

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:3940

ANSWERED ON:30.04.2012

TRADE DEFICIT WITH CHINA

Gavit Shri Manikrao Hodlya;Reddy Shri K. Jayasurya Prakash;Tandon Annu

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) the details of the trade between India and China during each of the last three years and the current year;
- (b) the details of the corrective measures taken by the Government to reduce the trade deficit with China along with the success achieved in this regard;
- (c) whether India and China have entered into a strategic economic dialogue in terms of business of exports and imports recently;
- (d) if so, the details thereof and the progress made so far in this regard;
- (e) whether the Government has urged the Chinese Government for greater access to their Government information technology and pharmaceutical contracts; and
- (f) if so, the details thereof and the response of the Chinese Government in this regard?

**Answer**

MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) Details of trade between India and China during last three years are given below:-

TABLE-1: Bilateral Trade Statistics

(Value in USD Million)

S.No.	Export/Import/Growth	2008-09	2009-10	2010-11	2011-12 (P) #
		April-December			
1.	Exports	9,353.50	11,617.88	19,615.85	12,975.31
2.	Imports	32,497.02	30,824.02	43,479.76	43,800.86
3.	Total Bilateral Trade	41,850.52	42,441.90	63,095.61	56,776.17

(P)# Provisional (Source; DGCI&S)

Chinese export to India relies strongly on manufactured items meeting the demand of fast expanding sectors like telecom and power in India. Chinese companies supply relevant equipments at competitive prices. India's exports are characterized by primary products, raw material and intermediate products. Further there are non-tariff barriers on imports of agricultural products in China as well as limited market access of Indian products.

(b) The Government of India has been addressing the issue of growing trade deficit at the highest level. At the Ministerial level, we have India-China Joint Group on Economic Relations, Trade, Science and Technology (JEG) where trade related issues are taken up regularly. The Eighth Session of India-China JEG was held on 19th January, 2010 in Beijing. As an outcome of 8th JEG a Memorandum of Understanding on extension of Trade and Economic Cooperation was signed. The MoU recognises that a balanced trade is conducive to long term, sustainable and harmonious development of economic cooperation between the two countries. Indian exporters are encouraged to participate in major trade fairs in China to show-case Indian products in the Chinese market and increase engagement with Chinese companies. Participation of Indian exporters in trade fairs aims to promote Indian products amongst Chinese importers. With a view to reducing trade deficit, efforts are also being made to diversify the trade basket with

emphasis on manufactured goods. We are also pursuing market access issues to tackle non-tariff barriers in the Chinese market at different fora. Business to Business relations are encouraged through schemes such as Market Access Initiative (MAI)/Market Development Assistance (MDA). Apart from these measures the Government of India is alive to the challenges of import surges and various unfair trade practices through available safeguard measures under WTO.

(c) & (d) Yes Madam. The first India-China Strategic Economic Dialogue (SED) took place in Beijing from Sep 26-27, 2011. This dialogue was chaired by Deputy Chairman Planning Commission from Indian side. The objective of the Dialogue was to discuss world economic situation, respective domestic macro-economic situations, goals and implementation of the mid and long-term economic and social development plans of the two countries as well as their respective industrial, fiscal and monetary policies and agreed to enhance pragmatic cooperation in economic sectors. Thus India -China Strategic Economic Dialogue (SED) looks beyond the bilateral issues faced by the two countries and is a forum for both sides to discuss strategic macro-economic issues impacting both nations as a result of the changing international economic and financial landscapes to share individual best practices in handling challenging domestic economic issues and to identify specific fields/areas for enhancing cooperation, learning and experience sharing. Specific issues related to the export and import of goods between the two countries does not lie within the ambit of the SED.

(e) & (f) During the Eighth Session of India-China Joint Group on Economic Relations, Trade Science and Technology (JEG) specific requests were made, inter-alia, for greater import of IT and ITES by China from India. The Chinese side were also requested for removal of procedural bottlenecks, including time consuming licensing procedures being faced by Indian drugs and pharmaceuticals.

As an outcome of 8th JEG a Memorandum of Understanding (MoU) dated 19th January 19, 2010, on extension of Trade and Economic Cooperation was signed between India and China. As per Para III of the MoU, "Realising the potential of IT and ITES in expanding their bilateral cooperation, the two sides will take initiatives to encourage their industries to collaborate to mutual benefit and explore new opportunities". Para-IV of the MOU says "Both side will actively cooperate and take positive measures to facilitate each other's pharmaceutical companies to increase exports to the other country".