

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

UNSTARRED QUESTION NO:4404
ANSWERED ON:19.12.2014
TRADE DEFICIT WITH CHINA
Kaswan Shri Rahul

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

- (a) whether the issue of trade deficit has been discussed by the Government with the Chinese President during his recent visit to India;
- (b) if so, the details and the outcome thereof; and
- (c) the other issues discussed and the outcome thereof indicating the agreements signed between the countries to boost bilateral trade?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE) (SMT. NIRMALA SITHARAMAN)

(a) & (b): Yes, Madam. The issue of trade deficit was discussed during the visit of President Xi Jinping to India in September 2014. During the meeting, the Indian side expressed concern at the slowdown in trade and the worsening trade imbalance, and sought improved market access and business opportunities for Indian companies in China. The Joint Statement between India and China released during the visit states:

"At its 10th meeting held recently, the India-China Joint Economic Group reaffirmed its determination to expand and diversify bilateral trade and economic cooperation. The two sides agreed to take positive steps towards rebalancing bilateral trade and addressing the existing structural imbalance in trade that has a bearing on its sustainability. Such measures will include cooperation on pharmaceutical supervision including registration, speedier phytosanitary negotiations on agro-products for two-way trade, stronger links between Indian IT companies and Chinese enterprises, and increasing services trade in tourism, films, healthcare, IT and logistics. India appreciated China's willingness to import greater number of Indian films for commercial release in its market. The two sides signed the Five-Year Development Program for Economic and Trade Cooperation that lays out a roadmap for comprehensively deepening and balancing bilateral economic engagement."

(c): The Chinese side announced the establishment of two industrial parks in India, one each in Gujarat and Maharashtra. The Chinese side would also endeavour to realize an investment of US\$ 20 billion in India in the next 5 years in various industrial and infrastructure development projects. India welcomed Chinese enterprises to participate in its manufacturing and infrastructure projects. Each side will also facilitate companies of the other to invest and operate in their own country. The two sides will work together to forge production and supply chain linkages, which will help develop a more broad-based and sustainable economic partnership.

Additionally, the following agreements were signed between two countries to boost bilateral trade during the visit:

| S.No. | Name of Agreement/MoU | Remarks |
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| 1. | Five-Year Development Program for Economic and Trade Cooperation between the People's Republic of China and the Republic of India | It lays down a medium term roadmap for promoting balanced and sustainable development of economic and trade relations between China and India, on the principle of equality and mutual benefit. The main objectives of the plan are : (i) reduction of bilateral trade imbalance; (ii) strengthen investment cooperation to realize US\$ 20 billion investment from China in 5 years; (iii) a transparent, stable and investor friendly business environment; and (iv) enhanced cooperation between Chambers of Commerce and financial sectors. |
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| 2. | Agreement on Audio-Visual Co-production between The Ministry | The Agreement would enable the producers from both countries to get an opportunity |
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of Information and Broadcasting to pool their creative, artistic, technical, of the Republic of India and the financial and marketing resources to co State Administration of Press, -produce films. It would held Indian audio Publication, Radio, Film and -visual products to gain greater market Television of The People`s access in China.
Republic of China

3. Work Plan on Drug Administration Under the work plan, the two sides and Cooperation Between China will carry out cooperation in fields Food and Drug Administration of of drug standards, traditional medicine the People's Republic of China and drug testing, etc. Both sides will And Ministry of Health & Family exchange delegations to enhance Welfare of the Republic of India cooperation in this area.

4. Memorandum of Understanding The MoU would lead to setting up between Maharashtra Industrial of a 1250 acre Industrial Park near Development Corporation and Pune, Maharashtra, providing cluster-type Beiqi Foton Motor Co.Ltd. on development and generation of employment supporting the setting up of for a large number of people.
industrial parks in
Maharashtra.

5. Memorandum of Understanding The MoU would lead to setting up of Industrial between China Development Parks in Gujarat with the support of Chinese Bank Corporation and Industrial enterprises and provide a platform for cluster Extension Bureau (iNDEXTb) on development and generate employment for supporting the setting up of a large number of people.
industrial parks in Gujarat.