



**Statement to the
U.S. INTERNATIONAL TRADE COMMISSION
on behalf of
THE BOEING COMPANY
India Investigation, No. 332-543
February 7, 2014**

SUMMARY OF BOEING'S IPR EXPERIENCE IN INDIA

A detailed review of Boeing's enterprise-wide activities in India, including the export of Boeing products, as well as sourcing activities, indicates an adequate IPR legal framework is in place for Boeing's aerospace and defense products in India. Boeing has had a positive experience with Indian customers, partners, and suppliers on IPR protection. Boeing continues to monitor efforts by India's Ministry of Defense to indigenize defense production in India to reach strategic self-reliance.

Boeing in India

The close relationship between Boeing and India goes back 70 years, and Boeing jets continue to be the mainstay of the country's domestic and intercontinental commercial fleets. Air India, Jet Airways, and Spicejet have been long-standing customers of Boeing Commercial Airplanes in India and continue to sign major contracts with Boeing. The Boeing 2012 Current Market Outlook for India forecasts that the Indian aviation market will require 1,450 new commercial jets, valued at approximately \$175 billion, over the next 20 years. On the defense side, Boeing has secured major contracts in a very short time. For instance, the Government of India purchased eight Boeing P-8I long-range maritime reconnaissance and antisubmarine aircrafts (P-8I is an India-unique variant of the U.S. Navy's P-8A Poseidon) in January 2009. In June 2011, India's Ministry of Defense signed an agreement with the U.S. government to acquire 10 Boeing C-17 Globemaster III airlifters (the largest defense contract signed by the Indian government with the United States). Boeing is currently down-selected and at the final stages of negotiations for two large rotorcraft contracts for the Apache and Chinook. New opportunities for partnerships also have emerged in the areas of industrial cooperation and technology. The

Boeing Research & Technology center opened in Bangalore in March 2009 to advance aerospace innovation. Boeing has developed important relationships with Indian suppliers and is actively pursuing technical and business partnerships with local companies and institutions.

Boeing is the single largest producer, by dollar value, of U.S. exports to India. Since late 2005, Boeing has secured contracts from Indian buyers worth tens of billions of U.S. dollars, which is creating and will sustain at least an estimated 180 thousand U.S. jobs in a high skill, high value industry over the delivery period of these contracts¹. India has emerged as one of the largest export markets for Boeing (5th largest for Boeing Commercial Airplanes and 2nd largest for Boeing Defense, in terms of market potential) and is a key market that Boeing will continue to develop in the future.

Adequate IPR legal framework in commercial contracts

Indian IPR laws applicable to the range of Boeing's business activities in India are comparable to IPR regulations in other developed countries, as India is a signatory to all major conventions and treaties on this subject. Additionally, in our experience, there have not been any major patent violations in India pertaining to Boeing's defense / aerospace products. Boeing sells its products (Defense & Aviation) to the Government of India (GoI) and private airlines where our IPR is contractually protected; we see minimal risk of product IPR violations by the GoI and private airlines.

IPR protected by Boeing suppliers in India

Boeing also has worked extensively with Indian suppliers, especially in the IT sector, as well as with strategic R&D partners for over a long period of time. Major Boeing software and Information Technology (IT) suppliers from India like Infosys, TCS, HCL and WIPRO have very mature IT service delivery models and Intellectual Property Management (IPM) practices and tools. They work with all leading Fortune 500 companies across the world and hence have world-class practices to protect IPR and information security for their global customers. They have worked closely with Boeing Information Security and Supplier Management teams to ensure that all Boeing processes on network, access and information security are adhered to strictly.

Robust IPR controls in technology collaborations across India

On the R&D side, Boeing has established major research partnerships with several partners in India, including with academia (premier institutes, like the IITs, IISc), government labs (such as, National Aerospace Laboratories and National Metallurgical Laboratories) and industry. Our experience has been that all Indian partners have consistently honored these contractual agreements, including NDAs, Intellectual Property protection and other related conditions.

Many databases, software and other research outputs developed as part of these Boeing-funded projects have been transferred to Boeing in an ongoing and timely manner. In some situations, some of our partners have been approached by Boeing's competitors to initiate projects in areas very similar to the ones funded by Boeing. In these cases, our partners have kept us informed and deliberately worked to protect Boeing IP. These partner institutions have worked on Boeing projects for the past 7-8 years and have not revealed any of the information generated in public documents; for example, even the annual reports of these organizations do not contain any details of their work done for Boeing.

Another good example is our experience with strategic partnerships, like ANRC. The Aviation Network Research Consortium (ANRC) is a collaborative public-private research consortium established between Boeing, The Indian Institute of Science Bangalore (India's leading government-funded science and engineering research university), Wipro and HCL. The Intellectual Property generated at the ANRC through collaborative research projects is shared between the partners, with each party allowed to freely implement within their product lines and fully protected with proprietary agreements. We have been working in this environment for more than 5 years (more than 10 projects with more than 70 people working on it from 3 different Indian entities). All Indian partners have respected the IP agreements, and we have not had any issues with IP infringement or violations.

Indigenization efforts by the Ministry of Defense

The Indian Ministry of Defense, like others elsewhere in the world, wants to promote maximum indigenization in defense production to promote strategic self-reliance. The Defense Procurement Procedure (DPP) is the key instrument to translate these policy objectives:

- The DPP 2013 focus on indigenization gives a strong policy push with Buy (Global) given the lowest priority in terms of future defense procurement, and (Buy Indian) given the highest priority. All major defense deals by foreign OEMs in India are encouraged and expected to have a strong local co-production component, e.g., for India's Medium Multi-role Combat Aircraft purchase of 126 fighter aircraft, 108 aircraft must be co-produced locally with Hindustan Aeronautics Limited.
- From an offsets perspective, the other major focus is the "India Value Add" aspect which again strongly encourages indigenization for foreign OEMs to claim offset credits.
- Foreign OEMs also are reluctant to engage in the Transfer of Technology (ToT) due to the 26 percent FDI cap (though now, this cap can be reviewed on a case-to-case basis based on the nature of the technology to be transferred).

The effect on Boeing's business as a result of the overall level of indigenization achieved so far has not been significant. It remains to be seen whether local industry in India will be able to

leverage benefits from the offset policy. Boeing continues to monitor closely developments concerning defense indigenization.

Closing: India is one of Boeing's biggest export markets with adequate IPR protection

India has been an important export market for Boeing, and we feel that Indian and USG commitments to increase cooperation in the areas of defense and aerospace will ensure even greater business opportunities for Boeing in the future. These opportunities support a substantial number of U.S. jobs.

In Boeing's experience, India has a legal framework that is adequate to protect IP with no known cases of IP violation involving Boeing's activities in the defense and aerospace sector.

¹The U.S. jobs figure is based on U.S. Department of Commerce statistical analysis, whereby every \$1 billion in U.S. aerospace exports creates or sustains 5,747 U.S. jobs. The final price of Boeing sales is proprietary and not publicly disclosed. For these calculations, the average list price of the aircraft models at the time of the order were used to calculate these jobs estimates.