

# India stares at worst IPR tag from US

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As the United States Trade Representative (USSTR) prepares to release its annual Special 301 report that could potentially downgrade India to a 'priority foreign country' (PFC) for its 'weak intellectual property rights (IPR) regime, analysts here are divided on whether the US would indeed carry out the threat.

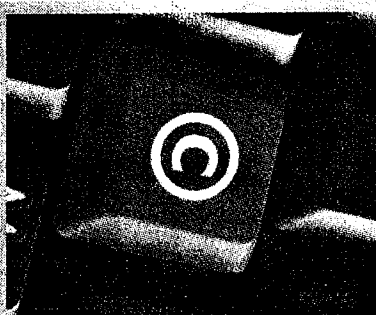
Under the US Trade Act, a PFC tag is the worst classification given to countries that deny adequate and effective protection of IPR or fair and equitable market access to US entities relying on IPR protection. "India fears that the US may withdraw the generalised system of preferences (GSP) scheme in a

move to hurt us. If this happens, it would be retaliation to make the maximum impact. It will be discriminatory if they do that," said Biswajit Dhar, director-general, Research and Information System for Developing Countries.

The GSP scheme under which India exports to the US (select tariff lines) benefit from concessional customs (import) duty of up to 4% at the US ports came to an end in December 2013. This, as is the normal practice, is expected to be revived soon with retrospective effect.

But if Washington decides to call India a PFC, then the GSP scheme's revival could be thwarted/delayed, sources said.

Indian exporters of textiles, carpets, chemicals (including phar-



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maceuticals) and certain engineering goods used to benefit from the GSP scheme. It may be noted that many Indian products have al-

ready graduated out of the EU GSP scheme and this has hit scores of industries, including automobiles. The USSTR is scheduled to come

out with the report on April 30 (early Thursday in India).

The report would highlight the economic importance of IP to the US economy and detail other countries' IP protection and enforcement-related efforts.

IP-intensive industries account for nearly 30 million US jobs and drive growth in almost every sector of our economy. TS Vishwanath, an expert on WTO matters, opines that it is unlikely that the US will downgrade India as it tries to mend relations with us.

"There is a change of government happening (in India) and if the US does downgrade us, then it will be proof that the US companies have put pressure on their government to do so," he said.