The President: Mr. Vice President, Mr. Prime Minister, Mr. Speaker, members of the Lok Sabha and Rajya Sabha, I am privileged to speak to you and, through you, to the people of India, I am honoured to be joined today by members of my Cabinet and staff at the White House, and a very large representation of members of our United States Congress from both political parties. We're all honoured to be here and we thank you for your warm welcome.

I would also like to thank the people of India for their kindness to my daughter and my mother-in-law and, on their previous trip, to my wife and my daughter.

I have looked forward to this day with great anticipation. This whole trip has meant a great deal to me, especially to this point, the opportunity I had to visit the Gandhi memorial, to express on behalf of all the people of the United States our gratitude for the life, the work, the thought of Gandhi, without which the great civil rights revolution in the United States would never had succeeded on a peaceful plane.
As Prime Minister Vajpayee had said, India and America are natural allies, two nations conceived in liberty, each finding strength in its diversity, each seeing in the other a reflection of its own aspiration for a more humane and just world.

A poet once said the world’s inhabitants can be divided into “those that have seen the Taj Mahal and those that have not”. Well, in a few hours I will have a chance to cross over to the happier side of that divide. But I hope, in a larger sense, that my visit will help the American people to see the new India and to understand you better. And I hope that the visit will help India to understand America better. And that by listening to each other we can build a true partnership of mutual respect and common endeavor.

From a distance, India often appears as a kaleidoscope of competing, perhaps superficial, images. Is it atomic weapons, or ahimsa? A land struggling against poverty and inequality, or the world’s largest middle-class society? Is it still simmering with communal tensions, or history’s most successful melting pot? Is it Bollywood or Satyajit Ray? Swetta Chetty or Alla Rakha? Is it the handloom or the hyperlink?

The truth is, no single image can possibly do justice to your great nation. But beyond the complexities and the apparent contradictions, I believe India teaches us some very basic lessons.
The first is about democracy. There are still those who deny that democracy is a universal aspiration; who say it works only for people of a certain culture, or a certain degree of economic development. India has been proving them wrong for 52 years now. Here is a country where more than 2 million people hold elected office in local government; a country that shows at every election that those who possess the least cherish their vote the most. Far from washing away the uniqueness of your culture, your democracy has brought out the richness of its tapestry, and given you the knot that holds it together.

A second lesson India teaches is about diversity. You have already heard remarks about that this morning. But around the world there is a chorus of voices who say ethnic and religious diversity is a threat; who argue that the only way to keep different people from killing one another is to keep them as far apart as possible. But India has shown us a better way. For all the troubles you have seen, surely the subcontinent has seen more innocence hurt in the efforts to divide people by ethnicity and faith than by the efforts to being them together in peace and harmony.

Under trying circumstances, you have shown the world how to live with the difference. You have shown that tolerance and mutual
respect are in many ways the keys to our common survival. That is something the whole world needs to learn.

A third lesson India teaches is about globalisation and what may be the central debate of our time. Many people believe the forces of globalisation are inherently divisive; that they can only widen the gap between rich and poor. That is a valid fear, but I believe wrong.

As the distance between producers large and small, and customers near and far becomes less relevant, developing countries will have opportunities not only to succeed, but to lead in lifting more people out of poverty more quickly than at any time in human history. In the old economy, location was everything. In the new economy, information, education and motivation are everything – and India is proving it.

You liberated your markets and now you have one of the 10 fastest growing economies in the world. At the rate of growth within your grasp, India’s standard of living could rise by 500 per cent in just 20 years. You embraced information technology and now, when Americans and other big software companies call for consumer and customer support, they’re just as likely to find themselves talking to an expert in Bangalore as one in Seattle.
You decentralised authority, giving more individuals and communities the freedom to succeed. In that way, you affirmed what every successful country is finding in its own way: globalisation does not favour nations with a licensing raj, it does favour nations with a panchayat raj. And the world has been beating a path to your door.

In the new millennium, every great country must answer one overarching question: how shall we define our greatness? Every country – America included – is tempted to cling to yesterday’s definition of economic and military might. But true leadership for the United States and India derives more from the power of our example and the potential of our people.

I believe that the greatest of India’s many gifts to the world is the example of its people have set “from Midnight to Millennium”. Think of it: virtually every challenges humanity knows can be found here in India. And every solution to every challenge can be found here as well: confidence in democracy; tolerance for diversity; a willingness to embrace social change. That is why Americans admire India; why we welcome India’s leadership in the region and the world; and why we want to take our partnership to a new level, to advance our common values and interests, and to resolve the differences that still remain.
There were long periods when that would not have been possible. Though our democratic ideals gave us a starting point in common, and our dreams of peace and prosperity gave us a common destination, there was for too long too little common ground between East and West, North and South. Now, thankfully, the old barriers between nations and people, economies and cultures, are being replaced by vast networks of cooperation and commerce. With our open, entrepreneurial societies, India and America are at the center of those networks. We must expand them, and defeat the forces that threaten them.

To succeed, I believe there are four large challenges India and the United States must meet together – challenges that should define our partnership in the years ahead.

The first of these challenges is to get our own economic relationship right. Americans have applauded your efforts to open your economy, your commitment to a new wave of economic reform; your determination to bring the fruits of growth to all your people. We are proud to support India’s growth as your largest partner in trade and investment. And we want to see more Indians and more Americans benefit from our economic ties, especially in the cutting edge fields of information technology, biotechnology and clean energy.
The private sector will drive this progress, but our job as governments is to create the conditions that will allow them to succeed in doing so, and to reduce the remaining impediments to trade and investment between us.

Our second challenge is to sustain global economic growth in a way that lifts the lives of rich and poor alike, both across and within national borders. Part of the world today lives at the cutting edge of change, while a big part still exists at the bare edge of survival. Part of the world lives in the information age. Part of the world does not even reach the clean water age. And often the two live side by side. It is unacceptable, it is intolerable; thankfully, it is unnecessary and it is far more than a regional crisis. Whether around the corner or around the world, abject poverty in this new economy is an affront to our common humanity and a threat to our common prosperity.

The problem is truly immense, as you know far better than I. But perhaps for the first time in all history, few would dispute that we know the solutions. We know we need to invest in education and literacy, so that children can have soaring dreams and the tools to realise them. We know we need to make a special commitment in developing nations to the education of young girls, as well as young boys. Everything we have learned about development tells us that when women have access to
knowledge, to death, to economic opportunity and to civil rights, children thrive, families succeed and countries prosper.

Here again, we see how a problem and its answers can be found side by side in India. For every economist who preaches the virtues of women’s empowerment points at first to the achievements of India’s state of Kerala – I knew there would be somebody here from Kerala – (laughter and applause.) Thank you.

To promote development, we know we must conquer the diseases that kill people and progress. Last December, India immunised 140 million children against polio, the biggest public health effort in human history. I congratulate you on that.

I have launched an initiative in the United States to speed the development of vaccines for malaria, tuberculosis and AIDS – the biggest infectious killers of our time. This July, when our partners in the G-8 meet in Japan, I will urge them to join us.

But that is not enough, for at best, effective vaccine are years away. Especially for AIDS, we need a commitment today to prevention, and that means straight talk and an end to stigmatising. As Prime Minister Vajpayee said, no one should ever speak of AIDS as someone else’s problem. This has long been a big problem for the United States. It
is now a big problem for you. I promise you America's partnership in the
continued struggle.

To promote development, we know we must also stand with those
struggling for human rights and freedom around the world and in the
region. For as the economist Amartya Sen has said, no system of
government has done a better job in easing human want, in averting
human catastrophes, than democracy. I am proud America and India will
stand together on the right side of history when we launch the
Community of Democracies in Warsaw this summer.

All of these steps are essential to lifting people's lives. But there
is yet another. With greater trade and the growth it brings, we can
multiply the gains of education, better health and democratic
empowerment. That is why I hope we will work together to launch a new
global trade round that will promote economic development for all.

One of the benefits of the World Trade Organisation is that it has
given developing countries a bigger voice in global trade policy.
Developing countries have used that voice to urge richer nations to open
their markets further so that all can have a chance to grow. That is
something the opponents of the WTO don't fully appreciate yet.
We need to remind them that when Indians and Brazilians and Indonesians speak up for open trade, they are not speaking for some narrow corporate interest, but for a huge part of humanity that has no interest in being saved from development. Of course, trade should not be a race to the bottom in environmental and labour standards, but neither should fears about trade keep part of our global community forever at the bottom.

Yet we must also remember that those who are concerned about the impact of globalisation in terms of inequality, in environmental degradation do speak for a large part of humanity. Those who believe that trade should contribute not just to the wealth, but also to the fairness of societies; those who share Nehru's dream of a structure for living that fulfills our material needs, and at the same time sustains our mind and spirit.

We can advance these values without engaging in rich-country protectionism. Indeed, to sustain a consensus for open trade, we must find a way to advance these values as well. That is my motivation, and my only motivation, in seeking a dialogue about the connections between labour, the environment, and trade and development.

I would remind you – and I want to emphasise this – the United States has the most open markets of any wealthy country in the world.
We have the largest trade deficit. We also have had a strong economy, because we have welcomed the products and the services from the labour of people throughout the world. I am for an open global trading system. But we must do it in a way that advances the cause of social justice around the world.

The third challenge we face is to see that the prosperity and growth of the information age require us to abandon some of the outdated truths of the Industrial Age. As the economy grows faster today, for example, when children are kept in school, not put to work. Think about the industries that are driving our growth today in India and in America. Just as oil enriched the nations who had it in the 20th century, clearly knowledge is doing the same for the nations who have it in the 21st century. The difference is, knowledge can be tapped by all people everywhere, and it will never run out.

We must also find ways to achieve robust growth while protecting the environment and reversing climate change. I'm convinced we can do that as well. We will see in the next few years, for example, automobiles that are three, four, perhaps five times as efficient as those being driven today. Soon scientists will make alternative sources of energy more widely available and more affordable. Just for example, before long chemists almost certainly will unlock the block that will allow us to
produce eight or nine gallons of fuel from bio-fuels, farm fuels, using only one gallon of gasoline.

Indian scientists are at the forefront of this kind of research – pioneering the use of solar energy to power rural communities; developing electric cars for use in crowded cities; converting agricultural waste into electricity. If we can deepen our co-operation for clean energy, we will strengthen our economies, improve our people’s health and fight global warming. This should be a vital element of our new partnership.

A fourth challenge we face is to protect the gains of democracy and development from the forces which threaten to undermine them. There is the danger of organised crime and drugs. There is the evil of trafficking in human beings, a modern form of slavery. And of course, there is the threat of terrorism. Both of our nations know it all too well.

Americans understood the pain and agony you went through during the Indian Airlines hijacking. And I saw that pain firsthand when I met with the parents and the widow of the young man who was killed on that airplane. We grieve with you for the Sikhs who were killed in Kashmir – and our heart goes out to their families. We will work with you to build a system of justice, to strengthen our co-operation against
terror. We must never relax our vigilance or allow the perpetrators to intimidate us into retreating from our democratic ideals.

Another danger we face is the spread of weapons of mass destruction to those who might have no reservations about using them. I still believe this is the greatest potential threat to the security we all face in the 21st century. It is why we must be vigilant in fighting the spread of chemical and biological weapons. And it is why we must both keep working closely to resolve our remaining differences on nuclear proliferation.

I am aware that I speak to you on behalf of a nation that has possessed nuclear weapons for 55 years and more. But since 1988, the United States has dismantled more than 13,000 nuclear weapons. We have helped Russia to dismantle their nuclear weapons and to safeguard the material that remains. We have agreed to an outline of a treaty with Russia that will reduce our remaining nuclear arsenal by more than half. We are producing no more fissile material, developing no new land-or submarine-based missiles, engaging in no new nuclear testing.

From South America to South Africa, nations are fore wearing these weapons, realising that a nuclear future is not a more secure future. Most of the world is moving toward the elimination of nuclear weapons.
That goal is not advanced in any country, in any region, it moves in the other direction.

I say this with great respect. Only India can determine its own interests. Only India – only India can know if it truly is safer today than before the tests. Only India can determine if it will benefit from expanding its nuclear and missile capabilities, if its neighbours respond by doing the same thing. Only India knows if it can afford a sustained investment in both conventional and nuclear forces while meeting its goal for human development. These are questions others may ask, but only you can answer.

I can only speak to you as a friend about America’s own experience during the Cold War. We were geographically distant from the Soviet Union. We were not engaged in direct armed combat. Through years of direct dialogue with our adversary, we each had a very good idea of the other’s capabilities, doctrines, and intentions. We each spent billions of dollars on elaborate command and control systems, for nuclear weapons are not cheap.

And yet, in spite of all of this – and as I sometimes say jokingly, in spite of the fact that both sides had very good spies, and that was a good thing – (laughter) – in spite of all of this, we came far too close to nuclear war. We learned that deterrence alone cannot be relied on to
prevent accident or miscalculation. And in a nuclear standoff, there is nothing more dangerous than believing there is no danger.

I can also repeat what I said at the outset. India is a leader, a great nation, which by virtue of its size, its achievements, and its example, has the ability to shape the character of our time. For any of us, to claim that mantle and assert that status is to accept first and foremost that our actions have consequences for others beyond our borders. Great nations with broad horizons must consider whether actions advance or hinder what Nehru called the larger cause of humanity.

So India's nuclear policies, inevitably, have consequences beyond your borders: eroding the barriers against the spread of nuclear weapons, discouraging nations that have chosen to forego these weapons, encouraging others to keep their options open. But if India's nuclear test shook the world, India's leadership for non-proliferation can certainly move the world.

India and the United States have reaffirmed our commitment to forego nuclear testing. And for that I thank the Prime Minister, the government and the people of India. But in our own self-interest we can do more. I believe both nations should join the Comprehensive Nuclear Test Ban Treaty; work to launch negotiations on a treaty to end the production of fissile materials for nuclear weapons; strengthen export
controls. And India can pursue defence policies in keeping with its commitment not to seek a nuclear or missile arms race, which the Prime Minister has forcefully reaffirmed just in these last couple of days.

Again, I do not presume to speak for you or to tell you what to decide. It is not my place. You are a great nation and you must decide. But I ask you to continue our dialogue on these issues. And let us turn our dialogue into a genuine partnership against proliferation. If we make progress in narrowing our differences, we will be both more secure, and our relationship can reach its full potential.

I hope progress can also be made in overcoming a source of tension in this region, including the tensions between India and Pakistan. I share many of your government’s concerns about the course Pakistan is taking; your disappointment that past overtures have not always met with success; your outrage over recent violence. I know it is difficult to be a democracy bordered by nations whose governments reject democracy.

But I also believe – I also believe India has a special opportunity, as a democracy, to show its neighbours that democracy is about dialogue. It does not have to be about friendship, but it is about building working relationships among people who differ.
One of the wisest things anyone ever said to me is that you don’t make peace with your friends. That is what the late Israeli Prime Minister Yitzhak Rabin told me before he signed the Oslo Accords with the Palestinians, with whom he had been fighting for decades. It is well to remember – I remained myself of it all the time, even when I have arguments with members of the other party in my Congress – (laughter) – you don’t make peace with your friends.

Engagement with adversaries in not the same thing as endorsement. It does not require setting aside legitimate grievances. Indeed, I strongly believe that what has happened since your Prime Minister made his courageous journey to Lahore only reinforces the need for dialogue.

I can think of no enduring solution to this problem that can be achieved in any other way. In the end, for the sake of the innocents who always suffer the most, someone must end the contest of inflicting and absorbing pain.

Let me also make clear, as I have repeatedly, I have certainly not come to South Asia to mediate the dispute over Kashmir. Only India and Pakistan can work out the problems between them. And I will say the same thing to General Musharraf in Islamabad. But if outsiders cannot resolve this problem, I hope you will create the opportunity to do it
yourselves, calling on the support of others who can help where possible, as American diplomacy did in urging the Pakistanis to go back behind the line of control in the Kargil crisis.

In the meantime, I will continue to stress that this should be a time for restraint, for respect for the line of control, for renewed lines of communication.

Addressing this challenge and all the others I mentioned will require us to be closer partners and better friends, and to remember that good friends, out of respect, are honest with one another. And even when they do not agree, they always try to find common ground.

I have read that one of the unique qualities of Indian classical music is its elasticity. The composer lays down a foundation, a structure of melodic and rhythmic arrangements, but the player has to improvise within that structure to bring the raga to life.

Our relationship is like that. The composers of our past have given us a foundation of shared democratic ideals. It is up to us to give life to those ideals in this time. The melodies do not have to be the same to be beautiful to both of us. But if we listen to each other, and we strive to realise our vision together, we will write a symphony far greater than the sum of our individual notes.
The key is to genuinely and respectfully listen to each other. If we do, Americans will better understand the scope of India's achievements, and the dangers India still faces in this troubled part of the world. We will understand that India will not choose a particular course simply because others wish it to do so. It will choose only what it believes its interests clearly demand and what its people democratically embrace.

If we listen to each other, I also believe Indians will understand better that America very much wants you to succeed. Time and again — time and again in my time as President, America has found that it is the weakness of great nations, not their strength that threatens our vision for tomorrow.

So we want India to be strong; to be sure; to be united; to be a force for a safer, more prosperous, more democratic world. Whatever we ask of you, we ask in that spirit alone. After too long a period of estrangement, India and the United States have learned that being natural allies is a wonderful thing, but it is not enough. Our task is to turn a common vision into common achievements so that partners in spirit can be partners in fact.

We have already come a long way to this day of new beginnings, but we still have promises to keep, challenges to meet and hopes to redeem.
So let us seize this moment with humility in the fragile and fleeting nature of this life, but absolute confidence in the power of the human spirit. Let us seize it for India, for America, for all those with whom we share this small planet, and for all the children that together we can give such bright tomorrows.

Thank you very much.
Prime Minister Vajpayee and President Clinton today reaffirmed the vision they outlined in March in New Delhi of a closer and qualitatively new relationship between India and the United States in the 21st century. They reiterated their conviction that closer co-operation and stronger partnership between the two countries will be a vital factor for shaping a future of peace, prosperity, democracy, pluralism and freedom for this world. They acknowledged that this vision draws strength from broad political support in both countries.

The two leaders agreed that the wide-ranging architecture of institutional dialogue between the two countries provides a broad-based framework to pursue the vision of a new relationship. They expressed satisfaction at the pace and purposefulness with which the two countries have initiated the consultations envisaged in the dialogue architecture.

In particular, the two leaders are gratified by their recent exchange of visits, and by the regular foreign policy consultations at the ministerial and senior policy levels.
They expressed satisfaction at the role that the two countries played in the launch of the Community of Democracies.

In the economic arena, they affirmed their confidence that the three ministerial-level economic dialogues and the High-Level Coordinating Group will improve the bilateral trade environment, facilitate greater commercial co-operation, promote investment, and contribute to strengthening the global financial and trading systems.

They welcomed the progress of the Joint Working Group on Counter-Terrorism, and agreed that it would also examine linkages between terrorism and narcotics trafficking and other related issues. They noted the opening of a Legal Attaché office in New Delhi designed to facilitate co-operation in counter-terrorism and law enforcement.

The two leaders expressed satisfaction that the joint consultative group on clean energy and environment met in July and agreed to revitalize and expand energy co-operation, while discussing the full range of issues relation to environment and climate change.

They welcomed the establishment of the Science and Technology Forum in July and agreed that the forum should reinvigorate the traditionally strong scientific co-operation between the two countries. In
that connection, they noted the contribution of the two science and technology-related roundtable meetings held in March and September.

They also welcomed the recent initiatives in the health sector, including the joint statements of June 2000, as examples of deepening collaboration in improving health care and combating AIDS and other major diseases of our time.

The two leaders agreed that India and the United States must build upon this new momentum in their relationship to further enhance mutual understanding and deepen co-operation across the full spectrum of political, economic, commercial, scientific, technological, social, and international issues.

During this visit, the two leaders had productive discussions across a wide range of bilateral, regional, and international developments. In the economic arena, they agree that India’s continuing economic reforms, as well as the two countries’ complementary strengths and resources, provide strong bases for expansion of economic ties between the two countries. The two leaders recognized the need to deepen co-operation on high-tech trade issues. They noted that the present regime on e-commerce would be rolled over until the next ministerial meeting of the WTO, and that the two countries would cooperate in building a wider international consensus on information
technology. The two leaders pledged their joint commitment to bridge the digital divide, both within and between countries, so that the benefits of information technology may advance the economic and social development of all citizens, rich and poor.

The two leaders expressed satisfaction with their agreement on textiles. They also affirmed the need for expansion of bilateral civil aviation ties and agreed to work toward this goal. They recognized the contribution that biotechnology can make to a safe and nutritious food supply, in offering new options to farmers to address problems of pests and diseases, while contributing to environmental protection and enhancing global food security. The governments of the United States and India will explore ways of enhancing co-operation and information exchange, joint collaborative projects and training of scientists in agricultural biotechnology research. The ongoing vaccine research would be further strengthened also, making use of genomics and bioinformatics. The governments of both the United States and India support science-based regulatory activities.

They also noted significant progress on other important economic issues including mutual taxation and investment in the power and other sectors. In regard to double taxation issues, the competent authorities of both sides intend to soon negotiate an arrangement under which
collection or recovery of tax will generally be suspended on a reciprocal basis, during tendency of a mutual agreement proceeding. To ensure sustainable economic growth that will lift the lives of rich and poor alike, the two leaders committed support for efforts that will make capital markets more efficient, transparent, and accountable to attract the billions in private investment that is needed.

They recognized the need for appropriate technology for power generation, and the importance of greater South Asian regional cooperation and trade in energy, as well as the development and application of clean technologies that address our respective problems of urban and water pollution. The leaders noted with satisfaction the signings of several major commercial agreements, under which U.S. firms will contribute to the development of the power industry in India.

The United States and India intend to harness their co-operation in emerging scientific and economic sectors into a partnership for defining new ways of fighting hunger, disease, pollution, and other global challenges of our time. The two leaders pledged their strong commitment to address the global challenge of the prevention and control of HIV/AIDS through the close involvement and co-operation between the governments and civil society in the two countries. They expressed support for the collaborative program for research in various areas,
including HIV/AIDS vaccine development, through the Joint Working Groups of scientists envisaged by the Joint Statement of June 2000. They agreed to encourage the formation of a business council to combat HIV/AIDS with the active involvement and participation of business and industry to raise awareness in the industrial workplace.

The two leaders discussed international security. They recalled the long history of Indo-U.S. co-operation in UN peacekeeping operations, most recently in Sierra Leone. The two leaders agreed to broaden their co-operation in peacekeeping and other areas of UN activity, including in shaping the future international security system. The two leaders also discussed the evolving security environment in Asia, recalling their common desire to work for stability in Asia and beyond. They agreed that the Asian Security Dialogue that the two countries have initiated will strengthen mutual understanding.

The two countries reaffirmed their belief that tensions in South Asia can only be resolved by the nations of South Asia, and by peaceful means. India reiterated its commitment to enhancing co-operation, peace, and stability in the region. Both sides stressed the unacceptability of continued violence and blood shed as a basis for solution of the problems of the region.
The United States and India seek to advance their dialogue on security and non-proliferation issues, building upon the joint statement signed during President Clinton's visit to India in March. They reiterated their respective commitments to forgo nuclear explosive tests. India reaffirmed that, subject to its supreme national interests, it will continue its voluntary moratorium until the Comprehensive Test Ban Treaty (CTBT) comes into effect. The United States reaffirmed its intention to work for ratification of the Treaty at the earliest possible date. The Indian Government will continue efforts to develop a broad political consensus on the issue of the Treaty, with the purpose of bringing these discussions to a successful conclusion. India also reaffirmed its commitment not to block entry into force of the Treaty. India expects that all other countries, as included in Article XIV of CTBT, will adhere to this Treaty without reservations. The United States and India reiterated their support for a global treaty to halt the production of fissile material for weapons purposes, and for the earliest possible start of Fissile Material Cutoff Treaty negotiations in Geneva. The United States noted its moratorium on the production of fissile material for weapons purposes and supports a multilateral moratorium on such production pending conclusion of a Fissile Material Cutoff Treaty. The United States and India commended the progress made so far on export controls, and pledged to continue to strengthen them. Both countries agreed to continue their dialogue on
security and non-proliferation, including on defense posture, which is designed to further narrow differences on these important issues.

In combating international terrorism, the two leaders called on the international community to intensify its efforts, including at the current session of the United Nations. Noting that both India and the United States are targets of continuing terrorism, they expressed their determination to further reinforce bilateral co-operation in this area. They have agreed to hold another round of counter-terrorism consultations in New Delhi later this month, and to pursue work on a Mutual Legal Assistance Treaty.

Finally, the two leaders also paid tribute to the contributions of the Indian-American community in providing a bridge of understanding between the two societies and in strengthening the ties of commerce and culture between the two countries. In this connection, they commended the progress of the initiative to set up a collaborative Global Institute for Science and Technology in India. the two leaders agreed to encourage people-to-people connections between the two nations, and to enlist the co-operation of all sections of their talented and diverse societies in support of that goal.
ANNEXURE - III

INDIA'S EXPORT-IMPORT POLICY 2000

The Commerce and Industry Minister of India, Mr. Murasoli Maran, announced the EXIM Policy for the year on March 31, 2000. The Policy includes new initiatives for export promotion, rationalization of the tariff structure and significant changes in India's regime of quantitative restrictions. Highlights are:

- **SETTING UP SPECIAL ZONES:** With a view to enabling hassle-free manufacturing and trading activity for the purpose of exports, Special Economic Zones are being set up. The units in these Zones shall not be subjected to any pre-determined value addition, export obligation, input output/wastage norms. They shall be treated as being outside the Customs territory of the country.

- **INVOLVEMENT OF STATE GOVERNMENTS IN EXPORT PROMOTION EFFORT:** For making exports a national effort by involving all the State Governments, a Scheme has been evolved for granting assistance to the States on the basis of their export performance for development of export related infrastructure.

- **INITIATIVES RELATING TO E-COMMERCE:** To speed up the transactions and to bring about transparency in the offices of DGFT, electronic filing of license applications has been already introduced in
7 major ports. This is being extended to all the remaining ports by June 30, 2000.

- **RATIONALIZATION OF EXISTING EXPORT PROMOTION SCHEMES:**
  
a) Export Promotion Capital Goods Scheme: No additional customs duty/countervailing duty required to be paid.

b) Duty Exemption Scheme:
   - Introduction of post-export duty free replenishment license scheme for enabling import of inputs on the basis of input-output norms.
   - Pre-export DEPB Scheme abolished.

c) Duty Entitlement Passbook Scheme: DEPB rates rationalized to account for the changes in Customs duties.

- **SECTOR SPECIFIC RATIONALIZATION:**

  a. Gems & Jewellery:
   - Diamond Dollar Account Scheme has been introduced for import of rough diamonds and for purchase of rough diamonds/cut and polished diamonds from local market.
   - Personal carriage of import parcels of Gems and Jewellery has been allowed. Export of jewellery by Speed Post also allowed.
Replenishment license, for duty free import of consumables required for Gems and Jewellery items has been introduced.

b. **Leather, Handicrafts and Garments**: Entitlement for duty free import of trimmings, embellishments and other items increased from 2 to 3% of FOB value of exports.

c. **Drugs and Pharmaceuticals, Agro Chemical and Biotechnology Exports**: For encouraging exports in these new economy areas, manufacturing firms allowed to import laboratory equipment, chemicals and reagents for R&D purposes up to 1% of the f.o.b. value of exports duty free.

**ENCOURAGEMENT TO EXPORT OF QUALITY/BRANDED GOODS**: In an attempt to promote export of branded products, value caps under DEPB Scheme will not be applicable to the identified branded products. Double weightage on FOB or NFE on exports made by units having ISO or equivalent status for granting status certification.

**RATIONALISATION OF DEEMED EXPORT BENEFITS**: Uniform benefits extended to eligible categories under deemed exports. Benefits have been extended to core infrastructural sectors, involving an investment of Rs.100 crore and above.
• PROCEDURAL SIMPLIFICATIONS: Registration cum Membership Certificate shall now be required to be filed once in 4 years instead of with each application. Requirement of endorsement from Export Promotion Councils for export of non-quota textile items to quota countries and textile items to non-quota countries has also been dispensed with.

• OTHER PROVISIONS: Project exporters/construction companies, domestic service providers with a domestic turnover of Rs.100 crores or more shall now be eligible for “International Service House” status on signing a MoU with the DGFT for exports.

• ABOLITION OF SPECIAL IMPORT LICENSE (SIL): The SIL list will be abolished by 1.4.2001 and the grant of SIL will be discontinued after 31.3.2001.

• REMOVAL OF QUANTITATIVE RESTRICTIONS:
Quantitative restrictions are being removed on 714 tariff lines.