

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
LOK SABHA
UNSTARRED QUESTION NO: 4404
ANSWERED ON:19.12.2014
TRADE DEFICIT WITH CHINA
RAHUL KASWAN

- (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?

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

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
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(iv) enhanced cooperation between Chambers of Commerce and financial sectors.

2. Agreement on Audio-Visual Co-production between The Ministry of Information and Broadcasting of the Republic of India and the State Administration of Press, Publication, Radio, Film and Television of The People's Republic of China and the financial and marketing resources to co-produce films. It would held Indian audio-visual products to gain greater market access in China.

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

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

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

