

U.S. DEPARTMENT OF THE TREASURY

Press Center



Geithner Op-Ed: 'How India-US Trade Can Scale Greater Heights'

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WASHINGTON – In an op-ed piece to be published in the November 8, 2010 edition of the *Hindustan Times*, Treasury Secretary Tim Geithner discusses the growing economic partnership between the United States and India and how trade and investment between our two countries present dramatic and expanding opportunities to build new markets and create high-quality jobs in both nations. Secretary Geithner also reviews the steps that the United States and India are taking to build a firm foundation of stronger and more sustainable global growth.

To read the piece online, please visit [link](#). The full text of the piece follows below.

How India-US Trade Can Scale Greater Heights

By Tim Geithner

This week President Barack Obama is visiting India for the first time, one year after Prime Minister Manmohan Singh's official state visit to the United States in November 2009. President Obama's visit will be an important milestone in strengthening the U.S.-India strategic partnership.

The leading edge of the economic partnership between our countries is the deepening ties between American and Indian business -- ties bolstered by the announcement this weekend of significant new US-India trade transactions.

Across an array of sectors, from U.S. aircraft connecting Indian cities to Indian zinc outfitting American industry, trade and investment between the United States and India is flourishing. Indian exports to the United States grew by almost 40 percent from 2004 to 2009, and American exports to India grew by nearly 170 percent over that same period. After slowing down during the height of the global crisis, bilateral trade has rebounded strongly, growing by more than 30 percent in the first half of 2010.

These rates of growth underscore that trade and investment between our two countries are presenting dramatic and growing opportunities for our business leaders and entrepreneurs to build new markets and create high-quality jobs.

The celebrated expansion of India's mobile phone market is a prime example. With close to 600 million subscribers today, or more than 70 percent of the population 15 years and older, mobile phone access is transforming traditional industries like agriculture and banking by bringing information and services to even the remotest areas. From inventing the optical fiber used to build the infrastructure for mobile phone service, to designing the applications that make mobile banking possible, the ingenuity of both American and Indian companies has driven a telecommunications revolution in rural India--and unleashed new and vibrant economic activity in its wake.

U.S.-India commercial partnerships are also combining to generate solutions through innovation and cutting-edge technology to some of the globe's most vexing challenges--from the delivery of clean drinking water and distributed solar power, to the development of new vaccines and clean transportation technologies.

To take just a couple of examples: an American solar panel manufacturer is partnering with an Indian company to deliver clean distributed power for cell towers in India; in the coming years, this same partnership could provide rural power solutions to other new global markets. And another American research and development company is partnering with an Indian company to find new markets for its optical biosensor technology to develop new therapies for various diseases including "neglected" ones such as leishmaniasis, a parasite that afflicts tens of thousands each year in India and is a growing threat to American service members in Afghanistan and Iraq.

Such opportunities for new markets and growth can only be created and sustained by vibrant, yet stable financial sectors. Both nations are rising to the challenge. While the U.S. implements historic reform to ensure the safety and soundness of its financial system, India is making changes necessary to boost investment in its financial sector, such as expanding access to financial services and developing its corporate debt market.

Even as the promise of U.S.-India ties is starting to be realized in the private sector, our two nations must work together to ensure that these opportunities are built on a firm foundation of stronger and more sustainable global growth. This is the central challenge for policymakers in the United States, India, and the rest of the G-20.

The most significant risk to the global economy today is that the world's largest economies underachieve on growth. Economic recoveries that follow financial crises are typically slower than those that follow other types of recessions, due to the headwinds to growth generated by necessary adjustments in asset prices and the reduction of financial leverage. We must respond by continuing to provide well-targeted support to strengthen growth in the near term even as we put in place plans for greater fiscal sustainability over the longer term.

For growth to be sustainable, we must also work together to change its overall global pattern. Before the crisis, too many nations oriented their economies toward producing for export rather than consuming at home, counting on a few deficit nations to import many more goods and services than they sold abroad. The result was a global economy afflicted by an unstable array of external imbalances, both deficits and surpluses.

Together, we must build a framework for growth that prevents the re-emergence of such imbalances, maintaining external accounts at sustainable levels over time. Doing so will require contributions from every corner of the global economy. Surplus countries will have to boost internal demand through structural reforms, while deficit nations will need to increase their savings. Key emerging economies will also need to move toward market-determined exchange rates in line with economic fundamentals.

India is meeting this challenge, helping to demonstrate the dynamism that can accompany domestic demand-led growth combined with significant exchange-rate flexibility. India is succeeding in fostering greater domestic demand in part by directing economic policies and incentives toward the bottom of the income pyramid. In the coming years, India will also continue to make substantial investments in public infrastructure that will help to drive future growth. In short, India's focus on "inclusive growth," through targeted fiscal spending and investment, is contributing to greater support of Indian households and higher employment.

The United States is doing its part as well. The U.S. economy has been growing for 18 months, with a recovery led by private investment. We are repairing our financial system. Households are saving more, and we will reduce our fiscal deficit as the recovery strengthens. Going forward, we are committed to building on our long-standing openness to investment and trade, while working to ensure through reforms in education and infrastructure that our nation remains fertile ground for invention and innovation.

The U.S.- India partnership is realizing more of its great potential with each passing year. Through continued trade and investment between our businesses and entrepreneurs, and through improved collaboration and coordination between our governments, we will address many common challenges and achieve shared goals, ultimately leading to improved economic well-being for the citizens of both countries.