

# Data localisation norms key sticking point in BTA talks

SHREYA NANDI

New Delhi, 27 March

The ongoing talks related to the first phase of the India-US bilateral trade agreement (BTA) are seeing intense discussions on liberalisation of India's digital services, apart from reduction of tariff on goods, people aware of the matter said.

A team of US officials, headed by Assistant US Trade Representative (USTR) Brendan Lynch, is in the national capital and has been holding three-day intense discussions with commerce department representatives starting Wednesday. The idea is to finalise the contours of the proposed trade deal by month-end since both sides have set an ambitious deadline to close it by the fall of this year.

Among digital services, one of the contentious issues on the table is India's data localisation norms — cross-border flow of data — that have been a concern for American companies, one of the persons cited above told *Business Standard*.

Under the recently released draft rules of the Digital Personal Data Protection (DPDP) Act, the government has proposed that data mandatorily be stored in India, as per the recommendations of a government-appointed committee. This proposal has been objected to



## TALKING TRADE

- Team led by Assistant USTR in talks with commerce dept
- Planning to finalise the trade deal contours by month-end
- Data localisation norms, which have been a key concern for US companies, on the discussion table
- US Chamber of Commerce asks for 'competitive neutrality' in key sectors
- India's priority is to ensure swift movement of skilled professionals to the US

by American companies as, according to them, it could create business uncertainty.

The US Chamber of Commerce (USCC) has also shared its concerns with the USTR over strict local content requirements in India and has asked for "competitive neutrality" in key sectors. Turn to Page 6 ▶

---

# BTA talks: US seeks permanent moratorium on e-commerce

America is also pushing for a permanent moratorium on e-commerce to restrict India from applying customs duties on electronic transmissions. While this issue of moratorium on e-commerce is one of the key agendas at the World Trade Organisation (WTO) ministerial, the US may seek commitment from India on this on a bilateral basis.

Under a WTO moratorium, countries do not impose customs duties on cross-border e-commerce transactions. For close to two decades now, WTO member nations have periodically agreed to extend the moratorium and also have been divided on the issue. Developing countries, such as India, have been battling for policy space to impose customs duties on electronic transmissions, holding that the moratorium has adversely impacted

their revenue collections.

In these talks, India's priority is to ensure swift movement of skilled professionals to the US. One of New Delhi's key asks has been to put a cap on the number of H1B visa holders from India.

Earlier this week, the Centre scrapped the 6 per cent equalisation levy on online advertising services provided by non-resident entities. The move is set to benefit firms such as Google, Meta, and X. The move is seen as a way to ease the concerns of the US. The development also came ahead of the implementation of reciprocal tariffs on countries by the US.

The US has been vocal about its demand for tariff cuts on sectors such as agriculture, automobiles, and alcohol. India is bargaining for lower tariffs for its labour-intensive sectors such as textiles and leather.

---