



USA: India's Top Trading Partner

 drishtias.com/printpdf/usa-india-s-top-trading-partner

Why in News

As per the data from the Ministry of Commerce and Industry, the **USA remained India's top trading partner for the second consecutive fiscal year in 2019-20.**

This indicates **increasing economic ties** between the two countries.

Key Points

- **Trade with the USA:**
 - In 2019-20, the bilateral trade between the USA and India stood at USD 88.75 billion as against USD 87.96 billion in 2018-19.
 - The USA is one of the few countries with which **India has a trade surplus.** India's trade surplus with the USA increased to USD 17.42 billion in 2019-20 from USD 16.86 billion in 2018-19.
 - In 2018-19, the **USA surpassed China** to become India's top trading partner.
- **Trade with China:**
 - The bilateral trade between India and China has **dipped** to USD 81.87 billion in 2019-20 from USD 87.08 billion in 2018-19.
 - **Trade deficit** between the two neighbours has declined to USD 48.66 billion in 2019-20 from USD 53.57 billion in the previous fiscal.
 - **China was India's top trading partner from 2013-14 till 2017-18.** Before China, **the United Arab Emirates (UAE)** was the country's largest trading nation.
 - Further, India is considering certain steps like framing technical regulations and quality control orders for host of items with a view to cut import dependence on China and boost domestic manufacturing.
 - Recently, **India banned 59 Chinese apps** and made **government approval mandatory for Foreign Direct Investment (FDI) from neighbouring countries.**
 - The app ban decision came amid **tensions on the border.**

- **Way Forward for the USA and India:**

- There is a huge potential to boost bilateral trade between the countries on account of **increasing anti-China sentiment in both the nations.**

Because of the anti-China sentiment, several USA companies are exploring new suppliers in countries like India to cut dependence on China and if this happens, then it will greatly help India to boost exports to the USA.

- **Presence of Indian diaspora** in the USA is one of the main reasons for increasing bilateral trade. A **balanced trade** deal can further boost the economic ties.

- India and the USA are negotiating a limited trade pact with a view to iron out differences at trade front and boost commercial ties.
- However, India should be a bit cautious while negotiating the pact with the USA in areas such as **agriculture, dairy and issues related to intellectual property rights.**
- Recently, the USA administration has **extended the ban on immigrant and non-immigrant visas** till the end of 2020.

India's IT services exports to the USA, which depend significantly on the **H-1B visa**, has been an **important** constituent element of **bilateral economic trade.**

Source: BS