

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA-USA BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The United States of America comprises mainly the North American continent between Canada and Mexico. Alaska, to the northwest of Canada, and Hawaii, in the central Pacific Ocean, are two of the 50 States of USA. The USA is a member of the UN, WTO, NATO, BIS, OECD, OSCE, OAS, Inter-American Development Bank, Asian Development Bank, Pacific Community, Colombo Plan, IOM and the Antarctic Treaty

2. The U.S. has been the world's largest economy nominally since about 1890. The 2023 nominal U.S. gross domestic product (GDP) of more than \$27 trillion was the highest in the world, constituting over 25% of the global economy or 15% at purchasing power parity (PPP). From 1983 to 2008, U.S. real compounded annual GDP growth was 3.3%, compared to a 2.3% weighted average for the rest of the Group of Seven. The country ranks first in the world by nominal GDP, second when adjusted for purchasing power parities (PPP) and ninth by PPP-adjusted GDP per capita. It possesses the highest disposable household income per capita among OECD countries. As of February 2024, the total federal government debt was \$34.4 trillion. As per IMF Executive Board Concludes 2024 Article IV Consultation with the United States July 1, 2024. The U.S. economy has turned in a strong performance over the past few years. Hysteresis effects from the pandemic did not materialize and both activity and employment now exceed pre-pandemic expectations. Real incomes were diminished by the unexpected rise in inflation in 2022 but have now risen above pre-pandemic levels. Job growth has been particularly fast with 16 million new jobs created since end-2020. However, income and wealth gains have been uneven across the income distribution and poverty remains high, particularly following the expiration of pandemic-era support.

A snapshot of USA's select economic indicators is as under.

TABLE 1

United States: Selected Economic Indicators								
			Projections					
	2022	2023	2024	2025	2026	2027	2028	2029
Real GDP (annual growth)	1.9	2.5	2.6	1.9	2.0	2.1	2.1	2.1
Real GDP (q4/q4)	0.7	3.1	2.0	1.8	2.1	2.1	2.1	2.1
Output gap (% of potential GDP)	0.4	0.6	0.6	0.2	-0.2	-0.2	-0.2	-0.1
Unemployment rate (q4 average)	3.6	3.7	4.2	4.3	4.2	4.1	4.0	3.9
Current account balance (% of GDP)	-3.8	-3.0	-2.9	-2.8	-2.5	-2.2	-1.9	-1.6
Federal funds rate (end of period)	4.4	5.4	5.1	4.1	3.1	2.9	2.9	2.9
Ten-year government bond rate (q4 avg.)	3.8	4.4	4.1	3.5	3.2	3.2	3.2	3.2
PCE inflation (q4/q4)	5.9	2.8	2.4	1.8	1.9	1.9	1.9	1.9
Core PCE inflation (q4/q4)	5.1	3.2	2.5	1.9	2.0	2.0	2.0	2.0
Federal government fiscal balance (% of GDP)	-5.4	-6.3	-6.8	-6.6	-6.1	-5.4	-5.6	-5.3
Federal government debt held by the public (% of GDP)	95.8	97.3	99.2	102.1	104.7	106.3	108.1	109.5

General government fiscal balance (% of GDP)	-4.1	-7.6	-7.8	-7.6	-7.2	-6.7	-6.7	-6.5
General government gross debt (% of GDP)	119.8	120.7	123.2	126.7	129.6	131.8	134.0	135.9
Sources: BEA; BLS; Haver Analytics; and IMF staff estimates.								

Source: IMF Executive Board Concludes 2024 Article IV Consultation with the United States July 17, 2024.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of USA are **Canada, Mexico, China, Japan and Korea, Rep.** On the other hand five major import partners of USA are **China, Mexico, Canada, Japan and Germany.** Major five exported goods of USA are (i) Petroleum oils, etc, (excl. crude); preparation (ii) Petroleum oils and oils obtained from bituminous (iii) Monolithic integrated circuits, digital (iv) Transmission apparatus, for radioteleph incorpo and (v) Human and animal blood; microbial cultures; tox . On the other hand major five imported goods of USA are (i) Petroleum oils and oils obtained from bituminous (ii) Transmission apparatus, for radioteleph incorpo(iii) Automobiles with reciprocating piston engine di (iv) Other medicaments of mixed or unmixed products and (v) Petroleum oils, etc, (excl. crude); preparation.

4. USA's total exports in 2019 were of the order of US\$ 1,644,276 million. It has scaled up to US\$ 2,018,543 million in 2023. During the period 2019 to 2023, Exports from USA had increased maximum by 22.58% in the year 2021 followed by another 17.62% increase in 2022. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 5.26%.

5. USA's total imports in 2019 were of the order of US\$ 2,567,492 million and which has touched US\$ 3,168,471 million mark in 2023. Imports of USA had jumped by 21.93% in 2021 in comparison with 2020 just after facing a decline (-6.31%) in FY 2020. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 5.40%.

6. USA runs an overall Balance of Trade deficit from 2019 to 2023 that has scaled up to USD - 1,149,928million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 5.34%.

A snapshot of USA's overall Trade Statistics is presented in Table 2 and Figure 1 below.

A snapshot of India's merchandise trade statistics w.r.t. USA is presented in Table 3 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and United States enjoy a comprehensive global strategic partnership covering almost all areas of human endeavor, driven by shared democratic values, convergence of interests on a range of issues, and vibrant people-to-people contacts. There is regular high-level interaction between Prime Minister Shri Narendra Modi and President Biden. The respective leaders had several bilateral meetings and met on sidelines of multilateral events. Prime Minister also participated in virtual Summits convened by President Biden including Quad, I2U2 (India, Israel, USA and UAE), Summit for Democracy and other events. USA ranked 1st as an export destination of India in FY 2023-24. India had exported to USA almost 17.74% of it's total export value in FY 2023-24. In the same financial year imports from

USA was 6.03% of India's total import value. Almost 10.63% of India's total international trade value of goods was between India and USA as has been recorded in DGCI&S data base for FY 2023-24. USA was the 2nd major trading partner of India in FY 2023-24.

8. Indo-USA total volume of bilateral trade in FY 2019-20 was of the order of US\$ 88,929.32 million. It has scaled up to US\$ 118,296.10 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 7.39%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a surplus Balance of Trade with USA. Exports from India to USA increased by 47.53% in FY 2021-22. The annual average compound rate of growth of Exports was 9.92%. On the other hand, imports from USA to India remarkably increased by 49.94% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 3.29%.

10. **Additionally, from Tables 4 & 5 presented below the following are stated:**

a. **Drugs Formulations Biologicals, Pearl- Precs Semi Precs. Stones and Petroleum Products** had occupied the top three slots in India's exports to USA in the year 2023-24. **Drugs Formulations Biologicals** had occupied 10.34% share of India's total exports to USA in FY2023-24.

b. **Petroleum Crude; Coal, Coke And Briquettes and Electric Machinery And Equipments** were the three major commodities in India's imports list from USA in the year 2023-24, India imports **Petroleum Crude** from USA with a share of 12.33% of total imports from USA recorded in 2023-24.

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TABLE - 2
U. S. A.'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 - 2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	1644276		2567492		42,11,768		-923216
2020	1430254	-13.02	2405382	-6.31	38,35,636	-8.93	-975128
2021	1753137	22.58	2932976	21.93	46,86,113	22.17	-1179839
2022	2062090	17.62	3372902	15.00	54,34,992	15.98	-1310812
2023	2018543	-2.11	3168471	-6.06	51,87,014	-4.56	-1149928
Annual Growth Rate	Compound	5.26	5.40		5.34		

NOTE : Figures relate to calendar year (January to December)

SOURCE

:

UN COMTRADE PUBLICATION

Figure - 1

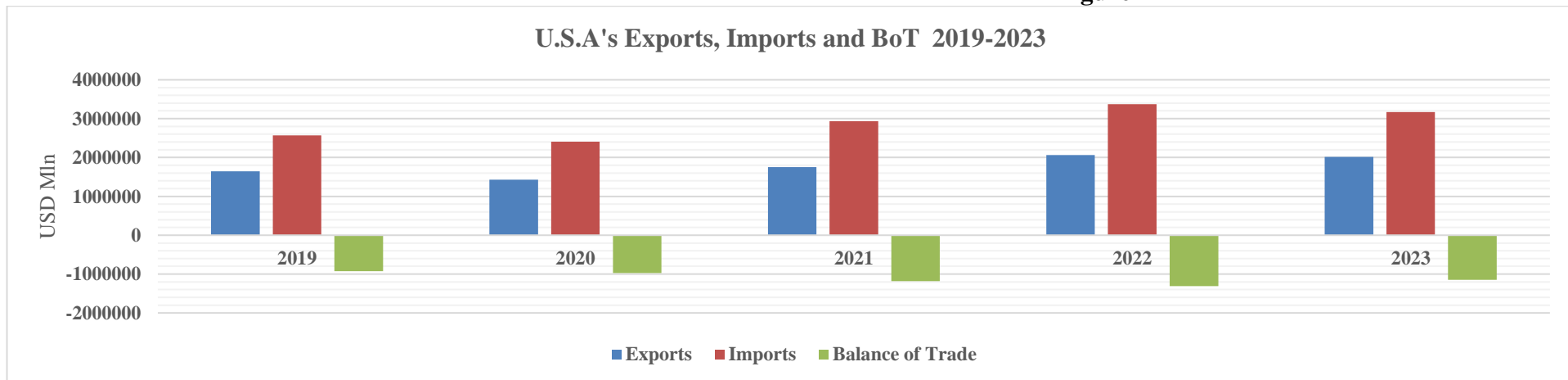


TABLE - 3

INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. U. S. A.

FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to USA	Percentage Growth in Exports	Imports from USA to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	53108.63		35820.69		88929.32		17287.94
2020-21	51632.85	-2.78	28888.17	-19.35	80521.02	-9.46	22744.68
2021-22	76176.00	47.53	43314.07	49.94	119490.07	48.40	32861.93
2022-23	78548.40	3.11	50863.88	17.43	129412.28	8.30	27684.52
2023-24	77523.12	-1.31	40772.98	-19.84	118296.10	-8.59	36750.14

Annual Growth Rate

Compound

9.92

3.29

7.39

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2

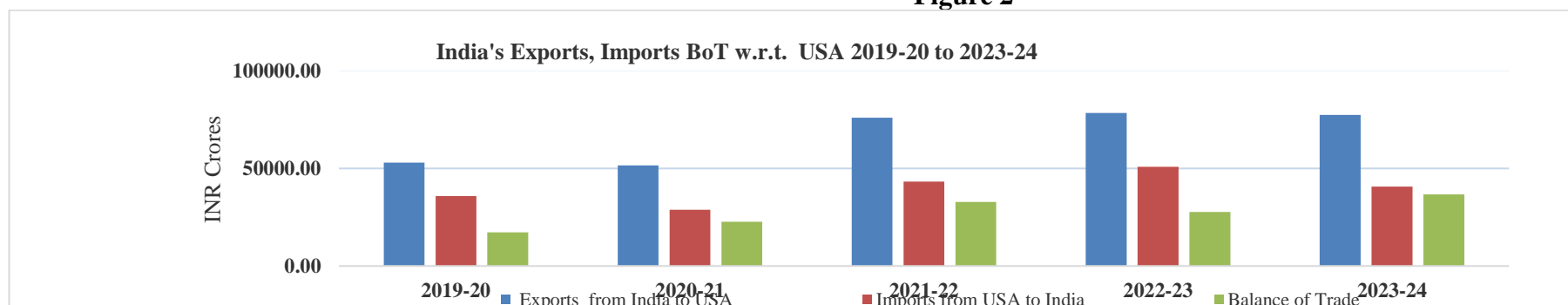


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO U. S. A
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Drugs Formulations Biologicals	6256.04	7113.70	6398.54	6775.10	8015.25	13.71	-10.05	5.89	18.30
	Share in total export	11.78	13.78	8.40	8.63	10.34				
2	Pearl, Precs Semi Precs. Stones	7228.89	6642.21	10817.26	9203.56	6576.51	-8.12	62.86	-14.92	-28.54
	Share in total export	13.61	12.86	14.20	11.72	8.48				
3	Petroleum Products	2284.87	1154.37	5072.76	6037.30	5830.05	-49.48	339.44	19.01	-3.43
	Share in total export	4.30	2.24	6.66	7.69	7.52				
4	Telecom Instruments	318.84	493.87	709.68	2562.69	5822.83	54.90	43.70	261.11	127.22
	Share in total export	0.60	0.96	0.93	3.26	7.51				
5	Gold And Other Precs. Metals Jewellery	1984.33	2025.26	33778.81	3323.51	3305.74	2.06	1567.88	-90.16	-0.53
	Share in total export	3.74	3.92	44.34	4.23	4.26				
6	Products Of Iron And Steel	1589.10	1478.48	2656.34	3080.94	2781.83	-6.96	79.67	15.98	-9.71
	Share in total export	2.99	2.86	3.49	3.92	3.59				
7	RMG Cotton Including Accessories	2489.30	1968.80	3115.51	3131.55	2743.73	-20.91	58.24	0.51	-12.38
	Share in total export	4.69	3.81	4.09	3.99	3.54				
8	Electronic Components	576.44	527.88	632.62	1660.48	2696.67	-8.42	19.84	162.48	62.40
	Share in total export	1.09	1.02	0.83	2.11	3.48				
9	Cotton Fabrics, Madeups	2238.04	2584.05	3267.20	2418.17	2614.81	15.46	26.44	-25.99	8.13
	Share in total export	4.21	5.00	4.29	3.08	3.37				
10	Marine Products	2535.34	2415.23	3233.75	2582.65	2499.02	-4.74	33.89	-20.13	-3.24
	Share in total export	4.77	4.68	4.25	3.29	3.22				
	Total export to U. S. A	53108.63	51632.85	76176.00	78548.40	77523.12	-2.78	47.53	3.11	-1.31

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM U. S. A.
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Petroleum Crude	4891.70	5373.15	11319.84	10181.72	5025.92	9.84	110.67	-10.05	-50.64
	Share in total imports	13.66	18.60	26.13	20.02	12.33				
2	Coal, Coke And Briquettes	1377.97	1164.11	2247.30	3767.67	4319.84	-15.52	93.05	67.65	14.66
	Share in total imports	3.85	4.03	5.19	7.41	10.59				
3	Electric Machinery And Equipments	4441.65	3654.97	5772.11	5383.31	3537.19	-17.71	57.92	-6.74	-34.29
	Share in total imports.	12.40	12.65	13.33	10.58	8.68				
4	Petroleum Products	2027.43	2020.71	2703.38	3189.01	2823.46	-0.33	33.78	17.96	-11.46
	Share in total import	5.66	6.99	6.24	6.27	6.92				
5	Electric Machinery And Equipments	2652.19	753.76	1398.33	1645.79	1361.42	-71.58	85.51	17.70	-17.28
	Share in total import	7.40	2.61	3.23	3.24	3.34				
6	Gold	1365.26	1188.40	787.26	1881.30	1255.08	-12.95	-33.75	138.97	-33.29
	Share in total import	3.81	4.11	1.82	3.70	3.08				
7	Plastic Raw Materials	741.28	747.12	789.20	1211.25	1205.32	0.79	5.63	53.48	-0.49
	Share in total import	2.07	2.59	1.82	2.38	2.96				
8	Organic Chemicals	1405.17	1314.57	1371.73	1655.10	1139.71	-6.45	4.35	20.66	-31.14
	Share in total import	3.92	4.55	3.17	3.25	2.80				
9	Medical And Scientific Instruments	668.83	522.42	757.73	1007.59	1075.85	-21.89	45.04	32.97	6.77
	Share in total import	1.87	1.81	1.75	1.98	2.64				
10	Iron And Steel	523.40	392.67	494.52	1053.56	1045.80	-24.98	25.94	113.05	-0.74
	Share in total import	1.46	1.36	1.14	2.07	2.56				
	Total import from U. S. A.	35820.69	28888.17	43314.07	50863.87	40772.98	-19.35	49.94	17.43	-19.84

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I