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INDIA COULD GAIN SIGNIFICANTLY FROM TRADE LIBERALIZATION, NEW PIIE BRIEFING SAYS

WASHINGTON—A new study by C. Fred Bergsten of the Peterson Institute for International Economics shows that India could increase its exports by \$500 billion per year by joining the next stage of the Trans-Pacific Partnership (TPP) trade agreement. In PIIE Briefing 15-4, *India's Rise: A Strategy for Trade-Led Growth*, Bergsten argues trade liberalization would enable India to increase its annual economic growth to 8 to 10 percent, as targeted by the government of Prime Minister Narendra Modi. Millions of new jobs would be created as a result, and poverty would be substantially further reduced.

By contrast, India will lose as much as \$50 billion of current exports because of increasing discrimination against it by other countries if it remains outside the new global trade network. This network includes the plurilateral agreements on international services, environmental goods, and government procurement now being negotiated in and around the World Trade Organization as well as the TPP and other megaregional arrangements.

To be accepted into these agreements, and to participate in them effectively, India will have to implement the economic reform program proposed by the Modi government. It will also have to liberalize its own markets to international trade and investment in order to persuade other countries to open their markets to its exports. To join the TPP, or a Free Trade Area of the Asia Pacific as proposed by China that might succeed it, India will probably first have to join the Asia Pacific Economic Cooperation (APEC) forum within the next couple of years. President Barack Obama has welcomed India's interest in APEC and, if India adopts the needed policy changes, should strongly support Indian membership.

About the Author

C. Fred Bergsten, senior fellow and director emeritus, was the founding director of the Peterson Institute for International Economics from 1981 through 2012. He is a member of the President's Advisory Committee for Trade Policy and Negotiations and has chaired the Private Sector Advisory Group to the US-India Trade Policy Forum since 2007. He was assistant secretary of the Treasury for international affairs (1977–81) and assistant for international economic affairs to the National Security Council (1969–71). He has authored 43 books on a wide range of international economic policy issues.

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