



cyril amarchand mangaldas
advocates & solicitors

INDIA UPDATE

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Namaste Trump India Visit – Key Highlights

US President Donald Trump was on his first official two-day visit to India from 24-25 February 2020. Mr Trump is the seventh US President ever to travel to India and this visit marks the increased level of engagement and strengthening of the relationship between the US and India. Mr Trump was also the first US president to have visited Ahmedabad where he inaugurated the world's largest cricket stadium in the presence of over 100,000 people.

India and the US, two of the world's largest democracies, have been relatively steady trading partners for years. The bilateral trade of goods and services between the US and India ballooned from

USD 66 billion in 2008 to USD 160 billion so far, which is no mean achievement. But, at times, both New Delhi and Washington have squabbled over tariffs which have impacted the bilateral balance between the two.

In June 2019, when the US abruptly ended India's preferential trade status and elevated it to 'developed' nation category, denying trade concessions, India was left disappointed. However, Mr Trump's assertion of a renewed focus on developing comprehensive trade deals between the two countries brought in some cheer. Here is a snapshot of what was announced during the visit:

Defence

India spends heavily on defence and is a large importer of US arms. India signed a USD 3-billion chopper deal wherein it will procure 24 MH-60 Romeo and six AH-64E Apache helicopters from the US. The US is open to co-development of military systems and transfer of technology to India.



Energy

A letter of cooperation was signed between Indian Oil Corporation and global energy major ExxonMobil India LNG with Chart Industries of the US. India will be able to import more Liquefied Natural Gas and improve its natural gas distribution network.



Healthcare

The Central Drugs Standard Control Organisation and the USFDA signed an MoU over safety of medical products. Another MoU was signed between the mental health departments of both the countries.



HOW INDIA & USA GAINED

01

DEFENCE

India is projected to spend billions of dollars between 2020 and 2030 to modernize its military establishments. India's USD 3 billion chopper shopping is likely to generate jobs with contractors of the US arms. The US is in an advantageous position to cash in on the opportunity.

ENERGY

02

The Energy sector remains one of the key pillars that supports and strengthens the job market. The US is an important supplier of crude and LNG to India with import of the two commodities totalling USD 6.7 million in imports. The growing energy trade will continue to benefit the US economy and also help cut environment losses globally.

US BENEFITS

03

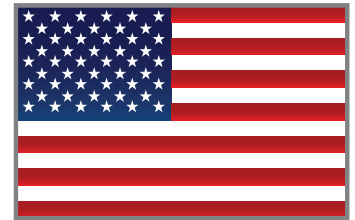
PHARMA

India is among the top five drug exporters to the US. It exported pharma products worth USD 5.82 billion in 2018-19. India, being a bulk producer of cheaper generics, has helped in mitigating the demand for generic prescription drugs. The MoU between the two countries will further enhance the scope of exports of such drugs.

HEALTHCARE

04

The exponential rise in mental health issues are of grave concern for any country. The agreement will allow the US to exchange knowhow with India and facilitate access to Indian traditional therapies.



01

DEFENCE

India is looking to strengthen its defence capabilities. By buying the sophisticated and most advanced helicopters – Apache and MH 60 Romeo- and other military equipment, India would maintain a high level of military preparedness. Besides, India and the US may become supply chain of each other in defence manufacturing.

ENERGY

02

The IOC and Exxon Mobil agreement will diversify India's energy needs. LNG, because of its lower cost and low carbon footprints, is the preferred energy type. The delivery of natural gas containers outside the pipeline network will hasten the use of clean fuel in India. It will also reduce India's dependence on West Asia for its oil needs.

INDIA BENEFITS

03

PHARMA HEALTHCARE

The pharma-related MoU is expected to translate into a good equation with USFDA that will help Indian pharmaceutical companies, grappling with pricing pressure and competition, earn a certification (after meeting regulatory requirements) and increased access to the US market.

RESOLUTION OF IMPASSE

04

The chemistry between the two leaders has generated optimism that the current impasse on trade status will be resolved soon. The deals will give rise to employment generation and industrial cooperation between the two countries.

Going Forward:

Mr Trump also emphasized on the importance of securing 5G wireless network. India, being the largest open data market in the world, holds out enormous scope for US tech companies in terms of scalability for their products. No other country on earth gives the humungous opportunity that India offers in this field.

Mr Trump said the two countries are in early stages of discussion to arrive at a trade agreement that will reduce barriers for investment and also

promised presence of a permanent office of the US International Development Finance Cooperation in India which will help expedite pacts.

Conclusion:

Overall, Mr Trump's India visit marks an era of increased collaboration and engagement on strategic deliverables resulting in enhanced bilateral trade and increased defence co-operation. This sets the stage for a deeper engagement between the two great nations in the coming years.

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cyril amarchand mangaldas
advocates & solicitors

cyril amarchand mangaldas

mumbai | new delhi | bengaluru | chennai | hyderabad | ahmedabad

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