

**Press Information Bureau
Government of India
Ministry of Commerce & Industry**

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Trade Deficit with China

The trade deficit of India with China was US\$ 23.864 billion in 2010-11.

The matter relating to growing trade deficit was taken up with the Chinese side by India during the Eighth Session of India-China Joint Group on Economic Relations, Trade Science and Technology (JEG) held on 19th January, 2010 in Beijing. Following specific requests to increase imports from India were made to the Chinese side during 8th Session of the JEG:

- i. Greater import of IT and ITES by China from India.
- ii. Removal of tariff and non-tariff barriers to the import of power plant equipment from India.
- iii. Removal of restrictions on import of Basmati Rice, fruits and vegetables by China.
- iv. Landing rights for Indian TV channels in China.
- v. Import of more Indian films by China.
- vi. 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. The MoU recognizes that a balanced trade is conducive to long term, sustainable and harmonious development of economic cooperation between the two countries. As per Para I of the MoU, "Both sides agree to give special attention to improving the trade situation to ensure greater value addition in their bilateral trade and promote the introduction of additional goods and services in their markets. While the Indian side will take conscious initiatives to promote its goods in China, the Chinese side will strive to import as much of its requirement of value added goods from India as possible".

There is increase in export of some value added goods to China as compared to the previous year. Under investment in both manufacturing and value-addition in India has led to severe mismatch between demand and supply in India and creation of a market for imports of manufactured and value-added goods from China.

The Government of India has addressed the issue of growing trade deficit at the highest level. 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.

This information was given by Shri Jyotiraditya M. Scindia, Minister of State for Commerce & Industry in written reply to a question in Rajya Sabha today.

DS/GK