportunity to offer manufacturers' perspective on these important issues, and I'll now turn it back over to Bill.