

OpEd: Meeting the Full Promise of U.S-India Economic Relations

Written by Mike Honda

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This past week, Secretary of State John Kerry took office at a critical juncture in the relationship between the United States and India. These two of the world's largest democracies and economies have long been political and economic partners, but the relationship has only recently deepened. Since India transformed its economy in the early 1990s to welcome foreign investment, international trade, and private investment in industry, it has grown by leaps and bounds to become one of the most influential economies in the world. This has not gone unnoticed by leaders in both countries; President Obama recently affirmed the relationship with India as "a defining partnership of the 21st century." With over \$100 billion in bilateral trade expected between the United States and India this year, it is no surprise that our economic and political interests are aligned – both countries strive for a world of increasing prosperity, a world at peace, and a world where prosperity comes from the bottom up. Yet, despite these positive signs, India is still only the United States' thirteenth largest trading partner, trailing much smaller countries like the Netherlands. This underlines the fact that our nation still has much work left to do to fully leverage its relationship with India.

Over the past decade, India has adopted the knowledge economy, and more recently, is robustly embracing the manufacturing economy. The impact of those economic reforms is evident in Gujarat where there has been vast improvement in infrastructure and the removal of barriers to investment. Over the last decade, Gujarat has enjoyed double digit growth, and per-capita income has tripled. These changes in Gujarat and other reform-minded states in India have enabled Indian-Americans, particularly entrepreneurs and business leaders in Silicon Valley, to invest their intellectual and financial capital to build strong linkages that benefit both countries economically.

Notwithstanding the grand rhetoric surrounding their relationship, there remains serious room for growth. We can continue to grow this partnership by investing in the people that are creating businesses and jobs right here at home. That means encouraging entrepreneurs to build businesses right here in America and improving the education of our students. I have introduced legislation that provides enhanced educational opportunities for students studying any of the STEM subjects: science, technology, engineering, and mathematics. Moreover, I am working tirelessly to convince my colleagues in Congress to pass President Obama's proposal to create a startup visa allowing immigrants who start successful startup companies to stay in the United

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States. If we fully develop our technology workforce and businesses here, it will help us fully leverage the immense market opportunity that India represents. Indian business leaders often state, across the board, that they are eager to buy U.S. technology and know-how; a trend that will only continue.

We should also encourage and protect foreign direct investment in India. In the last decade, the investment capital from India has grown at an annualized rate of over 50% reaching an estimated \$4.9 billion in 2011. This is money that is creating jobs both in the United States and abroad. To further that, we must complete the negotiations begun by former Secretary of State Clinton on a Bilateral Investment Treaty (BIT) with India. BITs have been shown to exert a significant positive impact on foreign direct investment by providing protections for private investors, promoting U.S. exports, and assisting in the development of market-oriented policies. Since U.S. and India began a Strategic Dialogue three years ago, the bilateral trade between both those countries has increased 40 percent; highlighting the fact that direct engagement can yet yield more fruits.

In a little over twenty years, India has become a powerful partner of the United States , creating a world full of potential. The linkages, however, are much deeper than just mutual economic empowerment. We share with India a strong-exchange of entrepreneurs, executives, students, professors, and scientists that is a model to the rest of the world. This is why I am strongly hopeful that in the next twenty we will realize the enormous potential of what President Obama has called a “defining partnership.”

-Congressman Mike Honda represents Silicon Valley and serves on the Appropriations Committee, as a member of the India Caucus, and as Chairman Emeritus of the Congressional Asian Pacific American Caucus.