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U.S. Reps. McCaul and Matsui Call on USTR to Protect American Companies from India's Unfair Preferred Market Access Policy

Policy will put U.S High Tech Industry at Competitive Disadvantage

WASHINGTON, D.C. – Today, the Co-Chairs of the Congressional High Tech Caucus, Congressman Michael McCaul (R-TX) and Congresswoman Doris Matsui (D-CA), sent a bi-partisan letter to the U.S. Trade Representative's Office (USTR) expressing strong concerns over the Indian government's recently issued Preferential Market Access (PMA) policy which would essentially halt the export of U.S. made high-tech goods into the Indian market and is a clear violation of the World Trade Organization rules.

The letter raises concerns with the PMA policy and urges USTR to take action, arguing "the potential detrimental impact of this policy on U.S. high-tech exports to India warrant USTR's consideration of all available tools to ensure U.S. technology companies are able to compete fairly in this critical market.

The letter was signed by forty-five bi-partisan Members. A PDF copy of the signed letter is available [here](#) .

The full text of the letter is below:

Ambassador Ron Kirk
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Kirk:

We are writing to request that the U.S. Trade Representative's Office take urgent action on the recent Preferential Market Access (PMA) Policy issued by the Government of India. The potential detrimental impact of this policy on U.S. high-tech exports to India warrant USTR's consideration of all available tools to ensure U.S. technology companies are able to compete fairly in this critical market.

We remain concerned that the PMA is designed to boost domestic manufacturing of information and communications technology (ICT) hardware through discriminatory, local content requirements, and more specifically, is aimed at forcing foreign ICT companies to establish manufacturing in India. Furthermore, it seems clear this policy will be applied not only to public procurements but also to procurements by private-sector entities.

Since the original policy was published earlier this year, the Obama administration has supported the U.S. technology industry by raising concerns at the highest levels of the Indian government. The European and Japanese governments have also raised this issue directly with New Delhi. In addition to making clear its opposition to the policy, U.S. industry groups have also developed constructive policy recommendations for the Indian government that do not resort to discriminatory policies or violate global trade rules. Finally, in a bipartisan letter, 21 members of the U.S. House of Representatives Congressional High-Tech Caucus wrote to Ambassador Nirupama Rao on June 11, 2012, raising concerns with the policy and urging the Government of India to reconsider its application.

Despite all of this high-level engagement, last month the Government of India issued new guidelines implementing the PMA policy, which states unequivocally that "It shall be mandatory for all organizations, public or private, procuring electronic products notified under this clause to provide preference to domestically manufactured electronic products in terms of the policy." We

understand that the Indian Government is now in the process of defining the scope of products subject to the new policy. How that scope is defined will reveal whether the Government of India's concern is, as it has stated, security, or whether it is an effort to promote domestic manufacturing through discriminatory, WTO-inconsistent actions.

Taking robust action against discriminatory policies is crucial not only to supporting American workers, but also to sending a signal that the United States will not allow countries to violate fundamental international trade obligations. At this time of economic uncertainty, the American people expect a level playing field in the global marketplace. We urge you to use all tools at your disposal to remedy this situation for the benefit of American workers and exporters.

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