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## SPOTLIGHT: INDIA, US: DIGITAL ECONOMY

**1. RCEP held its Fourth RCEP Ministerial Meeting in August.** Reports suggest members including India have agreed against a tiered approach which offers different degrees of tariff reduction for different members. RCEP is also reportedly considering a longer phase out period for tariff particularly for sensitive items. The mega-regional agreement has seen differences in ambitions among its members. India wants strong offers in services and investment particularly movement of skilled professionals. The Commerce Minister Nirmala Sitharaman recently informed the Parliament that clauses for evergreening of patents (extending patents through incremental innovations) have been removed.

**2. India's Prime Minister Narendra Modi & Bangladesh's Prime Minister Sheikh Hasina have inaugurated the Petrapole Integrated Check Post (ICP) in July.** The Petrapole border post in West Bengal, said to be the biggest land port in South Asia, is now the second ICP on the India-Bangladesh border. West Bengal CM Mamata Banerjee joined in as well. India has been working to build the advanced facilities and the new infrastructure is expected to improve facilities like customs, immigration, security and quarantine which will smoothen cross-border trade and enhance connectivity and integration.

**3. India's exports grew for the first time since December 2014, increasing** by roughly 1.27% to \$22.57 billion in June 2016. The rising exports were coupled with a continued decline in imports and this helped bring down - by roughly one-fourth - the overall trade deficit to \$8.12 billion on a y/y basis. The government has been using several measures to boost India's exports including through steps like enhanced tax credits, supporting MSMEs, trade facilitation measures and by linking it with the Make-in-India programme.

## MONTHLY TRADE REPORT INDIA TRADE POLICY UNIT AUGUST 2016

### INDIA, US: DIGITAL ECONOMY

The Deputy US Trade Representative (USTR) Robert Holleyman visited India in July in advance of the 2016 U.S.-India Trade Policy Forum and discuss digital economy. During his visit, Holleyman stated that the US has asked India to eliminate customs duties on ICT products and is working together for implementation of the WTO Trade Facilitation Agreement to help in free flow of such items.

The senior trade official visited New Delhi along with team members including USTR's IPR Director. The US has a [Digital 2 Dozen](#) framework (reflected in the Trans-Pacific Partnership) which contains provisions for prohibiting customs duties for digital products, free and open internet particularly for commercial purposes, barriers on cross-border movement of data, forced technology transfers, among others.

Digital trade is increasingly considered an essential pillar on which trade rules must be formed. The WTO's Tenth Ministerial Conference (MC10) last year secured an Information Technology Agreement. There are also discussions in the WTO about e-commerce and digital economy.

The two countries will hold the 10th U.S. – India Trade Policy Forum (TPF) in October. The USTR team was in town to meet with their counterparts at the Ministry of Commerce & Industries to prepare for the forum. The two sides will also hold the U.S. – India Strategic and Commercial Dialogue which is expected to focus on standards.

