

U.S. tech groups alarmed by India purchasing plan

Doug Palmer, Reuters

Leading software and technology companies on Wednesday pressed President Barack Obama's administration for quick action on a new Indian government policy that they said threatens exports to the fast-growing economy.

The Business Software Alliance, Telecommunications Industry Association and other groups said in a letter to Trade Representative Ron Kirk that they were "deeply concerned" by a plan that would require the Indian government to give domestic electronic goods preferential treatment in its purchases.

The plan by India's Department of Information Technology's also covers "products that have undefined 'security implications'" and potentially software, the groups said.

"Most troubling, however, are the (Indian government's) plans to use its regulatory power to force government licensees to purchase domestic electronic products in a manner clearly inconsistent with the letter and spirit of India's WTO (World Trade Organization) commitments," they said in the letter.

They appealed for Kirk's urgent assistance in addressing a development that could have a "devastating" impact on U.S. companies' competitive stance in a key market in India and damage U.S.-India trade.

A copy was also sent to Secretary of State Hilary Clinton and Commerce Secretary John Bryson, who is leading a trade mission to India later this month to explore opportunities for U.S. companies to take part in infrastructure projects.

The United States has run increasingly large trade deficits in advanced technology products in recent years, unlike the surpluses that were typical in the 1990s. Last year, the advanced technology trade gap was \$99.3 billion.

While India is a growing market for variety of U.S. exports, imports from the sub-continent have grown even faster. The U.S. trade deficit with India hit \$14.54 billion in 2011, as exports rose to \$21.63 billion and imports to \$36.17 billion.

The coalition released the letter a day after the Obama administration filed a WTO case against India for its ban on imports of U.S. poultry meat, eggs and other farm products.

The United States says the ban, which India says is needed to stop the spread of bird flu, is not based on sound science. More than 100 countries currently import U.S. poultry.

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The White House has made enforcement a major part of its overall trade agenda. Obama, who is running for reelection this year, recently created a new interagency trade enforcement unit to crack down on unfair foreign trade practices.

(Reporting By Doug Palmer; Editing by Paul Simao)

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