

Global business groups press India on technology plan

Doug Palmer, Reuters

(Reuters) - Global business groups urged Indian Prime Minister Manmohan Singh on Monday to rescind new government rules for technology purchases that they said unfairly discriminate against foreign firms and potentially violate World Trade Organization rules.

The letter is the second time in recent weeks that international business groups have written to Singh to complain about new Indian government policies.

"The undersigned international trade associations, representing thousands of global companies, wish to express our serious concerns with new Preferential Market Access (PMA) rules issued by the Indian Department of Information Technology," the nearly three dozen groups said in a letter.

They included the U.S. Chamber of Commerce, BusinessEurope, the U.S.-India Business Council and a number of information and computer-technology groups from the United States, Europe, [Australia](#) [1], Canada, Japan, South Korea, Taiwan and Hong Kong.

They said India's plan to give preference to domestically manufactured electronic goods in government purchasing contracts could backfire on New Delhi by encouraging other countries to adopt measures that discriminate against Indian goods.

The business groups also said they were worried the new rules could apply to purchases made by some private Indian companies, in addition to government agencies.

"If the PMA applies to private entities, this would represent an unprecedented interference in the procurements of commercial entities and would be inconsistent with India's WTO obligations," the groups said.

"We urge the Government of India to rescind this PMA entirely and initiate a consultation process with the private sector and other stakeholders to more effectively address India's security and economic concerns."

In late March, a coalition representing more than 250,000 companies warned Singh that his government's new retrospective tax proposals has led foreign businesses to reconsider their investments in the country.

Access to fast-growing markets like India is a priority for many U.S. companies faced with slow growth at home.

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

India is a growing market for a variety of U.S. exports, but 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.

Business groups wrote last month to U.S. Secretary of State Hillary Clinton, Commerce Secretary John Bryson and Trade Representative Ron Kirk urging their help on the technology issue with India.

(Editing by [Philip Barbara](#) [2])

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