

Good morning and thank you for the kind introduction.

I want to begin by thanking Ron Somers of the U.S. India Business Council (USIBC). I know your work extends beyond our discussions here today and I wish you continued success. I would also like to thank the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI), and the many members of their organizations that have traveled a great distance to continue our important dialogue.

To Foreign Secretary Rao and the delegation from the Government of India, I would like to extend my special thanks for her leadership and making this trip to Washington D.C. to continue to strengthen the U.S. - India bilateral relationship. In my new position as Assistant Secretary of Commerce for Export Administration, I look forward to working with U.S. and Indian industry and my colleagues in the U.S. and Indian governments, to meet the goals of the High Technology Cooperation Group. I bring to my position 16 years of working with industry in export related matters and look forward to bringing those experiences to the work that lies ahead. Foreign Minister Rao mentioned the impact that exports have on small and medium-sized enterprises (SME's). The impact on SME's is not reflected in the current statistics.

The HTCG -- a dialogue between two friends -- began in 2002 to address bilateral high-technology trade issues. The dialogue has been successful in identifying cooperative steps that each of us can take to facilitate high-technology trade between our countries. High technology trade is vital to both of our countries to meet the demands of the 21st century. The United States and India are leaders in the world economy. As President

Obama noted in his remarks to the Export- Import Bank, the United States remains the number one exporter of goods and services. The World Bank's most recent economic forecast for 2010 projects India to be the fastest growing economy of the world, surpassing China.

The commitment to our partnership is highlighted in the U.S.- India Joint Statement issued by U.S. Secretary of State Hillary Rodham Clinton and India's External Affairs Minister S.M. Krishna in July of last year. The Joint Statement calls for "building an enhanced India-U.S. strategic partnership that seeks to advance solutions to defining the challenges of our time". The Bureau of Industry and Security (BIS) has historically been at the center of the evolution of the U.S.-India relationship from the inception of the HTCG eight years ago and has since identified and effectively removed trade barriers. Additionally, this dialogue laid the foundation for the bilateral Next Steps in Strategic Partnership (NSSP) in 2004 that led to enhanced cooperation in civil nuclear, civil space, and high technology trade. Since 2002 BIS has become an integral player in furthering the partnership of our two countries, and I look forward to working with my counterparts through the HTCG in the years to come.

Since the HTCG's inception in 2002, much has been achieved. Ten years ago, 24 percent of U.S. exports to India required individual licenses from the Department of Commerce, while today, only about .3 percent of U.S. exports to India require an individual license.

In fact, the trade relationship between the U.S. and India has evolved to such an extent that the licensing processing time for India in 2009 was 28 days, which has decreased from 31 days in 2008 and is far less than the worldwide average of 35 days. In 2009 BIS

reviewed 985 export/reexport applications for India valued at approximately \$334 million. The denial rate was 2.1 percent for 2009, which marks a steady decrease over time. Of the \$16.3 billion in U.S. exports to India in FY 2009, 24.2 percent were considered Advanced Technology Product (ATP) items; of these ATP items, only .5 percent required a BIS license.

What does all of this mean? Well, these numbers show that the U.S. and India already have a robust trading partnership in high technology goods. In many ways, U.S. export control policy already treats India similarly to our closest allies and partners. For example, many U.S. high technology items are eligible for export to India under license exceptions not available for other destinations, such as China.

In addition, we have attempted to put in place new programs for India that are focused on breaking down the remaining export control barriers and facilitating high tech trade. For example, since the last HTCG meeting, the Department of Commerce approved the first Validated End-User in India. The Validated End-User program provides qualified civilian companies in India with an effective mechanism to obtain controlled dual-use items under a general authorization instead of relying on their suppliers obtaining individual export licenses from the U.S. government.

But I recognize that there are outstanding issues related to export control policy that need our attention. And I am fully committed to addressing these issues head on and working with my Indian colleagues to hear out their concerns so that we can find ways forward that are in our mutual interests.

The HTCG has achieved other notable successes. In the biotechnology area, since 2007, the Biotechnology & Life Science Working Group (BLSWG) has made great strides in bringing together U.S. and Indian government experts and the private sector to explore ways to increase commercial collaboration and remove barriers in this key sector.

Together we have held technical exchanges on the commercialization of government R&D and on regulatory models for medical devices. We have facilitated Indian participation in conferences and site visits and exchanged information on clinical trials. We have shared our experience on how the protection of intellectual property can facilitate investment in this sector. During Prime Minister Singh's visit last November, he and President Obama committed to expand our work on these topics and to promote institutional linkages between India and the United States.

The HTCG, for the first time, will also focus on the civil aviation sector. This is an area of significant potential for increased trade and we look forward to trade facilitation in that industry sector.

The challenge before us now is to continue this progress and further facilitate secure bilateral high technology trade. The dialogue over the next two days will provide us a tremendous opportunity to build on the past and advance our common interests.

While we continue our work in the HTCG, the U.S. government is also engaged in a review of our export control system. We need a system well-suited to manage the highly complex challenges before us in the 21st Century. Today, the international landscape has changed and the United States faces diverse threats from state actors, transnational groups, and even individual actors. Substantial new commercial markets, including India,

have emerged. Moreover, there is significant and growing technological capability around the world, again including India.

To address these challenges, we are conducting a fundamental review of our export control system to account for the emergence of new foreign markets, competitors, and multifaceted threats that have arisen over the past few decades. On August 13, 2009, the President directed that the National Economic Council and the National Security Council together initiate an interagency process for reviewing overall U.S. export control policy.

The review is based on the following guiding principles:

- Controls should focus on a small core set of key technologies that are capable of being used to pose a serious national security threat to the United States.
- Controls should be fully coordinated with multilateral export control regimes to be effective.
- Unilateral controls should only be applied to these items if they are required by law, are essential to furthering U.S. foreign policy goals, or are necessary for U.S. munitions or intelligence systems.
- There should be transparency inside and outside the U.S. Government about which technologies and items are controlled, and a process should be established to update controls in terms of adding, refining, and removing items.
- The licensing system itself, which will be utilized by many of you in the audience, should be transparent, predictable, and timely.

- Implementation and enforcement capabilities should be enhanced to improve capabilities in monitoring, intelligence, investigation, and the prosecution of violations; and
- Controls should be balanced with U.S. counterterrorism policy to ensure the ability to export items and technology in support of counterterrorism, critical infrastructure, and other homeland security priorities.

The review includes consideration of the recommendations and numerous studies that have already examined the U.S. export control system and will draw upon expertise in both the Executive and Legislative branches of government, U.S. industry, academia and NGOs, and our allies and trading partners who have strong and effective export control systems.

The results of this review will be used to consider comprehensive options for reform of the U.S. export control system. As Secretary Locke has noted, we need a dynamic export control system that focuses on a core set of technologies critical to our national security, while further unleashing the innovative power of U.S. industry to compete for sales of less-sensitive items around the globe.

I want to again thank you all, and particularly representatives of U.S. and Indian industry for attending. I am confident the discussions at this afternoon's breakout sessions will be productive and provide valuable perspective for our governments to consider. I look forward to hearing from industry later today.

At this time I would be happy to entertain any questions you may have. Thank you.