GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
RAJYA SABHA
UNSTARRED QUESTION NO-755
ANSWERED ON-16.07.2014

Trade deficit with China

755 . Shri K.C. Tyagi

a) the trends in India"s trade with China during the last three years;

b) the details of trade deficit with China during the above period;

c) whether India is continuously having trade deficit with China, if so, the reasons therefor; and

d) how the deficit can be turned into trade surplus with China?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)
(a) : Details of import-export and trade deficit with China during the last three years are given below:-
Value in USD Million

Year	Import	Export	Total Trade	Trade Deficit
I	II	III	IV	V
2011-12	55,313.58	18,076.55	73,390.13	(-)37,237.03
2012-13	52,248.33	13,534.88	65,783.21	(-)38,713.45
2013-14	51,049.01	14,829.31	65,878.32	(-)36,219.70

(Source; DGCI&S)

(b): as per col. V of (a) above.

(c): Yes, Sir. Given the strength of China’s Manufacturing sector Chinese export to India relies strongly on manufactured items addressing the demand of fast expanding sectors like telecom and power in India along with other low priced products. Subsides provided by Chinese Government to their manufacturing sectors contribute towards the low input costs of Chinese manufactured products. The comparatively less developed manufacturing sector in India and greater reliance on primary products in our trade basket is proving to be an impediment. The limited market access afforded to Indian products in China is also a contributing factor to the growing trade deficit.

(d): With a view to reducing trade deficit with China, efforts are being made to diversify the trade basket with emphasis on manufactured goods. The Government is also pursuing market access issues to tackle non-tariff barriers in the Chinese market at different fora. At the Ministerial level, there is a India-China Joint Group on Economic Relations, Trade Science and Technology (JEG) where trade related issues are taken up regularly. The next meeting of the 10th JEG is scheduled to be held in China in this year. Also, 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 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).
Trade deficit can be reduced to sustainable levels through more exports from India to China as well as by China’s investing in building manufacturing capacities in India. In 2013, three MoUs were signed on products such as bovine meat, fishery products, pharma and an agreement was signed on feed and feed ingredients. During the recent visit to China in June, 2014, an MoU on Industrial parks has been signed. These measures are expected to boost exports and reduce trade deficit to some extent.
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