



CEA
Consumer Electronics Association



Information Technology
Industry Council



September 23, 2013

The Honorable Penny S. Pritzker
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

The Honorable Michael B. Froman
United States Trade Representative
Office of the U.S. Trade Representative
Executive Office of the President
600 17th Street, NW
Washington, DC 20508

The Honorable Caroline Atkinson
Deputy Assistant to the President and
Deputy National Security Advisor for International Economic Affairs
The White House
Washington, DC 20500

Dear Secretary Pritzker, Ambassador Froman, and Ms. Atkinson:

The undersigned trade associations seek your urgent assistance in addressing serious developments in the U.S.-India commercial relationship that are having an immediate and detrimental impact on American companies operating in India. Last year, the Indian Department of Electronics and Information Technology (DEITY) issued a new “Compulsory Registration Order” intended to safeguard consumers from substandard electronic products. Under the order, new equipment cannot be imported into or sold in India after April 3, 2013 (later extended to October 3), unless it is tested and registered with Bureau of Indian Standards (BIS)-approved testing labs in India. This order was initially applicable only to consumer products, but was subsequently extended, without any industry consultation, to cover most IT products, including laptops, tablets, servers, and storage machines.

The rules now require all testing to be done in BIS labs in India, regardless of whether the products have already been tested and certified by internationally accredited labs which, heretofore, India has accepted and recognized. U.S. companies are making every good-faith effort to comply with these requirements by submitting products as quickly as possible for testing by BIS-approved labs.

However, BIS simply does not yet have the testing capacity in place to handle this process, which has already caused enormous disruptions for our companies. Indeed, it is unclear how many testing labs actually exist in India, whether they have been accredited by international standards bodies and who, in fact, controls them.

As a consequence, thousands of products are currently awaiting BIS registration. For example, after publishing only one registration in August, BIS published 23 new registrations for ICT equipment on September 4, 2013. More than 1,500 test reports have been completed at BIS-recognized labs while only 45 registrations have been issued by BIS, mostly for low-end electronic consumer goods.

Moreover, although the testing deadline was delayed to October 3, DEITY has been imposing fines on U.S. companies for not having safety certificates completed, despite the fact that the delays are caused by BIS. To date, U.S. IT companies have paid hundreds of thousands of dollars in fines and have incurred millions of dollars in new compliance and liability costs.

U.S. industry has raised concerns repeatedly for the past year with BIS, DEITY, and the highest levels of the Indian Government, including the Prime Minister's Office. Senior public officials have admitted that India lacks the testing capacity to implement the rules and appear to understand the enormous costs and disruptions they are causing for companies.

More specifically, senior U.S. industry representatives in meetings with the Prime Minister's Office in June of this year were provided unambiguous verbal assurances that the implementation deadline would be extended and that certain exemptions, including those for Highly Specialized Equipment, would be provided to ease pressure on companies.

This was followed by a similar meeting in New Delhi just this month between senior U.S. IT executives and senior Indian Government leaders within the Planning Commission, DEITY, and the Prime Minister's Office, where these officials gave similar verbal assurances, and further said that DEITY would issue a six-month delay and provide certain exemptions.

Last week, DEITY officials communicated to U.S. company representatives that despite these high-level assurances, no extension would in fact be issued and that the October 3 deadline remains in place.

Given previous DEITY policies, there is every reason to believe this policy is deliberately designed to disadvantage foreign companies in favor of domestic Indian ICT manufacturers, and to compel companies to help build and finance testing labs in India and force the transfer of technology through reverse engineering.

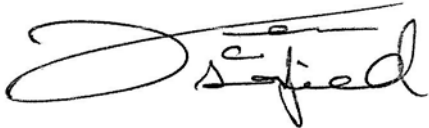
In discussions with our member companies, we have quantified the potential Q4 losses at several hundred million dollars, with billions of dollars of lost exports and sales at risk in 2014 if these requirements remain in place. If left in place, these policies could shut out U.S. technology companies from a critical emerging market.

We urgently request that you raise this issue with senior Indian officials during the Prime Minister's visit to Washington. Specifically, we request U.S. Government support in pressing for at least a six-month delay in the implementation date beyond October 3, creation of an exemption for Highly-Specialized Equipment, and the suspension of fines for noncompliance given the backlog at BIS and the continuing, good-faith efforts by companies to meet the testing and registration requirements.

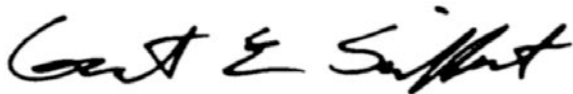
Thank you for your continuing support.



Gary Shapiro
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Grant Seiffert
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