



**CHAIRMAN**  
Indra K. Nooyi, PepsiCo

**DIRECTORS**  
Gen. William J. Begert  
Pratt & Whitney

Anil Bhalla  
J.P. Morgan Chase

P.C. Chatterjee  
The Chatterjee Group

Tejpreet Chopra  
General Electric

Sec. William S. Cohen  
The Cohen Group

Paul Conway  
Cargill

Michael Ducker  
FedEx

Amb. Susan Esserman  
Steptoe & Johnson

Michael R. Gambrell  
Dow Chemical Company

Rajat Gupta  
McKinsey & Company

Kenneth Juster  
Salesforce.com

Chip Kaye  
Warburg Pincus

Richard Kirkland  
Lockheed Martin

Arun Kumar  
KPMG

Rich Lavin  
Caterpillar

Timothy Massad  
Cravath Swaine & Moore

Dick Mucci  
New York Life

Lakshmi Narayanan  
Cognizant

Sanjay Nayar  
Citigroup

Ashish Prasad  
Mayer Brown

James Quigley  
Merrill Lynch

Thomas Schick  
American Express

Sudhakar Shenoy  
IMC

Ian Q.R. Thomas  
The Boeing Company

Amb. Frank Wisner  
AIG

**USIBC PRESIDENT**  
Ron Somers

December 2, 2008

Mr. Peter Cowhey  
Team Lead  
Office of the US Trade Representative  
Executive Office of the President  
Obama-Biden Transition Project Agency Review Working Group  
Via Email: [REDACTED]

Dear Mr. Cowhey,

I am writing on behalf of the Board of Directors of the U.S.-India Business Council (USIBC), the premier advocacy organization representing 300 of the largest U.S. companies exporting to and investing in India. The USIBC wishes to take this opportunity to review our trade and investment agenda with India and to urge the new Administration to move forward on the bilateral investment agreement negotiations that the U.S. and Indian governments have recently launched. We believe that the Obama Administration has the potential to change the paradigm on U.S.-India trade and investment and promote socially inclusive growth, stronger business ties, and the rule of law between the U.S. and India.

The U.S. Government, on a broad bipartisan basis, has embraced an unprecedented strategic partnership with India. The passage and enactment of the historic U.S.-India civilian nuclear accord last month opens new opportunities for U.S.-India collaboration in commerce and trade, defense, education, and in support of our broadly shared democratic ideals. The incoming Administration has the opportunity to build a more comprehensive trade relationship that will not only reinforce our national security objectives, but will also benefit American businesses and workers, as well the Indian American community that forges a vital link between the two countries.

Our countries are bound by common democratic and secular foundations, shared values, including an embrace of diversity, and an entrepreneurial spirit. Building on this base and the rise of the Indian economy, the Clinton and Bush Administrations have championed a strong political and national security relationship with India.

Over the last five years in particular, U.S. business interest in India has surged. Indeed, bilateral trade has grown at a rapid pace that could not have been anticipated ten years ago. U.S. exports, alone, nearly doubled between 2006 and 2007 and are on pace to increase another 25% in 2008. Further, Indian direct investment in the U.S. more than doubled in 2007, with Indian companies creating or sustaining U.S. jobs in industries ranging from clean energy to machinery and equipment manufacturing. Bilateral trade and investment have expanded across a broad range of sectors, including in the technology, manufacturing, green energy, health, and defense areas.

Nonetheless, bilateral trade is at relatively low levels and lingering trade barriers and unpredictable regulation prevent U.S. trade and investment in India from reaching its potential, given the growth in the Indian economy, the common language and entrepreneurial spirit, promising demographics, and rise and size of the middle class in India. We believe that a more comprehensive approach to our bilateral trade and investment relationship can further enhance the rule of law in India, increase consumer and investor confidence, and stimulate greater trade and investment on a mutually beneficial basis.

As a first foundational step to address these concerns, a broad range of businesses and associations in both the U.S. and India worked over the last year to build consensus to support the launch of bilateral



investment negotiations. It is rare that the U.S. and Indian private sectors and governments have reached such consensus.

In fact, Indian companies are particularly interested in a bilateral investment agreement because, as noted above, they have made major investments in the U.S. in the last few years, supporting over 30,000 American jobs. These Indian companies have contributed to the communities in which they have invested, including through corporate responsibility programs, educational assistance, and employment outreach.

The decision by the U.S. and Indian governments to launch formally bilateral investment negotiations is an important step, and we strongly urge the Obama Administration to move forward with and provide its imprint on these negotiations. A bilateral investment agreement would provide an important legal remedy for U.S. companies against arbitrary Indian government actions that have impeded more significant U.S. investment and broader collaboration between our two countries. It would also help to stimulate badly needed investment in Indian infrastructure so vital to its development.

An investment protection agreement also would provide U.S. investors in India with a more secure, stable, and predictable environment for investment by incorporating well-established substantive legal protections typically found in the more than 2,000 existing bilateral investment agreements. Greater U.S. investment in India, furthered by these protections, in turn promotes U.S. economic growth and jobs: Companies that invest abroad export more (accounting for one-half to three-quarters of all U.S. exports), expend more on U.S. research and development, and pay their U.S. workers more.

A U.S.-India bilateral investment treaty would also level the playing field and provide U.S. investors in India with the legal protection that European and other companies currently enjoy as a result of existing bilateral investment agreements between India and their host states. In fact, U.S. investors in India have limited legal remedies when facing high-profile disputes in infrastructure projects and other large investments.

Multilateral issues are an important part of the U.S.-India trade relationship, and we share the U.S. Government's disappointment with the Indian positions on the WTO Doha Round negotiations. We stand ready to assist the U.S. Government in whatever way we can to promote understanding and possibly greater convergence between the positions of U.S. and India. Moving forward on the bilateral investment negotiations, however, should not be tied to progress on the WTO. Such an approach would only harm American interests, which stand to benefit broadly from the legal protections that an investment agreement would provide.

We congratulate President - Elect Obama on his election and look forward to working with the Administration to build on the momentum arising from the civilian nuclear accord. We hope the Administration can assist in providing the legal and trade framework that will facilitate greater collaboration between and opportunities for U.S. and Indian companies alike. Such a framework, which would promote a stable trade and investment environment, is especially important in this uncertain economic and geopolitical climate that our countries are confronting.

Sincerely,

Ron Somers  
President, US-India Business Council