

Chairman Lee Terry
Opening Statement: Energy and Commerce Committee,
Subcommittee on Commerce, Manufacturing and Trade
Hearing on: “A Tangle of Trade Barriers: How India’s Industrial Policy is Hurting U.S.
Companies

I appreciate everyone joining us for today’s hearing which will focus on a very timely issue: how India’s trade policies are affecting U.S. companies and the broader impact these policies may have on the American economy.

For a long time, India has been considered a close trading partner of the United States. Since the 1990s, U.S. trade in goods with India has flourished into a relationship worth nearly \$60 billion a year. In the last decade alone, the U.S. has become India’s second largest export market. And this relationship is not completely one-sided: in 2012 the U.S. exported about \$20 billion in goods to India, making it our 18th largest export market. A large percentage of these exports being defense related, which is critical to maintaining strong ties with one our closest military allies in the region.

Unfortunately, after all this progress, we are starting to see significant and worrisome policies—particularly those related to intellectual property—being adopted by the Indian government over the past two years. These developments could pose a threat to a budding trade relationship.

Guided by their National Manufacturing Policy, India has begun engaging in a growing pattern of unfair and discriminatory trade practices which are directly harming U.S. companies in a wide variety of sectors—especially pharmaceuticals, energy technologies and information and communications technology.

A clear example is the case of Bayer’s drug, *NEXAVAR*. In March of 2012, India issued what is called a compulsory license for this product—which meant that the Indian government was going to allow an Indian company to receive technology owned and developed by others without any of the costs of research and development---which averages over \$1 billion for a new drug to come to market here in the U.S.

Bayer is not alone in its struggles with the Indian government. Pfizer has had the patent for its breakthrough cancer drug, *SUTENT*, revoked twice, and it’s currently going through another legal appeal. And in April 2013, Novartis, a company I am proud to say has a large manufacturing facility in Nebraska, has its patent for *GLIVEC*, denied.

Unfortunately, practices like the ones described above have clear consequences: less money spent on research, less money spent on development, and less innovative and breakthrough cures reaching dying patients all over the world, including in India.

The pharmaceutical industry is not alone when it comes to American innovators being significantly harmed by India’s discriminatory trade practices.

The U.S. solar panel industry had been exporting hundreds of millions of dollars worth of U.S. made solar panels and solar cells. However since 2010, India, as part of its “National Solar Mission,” began requiring that these products be sourced locally, which is contrary to the established rules under the original General Agreement on Tariffs and Trade and WTO rules.

The Indian government has also announced regulations pertaining to Preferential Market Access for electronic goods. This mandate would set “locally manufactured” content requirements for procurement of several electronic goods for public AND private sector entities. Concerns of GATT violations have been raised by these mandates as well.

I am hopeful that Secretary Kerry’s recent visit and Vice President Biden’s upcoming visit will have an effect, and convey a message that resonates with the Indian government. I am further hopeful that the administration will continue to raise this issue with the Indian government at the highest levels, and at every opportunity during bilateral negotiations.

This committee is deeply concerned about the long-term effects these actions may have on U.S. companies and workers. It is my hope that throughout our involvement in the TTIP and TPP, our representatives will work to ensure that no signatory to these treaties tolerate these types of offenses.