

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

UNSTARRED QUESTION NO:1772

ANSWERED ON:16.12.2013

TRADE IMBALANCE WITH CHINA

Kumar Shri P.;Shetkar Shri Suresh Kumar;Singh Shri Rakesh;Siricilla Shri Rajaiah;Vijayan Shri A.K.S.

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

- (a) whether India has raised the issue of trade imbalance with China and if so, the details of trade deficit during each of the last three years and the current year along with the steps being taken by the Government to address the widening trade deficit;
- (b) whether the Government has earmarked the sectors where import tariffs by China are prohibitive in nature and if so, the details thereof and the action taken thereon;
- (c) whether the Government has drawn the attention of the Chinese authorities to its pending request for facilitating Indian exports of Information Technology services, pharmaceutical and agricultural products and if so, the response of the Chinese Government in the matter;
- (d) whether the Government has initiated any probe into alleged dumping of electrical insulators by Chinese companies following complaints by domestic players and if so, the details thereof and the present status in this regard; and
- (e) whether cheap Chinese crackers are being imported into the country and if so, the details thereof along with its impact on the employment opportunities and the domestic crackers manufacturing industries and the response of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN)

(a): Yes, Madam. The issue of trade deficit has been raised by this Department with Chinese authorities. The details of import-export and trade deficit with China during the last three years and the current year are given below:- India's Trade deficit with China:

(Value in US \$ Billion)

Export/Import/	2010-11	2011-12	2012-13	2012-13	2013-14
Trade Deficit	(Apr-	(Apr-October			
	October)	(Prov.)			
Exports	15.5	18.1	13.6	7.4	7.2
Imports	43.5	54.7	52.2	31.3	30.5
Trade deficit	28	36.6	38.6	23.9	23.3

(Source: DGFT)

With a view to reducing trade deficit with China, efforts are 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. At the Ministerial level, the India-China Joint Group on Economic Relations, Trade Science and Technology (JEG) addresses these issues regularly. 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 fair, educates the Chinese importers about niche Indian products. Business to Business relations are encouraged through schemes such as Market Access Initiative (MAI)/Market Development Assistance (MDA).

(b): Some of the items like cotton yarn and textiles attract higher customs duties compared to our competitors, partly because they avail benefits under various Free Trade Agreements entered to between these countries and China.

(c) : Yes,. Madam. Department of Commerce flagged the problems faced by IT Industry and handed over a Non-paper on the subject to the Chinese Minister of Commerce, giving a roadmap for enhanced cooperation between India and China in IT & ITeS areas. If implemented, the measures suggested in the Non-paper would be helpful in bringing down the trade deficit with China.

Similarly, Government of India is in continuous dialogue with China counterparts for increasing export of pharmaceuticals having identified this sector as one of the key sectors for increasing exports to China. A Memorandum of Understanding (MOU) has been entered into between 'Pharmaexcil' and 'China Chamber of Commerce for Import and export of Medicines and Health Products' in May, 2013 for the purpose of facilitating bilateral trade between the two countries. Indian pharmaceutical industry participated in 5th China Medical Fair in November, 2013. A technical delegation led by Joint Secretary in Department of Commerce discussed various trade related matters on pharmaceuticals, with China Food and Drug Administration, China Chamber of Commerce for Import and

Export of Medicines and Health Products (CCCMPHIE) and MOFCOM during November, 2013.

As regards agricultural products, Department of Commerce has been regularly drawing the attention of the Chinese authorities towards pending market access issue of fruits, vegetables and bovine meat. An Indian delegation is also visiting China in connection with market access for bovine meat, for a meeting with the concerned Chinese authority on 17th December, 2013.

(d): Based on a complaint filed by M/s WS Industries (India) Ltd. , M/s Modern Insulators Limited; M/s Insulators and Electrical Company, M/s Bharat Heavy Electrical Limited and M/s Aditya Birla Nuvo Ltd, anti-dumping investigation has been initiated by Directorate General of Anti-Dumping & Allied Duties (DGAD) against alleged dumping of electrical insulators from China PR on 5.9.2013. No decision has been taken so far.

(e): All imported goods in India are subject to domestic law, rules, orders, regulations, technical specifications, environment and safety norms. These regulations are notified from time to time. The Government takes appropriate action in case of goods imported from any source is found to violate these regulations and threaten human, animal or plant life or health. According to information furnished by DGCI&S, there is no specific code for "crackers" in the ITC (HS) code list formulated by CBEC, New Delhi. However, as per available data, it is seen that no import has been realised under "fireworks" from China during the last three years and the current year (upto September, 2013).